United States Government Accountability Office

GAO

Report to Congressional Addressees

February 2012

2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue

GAO Accountability * Integrity * Reliability

GAO-12-342SP

GAO
Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

February 28, 2012

Congressional Addressees

This is GAO's second annual report to Congress in response to the statutory requirement that GAO identify and report annually on federal programs, agencies, offices, and initiatives, either within departments or governmentwide, which have duplicative goals or activities.[1] This body of work can help to inform government policymakers as they address the fiscal pressures facing our national government. The first report in this series, issued in March 2011,[2] presented 81 opportunities to reduce potential government duplication, achieve cost savings, or enhance revenue.

This report for 2012 presents 51 areas where programs may be able to achieve greater efficiencies or become more effective in providing government services. Like our March 2011 publication, this report identifies government duplication, overlap, and fragmentation as well as other cost savings and revenue enhancement opportunities. Its findings involve a wide range of government missions and touch virtually all major federal departments and agencies.

Federal agencies and Congress have taken or planned a number of actions that respond to issues we raised in our March 2011 report. Consistent with the commitment expressed in that report, we have continued to monitor developments in the 81 areas we identified. In a companion publication, *Follow-up on 2011 Report: Status of Actions Taken to Reduce Duplication, Overlap, and Fragmentation, Save Tax Dollars, and Enhance Revenue*,[3] which we are releasing concurrently with this report, we describe the extent to which progress has been made to address the actions we identified a year ago. In summary, GAO's specific assessment of progress as of February 10, 2012, showed that 4

[1]Pub. L. No. 111-139, § 21, 124 Stat. 29 (2010), 31 U.S.C. § 712 Note.

[2]GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

[3]GAO, *Follow-up on 2011 Report: Status of Actions Taken to Reduce Duplication, Overlap, and Fragmentation, Save Tax Dollars, and Enhance Revenue*, GAO-12-453SP (Washington, D.C.: Feb. 28, 2012).

(or 5 percent) of the 81 areas GAO identified were addressed; 60 (or 74 percent) were partially addressed; and 17 (or 21 percent) were not addressed.[4] In addition, the Office of Management and Budget (OMB) instructed agencies to consider areas of duplication or overlap identified by GAO and others in their fiscal year 2013 budget submissions and management plans.

What GAO Found

This report is divided into two sections. Section I presents 32 areas in which we found evidence of duplication, overlap, or fragmentation among federal government programs. Section II of this report summarizes 19 additional opportunities for agencies or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collections for the Treasury.

To find areas where duplication might exist, GAO's work begins, in many cases, by identifying fragmentation—that is, those circumstances in which more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national interest. In some instances of fragmentation, we find overlap—that is, programs that have similar goals, devise similar strategies and activities to achieve those goals, or target similar users. Duplication occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries. In many cases, the existence of unnecessary duplication, overlap, or fragmentation can be difficult to estimate with precision due to a lack of data on programs and activities.

Where information has not been available that would provide conclusive evidence of duplication, overlap, or fragmentation, we often refer to "potential duplication," and where appropriate we suggest actions that agencies or Congress could take to either reduce that potential or to improve the accuracy and accessibility of information about program operations, performance, and results. In some instances of duplication, overlap, or fragmentation, it may be appropriate for multiple agencies or entities to be involved in the same programmatic or policy area due to the nature or magnitude of the federal effort. However, the areas discussed in

[4] An issue area was considered "addressed" if all actions needed in that area were addressed; "partially addressed" if at least one action needed in that area showed some progress toward implementation, but not all actions were addressed; and "not addressed" if none of the actions needed in that area were addressed.

the first section of this report identify instances where multiple government programs or activities have led to inefficiencies, and we determined that greater efficiencies or effectiveness might be achievable. Further, we have expanded the scope of our work this year to look for areas where a mix of federal approaches is used, such as tax expenditures, direct spending, and federal grant or loan programs.

Among the 32 areas where we found evidence of duplication, overlap, or fragmentation, this report describes a range of conditions. As the “Actions Needed” presented in this report show, addressing our varied findings will require careful deliberation and tailored, well-crafted solutions.

We have found that agencies can often realize a range of benefits, such as improved customer service, decreased administrative burdens, and cost savings from addressing the issues we raise in this report. Cost savings related to reducing or eliminating duplication, overlap, and fragmentation can be difficult to estimate in some cases because the portion of agency budgets devoted to certain programs or activities is often not clear. In addition, the implementation costs that might be associated with consolidating programs, establishing collaboration mechanisms, or reducing activities, facilities, or personnel, among other variables, are difficult to estimate, or needed information on program performance or costs is not readily available.

Section II of this report summarizes 19 additional opportunities for agencies or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collections for the Treasury. Collectively, this report shows that, if actions are taken to address the issues raised herein, as well as those from our 2011 report, the government could potentially save tens of billions of dollars annually, depending on the extent of actions taken.

GPRA Modernization Act Provides Opportunities to Address Duplication, Overlap, and Fragmentation

Many federal efforts, including those related to protecting food and agriculture, providing homeland security, and ensuring a well trained and educated workforce, transcend more than one agency, yet agencies face a range of challenges and barriers when they attempt to work collaboratively. Both Congress and the Executive Branch have recognized this, and in January 2011, the GPRA Modernization Act of 2010 (the Act) was enacted, updating the almost two-decades-old Government Performance and Results Act.[5] The Act establishes a new framework aimed at taking a more crosscutting and integrated approach to focusing on results and improving government performance. Effective implementation of the Act could play an important role in clarifying desired outcomes, addressing program performance spanning multiple organizations, and facilitating future actions to reduce unnecessary duplication, overlap, and fragmentation.

The Act requires OMB to coordinate with agencies to establish outcome-oriented goals covering a limited number of crosscutting policy areas as well as goals to improve management across the federal government, and to develop a governmentwide performance plan for making progress toward achieving those goals. The performance plan is to, among other things, identify the agencies and federal activities—including spending programs, tax expenditures, and regulations—that contribute to each goal, and establish performance indicators to measure overall progress toward these goals as well as the individual contribution of the underlying agencies and federal activities. The President's budget for fiscal year 2013 includes 14 such crosscutting goals. Aspects of several of these goals—including Science, Technology, Engineering, and Math (STEM) Education, Entrepreneurship and Small Businesses, Job Training, Cybersecurity, Information Technology Management, Procurement and Acquisition Management, and Real Property Management—are discussed in this report or in our March 2011 report. The Act also requires similar information at the agency level. Each agency is to identify the various federal organizations and activities—both within and external to the agency—that contribute to its goals, and describe how the agency is working with other agencies to achieve its goals as well as any relevant crosscutting goals. OMB officials stated that their approach to responding to this requirement will address fragmentation among federal programs.

[5] Pub. L. No. 111-352, 124 Stat. 3866 (2011); Pub. L. No. 103-62, 107 Stat. 285 (1993).

These requirements provide a much needed basis for more fully integrating a wide array of potentially duplicative, overlapping, or fragmented federal activities as well as a cohesive perspective on the long-term goals of the federal government focused on priority policy areas. It could also be a valuable tool for decision makers when reexamining existing programs and considering proposals for new programs.

GAO's Systematic Examination of Federal Programs and Activities

This annual report is based upon work conducted for completed GAO products and certain ongoing audits, which were conducted in accordance with generally accepted government auditing standards or with our Quality Assurance Framework as appropriate. For issues based on GAO work that has not yet been published or those that update prior GAO work, we provide additional information on the methodologies used in that ongoing work or update in the section of each issue area titled "How GAO Conducted Its Work." For additional information on our approach to preparing the overall report, see appendix II.

Appendix III includes lists of federal programs or other activities related to issues in this report, and their fiscal year 2010 obligations data, where such information was available.[6] Where information is being reported on for the first time in this report, GAO sought comments from the agencies involved and incorporated those comments as appropriate. In most cases, agencies provided technical comments. Written comments are reproduced in appendix IV.

While the areas identified in our annual reports are not intended to represent the full universe of duplication, overlap, or fragmentation within the federal government, we will have conducted a systematic examination across the federal government to identify major instances of potential duplication, overlap, and fragmentation governmentwide by the time we issue our third annual report in fiscal year 2013.[7] This examination involves a multiphased approach. First, to identify potential areas of

[6]For some issue areas, agencies were not able to readily provide programmatic information. Similarly, in some cases, we did not report budgetary information because such information was either not available or not sufficiently reliable.

[7]The statutory requirement calling for this report also asked GAO to identify specific areas where Congress may wish to cancel budget authority it has previously provided—a process known as rescission. To date, GAO's work has not identified a basis for proposing specific funding rescissions.

overlap, we examined the major budget functions and subfunctions of the federal government as identified by OMB. This was particularly helpful in identifying issue areas involving multiple government agencies. Second, GAO subject matter experts examined key missions and functions of federal agencies—or organizations within large agencies—using key agency documents, such as strategic plans, agency organizational charts, and mission and function documents. This further enabled us to identify areas where multiple agencies have similar goals, or where multiple organizations within federal agencies are involved in similar activities. Next, we canvassed a wide range of published sources—such as congressional hearings and reports by the Congressional Budget Office, OMB, various government audit agencies, and private think tanks—that addressed potential issues of duplication, overlap, and fragmentation. Lastly, we have work under way or planned in the coming year to evaluate major instances of duplication, overlap, or fragmentation that we have not yet covered in our first two annual reports.

This report was prepared under the coordination of Janet St. Laurent, Managing Director, Defense Capabilities and Management, who may be reached at (202) 512-4300, or stlaurentj@gao.gov; and Zina Merritt, Director, Defense Capabilities and Management, who may be reached at (202) 512-4300 or merrittz@gao.gov. Specific questions about individual issues may be directed to the area contact listed at the end of each summary.

Gene L. Dodaro
Comptroller General
of the United States

Report at a Glance

This report presents 51 areas where programs may be able to achieve greater efficiencies or become more effective in providing government services. The findings in this report involve a wide range of government missions and touch on virtually all major federal departments and agencies.

Section I of this report presents 32 areas in which we found evidence of duplication, overlap, or fragmentation among federal government programs.

Table 1: Duplication, Overlap, and Fragmentation Areas Identified in This Report

Mission	Areas Identified	Page
Agriculture	1. **Protection of Food and Agriculture**: Centrally coordinated oversight is needed to ensure nine federal agencies effectively and efficiently implement the nation's fragmented policy to defend the food and agriculture systems against potential terrorist attacks and major disasters.	14
Defense	2. **Electronic Warfare**: Identifying opportunities to consolidate Department of Defense airborne electronic attack programs could reduce overlap in the department's multiple efforts to develop new capabilities and improve the department's return on its multibillion-dollar acquisition investments.	21
	3. **Unmanned Aircraft Systems**: Ineffective acquisition practices and collaboration efforts in the Department of Defense unmanned aircraft systems portfolio creates overlap and the potential for duplication among a number of current programs and systems.	26
	4. **Counter-Improvised Explosive Device Efforts**: The Department of Defense continues to risk duplication in its multibillion-dollar counter Improvised Explosive Device efforts because it does not have a comprehensive database of its projects and initiatives.	33
	5. **Defense Language and Culture Training**: The Department of Defense needs a more integrated approach to reduce fragmentation in training approaches and overlap in the content of training products acquired by the military services and other organizations.	39
	6. **Stabilization, Reconstruction, and Humanitarian Assistance Efforts**: Improving the Department of Defense's evaluations of stabilization, reconstruction, and humanitarian assistance efforts, and addressing coordination challenges with the Department of State and the U.S. Agency for International Development, could reduce overlapping efforts and result in the more efficient use of taxpayer dollars.	45
Economic development	7. **Support for Entrepreneurs**: Overlap and fragmentation among the economic development programs that support entrepreneurial efforts require OMB and other agencies to better evaluate the programs and explore opportunities for program restructuring, which may include consolidation, within and across agencies.	52
	8. **Surface Freight Transportation**: Fragmented federal programs and funding structures are not maximizing the efficient movement of freight.	62
Energy	9. **Department of Energy Contractor Support Costs**: The Department of Energy should assess whether further opportunities could be taken to streamline support functions, estimated to cost over $5 billion, at its contractor-managed laboratory and nuclear production and testing sites, in light of contractors' historically fragmented approach to providing these functions.	69
	10. **Nuclear Nonproliferation**: Comprehensive review needed to address strategic planning limitations and potential fragmentation and overlap concerns among programs combating nuclear smuggling overseas.	73
General government	11. **Personnel Background Investigations**: The Office of Management and Budget should take action to prevent agencies from making potentially duplicative investments in electronic case management and adjudication systems.	79

Mission	Areas Identified	Page
	12. **Cybersecurity Human Capital**: Governmentwide initiatives to enhance cybersecurity workforce in the federal government need better structure, planning, guidance, and coordination to reduce duplication.	84
	13. **Spectrum Management**: Enhanced coordination of federal agencies' efforts to manage radio frequency spectrum and an examination of incentive mechanisms to foster more efficient spectrum use may aid regulators' attempts to jointly respond to competing demands for spectrum while identifying valuable spectrum that could be auctioned for commercial use, thereby generating revenues for the U.S. Treasury.	89
Health	14. **Health Research Funding**: The National Institutes of Health, Department of Defense, and Department of Veterans Affairs can improve sharing of information to help avoid the potential for unnecessary duplication.	96
	15. **Military and Veterans Health Care**: The Departments of Defense and Veterans Affairs need to improve integration across care coordination and case management programs to reduce duplication and better assist servicemembers, veterans, and their families.	102
Homeland security/Law enforcement	16. **Department of Justice Grants**: The Department of Justice could improve how it targets nearly $3.9 billion to reduce the risk of potential unnecessary duplication across the more than 11,000 grant awards it makes annually.	110
	17. **Homeland Security Grants**: The Department of Homeland Security needs better project information and coordination among four overlapping grant programs.	120
	18. **Federal Facility Risk Assessments**: Agencies are making duplicate payments for facility risk assessments by completing their own assessments, while also paying the Department of Homeland Security for assessments that the department is not performing.	128
Information technology	19. **Information Technology Investment Management**: The Office of Management and Budget, and the Departments of Defense and Energy need to address potentially duplicative information technology investments to avoid investing in unnecessary systems.	132
International affairs	20. **Overseas Administrative Services**: U.S. government agencies could lower the administrative cost of their operations overseas by increasing participation in the International Cooperative Administrative Support Services system and by reducing reliance on American officials overseas to provide these services.	139
	21. **Training to Identify Fraudulent Travel Documents**: Establishing a formal coordination mechanism could help reduce duplicative activities among seven different entities that are involved in training foreign officials to identify fraudulent travel documents.	146
Science and the environment	22. **Coordination of Space System Organizations**: Fragmented leadership has led to program challenges and potential duplication in developing multibillion-dollar space systems.	150
	23. **Space Launch Contract Costs**: Increased collaboration between the Department of Defense and the National Aeronautics and Space Administration could reduce launch contracting duplication.	157
	24. **Diesel Emissions**: Fourteen grant and loan programs at the Department of Energy, Department of Transportation, and the Environmental Protection Agency, and three tax expenditures fund activities that have the effect of reducing mobile source diesel emissions; enhanced collaboration and performance measurement could improve these fragmented and overlapping programs.	162
	25. **Environmental Laboratories**: The Environmental Protection Agency needs to revise its overall approach to managing its 37 laboratories to address potential overlap and fragmentation and more fully leverage its limited resources.	169
	26. **Green Building**: To evaluate the potential for overlap or fragmentation among federal green building initiatives, the Department of Housing and Urban Development, the Department of Energy, and the Environmental Protection Agency should lead other federal agencies in collaborating on assessing their investments in more than 90 initiatives to foster green building in the nonfederal sector.	175
Social services	27. **Social Security Benefit Coordination**: Benefit offsets for related programs help reduce the potential for overlapping payments but pose administrative challenges.	180
	28. **Housing Assistance**: Examining the benefits and costs of housing programs and tax expenditures that address the same or similar populations or areas, and potentially consolidating them, could help mitigate overlap and fragmentation and decrease costs.	185

Mission	Areas Identified	Page
Training, employment, and education	29. **Early Learning and Child Care**: The Departments of Education and Health and Human Services should extend their coordination efforts to other federal agencies with early learning and child care programs to mitigate the effects of program fragmentation, simplify children's access to these services, collect the data necessary to coordinate operation of these programs, and identify and minimize any unwarranted overlap and potential duplication.	193
	30. **Employment for People with Disabilities**: Better coordination among 50 programs in nine federal agencies that support employment for people with disabilities could help mitigate program fragmentation and overlap, and reduce the potential for duplication or other inefficiencies.	203
	31. **Science, Technology, Engineering, and Mathematics Education**: Strategic planning is needed to better manage overlapping programs across multiple agencies.	214
	32. **Financial Literacy**: Overlap among financial literacy activities makes coordination and clarification of roles and responsibilities essential, and suggests potential benefits of consolidation.	221

Section II of this report summarizes 19 additional opportunities for agencies or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collections for the Treasury.

Table 2: Other Cost Savings or Revenue Enhancement Opportunities Identified in This Report

Mission	Areas Identified	Page
Defense	33. **Air Force Food Service:** The Air Force has opportunities to achieve millions of dollars in cost savings annually by reviewing and renegotiating food service contracts, where appropriate, to better align with the needs of installations.	229
	34. **Defense Headquarters:** The Department of Defense should review and identify further opportunities for consolidating or reducing the size of headquarters organizations.	233
	35. **Defense Real Property:** Ensuring the receipt of fair market value for leasing underused real property and monitoring administrative costs could help the military services' enhanced use lease programs realize intended financial benefits.	239
	36. **Military Health Care Costs:** To help achieve significant projected cost savings and other performance goals, DOD needs to complete, implement, and monitor detailed plans for each of its approved health care initiatives.	243
	37. **Overseas Defense Posture:** The Department of Defense could reduce costs of its Pacific region presence by developing comprehensive cost information and re-examining alternatives to planned initiatives.	250
	38. **Navy's Information Technology Enterprise Network:** Better informed decisions are needed to ensure a more cost-effective acquisition approach for the Navy's Next Generation Enterprise Network.	255
Economic development	39. **Auto Recovery Office:** Unless the Secretary of Labor can demonstrate how the Auto Recovery Office has uniquely assisted auto communities, Congress may wish to consider prohibiting the Department of Labor from spending any of its appropriations on the Auto Recovery Office and instead require that the department direct the funds to other federal programs that provide funding directly to affected communities.	259
Energy	40. **Excess Uranium Inventories:** Marketing the Department of Energy's excess uranium could provide billions in revenue for the government.	264
General government	41. **General Services Administration Schedules Contracts Fee Rates:** Re-evaluating fee rates on the General Services Administration's Multiple Award Schedules contracts could result in significant cost savings governmentwide.	269
	42. **U.S. Currency:** Legislation replacing the $1 note with a $1 coin would provide a significant financial benefit to the government over time.	273
	43. **Federal User Fees:** Regularly reviewing federal user fees and charges can help the Congress and federal agencies identify opportunities to address inconsistent federal funding approaches and enhance user financing, thereby reducing reliance on general fund appropriations.	278

Table 3: Appendixes

Abbreviations

Auto Recovery Office	Office of Recovery for Auto Communities and Workers
ATA	Anti-Terrorism Assistance
ATAT	abusive tax avoidance transaction
BEDI	Brownfields Economic Development Initiative
CBO	Congressional Budget Office
CBP	U.S. Customs and Border Protection
CCDF	Child Care and Development Fund
CDBG	Community Development Block Grant
CERP	Commander’s Emergency Response Program
CIO	Chief Information Officer
CMS	Centers for Medicare & Medicaid Services
Commerce	Department of Commerce
COPS	Community Oriented Policing Services
DHS	Department of Homeland Security
DI	Disability Insurance
DOD	Department of Defense
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DOT	Department of Transportation
Education	Department of Education
Energy	Department of Energy
EPA	Environmental Protection Agency
EUL	enhanced use lease
FCC	Federal Communications Commission
FECA	Federal Employees Compensation Act
Federal Reserve	Board of Governors of the Federal Reserve System
FEMA	Federal Emergency Management Agency
FHA	Federal Housing Administration
FMS	U.S. Foreign Military Sales
FPS	Federal Protective Service
FRCP	Federal Recovery Coordination Program
GM	General Motors
GPRA	Government Performance and Results Act
GPRAMA	GPRA Modernization Act of 2010
GPS	Global Positioning System
GSA	General Services Administration
HHS	Department of Health and Human Services
HSPD-9	Homeland Security Presidential Directive-9
HUD	Department of Housing and Urban Development
ICASS	International Cooperative Administrative Support Services
ICE	Immigration and Customs Enforcement
IDR	Integrated Data Repository
IED	improvised explosive device
IPC	Interagency Policy Committee
IRAC	Interdepartment Radio Advisory Committee
IRS	Internal Revenue Service
ISC	Interagency Security Committee
IT	information technology
IWG	interagency working group
JAG	Edward Byrne Memorial Justice Assistance Grant
JIEDDO	Joint IED Defeat Organization

Justice	Department of Justice
MALD-J	Miniature Air Launched Decoy-Jammer
MAS	Multiple Award Schedules
MOU	memorandum of understanding
NASA	National Aeronautics and Space Administration
Navy	Department of the Navy
NGEN	Next Generation Enterprise Network
NIH	National Institutes of Health
NIST	National Institute of Standards and Technology
NNSA	National Nuclear Security Administration
NOAA	National Oceanic and Atmospheric Administration
NPOESS	National Polar-orbiting Operational Environmental Satellite System
NRO	National Reconnaissance Office
NSC	National Security Council
NSTC	National Science and Technology Council
NTIA	National Telecommunications and Information Administration
OJP	Office of Justice Programs
OMB	Office of Management and Budget
One PI	One Program Integrity
OPM	Office of Personnel Management
ORD	Office of Research and Development
OSTP	Office of Science and Technology Policy
OVW	Office on Violence Against Women
PTSD	post-traumatic stress disorder
RAMP	Risk Assessment and Management Program
RCP	Recovery Coordination Program
RHS	Rural Housing Service
SBA	Small Business Administration
SSA	Social Security Administration
SSI	Supplemental Security Income
State	Department of State
STEM	Science, Technology, Engineering, and Mathematics
Treasury	Department of the Treasury
TSA	Transportation Security Administration
UAS	unmanned aircraft system
ULA	United Launch Alliance
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
VA	Department of Veterans Affairs
Wi-Fi	wireless fidelity

Section I: Areas in Which GAO Has Identified Duplication, Overlap, or Fragmentation

This section presents 32 areas in which we found evidence of duplication, overlap, or fragmentation among federal government programs.

1. Protection of Food and Agriculture

Centrally coordinated oversight is needed to ensure nine federal agencies effectively and efficiently implement the nation’s fragmented policy to defend the food and agriculture systems against potential terrorist attacks and major disasters.

Why This Area Is Important

Agriculture is critical to public health and the nation’s economy. It annually produces $300 billion worth of food and other farm products, provides a major foundation for prosperity in rural areas, and is estimated to be responsible for 1 out of every 12 U.S. jobs. As a result, any natural or deliberate disruption of the agriculture or food production systems can present a serious threat to the national economy and human health. Recognizing the vulnerability of the U.S. food and agriculture systems, the President issued Homeland Security Presidential Directive-9 (HSPD-9) in January 2004 to establish a national policy to defend the food and agriculture systems against terrorist attacks, major disasters, and other emergencies. HSPD-9 assigns more than nine federal agencies various responsibilities to enhance the nation’s preparedness for food and agriculture emergencies.

What GAO Found

For many years, GAO has reported that federal oversight of food safety is fragmented and results in inconsistent oversight, ineffective coordination, and inefficient use of resources. In 2007, GAO added food safety to its list of high-risk areas that warrant attention by Congress and the executive branch. More recently GAO found that this fragmentation extends to the responsibilities across multiple agencies to defend food and agricultural systems against terrorist attacks and natural disasters. (See the table below for information on agencies’ roles and responsibilities under HSPD-9.) Many of these activities are everyday functions or part of the broader food and agriculture defense initiative and would be difficult for the agencies to separately quantify.

Federal Agency Roles and Responsibilities for Food and Agriculture Defense as Defined by HSPD-9

Agency responsibilities	Department of Homeland Security	Department of Agriculture	Department of Health and Human Services	Environmental Protection Agency	Department of the Interior	Department of Justice	Department of Education	Central Intelligence Agency	White House Office of Science and Technology Policy	Other
Awareness and Warning										
Develop surveillance and monitoring systems for animal, plant, and wildlife disease, as well as food, public health, and water quality for early detection and awareness of disease, pest, or poisonous agents		●	●	●	●					●
Develop systems to track specific animals and plants, as well as specific commodities and food		●	●	●	●					●
Develop nationwide laboratory networks for food, veterinary, plant health, and water quality that are interconnected and standardized		●	●	●	●					●
Develop and enhance intelligence operations and analysis capabilities for agriculture, food, and water sectors	●	○	○	○		●		●		
Develop new biological threat awareness capacity to enhance detection and characterization of an attack	●	○	○	○						○
Vulnerability Assessments										
Expand and continue vulnerability assessments of the agriculture and food sectors	●	●	●							
Mitigation Strategies										
Prioritize, develop, and implement mitigation strategies to protect vulnerable critical production nodes from the introduction of diseases, pests, or poisonous agents	●	○	○	○		●		○		○
Expand development of common screening procedures for agriculture and food items entering the United States and maximize effective domestic inspection activities for food items within the United States	●	●	●							
Response and Recovery										
Develop a National Veterinary Stockpile containing sufficient amounts of animal vaccine, antiviral, or therapeutic products to respond to the most damaging animal diseases affecting human health and the economy	○	●	○	○						
Develop a National Plant Disease Recovery System capable of responding to a high-consequence plant disease with pest control measures and the use of resistant seed varieties	○	●	○	○						
Enhance recovery systems to stabilize agriculture production, the food supply, and the economy, including disposal and decontamination procedures	○	●	●	○						

	Department of Homeland Security	Department of Agriculture	Department of Health and Human Services	Environmental Protection Agency	Department of the Interior	Department of Justice	Department of Education	Central Intelligence Agency	White House Office of Science and Technology Policy	Other
Response and Recovery (continued)										
Study and make recommendations to the Homeland Security Council for the use of financial risk management tools for self-protection of food and agriculture enterprises vulnerable to losses due to terrorism		●								
Ensure adequate federal, state, and local response capabilities to respond quickly and effectively to a terrorist attack, major disease outbreak, or other disaster affecting the national agriculture or food infrastructure	●	○	○	○		○				
Develop a coordinated agriculture and food-specific standardized response plan to be integrated into the National Response Plan[a]	●	○	○	○		○				
Outreach and Professional Development										
Establish an effective information sharing and analysis mechanism for agriculture and food in cooperation with appropriate private sector entities	●	○	○							○
Develop and promote higher education programs for the protection of animal, plant, and public health	○	●	●				○			
Develop and promote higher education programs to address protection of the food supply	○	●	●				○			
Establish opportunities for professional development and specialized training in agriculture and food protection	●	●	●							
Research and Development										
Accelerate and expand development of countermeasures against the intentional introduction or natural occurrence of catastrophic animal, plant, and zoonotic diseases	●	●	●	●					○	●
Develop a plan to provide safe, secure, and state-of-the-art agriculture biocontainment laboratories to research and develop diagnostic capabilities for foreign animal and zoonotic diseases	●	●								
Establish university-based centers of excellence in agriculture and food security	●	○	○							
Budget										
Submit an integrated budget plan for defense of the U.S. food system	●	●	●							

● Primary Responsibility for Task Execution ○ Support Task Execution

Source: GAO analysis of HSPD-9.

[a]The National Response Plan was replaced by the National Response Framework in 2008.

As GAO reported in August 2011, there is no centralized coordination to oversee the federal government's overall progress in implementing the nation's food and agriculture defense policy. Because the responsibilities outlined in this policy (HSPD-9) are fragmented and cut across at least nine different agencies, centralized oversight is important to ensure that efforts are coordinated to overcome this fragmentation, efficiently use scarce funds, and promote the overall effectiveness of the federal government.

Previously, the White House Homeland Security Council conducted some coordinated activities to oversee federal agencies' HSPD-9 implementation by gathering information from agencies about their progress. In 2008, it tasked the Department of Homeland Security (DHS) with creating an online forum intended to enable agencies to share information that coordinated their HSPD-9 efforts, allowing the Council to efficiently view agencies' implementation progress in a consistent manner. However, these efforts are no longer ongoing. Officials from the U.S. Departments of Agriculture (USDA), Homeland Security, Health and Human Services (HHS) and the Environmental Protection Agency (EPA) told us that the Homeland Security Council's efforts were valuable. For example, officials from EPA told us it was valuable to interact with other agencies regarding HSPD-9 efforts, HHS officials found the Homeland Security Council's consolidation of information across multiple agencies to be useful. Officials from EPA noted that although the Homeland Security Council's and DHS's oversight roles have not been consistent for the past few years, EPA and other agencies have used multi-agency working groups to coordinate food and agriculture emergency activities.[1] It is unclear why the Homeland Security Council no longer gathers such information, but officials from DHS noted that interest from agencies and the Homeland Security Council has decreased, and as of late 2008 or early 2009, they no longer coordinate agencies' reporting of their HSPD-9 implementation progress. Top-level review can help ensure that management's directives are carried out and determine if agencies are effectively and efficiently using resources.

Moreover, without centrally coordinated oversight, agencies may not have sufficient direction for prioritizing responsibilities, and they may not have sufficient incentive to monitor progress internally. For example, GAO found that USDA does not have a departmentwide strategy for prioritizing and allocating resources to its numerous HSPD-9 responsibilities. According to USDA officials, because food and agriculture defense has not been a primary focus in recent years for the National Security Staff—which supports the White House Homeland Security Council under the current administration—USDA has been less focused on HSPD-9 oversight and has prioritized other, more recently directed activities. Instead, USDA assigned its responsibilities to its component agencies based on their statutory authority and expertise and allowed individual agencies to set their implementation and budget priorities.

However, USDA agencies are facing various challenges carrying out these responsibilities. For example, from 2005 through 2010, USDA's

[1]In 2005, GAO reported that, since the terrorist attacks of 2001, agencies had formed numerous working groups to protect agriculture. For example, DHS created a Food and Agriculture Sector Coordinating Council to help the federal government and industry share ideas about how to mitigate the risk of an attack on agriculture. See GAO, *Homeland Security: Much Is Being Done to Protect Agriculture from a Terrorist Attack, but Important Challenges Remain,* GAO-05-214 (Washington, D.C.: Mar. 8, 2005).

Agricultural Research Service allocated approximately $10.6 million to develop a system—the National Plant Disease Recovery System—to help the nation recover from plant disease outbreaks that could devastate the nation's production of economically important crops. A major part of this effort involved developing recovery plans that identified critical research gaps; however, the Agricultural Research Service does not have a documented, systematic process to monitor the extent to which research gaps are filled, calling into question the efficient use of these funds. In addition, from 2006 through 2010, USDA's Animal and Plant Health Inspection Service allocated approximately $33 million (including about $18 million in supplemental funding) to develop the National Veterinary Stockpile—a stockpile containing resources to respond to the 17 most damaging animal diseases affecting human health and the economy. HSPD-9 calls for the National Veterinary Stockpile to leverage where appropriate the mechanisms and infrastructure that have been developed for HHS's Strategic National Stockpile—which contains medical supplies to address public health emergencies. Although there has been some collaboration, there appears to be confusion about the mission and capabilities of the stockpiles that could hinder USDA's and HHS's efforts to identify leveraging opportunities. Unless resolved, the agencies may be missing opportunities to more efficiently use federal resources.

Because there is currently no centralized coordination to oversee agencies' HSPD-9 implementation progress, it is unclear how effectively or efficiently agencies are using resources in implementing the nation's food and agriculture defense policy. As a result, the nation may not be assured that agency efforts to protect agriculture and the food supply are well designed and effectively implemented. USDA officials told us that the department would benefit from strategic direction from the National Security Staff to help prioritize specific activities and funding decisions in this time of limited resources. GAO has previously reported that effective strategies help set priorities and allocate resources to inform decision making and help ensure accountability.[2] Such priority setting and resource allocation is especially important in a fiscally constrained environment.

[2]See, for example, GAO, *Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism*, GAO-04-408T (Washington, D.C.: Feb. 3, 2004).

Actions Needed and Potential Financial or Other Benefits

GAO recommended in August 2011 that to help ensure that the federal government is effectively implementing the nation's food and agriculture defense policy, the Secretary of Homeland Security should

- resume DHS's efforts to coordinate agencies' overall HSPD-9 implementation efforts.

In addition, the Homeland Security Council should direct the National Security Staff to

- establish an interagency process that would provide oversight of agencies' implementation of HSPD-9; and

- encourage agencies to participate in and contribute information to DHS's efforts to coordinate agencies' implementation of HSPD-9.

Furthermore, to ensure that USDA is fulfilling its responsibilities to protect the nation's food and agriculture systems, the Secretary of Agriculture should

- develop a departmentwide strategy for implementing its HSPD-9 responsibilities. Such a strategy would include an overarching framework for setting priorities, as well as allocating resources.

Also, to help ensure that the nation is adequately prepared to recover from high-consequence plant diseases, the Secretary of Agriculture should direct the Administrator of the Agricultural Research Service, in coordination with relevant USDA agencies, to

- develop and implement a documented, systematic process to track research gaps identified in the National Plant Disease Recovery System recovery plans and monitor progress in filling these gaps.

Moreover, to ensure the most effective use of resources and to resolve any confusion, the Secretaries of Agriculture and Health and Human Services should

- jointly determine on a periodic basis if there are appropriate opportunities for the National Veterinary Stockpile to leverage Strategic National Stockpile mechanisms or infrastructure as directed by HSPD-9. If such opportunities exist, the two agencies should formally agree upon a process for the National Veterinary Stockpile to use the identified mechanisms and infrastructure.

By taking these actions, federal decision makers will acquire critical information they need to help assess how well the nation is prepared for major emergencies and how efficiently agencies are using federal resources to prepare.

Agency Comments and GAO's Evaluation

GAO provided a draft of its August 2011 report to DHS, HHS, USDA, EPA, and the National Security Staff for review and comment. DHS, HHS, and USDA generally agreed with GAO's recommendations. In addition, in an e-mail received July 22, 2011, the National Security Staff's Deputy Legal Advisor stated that the National Security Staff agrees that a review of HSPD-9 is appropriate and that they will look for an opportunity to do so. DHS, HHS, USDA, EPA, and the National Security Staff also provided technical comments, which were incorporated as appropriate. As part of GAO's routine audit work, GAO will track agency actions to address these recommendations and report to Congress.

How GAO Conducted Its Work

This information contained in this analysis is based on findings from the products in the related GAO products section. GAO reviewed key documents and interviewed officials from USDA, DHS, HHS, and EPA because these agencies have the most responsibilities under HSPD-9. GAO also met with an official from the National Security Staff to discuss any current efforts they are coordinating to oversee agencies' HSPD-9 implementation progress.

Related GAO Products

Homeland Security: Challenges for the Food and Agriculture Sector in Responding to Potential Terrorist Attacks and Natural Disasters. GAO-11-946T. Washington, D.C.: September 13, 2011.

Homeland Security: Actions Needed to Improve Response to Potential Terrorist Attacks and Natural Disasters Affecting Food and Agriculture. GAO-11-652. Washington, D.C.: August 19, 2011.

Contact Information

For additional information about this area, contact Lisa Shames at (202) 512-3841 or shamesl@gao.gov.

2. Electronic Warfare

Identifying opportunities to consolidate Department of Defense airborne electronic attack programs could reduce overlap in the department's multiple efforts to develop new capabilities and improve the department's return on its multibillion-dollar acquisition investments.

Why This Area Is Important

Airborne electronic attack—an electronic warfare capability—involves use of aircraft to neutralize, destroy, or temporarily suppress enemy air defense and communications systems, either through destructive or disruptive means. These capabilities are increasingly important and complex as networked systems, distributed controls, and sophisticated sensors become ubiquitous in military equipment, civilian infrastructure, and commercial networks. These technological developments complicate the Department of Defense's ability to exercise control over the electromagnetic spectrum, when necessary, to support U.S. military objectives. Aircraft executing airborne electronic attack missions employ a variety of mission systems, such as electronic jamming pods, and weapons, such as antiradiation missiles and air-launched expendable decoys. These aircraft also rely on aircraft self-protection systems and defensive countermeasures for additional protection.

All four military services within the Department of Defense are separately acquiring new airborne electronic attack systems. Department of Defense investments to develop and procure new and updated airborne electronic attack systems are projected to total more than $17.6 billion from fiscal years 2007 through 2016. With the prospect of slowly growing or flat defense budgets for years to come, the department must get better returns on its weapon system investments and find ways to deliver more capability to the warfighter for less than it has in the past.

What GAO Found

GAO's ongoing review of planned airborne electronic attack systems found that the department is developing multiple systems to provide similar capabilities. Opportunities may exist for consolidating some current service-specific acquisition efforts. As GAO reported in March 2011, service-driven requirements and funding processes continue to hinder integration and efficiency and contribute to unnecessary duplication in addressing warfighter needs. In the airborne electronic attack mission area, systems in development may overlap—at least to some extent—in terms of planned mission tasks. Yet, they are being developed as individual programs by the different services. The table below highlights overlap among four systems being developed to counter irregular warfare[1] threats—one subset of airborne electronic attack. While

[1]Irregular warfare is defined as a violent struggle among state and nonstate actors for legitimacy and influence over the relevant population(s). Irregular warfare favors indirect and asymmetric approaches, though it may employ the full range of military and other capacities, in order to erode an adversary's power, influence, and will.

the host platforms for each system are different, the missions each system performs are similar.

