#### DEPARTMENT OF THE TREASURY WASHINGTON, DC 20220



August 30, 2022

The Honorable Michael E. Horowitz Chair Pandemic Response Accountability Committee Council of the Inspectors General on Integrity and Efficiency 441 G St, NW, Suite 1517 Washington, DC 20548

Re: Inquiry on Use of Pandemic Relief Funds for Increased Broadband Access to Unserved Communities (OIG-CA-22-020)

Dear Inspector General Horowitz:

This letter is in response to a request from the Ranking Member of the Senate Committee on Commerce, Science, and Transportation (Committee) to the Pandemic Response Accountability Committee (PRAC) to prioritize a study of programs funding broadband services and coordinate reviews among the oversight community (see attachment). To assist the PRAC with the request, we obtained responses from the Department of the Treasury's Office of Recovery Programs (ORP) to questions specifically directed at Treasury's role in ensuring that broadband funding serves unserved persons or communities.<sup>1</sup> Significant to creating and delivering broadband services are Treasury's Coronavirus State and Local Fiscal Recovery Funds (SLFRF) and the Capital Projects Fund (CPF) authorized under of the *American Rescue Plan Act of 2021*<sup>2</sup> (ARPA) over which Treasury Office of Inspector General (OIG) has oversight.

In its response, Treasury's ORP highlighted the following to provide context to its responses.

 <u>Statutory Language</u>: The ARPA statutory language for both the SLFRF and CPF is significantly less prescriptive than the statute for programs like the National Telecommunications and Information Administration's (NTIA) Infrastructure Investment and Jobs Act (IIJA) Broadband

<sup>&</sup>lt;sup>1</sup> Questions related to serving unserved communities are listed under 1. a. through h. in the attachment. Questions 2 and 3 are not directed to Treasury for response.

<sup>&</sup>lt;sup>2</sup> P.L. 117-2 (March 11, 2021)

Equity, Access, and Deployment (BEAD) Program. Under the statute, SLFRF can fund "necessary" investments in broadband infrastructure, and CPF can fund "critical capital projects directly enabling work, education, and health monitoring, including remote options." The statute does not direct eligible areas for investment or speed standards, unlike the IIJA funds.

As Treasury was setting up the programs and making policy decisions, management recognized that Congress provided flexibility in the statute with the context that these are pandemic relief programs with other eligible uses beyond broadband infrastructure (in the case of SLFRF, dozens of eligible uses beyond broadband infrastructure).

- <u>CPF Flexibility/Discretion</u>: The CPF offers broad flexibility for states to meet critical needs they identify within their own states by providing \$10 billion for states, territories, and tribal governments to pursue investments in critical capital projects that directly enable work, education, and health monitoring, including remote options, in response to the public health emergency. The CPF allows for investments in broadband infrastructure, among other allowable uses. For broadband infrastructure projects, Treasury encourages recipients to prioritize investments in locations without access to reliable wireline speeds of 100 Mbps<sup>3</sup> download and 20 Mbps upload (also referred to as 100/20 Mbps) and provides discretion for recipients to determine communities with a critical need for buildout.<sup>4</sup>
- <u>CPF "Additional Public Benefit</u>": Treasury has chosen, as a policy matter, to allow funding in places where other federal funds have been committed, if states identify an "additional public benefit" and justify the investment is for "complementary purposes".
- <u>SLFRF Flexibility to recipients</u>: Treasury made a policy decision to provide greater flexibility to recipients and took that reasonable policy choice after consulting with interagency partners, stakeholders, and

<sup>&</sup>lt;sup>3</sup> Megabit per second is a unit of data transfer rate equal to 1,000,000 bits per second.

