

**WRITTEN STATEMENT OF THE HONORABLE TODD J. ZINSER
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**HEARING ON
RECOVERY ACT OVERSIGHT**

**BEFORE THE
SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
COMMITTEE ON SCIENCE AND TECHNOLOGY
UNITED STATES HOUSE OF REPRESENTATIVES**

March 19, 2009

Mr. Chairman, Ranking Member, and Members of the Subcommittee:

Thank you for inviting us to testify today on accountability and transparency in the science programs and initiatives that will be funded through the American Recovery and Reinvestment Act of 2009. The Recovery Act requires unprecedented accountability and transparency on the part of government agencies receiving stimulus funds, both for their spending decisions and the impact of funded activities—particularly as they contribute to the administration’s goals of creating jobs and strengthening the economy.

To ensure this accountability and transparency, the act establishes a strong oversight role for Offices of Inspector General in monitoring their agency’s use of stimulus funds and coordinating their collective Recovery Act oversight throughout the IG community. We have new responsibilities for investigating whistleblower complaints from employees of contractors, grantees, and state or local government entities receiving stimulus funding. And we have a new oversight entity in the Recovery Accountability and Transparency Board, created by the act. As 1 of the 10 inspectors general appointed to serve on the Board, I believe Congress—in establishing the Board—created an important mechanism for building on the collective strength of the IG community to “follow the money”—ensuring that agencies distribute stimulus funds effectively and exercise the oversight necessary to ensure that those funds are used in accordance with the intent of the legislation.

My testimony today will respond to the subcommittee’s questions regarding science funding the Department has received under the Recovery Act; risks the Department faces in spending its stimulus funds, based on our prior audit and investigation work; and our planned approach for oversight. Specifically, I will address three areas:

1. The Commerce programs and operations that received funding.
2. The challenges and risks facing the Department in using Recovery Act funds effectively to meet the objectives of the act.

3. The Office of Inspector General’s initial work plans for conducting effective oversight of the Department’s stimulus-funded programs.

COMMERCE’S RECOVERY ACT FUNDING IS CONCENTRATED IN FIVE BUREAUS

The Department of Commerce received \$7.946 billion in stimulus funding—\$1.440 billion of this amount is for science programs and activities at two Commerce bureaus—the National Oceanic and Atmospheric Administration and the National Institute of Standards and Technology (table 1).

NTIA	\$5.3 billion
Census	\$1 billion
NOAA	\$830 million*
NIST	\$610 million*
EDA	\$150 million
OIG	\$ 16 million
*Science funding	

The Office of Inspector General received a total of \$16 million in stimulus funding to conduct oversight: \$6 million for general oversight over the next 4 years and \$10 million for oversight of the National Telecommunications and Information Administration’s \$4.7 billion initiative to expand access to broadband services.

Bureau Spending Will Focus on Science, Technology, Decennial Census, and Business Development Initiatives Aimed at Job Creation

NOAA will direct its stimulus dollars toward activities intended to promote and enhance its broad marine and environmental stewardship mandates.

- \$430 million will be used for construction and repair of NOAA facilities, ships, and equipment; improvements in weather forecasting; and development of satellites;
- \$230 million for habitat restoration, navigation projects, and vessel maintenance; and
- \$170 million for climate modeling activities, including procurement of supercomputers and research into climate change.

NIST will use its Recovery Act funds to expand its technical research capacity. It will use

- \$360 million to construct research facilities, including \$180 million in competitive grants for the construction of research science buildings; and
- \$220 million for scientific and technical research, equipment, and services.

NIST will receive an additional \$20 million from the Department of Health and Human Services to accelerate efforts to develop and deploy electronic health records and a nationwide health care information technology testing infrastructure, and \$10 million from the Department of Energy to help develop a comprehensive framework for a nationwide, fully interoperable “smart grid” for the U.S. electric power system. The remaining Commerce agencies that received stimulus funds will similarly apply them to activities aimed at enhancing their missions and supporting a variety of national priorities and needs.

NTIA received \$4.7 billion to develop and expand broadband services in areas that have no service or are underserved and to improve broadband access among public safety agencies.

