

October 2003

LOCAL TV ACT

Progress Made, but Timeliness and Cost Accounting Issues Need to be Addressed



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Highlights of [GAO-04-134](#), a report to the Committee on Banking, Housing and Urban Affairs, United States Senate and the Committee on Financial Services, House of Representatives

Why GAO Did This Study

The LOCAL TV Act required that GAO perform an annual audit of the (1) administration of the provisions of the Act, and (2) financial position of each applicant who receives a loan guarantee under the Act, including the nature, amount, and purpose of investments made by the applicant. In fiscal year 2002, the LOCAL TV Program was funded; however, because it was not fully implemented in that year, there were no loan guarantee applicants for GAO to audit. Therefore, this report primarily addresses whether program administration during fiscal year 2002 satisfied the provisions of the Act.

What GAO Recommends

GAO is making recommendations to the Board that it work with the Administrator to help ensure that (1) program regulations and underwriting criteria are issued expeditiously, and (2) loan application and origination fees are sufficient to cover certain costs of administering the Program and that these costs are accumulated, documented, and reported in accordance with federal accounting standards. In response, the Board stated that every effort is being made to ensure that the program regulations and underwriting criteria are issued expeditiously and that as applications are received, it will account for administrative expenses in accordance with federal accounting standards.

www.gao.gov/cgi-bin/getrpt?GAO-04-134.

To view the full product, including the scope and methodology, click on the link above. For more information, contact McCoy Williams at (202) 512-6906 or williamsm1@gao.gov.

LOCAL TV ACT

Progress Made, but Timeliness and Cost Accounting Issues Need to be Addressed

What GAO Found

In December 2000, the Congress passed the Launching Our Communities' Access to Local Television Act of 2000 (LOCAL TV Act or Act). The Act created the Local Television Loan Guarantee Program (Program or LOCAL TV Program) and established the Local Television Loan Guarantee Board (Board) to approve guaranteed loans, totaling no more than \$1.25 billion, to finance projects that will provide local television access to households with limited over-the-air television broadcast signals or cable service. The Board is comprised of the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, the Secretary of Agriculture, and the Secretary of Commerce, or their designees. The Department of Agriculture (USDA) Rural Utilities Service serves as Program Administrator (Administrator).

The LOCAL TV Program has not been established in an expeditious fashion as specified by the Act. Given that funds were appropriated in November 2001, thus starting the clock on the 120 days allowed for completing program regulations and underwriting criteria, the Program should have been ready for implementation by March 2002. According to the Board and Administrator, three factors contributed to program delays: (1) initial uncertainties over program funding, (2) inadequate dedicated staff resources for program activities, and (3) the decision to issue a proposed rule. As of the end of August 2003, neither of these key documents, which provide the overall framework for the Program, was ready for implementation, thus delaying lending activities and ultimately, realization of improved television reception in target areas throughout the United States.

Further, the full costs of administering the Program, including those incurred by the respective agencies and departments providing support to the Board, were not accumulated and charged to the program as called for by federal accounting standards. Statement of Federal Financial Accounting Standard No. 4, *Managerial Cost Accounting Standards* requires federal agencies to capture the costs of federal programs to assist the Congress in authorizing, modifying, and discontinuing programs and to provide agencies with reliable cost data for making informed managerial decisions and evaluating performance. Further, the capacity to capture these costs going forward is key to fully recovering certain costs of administering the Program through loan application and loan guarantee origination fees.