<sup>&</sup>lt;sup>4</sup> For CPF recipients, "the construction and deployment of broadband infrastructure projects ("Broadband Infrastructure Projects") are eligible for funding under the Capital Projects Fund program if the infrastructure is designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical download and upload speeds of 100 Mbps. If it would be impracticable, because of geography, topography, or excessive cost, for a Broadband Infrastructure Project to be designed to deliver services at such a speed, the Project must be designed so that it reliably meets or exceeds 100 Mbps download speeds and between 20 Mbps and 100 Mbps upload speeds and be scalable to a minimum of 100 Mbps symmetrical for download and upload speeds." <u>https://home.treasury.gov/system/files/136/Capital-Projects-Fund-Guidance-States-Territories-and-Freely-Associated-States.pdf).</u>

state and local governments (including as part of reviewing comments during the public comment process for the final rule<sup>5</sup>).

- During this process, Treasury received widespread feedback asking for flexibility for recipients to determine where to make broadband investments. This reflects the wide diversity of challenges confronting communities in expanding broadband access (like reliability of service in addition to coverage) and the broad range of governments that receive SLFRF funds, including localities with issues beyond the maximum speed of what a network can nominally provide. It is well documented that the broadband sector suffers from reliability and affordability challenges.
- The final rule encourages recipients to prioritize investments in locations without access to reliable wireline service of 100 Mbps download and 20 Mbps upload but provides flexibility for them to identify areas of additional need beyond those locations. In addition, Treasury has laid out a set of safeguards when funding projects in areas with enforceable commitments to build new networks.<sup>6</sup>
- This policy approach, in Treasury's view, is critical to effectively bridging the digital divide in an equitable manner.

# **Committee Questions and Responses**

- 1. Ensuring that funds serve unserved communities:
  - a. Are state, local, and tribal governments using money from the Treasury for broadband infrastructure funding projects in areas with existing broadband networks or enforceable commitments to build new networks?
    - If so, where is this occurring?
    - What is the reported rationale for duplicating funding investments in these areas?

 <sup>&</sup>lt;sup>5</sup> 31 CFR Part 35, Coronavirus State and Local Fiscal Recovery Funds Final Rule (January 27, 2022).
<sup>6</sup> For SLFRF, "recipients are required to design projects to, upon completion, reliably meet or exceed symmetrical 100 Mbps download and upload speeds. In cases where it is not practicable, because of the excessive cost of the project or geography or topography of the area to be served by the project, eligible projects may be designed to reliably meet or exceed 100/20 Mbps and be scalable to a minimum of symmetrical 100 Mbps download and upload speeds." (https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-Overview.pdf)

### **Treasury Response:**

Under the SLFRF rule and CPF guidance, recipients may pursue broadband infrastructure projects that provide service to locations with an identified need for investment. Program requirements are outlined in the SLFRF rule and CPF guidance, and align with Administration broadband priorities to increase access, affordability, and equity. Specifically:

- Under the SLFRF program, recipients are encouraged to prioritize • projects that are designed to serve locations without access to reliable wireline 100/20 Mbps broadband service. More broadly, recipients are required to invest in projects that provide service to areas with an identified need for additional broadband investment. Consistent with Administration priorities on broadband, examples of need include lack of access to a reliable high-speed broadband connection, lack of affordable broadband connection, or lack of reliable service. For recipients that are considering deploying broadband to locations where there are existing and enforceable federal or state funding commitments for reliable service of at least 100/20 Mbps, recipients must ensure that SLFRF funds are designed to address an identified need for additional broadband investment that is not met by existing federal or state funding commitments. SLFRF funds must also not be used for costs that will be reimbursed by the other federal or state funding streams. Eligible SLFRF-funded broadband projects must generally meet an affordability requirement and be designed to reliably meet or exceed symmetrical 100 Mbps download and upload speeds where practicable.
- Under the CPF program, eligible broadband infrastructure projects must serve communities identified to have a critical need for those projects related to access, affordability, reliability, and/or consistency. Recipients are encouraged to prioritize projects that are designed to provide service to households and businesses not currently served by a wireline connection that reliably delivers at least 100/20 Mbps.