Potential Overlap among Communication Jamming Systems Supporting Ground Forces

System name	Collaborative On-line Reconnaissance Provider Operationally Responsive Attack Link (CORPORAL)	Intrepid Tiger II	Communications Electronic Attack with Surveillance and Reconnaissance (CEASAR)	MQ-9 Reaper Electronic Attack Pod
Service sponsor	Marine Corps	Marine Corps	Army	Air Force
Host platform	RQ-7B Shadow unmanned aerial vehicle	AV-8B fixed wing aircraft[a]	C-12 fixed wing aircraft	MQ-9 Reaper unmanned aerial vehicle
Mission description	Communications jamming in support of ground forces[b]	Communications jamming and surveillance capability in support of ground forces	Denial and disruption of enemy communications systems and improvised explosive devices in support of unit-level ground commanders	Communications and improvised explosive device jamming in support of combatant commander mission needs
Estimated acquisition cost	$54.5 million	$76.8 million	$13.8 million[c]	$233.7 million

Source: GAO analysis of Department of Defense data.

[a]After the AV-8B, the Intrepid Tiger II pod will be integrated onto additional aircraft.

[b]CORPORAL also consists of other technologies that serve broader purposes.

[c]Total excludes $26.3 million in funding from the Operations and Maintenance, Army budget account through fiscal year 2013. The Army uses these funds to (1) lease two C-12 aircraft to fly the CEASAR pod and (2) fund aircraft and pod sustainment costs.

According to Department of Defense officials, airborne electronic attack limitations in recent operations, urgent needs of combatant commanders, and the desire to provide ground units with their own locally controlled assets have all contributed to the services’ decisions to develop their own systems to address irregular warfare threats.

Requirements for most of these irregular warfare systems were derived from Department of Defense urgent needs processes—activities aimed at rapidly developing, equipping, and fielding solutions and critical capabilities to the warfighter in a way that is more responsive to urgent warfighter requests than the department’s traditional acquisition procedures. As GAO reported in March 2011, the department’s urgent needs processes often lead to multiple entities responding to requests for similar capabilities, resulting in potential duplication of efforts. As military operations in Iraq and Afghanistan wind down—and the services evaluate whether to transition their current urgent needs program over to the formal weapon system acquisition process—opportunities may exist to better consolidate current program activities, such as the CORPORAL and CEASAR pod systems that are still demonstration programs whose transitions to formal acquisition programs have not yet been determined.

The potential for unnecessary duplication of efforts within the airborne electronic attack area is not limited to irregular warfare systems. Similar issues exist with airborne electronic attack systems designed to counter potential near-peer adversaries.[2] Most notably, both the Air Force and Navy are separately evaluating options for acquiring advanced jamming decoys—the Air Force through an upgrade (referred to as Increment II) to its Miniature Air Launched Decoy-Jammer (MALD-J) program, and the Navy through its planned Airborne Electronic Attack Expendable initiative.

The two services have held discussions with one another about combining efforts toward a joint solution—including a meeting between Navy and Air Force requirements offices and acquisition officials in December 2010—but they have not reached resolution on a common path forward. According to Navy officials, relatively minor design and software modifications to the Air Force's planned MALD-J Increment II system could produce a system that satisfies both services' mission requirements. However, Air Force officials stated that accommodating the Navy's mission requirements within the system would increase program costs and delay planned fielding of the Increment II system, essentially rendering the current program unexecutable. Subsequently, Air Force officials stated that unless MALD-J Increment II, as currently configured, sufficiently meets Navy requirements, they do not expect the Navy to have any formal role in the program. In July 2011, the Air Force suspended MALD-J Increment II because of future funding shortfalls. This pause in the program affords an opportunity for continued dialogue between the two services as to potential benefits and drawbacks to the pursuit of a common acquisition solution.

On the other hand, the services have shown in some instances that they can share information across the different efforts. For example, Marine Corps decisions to reuse jammer technologies from CORPORAL for Intrepid Tiger II have driven significant commonality in hardware and software for these systems, which program officials state has reduced technical challenges and produced cost savings.

Pursuing multiple separate acquisition efforts to develop similar capabilities within the airborne electronic attack mission area can lead to insufficient use of resources and may contribute to other warfighting needs going unfilled. Leveraging resources and acquisition efforts across services can simplify developmental efforts, improve interoperability among systems, and decrease operations and support costs—outcomes that position the department to maximize the returns it gets on its airborne electronic attack investments.

[2]Potential near-peer adversaries include countries capable of waging large scale conventional war on the United States. These nation-states are characterized as having nearly comparable diplomatic, informational, military, and economic capacity to the United States.

Actions Needed and Potential Financial or Other Benefits

To ensure investments in airborne electronic attack systems are cost-effective and to prevent unnecessary overlap, GAO expects to recommend that the Secretary of Defense

- review the capabilities provided by the Marine Corps's Intrepid Tiger II pod and CORPORAL, Army's CEASAR, and Air Force MQ-9 Reaper Electronic Attack Pod systems and identify opportunities for consolidating these different efforts, as appropriate; and

- assess Air Force and Navy plans for developing and acquiring new expendable jamming decoys, specifically those services' MALD-J Increment II and Airborne Electronic Attack Expendable initiatives, to determine if these activities should be merged.

Department of Defense analysis of airborne electronic attack programs—both current and planned—could reduce duplication of similar acquisition initiatives and improve efficiencies. More analysis is needed by the department to determine the potential for cost savings.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to the Department of Defense for review and comment. The department provided technical comments, which were incorporated as appropriate. In its comments, the department noted that the Army and Marine Corps have held high-level discussions to collaborate on the CEASAR, Intrepid Tiger II, and CORPORAL programs. According to the department, discussions to share hardware and software technology are ongoing—an arrangement that, if implemented, could result in significant cost avoidance—but talks have not yet yielded a design or set of requirements agreeable to both services. As part of GAO's routine audit work, GAO will track agency actions to address these expected recommendations and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section and additional work GAO conducted to be published as a separate product in 2012.
GAO reviewed program documentation to identify planned capabilities, technical challenges, and anticipated costs for key systems. GAO also analyzed Department of Defense documents outlining airborne electronic attack-related mission requirements and acquisition needs and reviewed platform-specific capabilities documents, service roadmaps, and budget documents, which together provided insight on the department's overall strategy for acquiring airborne electronic attack capabilities. GAO conducted interviews with relevant Department of Defense officials responsible for managing airborne electronic attack requirements and programs.

Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

Warfighter Support: DOD's Urgent Needs Processes Need a More Comprehensive Approach and Evaluation for Potential Consolidation. GAO-11-273. Washington, D.C.: March 1, 2011.

Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue. GAO-11-318SP. Washington, D.C.: March 1, 2011.

Contact Information

For additional information about this area, contact Michael J. Sullivan at (202) 512-4841 or sullivanm@gao.gov.

3. Unmanned Aircraft Systems

Ineffective acquisition practices and collaboration efforts in the Department of Defense unmanned aircraft systems portfolio creates overlap and the potential for duplication among a number of current programs and systems.

Why This Area Is Important

The Department of Defense (DOD) estimates that the cost of current unmanned aircraft systems (UAS) acquisition programs and related systems will exceed $37.5 billion in fiscal years 2012 through 2016.[1] These programs and systems can be found across DOD and the military services (Air Force, Army, Navy, and Marine Corps). The continued success of UAS on the battlefield has led to greatly increased demand from warfighters and the development of many new systems. Further, in announcing the department's new budget priorities, the Secretary of Defense highlighted various current and planned unmanned systems that are considered to be high-priority in terms of meeting the requirements of the new strategic guidance.

In 2009, GAO's work highlighted the need to consider commonality in UAS—using the same or interchangeable subsystems and components in more than one subsystem to improve interoperability of systems—and indicated that DOD lacked an analytical approach to prioritize capability needs which would reduce the likelihood of redundancies in UAS capabilities. As GAO reported in June 2011, although the Joint Requirements Oversight Council is directed to ensure that trade-offs among cost, schedule, and performance objectives are considered as part of its requirements review process, it currently does not prioritize requirements, consider redundancies across proposed programs, or prioritize and analyze capability gaps in a consistent manner. Congress has enacted legislation requiring DOD to establish a policy and acquisition strategy for more common ground stations and payloads for manned and unmanned aircraft systems.[2]

The elements of DOD's planned UAS portfolio include unmanned aircraft, payloads, and ground control stations. Unmanned aircraft are fixed or rotary winged aircraft capable of flight without an onboard crew. Payloads are subsystems and equipment carried on a UAS configured to accomplish specific missions, including intelligence, surveillance, and reconnaissance and attack. Ground control stations handle multiple mission aspects such as system command and control, mission planning, payload control, and communications.

[1]The $37.5 billion amount includes funding for the development, procurement, sustainment, military construction and personnel, and war funding to support UAS activities in then year dollars identified in the President's 2012 budget submission.

[2]Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Pub. L. No. 110-417, §144 (2008).

What GAO Found

Military service-driven requirements—rather than an effective departmentwide strategy—have led to overlap in DOD's UAS capabilities, resulting in many programs and systems being pursued that have similar flight characteristics and mission requirements. DOD currently has 15 unmanned aircraft programs which it categorizes into five groups according to weight, altitude, and speed. Groups 4 and 5 contain the largest and most expensive aircraft, with weights exceeding 1,320 pounds. Group 5 aircraft fly higher—above 18,000 feet—than Group 4 aircraft. DOD has spent almost $19 billion through fiscal year 2011 to develop and procure three aircraft in Group 5 and five aircraft in Group 4, where GAO found potential overlap, and expects to spend an additional $32.4 billion to complete these programs.

Illustrative of the overlap, in Group 5, the Navy plans to spend more than $3 billion to develop its own variant of the Air Force Global Hawk—the Broad Area Maritime Surveillance UAS—rather than using the already fielded Global Hawk. According to the Navy, its unique requirements necessitate modifications to the Global Hawk airframe, payload interfaces, and ground control station. However, the Navy program office was not able to provide quantitative analysis to justify the variant. According to program officials, no analysis was conducted to determine the cost-effectiveness of developing a new aircraft to meet the Navy's requirements versus buying more Global Hawks.

If the preference for service-unique solutions persists in the absence of a departmentwide strategy, so will the potential for overlap in the future. DOD plans to significantly expand the UAS portfolio through 2040, including five new systems in the planning stages that are expected to become formal programs in the near future.

In addition to unmanned aircraft, DOD expects to spend about $9 billion to buy 42 UAS payloads through fiscal year 2016. Each payload provides a sensor using one of three different technologies: electro-optical/infra-red, radar, and signals intelligence. For Group 4 and 5 aircraft, GAO identified overlap among numerous sensors being developed within each of the three technologies (see table below).

Overlapping Development of Sensors for UAS Payloads in Group 4 and 5 Aircraft

Sensor type	Number of programs
Electro-optical/infra-red	Four Air Force programs
	Four Army programs
	One Navy program
	Five multiservice programs
Radar	Three Air Force programs
	Two Army programs
	One Navy program
	One multiservice program
Signals intelligence	Four Air Force programs
	Two Navy programs
	Two Army programs

Source: GAO analysis of DOD data.

While the fact that some multiservice payloads are being developed shows the potential for collaboration, the service-centric requirements process still creates the potential for overlap. For example, the Army and Air Force are developing two separate signals intelligence sensors (the TSP and ASIP 2-C, respectively) that have similar capabilities to track ground communication and activity. According to a DOD-sponsored study in March 2010, the department could have saved almost $1.2 billion had the Air Force acquired the same sensor as the Army. However, since such an approach was not considered earlier in the program, DOD concluded there was not a business case for combining the programs. Instead, the study noted, the ideal time for such a decision would have been when requirements were being determined. More recently, the Navy has begun development of its own signals intelligence payload (the MCS-21) for the Broad Area Maritime Surveillance aircraft, even though the sensor's capabilities are similar to those of the Air Force and Army payloads.

Through fiscal year 2016, DOD plans to spend about $3 billion to acquire 13 ground control stations and GAO identified overlap and potential duplication among 10 of these systems. Because aircraft, payloads and control stations are usually developed together, a unique ground control station therefore exists for almost every UAS that DOD has acquired. According to a cognizant DOD official, the associated software is about 90 percent duplicative because similar software is developed for each ground control station. Even though the functionality of the software is similar, a considerable amount of additional time and money is invested in capabilities that have already been paid for and can also make it difficult and costly to modify or upgrade.

DOD has acknowledged that an open architecture framework could provide opportunities for increased competition and collaboration to satisfy requirements through common software solutions, among other areas. DOD has created a UAS control segment working group, which is chartered to increase interoperability and enable software re-use and open systems. This could allow for greater efficiency, less redundancy, and lower costs, while potentially reducing levels of contractor proprietary data that cannot be shared across UAS programs. However, existing ground control stations already have their own architecture and migration to a new service-oriented architecture will not happen until at least 2015, almost 6 years after it began.[3]

DOD has acknowledged that it has bought many UAS systems inefficiently and has begun to take steps to improve outcomes as it expands these capabilities over the next several years. DOD continues to face challenges in its ability to improve efficiency and reduce the potential for overlap and duplication as it buys UAS capabilities:

- GAO recommended in November 2008, among other things, that DOD designate a single entity to integrate all crosscutting efforts related to improving the management and operation of UAS, including to ensure that all UAS systems were designed to meet joint service requirements and interoperability standards. DOD did not agree, stating that rather than an executive agent, the combination of the UAS Task Force (created in 2007 to encourage initiatives for collaboration among the military services) and other initiatives would serve to address UAS challenges. Currently, the Task Force has no decision-making authority and cannot direct the military services' efforts to acquire UAS capabilities. As such, while the military services participate at all levels of the Task Force, they do not always fully support related initiatives and, therefore, do not achieve the potential benefits from collaboration.

- GAO recommended in July 2009 that DOD not begin new programs until evaluating systems from a multiservice perspective and take an open systems approach to product development. While DOD concurred with this recommendation, it believes current practices do not encourage duplicative systems development. However, among future UAS aircraft, the Army and Navy are planning to spend approximately $1.6 billion to acquire separate systems that are likely to have similar capabilities to meet upcoming cargo and surveillance requirements. DOD officials state that current requirements do not preclude a joint program to meet these needs, but the Army and Navy have not yet determined whether such an approach will be used.

- Despite DOD direction, although the Air Force and the Army used the same contractor to procure the Predator and Gray Eagle UAS, the programs achieved only limited success with efforts to combine

[3]In 2009, the Office of the Secretary of Defense directed the military services to develop a common control station service-oriented architecture for implementation into the military services' control stations to help acquire, integrate, and extend the capabilities of current control stations across the UAS portfolio. The Air Force has decided to implement a "complementary" architecture.

programs and missed an opportunity to potentially save hundreds of millions of dollars. The Air Force now plans to procure Reaper UAS rather than the Predator.

Actions Needed and Potential Financial or Other Benefits

To reduce the likelihood of overlap and potential duplication in its UAS portfolio, GAO has made several prior recommendations to DOD which have not been fully implemented. While DOD generally agreed with the intent of those recommendations, the department has not always agreed with the proposed method of implementation. The overlap in current UAS programs, as well as the continued potential in future programs, shows that DOD must still do more to implement GAO's prior recommendations. GAO believes the potential for savings is significant and with DOD's renewed commitment to UAS for meeting new strategic requirements, all the more imperative. Specifically, DOD should

- re-evaluate whether a single entity would be better positioned to integrate all crosscutting efforts to improve the management and operation of UAS;
- consider an objective, independent examination of current UAS portfolio requirements and the methods for acquiring future unmanned aircraft, including strategies for making these systems more common, to ensure the best return on every dollar it invests; and
- prior to initiating future unmanned aircraft programs, direct the military services to identify and document in their acquisition plans and strategies specific areas where commonality can be achieved, take an open systems approach to product development, conduct a quantitative analysis that examines the costs and benefits of various levels of commonality, and establish a collaborative approach and management framework to periodically assess and effectively manage commonality.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to DOD. DOD provided clarifications on individual program decisions and other technical comments which were incorporated as appropriate. As part of its routine audit work, GAO will track agency actions to address these recommendations and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from products listed in the related GAO products section and additional work GAO conducted. GAO comprehensively identified, to the extent possible, using a data collection instrument, DOD's UAS portfolio to analyze how DOD and the military services acquired this portfolio. GAO assessed the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics and military service UAS roadmaps, requirements, and concepts of operation. GAO conducted interviews with officials from the Joint Chiefs of Staff, the Office of the Under Secretary of Defense for

Acquisition, Technology, and Logistics, military service laboratories and program offices, as well as UAS contractors. Using these data, GAO evaluated to what extent collaboration and coordination efforts by DOD and the military services resulted in—or reduced the potential for—duplication, fragmentation, and overlap. Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

DOD Weapon Systems: Missed Trade-off Opportunities During Requirements Reviews. GAO-11-502. Washington, D.C.: June 16, 2011.

Intelligence, Surveillance, and Reconnaissance: Actions Are Needed to Increase Integration and Efficiencies of DOD's ISR Enterprise. GAO-11-465. Washington, D.C.: June 3, 2011.

Defense Acquisitions: Opportunities Exist to Achieve Greater Commonality and Efficiencies among Unmanned Aircraft Systems. GAO-09-520. Washington, D.C.: July 30, 2009.

Unmanned Aircraft Systems: Additional Actions Needed to Improve Management and Integration of DOD Efforts to Support Warfighter Needs. GAO-09-175. Washington, D.C.: November 14, 2008.

Unmanned Aircraft Systems: Advance Coordination and Increased Visibility Needed to Optimize Capabilities. GAO-07-836. Washington, D.C.: July 11, 2007.

Defense Acquisition: Better Acquisition Strategy Needed for Successful Development of the Army's Warrior Unmanned Aircraft System. GAO-06-593. Washington, D.C.: May 19, 2006.

Unmanned Aircraft Systems: New DOD Programs Can Learn from Past Efforts to Craft Better and Less Risky Acquisition Strategies. GAO-06-447. Washington, D.C.: March 15, 2006.

Unmanned Aircraft Systems: DOD Needs to More Effectively Promote Interoperability and Improve Performance Assessments. GAO-06-49. Washington, D.C.: December 13, 2005.

Unmanned Aerial Vehicles: Changes in Global Hawk's Acquisition Strategy Are Needed to Reduce Program Risks. GAO-05-6. Washington, D.C.: November 5, 2004.

Force Structure: Improved Strategic Planning Can Enhance DOD's Unmanned Aerial Vehicles Efforts. GAO-04-342. Washington, D.C.: March 17, 2004.

Defense Acquisitions: Matching Resources with Requirements Is Key to the Unmanned Combat Air Vehicle Program's Success. GAO-03-598. Washington, D.C.: June 30, 2003.

Ballistic Missile Defense: More Common Systems and Components Could Result in Cost Savings. GAO/NSIAD-99-101. Washington, D.C.: May 21, 1999.

Unmanned Vehicles: Assessment of DOD's Unmanned Aerial Vehicle Master Plan. NSIAD-89-41BR. Washington, D.C.: December 9, 1988.

Contact Information

For additional information about this area, contact Michael J. Sullivan at (202) 512-4841 or sullivanm@gao.gov.

4. Counter-Improvised Explosive Device Efforts

The Department of Defense continues to risk duplication in its multibillion-dollar counter Improvised Explosive Device efforts because it does not have a comprehensive database of its projects and initiatives.

Why This Area Is Important

The threat of improvised explosive devices (IED) continues to be a major concern in Afghanistan, as well as to other areas throughout the world with over 500 reported IED events per month worldwide outside of Southwest Asia according to Department of Defense (DOD) officials. Further, there is widespread consensus in DOD that this threat will not go away and that IEDs will continue to be a weapon of strategic influence in future conflicts. In support of the fight against IEDs, Congress has appropriated over $18 billion to the Joint IED Defeat Organization (JIEDDO)[1] from fiscal year 2006 through fiscal year 2011 to address the IED threat. In addition, other DOD components, including the military services, also have spent billions of dollars from their own funds developing counter-IED capabilities. For example, the Mine Resistant Ambush Protected Task Force, which leads DOD's efforts to produce and field Mine Resistant Ambush Protected vehicles to protect troops against IEDs and other threats, received over $40 billion from fiscal years 2005 through 2010. With the current fiscal challenges facing the nation, it will be important for DOD to coordinate its counter-IED efforts in order to use funds efficiently.

As GAO reported in March 2011, there are several examples of duplication in DOD's counter-IED efforts and neither JIEDDO nor any other DOD organization had full visibility over all of DOD's counter-IED efforts.[2] GAO also reported in February 2012 on additional examples of potential duplication in DOD's counter-IED efforts.

What GAO Found

DOD does not have full visibility over all of its counter-IED efforts. DOD relies on various sources and systems for managing its counter-IED efforts, but has not developed a process that provides DOD with a comprehensive listing of its counter-IED initiatives and activities. For example, JIEDDO has developed the JIEDDO Enterprise Management System to manage its own operations by collecting and reporting cost and

[1]This total represents appropriations and rescissions made to the Joint Improvised Explosive Device Defeat Fund for JIEDDO. Prior to the establishment of JIEDDO in 2006, no single entity was responsible for coordinating DOD's counter-IED efforts. A primary role for JIEDDO is to provide funding and assistance to rapidly develop, acquire, and field counter-IED solutions.

[2]GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue,* GAO-11-318SP (Washington, D.C.: March 1, 2011).

other information related to JIEDDO's organizational and funds management, its coordination of JIEDDO-funded projects and projects funded by other DOD activities, its administrative activities, and its own counter-IED projects. However, while this system contains information that could be used to identify individual initiatives, it does not automatically separate costs directly expended on counter-IED initiatives from JIEDDO's overhead and infrastructure costs such as facilities, contractor support, pay and benefits, and travel. Consequently, this system does not provide an automated means to comprehensively and rapidly identify and list all of JIEDDO's counter-IED initiatives. Further, even if it did collect this information, the system is limited to JIEDDO, and therefore would not include a comprehensive listing of other DOD efforts outside of JIEDDO. However, JIEDDO is currently developing a new information technology architecture and plans to develop a database for counter-IED efforts across DOD as part of this new architecture. This effort is in the conceptualization stage, and JIEDDO officials do not anticipate completion before the end of fiscal year 2012. Further, JIEDDO does not have an implementation plan that includes a detailed timeline with milestones to help track its progress in achieving this goal.

Without a comprehensive listing of counter-IED initiatives, DOD components may be unaware of the total spectrum of counter-IED efforts within the department, and thereby continue to independently pursue counter-IED efforts that focus on similar technologies and may be duplicative. GAO identified three examples of potential duplication within DOD counter-IED efforts focusing on relatively high-cost areas.

- *Counter-IED directed energy technology:* The military services have developed six systems that emit energy directed at IEDs to neutralize them.[3] DOD has spent about $104 million collectively on these efforts to date. However, given the lack of a DOD-wide counter-IED database, there could be more directed energy efforts that GAO has not identified. Concerns regarding duplication in DOD's directed energy efforts vis-à-vis counter-IEDs have risen to the highest levels within DOD's warfighter community. Specifically, the commander of U.S. Central Command, in August 2011, conveyed concern regarding issues including apparent "duplicity of (development) effort" in directed energy technology with organizations (in DOD) working different solutions. The correspondence called for coordination and cooperation by DOD on its directed energy efforts to develop a directed energy system that works in theater as quickly as possible given that the development has been under way since 2008. In response in August 2011, JIEDDO, as DOD's coordinating agency for these efforts, developed a plan and, in September 2011, brought various service program offices together to develop a solution as soon as possible. According to JIEDDO officials, the six systems will

[3]The specific capability gap addressed by this technology is classified and therefore not discussed in this report.

continue in development through fiscal year 2012, at which point, JIEDDO will determine which of the systems best satisfies U.S. Central Command's requirement. While this new approach may eliminate future unnecessary duplication of effort, earlier coordination and better visibility could have prevented duplication that may have occurred up to this point.

- *Radio-frequency jamming systems:* The Army and Navy continue to pursue separate development of counter-IED jamming systems, which provide a limited radius of protection to prevent IEDs from being triggered by an enemy's radio signals. In 2007, DOD established the Navy as the single manager and executive agent for ground-based jamming.[4] Under DOD Directive 5101.14, military services may conduct ground-based jammer research and development to satisfy military service-unique requirements if the requirements are coordinated before initiation with the DOD's single manager for jammers and, for any system or system modifications resulting from such efforts, operational technical characteristics and logistics plans are approved by the single manager. The Navy has developed a standard technology and system for ground-based jamming called JCREW I1B1, which DOD has designated as the ground-based jamming program for the entire department. However, the Army has continued to develop its own ground-based jamming system called Duke.

  In 2010, according to Navy officials, the Army continued to develop new technology for insertion into its Duke system—expected to cost about $1.062 billion when completed and installed—without notifying and coordinating with the Navy. According to Army officials, the Army is pursuing development of its own system because it intends to expand the use of this technology for purposes other than countering IEDs, such as jamming enemy command, control, and communication systems. However, according to Navy officials, the CREW system's technology has the flexibility and capacity to expand and provide the same additional functions as the Army plans for its Duke system. Moreover, according to Navy officials, the Navy's system is further along in its development. Because the Navy and Army are pursuing separate jamming systems, it is not clear if DOD is taking the most cost-effective approach. While, according to JIEDDO officials, the Office of the Secretary of Defense was considering how to resolve this issue, a decision had not been made before GAO's report was completed. Regardless of the final outcome, however, a more coordinated approach early in the process when initiating programs of this magnitude could prevent unnecessary duplication in costs and effort.

[4] *See* Department of Defense Directive 5101.14, DoD Executive Agent and Single Manager for Military Ground-Based Counter Radio-Controlled Improvised Explosive Device Electronic Warfare (CREW) Technology, ¶ 5.3.1 (June 11, 2007) (requiring the Secretary of the Navy to designate a single manager).

- *Electronic data collection systems:* According to JIEDDO officials, JIEDDO has funded the development and support of approximately 70 electronic data collection and analysis tools that overlap to some degree because they include capabilities to collect, analyze, and store data to help the warfighter combat the IED threat. Although JIEDDO recently reported that it could not verify total funding for its information technology investments,[5] GAO determined through a review of DOD financial records that the department has expended at least $184 million collectively on information technology development for its data collection and analysis tools.

  According to JIEDDO officials, JIEDDO is aware of the redundancy within these electronic tools. In April 2011, the JIEDDO Deputy Director for Information Management raised the issue of redundancy in JIEDDO's information technology systems, including its counter-IED data collection and analysis systems and tools. Consequently, since April 2011, JIEDDO has worked to eliminate overlapping information technology capabilities where feasible, including among the approximately 70 analytical tools JIEDDO has funded and developed for use in countering IED networks. For example, on July 1, 2011, JIEDDO discontinued funding for one of these initiatives—Tripwire Analytical Capability—citing as reasons the initiative's limited purpose, high cost, and duplicative capabilities.

  However, in making its decision to discontinue the Tripwire Analytical Capability, yet continue operating the other data collection and analysis tools, JIEDDO had not compared and quantified all of the potential options to streamline or consolidate these tools to create a single, collective system that includes extracting data on counter-IED efforts across DOD. As a result, JIEDDO cannot be certain it is pursuing the most advantageous approach for collecting, analyzing, storing, and using available data for combating the IED threat. Further, although JIEDDO has discontinued funding the Tripwire Analytical Capability, the Defense Intelligence Agency is continuing to develop the tool for its own use, resulting in the potential for DOD-wide duplication between the Tripwire Analytical Capability and JIEDDO's other data collection and analysis tools.

These above three examples of potential duplication are based on GAO's examination of selected efforts identified during its review of DOD's progress in developing a comprehensive DOD-wide counter-IED database. However, given the continued absence of a database and a process to identify and reduce duplication in DOD's counter-IED efforts, the potential exists for additional cases of duplication.

[5]Joint Improvised Explosive Device Defeat Organization Office of Internal Review, *Joint Improvised Explosive Device Defeat Organization: Information Technology Investment Management*, Report of Audit 2011-07-002 (September 6, 2011).

Actions Needed and Potential Financial or Other Benefits

To improve visibility of its collective counter-IED expenditures and investments, GAO has in prior years recommended that DOD develop a database of all department-wide counter-IED efforts. However, after expending billions of dollars on developing counter-IED capabilities, DOD has not made progress in establishing such a database. Consequently, GAO recommended in February 2012 that DOD should

- develop an implementation plan, including a detailed timeline with milestones to help achieve this goal; and
- develop a process to use this database once it is established to identify and reduce duplication, overlap, and fragmentation among its counter-IED initiatives.

It is essential that DOD follow-through in implementing GAO's recommendations to address the risk of duplication in its multibillion-dollar counter-IED expenditures and investments. Given that JIEDDO and other DOD organizations have spent billions of dollars on counter-IED efforts, cost savings could be significant should DOD focus on reducing duplication across its counter-IED efforts.

Agency Comments and GAO's Evaluation

GAO provided a draft of its February 2012 report to DOD for review and comment. DOD agreed with GAO's recommendation to develop an implementation plan for the establishment of DOD's counter- IED database. The department did not agree with the recommendation to develop a means to identify and reduce any duplication, overlap, and fragmentation among counter-IED initiatives, stating that it had existing processes to facilitate coordination and collaboration with the military services and across DOD, which would address this recommendation. GAO agrees that existing DOD processes such as JIEDDO's Capabilities Development Process and DOD's Senior Integration Group prioritization process can be helpful in coordinating DOD's counter-IED efforts. However, the effectiveness of these processes has been limited given that they did not prevent the instances of potential duplication GAO identified. For example, in the case of DOD's directed energy counter-IED efforts where DOD has collectively expended $104 million, the processes cited by DOD in its response did not identify and resolve the potential duplication present in these efforts. As a result the commander of U.S. Central Command, as mentioned previously, protested in writing to DOD officials about potential duplication of efforts. Without a process to use DOD's counter-IED database, once it is developed, DOD will continue to lack assurance that it is identifying and addressing instances of potential duplication before making significant investments. In finalizing its February 2012 report, GAO modified the wording of the recommendation to clarify the intent that DOD establish a process to use its counter-IED data base once it is established.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products in the related GAO products section. GAO reviewed JIEDDO databases on counter-IED efforts and interviewed DOD, military service, and JIEDDO officials to determine the degree of comprehensive visibility regarding DOD's counter-IED efforts. GAO identified and evaluated examples of potential duplication using information from interviews with DOD officials and data and documentation collected that evidenced similar capabilities and objectives among two or more counter-IED efforts.

Related GAO Products

Warfighter Support: DOD Needs Strategic Outcome-Related Goals and Visibility Over Its Counter-IED Efforts. GAO-12-280. Washington, D.C.: February 22, 2012.

Warfighter Support: DOD's Urgent Needs Processes Need a More Comprehensive Approach and Evaluation for Potential Consolidation. GAO-11-273. Washington, D.C.: March 1, 2011.

Warfighter Support: Actions Needed to Improve Visibility and Coordination of DOD's Counter-Improvised Explosive Device Efforts. GAO-10-95. Washington, D.C.: October 29, 2009.

Warfighter Support: Challenges Confronting DOD's Ability to Coordinate and Oversee Its Counter-Improvised Explosive Devices Efforts. GAO-10-186T. Washington, D.C.: October 29, 2009.

Defense Management: More Transparency Needed over the Financial and Human Capital Operations of the Joint Improvised Explosive Device Defeat Organization. GAO-08-342. Washington, D.C.: March 6, 2008.

Contact Information

For additional information about this area, contact Cary B. Russell at (404) 679-1808 or russellc@gao.gov.

5. Defense Language and Culture Training

The Department of Defense needs a more integrated approach to reduce fragmentation in training approaches and overlap in the content of training products acquired by the military services and other organizations.

Why This Area Is Important

Due to changes in the global security environment and operational experiences such as those in Afghanistan and Iraq, the Department of Defense (DOD) has emphasized the importance of developing language skills and knowledge of foreign cultures within its forces to meet the needs of current and future military operations. Traditionally, DOD has focused on its professional communities of linguists and regional experts to ensure that it has the language and culture capabilities it needs. In recent years, the department has identified the need to build these capabilities within the general purpose forces and has spent considerable time and resources to establish language- and culture-related plans, organizations, and activities.[1]

Specifically, DOD has invested millions of dollars to provide language and culture training to thousands of servicemembers, including those deploying to ongoing operations. For example, GAO estimated that DOD invested about $266 million for fiscal years 2005 through 2011 to provide general purpose forces with training support, such as classroom instruction, computer-based training, and training aids. Since 2009, GAO has reported on management challenges that DOD faces in developing language and culture capabilities, indicating that opportunities exist for DOD to approach its language and culture training efforts more efficiently.

What GAO Found

As GAO reported in May 2011, language and culture training within DOD is not provided through a single department- or servicewide program, but rather multiple DOD organizations oversee the development and acquisition of language and culture training and related products and deliver training. However, GAO has found that the department lacks an approach for integrating these efforts, which has contributed to some fragmentation of service training efforts and overlap and potential duplication in some of the language and culture training products acquired by the services.

To establish organizational responsibility for language- and culture-related efforts, DOD has established the Defense Language Office and designated Senior Language Authorities within the Office of the Secretary

[1]General purpose forces are the regular armed forces of a country, other than nuclear forces and special operations forces, that are organized, trained, and equipped to perform a broad range of missions across the range of military operations.

of Defense, the Joint Staff, and the military services.[2] Each military service has a dedicated organization that provides culture and, in some cases, language training to its respective forces, while the Defense Language Institute Foreign Language Center also provides language training to each of the services' forces. GAO also reported that the Office of the Secretary of Defense had not yet established internal mechanisms to assist the department in reaching consensus with the military services and other DOD entities on training priorities, synchronize the development of service- and departmentwide plans with the budget process, and guide efforts to monitor progress.

In the absence of an integrated approach, GAO found that DOD has not approached its language and culture training efforts in an efficient manner. In particular, DOD and the military services have not yet reached agreement on the common language and cultural skills that general purpose forces need to acquire. Without such an agreement, each military service has developed an individualized approach for language and culture training that varies in the amount, depth, and breadth of training. Moreover, DOD did not have a process to coordinate training requirements for ongoing operations, and therefore multiple organizations independently established varying language and culture training requirements. As a result, the services have expended considerable time and resources adjusting their language and culture training plans.

In addition, the military services have not fully coordinated efforts to develop and acquire language and culture training products. As a result, the services have acquired overlapping and potentially duplicative products, such as reference materials containing country- or region-specific cultural information and computer software or web-based training programs that can be used within a distributed learning training environment.[3] GAO previously reported that when assessing delivery options for training, agencies may achieve economies of scale and avoid duplication of effort by taking advantage of existing training content, such as sharable online courseware.[4] However, GAO found that departmentwide working groups existed but had not been formally designated with the responsibility to develop training products that can be

[2] The Defense Language Office, within the Office of the Under Secretary of Defense for Personnel and Readiness, provides strategic direction and programmatic oversight to the DOD components, including the services and combatant commands, on present and future requirements related to language, as well as on regional and cultural proficiency. The office's director reports to the Deputy Assistance Secretary of Defense for Readiness, who has been designated as the DOD Senior Language Authority.

[3] DOD defines distributed learning as structured learning mediated with technology that does not require the physical presence of the instructor. Distributed learning models can be used in combination with other forms of instruction or it can be used to create wholly virtual classrooms.

[4] GAO, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, GAO-04-546G (Washington, D.C.: March 2004).

used by more than one service. In practice, while GAO found some individual examples where the services had coordinated efforts to develop or contract for similar language and culture training products, in most cases they did not take steps to coordinate these types of efforts.

To illustrate, GAO analyzed 18 DOD language and culture training products and found that the content overlapped to some extent with at least one other training product. While all of the products are intended for use by the services' general purpose forces, there is some variance in the amount of language and cultural information contained within each product type. The following describes instances in which DOD might have increased training costs by developing or acquiring overlapping and potentially duplicative training products:

- *Cultural reference materials*. Three of four services (the Air Force, Army, and Marine Corps) have used contractors to develop reference materials, such as "field guides" and "smart books" at a cost of about $1.6 million that contained similar general and country-specific cultural content. In addition, the Defense Language Institute Foreign Language Center has invested about $15 million to develop two products—"Countries in Perspective" and "Cultural Orientations"—that also offer country-specific cultural information, including some of the same countries addressed by the services' products.

- *Distributed learning products for culture training*. According to service officials, DOD obligated about $15 million on contracts within the period of fiscal year 2008 through fiscal year 2010 for three computer software or web-based distributed learning culture training products (for the Air Force, the Army, and the U.S. Joint Forces Command) that provided overlapping cultural content and similar learning objectives. For example, each of the products contained training modules for Afghanistan with learning objectives focused on behaviors to show respect and steps to avoid gender taboos. The same subcontractor developed the Air Force's and the Army's products, and the products generally did not contain information that was unique to the services' primary roles and missions. At the same time, the Joint Staff was also developing another product that provides similar content as the Air Force and Army products.

