



Highlights of [GAO-06-140](#), a report to congressional committees

Why GAO Did This Study

The fiscal year 1993 National Defense Authorization Act established the National Guard Youth Challenge Program as a pilot program to evaluate the effectiveness of providing military based training to improve the life skills of high school dropouts. The Assistant Secretary of Defense for Reserve Affairs, under the authority of the Under Secretary of Defense for Personnel and Readiness, is responsible for overall policy for the program. The National Guard Bureau (NGB) provides direct management and oversight. In 1998, Congress permanently authorized the program and began decreasing the federal cost share until it reached its current level of 60 percent in 2001. Conference Report 108-767 directed GAO to review the program. Specifically, GAO reviewed (1) historical trends of the program; (2) the extent of analyses performed to determine program costs and the need to adjust the federal and state cost share; and (3) NGB oversight of the program. GAO is also providing information on Reserve Affairs' and states' efforts to obtain funding from alternative sources.

What GAO Recommends

GAO recommends a number of actions designed to improve the management and oversight of the National Guard Youth Challenge Program. DOD concurred with GAO's recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-140.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Sharon Pickup at (202) 512-9619 or pickups@gao.gov.

DEFENSE MANAGEMENT

Actions Are Needed to Improve the Management and Oversight of the National Guard Youth Challenge Program

What GAO Found

Between fiscal years 1998 and 2004, total expenditures for the Challenge Program, including funds spent to cover the federal and state cost shares and federal management expenses, have increased from about \$63 million to \$107 million. During this same period, participation in the program has grown from 10 sites in 10 states to 29 sites in 24 states and Puerto Rico. Since the program's inception, NGB has reported positive performance outcomes in academic performance, community service activities, and post-residential placements. For example, in 2004, NGB reported graduating 7,003 students, or 79 percent of those enrolled, with 70 percent of those graduates earning a high school equivalent diploma.

While Reserve Affairs and NGB have expressed concern about the current program funding level and have suggested increasing both the cost basis used to determine funding needs and the federal cost share, neither has performed analyses to support the need for such changes. Federal financial standards state that reliable cost information is crucial for effective management of government operations. Since 1993, NGB has used \$14,000 per student as the basis for determining the amount of funds needed to cover program operating costs, and applied the federal-state cost share to this amount. To keep pace with inflation, NGB has suggested increasing the per student cost to \$18,000. Reserve Affairs has reported some states are having difficulty meeting their share and, in 2004, recommended the federal share be increased from 60 percent to 75 percent. However, neither Reserve Affairs nor NGB has compiled or analyzed data on actual program costs, states' financial situations, or the impact of adjusting the federal and state cost-share. Without better cost and financial information, the Department of Defense (DOD) cannot justify future funding requests or a change in the cost-share ratio.

Although NGB uses various oversight mechanisms, it lacks a complete oversight framework, making it difficult to measure program effectiveness and to adequately address audit and review findings. Also, some audits have not been performed as required. The Government Performance and Results Act suggests a complete oversight framework including goals and measures against which to objectively evaluate performance. While NGB requires states to report certain performance outcomes, it does not require states to establish performance goals in these areas, and therefore does not have a firm basis for evaluating program outcomes and DOD's return on investment. Existing agreements require state programs to be audited at least every three years. However these audits have not been conducted as required and no provisions exist for submitting audit results to NGB. Without regular audits and access to results, NGB cannot be assured that programs are using federal funds appropriately and that audit findings are addressed.