To the extent that recipients are considering deploying broadband to locations where there are existing enforceable federal or state funding commitments for reliable wireline service at speeds of at least 100/20

Mbps, the recipient should ensure that CPF grant funding will not be used for costs that will be reimbursed by the other federal or state funding streams. That is, CPF grant funds must be used only for complementary purposes. Recipients must ensure there is additional public benefit and a justification for using additional public funding to deploy to those locations.

For SLFRF, Treasury began distributing funds in 2021 and is receiving information about the use of those funds through recipient reporting procedures.

- While Treasury received reporting from certain tiers of recipients in January 2022, the first Project and Expenditure (P&E Report) data for all recipients was due on April 30, 2022. The initial reviews focused on data integrity issues, rather than the substantive uses. Treasury will continue to review P&E Report data as it is submitted.<sup>7</sup>
- At this time, Treasury has not identified any proposed or ongoing broadband projects occurring in areas with existing broadband networks or enforceable commitments to build new networks through the recipient reporting process, although management would note that it is at the initial stages of its compliance process.
- If such projects were identified, Treasury would evaluate the use through its compliance procedures to determine whether the use is consistent with the Final Rule and guidance, which requires such funds to be used to meet an "identified need for additional broadband investment that is not met by existing federal or state funding commitments" and prohibits SLFRF funds to be used for costs that will be reimbursed by the other federal or state funding streams.

(<u>https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf)</u>

<sup>&</sup>lt;sup>7</sup> Tier 1 includes states, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents. Tier 2 includes metropolitan cities and counties with a population below 250,000 residents that are allocated more than \$10 million in SLFRF funding, and non-entitlement units of government (NEU) that are allocated more than \$10 million in SLFRF funding. Tier 3 includes Tribal governments that are allocated less than \$30 million in SLFRF funding. Tier 4 includes Tribal governments that are allocated less than \$30 million in SLFRF funding. Tier 4 includes Tribal governments that are allocated less than \$30 million in SLFRF funding. Tier 4 includes Tribal governments that are allocated less than \$30 million in SLFRF funding. Tier 5 includes metropolitan cities and counties with a population below 250,000 residents that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding, and NEUs that are allocated less than \$10 million in SLFRF funding. P&E Report data is due on a quarterly basis 30 days after the end of each quarter for tiers 1, 2, and 3, and annually for tiers 4 and 5.

- The current recipient reporting guidance requires reporting on a number of broadband elements, but as Treasury has stated in its compliance and reporting guidance, additional programmatic data will be required for broadband projects in upcoming reporting cycles.
- Further, Treasury voluntarily signed a Memorandum of Understanding (MOU) on May 12, 2022, with the Federal Communications Commission (FCC), NTIA, and United States Department of Agriculture (USDA) to, among other things, develop consistent and complementary reporting processes and share information with each other about broadband projects.

CPF is in a different stage of its program (as compared to SLFRF) and has a different process for distribution of funds.

- Specifically, CPF reviews and approves program plans prior to approval and distribution of funds.
- CPF is currently in the process of receiving and evaluating grant plans submitted by tribes and states.
- CPF administrative funds are currently available to state recipients to draw down as needed. Project funds are made available to a state after Treasury approves at least one program plan. To date, seven states have drawn down funds, one of which was for project funds.<sup>8</sup> Tribal government awards are paid in full after Treasury approves a tribal application and executes a grant award.
- CPF specifically asks potential recipients: "How is the program designed so that it does not duplicate investments from enforceable federal or state funding commitments for reliable wireline service at speeds of at least 100 Mbps of download speed and 20 Mbps of upload speed (e.g., program requirement, state law, process)?"
- CPF's guidance states that any investment in an area with existing service or an enforceable commitment must provide an

<sup>&</sup>lt;sup>8</sup> As of Treasury's response dated August 18, 2022.

"additional public benefit," and be "complementary."

• Also like SLFRF, CPF encourages recipients to prioritize projects that are designed to provide service to households and businesses not currently served by a wireline connection that reliably delivers at least 100/20 Mbps.

# b. To what extent is Treasury monitoring state, local, and tribal governments' efforts to connect unserved households and locations?

