

GAO

Testimony

Before the Senate Committee on
Commerce, Science, and Transportation

For Release on Delivery
Expected at 2:30 p.m. EDT
Tuesday, September 23, 2008

DIGITAL TELEVISION TRANSITION

Information on the Implementation of the Converter Box Subsidy Program and Consumer Participation in the Program

Statement of Mark L. Goldstein, Director
Physical Infrastructure





Highlights of [GAO-08-1181T](#), a testimony before the Senate Committee on Commerce, Science, and Transportation

Why GAO Did This Study

The Digital Television Transition and Public Safety Act of 2005 requires all full-power television stations in the United States to cease analog broadcasting after February 17, 2009, known as the digital television (DTV) transition. The National Telecommunications and Information Administration (NTIA) is responsible for implementing a subsidy program to provide households with up to two \$40 coupons toward the purchase of converter boxes. In this testimony, which is principally based on a recently issued report, GAO examines (1) what consumer education efforts have been undertaken by private and federal stakeholders and (2) how effective NTIA has been in implementing the converter box subsidy program, and to what extent consumers are participating in the program. To address these issues, GAO analyzed data from NTIA and reviewed legal, agency, and industry documents. Also, GAO interviewed a variety of stakeholders involved with the DTV transition.

What GAO Recommends

In the report issued on September 16, 2008, GAO recommended that the Secretary of Commerce direct NTIA to develop a plan to manage coupon requests in the lead up to the transition. In commenting on a draft of the report, the Department of Commerce did not state whether it agreed or disagreed with GAO's recommendation, but stated its concern about an increase in coupon demand as the transition nears. FCC noted consumer outreach efforts it has taken.

To view the full product, including the scope and methodology, click on [GAO-08-1181T](#). For more information, contact Mark L. Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

DIGITAL TELEVISION TRANSITION

Information on the Implementation of the Converter Box Subsidy Program and Consumer Participation in the Program

What GAO Found

Private sector and federal stakeholders have undertaken various consumer education efforts to raise awareness about the DTV transition. For example, the National Association of Broadcasters and the National Cable and Telecommunications Association have committed over \$1.4 billion to educate consumers about the transition. This funding has supported the development of public service announcements, education programs for broadcast, Web sites, and other activities. The Federal Communications Commission (FCC) and NTIA have consumer education plans that target those populations most likely to be affected by the DTV transition. Specifically, they identified 45 areas of the country as high risk that included areas with at least 1 of the following population groups: (1) more than 150,000 over-the-air households, (2) more than 20 percent of all households relying on over-the-air broadcasts, or (3) a top 10 city of residence for the largest target demographic groups. The target demographic groups include seniors, low-income, minority and non-English speaking, rural households, and persons with disabilities. In addition to targeting these 45 areas of the country, FCC and NTIA developed partnerships with organizations that serve these hard-to-reach populations.

NTIA is effectively implementing the converter box subsidy program, but its plans to address the likely increase in coupon demand as the transition nears remain unclear. As of August 31, 2008, NTIA had issued almost 24 million coupons and as of that date approximately 13 percent of U.S. households had requested coupons. As found in GAO's recent consumer survey, up to 35 percent of U.S. households could be affected by the transition because they have at least one television not connected to a subscription service, such as cable or satellite. In U.S. households relying solely on over-the-air broadcasts (approximately 15 percent), of those who intend to purchase a converter box, 100 percent of survey respondents said they were likely to request a coupon. With a spike in demand likely as the transition date nears, NTIA has no specific plans to address an increase in demand; therefore, consumers might incur significant wait time to receive their coupons and might lose television service if their wait time lasts beyond February 17, 2009. In terms of participation in the converter box subsidy program, GAO analyzed coupon data in areas of the country comprising predominantly minority and senior populations and found that households in both predominantly black and Hispanic or Latino areas were less likely to redeem their coupons compared with households outside these areas. Additionally, GAO analyzed participation in the converter box subsidy program in the 45 areas of the country on which NTIA and FCC focused their consumer education efforts and found coupon requests to be roughly the same for zip codes within the 45 targeted areas compared with areas that were not targeted. Retailers play an integral role in the converter box subsidy program by selling the converter boxes and helping to inform their customers about the DTV transition. GAO visited 132 randomly selected retail stores in 12 cities. Store representatives at a majority of the retailers GAO visited were able to correctly state that the DTV transition would occur in February 2009 and how to apply for a converter box coupon.