NTIA received an additional \$650 million for the Digital-to-Analog Converter Box Program, established under the Digital Television Transition and Public Safety Act of 2005. NTIA will use these funds to eliminate the backlog of coupon requests and ensure that consumers who are currently on the waiting list for coupons receive them promptly.

The *Census Bureau* will use its \$1 billion to staff and conduct certain 2010 decennial census operations, focusing on partnership and media efforts designed to increase participation among minority communities and hard-to-reach populations, and to enhance management of other 2010 operations and programs.

EDA's stimulus funds will support grant programs in its traditional lines of business—public works projects, revolving loan funds, business development and technical assistance—in economically distressed areas throughout the nation, with priority given to areas that have experienced significant job loss due to corporate restructuring.

A detailed breakdown of the Recovery Act funding received by the Department is provided in the appendix.

THE DEPARTMENT FACES SIGNIFICANT CHALLENGES AND RISKS IN SPENDING RECOVERY ACT FUNDS EFFECTIVELY

The Department has assigned some of its very best people to lead its Recovery Act efforts and we have found that all those involved are committed to meeting the challenges ahead. Nonetheless, spending stimulus funds effectively and in a manner that meets the economic objectives of the Recovery Act poses significant risks for the Department of Commerce and will put significant strain on a number of already stretched resources and vulnerable operations.

The Department's \$7.9 billion in stimulus funding, in effect, doubles Commerce resources over FY 2008 levels. The Department's enacted budget was \$7.7 billion last year. Its FY 2009 budget, apart from Recovery Act funding, is \$9.2 billion. Although a substantial proportion of the Recovery Act funding received by the Department will continue to be expended in fiscal year 2010 and, to a lesser degree, in fiscal years 2011 through 2013, the clear intent of the act is to award funds as expeditiously as possible. NOAA's stimulus funding effectively increases its FY 2009 resources by nearly 20 percent and NIST's Recovery Act funding increases its available resources by a potential 74 percent.

As the agencies carry out their plans, there will be significant challenges and risks along the way. At the outset, we see six areas of risk facing the Department and its bureaus.

1. Spending Recovery Act funding quickly and with little time to staff up and gear operations to accommodate the new and expanded programs, grants, and contracts it will support significantly increases the risks for fraud and waste in both stimulus-funded activities and the Department's traditionally-funded operations. This applies across the government – not just the Department of Commerce.
2. The executive branch, including the Department of Commerce, is still in transition. Key leadership positions remain unfilled. While the career staff is capable of managing their programs, this puts at risk the leadership vision and decision-making important in formulating and executing a cohesive Recovery Act plan.
3. The Recovery Act's emphasis on grants and contract spending puts additional pressure on weak management and administrative operations that we have identified in our audit work over the years, particularly with regard to
 - the Department's decentralized grants management structure, which consists of three separate management systems operated by three different bureaus—each managing a subset of Commerce grant activity according to policies established at the Department level; and
 - the Department's shortage of qualified contracting specialists, technical specialists, and subject matter experts—particularly in light of the anticipated shift from cost-type contracts, which are predominantly used today, to fixed-price contracts, which require different knowledge and skill sets.
4. Construction grants and contracts funded by the Recovery Act are inherently risky and historically difficult to manage effectively. In addition, the construction grant program to be administered by NIST is a relatively new program for the agency.
5. There are specific requirements related to competitive contracts including maximizing the use of fixed-price contracts and Buy American requirements that will necessitate extra vigilance.
6. The act's strict oversight requirements and reporting deadlines will require a greater level of centralized management of Commerce bureaus than the Department has historically exercised.

I would like to focus my discussion on the act's emphasis on grants and contract spending at Commerce, particularly as it impacts science activities; to highlight some examples from our audits and investigations of potential problems; and to briefly discuss the special challenges facing NOAA and NIST in managing stimulus-funded construction projects.

