



April 24, 2023

MEMORANDUM FOR: Alan Davidson
Assistant Secretary of Commerce for Communications
and Information and NTIA Administrator
National Telecommunications and Information Administration

FROM: Arthur L. Scott, Jr.
Assistant Inspector General for Audit and Evaluation

SUBJECT: *NTIA Took the Necessary Steps to Implement the Requirements for Awarding Funds Under the Consolidated Appropriations Act, 2021*
Final Report No. OIG-23-018-1

This memorandum provides the results of our evaluation of the National Telecommunications and Information Administration's (NTIA's) plans for implementation of three new broadband grant programs under the Consolidated Appropriations Act, 2021¹ (CAA or the Act). Our objective was to determine whether NTIA complied with the requirements of the Act. Specifically, we determined (1) what steps NTIA took to award and disburse funds, (2) the challenges faced during implementation, and (3) the status of awarding and disbursing funds under the CAA.

Background

On December 27, 2020, the CAA was signed into law. It provided NTIA with nearly \$1.6 billion in funding to implement three new grant programs: the Broadband Infrastructure Program (BIP), the Tribal Broadband Connectivity Program (TBCP), and the Connecting Minority Communities Pilot Program (CMCPP). These investments will lay critical groundwork for widespread access to and affordability of broadband, to include the following:

- supporting broadband infrastructure deployment to areas lacking broadband, especially rural areas
- expanding broadband adoption and deployment on tribal lands, as well as supporting distance learning, remote work, and telehealth during the COVID-19 pandemic
- helping students and communities in historically black colleges and universities (HBCUs), Tribal colleges and universities (TCUs), and Minority-Serving Institutions (MSIs) get connected to the internet through affordable broadband services

¹ Pub. L. No. 116-260 (2020).

TBCP

The TBCP was initially funded with \$1 billion for tribal governments to use for broadband deployment on tribal lands, as well as for telehealth, distance learning, broadband affordability, and digital inclusion. According to the initial Notice of Funding Opportunity (NOFO), the purpose of the TBCP is to improve quality of life; spur economic development and commercial activity; and create opportunities for remote employment and online entrepreneurship, remote learning, and telehealth by expanding broadband access and providing digital training and inclusion programs to Native American communities. In November 2021, Congress enacted the Infrastructure Investment and Jobs Act² (IIJA), which provided an additional \$2 billion in funding for this program. NTIA plans to issue an additional NOFO for the remaining IIJA funding.

NTIA expects to make awards under TBCP within the following funding ranges:

- \$1 million – \$50 million for broadband infrastructure deployment projects
- \$50,000 – \$2.5 million for broadband adoption and use projects

The CAA required NTIA to provide applicants an opportunity to cure any defects in their applications—that is, provide additional documentation or information—before NTIA could deny the applications. In addition, the CAA generally required awardees to expend their grant funds within 1 year of receipt. The IIJA increased this period to 4 years.

BIP

The BIP is a \$300 million broadband deployment program directed to partnerships between a state, or one or more political subdivisions of a state, and providers of fixed broadband service to support broadband infrastructure deployment to areas lacking broadband, especially rural areas. According to the NOFO, NTIA planned to make BIP awards ranging from \$5 million to \$30 million for award periods of 1 year from the initial receipt of grant funds.

CMCPP

The CMCPP is a \$285 million grant program for HBCUs, TCUs, and MSIs to purchase broadband internet service and eligible equipment and to hire and train information technology personnel. NTIA has set the initial award period as no more than 2 years from the receipt of grant funds.

Finding

This report outlines the steps NTIA took to implement the programs under the CAA and the challenges it faced that impacted its ability to meet the timeframes required by the CAA for issuing NOFOs, reviewing applications, and awarding grants. As of March 2, 2023, NTIA awarded \$1,528,642,673—or approximately 96 percent of the funds appropriated by the CAA. See appendix A for further details on the scope and methodology of our evaluation.

² Pub. L. No. 117-58.

NTIA Took Steps to Implement the CAA Requirements and Mitigate the Impact of the Challenges Faced

NTIA took the following steps to implement the TBCP, BIP and CMCPP:

- Established the Office of Internet Connectivity and Growth for administering the three grant programs.
- Reached out to various stakeholders—including Tribal leaders and groups, federal agencies, state and local governments, and NTIA's State Broadband Leaders Network—before NOFO issuance to solicit feedback on drafting the NOFOs.
- Issued NOFOs for each of the three grant programs.
- Hosted webinars, issued frequently asked questions and answers, provided technical assistance, and answered questions from applicants; facilitated meetings and outreach activities to help prospective applicants understand the grant programs and prepare high-quality grant applications.
- Developed a plan that describes the process for identifying reviewers, assigning applications to reviewers, and documenting the results of the review. For each program, the application review occurs in three phases—initial administrative and eligibility review, merit review, and programmatic review. These phases were outlined in each program's NOFO and in NTIA guidance documents for each review phase.
- Compared applications to Federal Communications Commission maps, U.S. Census Bureau block data, and the NTIA Broadband Availability Map to determine whether there is existing and adequate service in applicants' proposed service areas.

NTIA also faced various challenges in implementing the CAA's requirements. Those challenges included

- not having an active grant management program and a grant office in place to implement the CAA requirements;
- staffing shortages that impacted NOFO issuance for the three grant programs;
- receiving more applications than expected, which increased the resources needed to review applications;
- coordinating with other government agencies to avoid duplicating federal funding;
- allowing applicants time to cure deficient applications during each of the three phases of the application review process; and
- delaying programmatic reviews to address omitted service areas.