Mr. Chairman and Members of the Committee:

I am pleased to be here today to discuss our recently issued report on the National Telecommunications and Information Administration's (NTIA) implementation of the mandated converter box subsidy program.¹

Federal law requires all full power television stations in the United States to cease analog broadcasting and broadcast digital-only transmissions after February 17, 2009—often referred to as the digital television (DTV) transition. Currently, most television broadcasters transmit over-the-air signals in both an analog and digital format to television households. After the transition, consumers who rely exclusively on over-the-air television signals viewed on analog sets will not be able to view broadcast programming, which could include important news information or emergency alerts, unless they take action. In particular, these consumers could (1) purchase a television capable of processing digital signals, (2) purchase a digital-to-analog converter box that converts the digital signals to analog signals and enables their display on an analog set, or (3) subscribe to cable, satellite, or other service.

The federal government and the private sector have taken several steps to prepare for the DTV transition. NTIA, a bureau within the U.S. Department of Commerce, created and implemented a digital-to-analog converter box subsidy program to provide households with up to two \$40 coupons toward the purchase of converter boxes that allow consumers to continue viewing over-the-air signals on analog television sets.² Additionally, the government, television broadcast industry, cable and satellite providers, and other carriers of broadcast signals have established several educational efforts informing consumers about the DTV transition and the subsidy program. However, the success of the DTV transition and the subsidy program requires consumers' understanding about the transition and the steps needed to continue receiving a television signal. In addition, consumers will rely on retailers to provide information, as well as supply eligible converter boxes, for the subsidy program.

¹GAO, *Digital Television Transition: Implementation of the Converter Box Subsidy Program Is Under Way, but Preparedness to Manage an Increase in Subsidy Demand Is Unclear*. GAO-08-1040 (Washington, D.C.: September 16, 2008).

²Eligible converter boxes range in price from \$40 to over \$90.

In my testimony today, I will discuss (1) what consumer education efforts have been undertaken by private and federal stakeholders and (2) how effective NTIA has been in implementing the converter box subsidy program and to what extent consumers are participating in the program.

To meet these objectives, we interviewed agency officials from the Federal Communications Commission (FCC) and NTIA and reviewed their consumer education documents, orders, rules and proposed rules. We also interviewed private sector stakeholders representing the broadcasting, retailer, manufacturing, and cable industries and reviewed publicly available information on their consumer education planning. Further, we discussed the effectiveness of consumer education efforts with various advocacy groups identified as NTIA partners that represent hard-to-reach populations. We also analyzed date-specific data from NTIA on coupon requests, issuance, redemptions, and expirations, and examined NTIA timeliness in issuing coupons from the beginning of the converter box subsidy program in January through August 2008. Due to report processing constraints the report this testimony is primarily based on only analyzed data from January through June 2008. We conducted data reliability testing and determined that the data used in this report were sufficiently reliable for our purposes. We conducted a “mystery shopper” study—i.e., discussing the transition with randomly selected retailers without identifying ourselves as government employees—to determine retailer preparedness for the converter box subsidy program including the level of retailer knowledge about the program and availability of converter boxes. The study, in which we visited 132 store locations in 12 cities, was conducted from April to early May 2008. We performed our review from February to September 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our review objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Summary

- Private sector and federal stakeholders have undertaken various consumer education efforts to raise awareness about the DTV transition. For example, the National Association of Broadcasters (NAB) and the National Cable and Telecommunications Association have committed over \$1.4 billion to educate consumers about the transition. This funding has supported the development of public service announcements, education programs for broadcast, Web sites, and other activities. In addition, most national retailers participating in the converter box subsidy program have

developed consumer education campaigns to raise awareness of the DTV transition and the subsidy program. Federal stakeholders (FCC and NTIA) have developed consumer education plans that target those populations most likely to be affected by the DTV transition. In particular, they focused their outreach efforts on certain demographic groups, including seniors, low-income, minority and non-English speaking, rural households, and persons with disabilities.