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United States General Accounting Office
Washington, D.C. 20548

October 31, 2003

The Honorable Richard C. Shelby
Chairman
The Honorable Paul S. Sarbanes
Ranking Minority Member
Committee on Banking, Housing and Urban Affairs
United States Senate

The Honorable Michael G. Oxley
Chairman
The Honorable Barney Frank
Ranking Minority Member
Committee on Financial Services
House of Representatives

Today, approximately 23.4 million households in the United States have limited or no access to local television broadcast signals. To facilitate access to local television stations for households located in nonserved and underserved¹ areas, the Congress passed the Launching Our Communities' Access to Local Television Act of 2000 (LOCAL TV Act or Act).² The Act created the LOCAL Television Loan Guarantee Program (Program or LOCAL TV Program). The Program provides for loan guarantees of up to 80 percent of loans totaling no more than \$1.25 billion to finance projects to enable local television access to communities where distance and topography limit access to over-the-air television broadcast signals or cable service. The Act established the LOCAL Television Loan Guarantee Board (Board), which is comprised of the Secretary of the Treasury, the Chairman of the Board of Governors of the Federal Reserve System, the Secretary of Agriculture, and the Secretary of Commerce, or their designees, primarily to approve loan guarantees and the Department of Agriculture (USDA) Rural Utilities Service (RUS) as Program Administrator (Administrator) to issue and administer approved loan guarantees.

¹The Act defines nonserved areas and underserved areas in terms of the ability to receive local television broadcast signals serving a particular designated market area. Nonserved areas do not have access to such signals by any commercial, for-profit multichannel video provider. Underserved areas have access to local television broadcast signals from not more than one commercial, for-profit multichannel video provider.

²Pub. L. No. 106-553, Title X, Dec. 21, 2000.

This report addresses the Act's requirement that we perform an annual audit of the (1) administration of the provisions of the Act and (2) financial position of each applicant who receives a loan guarantee under the Act, including the nature, amount, and purpose of investments made by the applicant. Because the Program was not funded during fiscal year 2001, we agreed with your offices that we would revisit the mandate in fiscal year 2002. The Program was funded in fiscal year 2002; however, because it was not fully implemented in that year, there were no loan guarantee applicants for GAO to audit. Therefore, this report primarily addresses whether program administration during fiscal year 2002 satisfied the provisions of the Act.

Results in Brief

The LOCAL TV Program has not been established in an expeditious fashion as specified by the Act. Given that funds were appropriated in November 2001, thus starting the clock on the 120 days allowed for completing program regulations and underwriting criteria, the Program should have been ready for implementation by March 2002. According to Board and RUS officials, three factors contributed to program delays: (1) initial uncertainties over program funding, (2) inadequate dedicated staff resources for program activities, and (3) the decision to issue a proposed rule. As of the end of August 2003, neither of these key documents, which provide the overall framework for the Program, was ready for implementation, thus delaying lending activities and ultimately, realization of improved television reception in target areas throughout the United States.

Total costs of administering the Program, including those incurred by the respective departments and agencies providing support to the Board, were not accumulated and charged to the Program as called for by federal accounting standards. Statement of Federal Financial Accounting Standard No. 4, *Managerial Cost Accounting Standards* requires federal agencies to capture the cost of federal programs to assist the Congress in authorizing, modifying, and discontinuing programs and to provide agencies with reliable cost data for making informed managerial decisions and evaluating performance. The capacity to capture these costs going forward is key to satisfying federal accounting standards and fully recovering certain costs of administering the Program through loan application and loan guarantee origination fees.

We are making recommendations to the Board and the Administrator to help ensure that (1) program regulations and underwriting criteria are issued expeditiously, and (2) loan application and loan guarantee origination fees are sufficient to cover, but not exceed, certain costs of administering the Program.

In commenting on a draft of this report, the Board stated that every effort is being made to ensure that program regulations and the underwriting criteria are issued expeditiously. The Board further stated that as it begins accepting applications, it will ensure that the recording of administrative expenses adheres to managerial cost accounting concepts in accordance with federal accounting standards and related guidance. For additional information see the Agency Comments and Our Evaluation section of this report and appendix I.