THE RECOVERY ACT'S EMPHASIS ON GRANTS AND CONTRACT SPENDING PUTS NEW PRESSURE ON THE DEPARTMENT TO SHORE UP WEAKNESSES IN GRANTS AND PROCUREMENT MANAGEMENT AND OVERSIGHT

We estimate that approximately two-thirds of Commerce's \$7.9 billion in stimulus funding will be dedicated to grants and contracting: in addition to the \$215 million NIST will spend for science, research, and construction grants, NOAA will use the bulk of its \$830 million for grants and contracts in a variety of mission activities, including \$170 million for grants in coastal and marine habitat restoration. NTIA will operate a \$4.7 billion grants program for improved broadband access. EDA's \$150 million in stimulus funds is exclusively for economic development grants.

Effective grants and acquisition management has been a long-standing challenge for the federal government because these programs are susceptible to fraud, waste, and abuse if not adequately monitored. Acquisition management and shortages in skilled contracting staff are among the top management challenges we reported as facing the Department of Commerce this past November.

The Department Needs to Implement Strategies for Ensuring Sound Management of Recovery Act Grants

We recently concluded an audit of Department-wide grants oversight and will release our report shortly. This audit identified a number of weaknesses in grants oversight at the Department. More effective oversight by the Department and its bureaus is critical in order to avoid many of the problems we have identified in our grant audits and investigations over the years: fraud, inadequately documented or unallowable costs charged to the grant, financial accounting irregularities, conflicts of interest, improper procurement procedures, noncompliance with grant terms and conditions, and failure to complete funded projects. We have questioned millions of dollars in federal costs and identified millions more to be put to better use.

- Our investigation of a NOAA grantee found the recipient had spent more than one-half of the \$109,000 award on personal items and travel expenses.
- An investigation of an EDA grant to establish a revolving loan fund led to the conviction of four individuals for fraud, conspiracy, and money laundering after converting nearly \$800,000 in grant funds to personal use.
- Another EDA RLF case involved grantees using award proceeds to make more than \$900,000 in unauthorized loans and payments to benefit themselves and the companies they operated and controlled.
- We questioned \$4.5 million in costs claimed by a grantee who repeatedly failed to comply with federal annual audit requirements set forth in the award. The Commerce oversight agency had continued to disburse funds even though the grantee was not filing its required financial audit reports.

In operating grant programs funded by the Recovery Act, a major challenge for the Department will be minimizing or eliminating the problems we have identified in our prior work and maximizing oversight strengths within the ambitious spending goals of the stimulus program. Recommendations we have made in our prior grant audits bear repeating as the Department prepares to implement these programs. The Department must ensure that grant administrators:

- Are sufficiently trained in preaward screening techniques to identify high-risk proposals and grantees.
- Maintain documented analysis of a recipient's grants management and financial capabilities, and past performance in the award file.
- Fully document award activity, using information technology tools developed specifically for this purpose.
- Assign high-risk designations or special award conditions to grantees if pre-award screening or ongoing oversight determines that such a designation is warranted.
- Are fully versed in grant policies and kept informed of any changes to them.
- Ensure single audits are conducted for grantees receiving awards of more than \$500,000, and review the resulting audit reports. The Single Audit Act requires these grantees to obtain this annual audit, prepared by an independent auditor, to ensure recipients have appropriate internal controls for safeguarding federal funds and are using funds in accordance with grant terms and conditions.

Part of the challenge of sound grants management lies in the Department's decentralized management structure: overall policy and procedures are set by the Department's Office of Acquisition Management, but day-to-day grants management is housed in three bureaus—NOAA, NIST, and EDA. Each has its own management system. NOAA and NIST manage the grant activities of other bureaus as well as their own (figure 1). All grant programs will eventually migrate to NOAA's Grants Online system, but this consolidation is not scheduled to occur until 2011.

The strengths we have noted in the grants management operations are not across the board but apply generally to the individual bureaus. For example, NIST compares financial status reports against grantee withdrawals to verify the accuracy of the grantee's financial reporting, which is a strong internal control practice. NOAA uses the web-based Grants Online system as a management tracking tool for its grants activity. EDA has consolidated program and grants management functions at the regional office level, giving regional oversight staff the advantage of monitoring both program and administrative requirements in tandem.