# **Treasury Response:**

Treasury is closely monitoring recipient spending on broadband infrastructure through its reporting and compliance process. As part of this process, Treasury is monitoring whether recipients are meeting program requirements, including ensuring that completed broadband projects provide service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps where practicable.<sup>9</sup>

As previously noted, SLFRF has begun to receive P&E reports from all recipients.

- For context, on April 30, 2022, during the first P&E reporting period, tens of thousands of SLFRF recipients submitted data, and the SLFRF program personnel performed compliance reviews of this data. SLFRF program personnel continue to perform compliance reviews as recipients submit P&E reports.
- SLFRF personnel have provided OIG with details regarding the compliance flow, but at a high level. The review process is intended to first address data integrity issues and then proceed to compliance testing and reviews designed to identify waste, fraud, and abuse.

SLFRF's P&E reporting to date includes a number of compliance-related broadband fields; as an example, one of those fields asks whether recipients are designing broadband projects that deliver reliable symmetrical upload and download speeds of 100 Mbps where practicable. Treasury will be adding additional programmatic broadband fields in

<sup>&</sup>lt;sup>9</sup> See footnote 6 for SLFRF recipients' broadband requirements.)

upcoming reporting cycles.

Further, Treasury voluntarily signed an MOU with FCC, NTIA and USDA to, among other things, develop consistent and complementary reporting processes and share information with each other about broadband projects.

CPF has finalized its compliance and reporting guidance,<sup>10</sup> which will be the foundation for recipient reporting and monitoring to follow in due course. Treasury's CPF program office and recipient monitoring group will develop the compliance testing process using the internal "Office of Recovery Programs (ORP) Award Management Policy for Financial Assistance Recovery Programs, Version 1.0," (dated July 15, 2022) as overall guidance. Compliance testing will be consistent with the approach used for other ORP programs.

c. What information is Treasury receiving from state, local, and tribal governments about their broadband deployment projects?

#### **Treasury Response:**

Please see below for information on each of the programs:

 For the CPF program, recipients must submit a plan for deploying CPF grant funding that provides information on the recipient's intended uses of CPF funds. A Grant Plan consists of an executive summary, an Allocation Table showing the broad categories of capital projects the recipient seeks to undertake using CPF grant funds and how much the recipient intends to spend on each such category, and one or more Program Plans, which describe the specific capital projects in the category the recipient is seeking funding for.<sup>11</sup> Each Program Plan constitutes an applicant's request for funding for those capital projects. Treasury assesses and approves each Program Plan separately and will separately provide access to funds for each Program Plan when approved.

 <sup>&</sup>lt;sup>10</sup> "Coronavirus Capital Projects Fund: Compliance and Reporting Guidance for States, Territories, and Freely Associated States," (<u>https://home.treasury.gov/system/files/136/CPF-Reporting-Guidance-for-States.pdf</u>).
<sup>11</sup> <u>https://home.treasury.gov/system/files/136/CPF-Grant-Program-Plan.pdf</u>

- For the SLFRF program, recipients must provide periodic reporting on their broadband infrastructure projects, including on obligations and expenditures, project status, construction and operations start dates, location, labor practices, and compliance with final rule requirements. In addition, Treasury's compliance and reporting guidance on SLFRF notes that, for the purposes of facilitating that collection of consistent broadband data across government programs, "additional programmatic data will be required for broadband projects beginning in July 2022 and will be defined in a subsequent version of the Reporting Guidance." On June 10, 2022, the compliance and reporting guidance was updated to incorporate these additional requirements. <sup>12</sup>
- d. What data sources about broadband coverage and availability were used to inform how and in what manner Treasury distributed broadband funds to state, local, and tribal governments?

#### **Treasury Response:**

Treasury allocated funds among SLFRF and CPF recipients according to the respective formulas outlined in statute. Sections 602 and 603 of the Social Security Act provide allocation formulas for the SLFRF program for states, territories, counties, metropolitan cities, non-entitlement units of local government, and Tribal governments. Section 604 of the Social Security Act provides an allocation formula for the CPF program for states, territories, freely associated states, and Tribal governments.

