



Highlights of [GAO-03-718T](#), a report to the Subcommittee on Technology, Information Policy, Intergovernmental Relations and the Census, Committee on Government Reform, House of Representatives

Why GAO Did This Study

The Federal Financial Assistance Management Improvement Act of 1999 is one of the most recent in a series of efforts to reform the federal grants management system. The act seeks to improve the effectiveness and performance of Federal financial assistance programs; simplify application and reporting requirements; improve delivery of services to the public; and facilitate greater coordination among those responsible for delivering such services. GAO has a responsibility to evaluate the implementation of this Act by 2005 and will soon begin developing an approach and methodology for the study. This testimony describes the problems fostered by proliferation and fragmentation, which the Act addresses indirectly.

What GAO Recommends

We do not make any recommendations in this testimony; however, if Congress chooses to address fragmentation in the federal grant system more directly we have provided several options. Fragmentation of the grant system could be addressed through consolidation of programs with overlapping missions and objectives by (1) combining multiple programs into block grants, (2) establishing performance partnerships, and (3) providing for waiver authority of federal funding restrictions and program rules when requested and sufficiently justified by state or local governments.

www.gao.gov/cgi-bin/getrpt?GAO-03-718T.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Paul Posner at (202) 512-9573 or posnerp@gao.gov.

FEDERAL ASSISTANCE

Grant System Continues to Be Highly Fragmented

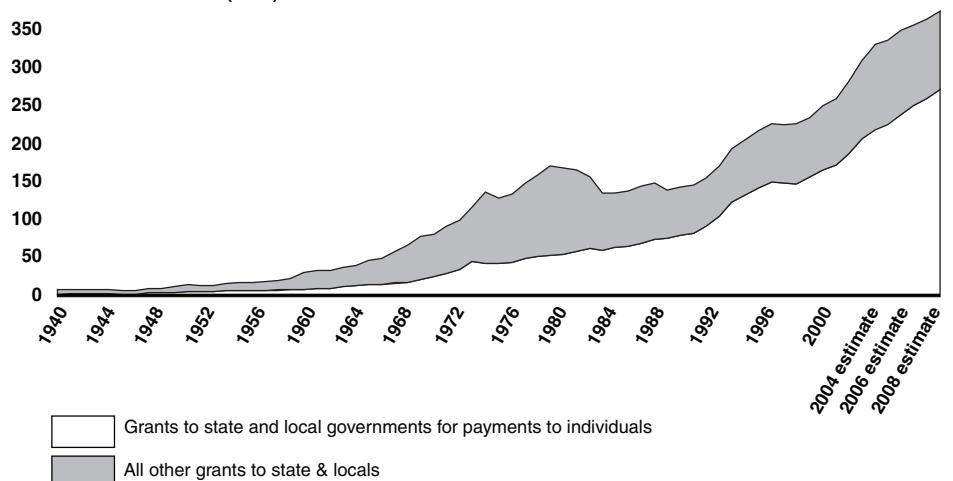
What GAO Found

While the Federal Financial Assistance Management Improvement Act of 1999 (FFAMIA) offers promising opportunities to improve the federal grant system, there remain over 600 different federal financial assistance programs to implement domestic policy. Federal grant recipients must navigate through a myriad of federal grant programs in order to find the appropriate source of funds to finance projects that meet local needs and address local issues.

Despite the process reforms initiated under FFAMIA, the federal grant system continues to be highly fragmented, potentially resulting in a high degree of duplication and overlap among federal programs. Since the 1960s the number and dollar amount of federal grant programs has grown substantially (see figure below). Growth in both the number of grant programs and the level of funding have created a high level of complexity in the system.

While the act seeks to improve the effectiveness and performance of federal assistance programs by simplifying grant administration and facilitating coordination among grant recipients, Congress could also consider consolidating grants that have duplicative objectives and missions. Consolidation can be achieved through a variety of ways including combining multiple programs into block grants, establishing performance partnerships, and providing for waiver authority of federal funding restrictions and program rules when requested and sufficiently justified by state or local governments. Each of these alternatives has implications for accountability that Congress will face as it considers improvements to the federal grant system.

Total Outlays for Grants to State and Local Governments (Fiscal Years 1940-2008).
400 Billions of constant (1996) dollars



Source: Budget of the United States Government, FY 2004, Office of Management and Budget.