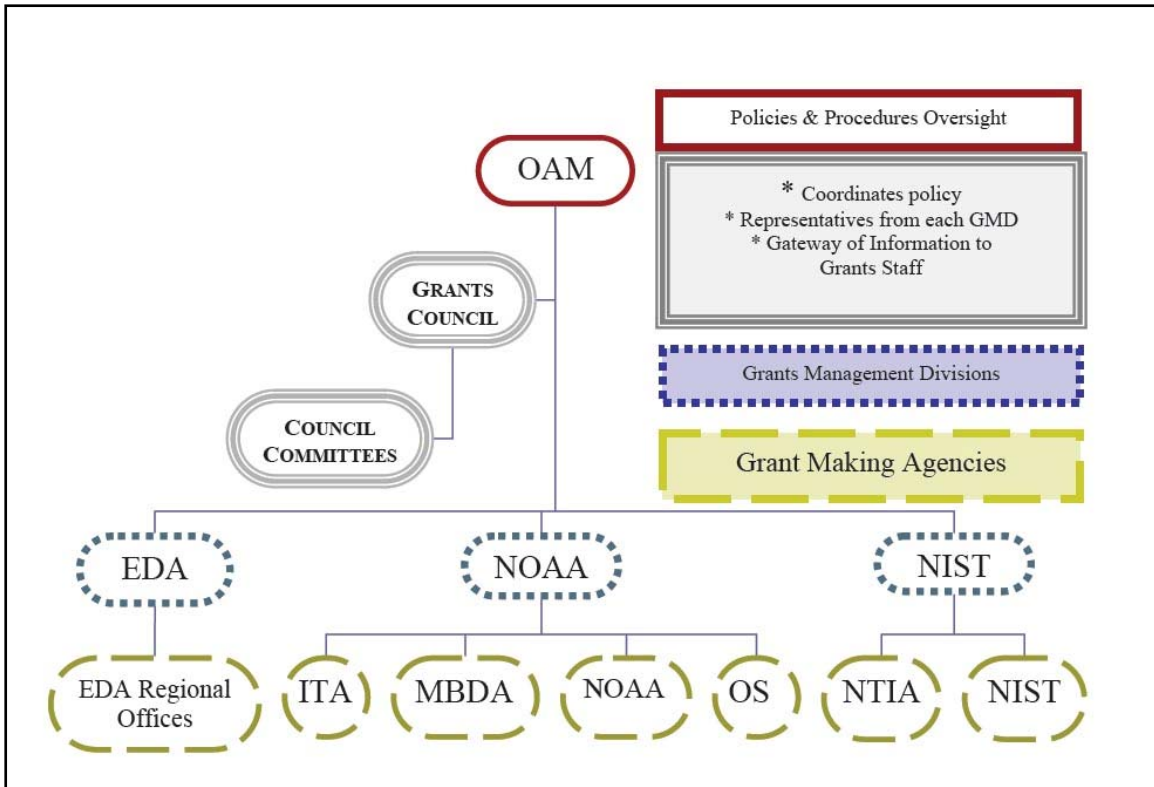


Figure 1. Department of Commerce Grants Management Structure

We are taking a number of proactive steps to help the Department bolster its grants management and curtail the potential for fraud with respect to Recovery Act funding. We are instituting a strong fraud awareness training program and conducting briefings on best practices for competitive grant awards, with a focus on identifying and monitoring high-risk grantees. As part of these briefings, we will provide technical advice on incorporating internal controls and risk analysis into the grants management process.

Recovery Act Spending on Contracts and Procurements Will Require Improvements in Contract Formulation, Administration, and the Department’s Acquisition Management Workforce

Acquisition and contract management has been a consistent watch list item for inspectors general, as related government spending has ballooned in recent years without a commensurate growth in the acquisition workforce or the higher-level skills needed to properly oversee complex procurements. Cost overruns, fraud, and a lack of oversight and accountability are common findings in IG audits and GAO reviews government-wide.