- NTIA is effectively implementing the converter box subsidy program, but plans to address the likely increase in coupon demand as the transition nears remain unclear. As of August 31, 2008, NTIA had issued approximately 24 million coupons and as of that date approximately 13 percent of U.S. households had requested coupons. As found in our consumer survey, up to 35 percent of U.S. households could be affected by the transition because they have at least one television not connected to a subscription service, such as cable or satellite.³ In U.S. households relying solely on over-the-air broadcasts (approximately 15 percent), of those who intend to purchase a converter box, 100 percent of survey respondents said they were likely to request a coupon. Therefore, a spike in demand for converter box coupons is likely as the transition date nears. According to NTIA, an increase in requests around the transition date may cause a delay in issuing coupons. However, we found NTIA has no specific plans to address an increase in demand and that it has encountered challenges in issuing coupons within its requirement of 10 to 15 days from the date the coupon application was approved. Given the challenges to meet this requirement and its lack of a clear plan to address a potential spike in demand, consumers might incur significant wait time to receive their coupons and might lose television service if their wait time lasts beyond February 17, 2009. In terms of participation in the converter box subsidy program, we analyzed coupon data in areas of the country comprised of predominantly minority and senior populations and found that participation varies. For example, we found that zip codes with a high concentration of Latino or Hispanic households had noticeably higher coupon request rates (28 percent) when compared to areas with predominantly non-Latino or non-Hispanic households (12 percent). We also found households in both predominantly black and Hispanic or Latino areas were less likely, compared to households outside these areas, to redeem their coupons once they received them. Additionally, we analyzed participation in the converter box subsidy program in the 45 areas of the

³GAO, *Digital Television Transition: Broadcasters' Transition Status, Low-Power Station Issues, and Information on Consumer Awareness of the DTV Transition*, [GAO-08-881T](#) (Washington, D.C.: June 10, 2008).

country on which NTIA and FCC focused their consumer education efforts and found coupon requests to be roughly the same for zip codes within the 45 targeted areas compared with areas that were not targeted.

Background

The DTV transition will require citizens to understand the transition and the actions that some might have to take to maintain television service. For those households with subscription video service on all televisions or with all televisions capable of processing a digital signal, no action is required. However, households with analog televisions that rely solely on over-the-air television signals received through rooftop or indoor antennas must take action to be able to view digital broadcast signals after analog broadcasting ceases. The Digital Television Transition and Public Safety Act of 2005 addresses the responsibilities of two federal agencies—FCC and NTIA—related to the DTV transition. The act directs FCC to require full-power television stations to cease analog broadcasting after February 17, 2009. The act also directed NTIA to establish a \$1.5 billion subsidy program through which households can obtain coupons towards the purchase of digital-to-analog converter boxes. In August 2007, NTIA selected International Business Machines Corporation (IBM) as the contractor to provide certain services for the program. On January 1, 2008, NTIA, in conjunction with IBM and in accordance with the act, began accepting applications for up to two \$40 coupons per household that can apply toward the purchase of eligible digital-to-analog converter boxes and, in mid-February 2008, began mailing the coupons. Initially, during the first phase of the program any household is eligible to request and receive the coupons, but once \$890 million worth of coupons has been redeemed, and issued but not expired, NTIA must certify to Congress that the program's initial allocation of funds is insufficient to fulfill coupon requests. NTIA will then receive \$510 million in additional program funds, but households requesting coupons during this second phase must certify that they do not receive cable, satellite, or any other pay television service. As of June 24, 2008, in response to NTIA's statement certifying that the initial allocation of funds would be insufficient, all appropriated coupon funds were made available to the program.⁴ Consumers can request coupons up to March 31, 2009, and coupons can be redeemed through July 9, 2009. As required by law, all coupons expire 90 days after issuance. As

⁴With the additional \$510 million, total program funding is \$1.5 billion, which includes up to \$1.34 billion in coupon funds and up to \$160 million in administrative funds.

unredeemed coupons expire, the funds obligated for those coupons are returned to the converter box subsidy program.

Retailer participation in the converter box subsidy program is voluntary, but participating retailers are required to follow specific program rules to ensure the proper use and processing of converter box coupons. Retailers are obligated to, among other things, establish systems capable of electronically processing coupons for redemption and payment and tracking transactions. Retailers must also train their employees on the purpose and operation of the subsidy program. According to NTIA officials, NTIA initially explored the idea of setting requirements for training content, but decided to allow retailers the flexibility of developing their own training programs and provided retailers with sample training materials. Certification requires retailers to have completed an application form by March 31, 2008, and to attest that they have been engaged in the consumer electronics retail business for at least 1 year. Retailers must also register in the government's Central Contractor Registration database, have systems or procedures that can be easily audited and that can provide adequate data to minimize fraud and abuse, agree to be audited at any time, and provide data tracking each coupon with a corresponding converter box purchase. NTIA may revoke retailers' certification if they fail to comply with these regulations or if any of their actions are deemed inconsistent with the subsidy program. Converter boxes can also be purchased by telephone or online and be shipped directly to a customer's home from participating retailers. At the time of our review, 29 online retailers were participating in the converter box subsidy program. Additionally, 13 telephone retailers were listed as participating in the program, 2 of which are associated with national retailers.

