



Highlights of [GAO-10-192T](#), a testimony before the Committee on Commerce, Science, and Transportation, U.S. Senate

### 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 (the 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 testimony provides preliminary information on the challenges NTIA and RUS face; the steps taken to address challenges; and the remaining risks in (1) evaluating applications and awarding funds and (2) overseeing funded projects. This statement is based on related ongoing work that GAO expects to complete in November. To conduct this work, GAO is reviewing relevant laws and program documents and interviewing agency officials and industry stakeholders. While this testimony does not include recommendations, GAO expects to make recommendations in its November report.

[View GAO-10-192T](#) or [key components](#). For more information, contact Mark L. Golstein at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov).

## RECOVERY ACT

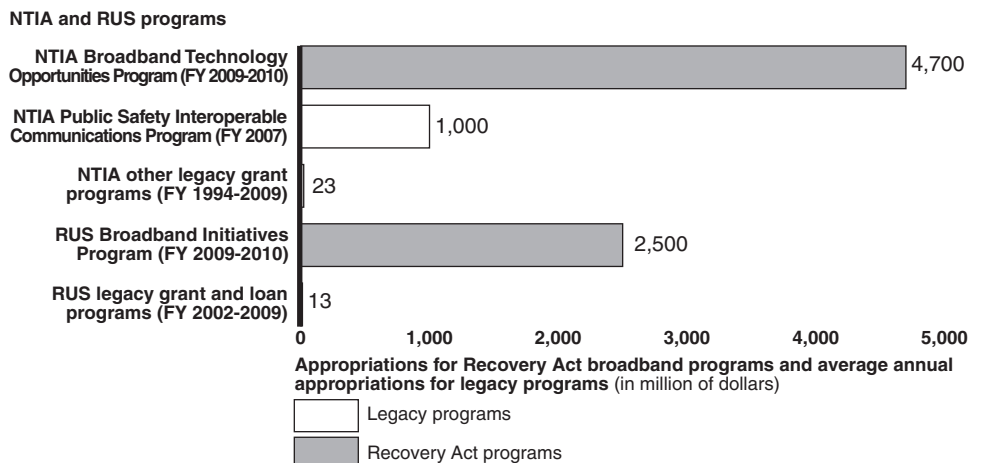
### Preliminary Observations on the Implementation of Broadband Programs

#### 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 (see fig.) NTIA and RUS initially proposed distributing these funds in three rounds. To meet these challenges, the agencies have established a two-step application evaluation process that uses contractors or volunteers 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 measures 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 Grant and Loan Programs Are Larger Than Legacy Programs**



Source: GAO analysis of NTIA and RUS data.

RUS provides grants and loans; its loan allocation will support a principal amount exceeding the appropriation.