- *Distributed learning products for foreign language training*. The military services (the Air Force, Army, Marine Corps, and Navy) and the Defense Language Institute Foreign Language Center estimated costs totaling about $63 million within the period of fiscal year 2005 through fiscal year 2011 to develop and acquire multiple computer software or web-based distributed learning foreign language products that offered some overlapping foreign languages. For Afghan languages, DOD invested in at least five products that were intended to build basic foreign language skills or specific language skills needed to perform military tasks.

Actions Needed and Potential Financial or Other Benefits

DOD has taken positive steps, but has not fully addressed the recommendations that GAO has made since 2009 regarding management challenges that can cause inefficiencies in DOD efforts to develop language and culture capabilities. For example, in February 2011, DOD published the *Department of Defense Strategic Plan for Language Skills, Regional Expertise, and Cultural Capabilities (2011-2016)*, but it still needs to take additional action. GAO recommended in May 2011 that the Office of the Under Secretary of Defense for Personnel and Readiness

- establish a clearly defined planning process with mechanisms, such as procedures and milestones, for reaching consensus with the military departments; coordinating and reviewing approval of updates to plans; synchronizing the development of plans with the budget process; monitoring the implementation of initiatives, and reporting progress, on a periodic basis, toward the achievement of established goals.

Further, DOD published a September 2010 training strategy that called for eliminating unnecessary redundancy and duplication and leveraging the investments of stakeholders with similar interests to include identifying opportunities for shared use across DOD entities.[5] In one case, GAO identified actions that the Army and Marine Corps took to achieve efficiencies and save costs by reducing the number of contracts for language training products. DOD could also take steps to achieve greater efficiencies and maximize the use of resources by identifying and reducing any unnecessary overlap and duplication in language and culture training products. Specifically, the Office of the Under Secretary of Defense for Personnel and Readiness and the military services should

- designate organizational responsibility and a supporting process to inventory and evaluate existing language and culture products and plans for additional investments, eliminate any unnecessary overlap and duplication, and adjust resources accordingly.
- take steps to coordinate efforts to contract for future language and culture training products where possible and collaborate on the development of new products that support co-use by more than one military service.

Because multiple DOD organizations have responsibilities for planning and developing language- and culture-related training, and budget and cost information is not captured in a centralized manner, determining definitive costs in this area is challenging. GAO was able to determine that DOD is spending millions of dollars to develop and acquire language and culture training products and deliver related training, but cannot quantify the actual cost of the overlap within the language and culture training products GAO identified due to these data limitations. However,

[5] Department of Defense, *Strategic Plan for the Next Generation of Training for the Department of Defense* (Sept. 23, 2010).

based on the level of investments that GAO could determine that DOD is making, it appears that DOD has opportunities to achieve significant cost savings if it implements the actions outlined above.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to DOD for review and comment. DOD provided technical comments, which were incorporated as appropriate. DOD officials generally agreed with the facts and findings of the analysis. Specifically, officials recognized that coordination is important and noted that DOD entities have, in some specific cases, collaborated on the development of language and culture training products. The officials agreed that departmentwide coordination efforts could be improved and noted that GAO's analysis would be useful in targeting specific areas for improvement. DOD officials also noted that a certain degree of overlap among training products can serve to prevent gaps and accommodate the differing missions and training needs of the military services. However, DOD officials recognized that, to avoid duplication and maximize available resources, the department needs to evaluate its existing language and culture training products and plans for future investments to ensure that limited resources are being utilized on quality products. GAO recognizes that some overlap in training products may be warranted to meet the unique mission needs of the military services, but by establishing an integrated approach, the department would be better positioned to reach consensus with the military services on the language and culture skills needed by general purpose forces as well as the content of related training products. Such an approach would also assist the department in evaluating the overlap in existing language and culture training products and eliminating any unnecessary duplication. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section as well as additional work GAO conducted. GAO examined language and culture training investments for general purpose forces; missions, roles, and responsibilities among key DOD organizations involved in language and culture training; and the content of language and culture training products. GAO reviewed key documents, such as directives and training programs of instruction; analyzed language and culture products used to train general purpose forces; and interviewed relevant DOD and service officials. GAO obtained and analyzed budgetary and contracting information, where available, for language and culture training support provided to DOD's general purpose forces. For example, GAO estimated the costs for this training for fiscal years 2005 through 2011.

Related GAO Products

Language and Culture Training: Opportunities Exist to Improve Visibility and Sustainment of Knowledge and Skills in Army and Marine Corps General Purpose Forces. GAO-12-50. Washington. D.C.: October 31, 2011.

Military Training: Actions Needed to Improve Planning and Coordination of Army and Marine Corps Language and Culture Training. GAO-11-456. Washington, D.C.: May 26, 2011.

Military Training: Continued Actions Needed to Guide DOD's Efforts to Improve Language Skills and Regional Proficiency. GAO-10-879T. Washington, D.C.: June 29, 2010.

Military Training: DOD Needs a Strategic Plan and Better Inventory and Requirements Data to Guide Development of Language Skills and Regional Proficiency. GAO-09-568. Washington, D.C.: June 19, 2009.

Contact Information

For additional information about this area, contact Sharon Pickup at (202) 512-9619 or pickups@gao.gov.

6. Stabilization, Reconstruction, and Humanitarian Assistance Efforts

Improving the Department of Defense’s evaluations of stabilization, reconstruction, and humanitarian assistance efforts, and addressing coordination challenges with the Department of State and the U.S. Agency for International Development, could reduce overlapping efforts and result in the more efficient use of taxpayer dollars.

Why This Area Is Important

The Department of Defense (DOD), Department of State (State), and the U.S. Agency for International Development (USAID) have been heavily involved in stabilization and reconstruction efforts in both wartime and peacetime environments to re-establish security, strengthen governance, rebuild infrastructure, and improve social and economic well-being in foreign countries. These efforts have cost the U.S. government a substantial amount of money—about $72 billion since 2002 for programs to secure, stabilize, and develop Afghanistan, and about $62 billion since 2003 for relief and reconstruction in Iraq. DOD’s role in stabilization and reconstruction efforts has increased, with several new programs emerging in recent years, including the Commander’s Emergency Response Program (CERP), DOD’s Task Force for Business and Stability Operations, and the Afghanistan Infrastructure Fund. DOD’s efforts are often similar in nature to State and USAID efforts, and thus interagency coordination is critical for avoiding unnecessary overlap, wasted resources, or fragmentation.

What GAO Found

DOD has been conducting stabilization and reconstruction efforts that are similar to those of USAID and State; and the three agencies face challenges in project evaluation and information sharing which, if not addressed, could result in the potential for unnecessary overlap, wasted resources, and a fragmented approach to U.S. assistance efforts.

As the table below illustrates, DOD has expanded its programs over the past several years. In fiscal year 2011, Congress made available a total of $950 million for CERP, DOD’s Task Force for Business and Stability Operations, and the Afghanistan Infrastructure Fund. State and USAID have also pursued a variety of efforts to help rebuild Afghanistan, including projects to construct roads, develop water and electrical infrastructure, and build the capacity of its government. In Iraq, State and USAID projects have involved education, health, water and sanitation facilities, and building the capacity of the Iraqi ministries. Outside of Iraq and Afghanistan, funding for DOD’s peacetime humanitarian assistance efforts has also increased.

Key DOD Stability, Reconstruction, and Humanitarian Assistance Efforts

Program (Key agencies involved)	Description	Estimated program funding
Commander's Emergency Response Program (CERP) (DOD)	This program began in 2003 and has enabled commanders to respond to urgent humanitarian relief and reconstruction needs in Iraq, Afghanistan, and the Philippines. It has evolved in terms of project cost and complexity. Projects include new construction or rehabilitation of existing infrastructure, ranging from small scale projects like water wells to dormitories and roads. DOD uses some CERP funds to increase agricultural production with projects focused on irrigation systems, wells, and ditches; canal cleanup; and water sanitation.	At least $7.9 billion made available for FYs 2004-2011
Security and Stabilization Assistance Program (also known as the Section 1207 Program) (DOD, State)	Created in 2006, this program authorized DOD to transfer funds to State for nonmilitary assistance related to stabilization, reconstruction, and security. Activities could include removing unexploded ordnance or reforming extremist educational programs. The authority for the program expired in 2010, but Congress authorized a similar program for DOD and State in fiscal year 2012, called the Global Security Contingency Fund.	Over $350 million provided by DOD to State for FYs 2006-2009; at least $250 million made available in FY 2012 for the new fund
Task Force for Business and Stability Operations (DOD)	Established in June 2006, the Task Force supports economic stabilization efforts, first in Iraq and now in Afghanistan. Activities include developing businesses, creating jobs, and attracting foreign investment in sectors such as agriculture, energy, banking and finance, and communications and technology.	$828 million made available to the Task Force for FYs 2007-2012
Afghanistan Infrastructure Fund (DOD, State)	Established in 2011, the fund supports a joint DOD/State program for high-priority, large-scale infrastructure projects that support the U.S. military-civilian effort in Afghanistan.	$800 million for FYs 2011-2013
Peacetime Humanitarian Assistance Programs (DOD)	DOD's two key programs are the Overseas Humanitarian, Disaster, and Civic Aid-funded humanitarian assistance program and the Humanitarian and Civic Assistance program. Activities, which are typically performed outside of war or disaster environments, include renovating schools and hospitals, drilling wells, providing basic health care, and providing training to prepare for natural disasters. From fiscal years 2005 through 2010 DOD obligated about $328.4 million to support the Overseas Humanitarian, Disaster, and Civic Aid-funded humanitarian assistance program, which represented an increase in obligations of about 60 percent over the time period (figures in constant FY 2011 dollars).	$383 million obligated for FYs 2005-2010 outside of Iraq and Afghanistan

Source: GAO analysis of data from DOD, the Special Inspector General for Afghanistan, relevant legislation, and GAO's prior work.

Note: While direct comparison among dollar figures cannot be made, the table is intended to highlight examples of various programs and estimated funding associated with them.

In some cases, especially during the early stages of a wartime environment, it may be advantageous for DOD to conduct stabilization and reconstruction efforts because it can provide its own security. However, questions have been raised as to DOD's role in performing some of these efforts given that DOD efforts can overlap with those of State and USAID. For example, officials in State, USAID, and DOD have questioned whether DOD's Task Force for Business and Stability Operations, which has funded economic stabilization efforts in Iraq and Afghanistan, should continue to reside in DOD or be transitioned to another federal agency, such as USAID, whose role includes providing economic, development, and disaster response assistance around the world in support of U.S. foreign policy and development goals. In 2011, Congress directed that State, USAID, and DOD jointly develop a plan to transition the Task Force's activities in Afghanistan to State, with a focus on potentially transitioning activities to USAID. To that end, DOD has requested that an outside organization conduct a study that would develop, describe, and assess organizational options for a continued Task Force for Business and Stability Operations for the U.S. government in Afghanistan through 2014 and beyond. According to the Task Force director, as of January 2012, the transition plan was still being developed and will incorporate the results of the outside study, which is due to be completed in February 2012.

As GAO reported in February 2012, some DOD humanitarian assistance efforts outside of Iraq and Afghanistan potentially overlap with those of State and USAID in areas such as health care, infrastructure, disaster preparation, and education. For example, both DOD and USAID have provided basic medical care in Yemen, built schools and education facilities in Azerbaijan, and upgraded and rehabilitated water wells in Pakistan. GAO found that it can be difficult to determine whether DOD's projects necessarily or unnecessarily overlap with those of the other agencies and suggested that Congress consider the role of DOD in providing humanitarian assistance and clarify the relevant legislation of DOD's largest humanitarian assistance program, taking into account the roles and similar types of efforts performed by the civilian agencies.[1]

In addition to potentially overlapping efforts, GAO also found that DOD, State, and USAID face challenges in monitoring and evaluating stabilization, reconstruction, and humanitarian assistance efforts—which makes it difficult to determine whether projects are effective at meeting their goals. According to *Standards for Internal Control in the Federal Government*,[2] U.S. agencies should monitor and assess the quality of performance over time, and GAO has reported that key practices for enhancing interagency collaboration include developing mechanisms to monitor, evaluate, and report on the results of collaborative programs.[3] However, several challenges exist with monitoring and evaluation, including:

- As GAO reported in July 2011, DOD's Task Force for Business and Stability Operations had not developed written guidance, including monitoring and evaluation processes, to be used by its personnel in managing Task Force projects. According to the Task Force director, program management guidance was issued in January 2012 to address this issue. While this is a positive step, until the guidance is

[1]DOD's largest humanitarian assistance program is the Overseas Humanitarian, Disaster, and Civic Aid-funded humanitarian assistance program.

[2]GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

[3]GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct. 21, 2005).

fully implemented, it is unknown whether improvements will be made to DOD's project monitoring and evaluation.

- As GAO reported in February 2012, DOD was not consistently evaluating its peacetime humanitarian assistance efforts to determine whether they were meeting their intended goals. Specifically, GAO estimated that DOD had not completed 90 percent of evaluations required 1 year after projects were completed, and had also not conducted about half of the evaluations required after 30 days for those programs. GAO also found that DOD had not assessed its evaluation process or requirements to determine whether changes were needed to employ a more risk-based evaluation approach in order to strategically allocate resources.

Another theme that has emerged from GAO's work relates to challenges the agencies face in sharing information with each other about their respective efforts. Information sharing is a critical tool in national security, but GAO's work has shown several instances of fragmented information sharing among DOD, State, and USAID that could lead to poor coordination, wasted resources, and potentially duplicative efforts. For example:

- As GAO reported in November 2010, USAID had not fully implemented a centralized database to provide information on all U.S. government development projects in Afghanistan—a challenge that is still not fully resolved. Thus, U.S. agencies lacked access to project data from other agencies, including DOD, that could contribute to better project planning, eliminate potential overlap, and allow agencies to leverage each other's resources more effectively.

- As GAO reported in February 2012, DOD, State, and USAID had various initiatives under way to improve information sharing on humanitarian and development assistance efforts outside of Iraq and Afghanistan but that no framework, such as a common database, existed to enable agencies to readily access information on each other's efforts to help them leverage these efforts and to avoid unnecessary overlap. The agencies agreed, stating that they are or will be engaging each other to determine how best to develop a common information-sharing mechanism.

Without enhancements to information sharing, agencies do not have full visibility over each other's efforts, which could lead to "stove-piped" agency planning, potential for overlap, and an inefficient use of resources. Moreover, improved information sharing could identify opportunities for synergy and avoid potential duplication among agencies.

Actions Needed and Potential Financial or Other Benefits

Stabilization, reconstruction, and humanitarian assistance efforts have the potential to provide tangible benefits to foreign populations and advance U.S. interests. While the agencies have taken steps to address some of GAO's recommendations, additional actions are still needed to improve information sharing and project evaluations.

USAID, along with DOD and other relevant agencies still need information on all U.S. government development projects in Afghanistan. Progress has been made, but further effort is needed to ensure that information is accessible and used by all U.S. government agencies involved in U.S.-funded development projects in the country.

As GAO recommended in February 2012, the Secretaries of Defense and State as well as the Administrator of USAID should

- jointly develop a framework, such as a common database, to formalize their information sharing on humanitarian or development assistance efforts outside of wartime or disaster environments.

As GAO recommended in February 2012, the Secretary of DOD should also

- employ a risk-based approach to review and modify its humanitarian assistance project evaluation requirements to measure the long-term effects of the projects.

Congress may wish to consider DOD's role in conducting peacetime humanitarian assistance efforts. As GAO recommended in February 2012, Congress should

- consider amending the legislation that supports the Overseas Humanitarian, Disaster, and Civic Aid-funded humanitarian assistance program—DOD's largest humanitarian assistance program—to more specifically define DOD's role in humanitarian assistance, taking into account the roles and similar types of efforts performed by the civilian agencies.

Addressing these issues could lead to a more efficient use of the billions of dollars devoted to U.S. stabilization and reconstruction efforts abroad.

Agency Comments and GAO's Evaluation

GAO provided a draft of its November 2010 report to DOD and USAID and its February 2012 report to DOD, State, and USAID for review and comment. DOD and USAID generally agreed with GAO's November 2010 recommendations to improve planning and coordination of water sector projects in Afghanistan, with DOD noting that a centralized U.S. government database for U.S. development efforts in Afghanistan, if designed to allow easy data access and sharing among partners, would make a positive contribution. GAO notes that progress has been made in designating a database since GAO's report was issued but that the agencies need to ensure that the database is accessible and used by all

U.S. government agencies involved in U.S.-funded development projects in Afghanistan.

DOD generally agreed with GAO's February 2012 recommendations to review and modification project evaluation requirements for its peacetime humanitarian assistance efforts to measure long-term effects and ensure compliance with the requirements. DOD noted that it is developing an appropriate method to encourage compliance with the new project evaluation requirements. However, as noted earlier, DOD acknowledged that the absence of project evaluation data will require that it take at least a year to collect data in order to formulate a significant and reliable risk-based approach to project evaluations requirements.

DOD, State, and USAID agreed with GAO's February 2012 recommendation that they should jointly develop a framework to formalizing their information sharing on peacetime humanitarian and development assistance efforts. DOD stated that it will engage State and USAID to determine what mechanisms could be used to enhance information sharing among the agencies. State noted that it is currently in discussions with DOD and USAID about broadening one particular information-sharing mechanism it uses to include DOD efforts, and USAID said that it will continue to explore opportunities to share information with the other agencies. As part of its routine audit work, GAO will track agency actions to address the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products in the related GAO products section. GAO generally analyzed agency documentation and interviewed cognizant agency officials. For example, GAO interviewed DOD and USAID officials, including Army units that had returned from Afghanistan about the type of management and oversight that exists for CERP. GAO analyzed documents and interviewed officials in Washington, D.C., Afghanistan, and Iraq as appropriate. GAO analyzed funding, project evaluations, and other program data and documents, and interviewed officials at DOD, State, USAID, nongovernmental organizations, and U.S. embassies.

Related GAO Products

Humanitarian and Development Assistance: Project Evaluations and Better Information Sharing Needed to Manage the Military's Efforts. GAO-12-359. Washington, D.C., February 8, 2012.

Afghanistan's Donor Dependence. GAO-11-948R. Washington, D.C., September 20, 2011.

DOD Task Force for Business and Stability Operations: Actions Needed to Establish Project Management Guidelines and Enhance Information Sharing. GAO-11-715. Washington, D.C.: July 29, 2011.

Afghanistan: Actions Needed to Improve Accountability of U.S. Assistance to Afghanistan Government. GAO-11-710. Washington, D.C.: July 20, 2011.

Afghanistan Development: U.S. Efforts to Support Afghan Water Sector Increasing, but Improvements Needed in Planning and Coordination. GAO-11-138. Washington, D.C.: November 15, 2010.

International Security: DOD and State Need to Improve Sustainment Planning and Monitoring and Evaluation for Section 1206 and 1207 Assistance Programs. GAO-10-431. Washington, D.C.: April 15, 2010.

Military Operations: Actions Needed to Improve Oversight and Interagency Coordination for the Commander's Emergency Response Program in Afghanistan. GAO-09-615. Washington, D.C.: May 18, 2009.

Interagency Collaboration: Key Issues for Congressional Oversight of National Security Strategies, Organizations, Workforce, and Information Sharing. GAO-09-904SP. Washington, D.C. September 25, 2009.

Military Operations: Actions Needed to Better Guide Project Selection for Commander's Emergency Response Program and Improve Oversight in Iraq. GAO-08-736R. Washington, D.C.: June 23, 2008.

Contact Information

For additional information about this area, contact John H. Pendleton at (202) 512-3489 or pendletonj@gao.gov

7. Support for Entrepreneurs

Overlap and fragmentation among the economic development programs that support entrepreneurial efforts require OMB and other agencies to better evaluate the programs and explore opportunities for program restructuring, which may include consolidation, within and across agencies.

Why This Area Is Important

Economic development programs that effectively provide assistance to entrepreneurs may help businesses develop and expand, and thus contribute to the nation's economic growth. The Departments of Commerce (Commerce), Housing and Urban Development (HUD), and Agriculture (USDA), and the Small Business Administration (SBA) administer 53 such programs that focus on supporting entrepreneurs.[1] These programs, which typically fund a variety of activities in addition to supporting entrepreneurs, spent an estimated $2.6 billion in enacted appropriations on economic development efforts in fiscal year 2010.[2]

As GAO reported in March and May 2011, the majority of the economic development programs had missions related to supporting entrepreneurs. Programs with overlapping missions can result in inefficiencies, such as requiring recipients to fill out applications to multiple agencies with varying program requirements, as well as compromising the government's ability to effectively provide the desired service and meet the shared goals of the programs. While collaboration is one way to overcome overlap among agencies when providing similar services, opportunities for program restructuring, which include consolidation, may also exist. GAO has ongoing work that will be issued later this year to continue examining issues beyond those identified in the March and May 2011 reports. This document reports GAO's findings to date.

[1]The number of programs administered by Commerce, HUD, SBA, and USDA that were identified in GAO-11-477R as supporting entrepreneurial efforts decreased from 54 to 53 because Commerce merged its Minority Business Opportunity Center program and Minority Business Enterprise Center program into one program that is now called Minority Business Center. In addition, two of the original Commerce programs identified in GAO's March and May 2011 reports—Community Trade Adjustment Assistance and Research and Evaluation—have been replaced with two other Commerce programs—Trade Adjustment Assistance for Firms and the Economic Development-Support for Planning Organizations—because one of the original programs had temporary funding and the other original program was misclassified as an economic development program. The two new Commerce programs that have been added should have been included in the March and May 2011 reports, according to Commerce officials. See appendix III for a list of the 53 programs GAO is currently reviewing that support entrepreneurs and their 2010 enacted appropriations.

[2]GAO excluded the portion of the Community Development Block Grant funding that HUD reported is not used to support economic development. The total enacted appropriations for these 53 programs was about $5.6 billion for fiscal year 2010.

What GAO Found

Based on a review of the missions and other related program information for these 53 programs, GAO determined that these programs overlap based not only on their shared purpose of serving entrepreneurs but also on the type of assistance they offer. The programs generally can be grouped according to at least one of three types of assistance that address different entrepreneurial needs: help obtaining (1) technical assistance, (2) financial assistance, and (3) government contracts. Many of the programs can provide more than one type of assistance, and most focus on technical and/or financial assistance:[3]

- Technical assistance: Thirty-six programs distributed across the four agencies provide technical assistance, including business training and counseling and research and development support.
- Financial assistance: Thirty-three programs distributed across the four agencies support entrepreneurs through financial assistance in the form of grants and loans.
- Government contracting assistance: Seven programs distributed between two of the four agencies support entrepreneurs by helping them qualify for federal procurement opportunities.

The table below illustrates overlap among programs that provide entrepreneurial assistance in terms of the type of assistance they provide. For example, 13 programs across 3 of the agencies provide financial assistance only. SBA and USDA both have 5 programs that only provide financial assistance, while HUD has 3.

53 Programs That Support Entrepreneurs, by Type of Assistance, as of September 30, 2011[a]

	HUD	SBA	USDA	Commerce	Total[b]
Technical assistance only	2	6	5	4	**17**
Financial assistance only	3	5	5		**13**
Technical and financial assistance only	7	3	4	2	**16**
Government contracting assistance only		2			**2**
Technical and government contracting only		1			**1**
Financial and government contracting only		2			**2**
Technical, financial, and government contracting assistance				2	**2**
Total	**12**	**19**	**14**	**8**	**53**

Source: GAO analysis of information provided by Commerce, HUD, USDA, and SBA.

[3]SBA administers the two programs that solely provide entrepreneurs with assistance in obtaining government contracts: the HUBZone program, which supports small businesses located in economically distressed areas, and the Procurement Assistance to Small Businesses program, which serves small businesses located in any area.

[a]Some of the programs may not have received funding in fiscal year 2011.

[b]The 36 technical assistance programs include those in the following categories: technical assistance only; technical and financial assistance only; technical, financial, and government contracting assistance; and technical and government contracting assistance only. The 33 financial assistance programs include those in the following categories: financial assistance only; technical and financial assistance only; technical, financial, and government contracting assistance; and financial and government contracting assistance only. The seven government contracting assistance programs include those in the following categories: government contracting assistance only, technical and government contracting assistance only, financial and government contracting assistance only, and technical, financial, and government contracting assistance.

Much of the overlap and fragmentation among these 53 programs is concentrated among programs that support economically distressed and disadvantaged areas and programs that assist disadvantaged and small businesses. As the figure below shows, of the 36 programs that provide technical assistance (that is, programs that either provide only technical assistance or those that provide technical assistance in addition to financial and government contracting assistance),

- Commerce's Economic Development/Technical Assistance program and SBA's 7(j) Technical Assistance program are among the 33 programs that assist businesses located in economically distressed areas.[4]
- HUD's Hispanic Serving Institutions Assisting Communities and USDA's Rural Business Opportunity Grants programs are among the 23 that can assist businesses operating in areas that are disadvantaged,[5]
- SBA's Small Business Development Centers and Commerce's Minority Business Centers are among the 27 programs that support disadvantaged businesses,[6] and
- USDA's Rural Business Enterprise Grant program and SBA's 8(a) program are among the 32 programs that serve small businesses.

Overlap and fragmentation are also evident among programs that provide more specific forms of assistance. For example, technical assistance programs that provide business training and counseling include SBA's Small Business Development Centers, Women's Business Centers, SCORE (formerly, Senior Core of Retired Executives) programs; Commerce's Minority Business Centers program; and USDA's Rural Business Enterprise Grants program. In addition, many of these

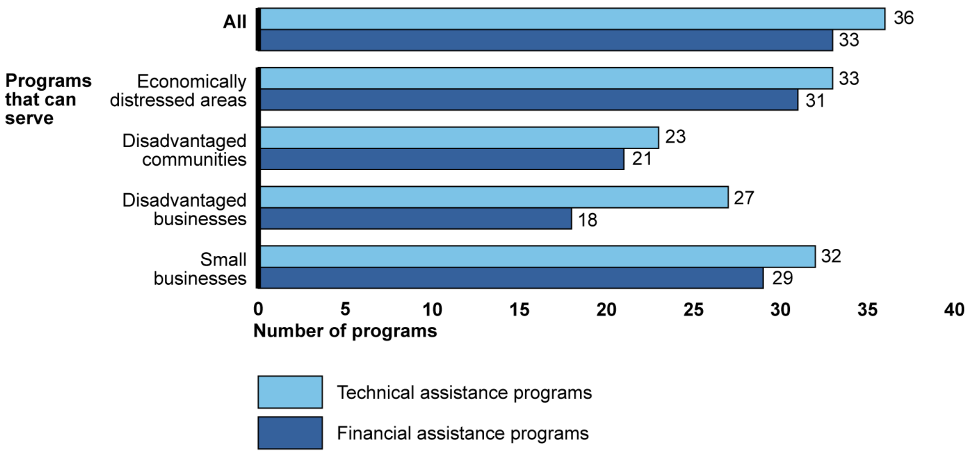
[4]GAO characterizes economically distressed areas as those communities with high concentrations of low- and moderate-income families and high rates of unemployment and/or underemployment.

[5]GAO characterizes disadvantaged communities include as those with concentrations of minority populations, among other factors.

[6]GAO characterizes disadvantaged businesses as those owned by women, minority groups and veterans, among other factors.

economic development programs also operate in both urban and rural areas.[7]

Programs That Provide Technical and Financial Assistance, by Type of Business and Community Served, as of September 30, 2011



Source: GAO analysis.

Note: Some of the programs may not have received funding in fiscal year 2011.

The number of programs that support entrepreneurs—53—and the overlap among these programs raise questions about whether a fragmented system is the most effective way to support entrepreneurs. By exploring alternatives, agencies may be able to determine whether there are more efficient ways to continue to serve the unique needs of entrepreneurs, including consolidating various programs. In ongoing work, GAO plans to examine the extent of potential duplication among these programs.

In addition, in order to effectively evaluate and oversee the services being provided, Congress and the agencies need meaningful performance information such as evaluation studies and performance measures. This information is needed to help decision makers identify ways to make more informed decisions about allocating increasingly scarce resources among overlapping programs. Specifically, performance measures can provide information on an agency's progress toward meeting certain program and agencywide strategic goals, expressed as measurable performance standards. For example, while some of the financial assistance programs track measures that include number of businesses assisted and dollar value of loans obtained, they could begin to track measures like defaults, prepayments, and number of loans in good standing to better report how businesses fare after they participate in

[7]The definition of rural varies among these programs, but according to USDA—the agency that administers many of the economic development programs that serve rural areas—the term "rural" typically covers areas with population limits ranging from less than 2,500 to 50,000.

these programs. In contrast, program evaluations are systematic ways to assess a broader range of information on program performance. As a result, evaluation studies can help identify which programs are effective or not, explain why goals were not met and identify strategies for meeting unmet goals, and estimate what would have occurred in the absence of the program.

Based on preliminary results, GAO found that while most (45) of the 53 economic development programs that support entrepreneurs have reasonable performance measures and tend to meet their annual performance goals, few evaluation studies have been completed and little evaluative information exists to assess programs' effectiveness. For 39 of the 53 programs, the four agencies have either never conducted a performance evaluation or have conducted only one in the past decade. For example, while SBA has conducted recent periodic reviews of 3 of its 10 programs that provide technical assistance, the agency has not reviewed its other 9 financial assistance and government contracting programs on any regular basis.[8] Moreover, Commerce, HUD, and USDA have not routinely conducted program evaluations for the majority of their economic development programs.

Without results from program evaluations and performance measurement data, agencies lack the ability to measure the overall impact of these programs, and decision makers lack information that could help them to identify programs that could be better structured and improve the efficiency with which the government provides these services. Moreover, the federal government has recently required the Office of Management and Budget (OMB) to coordinate with agencies to ensure that they better track the results of their programs. Specifically, the GPRA Modernization Act of 2010 (GPRAMA) requires OMB to work with agencies to, among other things, develop outcome-oriented goals for certain crosscutting policy areas and report annually on how these goals will be achieved.[9] Other GPRAMA requirements could lead to improved coordination and collaboration among agencies. For instance, GPRAMA requires each agency to identify the various organizations and program activities—both within and external to the agency—that contribute to each agency's goals. In ongoing work, GAO plans to determine reasons why the agencies (1) do not conduct more routine evaluations of these programs and (2) have not established and do not track performance measures for 8 of the 53 programs. In addition, GAO plans to determine the ongoing and planned efforts of OMB and the agencies to address the provisions contained in GPRAMA.

[8]SBA administers a total of 19 programs that support entrepreneurs. Six of its programs provide technical assistance only, 5 provide financial assistance only, 2 provide only contracting assistance, 3 can provide both technical and financial assistance, 1 provides technical and government contracting assistance, and 2 provide financial and government contracting assistance.

[9]Pub. L. No. 111-352 (2011).

Actions Needed and Potential Financial or Other Benefits

Based on ongoing work, GAO expects to recommend the following:

Congress may wish to consider

- ways to tie funding more closely to a program's demonstrated effectiveness. One way to increase accountability and elevate the importance of program evaluation activities is to tie these factors to funding decisions. Therefore, Congress may want to consider requiring agencies to provide greater support for funding requests and requiring information on demonstrated results of program effectiveness.

Agencies should

- improve program evaluation and performance metrics. In order to identify options to better structure these programs for the Congress to consider, SBA, Commerce, HUD, and USDA should conduct program evaluations and collect data on performance measures.

OMB and the agencies should

- explore opportunities to restructure programs through means such as consolidation, elimination, and collaborative mechanisms, both within and across agencies. As OMB works with the agencies to identify programmatic areas that should be better coordinated and tracked, the agencies should look for ways to consolidate programs or opportunities for greater collaboration. In addition, to better ensure the most efficient and effective delivery method for federal assistance to entrepreneurs, SBA, Commerce, HUD, and USDA should individually, and collectively, explore options for restructuring programs that target particular types of businesses or communities and report the results of their efforts to the Congress.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report to OMB, Commerce, HUD, SBA, and USDA for review and comment. Commerce and HUD provided written comments. OMB, HUD, SBA, and USDA provided technical comments, which were incorporated where appropriate. All written comments are reprinted in appendix IV.

OMB stated that the Administration has taken a number of steps to increase coordination among economic and entrepreneurial development programs, provide better service to businesses seeking federal services, and improve performance evaluation. For example, OMB stated that a new website will be publicly launched for entrepreneurs and business owners in February 2012 named BusinessUSA; the website is intended to provide a virtual one-stop shop for small businesses and enable them to access the wide array of federal programs and services available to them across the government regardless of where they are located. According to OMB, BusinessUSA, while still in its early stages, will help remedy many of the coordination and fragmentation issues identified in the GAO report. OMB also stated that the President has proposed to consolidate the federal government's primary business and trade agencies and programs into a new more efficient agency that will promote competitiveness, exports and American business. OMB noted that more than half of the programs identified in GAO's recent report on duplication in federal economic development programs would be consolidated into the new department under the Administration's proposal, and the new department would more fundamentally address the issues raised in GAO's report. As GAO continues work in this area, it plans to further monitor and assess OMB's efforts to work with Commerce, HUD, USDA, and SBA to increase coordination among economic development programs, provide better service to businesses under the programs, and improve program evaluation.

Commerce stated that prior GAO reports have focused on the types of investments made without considering the goals of each program, and GAO may be incorrectly identifying duplication where none exists as a result. For this report, GAO examined the missions, goals, services provided, and targeted beneficiaries and areas for 53 programs that fund entrepreneurial assistance. GAO's report states that these programs overlap based not only on their shared purpose of serving entrepreneurs but also on the type of assistance they offer; it does not state that duplication exists among these programs. As GAO continues its work, GAO plans to examine the extent of potential duplication among these overlapping programs. Commerce also stated that GAO's report presents premature actions needed and that the report does not recognize the significant advances that Commerce's Economic Development Agency has made to improve program evaluation with the development of a performance management improvement logic model. GAO recognizes the action that the Economic Development Agency has taken to develop its new performance management model. However, because the Economic Development Agency has not completely designed its new model or provided sufficient information to explain how results of program evaluations will be included in the model, this action does not change GAO's findings. In this report, GAO identified areas of concern related to the extent that Commerce, HUD, SBA, and USDA conduct performance evaluations for their economic development programs. Recent legislation also requires OMB to work with agencies to ensure that they better track the results of their programs. GAO believes that the actions needed presented in this report are consistent with its findings and recent legislation. As GAO continues work in this area, it also plans to further monitor and assess the efforts the four agencies undertake to improve program evaluation and performance metrics.

HUD's Deputy Assistant Secretary for Grant Programs stated that GAO should reduce the number of economic development programs identified as being administered by HUD. First, she recommended that five of the Community Development Block Grant (CDBG) programs be identified as one CDBG program. She noted that the five programs may have separate Catalog of Federal Domestic Assistance numbers, but the programs are funded from a single source within HUD's annual appropriation, the economic development activities CDBG grantees carry out under the five programs are all subject to the same statutory and regulatory requirements, and CDBG grantees generally cannot obtain assistance under more than one of the five programs. Because GAO relies on the executive branch's definition of these programs, which separates them into five distinct programs, we disagree that the five programs should be identified as one CDBG program. The Catalog of Federal Domestic Assistance defines federal programs based on legal authority, administering office, funding, purpose, benefits, and beneficiaries; also, the catalog may define a program separately regardless of whether it is identified as a separate program by statute or regulation. While GAO would be receptive to actions the executive branch may take to better define programs, using the Catalog of Federal Domestic Assistance GAO initially identified 80 federal programs administered by Commerce, SBA, USDA, and HUD that can fund economic development activities. For this report, GAO focused its analysis on 53 of these programs across the four agencies that support entrepreneurial efforts, including the five programs HUD noted. Second, the Deputy Assistant Secretary recommended that GAO delete the Brownfields Economic Development Initiative (BEDI) as one of HUD's active programs that can fund economic development activities. She noted that HUD did not request funding nor did Congress appropriate funding for the BEDI program in fiscal years 2011 and 2012.[10] She further noted that HUD will continue to administer existing BEDI grants, but the department is unlikely to request program funding for fiscal year 2013. She added that the activities authorized under the BEDI program can be funded under other CDBG programs. GAO disagrees that the BEDI program should be removed from the list of HUD programs because the department is actively administering grants under the program.