Private and Federal Stakeholders Have Undertaken a Myriad of Activities Aimed at Increasing the Public's Awareness of the Transition

Private sector stakeholders, such as broadcasters and cable providers, have undertaken various education efforts to increase public awareness about the DTV transition. The NAB and the National Cable and Telecommunications Association initiated DTV transition consumer education campaigns in late 2007 at an estimated value of \$1.4 billion combined. NAB has produced six versions of a public service announcement, including 15-second and 30-second versions in both English and Spanish and close-captioned versions. Private sector stakeholders have also produced DTV transition educational programs for broadcast and distribution, developed Web sites that provide information on the transition, and engaged in various other forms of outreach to raise awareness. Additionally, most of the national retailers participating in the NTIA converter box subsidy program are providing materials to help

inform their customers of the DTV transition and the subsidy program. Examples of these materials include informational brochures in English and Spanish, educational videos and in-store displays in English and Spanish, informational content on retailer Web sites, and information provided in retailer advertising in Sunday circulars.

FCC and NTIA also have ongoing DTV consumer education efforts, which target populations most likely to be affected by the DTV transition. Specifically, they focused their efforts on 45 areas of the country that have at least 1 of the following population groups: (1) more than 150,000 over-the-air households, (2) more than 20 percent of all households relying on over-the-air broadcasts, or (3) a top 10 city of residence for the largest target demographic groups. The target demographic groups include seniors, low-income, minority and non-English speaking, rural households, and persons with disabilities. According to NTIA, its consumer education efforts will specifically target these 45 areas by leveraging partnerships and earned media spots (such as news stories or opinion editorials) to better reach the targeted populations. FCC indicated that while its outreach efforts focus on the targeted hard-to-reach populations, the only effort specifically targeting the 45 locations has been to place billboards in these communities. According to FCC, contracts exist for billboards in 26 of the 45 markets, and it is working to place billboards in the other 19 markets. Furthermore, FCC and NTIA have developed partnerships with some federal, state, and local organizations that serve the targeted hard-to-reach populations.

NTIA is Effectively Implementing the Converter Box Subsidy Program, But Concerns Exist about NTIA's Ability to Manage a Potential Spike in Demand

NTIA has processed and issued coupons to millions of consumers, but a sharp increase in demand might affect NTIA's ability to respond to coupon requests in a timely manner. NTIA and its contractors have implemented systems (1) to process coupon applications, (2) to produce and distribute coupons to consumers, and (3) for retailers to process coupons and receive reimbursement for the coupons from the government. Millions of consumers have requested converter box coupons and most of the requested coupons have been issued. Through August 2008, households had requested approximately 26 million coupons. NTIA had issued over 94 percent of all coupon requests, for more than 24 million coupons. Of those coupons issued, about 9.5 million (39 percent) had been redeemed and 31 percent had expired.⁵ After an initial spike at the beginning of the program, coupon requests have remained steady and have averaged over 105,000 requests per day. Coupon redemptions, since coupons were first issued in February 2008, have averaged over 48,000 per day.

In our consumer survey, we found that 35 percent of U.S. households are at risk of losing some television service because they have at least one television not connected to a subscription service, such as cable or satellite. However, through August 2008, only 13 percent of U.S. households had requested converter box coupons, and less than 5 percent had redeemed these coupons. As the transition date nears, there is the potential that many affected households that have not taken action might begin requesting coupons. Our consumer survey found that of those at risk of losing some television service and intending to purchase a converter box, most will likely request a coupon. In fact, in households relying solely on over-the-air broadcasts (approximately 15 percent), of those who intend to purchase a converter box, 100 percent of survey respondents said they were likely to request a coupon.