For SLFRF and for CPF, the statute requires Treasury to allocate funding based on a statutory formula (which differs for each type of recipient) which does not include consideration of broadband coverage and availability.

e. What level of coordination is occurring between the Federal Communications Commission, the Treasury, the U.S. Department of Agriculture, and the National Telecommunications and Information Administration to protect against overbuilding and duplication of funding awards?

<sup>&</sup>lt;sup>12</sup> Since the June 10, 2022 version, Treasury has made additional updates to its "Compliance and Reporting Guidance: State and Local Fiscal Recovery Funds." (<u>https://home.treasury.gov/system/files/136/SLFRF-Compliance-and-Reporting-Guidance.pdf</u>).

## **Treasury Response:**

Treasury recognizes the importance of coordinating with other federal agencies making investments in broadband and connectivity. Treasury has a strong working relationship with the FCC, NTIA, and USDA, including participating in biweekly interagency meetings to share data and information. Treasury has also closely coordinated with these agencies in developing its broadband performance metrics. Finally, Treasury participates in the broadband coordination group, which the National Economic Council hosts on a biweekly basis.

As mentioned earlier, Treasury also voluntarily signed an MOU with FCC, NTIA and USDA to, among other things, develop consistent and complementary reporting processes and share information with each other about broadband projects.

f. What, if any, federal, state, or local regulatory barriers are impeding or increasing costs to broadband deployment funded by these programs?

## **Treasury Response:**

Treasury has not identified such barriers, but continues to work with the FCC, NTIA, and USDA, to learn lessons about broadband deployment.

g. What oversight measures is Treasury implementing to ensure providers meet their buildout obligations?

#### **Treasury Response:**

Please see the responses to questions 1.b and 1.c.

h. What additional protections, if any, should Congress consider to ensure funds go to unserved communities instead of those that already have broadband?

#### **Treasury Response:**

Treasury allows recipients to pursue broadband infrastructure projects that provide service to locations with an identified need for investment. Treasury also coordinates with other federal agencies making investments in broadband and connectivity. SLFRF and CPF guidance both provide for the deployment of funds to bring broadband of at least 100 Mbps symmetrical upload and download speeds, where practicable, to communities that need it. This speed threshold accounts for increased pandemic internet usage and provides adequate upload speeds for individuals and businesses to accommodate interactive applications such as virtual learning and videoconferencing, while also helping ensure that funding is responsibly used to provide a true and lasting benefit for years to come.

As discussed, SLFRF requires all projects to be designed to meet a need for additional broadband infrastructure investment and does not allow for funding to go to projects that do not meet that threshold.

CPF requires that projects in areas that have existing commitment provide an "additional public benefit".

Treasury believes this framework is appropriate and sufficient and does not believe additional protections are required at this time.

If you have questions regarding Treasury's responses to this inquiry, we are available to discuss the matters contained in this letter.

Sincerely,

Richard K. Delmar Digitally signed by Richard K. Delmar Date: 2022.08.30 09:58:59 -04'00'

Richard K. Delmar Deputy Inspector General Department of the Treasury

#### Appendix

#### MARIA DAV/WEIL WASHINGTON CHAIR

MAY ISLOBUCHAR, MONALOSTA NICHARD BILLIMENTHAL, UCHNECT CUT SINNI BICHATZ, MINISACHUBETTS DOWN RECHATZ, MINISACHUBETTS CANY FELTER NICHODAN TAMMAY BALERA N. KENSCONJA AMMY DUCKNOPTH FULMER CALTERTON MONTAINA VIRCIEN ANEMA AR JOILA A DORIN NEIGHA WE CLUMN, NEW SECOLO WE CLUMN, GENERAL COLONA ALL CARNOCK, TE CRUCK