The accelerated spending called for under the Recovery Act will undoubtedly further tax an already overwhelmed acquisition workforce at Commerce and exacerbate contract management weaknesses. Our November 2008 report, *Top Management Challenges Facing the Department of Commerce*, described an acquisition infrastructure that does

not have coherent policies to guide systems acquisition or effective oversight mechanisms. Hiring and retaining a skilled acquisition workforce has been difficult at the Department, as it has been for all federal agencies. The Department has a limited number of contracting specialists to meet its multibillion-dollar workload. It has no reliable count of its program and project managers or contracting officer representatives—critical positions in the contracting oversight chain.

Our audits have found repeated instances in which

- the Department’s lack of sufficient skilled contracting and project management professionals has resulted in poorly defined requirements for deliverables and inadequate contract management;
- contracts contained poorly structured incentive fees and performance metrics that were not well aligned with the goals of the contract; and
- communications between contracting officers and program personnel, including contracting officer representatives, were extremely ineffective.

As a result of these weaknesses, contracts have experienced significant cost and schedule overruns and performance shortfalls, contractors have been paid high fees for poor quality work, and the Department has at times failed to address important contract requirements—such as implementation of adequate IT security controls to protect sensitive government information.

Our recent audit of the Census Bureau’s Field Data Collection Automation contract found that poorly defined requirements were a significant contributor to the problems encountered in developing the handheld computers for automating key operations and the resulting \$3 billion increase in estimated costs for conducting the 2010 census. Our audits of the Census contract and a satellite acquisition at NOAA found that contractors were receiving high award fees for projects that were experiencing serious performance shortfalls and large cost overruns.

Acquisition staff may be further challenged by the administration’s preference for using fixed-price contracts over “cost type” contracts, which have greatly increased in popularity in recent years. The President’s policy memorandum on government contracting, issued on March 4, establishes a clear preference for fixed-price contracts without prohibiting cost-type contracts. The memorandum leaves contracting officers with the authority to use cost types when appropriate, but only after careful analysis leads to the exclusion of fixed-price options.

Fixed-price contracts are most effective when the cost of performing the contract is predictable. This requires, among other things, clear and well-defined requirements. The risk associated with fixed-price contracts is that when requirements are not well-defined or new development is called for, the actual cost of performing the contract will far exceed the contract price. As a result, the contractor will inevitably seek price adjustments thereby driving up the cost to the government. Cost-type contracts, on the

other hand, are more appropriate for projects involving significant development and innovation, and where the requirements are less conducive to detailed specifications. The shift to a policy preference for fixed-price contracts will demand an acquisition workforce with the skills to conduct a rigorous analysis of the appropriate contract type.

The Department has taken several steps to address some of its contract and procurement weaknesses.

- It is working to complete revisions to its major systems acquisition procedures.
- It combined the Commerce IT Review Board and the Acquisition Review Board into a single Investment Review Board, which has scheduled reviews for programs that will receive Recovery Act funding.
- It has improved its certification program for contracting officer representatives, in response to our recommendation.

And notably, the Office of Acquisition Management recently issued *Implementation of the American Recovery and Reinvestment Act*—a quick guide for the acquisition workforce—and created a Risk Management and Oversight Plan, currently in draft, to highlight contracting and grant risks and help agency program leaders and acquisition staff prepare mitigation plans.

These are important improvements that the Department can use to ensure that contracts funded by the act are properly structured and administered, promote contractor responsibility and accountability, produce good business deals for the Department, and create new jobs for the American people.

NOAA and NIST Face Unique Challenges in Managing Construction Procurements and Grants

I would like to briefly address the additional challenges to effective oversight and administration that NOAA and NIST face in using their stimulus funds for grants and contracts to build science facilities.

The overarching goal of any federally funded construction project is to complete the project on time, within budget, and free from fraud. This will require first and foremost that agencies scrub proposals and cost estimates upfront before committing federal funds. Construction projects, including those funded by the Department of Commerce, are also at risk of anticompetitive practices, substandard workmanship, defective materials, nonperformance, and corruption. Our audits and investigations of public works projects, for example, have identified significant instances of nonperformance, misuse of federal funds, and bribery of a local official.