Background

The Launching Our Communities' Access to Local Television Act of 2000 created a guaranteed loan program to facilitate access to signals of local television stations for households located in nonserved and underserved areas of the United States. The Act established the LOCAL Television Loan Guarantee Board (Board) whose primary function is to approve loan guarantees to finance projects to provide local television access for communities in remote areas throughout the United States. The Board is authorized to approve loan guarantees up to 80 percent of the aggregate value of each loan. The Board may not approve loan guarantees after December 31, 2006,³ and the aggregate of all loans guaranteed may not be more than \$1.25 billion. The repayment of the loan(s) is required to be made with a term of the lesser of 25 years from the date of the execution of the loan or the economically useful life of the primary assets to be used in the delivery of the signal involved.

The Act set forth specific provisions and requirements for the Board to implement this new program. Specifically, the Act required the Board to: (1) direct the Administrator to prescribe regulations within 120 days after the Congress appropriated funds, (2) develop underwriting criteria in consultation with the Director, Office of Management and Budget (OMB)

³The Board may stop approving loan guarantees the earlier of (1) the date the Secretary of Agriculture determines that at least 75 percent of the designated market areas (DMAs) not in the top 40 DMAs have access to local television broadcast signals (as determined by the Secretary) or (2) December 31, 2006. (P.L. 107-171, §6404, May 13, 2002).

and an independent public accounting firm (IPA) within 120 days after the Congress appropriated funds, (3) establish and collect loan application and loan guarantee origination fees⁴ to offset the cost of administering the Program under the Act, including the costs of the Board and the Administrator,⁵ and (4) consider other numerous specialized technical and business requirements prior to approving a loan guarantee.

In addition to developing the regulations, the Act directed RUS, an agency of the Department of Agriculture's Rural Development, to issue and administer loan guarantees that have been approved by the Board. This is consistent with RUS's mission of administering loan and grant programs, including those to finance projects so rural areas can have, among other things, more modern affordable electricity, telecommunications, public water, and waste removal services.

Based on authority granted in the Act, the Board established a Working Group, consisting of senior level officials from the various departments and agencies that represent the Board, to assist it with activities to implement the Program. The costs incurred by the Working Group members to support the Board have been borne by the respective departments and agencies from within their existing budgetary resources (i.e., salaries and expense appropriations or accounts).

Although the Act was passed on December 21, 2000, which required the establishment of program regulations and underwriting criteria, initial funding for the Program was not provided until November 2001 through the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002.⁶ The Act provided \$258 million in loan guarantee authority and \$2 million for administrative expenses. Later in the fiscal year, two additional pieces of legislation⁷ resulted in USDA receiving approximately a combined \$1.07 billion in loan guarantee

⁴The Board shall charge and the Administrator may collect the loan guarantee origination fee with respect to the issuance of a loan guarantee under this Act.

⁵The authority of the Board to charge and use the fees is effective only to the extent provided in advance in appropriation acts.

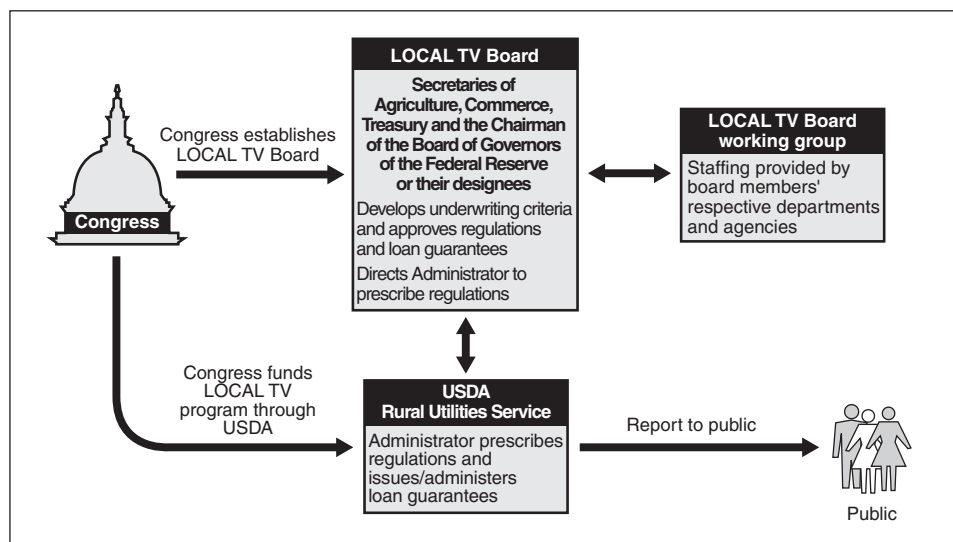
⁶Pub. L. No. 107-76, Title III, Nov. 28, 2001.

