What GAO Found

The Recovery Act directs GAO to provide bimonthly reviews and reporting on selected states’ and localities’ use of funds. GAO has initiated this work and will examine 16 states and the District of Columbia that contain about 65 percent of the U.S. population and are estimated to receive about two-thirds of the intergovernmental grants funds available through the Recovery Act. Because of the scope of this work, GAO has reached out to the broader accountability community to coordinate our respective roles, planned approaches, and timelines. On February 25, 2009, GAO hosted an initial coordination meeting with the Inspectors General (IG) or their representatives from 17 agencies. In carrying out its oversight roles related to science funding, GAO plans to work together with the IGs as they seek to ensure that Energy, Commerce, NSF, and NASA spend the Recovery Act’s R&D-related monies promptly, effectively, and in compliance with applicable laws.

GAO’s prior work has identified several Energy, Commerce, NSF, and NASA programs that deserve special attention from management and the IG’s office to ensure that funds are put to best use. For example, the Recovery Act made $6 billion available to Energy to support $60 billion in new loan guarantees under its innovative technology loan guarantee program. However, in July 2008, GAO reported that DOE was not well positioned to manage the loan guarantee program effectively and maintain accountability because it had not completed a number of key management and internal control activities. GAO recommended, among other things, that DOE complete detailed internal loan selection policies and procedures that lay out roles and responsibilities and criteria and requirements for conducting and documenting analyses and decision making. The act also made $3.5 billion available to Energy to fund R&D on renewable energy and fossil energy. In December 2008, GAO reported that DOE does not formally assess whether industry would undertake oil and gas R&D without federal funding, raising questions about the appropriate use of federal funds, and recommended that DOE assess the likelihood that the R&D would not occur without federal funding. The Recovery Act provided a total of $1 billion to NASA, including $400 million for exploration. In March 2009, GAO reported that 10 of 13 NASA projects with life-cycle costs exceeding $250 million had experienced significant cost and/or schedule growth—on average, development costs had increased by 13 percent and launch had been delayed by 11 months.

To make the most effective and efficient use of resources, GAO plans to fulfill its Recovery Act responsibilities by working together with the IGs to leverage strengths and avoid duplication of effort wherever possible. In consultation with Congress as part of its general responsibilities, GAO also will target at-risk programs for review and expand its work on base programs to examine any related stimulus funding.