Consumers have incurred significant wait times in the processing of their coupon requests, but the processing time from receiving requests to issuing coupons is improving. NTIA requires that 98 percent of all coupon requests be issued within 10 days, and the remainder be issued within 15 days. From February 17 through August 31, 2008, our analysis shows that the average duration between coupon request and issuance was over 16

⁵Our redemption rate was calculated by dividing the number of redeemed coupons by the total number of issued coupons as of August 31, 2008. The total number of issued coupons includes coupons which had been redeemed, had expired, and had not yet expired as of that date.

days.⁶ In aggregate, 53 percent of all coupon requests had been issued within 10 days, and 39 percent of all coupon requests had been issued more than 15 days after being requested. From May 1 through August 31, 2008, the average processing time from coupon request to issuance was 9 days.

Given the processing time required in issuing coupons, NTIA's preparedness to handle volatility in coupon demand is unclear. Fluctuation in coupon requests, including the potential for a spike in requests as the transition date approaches, could adversely affect consumers. When NTIA faced a deluge of coupon requests in the early days of the converter box subsidy program, it took weeks to bring down the deficit of coupons issued to coupons requested. According to NTIA, it expects a similar increase in requests around the transition date, and such an increase may cause a delay in issuing coupons. As a result, consumers might incur significant wait time before they receive their coupons and might lose television service during the time they are waiting for the coupons. While NTIA and its contractors have demonstrated the capacity to process and issue large numbers of coupon requests over short periods, they have yet to establish specific plans to manage a potential spike or a sustained increase in demand leading up to the transition.

We analyzed data to compare areas of the country that comprise predominantly minority and elderly populations with the rest of the U.S. population and found some differences in the coupon request, redemption, and expiration rates for Hispanic, black, and senior households compared with the rest of the U.S. population. For example, zip codes with a high concentration of Latino or Hispanic households had noticeably higher request rates (28 percent) when compared with non-Latino or non-Hispanic zip codes (12 percent). However, households in predominantly black and Latino or Hispanic zip codes were less likely, compared with households outside these areas, to redeem their coupons once they received them. As shown in table 1, the overall rate of redemption for the converter box subsidy program is 39 percent. Approximately 37 percent of coupons have been redeemed in predominantly Latino or Hispanic areas. In predominantly black areas, 32 percent of coupons have been redeemed. We found that in areas of the country with a high concentration of seniors,

⁶For the purposes of our analysis, we assumed that all coupons were issued in the order they were received. According to NTIA, coupon issuance was to begin 1 year from the transition. Therefore the processing time between coupon requests and issuance was calculated beginning on February 17, 2008.

fewer coupons were requested (9 percent) compared with areas of the country that did not have a high concentration of seniors (13 percent). Redemption rates for the senior population were lower than the redemption rates in the rest of the country. Regarding coupon expirations, we found that the areas comprising Latino or Hispanic households allowed 27 percent of their coupons to expire, while areas with predominantly senior populations allowed 43 percent of their coupons to expire.

Table 1: Request, Redemption, and Expiration Rates of Converter Box Coupons through August 2008

	Request rate	Redemption rate	Expiration rate
U.S. population	12.5	39.0	30.5
Latino or Hispanic	27.5	36.6	26.8
Black	13.4	31.5	30.3
Seniors	8.7	34.0	43.2

Source: GAO analysis of NTIA data.

To determine participation in the converter box subsidy program in the 45 areas of the country receiving targeted outreach by NTIA and FCC, we analyzed NTIA coupon data (including requests, redemptions, and expirations) in the 45 areas compared to the rest of the country not targeted by NTIA and FCC. We found participation levels were about the same in the targeted areas when compared to the rest of the country. For example, we found in the 45 targeted areas, 12.2 percent of households have requested coupons compared with 12.8 percent for the rest of the country not targeted by NTIA and FCC. According to NTIA, similarities in request, redemption, and expiration rates between the 45 targeted areas and the rest of the country is viewed as a success.

As the sellers of the converter boxes, retailers play a crucial role in the converter box subsidy program and are counted on to inform consumers about it. At the time of our review, seven national retailers were certified to participate in the subsidy program. Participating retailers are obligated to, among other things, train employees on the purpose and operation of the subsidy program. All of the retailers with whom we spoke told us they were training employees on the DTV transition and the subsidy program, although the retailers varied in which staff must complete training.