⁷Farm Security and Rural Investment Act of 2002, Pub. L. No. 107-171, May 13, 2002, and the 2002 Supplemental Appropriations Act for Further Recovery from and Response to Terrorist Attacks on the United States, Pub. L. No. 107-206, Aug. 2, 2002.

authority available for providing access to local TV stations through direct broadcast satellite (DBS) or some other means.

Figure 1 illustrates the relationships between the Congress, federal entities involved in implementing the LOCAL TV Program, and the public.

Figure 1: Entities Involved in Implementing the LOCAL TV Program



Source: GAO analysis.

Scope and Methodology

To determine how the provisions of the Act were administered, we focused primarily on program activities and related obligations and administrative expenses that were incurred on behalf of the Program during fiscal year 2002. We analyzed the LOCAL TV Act to obtain an understanding of its provisions and reviewed legislation concerning the Program's funding. We obtained and evaluated information from the LOCAL TV Board including its internal operating regulations, minutes from Board meetings, the IPA's technical and price proposals, the solicitation to obtain information related to the legal advisory services for the Board, and other budget and cost information to obtain an understanding of the activities that occurred to implement the Program during fiscal year 2002. We reviewed OMB circulars and federal accounting standards, as applicable. We did not independently verify or audit the cost data we obtained from the Board. We did not review the proposed regulations or draft underwriting criteria

because they were not made available to us while OMB was completing its review. We conducted our work from February 2003 through August 2003 in accordance with generally accepted government auditing standards.

