



Highlights of [GAO-08-136](#), a report to the Chairwoman, Subcommittee on Housing and Community Opportunity, Committee on Financial Services, House of Representatives

Why GAO Did This Study

This is the second of two reports on the leveraging of federal funds in housing and community and economic development programs. Leveraging involves using a source of funds to attract other funds or combining multiple sources of funds.

This report examines (1) the leverage measures and the transparency of the data and methods used to calculate them, and (2) the relevance of such measures in assessing performance that the Department of Housing and Urban Development (HUD) and the Department of the Treasury (Treasury) reported for six selected programs. To complete this work, GAO reviewed agency policies and reports, interviewed officials, and analyzed agency data.

What GAO Recommends

GAO recommends that the agencies disclose information on (1) the data and methods used to calculate leverage measures and (2) the relevance of the measures to program goals and further that OMB (1) issue guidance on how to calculate, describe, and use leverage measures and (2) re-evaluate the use of such measures and disclose their relevance to program goals in future performance reviews.

HUD and Treasury provided detailed written comments on several of GAO's findings, which were incorporated as appropriate. OMB did not comment on the report.

To view the full product, including the scope and methodology, click on [GAO-08-136](#). For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

HUD AND TREASURY PROGRAMS

More Information on Leverage Measures' Accuracy and Linkage to Program Goals Is Needed in Assessing Performance

What GAO Found

The leverage measures (such as ratios) HUD and Treasury reported for the selected programs in performance, budget, and other documents lacked transparency because the agencies generally did not disclose the limitations of the data or the methods used to calculate them. Based on its review of available leveraging data and interviews with HUD and Treasury officials, GAO found that the leverage measures the agencies reported for the selected programs were based on incomplete data and thus did not capture the actual extent of leveraging in the programs. GAO also found that while the agencies generally reported measures that described the ratio of all other funds (federal, state, local, and private funds) to program funds, alternative measures that described the total federal investment or total private investment in a program provided considerably different results—also potentially of value to decision makers—about the extent of leveraging in a program. GAO regularly has reported that clearly communicating data limitations and their potential impact may foster appropriate use of data; however, no agency-specific or governmentwide guidance directs what agencies should disclose about the leverage measures they report for the selected programs. Consequently, absent specific information on how these measures were calculated and their limitations, decision makers would not have sufficient information to understand their meaning and determine how they could and should be used in performance assessment, budgeting, and other contexts.

Leverage measures can provide basic information about the programs GAO reviewed; however, their relevance in assessing the performance of these programs varies considerably. For all of the programs GAO reviewed, leverage measures can describe inputs, or the resources used to support program activities, and may be useful for conveying basic financial information. To the extent that leveraging is a goal or expected activity of a program (as in the three Treasury programs), leverage measures generally can describe program outputs, or the products or services delivered (such as total leveraged funds), and may be used along with other performance indicators to assess the efficiency and effectiveness of a program in meeting its goals. In cases where leveraging is not clearly and appropriately linked to program goals and activities (as in the three HUD programs), use of such measures to describe program outputs could be misleading and result in adverse consequences. Although leveraging had limited relevance to the goals and activities of the selected HUD programs, GAO found that the Office of Management and Budget (OMB) and the agency often cited leverage measures for the programs in performance- and budget-related reviews and documents. Their continued use of leverage measures in these contexts could unnecessarily encourage HUD to place more importance on leveraging than meeting the stated goals of the selected programs.