These challenges added delays to issuing the NOFOs, reviewing applications, and ultimately making award decisions. For instance, the CAA required the NOFOs for the BIP and the TBCP to be posted no more than 60 days after enactment, or February 25, 2021. We found that NTIA did not post the BIP NOFO until May 19, 2021—83 days past the deadline.

Additionally, the TBCP NOFO was not posted until June 3, 2021—98 days past the deadline. The CMCPP was not given a deadline for issuing its NOFO, as it was a new program; however, the final rule³ was required to be posted within 45 days of enactment, or February 10, 2021. We found the CMCPP final rule was not posted until June 15, 2021—125 days past the 45-day deadline.

By March 31, 2022, NTIA had awarded less than 20 percent—or \$283,237,636—of the grant funds allocated for the three grant programs under the CAA. NTIA program officials acknowledged it took longer than expected to issue NOFOs and announce awards. To mitigate the impact of some of these challenges, NTIA took the following steps:

- Entered into interagency agreements with the National Institute of Standards and Technology and the National Oceanic and Atmospheric Administration to execute the responsibilities associated with the business and administrative aspects of the grants.
- Developed a staffing plan and used multiple hiring authorities to onboard additional staff to serve as Federal Program Officers for these programs, including details and schedule A and schedule B authorities.
- Solicited volunteer merit reviewers and modified an existing contract to hire additional contractor staff to help review the volume of applications.

NTIA program officials told us they informed the Secretary of Commerce of the challenges meeting the award timeframes for the BIP and TBCP. They described the reasons for program-specific delays and communicated the fact that the CAA timelines for the three grant programs were unrealistic and impracticable to meet. According to the officials, Congress recognized that the short and aggressive timelines enumerated for various activities in the TBCP statute needed modification and amended those timelines in the IJJA.

Table 2 provides the breakdown of funds awarded for all three grant programs as of March 2, 2023.

Table 1. Status of CAA Grant Program Awards

Program	Number of Applications Received	Appropriated Amount	Grants Awarded	Percent of Appropriated Value
TBCP	301	\$1,000,000,000	\$979,141,895	99.6%
BIP	240	\$300,000,000	\$298,779,562	99.9%
CMCPP	207	\$285,000,000	\$250,721,214	88%
Total	748	\$1,585,000,000	\$1,528,642,673	96.4%

Source: NTIA

³ The final rule describes NTIA’s programmatic scope, eligibility criteria, and general guidelines for the CMCPP as authorized by CAA.

We are not requesting a formal response to this evaluation, as the finding in it was briefed to cognizant Department officials in advance of issuance. This evaluation will be posted to our public website.

We appreciate the cooperation and courtesies extended to us by your staff during the evaluation. If you have any questions or concerns about this report, please contact me at (202) 577-9547 or Monica Adamo, Director for Acquisition and Grants, at (202) 750-5045.

cc: Josephine Arnold, Audit Liaison, Senior Attorney Advisor, NTIA
Andrew Coley, Audit Liaison, Attorney Advisor, NTIA
MaryAnn Mausser, Audit Liaison, Office of the Secretary

Appendix A. Objective, Scope, and Methodology

The objective of our evaluation was to determine whether NTIA complied with the requirements of the CAA. Specifically, we determined (1) what steps NTIA took to award and disburse funds, (2) the challenges faced during implementation, and (3) the status of awarding and disbursing funds under the CAA.

To accomplish our objective, we did the following:

- Reviewed relevant policies and guidance, including
 - Consolidated Appropriations Act, 2021, Pub. L. No. 116-260 (2020)
 - 2 C.F.R. 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
 - *Department of Commerce Grants and Cooperative Agreements Manual*, April 2021
 - *Commerce Acquisition Manual*, August 2020
 - Office of Federal Procurement Policy Publication policy letter 11-01, *Performance of Inherently Governmental and Critical Functions*
 - Federal Acquisition Regulation
 - NOFOs for the TBCP, BIP and CMCPP
- Conducted interviews with NTIA officials to gain an understanding of CAA funding and how NTIA grants are administered, as well as challenges NTIA has faced during implementation and steps taken to mitigate challenges.
- Reviewed policies, manuals, training materials, and other documents that were used to implement the programs.
- Reviewed the statement of work and other documents related to the service contract awarded for assisting with program implementation.
- Reviewed the internal control procedures related to NTIA's grants and contract management and assessed the risk of fraud, waste, and abuse.
- Verified the universe of grants awarded by NTIA from November 2021 through March 2, 2023. The universe consisted of 185 grants totaling \$1,528,642,673.

We conducted our review from June 2021 through March 2023 under the authority of the Inspector General Act of 1978, as amended (5 U.S.C. §§ 401–24), and Department Organization Order 10-13, as amended October 21, 2020. We performed our fieldwork remotely.

We conducted this evaluation in accordance with *Quality Standards for Inspection and Evaluation* (January 2012) issued by the Council of the Inspectors General on Integrity and Efficiency. Those standards require that the evidence supporting the evaluation's finding and conclusion should be sufficient, competent, and relevant and should lead a reasonable person to sustain the

finding and conclusion. We believe that the evidence obtained provides a reasonable basis for our finding and conclusion based on our review objective.

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