USDA stated that GAO's report does not emphasize the significant difference in agencies and programs. For example, USDA stated its Rural Business Service administers programs that are unique and not duplicative because of the agency's mission to provide assistance to businesses in rural communities. USDA acknowledged that other agencies' programs may provide assistance to businesses in rural areas, but the Rural Business Service's programs are focused in these areas. USDA also stated that the Rural Business Service delivers its programs through an expansive field structure of state and local offices. According

[10]The BEDI program received $17.5 million in enacted appropriations for fiscal year 2010, which is the fiscal year funding data that GAO is currently reporting for the 53 programs that support entrepreneurs. In addition, while a number of programs that GAO is reviewing received $0 during fiscal year 2010, they are still considered to be active programs by the executive branch. In addition, these active programs could receive funding in the future (see appendix III).

to USDA, federal agencies such as SBA do not utilize a similar field structure to deliver programs. As previously noted, GAO's report does not state that duplication exists among the 53 economic development programs that support entrepreneurial efforts; it states that overlap and fragmentation are evident based on GAO's review of the missions and other related program information for these programs. For example, GAO's report states that USDA administers many of the economic development programs that serve rural areas. However, GAO also determined that there was overlap because other agencies' economic development programs can provide assistance to entrepreneurs in rural areas. GAO plans to examine the extent of potential duplication in GAO's ongoing work.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section and additional work GAO conducted that will be published as a separate product in 2012. GAO focused its analysis on the 53 economic development programs at Commerce, HUD, USDA, and SBA that fund entrepreneurial assistance because these programs appeared to overlap the most. GAO examined the extent to which the federal government's efforts to support entrepreneurs overlap among these numerous, fragmented programs by examining their missions, goals, services provided, and targeted beneficiaries and areas. GAO also collected information on performance measures that the agencies collect to track the performance of each of the 53 programs, and any evaluation studies conducted or commissioned by the agencies evaluating the effectiveness of these programs. This process included meeting with agency officials to corroborate the publicly available information. GAO also determined the reasonableness of the performance measures by assessing each measure against agency strategic goals and specific program missions to determine the extent to which they are aligned. GAO plans to issue a report evaluating (1) the support that the programs provide to entrepreneurs, and the types of information available on this support; (2) the extent to which federal agencies collaborate on the provision of counseling, training, and related services to entrepreneurs; and (3) the extent to which programs that support entrepreneurs overlap or are fragmented, the extent to which these programs have met their performance goals, and the information that is available on their effectiveness.

Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related Products

Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear. GAO-11-477R. Washington, D.C.: May 19, 2011.

List of Selected Federal Programs That Have Similar or Overlapping Objectives, Provide Similar Services, or Are Fragmented Across Government Missions. GAO-11-474R. Washington, D.C.: March 18, 2011.

Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue. GAO-11-318SP. Washington, D.C.: March 1, 2011.

Small Business Administration: Additional Guidance on Documenting Credit Elsewhere Decisions Could Improve 7(a) Program Oversight. GAO-09-228. Washington, D.C.: February 12, 2009.

Small Business Administration: Additional Actions Are Needed to Certify and Monitor HUBZone Businesses and Assess Program Results. GAO-08-643. Washington, D.C.: June 17, 2008.

Small Business Administration: Additional Measures Needed to Assess 7(a) Loan Program's Performance. GAO-07-769. Washington, D.C.: July 13, 2007.

Rural Economic Development: More Assurance Is Needed That Grant Funding Information Is Accurately Reported. GAO-06-294. Washington, D.C.: February 24, 2006.

Economic Development Administration: Remediation Activities Account for a Small Percentage of Total Brownfield Grant Funding. GAO-06-7. Washington, D.C.: October 27, 2005.

Contact Information

For additional information about this area, contact William B. Shear at (202) 512-4325 or shearw@gao.gov.

8. Surface Freight Transportation

Fragmented federal programs and funding structures are not maximizing the efficient movement of freight.

Why This Area Is Important

The movement of freight is critical to the economy and the livelihood of Americans who rely on freight transportation for food, clothing, and other essential commodities. Freight shipments move predominantly over vast networks of highways, railroads, and waterways and often are transported by more than one mode before reaching their final destination. System performance is essential for the timely transportation of freight from its sources and manufacturers to the customer. Congress authorized around $43 billion in fiscal year 2010 for Department of Transportation programs that can benefit surface freight transportation.[1] However, the Department of Transportation is just one of many stakeholders that are involved in freight movement—all with complex and varied roles, but none are responsible for the entire system. Federal funds in the form of grants, loans, and tax incentives are provided to state and local governments and the private sector, all of whom play major roles in ensuring freight mobility. Specifically, public sector transportation agencies at the federal, state, and local levels have a significant role in developing and managing some modes of the freight transportation system—such as highways and waterways—while private sector entities—such as railroads—finance and manage their own infrastructure. According to the Department of Transportation, in 2007, the surface freight transportation system, which crosses multiple surface modes, connected an estimated 8 million businesses and 116 million households moving $12 trillion in goods. Federal leadership can help assure that projects that facilitate movement of freight, which can be high-cost and cross jurisdictional lines, are undertaken.

While freight transportation has some issues that are similar to the surface transportation issues that GAO identified in its first annual report to Congress on federal programs with duplicative goals or activities,[2] inefficiencies affecting freight transportation such as poor roads and the lack of intermodal connections can impact the nation's economy. Freight volumes are closely linked to the gross domestic product—increases in freight shipments closely coincide with economic growth. However, freight vehicles often compete with non-freight vehicles, such as on the U.S. highway system, which consists of mixed-use facilities where passenger and freight vehicles operate in the same stream of traffic on the same facilities. Systems that cannot adequately accommodate both freight and

[1] An unknown amount of the funding went to projects that benefit freight. These programs have broad eligibility and may be used for a variety of types of projects that benefit freight to greater or lesser degrees.

[2] GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

non-freight vehicles can become congested, leading to delays in freight movements, lost revenues, and increased carbon emissions—all of which can increase transportation costs and, consequently, the price of goods, hurting businesses that rely on freight transportation infrastructure.

What GAO Found

As GAO previously reported, federal goals in surface transportation are numerous and roles are unclear, and the federal government does not maximize opportunities to promote the efficient movement of freight, despite a clear federal interest, the billions of dollars provided, and the importance of freight transportation to the national economy. There is currently no separate federal freight transportation program, only a loose collection of many freight-related programs that are embedded in a larger surface transportation program aimed at supporting both passenger and freight mobility. This fragmented structure makes it difficult to determine the types of freight projects that are funded and their impact on overall freight mobility. As GAO reported in January 2008, the need for the federal government to reassess its role and strategy in funding, selecting, and evaluating transportation investments, including those for freight transportation.

Department of Transportation administrations that have a role in freight transportation include the Federal Highway Administration, Federal Railroad Administration, Federal Motor Carrier Safety Administration, and the Maritime Administration (see table below). There also is an Office of Freight Management and Operations within the Federal Highway Administration that administers programs, develops policies, and undertakes research that promotes freight movement across the nation and its borders. However, the office does not coordinate federal actions related to freight mobility, specifically. In addition, the U.S. Army Corps of Engineers in the Department of Defense is responsible for planning, constructing, operating, and maintaining the nation’s waterways. Department of Transportation administrations also coordinate freight issues with other federal agencies including the Department of Commerce, Department of Homeland Security, and Environmental Protection Agency. The various federal agencies and modal administrations play key roles in planning, designing, constructing, maintaining, and regulating freight transportation. GAO could not determine the total amount spent on freight transportation projects because it is not separately tracked from other transportation investments. According to Federal Highway Administration officials, isolating freight transportation expenditures is not possible at this time because the vast majority of the nation’s highway system is used by both passenger and freight vehicles, and most highway projects benefit both.

Number of Department of Transportation Programs GAO Identified That Provide Funding for Freight Surface Transportation Infrastructure

Department of Transportation administration	Number of programs identified
Federal Highway Administration	48
Federal Motor Carrier Safety Administration	2
Federal Railroad Administration	2
Maritime Administration	2
Office of the Secretary of Transportation	1

Source: GAO analysis of Department of Transportation information.

These programs' structures for funding freight transportation projects include

- grants (such as the National Highway System program, which funds projects that benefit both freight and passenger travel and, since 2009, the Transportation Investment Generating Economic Recovery—TIGER—programs, which use a criteria-based, competitive process to fund projects serving national and regional priorities);
- loans (such as the Railroad Rehabilitation and Improvement Financing program, which directs federal loans and loan guarantees to finance the development of railroads); and
- tax credits (such as the exemption from federal taxes on interest earned from state and local government bonds for general transportation purposes and tax credits for certain expenditures on railroad track maintenance, which can create incentives for the investment of private sector funds on transportation improvements).

These programs are administered by different agencies and modal administrations with different missions, oversight, and funding requirements; do not necessarily coordinate with each other; and at times may overlap. As a result, funds have not always been allocated based on need or condition of the infrastructure carrying freight. For instance, highway funds are distributed to states through formulas that are not linked to performance or need. Examples of programs that may overlap include loan programs such as the Federal Railroad Administration's Railroad Rehabilitation and Improvement Financing Program and the Federal Highway Administration's Transportation Infrastructure Finance and Innovation Act Program. Both may be used for freight rail facilities and infrastructure. Additionally, certain state and local governments issue tax-exempt bonds for financing infrastructure projects.

Although the current federal structure of loans, tax credits, and grants (including formula grants and congressionally directed funds) is beneficial, opportunities may exist to return greater national public and private benefits. Furthermore, intermodal considerations may not be evaluated in considering beneficial freight solutions for a given corridor, which may result in funding projects across multiple modes without regard for how each works toward meeting a common goal. Current law generally ties transportation funding to a single mode, limiting the ability of state and local transportation planning agencies to use federal funds for intermodal projects. Further, Department of Transportation administrations and state and local transportation agencies are organized by mode—reflecting the structure of funding programs—resulting in an organizational structure that the department's own assessments acknowledge can impede intermodal coordination. In addition, collaboration between the public and private sectors can also be challenging; for example, private-sector interests in airport, rail, and freight (such as freight shippers and carriers) have historically not participated in the regional planning process.

The federal government's fragmented approach also has resulted in a situation where the users of each freight mode are not equally bearing the costs those modes impose on society. When looking at the three categories of social costs borne by freight transportation services—private costs (labor, equipment, and fuel), public costs (paid out of government budgets and can be funded through taxes and fees), and "external" costs (congestion, accidents, health, and environmental impacts), GAO reported in January 2011 that freight trucking costs that were not passed on to consumers of that service were at least 6 times greater than rail costs, and at least 9 times greater than waterways costs. Therefore, public and private investment choices may be distorted, and there may be misallocation of scarce government resources to one mode over another.

Constrained freight mobility could have negative economic, environmental, and health implications. Because of the growth in freight and passenger demand, there has been an increase in truck and rail congestion that is particularly pronounced in major urban areas that contain important freight hubs such as ports, airports, border crossings, and rail yards. Congestion results in increased delays, carbon emissions, and fuel and labor costs, among other things.

Since the expiration of the last surface transportation authorization in 2009, Congress has funded transportation programs through a series of temporary extensions; the most recent will expire on March 31, 2012. Comprehensive legislative action has not been taken to fundamentally reexamine the nation's surface transportation policies; however, several legislative committees have approved bills to reauthorize and reform surface transportation programs. For example, the Senate Environment and Public Works Committee approved a bill on November 9, 2011 reauthorizing the highway portion of the surface transportation program.[3] This bill contains measures to increase accountability for results by entities receiving federal funds and consolidate federal programs. In addition, the House Transportation and Infrastructure Committee approved a bill on February 2, 2012 that includes consolidating or

[3]S. 1813, 112th Cong. (2011).

eliminating a number of programs.[4] When we completed our work for this report, floor action was pending in the Senate. GAO is evaluating the extent to which ongoing legislative actions better define federal roles and goals, incorporate accountability for results, emphasize return on federal investment, and ensure fiscal sustainability.

Actions Needed and Potential Financial or Other Benefits

Although there is a clear federal interest in freight transportation, there is no strategy or clearly defined federal role in freight transportation or mechanism to implement the strategy, complete with defined national and regional transportation priorities, to achieve the highest return on federal investments. As noted, federal funding for freight-related infrastructure is based on discrete programs' objectives, not on a national freight policy, and it is currently not possible to identify program costs associated with only freight. Further, the Department of Transportation does not have a national freight strategy to guide its different operating administrations' freight programs. In addition, oversight and funding requirements by the different modal administrations can make it difficult for planners to develop and implement intermodal freight projects which could result in more efficient freight movement.

In recent years, GAO has recommended or proposed for congressional consideration the following actions. The Department of Transportation has agreed to consider the following recommendations, but they have yet to be implemented, in large part because the authorization for surface transportation programs expired in 2009, and existing programs subsequently have been funded through temporary extensions.

GAO recommended in June 2007 that the Secretary of Transportation

- direct one operating administration or office—such as the Federal Highway Administration's Office of Freight Management and Operations—to take the lead in coordinating intermodal activities for freight at the federal level by improving collaboration among operating administrations and the availability of intermodal guidance and resources.

GAO recommended in January 2008 that the Secretary of Transportation

- develop with Congress and public and private stakeholders a comprehensive national strategy to transform the federal government's involvement in freight transportation projects, including defining federal and nonfederal stakeholder roles and using new or existing federal funding sources and mechanisms to support a targeted, efficient, and sustainable federal role.

[4] H.R. 7, 112th Cong. (2012).

GAO proposed in February 2009 that Congress, in considering the reauthorization of federal surface transportation programs,

- consider defining the federal role in surface transportation in accordance with national and regional transportation priorities, implementing a criteria-based, competitive project selection process, and working with the Secretary of Transportation to develop enhancements to ensure the highest return on federal investments.

Congressional reauthorization of transportation programs presents an opportunity to address GAO recommendations and matters for congressional consideration that have not been implemented. By promoting and coordinating solutions across jurisdictional lines, the federal government could increase the effectiveness of localities, states, and regional governments and planning organizations in overcoming freight-related challenges.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to the Department of Transportation for review and comment. The Department of Transportation provided technical comments, which were incorporated as appropriate. Department officials informed GAO that the department is working with Congress to address prior GAO recommendations as part of efforts to reauthorize the federal surface transportation programs.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

Surface Transportation: Competitive Grant Programs Could Benefit from Increased Performance Focus and Better Documentation of Key Decisions. GAO-11-234. Washington, D.C.: March 30, 2011.

Surface Freight Transportation: A Comparison of the Costs of Road, Rail, and Waterways Freight Shipments That Are Not Passed on to Consumers. GAO-11-134. Washington, D.C.: January 26, 2011.

Surface Transportation: Clear Federal Role and Criteria-Based Selection Process Could Improve Three National and Regional Infrastructure Programs. GAO-09-219. Washington, D.C.: February 6, 2009.

Freight Transportation: National Policy and Strategies Can Help Improve Freight Mobility. GAO-08-287. Washington, D.C.: January 7, 2008.

Intermodal Transportation: DOT Could Take Further Actions to Address Intermodal Barriers. GAO-07-718. Washington, D.C.: June 20, 2007.

Railroad Bridges and Tunnels: Federal Role in Providing Safety Oversight and Freight Infrastructure Investment Could be Better Targeted. GAO-07-770. Washington, D.C.: August 6, 2007.

Contact Information

For additional information about this area, contact Phillip Herr at (202) 512-2834 or herrp@gao.gov.

9. Department of Energy Contractor Support Costs

The Department of Energy should assess whether further opportunities could be taken to streamline support functions, estimated to cost over $5 billion, at its contractor-managed laboratory and nuclear production and testing sites, in light of contractors' historically fragmented approach to providing these functions.

Why This Area Is Important

The Department of Energy (Energy) spends 90 percent of its annual budget—which totaled $27 billion for fiscal year 2011—on the contractors that carry out its diverse missions and operate its sites nationwide. These management and operating contractors—which include corporations, universities, and others—also provide sites' support functions such as procuring needed goods and services; recruiting and hiring workers; managing health and retirement benefits; and maintaining facilities and infrastructure. GAO reviewed support functions at the 7 national laboratory and nuclear production and testing sites overseen by the National Nuclear Security Administration (NNSA)[1] and the 10 national laboratories overseen by the Office of Science. The total annual cost of support functions at NNSA and Office of Science sites increased from about $5.0 billion in fiscal year 2007 to about $5.5 billion (nominal) in fiscal year 2009.[2] Previously, GAO has recommended that Energy take actions to manage cost growth in certain support functions and related costs. Since that time, however, some of these costs have continued to grow.

What GAO Found

Because each site has historically had its own unique contractor—as part of Energy's longstanding model for research and nuclear weapons production—the sites have also differed in how support functions are organized and carried out. This decentralized, or fragmented, approach has sometimes led to inefficiencies in support functions. For example, sites have long procured goods and services independently of each other, sometimes buying from the same vendors in an uncoordinated manner and limiting Energy's ability to leverage sites' buying power. Similarly, Energy's fragmented approach to prioritizing and funding upgrades to

[1]Congress created NNSA as a semi-autonomous agency within the Department of Energy in 1999 (Title 32 of the National Defense Authorization Act for Fiscal Year 2000, Pub. L. No. 106-65, § 3201 et seq.).

[2]Over the same period, the sites' total annual support function costs increased from about $5.0 billion to about $5.3 billion in constant 2007 dollars. As discussed in GAO's January 2012 report, Energy sites' support costs for more recent years are not fully known, because Energy changed its data collection approach in 2010 to improve the quality of its cost data. Also, Energy has not yet fully implemented a quality control process for these more recent data but intends to do so in fiscal year 2012.

sites' aging facilities and infrastructures has made it difficult to leverage the resources needed to modernize its facilities. For example, some facilities cannot support vibration-free environments or other requirements of modern research tools.

As GAO reported in January 2012, Energy and contractors at its 17 NNSA and Office of Science sites have been carrying out a variety of efforts, since 2007, to streamline and reduce the costs of sites' support functions. For example:

- In 2007, NNSA began operating a central Supply Chain Management Center to reduce fragmentation in procurement and better leverage purchasing power across its seven sites. This center applies "strategic sourcing" techniques, aggregating and analyzing NNSA sites' procurement spending data to identify opportunities to coordinate sites' purchases and negotiate better prices for goods and services. One such analysis revealed that the sites were purchasing most of their laboratory supplies and equipment from the same set of 38 vendors through individual contracts negotiated by each site. The center was able to negotiate a single contract for all the sites, saving an estimated $22 million, or 17 percent, over the contract's 3-year term, according to a center official.

- Also that year, the Office of Science adopted a less fragmented approach to upgrading facilities and infrastructure at its 10 national laboratories by using a centrally managed process to prioritize funding for modernizing the sites' facilities. According to Office of Science officials, this approach has helped tie modernization efforts more closely to mission needs, while lowering the costs and shortening the lead times for upgrading facilities at sites.

In addition, GAO found that contractors at sites have undertaken their own streamlining and cost-reduction efforts, ranging from automating hiring, training, or other human resources activities to reducing employee health care and pension costs. As GAO reported in September 2011, while not all site-led efforts were aimed at reducing inefficiencies of Energy's fragmented approach, some of the efforts appeared to incorporate key practices for streamlining and improving the efficiency of federal programs and functions identified.

While these efforts have been made, there are additional opportunities to streamline support functions. For example:

- In an August 2010 memorandum, the Deputy Secretary of Energy called for expanding Energy's use of strategic sourcing and cited NNSA's Supply Chain Management Center, with its centralized approach to procuring goods and services for NNSA sites, as a possible model for leveraging Energy's and sites' buying power.

- NNSA is considering whether to consolidate certain support services, such as payroll and finance, at all seven NNSA sites. In a March 2011 white paper, NNSA concluded that a centralized approach was technically feasible and could lead to cost savings.

- In a July 2011 draft solicitation to industry, Energy and NNSA proposed having a single contractor manage and operate two NNSA sites. Energy and NNSA estimated that the new approach would save around $895 million (nominal) over the next 10 years, largely through efficiency gains and other improvements to the sites' business systems and support functions.

Energy and contractor officials noted that further assessment of the appropriateness of these and other potential efforts is warranted, as each can present challenges. For example, in response to the Deputy Secretary's August 2010 memo, the Office of Science expressed reluctance to implement a more centralized approach to procurement, citing the efficiencies of its current approach. Others in Energy noted, however, that similar concerns were expressed during prior streamlining efforts, including NNSA's own implementation of a centralized approach, and can be addressed through further assessment. In addition, a centralized approach may not always be more efficient or effective, but that determination can benefit from further assessment. For example, as GAO reported in September 2011, the anticipated cost savings from NNSA's proposal to consolidate management and operating contracts for two of its sites were uncertain, and NNSA's own analysis suggested that efficiencies could instead be achieved under its existing contracts through improved management practices.

Actions Needed and Potential Financial or Other Benefits

Energy and contractors at NNSA and Office of Science sites have taken steps, and are identifying further opportunities, to streamline support functions and reduce costs. As fiscal environments become more constrained, Energy needs to ensure that streamlining efforts will be effective. This includes understanding when it is appropriate to use a more centralized approach and addressing any challenges to further streamlining. As a result, GAO recommended in January 2012 that the Secretary of Energy should

- assess whether all appropriate efforts are being taken to streamline support functions at NNSA and Office of Science sites and to address implementation challenges.

Agency Comments and GAO's Evaluation

GAO provided a draft of its January 2012 report to Energy for review and comment. Energy generally agreed with the findings and recommendations from the report. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified action and report to Congress.

How GAO Conducted Its Work

The information in this analysis is based primarily on findings from the products listed in the related GAO products section. GAO reviewed documents and data and spoke with Energy, NNSA, and Office of Science officials and with contractors at eight sites—the four largest sites by budget from NNSA and Office of Science.

Related GAO Products

Department of Energy: Additional Opportunities Exist to Streamline Support Functions at NNSA and Office of Science Sites. GAO-12-255. Washington, D.C.: January 31, 2012.

Streamlining Government: Key Practices from Select Efficiency Initiatives Should be Shared Governmentwide. GAO-11-908. Washington, D.C.: September 30, 2011.

Modernizing the Nuclear Security Enterprise: The National Nuclear Security Administration's Proposed Acquisition Strategy Needs Further Clarification and Assessment. GAO-11-848. Washington, D.C.: September 20, 2011.

Contact Information

For additional information about this area, contact Gene Aloise at (202) 512-3841 or aloisee@gao.gov.

10. Nuclear Nonproliferation

Comprehensive review needed to address strategic planning limitations and potential fragmentation and overlap concerns among programs combating nuclear smuggling overseas.

Why This Area Is Important

The proliferation of nuclear weapons represents one of the greatest threats to U.S. and international security. As little as 25 kilograms of weapon-grade highly enriched uranium or 8 kilograms of plutonium could be used to build a nuclear weapon. If terrorists or other nations were to acquire and use a nuclear weapon, the results could have far-reaching and long-lasting social, financial, and health impacts. The United States has pursued a range of nuclear nonproliferation programs to address this threat through the Department of Energy's (Energy) National Nuclear Security Administration (NNSA). In addition to NNSA, other U.S. government agencies—including the Departments of Defense (DOD), State (State), and Homeland Security (DHS)—support programs and activities to reduce proliferation concerns around the world. National Security Council (NSC) staff have the principal role in coordinating the implementation of NNSA, DOD, State, and other agency nonproliferation programs.

What GAO Found

GAO reported in December 2011 on issues relating to the coordination of federal programs involved in preventing and detecting nuclear smuggling overseas. GAO identified and reviewed 21 U.S. government programs and offices under five federal agencies—NNSA, DOD, State, DHS, and the Department of Justice (Justice)—that play a role in preventing and detecting smuggling of nuclear materials and illicit trafficking of related technologies overseas. These include programs that (1) conduct research and development on radiation detection technologies; (2) deploy radiation detection equipment along foreign borders and points of transit; (3) train and equip foreign customs and border security officials to identify and interdict illicit nuclear materials or technology transfers; (4) assist foreign governments in the development of export control systems; (5) enhance and coordinate with foreign antismuggling law enforcement and prosecutorial capabilities; and (6) analyze potential foreign nuclear smuggling cases and incidents.

Among other things, GAO found that none of the existing strategies and plans for coordinating federal efforts to prevent and detect nuclear smuggling and illicit nuclear transfers overseas incorporates all of the desirable characteristics of national strategies. GAO also identified potential fragmentation and overlap among some programs working in this area, especially those providing equipment and training in foreign countries to counter nuclear smuggling. Furthermore, there is no single recognized agency responsible for leading and directing federal efforts to combat nuclear smuggling. However, State is taking steps to enhance one of the principal interagency coordinating mechanisms.

Regarding strategic planning to combat nuclear smuggling overseas, GAO found that existing interagency strategies to coordinate efforts governmentwide lacked some of the desirable characteristics of a national strategy, such as identifying financial resources needed and monitoring mechanisms to be used to determine progress and make improvements. For example, the 2010 Global Nuclear Detection Architecture Strategic Plan—developed jointly by DHS, DOD, Energy, State, Justice, the intelligence community, and the Nuclear Regulatory Commission—did not identify the financial resources needed to achieve the strategic plan's objectives or the monitoring mechanisms that could be used to determine programmatic progress and needed improvements. Similarly, implementation guidelines for international nuclear and radiological border security efforts issued by NSC in 2005 did not establish priorities, identify measures to track progress, or define the resources needed to effectively implement the strategy.

GAO also identified potential fragmentation and overlapping functions among some of these programs implemented by these federal agencies. Specifically, GAO identified six programs providing training to improve the capabilities of foreign border security and customs officials to prevent smuggling and illicit nuclear shipments: (1) NNSA's Second Line of Defense program, (2) International Nonproliferation Export Control Program, and (3) Cooperative Border Security Program;[1] (4) State's Export Control and Related Border Security program; and (5) DOD's Weapons of Mass Destruction-Proliferation Prevention Program and (6) International Counterproliferation Program. Similarly, GAO identified four programs that are involved in providing equipment to foreign governments to enhance the ability of their customs and border security organizations to detect nuclear smuggling: (1) NNSA's Second Line of Defense program, (2) State's Export Control and Related Border Security program, (3) DOD's Weapons of Mass Destruction-Proliferation Prevention Program, and (4) DOD's International Counterproliferation Program. In prior reports on nuclear nonproliferation programs, GAO has found that consolidating programs sharing common goals and implementing similar projects can maximize limited resources and may achieve potential cost savings or other programmatic and administrative efficiencies.

In raising the issue of potential fragmentation and overlap, agency officials representing these programs told GAO that not all of them have the same focus, that some concentrate on specialized niches, and that many are complementary. For instance, in the area of training, NNSA officials told GAO that the Second Line of Defense program is focused on training in the use and long-term sustainment of the radiation detection

[1]The Cooperative Border Security Program was an independent program at the time of GAO's audit on the coordination of federal programs involved in combating nuclear smuggling overseas. However, the program is no longer an independent program, and its functions were merged into the International Nonproliferation Export Control Program in June 2010.

equipment provided by the program, whereas the International Nonproliferation Export Control Program concentrates on training foreign customs and border guard personnel at official points of entry to detect illicit weapons of mass destruction-related commodity transfers and assisting border security officials to detect illicit trafficking of weapons of mass destruction-related items in “green border” areas between official points of entry. Regarding the provision of equipment, NNSA, State, and DOD officials noted that the Second Line of Defense program tends to provide larger equipment, such as radiation portal monitors and cargo scanning equipment, while the Export Control and Related Border Security program and International Counterproliferation Program provide smaller-scale equipment, such as handheld radiation detection pagers, hazardous materials kits, and investigative suits to foreign customs and border security organizations. While the agencies noted that these programs are complementary to one another, in GAO’s view the fragmented and overlapping nature of the programs nevertheless raises questions as to whether greater efficiency could be obtained through possible consolidation of such efforts.

Furthermore, GAO found that no single federal agency has lead responsibility to direct federal efforts to prevent and detect nuclear smuggling overseas. In the past, GAO has reported that interagency undertakings can benefit from the leadership of a single entity with sufficient time, responsibility, authority, and resources needed to ensure that federal programs are based upon a coherent strategy, are well coordinated, and that gaps and duplication in capabilities are avoided. For efforts to detect nuclear material smuggling into or movement within the United States, a 2005 presidential directive gave DHS’s Domestic Nuclear Detection Office responsibility for developing the Global Nuclear Detection Architecture and managing the domestic portion of the global architecture. However, this directive divided responsibility for the international portion of the global architecture among State, DOD, and Energy.

The 2010 Global Nuclear Detection Architecture Strategic Plan takes a step toward clarifying lead agencies responsible for different elements of the global architecture, including efforts overseas. Specifically, for the exterior layer of the global architecture—the portion focused on enhancing international capabilities for detecting nuclear and radiological materials abroad—the strategic plan identifies four performance goals, designating lead and supporting agency roles for each. However, it is unclear whether these more defined roles give authority to these lead agencies to provide direction and guidance across multiple agencies and programs. For instance, State and DOD officials told GAO that neither State nor any other federal agency has the authority to direct the activities or coordinate implementation of programs administered by other agencies involved in preventing or detecting nuclear smuggling overseas.

Regarding interagency coordinating mechanisms, the NSC has established mechanisms to coordinate efforts in this area, including a Countering Nuclear Threats Interagency Policy Committee (IPC) and a sub-IPC for international nuclear and radiological border security efforts.

NSC officials declined GAO's request to discuss various aspects of the IPC structure and how it coordinates U.S. efforts to combat nuclear smuggling overseas. However, some officials from other agencies expressed doubts about the value of the NSC's coordinating role. Notably, DOD officials told GAO that they believed NSC has played a negligible role in coordination of programs to counter nuclear smuggling.

Coordinating groups have been established beneath the IPC structure to facilitate greater interagency cooperation at a working level to address the nuclear smuggling threat in foreign countries. One of the principal coordinating mechanisms for U.S. export control and related border security assistance activities overseas is an interagency working group (IWG). This IWG meets on a regular basis and officials at DOD, NNSA, and State told GAO the meetings are well attended and are useful for exchanging information—such as sharing calendars and information on planned program activities—and building relationships between program managers. However, agency officials GAO interviewed identified some limitations with this mechanism and its ability to facilitate a more cohesive national response to this threat. For example, NNSA and DOD officials told GAO that the coordination meetings are hampered by the participation of many individuals and are oriented toward high-level discussion, making in-depth discussion of specific issues affecting program implementation difficult in these settings. In addition, NNSA and DOD officials stated that while the IWG is useful for information exchange, it is not a mechanism designed or suitable for conducting more fundamental interagency strategic planning or for developing guidance and priorities for individual agency programs.

State officials told GAO that they have addressed the first limitation by chairing executive-level and regional sub-IWG meetings. For example, the quarterly executive-level meetings involving senior-level participation at the deputy assistant secretary level, allow for high-level discussion of agency programmatic goals and funding priorities, while regional sub-IWG meetings conducted at the action-officer level provide for more focused attention on nonproliferation capacity building in specific countries or regions. In addition, State officials told GAO that they have proposed addressing the second limitation by using the IWG as a means of developing common interagency strategies and approaches toward other countries and to encourage individual programs to engage or disengage in particular regions, countries, and functional areas.

GAO concluded that effective coordination of federal government efforts to prevent and detect nuclear smuggling overseas is limited by shortcomings in strategic plans, potential fragmentation and overlap among some programs, and divided responsibilities among several agencies. Furthermore, it is apparent that no single agency or program has the authority to undertake and implement a strategic re-evaluation and restructuring across the government to address these concerns.

Actions Needed and Potential Financial or Other Benefits

To address these concerns, GAO recommended in December 2011 that the Assistant to the President for National Security Affairs (NSC) should

- undertake—or direct and delegate an appropriate agency or agencies to undertake—a comprehensive review of the structure, scope, and composition of agencies and programs across the federal government involved in preventing and detecting smuggling of nuclear materials, equipment, and technologies overseas. Such a review should assess several issues, including: (1) the level of overlap and duplication among agencies and programs, especially in the provision of training and nuclear detection equipment; (2) potential for consolidation of these functions to fewer programs and agencies; (3) the feasibility, costs, and benefits of establishing a special coordinator to preside over the allocation of U.S. counter-nuclear-smuggling assistance to foreign nations and be responsible for directing the interagency process of development, funding, and implementation of all U.S. government programs related to combating nuclear smuggling overseas; and (4) any U.S. laws that would need to be amended by Congress in order to facilitate consolidation, elimination, or other changes to existing programs; and

- issue new guidance that incorporates the elements of effective strategic plans, including clearly delineating the roles and missions of relevant programs, specific priorities and objectives, performance measures and targets, overall program cost estimates, and projected time frames for program completion.

Agency Comments and GAO's Evaluation

GAO provided a draft of its December 2011 report to NSC for report and comment. NSC did not comment on these recommendations.

GAO provided a draft of this report section to the Office of Management and Budget for review and comment. The Office of Management and Budget provided technical comments, which were considered and incorporated as appropriate. The Office of Management and Budget provided comments regarding the roles and responsibilities of other agencies, noting the administration has taken several steps to enhance and promote counter nuclear smuggling options within the national security agencies. These observations were addressed in conjunction with discussions GAO had with the other agencies during the course of its work. As part of GAO's routine audit work, GAO will track actions to address these recommendations and report to Congress.

How GAO Conducted Its Work

The information in this analysis is based on findings from the product listed in the related GAO products section. GAO reviewed uncosted NNSA nuclear nonproliferation program funding, but did not specifically discuss funding associated with the programs where GAO identified potential fragmentation and overlap, and GAO did not quantify the potential financial savings associated with those programs.

Related GAO Product

Nuclear Nonproliferation: Action Needed to Address NNSA's Program Management and Coordination Challenges. GAO-12-71. Washington, D.C.: December 14, 2011.

Contact Information

For additional information about this area, contact Gene Aloise at (202) 512-3841 or aloisee@gao.gov.

11. Personnel Background Investigations

The Office of Management and Budget should take action to prevent agencies from making potentially duplicative investments in electronic case management and adjudication systems.

Why This Area Is Important

The federal government spent over $1 billion to conduct more than 2 million personnel background investigations for government employees in fiscal year 2011. The Office of Personnel Management (OPM) conducts the majority of these investigations for federal agencies including the Department of Defense (DOD). DOD requests more investigations from OPM than any other federal agency and received over 788,000 background investigations that cost over $787 million in fiscal year 2011. Agencies use electronic case management systems to identify employees who need investigations and monitor the status of investigations. In addition, agencies use electronic adjudication systems to store records of the decisions that officials make based on investigations, such as whether an applicant is suitable for federal employment, and in some cases, whether the applicant is eligible for a security clearance, enabling him or her to access classified information.

In light of long-standing delays in completing these processes and other concerns, Congress set objectives and established requirements for improving aspects of the personnel security clearance process in the Intelligence Reform and Terrorism Prevention Act of 2004.[1] Among other things, the act established requirements for reciprocity—an agency's acceptance of a background investigation or clearance determination completed by any authorized investigative or adjudicative agency, subject to certain exceptions. When agencies do not reciprocally accept a background investigation or clearance determination completed by another agency, government resources may be used inefficiently to conduct duplicative investigations and adjudications. To meet the objectives laid out in the act and oversee reforms of the employment suitability and security clearance eligibility processes, DOD and the Office of the Director of National Intelligence established the Joint Security Clearance Process Reform Team (Joint Reform Team) in 2007. In 2008, the President issued an executive order[2] to ensure an efficient, practical, reciprocal, and aligned system for the suitability and security processes, among other things. The order (1) established a Suitability and Security Clearance Performance Accountability Council, which is accountable to the President to achieve the goals of reform (2) designated the Deputy Director for Management at the Office of Management and Budget (OMB)

[1] Pub. L. No. 108-458 (2004) (codified at 50 U.S.C. § 435b).

[2] Exec. Order No. 13467, *Reforming Processes Related to Suitability for Government Employment, Fitness for Contractor Employees, and Eligibility for Access to Classified National Security Information* (June 30, 2008).

as the chair of the Council; and (3) outlined the responsibilities of the Council, which include establishing requirements for enterprise information technology. Since 2008, the Joint Reform Team under the guidance of the Performance Accountability Council has encouraged agencies to automate their paper-based case management and adjudication systems by using electronic systems.[3]

What GAO Found

Multiple agencies have invested in or are beginning to invest in potentially duplicative, electronic case management and adjudication systems despite governmentwide reform effort goals that agencies leverage existing technologies to reduce duplication and enhance reciprocity. The governmentwide reform effort, led by the Performance Accountability Council, has resulted in progress in reducing delays in the amounts of time needed to conduct investigations and adjudicate clearances. Additionally, the Joint Reform Team, under the Performance Accountability Council's leadership, set as a goal in its information technology strategy that agencies will leverage existing systems to reduce duplication and enhance reciprocity.

However, of the agencies that GAO reviewed, GAO found that since 2007 three agencies—DOD, the Department of Justice (Justice), and the Department of Homeland Security (DHS) have each developed and implemented their own electronic systems for case management and adjudication. In addition, GAO identified three other agencies—the National Reconnaissance Office,[4] the Department of Veterans Affairs, and the Department of the Treasury—that are beginning to invest in new systems that may duplicate the systems that DOD, Justice, and DHS have already implemented. Moreover, OPM officials told GAO that OPM plans to develop a new electronic case management and adjudication system. See the table below for the agencies GAO identified that have developed or are planning to develop their own electronic systems for case management and adjudication and the amounts those agencies have invested as of fiscal year 2011.

[3]The Performance Accountability Council is currently comprised of representatives from 11 executive branch agencies, including DOD and the Office of the Director of National Intelligence.

[4]While the National Reconnaissance Office is an agency within DOD, it is beginning to invest in an electronic system distinct from DOD's system.

Agency Investments in Electronic Systems That Have Potentially Duplicative Capabilities for Case Management and Adjudication

Agency	Status	Investment as of FY11
Department of Defense	Completed	$32 million
Department of Justice	Completed	15 million
Department of Homeland Security	Completed	6.5 million
National Reconnaissance Office	In development	6.8 million
Department of Veterans Affairs	In development	900,000
Department of the Treasury	In development	300,000[a]
Office of Personnel Management	Planned	Unknown

Source: GAO.

