QUARTERLY PERFORMANCE PROGRESS REPORT FOR SUSTAINABLE BROADBAND ADOPTION

General Information		
1. Federal Agency and Organizational Element to Which Report is Submitted	**2. Award Identification Number**	**3. DUNS Number**
Department of Commerce, National Telecommunications and Information Administration	**05-43-B10591**	**801866984**

4. Recipient Organization

Connect Arkansas, Inc. 200 S Commerce STE 400, Little Rock, AR 722011766

5. Current Reporting Period End Date (MM/DD/YYYY)	**6. Is this the last Report of the Award Period?**
03-31-2012	○ Yes ◉ No

7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

7a. Typed or Printed Name and Title of Certifying Official	**7c. Telephone (area code, number and extension)**
Sharon Walburger	
	7d. Email Address swalburger@arcapital.com
7b. Signature of Certifying Official Submitted Electronically	**7e. Date Report Submitted (MM/DD/YYYY):** 05-21-2012

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).

Distance Health:

Relationships were fostered with some of the large health providers organizations in the state. A total of 132 people attended training sessions at 13 face-to-face CAI events. Outreach staff made 22 non-training site visits connecting with 102 health care professionals. There were 284 course attempts by our users. Site membership on LearnTelehealth.org has increased by 167 members.

The most important piece of web content was the development of available telehealth clinical and educational programs. The first item presented is a comprehensive listing of all Arkansas BTOP/e-Link telehealth sites in Phase 1. The next step is the clinical telehealth programs. The last piece is the educational and training programs offered via interactive video. All this information is accessible at http://learntelehealth.org/elink/.

Entrepreneurship Curriculum:

Program relationship development efforts in Q2 have yielded an increase in program numbers for the quarter. The total students taught in Q2 were 352, which represent 235% of the quarterly target of 150 students.

Five additional counties within the grant area have been served in Q2 as well; Lawrence, Little River, Polk, Ouachita, and Sharp.

The Entrepreneurship Team is fostering partnerships with educational groups like Future Business Leader of America (FBLA) and Environmental and Spatial Technology (EAST) labs to encourage interest in the program not only in Connect's SBA counties but throughout the state.

Arkansas Sourcelink:

Arkansas SourceLink staff members have worked long and hard loading materials into what we're calling the "digital learning center" with videos that were taken from a variety of sources such as iTunes U, the eCorner at Stanford University, and YouTube, and cover a variety of topics.

 Work has begun on adding two additional modules that will compliment Arkansas SourceLink. The first is an Arkansas Venture Forum initiative which will foster education for investors, with information on how to be an investor.

 The second module will be dedicated to connecting mentors with those seeking mentors; this will also include an educational component.

These will constitute a Virtual Enterprise Center where entrepreneurs can access more than 90 percent of the material they need to know and have access to the network of sources that can give them the personal hands-on assistance.

Technology Training:

A total of 10 counties were served this quarter with introductory and advanced courses held for Dallas, Ouachita, Jefferson, Cleveland, Nevada, Clark, Pope, Conway, Prairie, and Monroe counties. Each course consists of one beginner class and two advanced courses targeting 25 students in Kindergarten through Senior high within each county.

Computers for Kids:

Scholarship Computers – A total of four hundred sixty two(462) computers have been completed and shipped to the locations requested by Connect Arkansas.   A total of one hundred ninety-four (194) were delivered in ten(10) counties during the course of the first quarter of 2012.

Youth Entrepreneurship Showcase 2.0:

AEAF has worked to recruit new schools for the high school business plan competition, Y.E.S (Youth Entrepreneur Showcase) 2.0.

The intent-to-compete for the program was due on November 21, 2011. The deadline for business plan submissions is due January 25, 2012. At the deadline, 16 business plans were submitted. On March 1, 2012, the winners were announced via Livestream and on the website.

Marketing:

The Marketing and Outreach Department began utilizing information from the four surveys completed during 2011 to host focus groups around the state.

During the first quarter of 2012, Connect Arkansas conducted six Focus Groups in northwest Arkansas, Conway, central Arkansas and Helena.

Surveys have been developed surveys for each county in the state where volunteers are distributing the surveys in the communities.

Please see Narrative Attachment for details of all projects.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline report, please insert them at the bottom of the table. Figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2.a.	Overall Project	28	N/A
2.b.	Equipment / Supply Purchases	-	Progress reported in Question 4 below
2.c.	Awareness Campaigns	-	Progress reported in Question 4 below
2.d.	Outreach Activities	-	Progress reported in Question 4 below
2.e.	Training Programs	-	Progress reported in Question 4 below
2.f.	Other (please specify):	-	Progress reported in Question 4 below

3. Please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

Entrepreneurship Curriculum:
The portion of our program focused on social media is constantly changing due to changes in the eCommerce and social media arena. We spend a significant amount of time in the office tracking current trends to communicate to students.
In the classroom our ability to provide full functionality when creating websites (download pictures and other media) is dependent upon broadband connection in the school. Since we are running up to 25 instances of the website development tool at any given time in the classroom some school networks slow down.

