



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 14, 2011

H.R. 1343

**A bill to return unused or reclaimed funds made available
for broadband awards in the American Recovery
and Reinvestment Act of 2009 to the Treasury of the United States**

*As ordered reported by the House Committee on Energy and Commerce
on April 5, 2011*

H.R. 1343 would require the National Telecommunications Information Administration (NTIA) and the Rural Utilities Service (RUS) to promptly terminate certain grant awards if the agency determines that award recipients are engaged in wasteful or fraudulent activities or have not met performance expectations. The bill also would require each agency, upon receiving notification of material noncompliance with award terms or improper usage of award funds, to determine whether the award should be terminated and to notify the Congress of any terminated awards.

The American Recovery and Reinvestment Act of 2009 (ARRA) established two programs to promote the development of broadband services. The NTIA awarded \$4.4 billion in grants to public and private entities to develop a map of broadband availability nationwide and to encourage construction and use of broadband networks. The RUS awarded \$2.3 billion in grants and \$1.2 billion in federal loans to fund the deployment and construction of broadband infrastructure in rural areas.

Both agencies are required under current law to promptly terminate grants for wasteful or fraudulent spending or for failure to meet specific performance milestones. In addition, the Pay-It-Back-Act (Public Law 111-203) requires agencies to promptly return to the Treasury any funds awarded under ARRA that are terminated. Thus, restating those requirements, as provided in H.R. 1343, would not affect federal spending or revenues.

Based on information from the agencies, CBO estimates that implementing the new reporting requirements in H.R. 1343 would have no significant effect on spending subject to appropriation. Enacting H.R. 1343 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 1343 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Susan Willie (for NTIA) and Daniel Hoople (for RUS). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.