As part of our work, we conducted a “mystery shopper” study by visiting 132 randomly selected retail locations in 12 cities across the United States

that were listed as participating in the converter box subsidy program. We did not alert retailers that we were visiting their stores or identify ourselves as government employees. During our visits, we engaged the retailers in conversation about the DTV transition and the subsidy program to determine whether the information they were providing to customers was accurate and whether individual stores had coupon-eligible converter boxes available. While not required to do so, some stores we visited had informational material available and others had signs describing the DTV transition and the subsidy program. We also determined whether the information that retailers were providing to customers was accurate and whether individual stores had coupon-eligible converter boxes available. At most retailers (118) we visited, a representative was able to correctly identify that the DTV transition would occur in February 2009. Additionally, nearly all (126) retailers identified a coupon-eligible converter box as an option available to consumers to continue watching television after the transition. Besides coupon eligible converter boxes, representatives identified other options to continue viewing television after the transition, including purchasing a digital television (67) or subscribing to cable or satellite service (77). However, in rare instances, we heard erroneous information from the retailers, including one representative who told us that an option for continuing to watch television after the transition was to obtain a “cable converter box” from a cable company and another representative who recommended buying an “HD tuner.” Since participating retailers are obligated to train their employees on the purpose and operation of the subsidy program, we observed whether the representative was able to explain various aspects about the subsidy program. A vast majority of the representatives were able to explain how to receive or apply for a coupon and the value of the coupon.

Although we could obtain information from the majority of the stores that we visited and that were listed as participating in the subsidy program, in a few instances, we were not able to ask questions and observe whether the information provided was accurate. In two instances, there was no retailer at the store location listed as a participating retailer on NTIA’s Web site (<https://www.dtv2009.gov/VendorSearch.aspx>). In another instance, the location listed was under construction and had not yet opened. In two additional instances, the locations listed were private residences—one was an in-home electronics store, and the other was a satellite television installer working from a house. We asked NTIA how it ensured the accuracy of the list of participating retailers on its Web site, and according to NTIA, ensuring the accuracy of the list is the responsibility of the retailers. NTIA said it provides a list of locations to each retailer prior to

placing the list on the Web site, and retailers can update addresses or add new listings as warranted.

Conclusions and Recommendation

NTIA estimates that it will see a large increase in the number of coupon requests in the first quarter of 2009 and our analysis confirms that, as the transition nears, a spike in coupon requests is likely. However, NTIA has not developed a plan for managing that potential spike or sustained increase in coupon demand. The time required for processing coupons has improved since consumers incurred significant wait times to receive their coupons at the beginning of the program, but until recently NTIA fell short of its requirement for processing coupons within 10 to 15 days. Given the relatively low participation rates to date and the amount of time it took to process the spike in coupon requests in the early days of the program, NTIA's ability to handle volatility in coupon demand without a plan is uncertain. Consequently, consumers face potential risks that they might not receive their coupons before the transition and might lose their television service.

To help NTIA prepare for a potential increase in demand for converter box coupons and so that consumers are not left waiting a lengthy amount of time for requested coupons, the report we issued September 16, 2008, recommended that the Secretary of Commerce direct the Administrator of the NTIA to develop a plan to manage volatility in coupon requests so that coupons will be processed and mailed within 10-15 days from the day the coupon applications are approved, per NTIA's stated requirement.

In reviewing a draft of the report, the Department of Commerce (which contains NTIA) did not state whether it agreed or disagreed with our recommendation, but did say the Department shares our concern about an increase in coupon demand as the transition nears. Further, its letter stated it is committed to doing all that it can within its statutory authority and existing resources to ensure that all Americans are ready for the DTV transition. In its letter, FCC noted consumer outreach efforts it has taken related to the DTV transition.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions you or other Members of the Committee may have at this time.

**GAO Contact and
Staff
Acknowledgments**

For further information about this testimony, please contact Mark L. Goldstein at (202) 512-2834. Individuals making key contributions to this testimony included Colin Fallon, Simon Galed, Eric Hudson, Bert Japikse, Aaron Kaminsky, Sally Moino, Michael Pose, and Andrew Stavisky.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday, GAO posts newly released reports, testimony, and correspondence on its Web site. To have GAO e-mail you a list of newly posted products every afternoon, go to www.gao.gov and select "E-mail Updates."

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are \$2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. Government Accountability Office
441 G Street NW, Room LM
Washington, DC 20548

To order by Phone: Voice: (202) 512-6000
TDD: (202) 512-2537
Fax: (202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548