- Our audit of a \$6.7 million project to develop a technology park disclosed the grantee failed to carry out numerous responsibilities and did not provide the necessary engineering supervision. More than a year after the grant had expired,

the park remained without water and other infrastructure and had no prospects for use.

- Our audit of a \$6.44 million grant for construction of a 40,000 square-foot business incubator resulted in termination of the project after we found the grantee was on the brink of insolvency and had used grant funds to stay afloat.
- An audit of a \$900,000 grant awarded for infrastructure improvements to a proposed industrial park questioned all claimed costs and recommended termination of the project. Violations included failure to ensure full and open competition in procuring materials and services, and allowing conflicts of interest.
- A subcontractor on a construction grant for a public works project was convicted of bribing a local official to obtain minority business certificates for use in obtaining contracts.

Full and open competition is fundamental to ensuring that the government obtains the best value. However, in some areas obtaining competitive bids can be difficult when the number of companies and suppliers qualified to bid on these projects is limited. Increased demand for contractors and suppliers creates a risk of bid-rigging and other anti-competitive practices. In such schemes, contractors ostensibly in competition may secretly collude, agreeing to share future projects so as to keep prices high.

These are just some of the potential problems NOAA and NIST grants and procurement specialists must be attuned to. Negotiating fair terms for construction projects and managing the work requires a distinctly different skill set from that needed to oversee research projects—the ability to evaluate architectural and engineering proposals, work schedules and labor rates, and assess whether proposed and actual materials costs are reasonable, to name a few. NOAA and NIST, as well as the other Commerce agencies, must carry out risk assessment as a fundamental part of its stewardship of Recovery Act funds. Such risk assessments must determine the agencies capacity to apply the necessary skills and expertise to these projects.

THE RECOVERY ACT IS REDEFINING “BUSINESS AS USUAL” IN GOVERNMENT OPERATIONS AND EXPANDING THE SCOPE OF IG OVERSIGHT

We have taken several important steps to implement an appropriate oversight framework that will allow us to track the various stimulus activities Commerce undertakes and its compliance with the Office of Management and Budget’s accountability and transparency requirements. On March 2, we issued our *Initial Oversight Plan for the American Recovery and Reinvestment Act of 2009*, which laid out four key elements of that framework:

- Dedicated Recovery Act staffing.
- Targeted risk-based audit and investigative planning, and expedited reporting.
- Participation in Department steering committee and working groups.

- Fraud awareness training and timely responses to citizen complaints.

I would like to briefly discuss these elements and our progress in implementing them.

Dedicated Recovery Act Staffing. We are organizing and staffing OIG to provide oversight of stimulus spending while continuing to oversee departmental programs and operations consistent with our ongoing priority areas.

As a first step, we established within our Office of Audit and Evaluation a Recovery Act Task Force charged with coordinating our oversight of the funding received by the five Commerce bureaus. We have hired an audit expert in the area of risk management and internal controls to head the task force and assigned seasoned OIG staff as team leaders with responsibility for specific program and operational areas—one of those areas is science and research, with three additional teams—grants, procurements, and fraud prevention, also directly supporting science oversight.

Targeted Risk-Based Audit and Investigative Planning, and Expedited Reporting. The task force is developing a comprehensive audit and investigative oversight plan to guide our work and to track departmental and bureau compliance with legislative requirements and OMB guidelines for accountability and transparency. The bureaus are currently developing their detailed Recovery Program Plans, due to OMB by May 1, 2009, and making decisions on program design, internal controls, performance measurement, and reporting requirements, all of which will be critical in establishing accountability and transparency for their use of stimulus funds. We are working closely with the Department and bureaus to provide advice and recommendations on internal controls and best practices as they prepare these plans.

We have prepared a draft *Recovery Act Short-Term Oversight Plan* which we will give to Department and bureau officials shortly. This plan describes the outreach, advisory, and monitoring activities we will undertake during the initial 120 days of our oversight efforts.