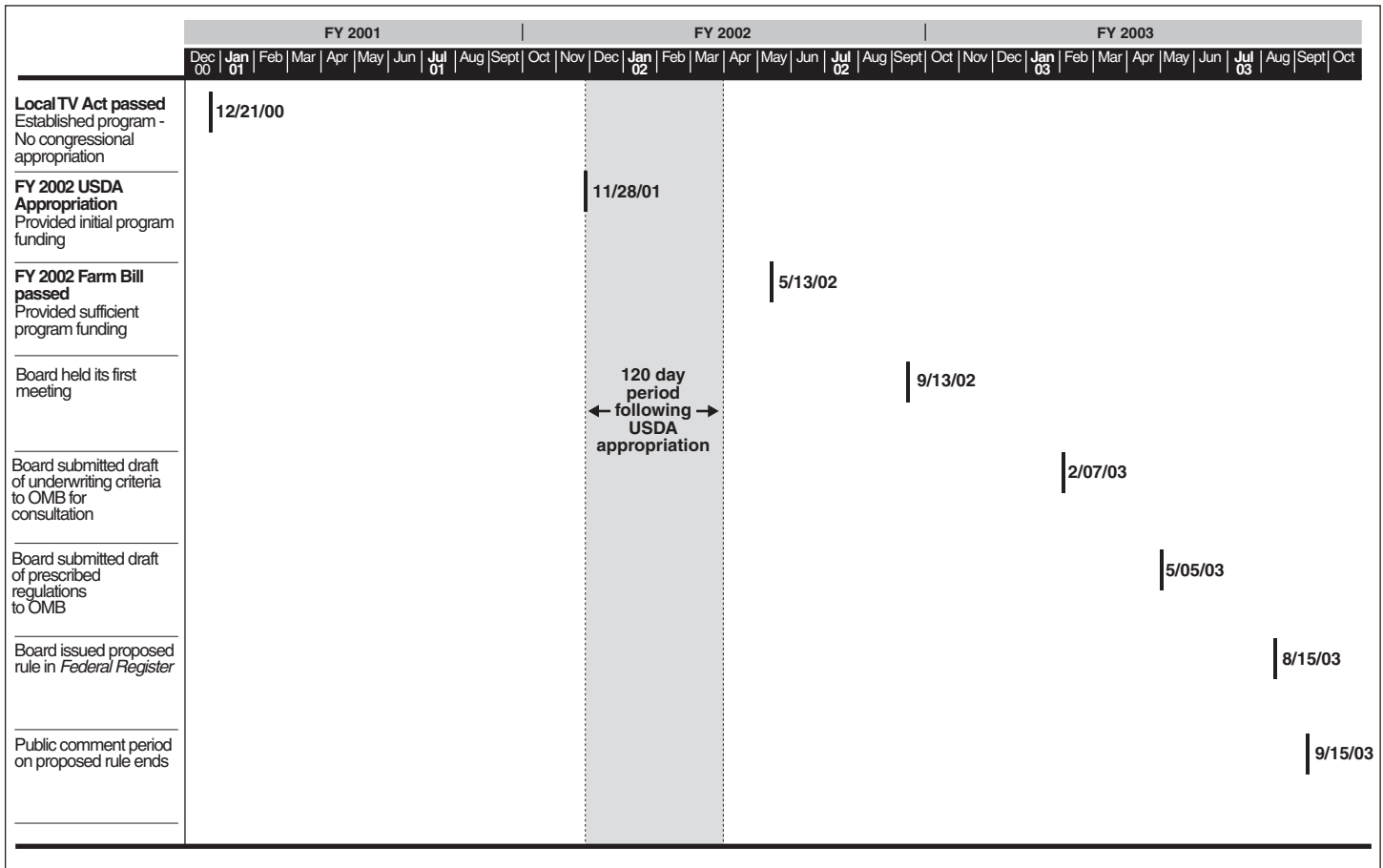
We requested comments on a draft of this report from the Chairman of the Board and the Department of Agriculture. The Department of Agriculture chose to have the Board incorporate its views into the Board's overall response. The Board's comments are discussed in the Agency Comments and Our Evaluation section of this report and are reprinted in appendix I. The Board also provided technical comments on our draft report, which we incorporated as appropriate.

The LOCAL TV Program Has Not Been Implemented in a Timely Manner

Under the requirements of the authorizing legislation and the timing of the available appropriation, the Board was to have had the program regulations and underwriting criteria completed and ready to implement within 120 days after funding was available. Since funds were appropriated in November 2001, the target time frame was March 2002. However, as of the end of August 2003, neither of these key documents had been finalized. Since these documents provide the overall framework for the Program, including operating procedures and lending criteria, lending activities cannot proceed.

Figure 2 provides a chronology of the key activities pertaining to the Act and its implementation as discussed in the following paragraphs.

Figure 2: Timeline for Key Activities to Implement the LOCAL TV Program



Source: GAO analysis.

The Act established the Board for the primary purpose of approving loan guarantees. Further, the Act required, prior to the Board's approving loan guarantees, that (1) the Board approve regulations prescribed by RUS that provide the overall operating procedures for the Program, and (2) the Board, in consultation with the Director, OMB, and an independent public accounting firm, develop underwriting criteria relating to the guarantees, including appropriate collateral and cash flow levels. Each of these key documents was to be completed 120 days after program funding was provided, which, given the timing of the appropriations, would have been over a year ago.

According to Board and RUS officials, three factors contributed to program delays: (1) initial uncertainties over program funding, (2) inadequate dedicated staff resources for program activities, and (3) the decision to issue a proposed rule. Each of these reasons is discussed in the following paragraphs.