Technology Training:
Our trainer met her goal in serving all 10 planned counties despite the New Year, Spring Break and Easter. Some locations and dates were also changed because of weather or site reservation issues.

Computers for Kids:
The problem of having computers available from the supplier due to shortage in equipment from Little Rock School District continued to be an issue during this quarter (please refer to last quarterly report for past details). This supply issue became untenable when Advanced Technology Classes and Computer Deliveries were delayed. A mutual agreement to end the contract between Little Rock School District and Connect Arkansas was the result of discussions between Connect Arkansas management and the representative of the Little Rock School District. Currently, refurbished computers for the scholarship program are being obtained from a distributor in California, however the opportunity for Little Rock School District begin supplying computers for the program is a future option provided LRSD can provide computers financially and technically comparable to other sources being used. A change in suppliers, from Little Rock School District to Cosmic Sales, will not affect the execution of the program. However, due to an increase in computer prices, Connect will be required to reallocate enough funds within the grant at a future date to handle the difference.
The fourth delivery from the supplier in California did not contain power cables. The recipients of the computers were very understanding and Connect mailed out power cables within 4 business days to the addresses that had been supplied to the instructor of the technology class. The supplier and Connect Arkansas worked to find a solution to keep this situation from reoccurring

Youth Entrepreneurship Showcase 2.0:
Though no challenges or issues were encountered in the prior quarter, the number of participating schools and quantity of business plans were far below stated expectations. The deficit is largely attributed to timing – school holiday schedule and inclement weather issues.
Though intent to compete was expressed, many schools shared that the deadline to submit was a challenge for student teams at that time of the year.
To ensure overall project outcomes, an action plan was created to address these challenges. A plan has been developed to recruit new schools and teams and to adjust the schedule. In efforts to expand recruitment efforts beyond that of the more traditional instructor initiative project, partnerships have been developed with three student organizations, EAST (Environmental and Spatial Technology) Initiative with Entrepreneurship as the organizations' theme for the 2012-13 National Service Project, FBLA (Future Business Leaders of America) with e-commerce trainings at the state convention and regional workshops and in the classroom and Girl Scout Diamonds of Arkansas, Missouri and Texas with entrepreneurship/business planning trainings for the 2013 Cookie Sales Campaign. Additionally, instructors for the Entrepreneurship and E-commerce classes conducted by the Connect Arkansas will communicate the importance of the YES 2.0 business plan competition as a way to apply the academic lessons taught in the classroom. This multi-dimensional approach will drive participation rates for upcoming competitions.

4a. In the chart below, please provide the requested information on your BTOP grant-funded SBA activities. Please also provide a short description of the activity (600 words or less). Figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please ensure that the numbers of new household subscribers and business or community anchor institution (CAI) subscribers reflected in the "Total" row represent the unduplicated number of new subscribers that can be attributed to your SBA project as

a whole.

Name of the SBA Activity	Location of SBA Activity	Description of Activity (600 words or less)	Size of Target Audience	Actual Number of Participants	New Subscribers: Households	New Subscribers: Businesses and/or CAIs
Various	Arkansas	Please see attached spread sheet Q1-2012_ PPR_ SBA Performance Progress Report 4a - Addendum	2,677	3,176	0	0
Total:			**2,677**	**3,176**	**0**	**0**

4b. Please describe your method for determining the number of households, businesses, and/or (CAIs) subscribing to broadband as a result of your SBA programs (600 words or less).

New subscriber counts from Connect are 11,471. We arrived at this number through surveys concluded during calendar year 2011. We took the difference between the number of households who said they were broadband subscribers in the January and December 2011 surveys. From there, we applied that number percentage wise to the total number of households statewide to arrive at our number 11,471. If we were not surveying at least twice each year, we would have no other way to arrive at this number. The survey's conducted in 2011 were on a statewide basis due to the all inclusive programs Connect Arkansas employs across the state to influence broadband adoption and subscription. Connect is unable to report survey numbers specifically for the SBA service area because of the random, statewide sample selections chosen for these surveys.

4c. Please provide a narrative explanation if the total number of new subscribers is different from the targets provided in your baseline plan (600 words or less).

Subscriber numbers listed in the baseline were 18,000. Connect Arkansas is currently identifying new subscribers through biannual. statewide surveys of Arkansas citizens. Connect is restricted to conducting biannual surveys due to funding restraints in the survey line item for Marketing. The new subscriber and adoption numbers provided by Connect will be updated in a statewide survey scheduled for the last quarter of 2012.

4d. Please provide the number of households and the number of businesses and CAIs receiving discounted broadband service as result of BTOP funds.

Households: 0	**Businesses and CAIs :** 0

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

Distance Health:
The following items have been identified as areas to improve in the coming quarter in regards to the Distance Health Program:
Additional site memberships
Additional telehealth courses
Additional telehealth face-to-face trainings and site visits
Additional consultations to CAI's and other groups interested.