We have also developed short-turnaround “flash” reports to provide quick, timely feedback to Congress, the Department, and the public regarding Commerce stimulus activities, with the goal of identifying potential and emerging program and financial risks and making recommendations to promptly address them.

Participation in Department steering committee and working groups. The Department has established a Recovery Act Implementation Team consisting of senior Commerce officials and headed by the Recovery Act Steering Committee. Our principal assistant inspector general for audit and evaluation participates on the Steering Committee in an advisory capacity so that we can share best practices and make recommendations upfront regarding internal controls and risk management for stimulus activities. Our task force is also providing technical assistance and advice to the working groups established by the steering committee and the bureaus.

Fraud awareness training and timely responses to citizen complaints. Our Office of Investigations has developed a Recovery Act fraud awareness briefing for the Department's grant and procurement specialists, program officials, financial management staffs, grantees, and state and local oversight entities. The training focuses on Commerce programs that will use stimulus funding and Commerce-specific risks. We have also reconfigured our online hotline system to uniquely identify incoming Recovery Act complaints for expedited processing.

The Department of Justice is concurrently rolling out a national fraud awareness training program for the Recovery Act, and we have invited them be co-presenters at our briefings. The audiences for these training programs are those on the front line and therefore in the best position to prevent and deter fraud, waste and abuse and alert the inspector general about questionable or unusual activities.

A key piece of the training describes the Recovery Act's expanded whistleblower protections for nonfederal employees of firms receiving stimulus-funded grants or contracts, should they disclose information regarding the use of those funds that indicates:

- gross mismanagement or waste;
- substantial and specific danger to public health or safety;
- abuse of authority related to the implementation or use of covered funds; or
- violation of law, rule, or regulation.

Under the act, employers are prohibited from discharging, demoting, or otherwise discriminating against employees for making such disclosures, and OIGs must investigate these complaints within 180 days, unless the complaint is deemed frivolous, does not relate to covered funds, or is already under consideration by another judicial or administrative body. Our reconfigured hotline system will help expedite these investigations to meet our legislative deadline.

SUMMARY OF OIG ACTIONS WITH REGARD TO RECOVERY ACT SCIENCE FUNDING

In closing, I would like to summarize the subcommittee's questions and our answers with regard to science stimulus funding at Commerce:

1. How do we plan to monitor this funding to ensure it is spent promptly, in accordance with the Recovery Act's objectives, and in compliance with the law?
 - We continue to emphasize and reinforce that the program offices have a critical role in providing oversight of the projects and contracts they fund.
 - We are participating on the Department's Recovery Act Steering Committee and working groups to share best practices and make recommendations regarding internal controls and risk management.

- We have created a Recovery Act Task Force consisting of multidisciplinary teams of auditors and evaluators who will focus on the following program areas and activities:
 - Grants
 - Procurements, Acquisition, and Construction
 - Scientific and Technical Research
 - Broadband Technologies Opportunities Program
 - Digital Television
 - Census
 - Fraud Awareness and Prevention
 - Transparency and Accountability

The task force is developing a long-term oversight plan, will implement a short-term oversight plan to monitor the Department’s initial Recovery Act activities, and has established expedited reporting products to promptly communicate our concerns and recommended solutions.

- We have developed Recovery Act fraud awareness training and reconfigured our hotline system to identify and expedite our responses to related citizen complaints.

2. Based on our prior work, are there particular areas of Recovery Act funding that deserve special attention to ensure funds are put to best use?

Our prior work has identified a number of weaknesses in the Department’s oversight of grants and contracts. These activities bear very close watch. Given the particular susceptibility to fraud and misuse of funds associated with construction projects, NOAA and NIST stimulus-funded construction activities also require close scrutiny.

3. To conduct effective oversight, what professional skill areas do we need to increase and how quickly do we plan to fill these positions?

Conducting effective oversight of Recovery Act funds will require increased staffing, including some specialized expertise. The funding provided to our office will permit us to hire a mix of permanent, temporary, and term employees, and contract staff to do this most effectively. We will also need to use all the flexibilities and authorities that the Office of Personnel Management will allow. A key flexibility, for example, would be to have the authority to rehire experienced retirees without affecting their retirement annuities.