In the fiscal year 2002 appropriation approved in November 2001, the Congress provided \$258 million in initial loan guarantee authority for the Program and \$2 million for administrative costs.⁸ RUS officials told us that they had deferred action on developing the Program at that time because the \$258 million in loan guarantee authority was insufficient to fund the technology needed to implement the Program. In April 2002, RUS issued a Notice of Inquiry in the *Federal Register* to obtain information needed to assist in drafting the proposed regulations such as changes in technology or new developments in the industry. In the notice, RUS specifically requested comments on the proposed merger of two major DBS providers that, if approved, could have noticeably affected the Program and virtually fulfilled the Act's purpose. However, any substantial movement on the Program was delayed until the Farm Bill was passed on May 13, 2002,⁹ when RUS believed that sufficient funding for the Program was available.

The Board determined that it needed the \$2 million in appropriated funds to procure the statutorily required IPA as well as other outside consultants and experts needed to implement and administer the Program. Therefore, the Working Group members have been supporting the Board as a collateral duty. Because the members have been unable to focus exclusively on Board activities, this resulted in further program delays.

The Board held its first meeting on September 13, 2002, and on September 26, 2002, awarded a \$677,000 contract to Ernst and Young, an independent public accounting firm, to assist in drafting the underwriting criteria. As of

⁸Pub. L. 107-76, Title III, Nov. 28, 2001.

⁹Farm Security and Rural Investment Act of 2002, Pub. L. No. 107-171, May 13, 2002.

the end of fiscal year 2002, approximately \$1.3 million of the \$2 million remained available for contracting with outside consultants.¹⁰

The third contributing factor to the delay of the Program was the Board's September 2002 decision to issue a proposed rule¹¹ to provide the public an opportunity to comment on the proposed regulations to ensure that the Program's objectives and mission were consistent with congressional intent. Although the Act did not explicitly require formal rulemaking procedures, the Board believed it necessary given the complex and precedential issues raised in the statute. On February 7, 2003, the Board submitted the underwriting criteria to OMB for consultation. The first draft of the proposed operating regulations was submitted to OMB on May 5, 2003. OMB approved the draft regulations on August 8, 2003, and the Board issued the proposed rule in the *Federal Register* on August 15, 2003, with a closing date of September 15, 2003. The Board will issue a final rule after considering and incorporating comments from the public and receiving OMB's approval of any revisions to the proposed rule. The Board plans to begin accepting loan guarantee applications once the final rule is issued. The Board stated they believe this process will begin by February 2004.

Policies and Procedures Needed as a Basis for Collecting User Fees Have Not Been Established

Total costs of administering the Program, including those incurred by the respective departments and agencies providing support to the Board, were not accumulated and charged to the Program. Statement of Federal Financial Accounting Standard No. 4, *Managerial Cost Accounting Standards* (SFFAS No. 4) requires federal agencies to capture the costs of federal programs to assist the Congress in authorizing, modifying, and discontinuing programs and to provide agencies with reliable cost data for making informed managerial decisions and evaluating performance. Also, if relevant costs of administering the Program are not accumulated, the

¹⁰The Consolidated Appropriations Resolution, 2003, Pub. L. No. 108-7, Feb. 20, 2003, provided that any balances available from prior years for the Rural Utilities, Rural Housing, and the Rural Business-Cooperative Services salaries and expenses accounts be transferred and merged with the fiscal year 2003 appropriation. Pursuant to this provision, the balance of the \$2 million appropriated in fiscal year 2002 was carried forward to fiscal year 2003. The pending Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act for 2004 contains similar language as that found in the 2003 appropriation.

¹¹The purpose of the proposed rule was to establish eligibility and guarantee requirements, the application and approval process, and the administration of guarantees approved by the Board. Further, it proposed the process under which the Board will consider applications.

Board will not be able to support the establishment of loan application and loan guarantee origination fees that are sufficient to recover, but not exceed, certain costs of administering the Program.