POLICE WORKP, MISSISSIPP JOHN THUNE, SOUTH OWO WOY HEAVEN IN SSOURS TROOMUS, MISSIOUR antisters at JERRY MORAN, KANSAS DAN BULFON ALASKA MARSHA IWACKEUPA, TONNEDSEE TODE YOUNG INANAN MINE LEE WITAN REMLICTWARE WARDEN'S SEELLEY MOUTE CAREON WEST VIRANIA REMLICED TO TOTAL THE ILLEWIS WOOMEND DAVID STRICKLAND, WALDMITH STARY DREETOR JOHN REAST REPAIRMENT STARY DREETOR

United States Senate COMMITTEE ON COMMERCE, SCIENCE,

AND TRANSPORTATION WASHINGTON, DC 20510-6125 Wessite: https://commerce.senate.gov

March 14, 2022

The Honorable Michael E. Horowitz Chair Pandemic Response Accountability Committee Council of the Inspectors General on Integrity and Efficiency 441 G Street, NW, Suite 1517 Washington, DC 20548

#### Dear Inspector General Horowitz:

Over the past two years, the COVID-19 pandemic has highlighted every American's need for broadband, which has become critical for work, education, and health care. Unfortunately, millions of Americans still lack broadband access and are unable to participate in the remote activities that so many have come to rely on. Recognizing this need, Congress created a myriad of programs across multiple agencies to support broadband affordability and deployment-most notably under the Federal Communications Commission (FCC), the Department of the Treasury (Treasury), and the National Telecommunications and Information Administration (NTIA). However, to avoid waste of taxpayer funds, it is imperative that these programs are properly administered. Therefore, I am requesting that the Pandemic Response Accountability Committee (PRAC) guide the independent Inspector General reviews necessary to ensure the federal funds allocated for broadband deployment are spent as Congress intended.

Closing the digital divide is one of my top priorities as Ranking Member of the Senate Committee on Commerce, Science, and Transportation. Congress has taken a number of steps to achieve this goal, particularly during the pandemic. The Consolidated Appropriations Act, 2021, created the Emergency Broadband Benefit (EBB) program. This program provided subsidies to low-income Americans, including those economically challenged by the pandemic, to help pay for broadband.1 The Act also created a broadband infrastructure grant program at NTIA, which provided \$1 billion to support deployment on tribal lands, and \$300 million for deployments elsewhere.<sup>2</sup> Later, the American Rescue Plan Act (ARPA) provided Treasury \$350 billion in funding to distribute to state and local governments "necessary investments in ... broadband infrastructure."3 ARPA also established a \$10 billion Coronavirus Capital Projects Fund at Treasury to aid states, territories, and tribal governments to "carry out critical capital projects directly enabling work, education, and health monitoring, including remote options."4 These programs were created to augment already-

<sup>&</sup>lt;sup>1</sup> Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, div. N, tit. IX, § 904 (2020).

<sup>&</sup>lt;sup>2</sup> Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, div. M, tit. IX, § 905 (2020).

<sup>3</sup> American Rescue Plan Act of 2021, H.R. 1319, tit. IX, sub. M, § 9901 (2021).

<sup>4</sup> Id.

Inspector General Horowitz March 14, 2022 Page 2 of 3

existing programs, such as the FCC's Rural Digital Opportunity Fund and Lifeline programs and the U.S. Department of Agriculture's (USDA) ReConnect program.

As you have noted before the committee, "[t]he speed at which funds were disbursed [in response to the COVID-19 pandemic in 2020], and the sheer amount of money involved, put the funds at high risk of fraud and misuse, making the work of oversight entities like the PRAC and IGs essential to a successful national recovery."<sup>5</sup> Indeed, the substantial funding provided for these programs, the process required to administer them, and the critical need to expand broadband access have created an opportunity for waste of taxpayer resources. Specifically, I am concerned that these funds could be used to overbuild existing broadband networks, duplicate existing federal investment, or provide subsidies to people who do not qualify. The federal government has struggled with similar programs in the past, in which funds were used to overbuild networks while doing little to close the digital divide.<sup>6</sup> We are already finding fraud within these new programs: the FCC's Office of Inspector General recently discovered that broadband providers have been fraudulently enrolling households in the EBB program.<sup>7</sup> This sort of fraud will continue in the absence of proper oversight. Therefore, I ask that your committee prioritize these programs to protect them against waste, fraud, and abuse. Specifically, I ask that PRAC coordinate review(s) that, at minimum, provide responses to the following questions:

