

Opening Statement of the Honorable Greg Walden
Subcommittee on Communications and Technology
Hearing on "Broadband Loans and Grants"
May 16, 2012
(As Prepared for Delivery)

Today marks the third oversight hearing of our subcommittee to examine whether taxpayers are getting their money's worth from the broadband loan and grant programs of the National Telecommunications and Information Administration and Rural Utility Service.

Our past hearings have focused on the Broadband Technology Opportunities Program and the Broadband Initiative Program. And rightly so. The Recovery Act allocated \$7.2 billion to these programs, dwarfing previous broadband loan and grant programs in size. And even though these agencies did not have grant-making experience or operations scaled to such a large project, the Recovery Act required that all awards be doled out within 18 months. We were told such haste was necessary to get the economy going and that the money would go to "shovel ready projects."

It's now been three years since the Recovery Act created BTOP and BIP, and more than 18 months since the last broadband loans and grants were awarded under those programs. The fiber is beginning to fill the trenches. While all the money has been awarded, only about one-third has been spent.

And what have we gotten for that \$2.5 billion? Well, the National Broadband Map is one thing. The map tells us that 98.3 percent of Americans had access to high-speed broadband service in mid-2011. That's up from the 95 percent estimate in the 2010 National Broadband Plan. That apparent 3.3 percent jump, however, cannot be attributable to the broadband funding, since the money is only now working its way through the system.

And I know that we have a lot of impressive statistics. Administrator Strickling notes in his written testimony that 56,000 miles of broadband infrastructure have already been built or improved using BTOP funds. Administrator Adelstein notes that more than 100 colleges and technical schools and 600 rural healthcare facilities are in areas served by BIP grantees and loan recipients. Indeed, I've seen evidence of this build-out in my own rural district.

But these statistics raise some questions. How many of those miles already had broadband infrastructure? How many of those colleges, technical schools, and rural healthcare facilities already had access to high-speed broadband? Overbuilding has been a perennial concern when government gets involved, so I want to hear how the agencies are taking into account existing deployments when they provide us numbers. And even if these were new deployments, might the private sector have met these needs more efficiently in the absence of this cumbersome subsidy program. So I'd like to know how all those miles translate into additional access, and I'd like to know how much that additional access is costing us all.

And before turning away from the stimulus-funded broadband grants and loans, I wanted to thank Mr. Bass again, who took the lead in our committee and on the House floor last year on making sure that NTIA and RUS were promptly looking into allegations of waste, fraud, and abuse and returning unused or reclaimed money to the U.S. Treasury.

Although our focus has been on BTOP and BIP, our responsibility to treat taxpayer money with the utmost care extends even to the smaller broadband loans and grant programs of the RUS. I have two primary concerns about these programs. First, many of them appear to

fund the same aims as the Universal Service Fund; rather than dividing management between two agencies and oversight between two sets of inspectors general, consolidating the administration of these programs may save the taxpayer administration costs while reducing inefficient spending. Second, I am concerned about the performance of these RUS programs. The Open Range loan alone may cost taxpayers millions of dollars. And other loans may fall through because RUS assumed USF subsidies would reimburse the subsidies it was providing, but apparently did not anticipate that the FCC would reform the Universal Service Fund's high-cost program.

I look forward to hearing from Administrators Strickling and Adelstein to explain to us the performance of their broadband loan and grant programs, to guide us through the statistics to the facts on the ground. And I look forward to hearing from Inspector General Zinser and Deputy Inspector General Gray on their ongoing oversight, and how well NTIA and RUS have incorporated past IG recommendations into their work.

###