[a]According to officials at the Department of the Treasury, the agency seeks $300,000 to fund its system.

According to DOD officials, DOD has intended to share the technology for its case management and adjudication system with other agencies since it developed its system. According to Department of Energy officials, the agency piloted a part of DOD's system in 2010 and it is still considering whether to implement it. In addition, DOD officials told GAO that the Social Security Administration plans to use DOD's system. DOD officials estimate that to implement the DOD system, agencies would need to invest approximately $300,000, in addition to any expenses agencies could incur if they chose to customize DOD's system to meet specific needs. Furthermore, DOD officials estimate that agencies may need to spend approximately $100,000 per year for long-term support and maintenance of the system. Likewise, OPM officials told GAO that OPM plans to share the technology for any case management and adjudication system that it develops with the agencies that request investigations from OPM.

However, the Performance Accountability Council has not developed specific governmentwide guidance regarding how agencies should leverage existing technologies to prevent agencies from making duplicative investments in electronic case management and adjudication systems. As a result, individual agencies can decide to develop their own new systems without evaluating whether utilizing an existing system would be a more cost-effective approach. Since it was established, the Performance Accountability Council and the Joint Reform Team have issued several reports detailing reform-related plans, including a S*trategic Framework* in February 2010. The *Strategic Framework* established goals, performance measures, roles and responsibilities, and proposed metrics for determining the quality of security clearance investigations and adjudications. However, the Council did not include specific guidance in the *Strategic Framework* about how agencies might leverage existing technologies. Without specific guidance regarding how agencies should leverage existing technologies, agencies may miss opportunities to avoid duplicative investments in electronic systems for case management and adjudication.

Actions Needed and Potential Financial or Other Benefits

GAO recommended in February 2012 that OMB's Deputy Director for Management, in his capacity as Chair of the Performance Accountability Council, should

- develop additional guidance to help ensure that reform stakeholders identify opportunities for preventing duplication in the development of electronic case management and adjudication technologies in the suitability determination and personnel security clearance processes.

The federal government may realize multiple potential benefits from taking the actions GAO describes, including improved reciprocity and cost savings by preventing duplication of investments in electronic systems. Agencies that operate the same electronic systems for case management and adjudication may be able to share records of personnel background investigations with one another more easily, which may improve reciprocity and result in cost savings by using existing investigations rather than paying for new ones to be conducted.

Agency Comments and GAO's Evaluation

GAO provided a draft of its February 2012 report to OMB for review and comment. OMB agreed with GAO's recommendation that OMB develop additional guidance to help ensure that reform stakeholders identify opportunities for preventing duplication in the development of electronic case management and adjudication technologies in the suitability determination and personnel security clearance processes. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products listed below. GAO selected agencies to review that meet a combination of one or more of the following criteria: (1) utilizes OPM to conduct most of its security clearance investigations for civilians, military, and industrial (contractor) personnel; (2) ranks among OPM's top 10 largest investigation customers, by volume and/or by total expenditures in fiscal year 2010; and (3) is a member of the Performance Accountability Council. GAO also reviewed selected additional agencies that are developing or planning to develop an electronic system for case management and adjudication. GAO then interviewed knowledgeable officials at each of these agencies about the status of and their plans for investments in electronic systems for case management and adjudication.

Related GAO Products

Background Investigations: Office of Personnel Management Needs to Improve Transparency of Its Pricing and Seek Cost Efficiencies. GAO-12-197. Washington, D.C.: February 28, 2012.

High-Risk Series: An Update. GAO-11-278. Washington, D.C.: February 2011.

Personnel Security Clearances: Overall Progress Has Been Made to Reform the Governmentwide Security Clearance Process. GAO-11-232T. Washington, D.C.: December 1, 2010.

Personnel Security Clearances: Progress Has Been Made to Improve Timeliness but Continued Oversight Is Needed to Sustain Momentum. GAO-11-65. Washington, D.C.: November 19, 2010.

DOD Personnel Clearances: Preliminary Observations on DOD's Progress on Addressing Timeliness and Quality Issues. GAO-11-185T. Washington, D.C.: November 16, 2010.

Personnel Security Clearances: An Outcome-Focused Strategy and Comprehensive Reporting of Timeliness and Quality Would Provide Greater Visibility over the Clearance Process. GAO-10-117T. Washington, D.C.: October 1, 2009.

Personnel Security Clearances: Progress Has Been Made to Reduce Delays but Further Actions Are Needed to Enhance Quality and Sustain Reform Efforts. GAO-09-684T. Washington, D.C.: September 15, 2009.

Personnel Security Clearances: An Outcome-Focused Strategy Is Needed to Guide Implementation of the Reformed Clearance Process. GAO-09-488. Washington, D.C.: May 19, 2009.

DOD Personnel Clearances: Comprehensive Timeliness Reporting, Complete Clearance Documentation, and Quality Measures Are Needed to Further Improve the Clearance Process. GAO-09-400. Washington, D.C.: May 19, 2009.

*High-Risk Series: An Update.*GAO-09-271. Washington, D.C.: January 2009.

Contact Information

For additional information about this area, contact Brenda Farrell at (202) 512-3604 or farrellb@gao.gov.

12. Cybersecurity Human Capital

Governmentwide initiatives to enhance cybersecurity workforce in the federal government need better structure, planning, guidance, and coordination to reduce duplication.

Why This Area Is Important

Threats to federal information technology (IT) infrastructure and systems continue to grow in number and sophistication, posing a risk to the reliable functioning of government and highlighting the need to ensure that the federal and contractor workforce has the knowledge, skills, and abilities to maintain the security of federal IT infrastructure and systems.

In discussing his 2009 Cyberspace Policy Review,[1] President Obama declared the cyber threat to be "one of the most serious economic and national security challenges we face as a nation." Because of the importance of federal information systems to government operations, as well as continuing weaknesses in the information security controls over these systems, GAO has identified federal information security as a governmentwide high-risk area since 1997.[2]

Cybersecurity professionals help to prevent or mitigate vulnerabilities that could allow malicious individuals and groups access to federal IT systems. Specifically, the ability to secure federal systems is dependent on the knowledge, skills, and abilities of the federal and contractor workforce that uses, implements, secures, and maintains these systems.

What GAO Found

GAO's work and the work of other organizations suggest that there are leading practices that workforce planning for critical positions such as federal cybersecurity positions should address. These include defining roles, responsibilities, skills, and competencies for these positions and establishing a training and development program that supports the competencies an agency needs to accomplish its mission.

The Department of Commerce's National Institute of Standards and Technology (NIST), Chief Information Officers (CIO) Council, Office of Personnel Management (OPM), and the Department of Homeland Security (DHS) have separate efforts intended to help agencies define roles, responsibilities, skills, and competencies for their cybersecurity workforce. However, it is unclear how or whether the aforementioned entities will effectively align their efforts and, if so, the timeframe for accomplishing that. The four efforts are discussed briefly below:

---

[1]President Barack Obama *Cyberspace Policy Review: Assuring a Trusted and Resilient Information and Communications Infrastructure* (Washington, D.C.: May 29, 2009).

[2]See GAO, *High Risk Series: An Update* GAO-11-278 (Washington, D.C.: February 2011).

- As part of its responsibilities under the Federal Information Security Management Act, NIST has defined cybersecurity roles and responsibilities in NIST Special Publications 800-16, 800-37, and 800-50.

- In October 2010, the CIO Council released an updated version of 11 standard cybersecurity roles that agencies could use as a guideline in developing detailed position descriptions and training. For each role, the CIO Council plans to develop a workforce development matrix that lists suggestions for qualifications for entry, intermediate, and advanced performance levels for the role; additional sources for skill and competency materials; educational and professional credentials; and learning and development sources. While several of the NIST-defined cybersecurity roles map to the roles defined by the CIO Council, others do not. As of August 2011, NIST had not indicated plans to modify the roles identified in NIST publications to align with the CIO Council roles. According to NIST, its standards and guidance which include its definition of cybersecurity roles and responsibilities were issued based on its responsibilities under the Federal Information Security Management Act, and as such, do not need to be revised to align with the CIO Council roles. However, providing multiple unaligned sources of guidance to federal agencies limits their value as a tool for agencies.

- OPM developed a governmentwide cybersecurity competency model that identified the most common job series used by cybersecurity professionals across the federal government; however, the identified competencies are not unique to cybersecurity work, and there is no mechanism in place to determine if agencies will use this model.

- In support of the National Initiative for Cybersecurity Education,[3] DHS is developing a framework consisting of 31 specialties across seven categories of cybersecurity work, which is intended to provide a common language for describing the cybersecurity workforce. According to DHS, once the framework has been finalized, other federal documents, including relevant NIST Special Publications, will be revised to conform to it. However, no time frame was provided on when this will occur and it is unclear whether or not NIST will revise its publications to conform to the framework.

Although NIST guidelines are currently widely used throughout the federal government, it is unclear whether or how the results of the efforts of the CIO Council, OPM, or DHS will be used governmentwide. A more

[3]The National Initiative for Cybersecurity Education began in March 2010 as an expansion of Initiative 8 of the Comprehensive National Cybersecurity Initiative, which focused on efforts to educate and improve the federal cybersecurity workforce. According to the interagency committee recommendations establishing the National Initiative for Cybersecurity Education, it is to provide program management support and promote intergovernmental efforts to improve cybersecurity awareness, education, workforce structure, and training.

consolidated effort to develop one framework defining roles, responsibilities, skills, and competencies for the federal cybersecurity workforce rather than four separate efforts, would be a more efficient use of resources.

In addition to efforts to define roles, responsibilities, skills and competencies, there are multiple governmentwide cybersecurity training efforts under way. In 2005, the Office of Management and Budget (OMB) and DHS began to collaborate on an initiative, called the Information Systems Security Line of Business, to address common information systems security needs across the government, including cybersecurity training. As part of this collaboration, DHS designated five agencies—the Departments of Defense, State, and Veterans Affairs (VA), the National Aeronautics and Space Administration (NASA), and OPM—to be security training shared service centers available to all federal agencies so as to reduce duplication and improve the quality of information security training. The training courses that these agencies offer are organized into two training tiers: general security awareness training and role-based security training. While one of the goals of the shared program is to reduce duplication, there are several areas in which the training roles overlap among the agencies, and no process exists for coordinating or eliminating duplication among the efforts. For example, NASA, VA, and State all have training for employees in system administrator roles. Additionally, both NASA and VA offer training for CIOs, and NASA and State both offer training directed at the system owner role. However, neither the individual agencies nor DHS evaluate the training for duplicative content, effectiveness, or extent of use.

Actions Needed and Potential Financial or Other Benefits

To ensure that governmentwide cybersecurity workforce initiatives are better coordinated, GAO recommended in November 2011 that Directors of OMB and OPM and the Secretaries of the Departments of Commerce and Homeland Security should

- consolidate and align efforts to define roles, responsibilities, skills, and competencies for the federal cybersecurity workforce.

Regarding the Information Systems Security Line of Business initiative, GAO also recommended in November 2011 that the Secretary of DHS should

- implement a process for tracking agency use of training, gather feedback from agencies on the training's value and opportunities for improvement, and develop a process to coordinate training offered to minimize the production and distribution of duplicative products.

Implementation of these recommendations could help the government more efficiently and effectively develop the federal cybersecurity workforce in a constrained fiscal environment.

Agency Comments and GAO's Evaluation

GAO provided a draft of its November 2011 report to OMB, OPM, the Department of Commerce, and DHS, for review and comment. OPM, the Department of Commerce, and DHS generally agreed with GAO's recommendation to consolidate and align efforts to define roles and responsibilities, skills, and competencies for the federal cybersecurity workforce. OMB provided technical comments, which were incorporated as appropriate. In addition, DHS officials agreed with GAO's recommendations regarding improvements to the Information Systems Security Line of Business and stated that the department is developing a mechanism for gathering input to address GAO's recommendation and will work with other shared service centers to ensure that they align with the National Initiative for Cybersecurity Education activities and findings. As part of GAO's routine audit work, GAO will track agency actions to address these recommendations and report to Congress.

GAO provided a draft of this report section to OMB for review and comment. OMB provided additional technical comments. However, GAO did not revise its findings based on these comments. In one instance, OMB indicated that GAO's statement that the CIO Council released an updated version of 11 standard cybersecurity roles in October 2010 was not completely accurate and that the CIO Council document we referenced did not update the 11 roles. GAO disagrees. The CIO document clearly shows that the roles were updated on October 29, 2010. OMB also noted that the October 2010 CIO Council document contained additional information discussing efforts at NIST and the National Initiative for Cybersecurity Education. GAO was not provided this additional information at the time of its review, but to the extent this information supports better coordination of federal cybersecurity workforce development efforts, this is a positive step. Furthermore, OMB commented that it is intended that NIST will account for the cybersecurity workforce framework developed by the National Initiative for Cybersecurity Education in its follow on work. Any steps OMB and NIST take to better coordinate federal cybersecurity efforts will be helpful. Nevertheless, we continue to believe that consolidating and aligning efforts to define roles, responsibilities, skills, and competencies for the federal cybersecurity workforce will help the government more efficiently and effectively develop the workforce in a fiscally constrained environment.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the product in the related GAO product section. GAO identified governmentwide initiatives based on interviews with subject matter experts at federal agencies and private organizations, and a review of publicly released information on the initiatives. GAO reviewed plans, performance measures, and status reports. GAO also interviewed officials at agencies responsible for these initiatives, such as NIST, OPM, the National Science Foundation, and OMB. GAO assessed the status and plans of these efforts against GAO's prior work on strategic planning, training and development, and efficient government operations.

Related GAO Product

Cybersecurity Human Capital: Initiatives Need Better Planning and Coordination. GAO-12-8. Washington, D.C.: November 29, 2011.

Contact Information

For additional information about this area, contact Gregory C. Wilshusen at (202) 512-6244 or wilshuseng@gao.gov or Valerie C. Melvin at (202) 512-6304 or melvinv@gao.gov.

13. Spectrum Management

Enhanced coordination of federal agencies' efforts to manage radio frequency spectrum and an examination of incentive mechanisms to foster more efficient spectrum use may aid regulators' attempts to jointly respond to competing demands for spectrum while identifying valuable spectrum that could be auctioned for commercial use, thereby generating revenues for the U.S. Treasury.

Why This Area Is Important

The radio frequency spectrum is a natural resource that is used to provide wireless communications services critical to the U.S. economy and a variety of government functions, such as national defense, homeland security, and other vital public safety activities. The federal government controls the use of spectrum by authorizing federal agencies' requests for spectrum and issuing licenses to nonfederal users. As the nation continues to experience significant growth in commercial wireless broadband services, the demand for spectrum has increased and additional capacity will be needed to accommodate future growth.

Since most spectrum has already been allocated for federal, nonfederal, or shared uses, a number of initiatives are under way to identify previously assigned spectrum that can be repurposed for commercial wireless broadband. When spectrum is repurposed for commercial use, an auction may be held to distribute licenses through a bidding process. Since the first auction in 1994, auctions have generated nearly $52 billion for the U.S. Treasury and have provided additional spectrum for new commercial applications. In addition, some spectrum is available for unlicensed use, meaning an unlimited number of users can share the spectrum on a non-interference basis. Unlicensed spectrum supports a variety of technologies, including wireless fidelity (Wi-Fi) networks, and regulators are attempting to make more unlicensed spectrum available in the hopes of fueling innovation and economic growth. Spectrum management decisions require that regulators weigh the potential economic and technological benefits of increased spectrum availability against the need for federal agencies to use spectrum to achieve their missions.

Over the past 10 years, GAO has identified weaknesses in spectrum management—which is fragmented between the Department of Commerce's National Telecommunications and Information Administration (NTIA) and the Federal Communications Commission (FCC)—that could impact the nation's ability to meet the growing demand for spectrum. In addition, GAO identified FCC's spectrum management as a major governmental challenge, specifically citing the need to balance competing demands for limited spectrum.

What GAO Found

Spectrum management in the United States is fragmented between NTIA and FCC.[1] NTIA is responsible for managing the federal government's use of spectrum, and FCC regulates spectrum use by nonfederal entities, such as television broadcasters, wireless service providers, and state and local public safety officials. A number of other entities also play a role in spectrum management. For example, the Interdepartment Radio Advisory Committee (IRAC), which consists of 19 agencies that hold over 90 percent of all federally assigned spectrum, coordinates federal use of spectrum and provides NTIA policy advice on spectrum issues. In addition, the Office of Management and Budget (OMB) is involved in spectrum management through the federal budget process and has issued a circular (OMB Circular A-11) that provides guidance for the use of spectrum-dependent systems by federal agencies.

Given the fragmented federal approach, coordination is essential to ensure that NTIA and FCC take a holistic approach to efficiently and effectively manage spectrum use. As GAO reported in March 2006, changes that affect existing users of spectrum can cause contentious stakeholder conflicts that cross the jurisdictions of both agencies and can lead to protracted negotiations.

As GAO reported in November 2011, coordination challenges between NTIA and FCC were one of four factors contributing to delays in efforts to repurpose spectrum for new commercial uses. Efforts to repurpose spectrum require that NTIA and FCC coordinate to determine what spectrum is suitable for new commercial uses, and the extent to which federal agencies will be affected by efforts to relocate or modify their current spectrum assignments. Repurposed spectrum that can be auctioned for new commercial uses can generate significant revenues for the U.S. Treasury, and GAO and the National Commission on Fiscal Responsibility and Reform have supported the continued use of auctions to assign spectrum licenses.

While NTIA and FCC have taken steps to improve coordination and are collaborating on efforts to make spectrum available for wireless broadband, the extent to which they are effectively coordinating and will be able to quickly meet growing demands for spectrum is unclear due, in part, to a lack of transparency in their joint planning efforts. In 2003, NTIA and FCC signed a Memorandum of Understanding (MOU) that stated the Assistant Secretary for Communications and Information at NTIA and the Chairman of FCC would meet twice a year to conduct joint spectrum planning activities, as required by the NTIA Act, to ensure spectrum is used for its

[1]The responsibility for managing spectrum was divided between NTIA (an executive agency) and FCC (a federal independent regulatory commission) to avoid concentrating licensing power into one executive agency, while at the same time taking into account the President's responsibility for both national defense and fulfilling agency missions.

"highest and best purpose."[2] According to the MOU, the joint spectrum planning is to include considerations of the future spectrum requirements of public and private users, with the goal of promoting efficient use of spectrum that reflects the economic and national security interests of the nation.

However, according to NTIA and FCC officials, these meetings did not occur regularly during one prior FCC Chairman's term. FCC officials also told us that the results of the meetings are not publicly available because they contain pre-decisional information. In addition, NTIA and FCC have not jointly developed a strategic spectrum plan encompassing federal and nonfederal spectrum use, despite statutory requirements and a 2004 Presidential Memorandum to do so. In fact, when GAO asked which documents comprise the national spectrum strategy, NTIA and FCC officials identified different documents.

As GAO reported in November 2011, 62 of 71 experts and stakeholders we surveyed strongly or somewhat agreed that there is a need to maintain an ongoing strategic spectrum plan. GAO has also reported on the importance of transparency and oversight in spectrum management decisions. Lacking information on the extent to which NTIA and FCC are coordinating to strategically manage spectrum, Congress and stakeholders have no assurance that spectrum is being used for its highest and best purpose, and it is difficult to assess whether NTIA and FCC are fulfilling the intent of the NTIA Act and the MOU.

Furthermore, as GAO reported in April 2011, NTIA relies heavily on federal agencies to self-evaluate and determine their current and future spectrum needs, with limited oversight or emphasis on holistic spectrum management to ensure that spectrum is being used efficiently across the federal government. NTIA has explained that because federal agencies use spectrum for a variety of applications and missions, it must rely on the agencies' expertise when reviewing spectrum assignments. However, prior GAO reports found that such a fragmented, decentralized approach proves problematic, since agency use of spectrum may not reflect the economic value of spectrum for the following reasons:

- Agencies focus on mission requirements—not an underlying, systematic consideration of spectrum efficiency—when making investments in spectrum technologies.
- Agencies do not pay for the spectrum they receive (outside of an administrative fee to NTIA). While OMB's Circular A-11 requires that agencies consider the economic value of spectrum when purchasing

[2]*See* National Telecommunications and Information Administration Act, title I, § § 103, 112 (1992) *codified as amended at* 47 U.S.C. §§ 902 (b)(2)(L)(i), 922, and Memorandum of Understanding Between the Federal Communications Commission and the National Telecommunications and Information Administration, signed January 31, 2003.

spectrum-dependent systems, the requirements only apply to new procurements.

- Agencies receive no economic benefit from freeing up spectrum that can be auctioned for other uses and potentially generate revenue for the U.S. Treasury. In May 2004, GAO recommended that NTIA develop a pilot to implement incentives for agencies to use spectrum more efficiently, and NTIA undertook a review to identify potential incentives. However, according to NTIA, it did not carry out the studies recommended by the review due to limited resources and other strategic priorities. Some experts GAO spoke with noted the need to better incent agencies to use spectrum more efficiently, and a subcommittee of the Department of Commerce's Spectrum Management Advisory Committee made recommendations on this issue in a January 2011 report. NTIA officials told us that NTIA has also highlighted the need to amend the Commercial Spectrum Enhancement Act[3] to provide agencies with up-front funding to cover their planning costs associated with future spectrum reallocations, as well as covering the costs of sharing spectrum and enabling agencies to upgrade their technology.

- Agencies might not have the up-front resources needed to invest in new technologies, which could result in the agencies using outdated, inefficient equipment. GAO has noted that OMB has experience managing a dedicated governmentwide fund that supports the up-front costs of improving efficiency in certain programs, such as improving the administrative efficiency of federal assistance programs. Although this fund is not spectrum-related, OMB officials noted that one of the benefits of having a centralized multiyear source of dedicated funding for efficiency projects is the ability to enhance agencies' abilities to undertake efficiency issues that need to be reviewed over time or that are affected by multiple federal agencies.[4]

With respect to using incentives to encourage more efficient spectrum use among non-federal users, GAO found that FCC has taken steps to rely more heavily on market mechanisms, such as auctions, to dictate the allocation of spectrum, and recommended Congress consider extending FCC's auction authority.[5] FCC is also pursuing additional approaches to expand economic incentives, such as incentive auctions—in which an existing user could receive a portion of the proceeds from the auction—however, some of these approaches require congressional approval and face mixed support among stakeholders.

---

[3]Pub. L. No. 108-494, title II, 118 Stat. 3991 (2004).

[4]GAO-11-908 provides more information about OMB's Partnership Fund for Program Integrity Innovation, which funds efforts to improve the efficiency of federal assistance programs.

[5]GAO-12-118.

Actions Needed and Potential Financial or Other Benefits

In its previously issued reports, GAO has consistently noted that spectrum management is not guided by a long-range holistic vision encompassing federal and nonfederal users. A Presidential Memorandum required NTIA and FCC to collaborate to make more spectrum available for wireless broadband. NTIA and FCC are also working together to accommodate more flexible and efficient models of spectrum use. These efforts could lead to additional spectrum auctions, which could generate increased revenues for the U.S. Treasury and provide spectrum for new commercial applications. Enhanced transparency in NTIA and FCC's joint spectrum management efforts could aid Congress' oversight and ensure that the agencies are on the path to efficient and effective spectrum management. In addition, GAO, the Department of Commerce, and an FCC task force have noted the need to develop incentives that encourage agencies to use spectrum more efficiently.

To improve transparency in national spectrum policy decisions, assure coordination between managers of government and privately-owned spectrum, and help ensure that spectrum is used for its highest and best purpose, the Assistant Secretary for Communications and Information at NTIA and the Chairman of the FCC should

- report periodically to Congress on their joint spectrum planning activities and their consultation with other relevant government agencies. The report should include information on estimated future spectrum requirements for public and private uses, the spectrum allocation actions necessary to accommodate those uses, and any actions taken to promote the efficient use of spectrum.

To improve spectrum efficiency among federal agencies, Congress may wish to consider

- evaluating what incentive mechanisms could be used to move agencies toward more efficient use of spectrum, which could free up some allocated for federal use spectrum to be made available for other purposes. OMB's experience managing governmentwide efficiency programs could prove helpful in this evaluation.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to the Department of Commerce, FCC, and OMB for review and comment. The Department of Commerce, FCC, and OMB provided technical comments, which were incorporated as appropriate. The Department of Commerce stressed that spectrum management is a difficult, complex undertaking with multiple growing demands from commercial and governmental users, requiring that regulators balance regulatory certainty for existing users against flexibility to accommodate new users. The Department of Commerce added that NTIA and FCC will need to continue to improve their processes to meet competing demands for spectrum, specifically noting the need to develop a regulatory basis for spectrum sharing. The Department of Commerce stated that if so directed by Congress, NTIA would work with FCC to report on planning activities, but cautioned against over-simplifying the complexity of spectrum management, noting that it is impossible to simply calculate a number that represents how much spectrum each user requires. GAO acknowledges the complexity of such decisions, but believes that increased transparency in NTIA and FCC's statutorily-required joint planning efforts would prove useful for Congress and stakeholders. With respect to applying market incentives to encourage more efficient federal spectrum use, the Department of Commerce noted potential difficulties with applying such incentives. For example, the Department of Commerce stated that federal agencies seldom have exclusive spectrum access and a band of spectrum may be used to support a variety of technologies and operations. Thus, providing incentives to one federal user to use less spectrum may not mean that other federal users in the same spectrum will do the same. However, the Department of Commerce stated that NTIA would do its best to ensure the implementation of any efficiency requirements ultimately specified by Congress, and would fully consider any proposals to fund efficiency gains such as those carried out by OMB in other fields.

FCC noted that it has increased strategic planning for spectrum designated for commercial use, and has worked to ensure greater transparency in FCC's planning efforts. FCC also provided some information on its efforts to expand the use of market incentives to encourage efficient spectrum use among commercial users, which were incorporated as appropriate.

OMB disagreed with GAO's recommendation that NTIA and FCC report periodically to Congress on their joint spectrum planning activities and their consultation with other relevant government agencies. OMB stated that since NTIA and FCC have distinct missions and serve discrete populations of spectrum users, additional public reporting would not likely appreciably enhance spectrum management efforts. OMB also noted that NTIA and FCC are collaborating with one another and with other federal agencies to identify spectrum that can be made available for wireless broadband, and that NTIA periodically reports on the progress of these efforts. GAO recognizes that NTIA and FCC are collaborating to make additional spectrum available for broadband. However, GAO has previously noted that coordination challenges between NTIA and FCC have delayed efforts to repurpose spectrum for new commercial uses, and changes that affect existing users of spectrum can cause contentious stakeholder conflicts that cross the jurisdictions of both agencies and can lead to protracted negotiations. Given that NTIA and FCC have not jointly developed a national strategic spectrum plan, despite being statutorily required to do so, and did not, during one prior Chairman's term, hold statutorily-required spectrum-planning meetings, GAO believes that increased transparency in NTIA and FCC's coordination efforts would prove useful in maintaining coordination between the agencies. In its comments, OMB also stated that the Administration has put forth proposals to encourage more efficient use of spectrum, such as providing FCC with new authority to conduct incentive auctions, and modifying existing law to provide federal agencies with up-front funding to plan for spectrum reallocations and allowing support for upgrading agency communication capabilities.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO reports section as well as additional work GAO conducted. GAO interviewed NTIA and FCC officials, as well as academic experts and think tank representatives.

Related GAO Products

- *Commercial Spectrum: Plans and Actions to Meet Future Needs, Including Continued Use of Auctions*. GAO-12-118. Washington, D.C.: November 23, 2011.
- *Streamlining Government: Key Practices from Select Efficiency Initiatives Should Be Shared Governmentwide*. GAO-11-908. Washington, D.C.: September 30, 2011.
- *Spectrum Management: NTIA Planning and Processes Need Strengthening to Promote the Efficient Use of Spectrum by Federal Agencies*. GAO-11-352. Washington, D.C.: April 12, 2011.
- *Telecommunications: Options for and Barriers to Spectrum Reform*. GAO-06-526T. Washington, D.C.: March 14, 2006.
- *Telecommunications: Strong Support for Extending FCC's Auction Authority Exists, but Little Agreement on Other Options to Improve Efficient Use of Spectrum*. GAO-06-236. Washington, D.C.: December 20, 2005.
- *Spectrum Management: Better Knowledge Needed to Take Advantage of Technologies That May Improve Spectrum Efficiency*. GAO-04-666. Washington, D.C.: May 28, 2004.

Contact Information

For additional information about this area, contact Mark Goldstein at (202) 512-2834 or goldsteinm@gao.gov.

14. Health Research Funding

The National Institutes of Health, Department of Defense, and Department of Veterans Affairs can improve sharing of information to help avoid the potential for unnecessary duplication.

Why This Area Is Important

The majority of federal funding for health research and related activities is spent by the National Institutes of Health (NIH), within the Department of Health and Human Services (HHS), the Department of Defense (DOD), and the Department of Veterans Affairs (VA).[1] In fiscal year 2010, NIH, DOD, and VA obligated about $40 billion, $1.3 billion, and $563 million, respectively, for activities related to health research.[2] Applications for federal funding of health research are typically submitted by principal investigators[3]—the lead researchers for research projects—through their institution, and in some cases they may submit applications to multiple agencies at the same time for funding consideration.[4] It is common for agencies to fund health research on topics of common interest, such as breast cancer and post-traumatic stress disorder (PTSD).[5] In some cases, funding similar research on the same topics is appropriate and necessary, for example, for purposes of replicating or corroborating prior research results. However, without effective sharing of information among

[1]Specifically, about 94 percent of federal funding for medical sciences research in fiscal year 2008 was obligated by these three federal agencies, according to data from the National Science Foundation.

[2]With respect to DOD, we obtained data on obligations of funds made available for research, development, testing, and evaluation in the annual appropriation for the Defense Health Program. With respect to VA, we obtained data on obligations of its appropriation for Medical and Prosthetic Research.

[3]Principal investigators are typically individuals designated by the applicant organization, such as a university receiving federal grants, to have the appropriate level of authority and responsibility to direct the project or program to be supported by the award.

[4]Agency officials told us that multiple agencies cannot fund the same research application unless they work together to jointly fund it.

[5]In some instances, research is initiated in response to congressional direction. For example, according to DOD, the Office of Congressionally Directed Medical Research Programs is funded through the annual Defense Appropriations Act and manages research in many areas, including breast cancer. According to DOD, funds identified during the appropriations process at the request of members of the House and Senate are used for congressionally directed research. http://cdmrp.army.mil/about/fundingprocess.shtml (last visited Dec. 2, 2011). Future GAO work is expected to examine the Office of Congressionally Directed Medical Research Programs.

federal agencies about their funding decisions, they may use available funds inefficiently due to duplication of effort.[6]

What GAO Found

NIH, DOD, and VA each lack comprehensive information on health research funded by the other agencies, which limits their ability to identify potential areas of duplication in the health research they fund. NIH, DOD, and VA program managers—officials who typically manage agency research portfolios and may provide input to senior agency officials responsible for making funding decisions—told GAO that, when reviewing health research applications, they typically search publicly available databases for potentially duplicative research projects funded by other federal agencies.[7] These databases are used by various federal agencies, including NIH, DOD, and VA, to maintain information on funded health research applications. For example:

- To obtain information on NIH-funded research applications, DOD and VA program managers told GAO that they search NIH's Research Portfolio Online Reporting Tools Expenditures and Results, known as RePORTER, an electronic database that provides the public with information on the expenditures and results of NIH-supported health research. This database is also used by NIH and DOD officials to obtain information on some, but not all, of the health research applications funded by VA.[8]

- To obtain information on DOD-funded health research applications, the NIH and VA program managers GAO interviewed said that they use DOD's Congressionally Directed Medical Research Programs website, which includes a database that provides information on health research applications funded through these programs, though

[6]GAO recognizes that, in some instances, it is appropriate for multiple agencies or entities to be involved in the same programmatic or policy area due to the nature or magnitude of the federal effort. For purposes of this report, the term "unnecessary duplication" refers to duplicative research funding that is not necessary to corroborate or replicate prior research results for scientific purposes.

[7]Officials at NIH, DOD, and VA also stated that they consider the opinions of peer reviewers, who are typically scientists or professors who score proposals for scientific merit, to determine whether applications may be duplicative of other research. NIH and VA applications have a required section where principal investigators and other key personnel must list all current funding they receive and all other applications they have submitted at the time of their application. Peer reviewers generally have access to this information when scoring the proposals.

[8]According to VA officials, NIH's database contains information on about one quarter of all VA-funded health research applications. VA officials told us that they are working to add information on most VA-funded applications to this database by August 2012. In addition, NIH officials stated that they search NIH's database for information on proposals funded by NIH.

not those funded outside these programs, such as those funded by separately managed research centers.[9]

According to NIH, DOD, and VA officials, the information provided in the research databases they use to identify any potential duplication when making funding decisions is generally not sufficient. For example, NIH's public database provides basic application information such as the title, principal investigator name, abstract, and agency contact information for each application.[10] However, program managers said they need more details on the aims and methodologies of funded applications in order to determine whether applications considered for funding are duplicative of funded research. Officials noted that even applications with identical titles may have different aims. In such cases, officials said they typically obtain information not contained in the databases by contacting colleagues at other federal agencies to obtain details on specific applications.

Officials at NIH, DOD, and VA added that they also communicate with officials at other agencies through participation on joint committees that have members from various federal agencies. For example, NIH officials stated that the Interagency Breast Cancer and Environmental Research Coordinating Committee, a committee established in 2010 by NIH, facilitates exchanges of information about breast cancer environment and research efforts across various agencies. While DOD's database for applications funded through its Congressionally Directed Medical Research Programs provides information about applications' aims and methodologies, DOD's database does not provide contact information for the officials associated with specific applications. One program manager at NIH and several VA officials said that they had difficulty knowing who to contact at DOD to obtain further information on specific applications.

Another limitation of the databases is that they do not always allow for efficient, comprehensive searches to identify unnecessary duplication of research. As stated earlier, information on health research funded by NIH, DOD, and VA is in different databases with varying types and amounts of information. DOD and VA officials told GAO that, in general, when searching multiple databases for potential duplication, the large number of funded applications on related topics makes comprehensive checks difficult and time-consuming. Because of this, officials at NIH, DOD, and VA told GAO that they often limit searches to principal investigators' other federally funded research projects, which they are generally required to

[9]NIH, DOD, and VA officials told us that they also may search other databases, such as clinicaltrials.gov, DeployMed ResearchLINK, and PubMed, which contain information on federally funded health research.

[10]NIH officials said the system that provides information to NIH's database may contain additional information for VA applications, such as the actual application and supporting documentation; however, this information is only available to NIH and VA officials.

list on their applications.[11] To address this challenge, VA officials told GAO that they are working to make comprehensive searching of the various databases less time-consuming. VA awarded a contract for the development of an electronic tool to search multiple databases and check for potential duplication among health research applications funded by various agencies and other sources.[12] According to VA officials, this tool, when implemented, will allow these officials to identify in a timely manner applications that are most likely to be duplicative.

Officials at NIH, DOD, and VA acknowledged that duplication may sometimes go undetected. GAO performed searches on funded applications for breast cancer and PTSD research in NIH's database and DOD's Congressionally Directed Medical Research Programs' website using various key words frequently found in related research.[13] While most of the applications identified did not appear to be duplicative, GAO identified two applications, one funded by VA and the other by DOD, that a VA program manager confirmed were duplicative as described in the databases. However, the databases were not updated to reflect modifications that had been made to the applications' aims. The VA official told GAO that these two applications were originally identical and submitted by the same principal investigator. VA funded one of the applications with the understanding that DOD would not fund the second, duplicative application. Subsequently, according to DOD officials, DOD funded the second application after the principal investigator made some modifications to its aims in order to make it no longer duplicative. However, VA officials did not have information on DOD's funding of the application or on how it had been modified. This example illustrates how the databases used to check for duplication in health research do not always provide comprehensive information needed to evaluate research for potential duplication across federal agencies during the funding decision process.

Actions Needed and Potential Financial or Other Benefits

Because multiple federal agencies fund research on topics of common interest, there is potential for unnecessary duplication. As long as research on similar topics continues to be funded by separate agencies, it is incumbent on the agencies to coordinate effectively with each other. While NIH, DOD, and VA take steps to check for duplication in the health research they fund, the agencies have opportunities to improve sharing of

[11]Officials told us that they check this information prior to funding to ensure that the application is not duplicative of other federally funded research conducted by the principal investigator.

[12]This tool will be completed by June 28, 2012, according to VA's contractor. After its completion, VA plans to use it internally to analyze its research portfolio and to identify potential duplication across research funded by various entities. VA also plans to make some information resulting from its use of the tool available to the public.

[13]The searches we performed were not comprehensive or generalizable.

information needed to evaluate research for potential duplication when making funding decisions. In order to do so, the Director of NIH as well as the Secretaries of DOD and VA should

- determine ways to improve access to comprehensive electronic information on funded health research shared among agency officials and improve the ability of agency officials to identify possible duplication.

For example, NIH, DOD, and VA could collaborate to allow for more efficient, comprehensive searches to identify duplication, by, for example, increasing commonalities among their respective databases; providing additional information in their respective databases, such as more details on the aims and methodology of applications that may be useful to program managers evaluating applications for duplication; and ensuring contact information for agency officials associated with specific applications is made available in their respective databases, if possible. NIH, DOD, and VA could also provide program managers with information to help them identify when they receive similar applications and to monitor the funding status of these applications, such as which applications receive funding, and which are modified during the funding process.

