

Highlights of [GAO-11-371T](#), a testimony before the Subcommittee on Communications and Technology, Committee on Energy and Commerce, House of Representatives

## Why GAO Did This Study

Access to broadband service—a high-speed connection to the Internet—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 of 2009 (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 Recovery Act required the agencies to award all funds by September 30, 2010.

This testimony addresses (1) NTIA’s and RUS’s efforts to award Recovery Act broadband funds and (2) the remaining risks that NTIA and RUS face in providing oversight for funded projects. To conduct this work, GAO reviewed and summarized information from prior GAO work. GAO also reviewed NTIA and RUS reports on the status of the agencies’ programs and gathered information from the agencies on steps taken to respond to prior GAO recommendations.

In past work, GAO recommended that the agencies take several actions, such as developing contingency plans to ensure sufficient resources for project oversight. NTIA and RUS have taken some steps to address GAO’s recommendations.

View [GAO-11-371T](#) or key components. For more information, contact Mark L. Goldstein at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov).

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## RECOVERY ACT

### Broadband Programs Awards and Risks to Oversight

## 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 through 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 <sup>a</sup>	320
<b>Total</b>	<b>\$7,465</b>	<b>553</b>

Source: NTIA and RUS documents.

<sup>a</sup>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.