RECOVERY ACT

Further Opportunities Exist to Strengthen Oversight of Broadband Stimulus Programs

What GAO Found

In the first round of broadband stimulus funding that began in July 2009 and ended in April 2010, NTIA and RUS received over 2,200 applications and awarded 150 grants, loans, and loan/grant combinations totaling $2.2 billion to a variety of entities in nearly every state and U.S. territory. This funding includes $1.2 billion for 82 projects awarded by NTIA and more than $1 billion for 68 projects awarded by RUS. NTIA primarily awarded grants to public entities, such as states and municipalities, whereas RUS made grants, loans, and loan/grant combinations primarily to private-sector entities, such as for-profit companies and cooperatives.

NTIA and RUS consistently substantiated information in first round award recipients’ applications. The agencies and their contractors reviewed financial, technical, environmental, and other documents and determined the feasibility and reasonableness of each project. GAO’s review of 32 award recipient applications found that the agencies consistently reviewed the applications and substantiated the information as specified in the first funding notice. In each of the files, GAO observed written documentation that the agencies and their contractors reviewed and verified pertinent application materials, and requested additional documentation where necessary.

To meet the Recovery Act’s September 30, 2010, deadline for obligating broadband funds, NTIA and RUS must award approximately $4.8 billion—or more than twice the amount they awarded during the first round—in less time than they had for the first round. As the end of the Recovery Act’s obligation deadline draws near, the agencies may face increased pressure to approve awards. NTIA and RUS also lack 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, as defined in the program funding notices. To address these challenges, NTIA and RUS have streamlined their application review processes by, for example, eliminating joint reviews and reducing the number of steps in the due-diligence review process, and NTIA began using Census tract data to verify the presence of service.

What GAO Recommends

The Secretaries of Agriculture and Commerce should incorporate into their risk-based monitoring plans, steps to address variability in funding levels for postaward oversight beyond September 30, 2010. Both agencies took no position on GAO’s recommendation and noted steps being taken to complete their respective programs.

View GAO-10-823 or key components. For more information, contact Mark L. Goldstein at (202) 512-2834 or goldsteinm@gao.gov.