Determining ways to improve access to comprehensive information and to improve officials' ability to identify duplication could help agency officials in their efforts to avoid duplication when determining which health research applications to fund.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to HHS, DOD, and VA for review and comment. HHS and DOD provided written comments. DOD generally agreed with GAO's findings, and HHS did not state whether it agreed or disagreed. In its comments, on behalf of NIH, HHS provided more detail on NIH's policies and procedures concerning monitoring and managing potential overlap in funding, particularly within NIH. HHS also described an internal NIH database that is also available to VA staff and that provides more detailed information on grants than is included in NIH's public RePORTER database, but is not generally available to staff at other agencies. For this work, GAO focused on RePORTER because it is the NIH database that officials at other agencies told GAO they use when checking for information on NIH- or VA-funded research and is available to officials at all agencies. HHS and VA also provided technical comments, which were incorporated as appropriate. All written comments are reprinted in appendix IV. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO reports section as well as additional work GAO conducted. GAO used breast cancer and PTSD research as examples of areas of research that are funded by these three agencies. Within NIH, GAO focused on the National Cancer Institute and the

National Institute of Mental Health, because these entities fund the majority of breast cancer and PTSD research within NIH, respectively, according to NIH officials. Within DOD, GAO focused on the Defense Health Program and, within VA, the Office of Research and Development, because these entities fund the majority of health research within DOD and VA, according to officials with whom GAO spoke. GAO focused its work on coordination across federal agencies that impacts decisions to fund health research. GAO collected and analyzed documents provided by NIH, DOD, and VA officials. GAO did not focus its review on coordination within federal agencies. In addition, GAO searched the available databases containing information on applications funded by NIH, DOD, and VA—RePORTER and DOD's Congressionally Directed Medical Research Programs website—to identify examples of potentially duplicative research applications funded by these agencies. GAO searched for the terms "breast cancer" and "PTSD" and then searched for terms that were frequently cited in titles that appeared to indicate potential duplication. GAO also interviewed 23 officials at NIH, DOD, and VA whom it selected because of their involvement in coordination across federal agencies when determining which research applications to fund in the areas of breast cancer and PTSD.

Related GAO Products

Defense Health: Coordinating Authority Needed for Psychological Health and Traumatic Brain Injury Activities. GAO-12-154. Washington, D.C.: January 25, 2012.

HHS Research Awards: Use of Recovery Act and Patient Protection and Affordable Care Act Funds for Comparative Effectiveness Research. GAO-11-712R. Washington, D.C.: June 14, 2011.

VA Health Care: VA Spends Millions on Post-Traumatic Stress Disorder Research and Incorporates Research Outcomes into Guidelines and Policy for Post-Traumatic Stress Disorder Services. GAO-11-32. Washington, D.C.: January 24, 2011.

National Institutes of Health: Awarding Process, Awarding Criteria, and Characteristics of Extramural Grants Made with Recovery Act Funding. GAO-10-848. Washington, D.C.: August 6, 2010.

VA Health Care: Progress and Challenges in Conducting the National Vietnam Veterans Longitudinal Study. GAO-10-658T. Washington, D.C.: May 5, 2010.

VA Health Care: Status of VA's Approach in Conducting the National Vietnam Veterans Longitudinal Study. GAO-10-578R. Washington, D.C.: May 5, 2010.

Contact Information

For additional information about this area, contact Linda T. Kohn at (202) 512-7114 or kohnl@gao.gov.

15. Military and Veterans Health Care

The Departments of Defense and Veterans Affairs need to improve integration across care coordination and case management programs to reduce duplication and better assist servicemembers, veterans, and their families.

Why This Area Is Important

In 2007, in reaction to media reports criticizing the deficiencies in the provision of outpatient services at Walter Reed Army Medical Center, various review groups investigated the challenges that the Departments of Defense (DOD) and Veterans Affairs (VA) faced in providing care to wounded, ill, and injured servicemembers. The review groups cited common areas of concern, including case management, which helps ensure continuity of care by coordinating services from multiple providers and guiding servicemembers' transitions between care providers, from active duty status to veteran status, or back to the civilian community. One of these review groups, the President's Commission on Care for America's Returning Wounded Warriors—commonly referred to as the Dole-Shalala Commission—issued a report noting that while the military services did provide case management, some servicemembers were being assigned multiple case managers, having no single person to monitor and coordinate their activities, which often resulted in confusion, redundancy, and delay in addressing servicemembers' health care issues.[1]

To elevate the response needed to address the problems associated with the provision of care and services for returning servicemembers, DOD and VA established the Wounded, Ill, and Injured Senior Oversight Committee (Senior Oversight Committee) in May 2007. Co-chaired by the Deputy Secretaries of Defense and Veterans Affairs, the Senior Oversight Committee was designed to be the main decision-making body for the oversight, strategy, and integration of DOD's and VA's efforts to improve seamlessness across the recovery care continuum.[2] The committee included the most senior decision makers from both departments, who met on a routine basis to ensure timely decisions and actions, including ensuring that the recommendations of various review groups were properly evaluated, coordinated, implemented, and resourced.

Under the purview of the Senior Oversight Committee, DOD and VA jointly developed the Federal Recovery Coordination Program (FRCP) in response to the Dole-Shalala Commission's recommendation for an integrated approach to care management. Specifically, the FRCP was

[1]President's Commission on Care for America's Returning Wounded Warriors, *Serve, Support, Simplify* (July 2007).

[2]The 2007 Dole-Shalala Commission report outlined a vision for a recovery care continuum that provides continuous and integrated care management across both DOD and VA to create seamless transitions between the many providers and facilities recovering servicemembers and veterans must navigate.

designed to assist Operation Enduring Freedom and Operation Iraqi Freedom servicemembers,[3] veterans, and their families with access to care, services, and benefits provided through DOD, VA, other federal agencies, states, and the private sector. The FRCP was envisioned to serve "severely" wounded, ill, and injured servicemembers who are most likely to be medically separated from the military, including those who have suffered traumatic brain injuries, amputations, burns, spinal cord injuries, visual impairment, and post-traumatic stress disorder.[4] The program uses coordinators to monitor and coordinate both the clinical and nonclinical services[5] needed by program enrollees, by serving as the single point of contact among all of the case managers of DOD, VA, and other governmental and private care coordination[6] and case management[7] programs that provide services directly to servicemembers and veterans.

Separately, the Recovery Coordination Program (RCP) was established in response to the National Defense Authorization Act for Fiscal Year 2008 to improve the care, management, and transition of recovering servicemembers. It is a DOD-specific program that was designed to use coordinators to provide nonclinical care coordination to "seriously" wounded, ill, and injured servicemembers, who may return to active duty unlike those categorized as "severely" wounded, ill, or injured. The RCP is centrally coordinated by DOD's Office of Wounded Warrior Care and Transition Policy, but is implemented separately by each of the military services. Most of the military services have implemented the RCP within their existing wounded warrior programs, including the Navy Safe Harbor

[3]Operation Enduring Freedom, which began in October 2001, supports combat operations in Afghanistan and other locations, and Operation Iraqi Freedom, which began in March 2003, supported combat operations in Iraq and other locations. Beginning September 1, 2010, Operation Iraqi Freedom was referred to as Operation New Dawn.

[4]The Department of Defense established three injury categories—mild, serious, and severe. Servicemembers with "mild" wounds, illnesses, or injuries are expected to return to duty in less than 180 days; those with "serious" wounds, illnesses, or injuries are unlikely to return to duty in less than 180 days and possibly may be medically separated from the military; and those who are "severely" wounded, ill, or injured are highly unlikely to return to duty and also likely to medically separate from the military.

[5]For the purposes of this report, clinical services include services such as scheduling medical appointments and providing outreach education about medical conditions such as post-traumatic stress disorder. Nonclinical services include services such as assisting servicemembers with financial benefits and accessing accommodations for families.

[6]According to the National Coalition on Care Coordination, care coordination is a client-centered, assessment-based interdisciplinary approach to integrating health care and social support services in which an individual's needs and preferences are assessed, a comprehensive care plan is developed, and services are managed and monitored by an identified care coordinator.

[7]According to the Case Management Society of America, case management is defined as a collaborative process of assessment, planning, facilitation, and advocacy for options and services to meet an individual's health needs through communication and available resources to promote quality, cost-effective outcomes.

Program, the Air Force Warrior and Survivor Care Program,[8] and the Marine Wounded Warrior Regiment. The Army Wounded Warrior Program and the U.S. Special Operations Command's Care Coalition also provide care coordination services using coordinators referred to as "advocates" that meet the requirements of the RCP, although they did not specifically implement the RCP program. Depending on how a military service's wounded warrior program is structured, a servicemember may receive either case management or care coordination services or both. For example, the Navy Safe Harbor Program only provides care coordination services and does not have a case management component, whereas the Marine Wounded Warrior Regiment provides all servicemembers with both case management and care coordination services.[9]

What GAO Found

Many recovering servicemembers and veterans are enrolled in more than one care coordination or case management program, and as a result, they may have multiple care coordinators and case managers, potentially duplicating agencies' efforts and reducing the effectiveness and efficiency of the assistance they provide. (See table below.) For example, although the FRCP and RCP were intended to serve different populations, a DOD official told GAO that shortly after the military services implemented the RCP, they began to provide assistance to servicemembers who were "severely" wounded, ill, and injured—individuals who may also be enrolled in the FRCP—because DOD officials believed these servicemembers would also benefit from having RCP coordinators.[10] As a result, servicemembers may have care coordinators from both programs. In addition, recovering servicemembers and veterans who have a care coordinator also may be enrolled in one or more of the multiple DOD or VA programs that provide case management services to "seriously" and "severely" wounded, ill, and injured servicemembers, veterans, and their families. These programs include the military services' wounded warrior programs and VA's Operation Enduring Freedom/Operation Iraqi Freedom Care Management Program, among others. For one wounded warrior program—the U.S. Special Operations Command's Care Coalition—enrollees may be dually enrolled in another wounded warrior program because servicemembers that are part of the Special Operations

[8]The Air Force Warrior Survivor Care Program is an overarching wounded warrior program, which includes a care coordination component called the Air Force Recovery Care Program and a case management component called the Air Force Wounded Warrior Program.

[9]The Marine Wounded Warrior Regiment provides nonclinical case management services to its enrollees. Although it does not provide clinical case management services, the program does facilitate access to medical programs and care needs that have been identified for its servicemembers.

[10]According to the Army, they have been providing care to severely wounded, ill, and injured servicemembers since 2004.

Forces belong to a separate military service branch.[11] Servicemembers who have specialty needs also may have case managers affiliated with specialty programs or services, such as for polytrauma or spinal cord injury, during their recovery process, outside of, but in coordination with, wounded warrior programs.

Characteristics of Selected Department of Defense and Department of Veterans Affairs Care Coordination and Case Management Programs for "Seriously" and "Severely" Wounded, Ill, and Injured Servicemembers, Veterans, and Their Families

Program	Severity of enrollees' injuries[a]	Number of active enrollees (Sept. 2011)	Type of services provided: Clinical	Type of services provided: Nonclinical	Type of services provided: Recovery plan
DOD and VA Care Coordination Program					
Federal Recovery Coordination Program	Severe[b]	777	●	●	●
DOD Recovery Coordination Programs by Military Service[c]					
Navy Safe Harbor Program	Mild to severe	728		●	●
Air Force Recovery Care Program	Mild to severe	946[d]		●	●
Marine Wounded Warrior Regiment's Recovery Coordination Program	Serious to severe	1,020[e]		●	●
Other DOD Care Coordination Programs by Military Service					
Army Warrior Care and Transition Program: Army Wounded Warrior Program[f]	Severe	9,144[g]		●	●
U.S. Special Operations Command's Care Coalition Recovery Program[h]	Serious to severe	115[i]		●	●
DOD Case Management Programs by Military Service					
Army Warrior Care and Transition Program: Warrior Transition Units and Community Based Warrior Transition Units[f]	Serious to severe	9,778[g]	●	●	●
Air Force Wounded Warrior Program	Serious to severe	1270[d]		●	
Marine Wounded Warrior Regiment[j]	Serious to severe	1,020[e]		●	
U.S. Special Operations Command's Care Coalition	Mild to severe	3,615[i]		●	
VA Case Management Program					
VA Operation Enduring Freedom/Operation Iraqi Freedom Care Management Program	Mild to severe	50,256	●	●	●

Source: GAO analysis of DOD and VA program information.

Notes: The characteristics listed in this table are general characteristics of each program; individual circumstances may affect the enrollees served and services provided by specific programs. For the purposes of this report, clinical services include services such as scheduling medical appointments and providing outreach education about medical conditions such as post-traumatic stress disorder. Nonclinical services include services such as assisting servicemembers with financial benefits and accessing accommodations for families.

[11]According to a U.S. Special Operations Command's Care Coalition Recovery Program official, when an enrollee is dually enrolled in another wounded warrior program, the U.S. Special Operations Command's Care Coalition Recovery Program takes the lead for providing nonclinical case management.

Because servicemembers and veterans may be enrolled in multiple programs, it is difficult to determine the overall number of unique individuals served by these programs. Furthermore, the number of “seriously” and “severely” wounded, ill, and injured servicemembers in the Operation Enduring Freedom/Operation Iraqi Freedom conflicts is not known with certainty because the terms “seriously” and “severely” are not categorical designations used by DOD or VA medical or benefits programs, and determinations of the size of this population vary, depending on definitions and methodology.

[a]For the purposes of this table, GAO has categorized the severity of enrollees’ injuries according to the injury categories established by DOD. Servicemembers with mild wounds, illness, or injury are expected to return to duty in less than 180 days; those with serious wounds, illness, or injury are unlikely to return to duty in less than 180 days and possibly may be medically separated from the military; and those who are severely wounded, ill, or injured are highly unlikely to return to duty and also likely to medically separate from the military. These categories are not necessarily used by the programs themselves.

[b]Although the Federal Recovery Coordination Program (FRCP) enrollment criteria state that the program is for severely wounded, ill, and injured servicemembers and veterans, FRCP officials told GAO that the program enrolls or assists seriously wounded, ill, and injured servicemembers and veterans who need the program’s care coordination services.

[c]Most of the military services have implemented DOD’s Recovery Coordination Program (RCP) within their existing wounded warrior programs, including the Navy Safe Harbor Program, the Air Force Warrior and Survivor Care Program, and the Marine Wounded Warrior Regiment.

[d]About one-third (286) of the Air Force Recovery Care Program enrollees were also either tracked or actively assisted by the Air Force Wounded Warrior Program.

[e]All servicemembers that are enrolled in the Marine Wounded Warrior Regiment receive care coordination and case management services.

[f]The Army Warrior Care and Transition Program includes the Army Wounded Warrior Program as well as the Warrior Transition Units and Community Based Warrior Transition Units. The Army did not implement DOD’s RCP. However, according to officials, the Army Wounded Warrior Program provides care coordination services that meet the requirements of the RCP.

[g]Over 1,100 Army Wounded Warrior Program enrollees were also enrolled in a Warrior Transition Unit. Most Army Wounded Warrior Program enrollees are veterans because the program supports enrollees throughout their recovery and transition, even into veteran status.

[h]The U.S. Special Operations Command did not implement DOD’s RCP. However, according to officials, the U.S. Special Operations Command’s Care Coalition Recovery Program provides care coordination services that meet the requirements of the RCP.

[i]Enrollees of the U.S. Special Operations Command’s Care Coalition Recovery Program also receive case management services. They may also be enrolled in a military service’s wounded warrior program based on their branch of service, but the U.S. Special Operations Command’s Care Coalition Recovery Program takes the lead for providing nonclinical case management.

[j]The Marine Wounded Warrior Regiment provides nonclinical case management services to its enrollees. Although it does not provide clinical case management services, the program does facilitate access to medical programs and care needs that have been identified for its servicemembers.

GAO found that inadequate information exchange and poor coordination between these programs have resulted in not only duplication of effort but confusion and frustration for enrollees, particularly when case managers and care coordinators duplicate or contradict one another’s efforts.[12] For example, an FRCP coordinator told GAO that in one instance there were five case managers working on the same life insurance issue for an individual. In another example, an FRCP coordinator and an RCP coordinator were not aware the other was involved in coordinating care for the same servicemember and had unknowingly established conflicting

[12]While FRCP coordinators are generally not expected to provide services directly to enrollees, they may do so in certain situations, such as when they cannot determine whether a case manager has taken care of an issue for an individual or when asked to make complicated arrangements, such as assisting enrollees with adaptive housing grants or obtaining medical equipment or prosthetics.

recovery goals for this individual. In this case, a servicemember with multiple amputations was advised by his FRCP coordinator to separate from the military in order to receive needed services from VA, whereas his RCP coordinator set a goal of remaining on active duty. These conflicting goals caused considerable confusion for this servicemember and his family.

DOD and VA have been unsuccessful in jointly developing options for improved collaboration and potential integration of the two care coordination programs—the FRCP and RCP—although they have made a number of attempts to do so. Despite the identification of various options, no final decisions to revamp, merge, or eliminate programs have been agreed upon. As outlined in the following examples, the departments' lack of progress illustrates their continued difficulty in collaborating to resolve program duplication.

- Beginning in December 2010, the Senior Oversight Committee directed its care management work group[13] to conduct an inventory of DOD and VA case managers and perform a feasibility study of recommendations on the governance, roles, and mission of DOD and VA care coordination. According to DOD and VA officials, this information was requested for the purpose of formulating options for improving DOD and VA care coordination. However, DOD officials stated that following compilation of this information, no action was taken by the committee, and other issues, such as responding to budget reductions, were given higher priority.

- In May 2011, the Senior Oversight Committee was asked by the House Committee on Veterans Affairs Subcommittee on Health to develop options for integrating the FRCP and RCP in order to reduce duplication and to provide a response to the subcommittee by June 20, 2011. On September 12, 2011—almost 3 months after the subcommittee requested a response—the co-chairs of the Senior Oversight Committee issued a joint letter following notification by the subcommittee that it would hold a hearing on the FRCP and RCP care coordination issue. The letter stated that the departments are considering several options to maximize care coordination resources, but these options had not been finalized and were not specifically identified or outlined in the letter.

Nonetheless, as GAO has previously reported, the need for better collaboration and integration extends beyond the FRCP and RCP to also encompass other DOD and VA case management programs, such as DOD's wounded warrior programs that also serve seriously and severely

[13]The Senior Oversight Committee is supported by several internal work groups devoted to specific issues, such as DOD and VA care coordination and case management. Participants in the committee's care management work group include officials from the FRCP and the RCP.

wounded, ill, and injured servicemembers and veterans. Without interdepartmental coordination and action to better align and integrate these programs, problems with duplication and overlap will persist, and perhaps worsen as the number of enrollees served by these programs continues to grow. Moreover, the confusion this creates for recovering servicemembers, veterans, and their families may hamper their recovery. Consequently, the intended purpose of these programs—to better manage and facilitate care and services—may actually have the opposite effect.

Actions Needed and Potential Financial or Other Benefits

To improve the effectiveness, efficiency, and efficacy of services for recovering servicemembers, veterans, and their families by reducing duplication and overlap, GAO recommended in October 2011 that the Secretaries of Defense and Veterans Affairs should direct the co-chairs of the Senior Oversight Committee to

- expeditiously develop and implement a plan to strengthen functional integration across all DOD and VA care coordination and case management programs that serve this population, including—but not limited to—the FRCP and RCP.

Agency Comments and GAO's Evaluation

GAO provided a draft of its October 2011 report as well as a draft of this report section to DOD and VA for review and comment. Although DOD and VA did not specifically comment on the recommendation, they provided technical comments, which were incorporated as appropriate. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section as well as additional work GAO conducted to be published as a separate product in 2012. GAO interviewed officials from each of DOD's wounded warrior programs and the VA Operation Enduring Freedom/Operation Iraqi Freedom Care Management Program to obtain information about the services that they provide and their enrollees.

Related GAO Products

DOD and VA Health Care: Action Needed to Strengthen Integration across Care Coordination and Case Management Programs. GAO-12-129T. Washington, D.C.: October 6, 2011.

Federal Recovery Coordination Program: Enrollment, Staffing, and Care Coordination Pose Significant Challenges. GAO-11-572T. Washington, D.C.: May 13, 2011.

DOD and VA Health Care: Federal Recovery Coordination Program Continues to Expand but Faces Significant Challenges. GAO-11-250. Washington, D.C.: March 23, 2011.

Contact Information

For additional information about this area, please contact Debra Draper at (202) 512-7114 or draperd@gao.gov or Randall B. Williamson at (202) 512-7114 or williamsonr@gao.gov.

16. Department of Justice Grants

The Department of Justice could improve how it targets nearly $3.9 billion to reduce the risk of potential unnecessary duplication across the more than 11,000 grant awards it makes annually.

Why This Area Is Important

Since fiscal year 2005, Congress has appropriated approximately $30 billion for crime prevention, law enforcement, and crime victim services for more than 200 federal financial assistance programs that the Department of Justice (Justice) manages.[1] These federal financial assistance programs provide funding through formula grants, discretionary grants, cooperative agreements, and other payment programs, but are all generally referred to as grants.[2] In 2010, Justice awarded nearly $3.9 billion in grants through its three granting agencies—the Office of Justice Programs (OJP), the Office on Violence Against Women (OVW), and the Community Oriented Policing Services (COPS) Office. As established in statute, some of the grant programs administered by OJP, OVW, and the COPS Office are similar in scope and grant applicants can apply for and receive grant awards from more than one program. Moreover, grant recipients may choose to award a portion of their grant to subgrantees. These subgrantees may also apply directly to Justice for funding through other grant programs for the same or similar purposes. The number of grant programs and recipients, and the billions of dollars in funds awarded annually, present administrative challenges for Justice.

As the United States experiences budgetary constraints, there is an ever-increasing need to ensure that governmental resources—including those awarded through grants and subgrants—are appropriately targeted and unnecessary duplication is mitigated. Further, Justice's Office of the Inspector General continues to include Justice's grants management among its list of top challenges affecting the department, and in previous reports, has identified fragmentation and duplication between Justice's granting agencies. The Inspector General noted that such fragmentation incurs additional cost to Justice, and recommended closer coordination to

[1]The amount appropriated since fiscal year 2005 does not include amounts appropriated in fiscal year 2012. In addition to fiscal year funding from 2005 through 2011, this amount includes $4 billion appropriated in fiscal year 2009 through the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 123 Stat. 115, 129-30), which includes $10 million for salaries and expenses to manage, administer, and oversee the grant programs.

[2]Formula grant programs are noncompetitive awards based on a predetermined formula. Discretionary grants are awarded on the basis of a competitive process. A cooperative agreement is a type of federal financial assistance similar to a grant except the federal government is more substantially involved with the grant. Payment programs at Justice typically take the form of reimbursements to state and local law enforcement entities for purchases such as body armor or the cost to border states for prosecuting criminal cases.

ensure that awards are not made to the same grantee for similar purposes.[3]

What GAO Found

Based on audit work with associated findings to be published in a forthcoming report, GAO found instances where Justice's granting agencies had awarded funds from different grant programs to the same applicants whose applications described similar—and in some cases, the same—purposes for using the grant funds.[4] According to Justice officials, funding from multiple Justice grant programs may be necessary to fully implement grantees' initiatives. GAO acknowledges that there may be times when Justice's decision to fund grantees in this manner is warranted. However, GAO found that Justice made grant award decisions without visibility over whether the funds supported similar or the same purposes, thus potentially resulting in unnecessary and unintended duplication. Moreover, Justice has not assessed its grant programs to determine the extent to which they overlap with one another and determine if consolidation of grant programs may be appropriate. Further, Justice's granting agencies have not established consistent policies and procedures for sharing grant application information that could help them identify and mitigate any unnecessary duplication in how grantees intend to use their grant awards. Additionally, the granting agencies do not consider subgrant data, such as award amounts and project purposes, as criteria in making grant award decisions. As a result, Justice is at risk of unintentionally awarding funding from multiple grant programs to grant recipients in the same communities for the same or similar purposes because it does not consistently and routinely check for any unnecessary duplication in grant applications.[5]

GAO reviewed all 253 of Justice's three granting agencies' fiscal year 2010 grant program solicitations, which serve as announcements of new grant funding available and explain areas for which funding can be used. These solicitations and the respective grant awards are in addition to grant programs that Justice continues to administer from prior fiscal years or more recently began administering.[6] The review found evidence of overlap in the justice areas that Justice's grant programs aim to support.

[3]U.S. Department of Justice Office of the Inspector General, *Audit Report 03-27, Streamlining of Administrative Activities and Federal Financial Assistance Functions in the Office of Justice Programs and the Office of Community Oriented Policing Services* (Washington, D.C.: August 2003).

[4]Reviewing and validating that grantees actually used the funds for the articulated purposes was not within GAO's scope. GAO's review focused on what the grantees proposed in their applications and Justice's review and approval of those applications.

[5]The three granting agencies support criminal justice interventions targeted at the community level.

[6]Because Justice grant programs can last from 1 to 5 years, the total number of active Justice grant programs can be higher than what is presented in the table, which is a single year of grant program solicitations.

For example, as the table below illustrates, 56 of Justice's 253 grant solicitations—or more than 20 percent—were providing grant funds that could be used for victim assistance. Eighteen of these 56 programs were administered by offices other than OVW and OJP's Office for Victims of Crime, whose primary functions are to serve individuals who have been victims of crime. In addition, more than 50 percent of all grant solicitations provided funding that could be used in support of the same three justice areas—victim assistance, technology and forensics, and juvenile justice—indicating concentrated and overlapping efforts. The justice area with the least overlap was juvenile justice with 30 of 33 grant programs administered by the Office of Juvenile Justice and Delinquency Prevention.

Breakdown of Fiscal Year 2010 Justice Grant Solicitations by Office and Justice Area

	Justice Area										
Component / program office	**Victim assistance**	**Technology and forensics**	**Juvenile justice**	**Enhancing policing**	**Justice information sharing**	**Courts**	**Community crime prevention strategies**	**Mental illness, substance abuse, and crime**	**Corrections, recidivism, and reentry**	**Multi-purpose[a]**	**Total**
COPS	0	1	0	2	0	0	3	1	0	0	**7**
Joint[b]	0	0	1	0	0	0	0	0	2	3	**6**
OVW	15	0	0	0	0	1	0	0	0	1	**17**
OJP[c]											
BJA	2	2	0	7	3	7	3	6	7	5	**42**
BJS	5	2	2	3	6	4	1	1	4	2	**30**
CCDO	0	0	0	0	0	0	2	0	0	0	**2**
NIJ	3	36	0	4	0	1	4	0	5	8	**61**
OJJDP	8	0	30	7	1	8	4	0	0	3	**61**
OVC	23	0	0	0	0	0	0	0	0	0	**23**
SMART	0	0	0	0	2	0	0	0	2	0	**4**
Total solicitations	**56**	**41**	**33**	**23**	**12**	**21**	**17**	**8**	**20**	**22**	**253**
Total award amount (in millions)[d]	**$872**	**$325**	**$264**	**$386**	**$98**	**$77**	**$77**	**$53**	**$430**	**$810**	**$3,393[e]**

Source: GAO analysis of Justice data.

Notes: Solicitations in this table reflect those for direct assistance, such as funds Justice provides for the hiring of police officers, as well as those for research and data collection on the related justice areas.

[a]Multipurpose solicitations were solicitations for grants that addressed more than one justice area within a single solicitation.

[b]Joint refers to solicitations issued jointly by multiple program offices, components, or departments (e.g., Justice and the Department of Health and Human Services, or BJA and OJJDP).

[c]OJP is comprised of a number of smaller bureaus and offices. BJA is the Bureau of Justice Assistance; BJS is the Bureau of Justice Statistics; CCDO is the Community Capacity Development Office; NIJ is the National Institute of Justice; OJJDP is the Office of Juvenile Justice and Delinquency Prevention; OVC is the Office for Victims of Crime; and SMART is the Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking Office.

[d]Actual amount awarded to grantees in millions.

[e]This amount excludes congressional earmarks and direct benefits paid to families of fallen officers from Justice's Public Service Pension Benefit Program.

According to Justice officials, the statutory creation of grant programs with similar purposes requires grant design coordination within and among Justice's granting agencies to limit the risk of unnecessary duplication from overlapping programs. Officials from all three granting agencies stated that they regularly meet with one another to coordinate the goals and objectives of their grant programs, especially joint grant programs that they believe are complementary. For example, the Bureau of Justice Assistance and the Office for Victims of Crime issued a joint solicitation for anti-human trafficking programs where each office issued separate awards based on coordinated proposals from collaborating police departments and community-based victim service organizations. Further, according to officials, Justice recently launched the Coordinated Tribal Assistance Solicitation to provide a single application for most of Justice's tribal grant programs.

However, as the above table illustrates, there are a number of justice areas in which Justice is offering dozens of grant solicitations, yet Justice has not assessed the universe of grant solicitations across its granting agencies to identify justice purpose areas that may be overlapping. As a result, without this assessment, Justice lacks information on the extent to which unnecessary duplication in the administration and grantee use of funds in these areas may exist. Additionally, Justice's granting agencies have not established policies and procedures requiring consistent coordination to mitigate the risks of unnecessary duplication before finalizing their award decisions. While coordination about program goals may be occurring on an ad hoc basis, GAO found that the granting agencies do not systematically coordinate their application reviews to mitigate the risk of unnecessary duplication.

According to *Standards for Internal Control in the Federal Government*, one way to ensure that program managers are effectively managing and efficiently using resources is to have access to all financial data—such as grant awards, prime and subgrant recipient names, and planned or implemented activities. In part because Justice's granting agencies do not routinely share grant applicant finalist lists with one another before making their award decisions, GAO identified instances where Justice's granting agencies had awarded funds from different grant programs to the same grantees whose applications described similar—and in some cases, the same—purposes for using the grant funds without being aware of the potential for unnecessary duplication or whether it was warranted.

Specifically, after reviewing a sample of 26 grant applications from recipients who received funds from grant programs GAO identified as having similar purpose areas, GAO found instances where applicants were using the same or similar language to apply for multiple streams of funding. For example, one grant recipient applied for funding from both the COPS Office's Child Sexual Predator Program and OJP's Internet Crimes Against Children program to reduce child endangerment through cyber investigations. In both of these separate applications, the applicant stated that it planned to use the grants to increase the number of investigations in its state, provide training for cyber crime investigations, serve as a forensic resource for the state, and establish an internet safety program. Further, included in this applicant's proposed budgets for both funding streams was a plan to purchase equipment, such as forensic computers and the same specialized software to investigate internet crimes against children. Another grant recipient applied for funding from the aforementioned COPS Office and OJP programs to support the same types of investigations. In a third instance, an applicant received fiscal year 2010 grant funding for planned sexual assault victim services from both the Office for Victims of Crime and OVW. The applicant used similar language in both applications, noting that it intended to use the funding to support child victim services through its child advocacy center. After reviewing a draft of this report section, Justice followed-up with the grant recipients in these instances and reported to GAO that the grantees were not using awarded funds for duplicative purposes. However, such follow-up for the purpose of assessing duplication is not a routine practice for Justice. Absent routine coordination among its granting agencies before awarding grants, Justice is not positioned to mitigate the risk of funding unnecessarily duplicative grants.

In fiscal year 2010, Justice's three granting agencies awarded more than 11,000 prime grant awards, but officials said that they do not generally assess the flow of funds to subgrant recipients and in many instances do not know the extent to which subgrants are made and for what purposes and activities. Officials from Justice's granting agencies told GAO that they encourage applicants to apply for as many sources of Justice funding as possible, yet the granting agencies are not assessing subgrant data with the specific intent to identify any unnecessarily duplicative grant awards. According to the OJP officials, state and local communities have expansive criminal justice needs and therefore they encourage applicants to seek out as much Justice grant funding as possible, including from grant programs that may have similar objectives or allow for similar activities to be carried out.

Justice officials reported that OVW assesses subgrant data for some of its formula grant programs to better understand how funding is used; however, officials did not provide specific examples of how such assessments are used to identify unnecessary duplication in funding. In addition, officials indicated that OVW required applicants for some of its fiscal year 2010 grant programs to notify OVW of the other federal grant programs it had either received money from or applied for in the same fiscal year, but GAO found that this requirement was not in place across all OVW programs. Further, OVW officials stated they intended to require that applicants for all of OVW's programs identify other federal funding they are receiving beginning in fiscal year 2012. While this is a positive step, there is no indication that this information would be shared with other granting agencies or whether other granting agencies are considering implementing a similar practice.

In part because this coordination is not routinely occurring before grant awards are made, GAO found examples where federal funds were awarded to the same local communities through multiple grants including subawards for the same or similar uses. In one of the states GAO visited, a county received an Edward Byrne Memorial Justice Assistance Grant (JAG) program subaward and used the funding for its officers to conduct community policing. The county also received a COPS Office hiring grant and used the funding for an officer to conduct community policing.[7] Additionally, the largest city in this county received a COPS Office Hiring grant to conduct community policing. Because this city received the COPS Office funding to conduct community policing in geographical areas that overlapped with areas in the county already served by JAG-funded police officers, three Justice grant awards were used to provide community policing to overlapping areas in the county. Officials from two additional counties in the state told GAO they received funding for drug court-assisted substance abuse treatment and mental health counseling through both a JAG program subaward and a grant directly from OJP's Adult Drug Court Discretionary Grant Program. Officials from one of these counties informed GAO that they received so much Justice funding from the two different grant programs that they planned to return a portion to Justice because the funding exceeded their needs.

State Officials from 10 of the 11 states GAO interviewed stated that the delivery of federal criminal justice assistance could be improved and the risk of unnecessary duplication limited if Justice relied more on their perspectives before making discretionary grant awards to localities in their states. In particular, officials from two of these states told GAO that they are better positioned than Justice to determine the demonstrated needs of their communities. Moreover, state officials reported they would prefer to receive assistance from Justice in the form of block grants citing reasons such as flexibility and reducing unnecessary duplication and fragmentation. With respect to state input related to discretionary grant award decisions, Justice officials stated that since states can compete with localities for the receipt of direct awards, the provision of pre-award information to the states or the solicitation of states for input on funding decisions could present a conflict of interest. With respect to block grants, Justice officials added that they believe the department is in a unique position to test, disseminate, evaluate, and foster best practices at a national level.

OJP officials also stated that because programs are created by statute, they have little discretion related to grant program design and may be limited in the extent to which they can consolidate similar programs and solicitations.[8] Justice officials stated that the timeline for reviewing

[7]The COPS Office hiring grant awarded to this county was for fiscal year 2009. COPS Office hiring grants last up to 3 years and the county used the grant in fiscal years 2010 and 2011.

[8]The fiscal year 2012 Justice Congressional Budget Justification, however, recognized the potential for consolidation by stating that "whenever possible, the President's Budget proposes to consolidate existing programs into larger, more flexible programs that offer state, local, and tribal grantees greater flexibility in using grant funding and developing innovative approaches to their criminal justice needs."

applications, making recommendations on their merit, and processing awards each year is compressed and that it would be difficult to build in the extra time and level of coordination required to complete an intradepartmental review for potentially unnecessary duplication of funding prior to making awards. The officials added that it would take even more time if granting agencies were to attempt a pre-award duplication review at the subgrantee level. However, because OJP officials stated that previous and pending grant award information would be very useful when they make grant award decisions, they are exploring ways to make such a review more automated by leveraging their grant systems.

GAO understands that the time necessary to complete annual grant awards makes such a review process more difficult; however, OJP actions to automate reviews using previous and pending grant award information could help overcome this challenge. Moreover, although statutory authorizations for grant programs may limit Justice's discretion over grant program design, developing agency procedures to avoid unnecessary grant duplication is one of the promising practices that the federal Domestic Working Group Grant Accountability Project suggested in its *Guide to Opportunities for Improving Grant Accountability*.[9] Moreover, while assessing its programs might be time intensive on the front end, such a review could yield positive dividends for the department over the longer term. Specifically, Justice could improve grants management by first understanding the areas in which individual granting agencies may be awarding funds for the same or similar purposes, whether these grant programs appropriately channel the department's priorities, and whether any existing duplication is desirable. By focusing on how the grants align with priorities and understanding where coordination can be improved or the risk of unnecessary duplication reduced, Justice could then better target limited grant resources.

In addition, Justice could improve its decision making before finalizing awards. By sharing information with one another about past and prospective grantees, Justice's granting agencies could better ensure that applicants from certain communities already receiving funds from one program are not then inadvertently awarded funds from another program for the same or similar purposes. In some instances, Justice may deem it appropriate for large numbers of distinct grant programs to serve one goal, or for the same communities to benefit from multiple streams of grant funding. However, unless Justice considers information it has available, it cannot know with certainty where it's funding is going, how it is being used, and whether it is awarding grant dollars in the most efficient way.

[9]The Domestic Working Group is comprised of 18 federal government inspectors general and other state and local audit organizations, and is chaired by the Comptroller General of the United States.