- Ensuring that funds serve unserved communities:
  - a. Are state, local, and tribal governments using money from NTIA and Treasury for broadband infrastructure funding projects in areas with existing broadband networks or enforceable commitments to build new networks? If so, where is this occurring? What is the reported rationale for duplicating funding investments in these areas?
  - b. To what extent are NTIA and Treasury monitoring state, local, and tribal governments' efforts to connect unserved households and locations?

<sup>&</sup>lt;sup>5</sup> Assessing the Federal Government's COVID-1 Relief and Response Efforts and its Impact: Hearing Before the H. Comm. on Transp. and Infrastructure, 117 Cong. (2021), https://www.pandemicoversight.gov/media/file/statement-michael-e-horowitzchair-pandemic-response-accountability-committee-inspector.

<sup>&</sup>lt;sup>6</sup> See Andy Vuong, Inside the controversial Colorado EAGLE-Net broadband project, DENVER POST (Mar. 1, 2013), https://www.denverpost.com/2013/03/01/instde-the-controversial-colorado-cagle-net-broadband-project/ (reporting that a \$100.6 million grant awarded to Eagle-Net in Colorado resulted in overbuilding of multiple existing broadband networks, rather than expanding service in unserved areas); Eric Eyre, Inside the controversial Colorado EAGLE-Net broadband project, CHARLESTON GAZETTE-MAIL (Jan. 7, 2013), https://www.wvgazettemail.com/news/special\_reports/126m-broadband-project/ (reporting that a \$126 million grant awarded to West Virginia was supposed to make fiber available to 1,064 public facilities and build a 900-mile fiber network provided fiber to only 600 sites, many of which already had fiber). See also U.S. Gov't. Accountability Office, Report to Congressional Committees: RECOVERY ACT Further Opportunities Exist to Strengthen Oversight of Broadband Stimulus Programs, https://www.gao.gov/asset/gao-10-823.pdf.

<sup>7</sup> Memorandum, Office of the Inspector Gen., Fed. Communications Commission, (Nov. 22, 2021),

https://www.fcc.gov/sites/default/files/oig\_advisory\_cep\_11222021.pdf (finding that NTTA "lack[ed] 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").

Inspector General Horowitz March 14, 2022 Page 3 of 3

- c. What information is NTIA and Treasury receiving from state, local, and tribal governments about their broadband deployment projects?
- d. What data sources about broadband coverage and availability were used to inform how and in what manner NTIA and Treasury distributed broadband funds to state, local, and tribal governments?
- e. What level of coordination is occurring between FCC, Treasury, USDA, and NTIA to protect against overbuilding and duplication of funding awards?
- f. What, if any, federal, state, or local regulatory barriers are impeding or increasing costs to broadband deployment funded by these programs?
- g. What oversight measures are NTIA and Treasury implementing to ensure providers meet their buildout obligations?
- h. What additional protections, if any, should Congress consider to ensure funds go to unserved communities instead of those that already have broadband?
- Preventing waste, fraud, and abuse in the EBB program and its successor, the Affordable Connectivity Program (ACP):
  - a. Are there new cases of fraud within EBB/ACP?
  - b. Has the FCC adequately addressed the fraud uncovered by the FCC OIG in November 2021?
  - c. What steps has FCC taken to confirm the eligibility of ACP recipients, and are these sufficient?
- 3. To what extent is PRAC planning to engage with FCC, Treasury, and NTIA on enforcement efforts for noncompliance?

Thank you for your attention to this important matter. I appreciate your prompt and urgent attention to this request.

Sincerely,

Roger F. Wicker

Roger F. Wicker Ranking Member Senate Committee on Commerce, Science, and Transportation