In addition to the risk management expert we have hired to head our task force, we plan to increase professional staffing in all the critical skill areas required for stimulus

oversight—grant, contract, and performance audits and evaluations. We are pursuing options for increasing staff expertise in science and technology-related work, including satellite engineers, an expert in climate research supercomputer techniques, and specialists in fisheries habitat restoration to help monitor NOAA stimulus spending; and scientists and engineers to oversee NIST research into “smart grid” energy technology and interoperable digital health records management systems.

Mr. Chairman and Members of the Subcommittee, this concludes my statement. I would be happy to answer questions at this time.

**APPENDIX: AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
DEPARTMENT OF COMMERCE FUNDING**

Agency	Amount	Purpose (From Joint Explanatory Statement)
EDA	\$150,000,000	Leverage private investment, stimulate employment and increase incomes in economically distressed communities.
	\$50,000,000	Economic Adjustment Assistance to help communities recover from sudden and severe economic dislocation and massive job losses due to corporate restructuring.
	\$50,000,000	May be transferred to federally authorized, regional economic development commissions.
Census	\$1,000,000,000	To hire additional personnel, provide required training, increase targeted media purchases, and improve management of other operational and programmatic risks.
	\$250,000,000	Up to \$250,000,000 shall be for partnership and outreach efforts to minority communities and hard-to-reach populations.
NTIA	\$4,700,000,000	Broadband Technology Opportunities Program (TOP), to be available until September 30, 2010. For competitive grants to accelerate broadband deployment in unserved and underserved areas and to strategic institutions that are likely to create jobs or provide significant public benefits.
	\$350,000,000	To establish the State Broadband Data and Development Grant program, as authorized by Public Law 110-385 and for the development and maintenance of a national broadband inventory map as authorized by division B of this Act.
	\$200,000,000	For competitive grants for expanding public computer center capacity.
	\$250,000,000	For competitive grants for innovative programs to encourage sustainable broadband adoption.
OIG	\$10,000,000	To be transferred to the Department of Commerce Inspector General for audits and oversight of funds provided under this heading.
NTIA	\$650,000,000	For additional implementation and administration of the digital-to-analog converter box coupon program, including additional coupons to meet new projected demands and consumer support, outreach and administration.
	\$90,000,000	Of the amounts provided, up to \$90,000,000 may be use for education, and outreach to vulnerable populations including one-on-one assistance for converter box installation.
NIST		
Scientific and Technical Research and Services	\$220,000,000	For research, competitive grants, additional research fellowships and advanced research and measurement equipment and supplies.
	\$20,000,000	Provided by transfer from the Health Information Technology (HIT) initiative within this Act. For HIT activities, NIST is directed to create and test standards related to health security and interoperability in conjunction with partners at the Department of Health and Human Services.
	\$10,000,000	Provided to implement section 1305 of Public Law 110-140 Energy Independence and Security Act of 2007. SEC. 1305. SMART GRID INTEROPERABILITY FRAMEWORK. The Director of the National Institute of Standards and Technology shall have primary responsibility to coordinate the development of a framework that includes protocols and model standards for information management to achieve interoperability of smart grid devices and systems.
Construction of Research Facilities	\$360,000,000	To address NIST's backlog of maintenance and renovation and for construction of new facilities and laboratories.
	\$180,000,000	Of the amounts provided, \$180,000,000 shall be for the competitive construction grant program for research science buildings, including fiscal year 2008 and 2009 competitions.
NOAA		
Operations, Research, and Facilities	\$230,000,000	To address a backlog of research, restoration, navigation, conservation and management activities.
Procurement, Acquisition and Construction	\$600,000,000	For construction and repair of NOAA facilities, ships and equipment, to improve weather forecasting and to support satellite development.
	\$170,000,000	Of the amounts provided, \$170,000,000 shall address critical gaps in climate modeling and establish climate data records for continuing research into the cause, effects and ways to mitigate climate change.
OIG	\$6,000,000	To remain available until September 30, 2013.