Actions Needed and Potential Financial or Other Benefits

Based on ongoing work, GAO anticipates recommending the following:

The Attorney General of the United States should

- conduct an assessment to better understand the extent to which Justice grant programs overlap with one another and determine if grant programs may be consolidated to mitigate the risk of unnecessary duplication. To the extent that Justice identifies any statutory obstacles to consolidating its grant programs, it should work with Congress to address them, as needed; and
- direct granting agencies to coordinate with one another on a consistent basis to review potential or recent grant awards, including subgrant awards reported by Justice prime grant awardees, to the extent possible, before awarding grants. This could help ensure an accurate understanding of Justice resources already provided to applicants and the communities they serve, as well as knowledge of those applicants proposing to carry out the same or similar activities with funds from one or more of the granting agencies' programs. Justice should also take steps to establish written policies and procedures to govern this coordination and help ensure that it occurs.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to Justice for review and comment. Justice provided technical comments, which were incorporated as appropriate. In technical comments, Justice stated that using funding from multiple grant programs may be necessary to fully implement law enforcement projects in light of limited local and federal resources. GAO acknowledges that there may be cases where funding in this manner is warranted, but without an assessment of the extent of overlap across Justice grant programs, combined with consistent and routine grant award coordination, there is an increased risk of unnecessary duplication in grant awards.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section as well as additional work GAO conducted to be published as a separate product in 2012. To identify the total number of Justice grant solicitations for fiscal year 2010, GAO reviewed the lists posted on the OJP, COPS Office, and OVW websites and confirmed the currency of the information with Justice officials. To determine whether these solicitations were announcing grant funding available for similar purposes, GAO first established 10 categories of criminal justice areas and then sorted the solicitations into each. GAO developed these 10 categories after reviewing comparable justice areas identified within OJP's Crimesolutions.gov website, which OJP officials asserted also covers COPS Office and OVW programs; OJP's Fiscal Year 2010 Program Plan; and other materials from the COPS Office and OVW, such as justice program themes from their respective websites.[10] After identifying solicitations with similar scopes, GAO reviewed a sample of successful grant applications that were awarded under the similar solicitations to identify and assess specific examples of how the recipients planned to use funds from multiple programs in the same or similar manner. The sample GAO reviewed is not generalizable to all Justice grant programs because GAO did not review all grant applications, including subgrants, but it provides evidence of the potential for unnecessary duplication. GAO also reviewed agency policies, procedures, and guidance on grant program design and award, such as the COPS Office Program Development Team charter and template, and the OJP Grant Managers Manual. Further, GAO interviewed Justice officials from the three granting agencies to obtain additional information on grant program design and award processes, and the extent to which the three agencies coordinate and share information.

GAO also visited or conducted phone interviews with officials from 11 states, including the five largest and five smallest state recipients of JAG funding.[11] These officials represent the state administering agencies responsible for distributing JAG and other Justice formula block grant funds to subrecipients in California, Florida, New York, North Dakota, Pennsylvania, South Dakota, Rhode Island, Tennessee, Texas, Vermont, and Wyoming. These officials provided their views regarding the type and timeliness of information on grant awards and subawards they provide to and receive from Justice. GAO selected these 11 states based on the amount of JAG funding they receive and the existence of other recipients in their communities receiving Justice discretionary grants for potentially similar purposes. The results of these contacts are not generalizable to all states, but provide insight into how Justice grant funds are used locally and into the communication between states and Justice. Finally, GAO compared agency grant design and award practices against *Standards for Internal Control in the Federal Government* and promising practices identified in the Domestic Working Group Grant Accountability Project's *Guide to Opportunities for Improving Grant Accountability*. Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

[10]OJP reports that its Crimesolutions.gov website uses rigorous research to inform practitioners and policy makers about what works in criminal justice, juvenile justice, and crime victim services. Though the categories on the website were not intended to categorize federal funding programs or exhaustively categorize every aspect of the criminal justice system, according to Justice officials, they do address the areas relevant to practitioners' and researchers' work.

[11]Illinois was among the top five highest state recipients of JAG funding. However, state officials did not respond to GAO inquiries. Therefore GAO substituted Pennsylvania, which was the sixth largest recipient. In addition, Tennessee was not within these two categories but provided additional insight.

Related GAO Products

Information Technology: Continued Attention Needed to Accurately Report Federal Spending and Improve Management. GAO-11-831T. Washington, D.C.: July 14, 2011.

Federal Grants: Improvements Needed in Oversight and Accountability Processes. GAO-11-773T. Washington, D.C.: June 22, 2011.

Recovery Act: Department of Justice Could Better Assess Justice Assistance Grant Program Impact. GAO-11-87. Washington, D.C.: October 15, 2010.

Juvenile Justice: A Time Frame for Enhancing Grant Monitoring Documentation and Verification of Data Quality Would Help Improve Accountability and Resource Allocation Decisions. GAO-09-850R. Washington, D.C.: September 22, 2009.

Grants Management: Additional Actions Needed to Streamline and Simplify Processes. GAO-05-335. Washington, D.C.: April 18, 2005.

Contact Information

For additional information about this area, contact David C. Maurer at (202) 512-9627, or maurerd@gao.gov.

17. Homeland Security Grants

The Department of Homeland Security needs better project information and coordination among four overlapping grant programs.

Why This Area Is Important

From fiscal years 2002 through 2011, the federal government appropriated over $37 billion to a variety of Department of Homeland Security (DHS) homeland security preparedness grant programs.[1] Of this amount, the DHS's Federal Emergency Management Agency (FEMA) allocated about $20.3 billion to grant recipients through four programs: the State Homeland Security Program, the Urban Areas Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program. Through these grant programs, DHS has sought to enhance the capacity of states, localities, and other entities—such as ports or transit agencies—to prevent, respond to, and recover from a terrorism incident.

As GAO reported in March 2011, DHS could benefit from examining its 17 preparedness grant programs and coordinating their application processes; developing measurable capability requirements and evaluation criteria; and eliminating redundant reporting requirements.[2] GAO also reported in February 2012 on 4 of these 17 grant programs—the State Homeland Security Program, the Urban Areas Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program—and found that multiple factors contributed to the risk of FEMA funding unnecessarily duplicative projects. These factors include overlap among grant recipients, goals, and geographic locations, combined with the limited project information that FEMA had available regarding grant funding levels, grant recipients, and grant purposes.[3]

What GAO Found

GAO has previously reported that overlap among government programs or activities can be harbingers of unnecessary duplication.[4] The four DHS grant programs that GAO reported on in February 2012[5]—the State

[1]This total is based on Congressional Research Service data and GAO analysis, and includes firefighter assistance grants and emergency management performance grants. See Congressional Research Service, *Department of Homeland Security Assistance to States and Localities: A Summary of Issues for the 111th Congress,* R40246 (Washington, D.C.: Apr. 30, 2010).

[2]GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue,* GAO-11-318SP (Washington, D.C.: March 1, 2011).

[3]GAO, *Homeland Security: DHS Needs Better Project Information and Coordination Among Four Overlapping Grant Programs,* GAO-12-303 (Washington, D.C.: February 28, 2012).

[4]GAO-11-318SP.

[5]GAO-12-303.

Homeland Security Program, the Urban Areas Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program—have multiple areas of overlap. The grant programs have similar goals and fund similar activities, such as equipment and training, in overlapping jurisdictions. For instance, each state and eligible territory receives a legislatively mandated minimum amount of State Homeland Security Program funding to help ensure that all geographic areas develop a basic level of preparedness, while the Urban Areas Security Initiative grants explicitly target urban areas most at risk of terrorist attack.[6] However, many jurisdictions within designated Urban Areas Security Initiative regions also apply for and receive State Homeland Security Program funding. Similarly, port stakeholders in urban areas could receive funding for equipment such as patrol boats through both the Port Security Grant Program and the Urban Areas Security Initiative, and a transit agency could purchase surveillance equipment with Transit Security Grant Program or Urban Areas Security Initiative funding.

Further, depending on the program, other federal stakeholders in addition to FEMA are involved in the administration or coordination of some, but not all, of the four programs. The table below illustrates overlap in the purposes and types of projects funded by the four grant programs.

Federal Agencies, Purpose, and Project Type Involved in Select Homeland Security Grants

	State Homeland Security Grant Program	Urban Areas Security Initiative	Port Security Grant Program	Transit Security Grant Program
Primary federal agencies involved	Federal Emergency Management Agency	Federal Emergency Management Agency	Federal Emergency Management Agency/ U.S. Coast Guard	Federal Emergency Management Agency/ Transportation Security Administration
Purpose of the grant program	The State Homeland Security Program provides funding to support state and local efforts to prevent, protect against, respond to, and recover from acts of terrorism and other catastrophic events.	The Urban Areas Security Initiative provides funding to high-risk urban areas to build and sustain regional capabilities to prevent, protect, respond to, and recover from acts of terrorism.	The Port Security Grant Program provides funding to port stakeholders to mitigate against risks associated with potential terrorist attacks by enhancing capabilities to detect, prevent, respond to and recover from terrorist attacks.	The Transit Security Grant Program provides funds to public transit agencies to protect critical surface transportation infrastructure and the traveling public from acts of terrorism and to increase the resilience of transit infrastructure.
Types of projects funded	• Planning • Organization • Equipment • Training • Exercises	• Planning • Organization • Equipment • Training • Exercises	• Maritime domain awareness efforts • Planning • Equipment • Training • Exercises • Supporting port resiliency and recovery	• Capital infrastructure projects • Operational activities • Planning • Equipment • Training • Exercises

Source: Federal Emergency Management Agency grant guidance.

[6]See 6 U.S.C. §§ 604, 605.

As GAO reported in February 2012, FEMA made award decisions for all four programs with differing levels of information which contributes to the risk of funding unnecessarily duplicative projects. While GAO understands that some overlap may be desirable to provide multiple sources of funding, a lack of visibility over grant award details around these programs increases the risk of unintended and unnecessary duplication. Some of the factors that contributed to the differences in the information available include different administrative processes and information requirements. With respect to administrative differences, FEMA delegates some administrative duties to stakeholders for the State Homeland Security Program, the Urban Areas Security Initiative and the Port Security Grant Program, thereby reducing its administrative burden according to FEMA officials. However, this delegation also contributes to FEMA having less visibility over some grant applications, and in particular those funded by the State Homeland Security Program and the Urban Areas Security Initiative. These two programs are administered by state administrative agencies;[7] however, some administrative functions are further delegated to subrecipients such as local governments or other entities. In contrast, Transit Security Grant Program awards are made directly to the final grant recipients and this more direct award structure, among other factors, allows FEMA to better track these grant awards. In delegating significant grants administration duties to the state administrative agencies for the larger State Homeland Security Program and Urban Areas Security Initiative programs, FEMA officials recognize the trade-off between decreased visibility over grant funding, subrecipients, and specific project-level data in exchange for their reduced administrative burden.

Differences in information requirements also affect the level of information that FEMA has available for making grant award decisions. For example, for the State Homeland Security Program and Urban Areas Security Initiative, states and eligible urban areas submit investment justifications for each program with up to 15 distinct investment descriptions that describe general proposals in wide-ranging areas such as “critical infrastructure protection.”[8] Each investment justification encompasses multiple specific projects to different jurisdictions or entities, but project-level information, such as a detailed listing of subrecipients or equipment costs, is not required by FEMA. In contrast, Port Security Grant Program

[7]A designated state administrative agency is responsible for managing the State Homeland Security Program and Urban Areas Security Initiative programs at the state level. This management includes processing project applications prior to submitting them to FEMA, “passing though” federal funds to regional or local entities, and ensuring that local grant recipients comply with various statutory and grant requirements.

[8]Investment justifications are one component of the State Homeland Security Program, the Urban Areas Security Initiative, the Port Security Grant Program, and the Transit Security Grant Program applications for grant funding. They provide narrative information on proposed activities (investments) that will be accomplished with the grant funds and are described in more detail later in this report. The investment justifications must demonstrate how proposed investments address gaps and deficiencies in current capabilities, and also demonstrate adherence to program guidance.

and Transit Security Grant Program applications require specific information on individual projects such as detailed budget summaries. As a result, FEMA has a much clearer understanding of what is being requested and what is being funded by these programs.

FEMA has studied the potential utilization of more specific project-level data for making grant award decisions, especially for the State Homeland Security Program and Urban Areas Security Initiative.[9] Specifically, a May 2011 FEMA report recommended that the agency modify the investment justification format for the Urban Areas Security Initiative and the State Homeland Security Program applications to include a detailed project list.[10] This project list would contain information that is currently collected later in the grant cycle in the post-award phase. However, while GAO's analysis of selected grant projects determined that this additional information was sufficient for identifying potentially unnecessary duplication for nearly all of the projects it reviewed, the information did not always provide the FEMA with sufficient detail to identify and prevent the risk of unnecessary duplication.

Specifically, GAO reviewed the type of information that FEMA would have available at the applications stage if it implemented the May 2011 report recommendation. GAO's analysis of 1,957 projects,[11] using post-award information as recommended in the report, determined that over 1,800 of the projects representing about 90 percent of the overall funding had the detail needed to determine whether they were unnecessarily duplicative. However, 140 projects, or 9.2 percent of the overall funding associated with the 1,957 projects—about $183 million—lacked sufficient detail to determine whether they were unnecessarily duplicative or had involved coordination during the state's planning or selection processes to prevent any unnecessary duplication. For example, in one instance GAO identified overlap in the descriptions of the project types and titles of State Homeland Security Program, Urban Areas Security Initiative, and Port Security Grant Program grants that funded critical infrastructure improvements in a single port area. This overlap suggested that duplication could be occurring among the grant programs, and warranted further analysis.

---

[9]In August 2009, FEMA established the Reporting Requirements Working Group to compile a list of select grant reporting activities, collect grant stakeholder feedback, and make recommendations regarding future data collection policies. FEMA utilized the working group's analysis and recommendations in a May 2011 Report to Congress.

[10]See FEMA, *Redundancy Elimination and Enhanced Performance for Preparedness Grants Act: Initial Report to Congress* (Washington, D.C.: May 23, 2011) for their findings and recommendations.

[11]We reviewed investment justification and Biannual Strategy Implementation Report information—The Biannual Strategy Implementation Report is a reporting requirement submitted by states to FEMA regarding the progress of certain grants—for the 1,957 grant projects awarded through the four grant programs to five urban areas: Houston, Jersey City/Newark, New York City, San Francisco, and Seattle for fiscal years 2008 through 2010.

After gathering additional information from state and local grant recipients, however, GAO determined that none of the projects it reviewed were duplicative. While implementing the May 2011 report recommendation to better utilize more specific project-level data would be a step in the right direction, the Director of FEMA's Grants Preparedness Division reported in September 2011 that FEMA had not yet determined the specifics of future data requirements related to the report's recommendation. GAO was able to ascertain that over 90 percent of the projects it reviewed had sufficient detail to determine that the projects were not likely duplicative. However, GAO believes that more detailed project information could be of value to FEMA in its grant review process since the information that would be gathered and considered, if the report's recommendation were implemented, would not always allow for the necessary differentiation between projects funded by the four grant programs. Moreover, DHS's Office of Inspector General has also concluded in recent years that FEMA should utilize more specific project-level data in making grant award decisions, especially for the State Homeland Security Program and Urban Areas Security Initiative, in order to identify and mitigate potential duplication.[12]

Another effort that FEMA has initiated to improve its grant information is the phase-in of a new consolidated grants management system—the Non-Disaster Grants system. Agency officials stated that this system, once completed, will help FEMA manage all of its preparedness grants, and has an explicit goal of enhancing project-level data collection. In addition, FEMA anticipates that the Non-Disaster Grants system will consolidate data from multiple systems and facilitate greater utilization and sharing of information. However, according to FEMA documentation, the agency has not yet determined all of its specific data needs for the system. As FEMA continues to develop the Non-Disaster Grants system, it will be important to ensure that it collects the level of data needed, as appropriate, to compare projects across grant programs to mitigate the risk of funding unnecessarily duplicative projects. GAO recognizes that collecting more detailed project information through the new system could involve additional costs. However, collecting additional information with this level of detail could help better position FEMA to ensure that it is using its resources effectively.

GAO also reported in February 2012 that FEMA lacks a process to coordinate application reviews across the four grant programs. FEMA's Grants Program Directorate has divided the administration of the grant programs into two separate branches: The Urban Areas Security Initiative and State Homeland Security Program are administered by a Homeland Security Grant Program branch, while the Port Security Grant Program and Transit Security Grant Program are administered by a Transportation

[12]Department of Homeland Security Office of Inspector General, *Efficacy of DHS Grant Programs*, OIG-1069 (Washington, D.C.: Mar. 22, 2010).

Infrastructure Security branch. The result of this structure is that grant applications are reviewed separately by program and are not compared across each other to determine where possible unnecessary duplication may occur. Similar findings were also reported by the DHS Inspector General in March 2010.

As noted earlier, each grant program GAO reviewed has similar goals, allowable costs, and geographic proximity. As a result, these four programs share applicants as state and local entities seek to maximize grant dollars for their projects; however, FEMA does not compare applications, including the investment justifications, for these overlapping grant programs. As a result, neither FEMA nor an independent third party is positioned to determine where unnecessary duplication may occur.

Because the applications for the four grant programs are being reviewed by two separate divisions, yet have similar allowable costs, GAO and the DHS Inspector General concluded that coordinating the review of grant projects internally would give FEMA more complete information about applications across the four grant programs. This additional information could help FEMA identify and mitigate the risk of unnecessary duplication across grant applications. A FEMA Grants Program Directorate Section Chief noted that the primary reasons for the current lack of coordination across programs are the sheer volume of grant applications that need to be reviewed and FEMA's lack of resources to coordinate the grant application review process. GAO recognizes the challenges associated with reviewing a large volume of grant applications, but to help reduce the risk of funding unnecessarily duplicative projects, FEMA could benefit from exploring opportunities to coordinate project reviews across grant programs while also taking into account the large volume of grant applications it must process.

In addition, from fiscal year 2010 to 2012, appropriations for DHS's preparedness grant programs declined from $3.02 billion to $1.35 billion—or about 55 percent.[13] Further, the consolidated appropriations act for fiscal year 2012 combined funding for DHS's preparedness grant programs into a single appropriation and provided the Secretary of Homeland Security with the discretion to distribute this funding amongst the suite of preparedness grant programs.[14] Specifically, the appropriations for these four programs declined by about $487 million—or about 20 percent—from fiscal year 2010 to 2011. However, the fiscal year 2012 funding levels for these four programs are unclear at this time because the Secretary of Homeland Security has not yet determined how to distribute available funding amongst the grant programs. Given the

[13] This total is comprised of preparedness grant programs in FEMA's state and local programs account, which does not include firefighter assistance grants and emergency management performance grants.

[14] See H.R. Rep. No. 112-331, at 175-77 (2011) (Conf. Rep.).

significant overlap in these grant programs and the risk of unnecessary duplication, requiring additional information on FEMA's efforts to identify and eliminate overlap may be helpful to the Congress as it makes future decisions regarding preparedness grant funding.

Actions Needed and Potential Financial or Other Benefits

The State Homeland Security Program, Urban Areas Security Initiative, Port Security Grant Program, and Transit Security Grant Program have similar goals and fund similar activities in overlapping jurisdictions. In a constrained budget environment, it is important for FEMA to have the information it needs about projects funded through these programs and to coordinate their administration to maximize their impacts on improving homeland security and avoid the risk of any unnecessary duplication. Although reviewing a large volume of grant applications is challenging, these reviews are important to better ensure that FEMA is able to identify and prevent any potential unnecessary duplication, and that limited grant resources are used effectively.

GAO recommended in its February 2012 report that to help reduce the risk of unnecessary duplication by strengthening the administration and oversight of these programs, the FEMA Administrator should

- take steps, when developing the Non-Disaster Grants system and responding to the FEMA May 2011 report recommendations on data requirements, to ensure that FEMA collects project information with the level of detail needed to better position the agency to identify any potential unnecessary duplication within and across the four grant programs, weighing any additional costs of collecting this data; and

- explore opportunities to enhance FEMA's internal coordination and administration of the programs in order to identify and mitigate the potential for any unnecessary duplication.

In addition to these recommendations to DHS from GAO's February 2012 report, Congress may also want to consider

- requiring DHS to report on the results of its efforts to identify and prevent unnecessary duplication within and across the State Homeland Security Program, Urban Areas Security Initiative, Port Security Grant Program, and Transit Security Grant Program, and considering these results when making future funding decisions for these programs.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to DHS for review and comment. DHS provided technical comments, which were incorporated as appropriate.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. GAO took several actions to determine how FEMA awarded grant funds and how funds were distributed. GAO interviewed officials at DHS and FEMA and visited five urban areas that contained grant recipients for all four grant programs and were among the highest annual grant recipients in fiscal year 2010 due to their risk profile. In each of these locations, GAO interviewed officials responsible for administering the program (state and local officials for the State Homeland Security Program/Urban Areas Security Initiative; fiduciary agents for the Port Security Grant Program; and transit agency officials for Transit Security Grant Program). GAO also met with grant recipients and members of the local coordination or project selection groups (e.g., Urban Area Working Group for the Urban Areas Security Initiative). Additionally, GAO reviewed grant guidance, legislation and prior GAO and Department of Homeland Security Inspector General reports; analyzed grant awards; and reviewed state and national plans related to homeland security grant programs. Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

Homeland Security: DHS Needs Better Project Information and Coordination among Four Overlapping Grant Programs. GAO-12-303. Washington, D.C.: February 28, 2012.

Port Security Grant Program: Risk Model, Grant Management, and Effectiveness Measures Could Be Strengthened. GAO-12-47. Washington, D.C.: November 17, 2011.

Urban Area Security Initiative: FEMA Lacks Measures to Assess How Regional Collaboration Efforts Build Preparedness Capabilities. GAO-09-651. Washington, D.C.: July 2, 2009.

Transit Security Grant Program: DHS Allocates Grants Based on Risk, but Its Risk Methodology, Management Controls, and Grant Oversight Can Be Strengthened. GAO-09-491. Washington, D.C.: June 8, 2009.

Homeland Security: DHS Improved its Risk-Based Grant Programs' Allocation and Management Methods, But Measuring Programs' Impact on National Capabilities Remains a Challenge. GAO-08-488T. Washington, D.C.: March 11, 2008.

Contact Information

For additional information about this area, contact David C. Maurer at (202) 512-9627 or maurerd@gao.gov.

18. Federal Facility Risk Assessments

Agencies are making duplicate payments for facility risk assessments by completing their own assessments, while also paying the Department of Homeland Security for assessments that the department is not performing.

Why This Area Is Important

Since the 1995 bombing of the Alfred P. Murrah Federal Building in Oklahoma City, Oklahoma, and the September 11, 2001, terrorist attacks, the federal government has made significant changes in its approach to protecting federal facilities and the more than 1 million employees and members of the public that work in and visit these facilities annually. However, federal facilities continue to be vulnerable to terrorist attacks and other acts of violence, as evidenced by the 2010 attacks on the Internal Revenue Service (IRS) building in Austin, Texas, and the federal courthouse in Las Vegas, Nevada, which resulted in loss of life. These attacks highlight the importance of protecting federal facilities by, among other things, conducting timely and comprehensive risk assessments, which can help decision makers identify and evaluate potential threats so that countermeasures can be implemented to help prevent or mitigate the facilities' vulnerabilities to those threats.

The Department of Homeland Security's (DHS) Federal Protective Service (FPS) is the primary federal agency responsible for providing physical security and law enforcement services—including conducting risk assessments—for the approximately 9,000 federal facilities owned or leased by the General Services Administration (GSA).[1] Risk assessments for federal facilities, which FPS refers to as facility security assessments, are to be completed every 3 to 5 years according to DHS's Interagency Security Committee (ISC) standards.[2] FPS's assessments are to include a full examination of the facility, including a review of access points to the facility and the security of the facility's perimeter, such as closed circuit television monitoring and lighting. Its risk assessment process entails gathering and reviewing facility information; conducting and recording interviews with tenant agencies; assessing the threats, vulnerabilities, and consequences associated with a facility; and recommending appropriate countermeasures in accordance with ISC standards to mitigate vulnerabilities to tenant agencies.

[1]GAO is referring to facilities that are under GSA's control and custody as GSA-owned or leased facilities.

[2]The ISC, composed of representatives from 50 federal agencies and departments, was established under Executive Order 12977 to enhance the quality and effectiveness of security and protection of buildings and facilities in the United States occupied by federal employees for nonmilitary activities.

What GAO Found

GAO has found that there is duplication in the federal government's approach to assessing risks at some of the 9,000 federal facilities managed by GSA. As GAO reported in June 2008 and as it has recently found, multiple federal agencies are expending additional resources to assess their own facilities; although, according to an FPS official, the agency received $236 million from federal agencies for risk assessments and other security services in fiscal year 2011. For example, an official from IRS said that IRS completed risk assessments based on concerns about risks unique to its mission for approximately 65 facilities that it also paid FPS to assess. Additionally, an official from the Federal Emergency Management Agency (FEMA) stated that FEMA has assessed its own facilities for several years because of dissatisfaction with the security levels FPS has assigned to its facilities, and Environmental Protection Agency (EPA) officials said that EPA has conducted its own assessments based on concerns with the quality and thoroughness of FPS's assessments.[3] EPA officials also said that the agency's assessments are conducted by teams of contractors and EPA employees, cost an estimated $6,000, and can take a few days to a week to complete. An official from the U.S. Army Corps of Engineers told GAO that it duplicates FPS's assessments at some of its regional facilities because the agency follows U.S. Army force protection regulations, rather than the security requirements followed by FPS.

According to an FPS official, FPS planned to use its Risk Assessment and Management Program (RAMP) to complete assessments of about 700 federal facilities in fiscal year 2010 and 2,500 facilities in fiscal year 2011. However, since November 2009, according to an FPS official, the agency has only completed four risk assessments using RAMP, which does not provide adequate assurance that FPS is utilizing an effective risk management approach to help protect federal facilities and may contribute to more agencies completing their own assessments. RAMP was intended to provide FPS with the capability to assess risks at federal facilities based on threat, vulnerability, and consequence; and track countermeasures to mitigate those risks. As GAO reported in July 2011, FPS experienced cost overruns, schedule delays, and operational issues with developing RAMP and as a result the agency could not use it to complete risk assessments. Without risk assessments that identify threats and vulnerabilities and the resources required to achieve security goals, FPS has only limited assurance that programs will be prioritized and resources will be allocated to address existing and potential security threats in an efficient and effective manner. GAO recommended in July 2011 that FPS develop interim solutions for completing risk assessments while addressing RAMP's challenges. FPS agreed with this recommendation and is in the process of developing an interim assessment tool.

[3]FPS is responsible for coordinating with tenant agencies to determine a facility's security level, which ranges from I (lowest risk level) to V (highest risk level).

As noted above, FPS charged federal agencies $236 million in basic security fees for risk assessments and security services in fiscal year 2011, although FPS has completed few risk assessments using RAMP.[4] As GAO reported in May 2011, FPS does not know how much of the basic security fee is used for completing risk assessments of federal facilities. Nonetheless, FPS increased the basic security fee from $.66 in fiscal year 2011 to $.74 per square foot in fiscal year 2012. GAO recommended in May 2011 that FPS make information on the estimated costs of key activities, as well as the basis for these cost estimates, readily available to affected parties to improve the transparency of the process for setting and using the fees.

Actions Needed and Potential Financial or Other Benefits

GAO has found that multiple federal agencies are incurring additional costs by completing their own assessments while paying FPS to complete risk assessments for the same facilities. However, DHS has not taken any actions to address the duplication and it is not clear whether FPS's planned risk assessment tool will help minimize duplication. Achieving the financial and other benefits that may result from reducing duplication and increased cost that occurs in assessing risks at federal facilities will require additional effort on the part of DHS and other key stakeholders.

GAO recommended in July 2011 that the Secretary of DHS

- direct the Director of FPS to develop interim solutions for completing risk assessments while addressing RAMP's challenges.

GAO recommended in May 2011 that the Director of FPS

- make information about the estimated costs of key activities and the basis for these estimates available to affected parties to improve transparency.

In addition, DHS should

- work with federal agencies to determine their reasons for duplicating the activities included in FPS's risk assessments and identify measures to reduce this duplication.

[4] In addition to risk assessments, the $236 million in basic security fees funds security services including ongoing review of facility countermeasures to ensure they are functioning as designed; assistance with emergency planning and exercises; response to criminal incidents and reports of suspicious activity; patrol of facilities to deter and detect criminal activity; and awareness training to inform tenants how to prevent and react to events in the facility.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to DHS for review and comment. DHS agreed with GAO's previous two recommendations and has begun action on both. DHS did not provide comments on GAO's newly identified action needed. DHS also provided technical comments, which were incorporated as appropriate. In its response, DHS stated that although FPS has only completed four risk assessments using RAMP, the agency is collecting data, through site visits, interviews of facility occupants, and evaluation of countermeasures, which will be used to generate risk assessments when its interim assessment tool is implemented in spring 2012. As part of its routine audit work, GAO will track agency action to address these recommendations and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section and additional work GAO conducted to be published as a separate product in 2012. To update that information and identify continuing issues related to duplication and overlap in risk assessments for federal facilities, GAO interviewed officials from FPS, EPA, FEMA, GSA, Immigration and Customs Enforcement, IRS, U.S. Army Corps of Engineers, and the Department of Veterans Affairs.

Related GAO Products

Federal Protective Service: Actions Needed to Resolve Delays and Inadequate Oversight Issues with FPS's Risk Assessment and Management Program. GAO-11-705R. Washington, D.C.: July 15, 2011.

Budget Issues: Better Fee Design Would Improve Federal Protective Service's and Federal Agencies' Planning and Budgeting for Security. GAO-11-492. Washington, D.C.: May 20, 2011.

Homeland Security: The Federal Protective Service Faces Several Challenges That Raise Concerns About Protection of Federal Facilities. GAO-08-914T. Washington, D.C.: June 18, 2008.

Homeland Security: The Federal Protective Service Faces Several Challenges That Hamper Its Ability to Protect Federal Facilities.GAO-08-683. Washington, D.C.: June 11, 2008.

Contact Information

For additional information about this area, contact Mark Goldstein at (202) 512-2834 or goldsteinm@gao.gov and Susan J. Irving at (202) 512-6806 or irvings@gao.gov.

19. Information Technology Investment Management

The Office of Management and Budget, and the Departments of Defense and Energy need to address potentially duplicative information technology investments to avoid investing in unnecessary systems.

Why This Area Is Important

The Office of Management and Budget (OMB) has reported that the federal government spends billions of dollars on information technology (IT) investments each year. In fiscal year 2011, there were approximately 7,200 investments totaling at least $79 billion. The Department of Defense (DOD) reported the largest number of information technology (IT) investments (2,383 investments at $37 billion), followed by the Department of Energy (Energy) (876 investments and $2 billion).

According to OMB's annual budget guidance (beginning with fiscal year 2004), agencies are required to map each IT investment to a functional category and sub-category within the Federal Enterprise Architecture.[1] These categorizations, known as a primary function and subfunction are intended to enable OMB and others to analyze investments with similar functions, as well as identify and analyze potentially duplicative investments across agencies.

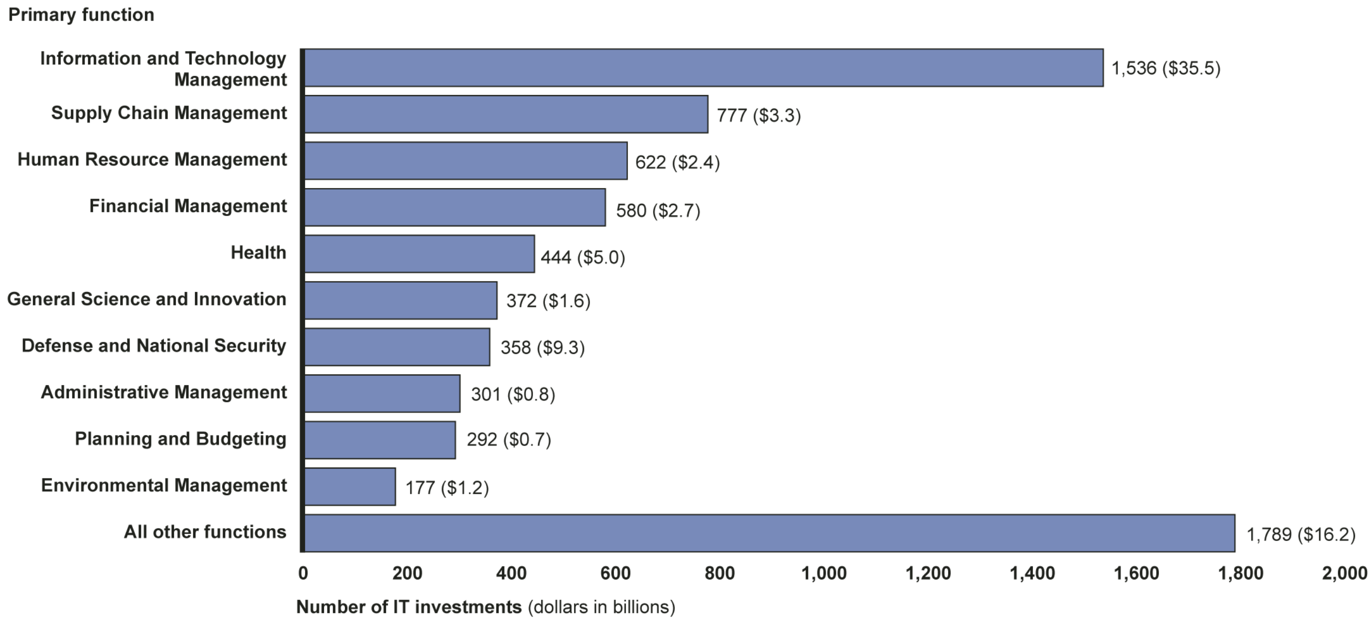
What GAO Found

As GAO reported in September 2011, in their fiscal year 2011 budget submissions to OMB on IT spending, agencies reported the greatest number of IT investments in the information and technology management category (1,536 investments), followed by supply chain management (777 investments), and human resources management (622 investments).[2] Similarly, planned expenditures on investments were greatest in the information and technology management category, at about $35.5 billion. The figure below depicts the total number of investments governmentwide per function.

[1]The Federal Enterprise Architecture is intended to provide federal agencies and other decision makers with a common frame of reference or taxonomy for informing agencies' individual enterprise architecture efforts and their planned and ongoing investment activities, and to do so in a way that identifies opportunities for avoiding duplication of effort and launching initiatives to establish and implement common, reusable, and interoperable solutions across agency boundaries.

[2]GAO, *Information Technology: OMB Needs to Improve Its Guidance on IT Investments,* GAO-11-826 (Washington, D.C.: Sept. 29, 2011).

Number of IT Investments Governmentwide by Primary Function, as of July 2011 (fiscal year 2011 planned expenditures, in billions)



Source: GAO analysis of exhibit 53 data.

GAO reported that OMB provides guidance to agencies on how to report on their IT investments, but this guidance does not ensure complete reporting or facilitate the identification of duplicative investments. Specifically, agencies differ on what investments they include as an IT investment; for example, 5 of the 10 agencies GAO reviewed consistently consider investments in research and development systems as IT, and 5 do not. As a result, federal agencies' annual IT investments are likely greater than the $79 billion reported in fiscal year 2011. In addition, OMB's guidance to federal agencies requires each investment to be mapped to a single functional category. This limits OMB's ability to identify duplicative investments both within and across agencies because similar investments may be organized into different categories. For example, GAO reported on a DOD financial management system that was identified in a different functional category—supply chain management.[3]

GAO also reported that OMB and federal agencies have undertaken several initiatives to address potentially duplicative IT investments. For example, OMB has efforts under way to consolidate similar functions through its Federal Enterprise Architecture initiative, which was developed in 1999. This initiative was intended to provide federal agencies with a common construct for their architectures and thereby facilitate the

[3]GAO, *Financial Management Systems: OMB's Financial Management Line of Business Initiative Continues but Future Success Remains Uncertain,* GAO-09-328 (Washington, D.C.: May 7, 2009).

coordination of common business processes, and system investments among federal agencies. In 2004, we reported that the Federal Enterprise Architecture was a work in progress and was still evolving.[4] To this point, OMB's Chief Architect reported that comprehensive changes to the Federal Enterprise Architecture are underway and planned for fiscal year 2012. In addition, most of the agencies GAO reviewed established guidance for ensuring new investments are not duplicative with existing systems. However, agencies do not routinely assess operational systems to determine if they are duplicative. Therefore, GAO reported that until agencies routinely assess their IT investment portfolios to identify and reduce duplicative systems, the government's current situation of having hundreds of similar IT investments will continue to exist.

More recently, GAO conducted a review to examine the three largest categories of IT investments within DOD, Energy, and the Department of Homeland Security (DHS). Specifically, as GAO reported in February 2012, although DOD, Energy, and DHS use various investment review processes to identify duplicative investments, GAO found that 37 of GAO's sample of 810 investments were potentially duplicative at DOD and Energy (see table below).[5] These investments account for about $1.2 billion in IT spending for fiscal years 2007 through 2012, for these two agencies. To identify these potentially duplicative investments, GAO reviewed the description of each investment's purpose within specific functional categories and subcategories to identify similarities among related investments within each agency. This formed the basis of establishing groupings of similar investments. GAO discussed the groupings with each of the selected agencies, and GAO obtained further information from agency officials and reviewed and assessed agencies' rationales for having multiple systems that perform similar functions. For example, GAO identified four DOD Navy personnel assignment investments—one system for officers, one for enlisted personnel, one for reservists, and a general assignment system—each of which is responsible for managing similar functions. The Department of the Navy is implementing an executive oversight board and a centralized review process of IT investments that officials reported will examine these investments to determine if actual duplication exists. The table below summarizes 12 groups of potentially duplicative investments by purpose and agency, which GAO identified.

