

## ***Broadband Stimulus Funding: A Balanced Approach***

### Executive Summary

The American Recovery and Reinvestment Act (ARRA) of 2009 includes \$7.2 billion in appropriations to be used to spur the deployment of broadband infrastructure and services throughout the United States. The objectives of the competitive grant and loan programs established by ARRA include providing access to broadband service in unserved and underserved areas; providing education, equipment and support to schools, libraries, healthcare providers, and other community support organizations; facilitating greater use of broadband by low-income, unemployed, and otherwise vulnerable populations; improving access and use by public safety agencies; and stimulating economic growth and job creation.<sup>1</sup>

Federal and state agencies are now tasked with the responsibility of qualifying and prioritizing applicants who are most in need of funding. The National Telecommunications and Information Administration (NTIA) and the Rural Utilities Service (RUS) are two federal agencies responsible for making funds available to qualifying entities through competitive grant or other application processes. Many state agencies will also influence the awarding of funds within their borders.

Balancing the need for the timely release of funds with proper oversight is an integral success factor in achieving the statutory objectives of ARRA. As a leading administrator of federal and state public benefit and grant programs, Solix has extensive experience identifying and implementing best practices to achieve this type of balance through:

- (1) **Speed of Delivery:** Implementing efficient and proven grant application and review processes.
- (2) **Secure and Comprehensive Data Collection:** Collecting current, relevant, and sufficient data in a secure manner.
- (3) **Proper Staffing:** Employing skilled and experienced personnel to perform review and approval functions.
- (4) **Program Compliance:** Granting awards subject to internal process controls and subsequent compliance reviews to minimize waste, fraud, and abuse.

### ***Keys to Achieving a Balanced Funding Approach***



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<sup>1</sup> American Recovery and Reinvestment Act of 2009 (Public Law 111-5), Sec. 6001.

## **Speed of Delivery**

A primary objective of ARRA is to allow qualified recipients to receive government stimulus funds promptly in order to spur investment and economic recovery. As directed by the Office of Management and Budget, “agencies must determine what award method(s) will allow recipients to commence expenditures and activities as soon as possible consistent with prudent management and statutory requirements.”<sup>2</sup> In order to quickly accomplish an undertaking of this magnitude, it is necessary to take advantage of the synergies offered by employing the use of existing expertise, processes, and procedures.

A specific means to minimize the implementation of an application and review process is the use of a proven, systems-based approach. A grant application process typically requires manual intervention in order to thoroughly analyze proposed project overviews and qualitative data, but an experienced administrator also recognizes opportunities for automation and has established routines and systems that automate a significant percentage of the workload. Organizational experience with application review and eligibility determination also minimizes the required learning curve through the carry forward and application of lessons learned.

## **Secure and Comprehensive Data Collection**

Government funding programs require the collection and analysis of data received from applicants in order to substantiate applications and verify program eligibility. The most efficient method for collecting and analyzing large quantities of data is the use of a user-friendly, Internet-based system designed to ensure the secure collection, storage, and safeguarding of confidential information. The use of a system-based approach further strengthens data integrity, internal controls, and reporting capabilities. For example, automated edit checks can be designed into the data collection system to disallow the entry of information that is outside predefined upper or lower limits or that does not match predefined data field parameters. Variance and outlier analyses can also be automatically generated by the system to provide flags that identify data sources warranting additional follow-up and review.

## **Proper Staffing**

Regardless of the process design or level of automation, people are always the key to success. Although public benefit initiatives are generally established through well-defined statutory or regulatory agency rule requirements, necessary program administration skill sets include the experience and ability to translate complex regulatory requirements into functioning systems and processes; in essence, the ability to provide process clarity for all program participants. Equally important is the aptitude and know-how to apply existing institutional knowledge in identifying and addressing the myriad scenarios that are not clearly defined by program parameters. The ability to identify issues that need to be addressed by working collaboratively with the oversight agency is a significant value added when a highly trained and experienced staff is put on the job.

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<sup>2</sup> Executive Office of the President, Office of Management and Budget, *Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009*, February 18, 2009, p. 32.

## Program Compliance

The integrity of public benefit funds and programs is dependent upon the proper design and implementation of checks and balances throughout the entire data collection, review, analysis, and approval processes. Internal controls must be incorporated into the application review and approval procedures to ensure that reviewers are performing their functions consistently, thoroughly, and impartially. Award decisions must also be subject to quality reviews by management to further strengthen the integrity of the pre-commitment process. Post-approval reviews provide an additional opportunity to monitor process quality and to take corrective action regarding specific decisions as necessary, thereby minimizing waste, fraud, and abuse. In addition to the internal reviews performed by the administrator, the oversight agency is provided with comprehensive and timely managerial reports that allow for its independent review and verification.

A comprehensive control environment further requires that the compliance process not end with the disbursement of funds. After applicants receive an award or grant, the program administrator should conduct reviews of a statistically significant sample of recipients to verify that awards were appropriately substantiated and that funds were used as intended and as justified in the application. Compliance reviews can also be conducted to collect and verify more detailed supporting documentation than may have been collected as part of the standard application process.



## Conclusion

Solix' experience in developing and administering complex application review processes and systems for the federal E-Rate and Rural Health Care programs, as well as numerous state public benefit initiatives, positions it as a market leader in application review and eligibility determination. Our successes with such programs have allowed us to identify and outline the key components of an effective and balanced approach to managing public benefit programs and initiatives.

The efficient and timely distribution of ARRA funds to support broadband deployment can be successfully accomplished while employing the aforementioned best practices to ensure accomplishment of the initiative's goals. Funds can be delivered quickly by using existing and tested systems and processes; controls can be designed to ensure the secure transfer and storage of data; human resources can be used to provide expert reviews above and beyond system-designed checks and balances; and after-the-fact reviews and audits can improve program compliance and integrity. Application of these concepts makes it possible for an oversight agency to satisfy market demands for prompt and technology-driven solutions while simultaneously ensuring the integrity of the public funds and program objectives.

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*Solix, Inc. is a process outsourcing firm serving government and commercial clients. We provide complete solutions for program administration, with an emphasis on eligibility determination, funds distribution, grant administration, managerial reporting, and compliance reviews. Solix-managed programs include Internet and telecommunications infrastructure for schools, libraries, and rural health care providers; low-income telephone and electric service discount certification and verification; medical screening reimbursement; and support services for the physically impaired. Through its wholly-owned subsidiary, Lytmos Group, Inc., Solix offers peer-review services and program administration tailored to grant programs involving high-technology research, economic development projects, and social services interventions.*