Entrepreneurship Curriculum:
Through the school related relationships we anticipate holding classes for up to an additional 350 students prior to the end of May (depending upon student availability). Three classes have already been requested for the fall semester of 2012 as well including a repeat class in Ashdown for over 100 incoming 9th graders, Texarkana and Marvell-Elaine. For the summer months we have coordinated with Carolyn Ashcraft at the State Library to utilize the library's mobile computer lab to provide the program at rural libraries across the state. Carolyn has communicated the opportunity to the 200 libraries across the state and of the approximately 50 available days this summer to hold a program 21 libraries have already requested the program and 15 have booked a definitive date. Due to the EAST partnership developed in Q2, the 2012-2013 School Year National Service Project for the EAST Initiative has been officially announced as Opportunity – Entrepreneurship.   Connect Arkansas and Arkansas Capital Corporation are the primary partners behind the program. Connect's contribution will be driving the design of the categories of entrepreneurial initiatives, providing the entrepreneurial training resources (both online as well as offline in terms of our entrepreneurial training classes), teacher training and support and judging of the events at the annual conference. We will create video podcasts as part of our efforts that will provide longevity to the program after the SBA funding expires.

Technology Training:
The trainer has scheduled courses to serve 8 more counties by the end of June 2012.

Youth Entrepreneurship Showcase 2.0:
AEAF will provide a continuum of motivation and resources for the prospective teams by utilizing social media and Arkansas SourceLink. In addition, AEAF is exploring ways to simplify the intent to compete and business plan submission process via online methods. This approach will also allow for judges, Arkansas business leaders, to disperse constructive feedback back to the teachers for the students to review for a seamless entrepreneurial learning process.

Marketing:

Computers for Kids delivery, Union/Columbia counties on May 2: We are in the planning stages for this to be a bigger-than-most media hit, and are in the process of inviting members of our e-Communties in both counties to come help us hand out computers. We will also be inviting elected officials and people running for legislative offices from both sides of the aisle as this is close to the May primary and as incoming Speaker of the House has said publicly that broadband is an issue on his radar for the upcoming session.

Festivals: We are beginning our festival outreach efforts this year, and will start in Conway at Toad Suck Daze the first weekend in May. We have a booth secured in the business vendor area for Saturday and Sunday of the festival.

Other Items we will achieve next quarter: The Connect Marketing team began preparations for upcoming community outreach events targeting what we think are likely subscribers/adopters based on the four surveys Connect conducted during 2011. We laid out a plan for targeted messages in these communities that will be rolled out at the grassroots level next quarter. Each area will have specific messaging and calls to action that the staff will employ during our outreach events in the spring and summer.

Please see Narrative Attachment for details of all projects.

2. Please provide the percent complete anticipated for the following key milestones in your project as of the end of the next quarter. Write "0" in the second column if your project does not include this activity. If you provided additional milestones in your baseline report, please insert them at the bottom of the table. Figures should be reported cumulatively from award inception to the end of the next reporting quarter. Please provide a narrative description if the planned percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2.a.	**Overall Project**	50	N/A
2.b.	**Equipment Purchases**	-	Milestone Data Not Required
2.c.	**Awareness Campaigns**	-	Milestone Data Not Required
2.d.	**Outreach Activities**	-	Milestone Data Not Required
2.e.	**Training Programs**	-	Milestone Data Not Required
2.f.	**Other (please specify):**	-	Milestone Data Not Required

3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

Entrepreneurship Curriculum:

Our demand for summer programs is exceeding the available dates to provide the program for the months of June and July.

Technology Training:

Public schools will dismiss in May and could affect advertising.

Sustainable Broadband Adoption Budget Execution Details

Activity Based Expenditures (Sustainable Broadband Adoption)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Cost Classification	Budget for Entire Project			Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Personnel	$1,374,272	$456,207	$918,065	$407,170	$152,586	$254,585	$484,027	$178,525	$305,502
b. Fringe Benefits	$357,310	$118,614	$238,696	$96,187	$35,800	$60,387	$114,351	$41,886	$72,465
c. Travel	$99,600	$0	$99,600	$17,034	$0	$17,034	$20,441	$0	$20,441
d. Equipment	$101,000	$0	$101,000	$88,300	$0	$88,300	$105,960	$0	$105,960
e. Supplies	$28,556	$0	$28,556	$22,053	$0	$22,053	$26,463	$0	$26,463
f. Contractual	$1,529,169	$393,944	$1,135,225	$586,306	$195,684	$390,622	$697,697	$228,950	$468,747
g. Construction	$0	$0	$0	$0	$0	$0	$0	$0	$0
h. Other	$957,586	$10,000	$947,586	$84,461	$3,875	$80,586	$101,237	$4,534	$96,703
i. Total Direct Charges (sum of a through h)	$4,447,493	$978,765	$3,468,728	$1,301,511	$387,945	$913,567	$1,550,176	$453,895	$1,096,281
j. Indirect Charges	$291,892	$58,482	$233,410	$47,432	$0	$47,432	$56,918	$0	$56,918
k. TOTALS (sum of i and j)	$4,739,385	$1,037,247	$3,702,138	$1,348,943	$387,945	$960,999	$1,607,094	$453,895	$1,153,199

2. Program Income: Please provide the program income you listed in your application budget and actuals to date through the end of the reporting period.

a. Application Budget Program Income: $0	b. Program Income to Date: $0