According to SFFAS No. 4, costs of federal resources required by programs are an important factor in making policy decisions related to program authorization, modification, and discontinuation.¹² SFFAS No. 4 also states that to fully account for the costs of the goods and services they produce, reporting entities should include the cost of goods and services received from other entities.¹³ Further, the standard states that, “Ideally, all inter-entity costs should be recognized. This is especially important when those costs constitute inputs to government goods or services provided to non-federal entities for a fee or user charge. The fees and user charges should recover the full costs of those goods and services.”¹⁴

During fiscal year 2002, the Board did not have a process in place to fully accumulate and report costs, including those of the IPA, the Board, and Working Group in conformance with SFFAS No. 4. As mentioned earlier, in fiscal year 2002, the Congress appropriated \$2 million for costs to implement the Program, which the Board decided to use exclusively for an IPA and other consulting services. During fiscal year 2002, the Working Group participated in a number of organizational meetings, coordinated the Board’s initial meeting, and participated as technical evaluation staff on the procurement for the IPA. The Working Group also worked with Ernst and Young to develop the underwriting criteria and with the Board to assist in the development of the program regulations and other procurement activities. Because the Board did not request additional funding in fiscal year 2002 to support Working Group activities, the respective departments and agencies of the Working Group members absorbed these costs. We requested that the Board estimate the costs that the Working Group incurred during fiscal year 2002 in support of the Program’s administrative activities. The Board estimated that the Working Group incurred \$78,000 in administrative expenses. Table 1 provides a summary of these cost estimates.

¹²SFFAS No. 4, para. 39.

¹³SFFAS No. 4, para. 105.

¹⁴SFFAS No. 4, para. 111.

Table 1: Summary Estimate of Other Administrative Costs Incurred by the Working Group During Fiscal Year 2002 to Implement the LOCAL TV Program

Entity representing the Board	Estimated costs incurred FY 2002
USDA/Rural Utilities Service	\$53,586
Department of the Treasury	11,202
Department of Commerce	8,506
Federal Reserve Board	5,155
Total estimated costs	\$78,449

Source: GAO analysis based on data obtained from the Board. Information is unaudited.

Without accumulating and reporting the costs of administering the Program, the Board will not comply with SFFAS No. 4 or have the cost information needed to make informed decisions about the Program. The Board acknowledged that if the costs incurred by the Working Group were accumulated and reported, it would more accurately reflect the total cost of this program.

More importantly, the Act directed the Board to charge and the Administrator to collect loan guarantee application and origination fees to cover, but not exceed, certain costs of administering the Program such as reviewing and approving applications. The Board has proposed in its draft regulations an application fee of \$10,000 to \$40,000, depending on the size of the loan, and a loan guarantee origination fee equal to the lesser of 2 percent of the loan amount or \$500,000. Without knowing the costs of administering the Program, the Board cannot determine whether the aggregate amount of fees collected is sufficient to recover, but not exceed, certain costs of administering the Program. It is expected that the Board will approve a small number of loans; therefore, it has a limited opportunity to charge the appropriate fees.

Conclusions

The LOCAL TV Program has not been implemented within the time frames specified in the LOCAL TV Act. Notwithstanding considerable delays already incurred, it is important that the Board begin to put the Program in operation in an expedient fashion. Further delays in completing regulations and underwriting criteria will postpone lending activities necessary to carry out the Program. Additionally, without instituting cost accounting practices in conformance with federal accounting standards, the Board will not have the information needed to manage and report on the Program or

to support the full recovery of certain Program costs. If the Board does not set adequate fees, a government subsidy to program applicants may result.

Recommendations

To help ensure future timely implementation of the Program, we recommend that the Board and the Administrator work collaboratively to issue the Program regulations and underwriting criteria in an expeditious manner.

To help ensure better program management and that loan application and loan guarantee origination fees are sufficient to fully cover certain costs of administering the Program, we recommend that the Board and the Administrator develop a process to ensure that future costs of the Program are accumulated, documented, and reported in accordance with federal accounting standards and related guidance.


Agency Comments and Our Evaluation

In written comments on a draft of this report, the Board described its plans for implementing our recommendations. The Board stated that it continues to work with the Administrator and every effort is being made to ensure that the Program regulations and underwriting criteria are issued expeditiously. Further, the Board informed us that as it begins accepting applications, it will ensure that administrative expenses adhere to managerial cost accounting concepts in accordance with federal accounting standards and related guidance. The Board also provided technical comments on our draft report, which we incorporated as appropriate.

We are sending copies of this report to the Secretaries of Agriculture, Commerce, and Treasury, and the Chairman of Board of Governors of the Federal Reserve System, members of the Local Television Loan Guarantee Board, and the Director, Office of Management and Budget. We will also make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

Should you or your staff have any questions on matters discussed in this report, please contact me at (202) 512-6906 or by email at williamsm1@gao.gov or Alana Stanfield, Assistant Director, at

(202) 512-3197 or stanfielda@gao.gov. Major contributors to this report are acknowledged in appendix II.

A handwritten signature in cursive script that reads "McCoy Williams".

McCoy Williams
Director
Financial Management and Assurance

Comments from the LOCAL TV Board



LOCAL Television Loan Guarantee Board
Room 2919-S, Stop 1575
1400 Independence Ave., S.W.
Washington, DC 20250-1575

October 20, 2003

Mr. McCoy Williams
Director
Financial Management and Assurance
General Accounting Office
Room 5089
441 G St. NW
Washington, D.C. 20548

Dear Mr. Williams:

The General Accounting Office (GAO) recently asked the LOCAL Television Loan Guarantee Board (the Board) for the Board's comments on the GAO draft report to Congressional Committees on the administration of the provisions of the "Launching Our Communities' Access to Local Television Act of 2000." In response to this request, on behalf of the Board, I am hereby submitting the Board's comments on the report. (See enclosure).

I hope this information is helpful. Please do not hesitate to contact me if GAO has any questions concerning the Board's comments on the report or any issue involving the LOCAL Television Loan Guarantee Program.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian C. Roseboro".

Brian C. Roseboro
Chairman

Enclosure

**LOCAL Television Loan Guarantee Board Comments on
GAO's Recommendations in the Draft GAO Report on the LOCAL TV Act**

To help ensure future timely implementation of the Program, we recommend that the Board and the Administrator work collaboratively to issue the program regulations and underwriting criteria in an expeditious manner.

The Board continues to work with the Administrator and every effort is being made to ensure that the program regulations and underwriting criteria are issued expeditiously. We note that the statute required the Board to procure the service of an independent public accounting firm to develop underwriting criteria and other such matters as the Board considers appropriate. Timing was therefore compromised because the Board followed Federal procurement law in procuring the services of the independent public accounting firm. Timing was further compromised because of the need to develop the underwriting criteria in accordance with the proposed regulations.

The proposed rules were published on August 15, 2003. We received a number of comments that are currently under review. We anticipate that the final rules will be issued shortly.

To help ensure better program management and that loan application and loan guarantee origination fees are sufficient to fully cover certain costs of administering the Program as authorized by the Act, we recommend the Board and the Administrator develop a process to ensure that future costs of the Program are accumulated, documented and reported in accordance with federal accounting standards and related guidance.

The Board has used the \$2 million appropriated for the program's administrative expenses to procure an independent public accounting firm, as required by the statute, as well as outside legal counsel which the Board requires to implement and administer the Program. These funds have been accounted for through the usual government procurement process. To ensure that the implementation of the program continued in an expeditious manner, the Board decided that all other administrative expenses would be borne by the respective Departments and agencies that comprise the Board from within their existing funds and resources. In each case, this spending was consistent with the responsibilities of the member agencies under the Act.

As the Board begins to accept applications, it will ensure that these administrative expenses adhere to managerial cost accounting concepts in accordance with federal accounting standards and related guidance.

GAO Contacts and Staff Acknowledgments

GAO Contacts

McCoy Williams, (202) 512-6906
Alana Stanfield, (202) 512-3197

Acknowledgments

In addition to those named above the following individuals made important contributions to this report: Lisa Crye, Jeff Isaacs, Jeff Jacobson, Jason Kelly, Hannah Laufe, and Christina Quattrociocchi.

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