[4] GAO, *Information Technology: The Federal Enterprise Architecture and Agencies' Enterprise Architectures Are Still Maturing,* GAO-04-798T (Washington, D.C.: May 19, 2004).

[5] GAO, *Information Technology: Departments of Defense and Energy Need to Address Potentially Duplicative Investments*, GAO-12-241. Washington, D.C.: February 17, 2012.

Potentially Duplicative Investments for DOD and Energy, as of January 2012

Dollars in millions

Department	Branch/bureau	Purpose	Number of investments	Planned or actual spending fiscal years 2007-2012
DOD	Air Force	Contract Management	5	$41
	Army	Personnel Assignment Management	2	12
	Navy	Acquisition Management	4	407
		Aviation Maintenance and Logistics	2	85
		Contract Management	5	17
		Housing Management	2	5
		Personnel Assignment Management	4	28
		Promotion Rating	2	3
		Workforce Management	3	109
	DOD-enterprisewide	Civilian Personnel Management	2	504
Energy	Energy Programs	Back-end Infrastructure	3	1
	Energy Programs & Environmental and Other Defense Activities	Electronic Records and Document Management	3	7
Total			**37**	**$1,219**

Source: GAO analysis of agency data.

While GAO did not identify any potentially duplicative investments at DHS within GAO's sample, DHS officials have independently identified several duplicative investments and systems. Specifically, DHS officials have identified and, more importantly, reduced duplicative functionality in four investments, including a personnel security investment, time and attendance investment, human resources investment, and an information network investment. DHS also has plans to further consolidate systems within these investments by 2014, which is expected to produce approximately $41 million in cost savings. DHS officials have also identified 38 additional systems that they have determined to be duplicative. For example, officials identified multiple personnel action processing systems that could be consolidated.

Officials from the three agencies offered a variety of reasons for the potential duplication, such as decentralized governance within the department and a lack of control over certain facilities. Further complicating agencies' ability to identify and eliminate duplicative investments is that investments are, in certain cases, misclassified by function. For example, DHS's Federal Emergency Management Agency—Minor Personnel/Training Systems investment was initially categorized within the Employee Performance Management subfunction, but DHS agreed that this investment should be assigned to the Human Resources Development subfunction. Proper categorization is necessary in order to analyze and identify duplicative investments, both within and across agencies. GAO reported that until DOD, Energy, and DHS, correctly categorize their investments, they are limiting their ability to identify opportunities to consolidate or eliminate duplicative investments.

GAO also reported that DHS had taken action to improve its processes for identifying and eliminating duplicative investments. For example, through reviewing portfolios of IT investments, DHS had identified much, and eliminated some, duplicative functionality in certain investments—as previously discussed. Additionally, DOD and Energy had recently initiated specific plans to address potential duplication in many of the investments GAO identified—such as plans to consolidate or eliminate systems. While these efforts could eventually yield results, DOD's and Energy's initiatives had not yet led to the consolidation or elimination of duplicative investments or functionality. For example, while DOD and Energy had documented milestones for improving their IT investment review processes, officials did not provide examples of duplicative investments that they had consolidated or eliminated. Therefore, GAO reported that until DOD and Energy demonstrate, through existing transparency mechanisms, that they are making progress in identifying and eliminating duplicative investments, it will remain unclear whether they are avoiding investment in unnecessary systems.

Actions Needed and Potential Financial or Other Benefits

To better ensure the agencies avoid investing in duplicative investments, GAO recommended in September 2011 that the Director of OMB

- clarify guidance to federal agencies in reporting on their IT investments by specifying whether certain types of systems should be included;
- require federal agencies to report the steps they take to ensure that their IT investments are not duplicative as part of their annual budget and IT investment submissions; and
- revise guidance to federal agencies on categorizing IT investments to ensure that the categorizations are clear and allow agencies to choose secondary categories.

Additionally, GAO recommended in February 2012 that the Secretaries of DOD and Energy should direct their Chief Information Officers to

- utilize existing transparency mechanisms to report on the results of their efforts to identify and eliminate, where appropriate, each potentially duplicative investment GAO identified, as well as any other duplicative investments.

GAO also recommended in February 2012 that the Secretaries of DOD, Energy, and DHS should direct their Chief Information Officers to

- correct the miscategorizations for the investments GAO identified and ensure that investments are correctly categorized in agency submissions.

Agency Comments and GAO's Evaluation

GAO provided a draft of its September 2011 report to OMB for review and comment. OMB disagreed with the first recommendation and agreed with the second and third recommendations. Specifically, OMB officials do not plan to implement the first recommendation, because they believe guidance already exists on categorizing and identifying IT investments. However, GAO believes that the recommendation is appropriate because the existing guidance does not address key categories of IT investments where GAO found inconsistencies among agencies. OMB officials stated that the agency plans to address the second and third recommendations through updated guidance and the annual budget process.

GAO provided a draft of its February 2012 report to OMB, DOD, Energy, and DHS for review and comment. OMB provided technical comments that GAO incorporated, where appropriate. DOD and DHS generally agreed with the recommendations, while Energy agreed with the first recommendation, but not the second. Specifically, Energy disagreed that two of the four investments GAO identified were miscategorized, explaining that their categorizations reflect funding considerations. However, OMB guidance indicates that investments should be classified according to their intended purpose. Consequently, GAO believes the recommendation is warranted.

GAO provided a draft of this report section to OMB for review and comment. OMB provided technical comments, which were incorporated as appropriate.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. GAO analyzed IT investment data and OMB's guidance to federal agencies on IT investments, interviewed officials at the 10 federal agencies with the largest IT spending in fiscal year 2010[6] to understand how they implement OMB guidance, and analyzed reports and interviewed officials on efforts to address duplicative investments. GAO also selected three of the largest agencies with respect to number of investments—DOD, Energy, and DHS to identify potentially duplicative investments. GAO analyzed a subset of investment data from OMB's IT budget data to identify investments with similar functionality. Specifically, GAO reviewed 810, or 11 percent, of the approximately 7,200 IT investments federal agencies report to OMB. GAO's review represents approximately 24 percent of DOD's IT portfolio in terms of the number of investments that they report to OMB, 19 percent of Energy's, and 16 percent of DHS's. GAO then reviewed the name and narrative description of each investment's purpose to identify similarities among related investments within each agency (GAO did not review

[6]The 10 federal agencies are the Departments of Agriculture, Commerce, Defense, Health and Human Services, Homeland Security, Justice, Transportation, the Treasury, and Veterans Affairs, and the National Aeronautics and Space Administration.

investments across agencies). This formed the basis of establishing groupings of similar investments. GAO discussed the groupings with each of the selected agencies, and GAO obtained further information from agency officials and reviewed and assessed agencies' rationales for having multiple systems that perform similar functions. Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

Information Technology: Departments of Defense and Energy Need to Address Potentially Duplicative Investments, GAO-12-241. Washington, D.C.: February 17, 2012.

Information *Technology: OMB Needs to Improve Its Guidance on IT Investments*. GAO-11-826. Washington, D.C.: September 29, 2011.

Information Technology: OMB's Dashboard Has Increased Transparency and Oversight, but Improvements Needed. GAO-10-701. Washington, D.C.: July 16, 2010.

Information Technology: Management and Oversight of Projects Totaling Billions of Dollars Need Attention. GAO-09-624T. Washington, D.C.: April 28, 2009.

Information Technology: OMB and Agencies Need to Improve Planning, Management, and Oversight of Projects Totaling Billions of Dollars. GAO-08-1051T. Washington, D.C.: July 31, 2008.

Information Technology: Further Improvements Needed to Identify and Oversee Poorly Planned and Performing Projects. GAO-07-1211T. Washington, D.C.: September 20, 2007.

Information Technology: Improvements Needed to More Accurately Identify and Better Oversee Risky Projects Totaling Billions of Dollars. GAO-06-1099T. Washington, D.C.: September 7, 2006.

Information Technology: Agencies and OMB Should Strengthen Processes for Identifying and Overseeing High Risk Projects. GAO-06-647. Washington, D.C.: June 15, 2006.

Information Technology: OMB Can Make More Effective Use of Its Investment Reviews. GAO-05-276. Washington, D.C.: April 15, 2005.

Contact Information

For additional information about this area, contact David A. Powner at (202) 512-9286 or pownerd@gao.gov.

20. Overseas Administrative Services

U.S. government agencies could lower the administrative cost of their operations overseas by increasing participation in the International Cooperative Administrative Support Services system and by reducing reliance on American officials overseas to provide these services.

Why This Area Is Important

As of fiscal year 2011, the U.S. government employed over 23,500 Americans overseas, including nearly 15,000 with the Department of State (State), at more than 250 diplomatic and consular posts. The operation of these posts requires a wide variety of administrative support services for overseas personnel, such as building maintenance, vehicle operations, and travel services, among others. U.S. government agencies may obtain these services through the International Cooperative Administrative Support Services (ICASS) system, the principal means by which the U.S. government provides and shares the cost of common services. ICASS is an interagency system established in 1997 for distributing the cost of administrative services at overseas posts and is intended to ensure that each agency bears the cost of its overseas presence. The ICASS Executive Board, chaired by State and comprised of senior representatives from participating agencies, sets the strategic vision and policy for ICASS.

State is the principal—and most often the only—administrative service provider at most posts worldwide, and its personnel provide virtually all ICASS services. The cost of ICASS, which totaled over $2 billion in fiscal year 2011, is shared with over 40 participating federal agencies, of which State, the U.S. Agency for International Development (USAID), and the Departments of Agriculture, Commerce, Defense, Health and Human Services, Homeland Security, and Justice are the largest, accounting for nearly 95 percent of all ICASS costs. Participation is mostly voluntary, as agencies may obtain any or all of 31 different services at each overseas post or opt out of ICASS by providing services for themselves or obtaining them from another source.

As GAO reported in September 2004, since the establishment of ICASS, many agencies had not signed up for ICASS services and decided instead to provide similar services for their own staff independently. GAO found that this resulted in duplicative administrative systems that limited ICASS's ability to achieve economies of scale and deliver administrative services efficiently.

What GAO Found

Since 2004, State and other agencies operating overseas have made limited progress in reducing the cost of administrative support services overseas. Agencies continue to provide many services independently, despite economies of scale available through greater participation in ICASS. Furthermore, State, the primary provider of ICASS services, has not implemented other cost containment measures that would significantly reduce the need to employ American administrative staff overseas.

Opting out of ICASS results in potential duplication of administrative services and increased costs to the U.S. government. GAO's analysis of ICASS data from 2011 shows that agencies continue to obtain administrative support services outside of ICASS at overseas posts, duplicating services provided through the ICASS system. GAO found that when customer agencies had a choice to obtain services outside of ICASS, they did so about one-third of the time, on average. ICASS participation rates vary widely by agency, but individual agency rates have remained relatively constant since 2005, with the exception of USAID. USAID has experienced a marked increase in participation since it began consolidating its administrative operations with State in 2005.

GAO directly observed duplication of administrative services during site visits to four overseas missions. For example, at each post visited, GAO found that instead of participating in the ICASS-managed motor pool, several agencies operated or maintained their vehicles independently. In addition, several agencies procured their own appliances or shipped their own furniture, declining to participate in ICASS furniture and appliance pools, where this would be done collectively by ICASS staff. According to the financial management officer in Manila, this not only reduces the opportunity to realize lower procurement costs through larger bulk purchases, it entails other hidden costs, including increased labor and wear and tear on the property, as furniture and appliances are removed and reinstalled when agency staff move in and out of embassy-managed residences. He noted that over a 6-month period in 2010, ICASS service providers had to remove and reinstall furniture and appliances at embassy-managed residences 67 times as a result of agency officials being replaced in a home by officials from a different agency. Such additional work would not have been necessary if all agencies subscribed to one furniture and appliance pool, as this property would have remained in the home where it was originally installed, regardless of the occupant.

GAO's analysis of ICASS cost and workload data confirms that State and other agencies participating in ICASS have realized savings through economies of scale. For all 28 ICASS services GAO analyzed, GAO found that as ICASS workloads increased—for example, through increased participation in ICASS services or growth in staff posted overseas—service provision became more efficient and costs per unit of output decreased (see table below). However, GAO was unable to estimate the specific cost implications for new ICASS customers, as other agencies that had opted out of ICASS could not provide GAO with comparable cost data to those which ICASS collects.

ICASS Participation Rates for 2011 and Potential Savings through Economies of Scale for Selected Administrative Services

Administrative service	Percentage of agencies obtaining service through ICASS	Estimated change in unit cost with 10 percent increase in workload
Property management[a]	70.6%	-9.1%
Furniture, furnishings, and appliance pools	57.5	-8.4
Pouch services	50.2	-7.0
Travel services	70.7	-6.2
Photocopying services	28.0	-6.2
Shipment and customs	66.2	-6.1
Administrative supply	56.5	-5.6
Procurement services	75.4	-5.6
Motor pool services	45.1	-4.8

Source: GAO analysis of ICASS data.

[a]Includes inventory management, warehousing, and issuance of office and residential furniture, furnishings, and appliances; does not include real property.

According to the results of GAO's survey of agency representatives, decisions to opt out of ICASS services are based on various factors, the most frequently cited of which were concerns about cost. GAO's survey results indicated that some agency representatives who obtained a specific service outside of ICASS believed that doing so was less expensive than obtaining this service through ICASS. However, several respondents indicated that their decisions to opt out of ICASS were not based on any formal cost analyses. Agencies also chose not to participate in ICASS for a variety of other reasons. In some cases, agency representatives said that they could obtain some services from their headquarters more efficiently than through ICASS. In other cases, officials indicated that they would be unable to fulfill their agency's mission if they relied on ICASS services. For example, some Department of Homeland Security officials said they needed to maintain their own vehicles to have immediate, 24 hours-a-day access for them to conduct investigations. Also, several USAID and Department of Agriculture officials noted that their missions require them to take extended trips to the field that the ICASS motor pool is sometimes not able to accommodate.

Another frequently cited reason for opting out of ICASS was concern about the quality of ICASS services. While results from the annual ICASS survey and GAO's survey of U.S. government agency representatives show overall satisfaction with the quality of ICASS services generally, some dissatisfaction with ICASS performance still exists, particularly among USAID staff. Officials from USAID and other agencies have indicated that performance problems could affect their ability to achieve their respective mission efficiently and effectively in some cases. In particular, USAID officials have cited the unavailability of ICASS motor pool vehicles for travel to distant project sites as a major impediment to its ability to monitor development programs. While agencies may have valid justifications for not participating in ICASS services, they generally do not document their rationales or formally share them with ICASS service providers or other customer agencies. Nor do State or ICASS systematically request such analyses or document the reasons why agencies choose not to subscribe to an ICASS service.

The voluntary nature of ICASS has permitted the continuation of duplicative services, as agencies often make decisions about participating in ICASS based on their own costs and not the costs to the U.S. government as a whole. GAO recommended in September 2004 that the ICASS Executive Board encourage greater ICASS participation. The board agreed and has taken some steps to reduce duplication of administrative services, particularly between State and USAID. However, according to ICASS officials, experience has shown that board members do not necessarily have the incentive to require their agencies to participate in ICASS. In this context, congressional action may be necessary to increase participation in ICASS.

One of ICASS's primary goals is to contain or reduce administrative costs. Yet State, as the primary ICASS service provider, has made limited progress in containing costs by reducing the need for American administrative staff overseas. GAO recommended in September 2004 that, in addition to pursuing the elimination of duplicative administrative support structures, the ICASS Executive Board seek to contain ICASS cost by reengineering administrative processes and employing innovative managerial approaches through competitive sourcing, regionalization of services, improved technology, and adoption of other best practices developed by agencies and other posts. GAO further noted that State had undertaken several initiatives to increase the efficiency of ICASS services, primarily by reducing the need for administrative staff overseas.

However, according to ICASS management officials, State has discontinued these efforts without demonstrating significant progress in containing costs. For example, State did not fully implement a pilot effort to streamline services by requiring ICASS service providers and ICASS Councils to rationalize administrative staffing levels. Moreover, State did not execute its plans to relocate some administrative support activities from overseas to the Florida Regional Center in Fort Lauderdale, which State estimated in 2004 would save ICASS customers up to $140 million over 5 years. According to State and ICASS management officials, State discontinued these efforts because it determined that the potential cost savings did not outweigh the administrative burden of fully implementing them. Furthermore, they indicated that State has not undertaken any other comparable streamlining efforts that would lower costs significantly.

State has implemented a wide variety of smaller scale innovations that have increased the efficiency of ICASS service delivery and reduced costs. For example, State established a “post support unit” to provide vouchering services to more than 90 posts worldwide from three central locations. State also implemented a global network energy management program, which has reportedly reduced energy costs by almost $900,000 in its first 10 months. Other than this initiative, State has not identified the specific cost impacts of these innovations. State anticipates future cost savings from innovative approaches to procuring air freight pouch and mail services and information technology.

The ICASS Executive Board has had limited power to effectuate reengineering and innovation in administrative processes, as State maintains control over virtually all of these processes as both the primary provider and customer of ICASS services. Officials from nearly every agency GAO met with expressed concern about State's failure to contain the cost of the ICASS services it provides. In particular, agency officials in Washington and at the overseas posts GAO visited commonly complained that State employed too many American staff overseas to provide administrative services instead of relying on much less expensive locally employed staff or outsourcing to local firms.[1]

Furthermore, State has not sought to maximize the cost-effectiveness of ICASS services by ensuring that the most appropriate agency deliver these services at all posts. In some instances of duplication GAO observed, GAO noted that USAID appeared to have more expertise in providing a particular service than the existing State ICASS provider, potentially making USAID a reasonable alternate ICASS service provider. For example, in Nairobi, USAID operates a copy center for its own staff inside the embassy compound, offering more specialized services, including digitization, than the ICASS copy center provides.

State's *Foreign Affairs Handbook* recognizes that an agency other than State may be better positioned to be the principal provider of specific services for themselves and other agencies at a given post. It allows for the use of these alternate service providers in cases where an agency has a sufficiently large administrative support capability at a location and agrees to provide services to other agencies at that post. However, in 2006, State and USAID, in the interest of simplifying and expediting the consolidation of their administrative operations overseas, adopted a policy effectively restricting the establishment of new alternate ICASS service providers.

As a result, in 2012, only seven posts had such a provider for one or more ICASS service, potentially limiting opportunities for ICASS to achieve greater efficiency and effectiveness. In 2010, Task Force 11, a joint State-USAID group supporting the development of the Quadrennial Diplomacy and Development Review,[2] recommended that posts consider

[1]In 2004, we found that the per capita labor cost of an American direct hire staff was almost eight times higher than that of a local hire.

[2]Department of State and the U.S. Agency for International Development, *Leading Through Civilian Power: The First Quadrennial Diplomacy and Development Review* (Washington, D.C.: Dec. 15, 2010).

the use of alternate service providers in order to reduce costs. Task Force 11 also proposed that State and USAID establish a Joint Management Board and formulate a consolidation policy that considers the use of alternate providers. However, the Joint Management Board, created in August 2011, has not yet established such a policy.

Actions Needed and Potential Financial or Other Benefits

To contain costs and reduce duplication of administrative support services overseas, GAO recommended in January 2012 that Congress may wish to consider

- requiring agencies to participate in ICASS services unless they provide a business case to show that they can obtain these services outside of ICASS without increasing overall costs to the U.S. government or that their mission cannot be achieved within ICASS.

GAO also recommended in January 2012 that the Secretary of State should

- increase the cost-effectiveness of ICASS services by continuing to reengineer administrative processes and seek innovative managerial approaches, including those that would reduce the reliance on American officials overseas to provide these services.

Furthermore, where agencies are able to demonstrate, through a compelling business case, that they can provide a service more efficiently than the existing State ICASS provider without adverse effects on the overall government budget, GAO recommended in January 2012 that the Secretary of State and the Administrator of USAID should

- allow the creation of new ICASS service providers, in lieu of State, that could provide administrative services to the other agencies at individual posts.

Agency Comments and GAO's Evaluation

GAO provided a draft of its January 2012 report to State, USAID, and the Departments of Agriculture, Commerce, Defense, Health and Human Services, Homeland Security, and Justice for review and comment. State, USAID, and the Departments of Agriculture, Commerce, and Homeland Security provided written comments. The Departments of Defense, Health and Human Services, and Justice provided technical comments, which were incorporated as appropriate. State and USAID generally agreed with GAO's recommendations. However, while State agreed that continued efforts are needed to increase the cost-effectiveness of ICASS services, it did not agree that such actions have not been undertaken or that such efforts would substantially reduce the need for the American management staff abroad. GAO added information about State's other cost-reduction efforts to the draft, noting that they were of a smaller scale than those State had indicated in 2004 that it would undertake. Given the relatively high cost of posting American staff overseas compared to engaging staff locally, GAO believes that even minor modifications in staffing could have significant cost implications and should be thoroughly explored, in close coordination with ICASS-participating agencies.

The Departments of Agriculture, Commerce, and Homeland Security took issue with GAO's finding that nonparticipation in ICASS services reflects potential duplication of administrative services overseas, and with GAO's suggestion that Congress consider requiring agencies to participate in ICASS services unless they provide a business case to justify opting out. In particular, these agencies noted that ICASS customers have a variety of valid reasons for not participating in ICASS services and expressed concern that developing business cases to justify nonparticipation would be overly burdensome. GAO believes that, while agencies may have valid reasons for not participating in some ICASS services, the voluntary nature of ICASS has permitted agencies to opt out of the system without conducting rigorous cost analyses. Without such analyses, agencies are making decisions about participating in ICASS based on their own costs—or perceptions of cost—and not necessarily the overall cost to the U.S. government. GAO believes that if conducted in close coordination with the ICASS Service Center and other participating agencies, preparing business cases need not be overly burdensome and could lead to significant, long-term savings for the U.S. government that would justify the additional effort. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. GAO analyzed data and documentation on ICASS participation and costs from 2000 through 2011; interviewed cognizant staff at the 8 agencies with the largest overseas presence; and surveyed representatives from these agencies at posts around the world. GAO staff conducted fieldwork in Japan, Kenya, the Philippines, and Rwanda, where they observed administrative services, met with embassy management officials, and conducted focus groups of ICASS customers. GAO performed its work from August 2010 to January 2012.

Related GAO Products

Embassy Management: State Department and Other Agencies Should Further Explore Opportunities to Save Administrative Costs Overseas. GAO-12-317. Washington, D.C.: January 31, 2012.

New Embassy Compounds: State Faces Challenges in Sizing Facilities and Providing for Operations and Maintenance Requirements. GAO-10-689. Washington, D.C.: July 20, 2010.

Embassy Management: Actions Are Needed to Increase Efficiency and Improve Delivery of Administrative Services. GAO-04-511. Washington, D.C.: September 7, 2004.

Contact Information

For additional information about this area, contact Michael Courts at (202) 512-8980 or courtsm@gao.gov.

21. Training to Identify Fraudulent Travel Documents

Establishing a formal coordination mechanism could help reduce duplicative activities among seven different entities that are involved in training foreign officials to identify fraudulent travel documents.

Why This Area Is Important

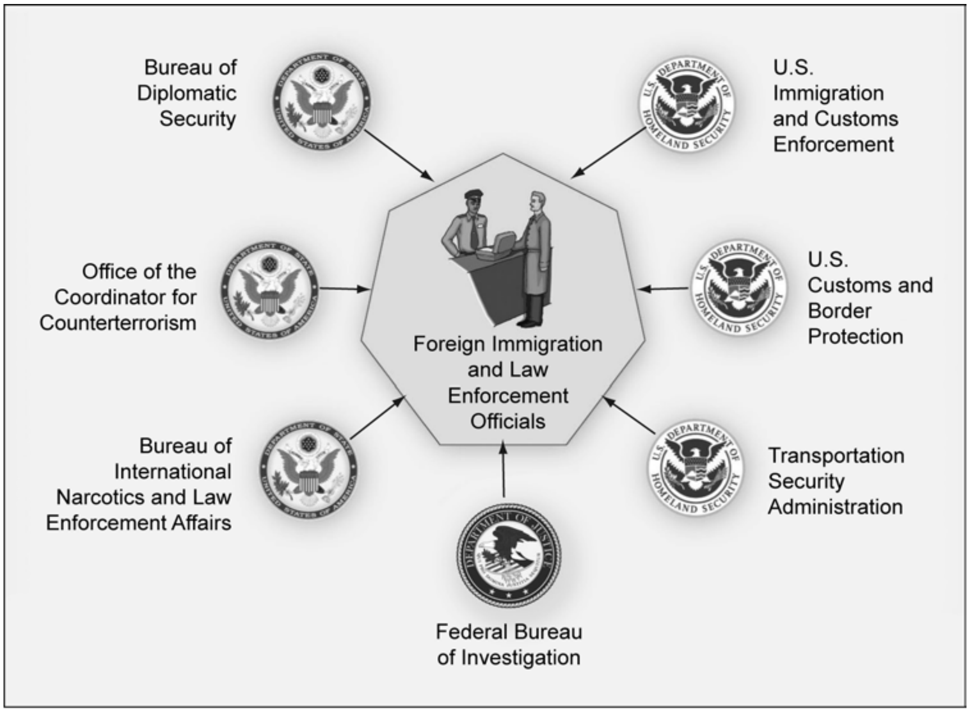
Eliminating the threat of terrorist attacks continues to be a primary U.S. national security focus. According to the 9/11 Commission, constraining the mobility of terrorists is one of the most effective weapons in fighting terrorism. The U.S. government has identified four key gaps in foreign countries' capacity to prevent terrorist travel overseas, including a key gap in our foreign partners' ability to address the use of fraudulent travel documents. As a result, U.S. agencies have undertaken a variety of efforts to enhance our foreign partners' capacity to identify and interdict fraudulent travel documents (i.e., passports and visas).

What GAO Found

As GAO reported in June 2011, seven different U.S. government entities across three federal agencies are involved in providing training to foreign government officials to detect fraudulent travel documents.[1] In delivering the training, agencies have similar objectives and often train the same populations (e.g., immigration officials and law enforcement officials) to develop their skills in recognizing the characteristics of altered, counterfeit, or other fraudulent travel documents, sometimes in the same country.

[1]We were unable to determine the total amount of money spent on training foreign government officials to detect fraudulent travel documents because the agencies involved did not consistently track the cost of individual training sessions.

U.S. Agencies and Bureaus Involved in Providing Fraudulent Travel Document Recognition Training to Foreign Immigration and Law Enforcement Officials



Sources: GAO analysis of agency data and information; Corel and Art Explosion (clip art).

As GAO reported in June 2011, the federal entities in the above figure provided the following training to foreign officials in fraudulent travel document recognition:

- The Bureau of Diplomatic Security within the Department of State (State) provided 458 instructor-led courses on fraudulent travel documents through their staff posted overseas and, in collaboration with State's Bureau of Counterterrorism, provided an additional 12 courses in fraudulent travel document recognition through their Anti-Terrorism Assistance (ATA) program.

- Immigration and Customs Enforcement (ICE) within the Department of Homeland Security (DHS) provided 360 training courses, briefings, and outreach sessions through their attachés stationed overseas, and through their Office of International Affairs provided 4 additional courses instructed by officials traveling from Washington, D.C.

- State's Bureau of International Narcotics and Law Enforcement Affairs, through the International Law Enforcement Academies, provided two courses specifically on fraudulent travel document recognition and five courses that covered this topic as part of longer, general law enforcement training. In addition, this State bureau provided funding to the U.S. Customs and Border Protection (CBP) within DHS for one training course and to arrange six trips of foreign officials to the United States through the International Visitors Program for this purpose and to the Organization of American States to deliver training in fraudulent document recognition throughout the Western Hemisphere.

- The Transportation Security Administration within DHS funded one fraudulent travel document training course, as part of its Aviation Security Sustainable International Standards Teams.

- CBP within DHS, through its Office of International Affairs, funded one course in fraudulent document recognition for law enforcement officials.

- The Federal Bureau of Investigation within the Department of Justice did not fund or implement any such training in fiscal year 2010; however, in March 2011, it organized one such training session.

Officials from State's Bureau of Counterterrorism—which coordinates and supports the development and implementation of all U.S. government policies and programs aimed at countering terrorism overseas—told GAO they had been unaware of how many agencies and subagencies are involved in providing fraudulent travel document training to foreign officials. They added that no mechanism existed to encourage coordination among all the parties involved. At the country level, during site visits in March 2011, GAO found that agency officials at two of the four posts it visited did not always collaborate on the delivery of fraudulent travel document recognition training. As a result, some planned training was duplicative and did not make an effective use of limited resources.

- In Pakistan, GAO identified two agencies, State and DHS, planning to provide fraudulent travel document recognition training courses in April 2011 to Pakistani officials from the same agency without coordinating with one another. An attaché from DHS/ICE planned one course, while State's ATA program was simultaneously planning to hold two other fraudulent travel document courses in the same month. Meanwhile, the ICE attaché had been certified to be an instructor for fraudulent travel document recognition courses through a train-the-trainer course provided by ICE's Forensic Document Laboratory. Since ATA program officials were unaware of the existence of this local resource, the ATA program was still attempting to find two instructors from ICE to travel to Pakistan to teach their planned courses.

- In Kenya, GAO found that representatives from two U.S. agencies, State and DHS, deliver fraudulent travel document training but do not collaborate. State provides such training through its ATA program and through an in-country representative of their Bureau of Diplomatic Security, while an in-country representative of DHS's CBP also provided many such training courses. Despite these three representatives providing this similar training, a representative from one of the agencies stated that although he coordinated with other countries providing similar training in Kenya, he did not do so with other U.S. agencies.

Actions Needed and Potential Financial or Other Benefits

GAO recommended in June 2011 that the Secretary of State should

- develop a mechanism to enhance coordination among the agencies involved in funding and implementing fraudulent travel document training overseas.

Agency Comments and GAO's Evaluation

GAO provided a draft of its June 2011 report to State for review and comment. State agreed with GAO's previous recommendation and reported that efforts to enhance such coordination have begun at the country level. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. GAO reviewed the strategies and documentation of U.S. agencies funding and/or implementing foreign capacity-building efforts to prevent terrorist travel overseas, including those of State, DOD, DHS, the Department of Justice, and the U.S. Agency for International Development. GAO met with these agencies and conducted field work in Kenya, Pakistan, the Philippines, and Thailand.

Related GAO Product

Combating Terrorism: Additional Steps Needed to Enhance Foreign Partners' Capacity to Prevent Terrorist Travel. GAO-11-637. Washington, D.C.: June 30, 2011.

Contact Information

For additional information about this area, contact Charles Michael Johnson, Jr. at (202) 512-7331 or johnsoncm@gao.gov.

22. Coordination of Space System Organizations

Fragmented leadership has led to program challenges and potential duplication in developing multibillion-dollar space systems.

Why This Area Is Important

U.S. government space systems provide a wide range of capabilities such as Global Positioning System, weather, climatology, meteorology, missile warning, and secure communications to a large number of users, including the Department of Defense (DOD), the intelligence community, civil agencies, U.S. businesses and citizens, and/or other countries. More than $25 billion a year is appropriated to agencies for developing space systems. These systems typically take a long time to develop, and often consist of multiple components—including satellites, ground control stations, terminals, and user equipment—with different program offices that oftentimes separately plan, acquire, and deploy individual system components. Moreover, the nation's satellites are put into orbit by rockets that can cost more than of $100 million per launch. Given these components, often costing billions of dollars to acquire, recent GAO studies have shown that costs of space programs tend to increase significantly from initial cost estimates. A May 2011 GAO testimony showed that estimated costs for the major Defense space acquisition programs have increased by about $13.9 billion from initial estimates for fiscal years 2010 through 2015, almost a 286 percent increase. NASA space programs have also wrestled with excessive cost growth. While many of the programs have provided users with important and useful capabilities, GAO and others have reported for a number of years that, in some cases, problems with these systems have been so severe that acquisitions were either canceled or the needed capabilities were severely delayed, and that fragmented leadership has been a factor in some of these problems.

What GAO Found

Fragmented leadership and lack of a single authority in overseeing the acquisition of space programs have created challenges for optimally acquiring, developing, and deploying new space systems. This fragmentation is problematic not only because of a lack of coordination that has led to delays in fielding systems, but also because no one person or organization is held accountable for balancing governmentwide needs against wants, resolving conflicts and ensuring coordination among the many organizations involved with space acquisitions, and ensuring that resources are directed where they are most needed. Past studies and reviews examining the leadership, organization, and management of national security space have found that there is no single authority responsible below the President for integrating space programs, and responsibilities for acquiring space systems are diffused across various DOD organizations—including the military services and the Missile Defense Agency—as well as the intelligence community and the National Aeronautics and Space Administration (NASA). A variety of other agencies, such as the Federal Aviation Administration, the National Oceanic and Atmospheric Administration (NOAA), and the Department of Homeland Security rely on government space systems to execute their missions. As indicated in these studies and reviews, each military service or agency that acquires space systems has its own lines of acquisition authority, even though many of the larger programs, such as the Global Positioning System and those to acquire imagery and environmental satellites, are integral to the execution of multiple agencies' missions. With multiagency space programs, success is often only possible with cooperation and coordination; however, successful and productive coordination appears to be the exception and not the rule.

GAO previously reported on how this fragmented leadership and lack of coordination has contributed to problems for the development, acquisition, and fielding of space programs. Examples of programs affected and their challenges are presented in the table below.

Selected Space Programs GAO Reviewed Where Fragmentation and Lack of Coordination Affected Development and Acquisition

Program name	Problems resulting from a lack of coordination
Global Positioning System (GPS)	The GPS program is currently being modernized to replace and update the aging satellite constellation with new GPS satellites, which will provide warfighters with a stronger and more secure military signal. Moreover, there is an interagency structure in place to help coordinate requirements and resolve issues related to GPS. However, modernized military user equipment that DOD is concurrently developing with the new satellites has suffered schedule delays and is not expected to be fully fielded to all of the military services until 2025—10 years after the new military signal from the satellites is expected to reach full operational capability. GAO previously reported in April 2009 that the coordination of the satellite and user equipment segments is not adequately synchronized due to funding shifts and diffuse leadership in the program, likely leading to numerous years of missed opportunities to utilize new capabilities. DOD has taken some steps to better coordinate the GPS segments. DOD created the Space and Intelligence Office within the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics to ensure that all three segments of GPS stay synchronized in the development and acquisition processes. However, that office does not have authority over all user equipment. DOD also conducted enterprise reviews of the program; however, it has not gone as far as GAO recommended to establish a single authority responsible for ensuring that all GPS segments, including user equipment, are synchronized to the maximum extent practicable.
The National Polar-orbiting Operational Environmental Satellite System (NPOESS)	NPOESS was an attempt to converge defense and civil environmental monitoring requirements and avoid duplication through a tri-agency program office, with each participating agency (DOD, NOAA, and NASA) having the lead on certain activities but no single authority to adjudicate conflicts or set priorities. Along with technical and design challenges that arose from decisions related to requirements, the lack of an effective leadership structure to prioritize requirements and resolve interagency conflicts contributed to restructuring of NPOESS. GAO previously reported in June 2009 that the interagency program structure did not effectively fulfill its responsibilities and did not have the ability to effectively or efficiently oversee and direct the NPOESS program. No authority at a level higher than the involved agencies was charged with coordinating the program to ensure resources were used for the greatest need, and this led to significant program delays. By the end of fiscal year 2010, the U.S. government had spent 16 years and over $5 billion to develop NPOESS, but had not launched a single satellite, resulting in a potential capability gap for weather and environmental monitoring. Consequently, in February 2010, citing the program's cost overruns, schedule delays, and management problems, the White House Office of Science and Technology Policy announced that the NPOESS tri-agency structure would be eliminated and the program would be restructured by splitting procurements and responsibilities.[a] Given this restructuring, GAO recommended in May 2010 that NOAA and DOD establish plans to mitigate key risks in transitioning from NPOESS to the successor satellite programs, including ensuring effective oversight of program management, and addressing cost and schedule implications from contract and program changes. GAO reported that both agencies have acknowledged these risks, but have not yet established plans to mitigate these risks. For example, NOAA could not provide firm time frames for completing its management control plan and DOD never formally started its follow-on space weather satellite program, though it was attempting to pull together key acquisition documents. Moving forward, it will be important for the agencies to continue efforts to mitigate these risks in order to ensure the success of their respective environmental monitoring programs.

Program name	Problems resulting from a lack of coordination
Space Radar	The Space Radar program faced significant affordability issues, along with leadership and management challenges that eventually contributed to the program's cancellation. Started in 2003, Space Radar was a collaborative effort between DOD and the intelligence community to provide global, all-weather, day and night intelligence, surveillance, and reconnaissance capabilities, particularly in denied areas. Space Radar was to consist of a constellation of satellites, a ground system, and a communications network that included ground-, air-, ship-, and space-based platforms. The initial cost estimate for Space Radar was between $20 and $25 billion, but the program did not have long-term funding agreements in place or an adjudication process for prioritizing and resolving the tasking from various users. GAO previously reported in August 2007 that cooperation between DOD and the intelligence community on the program could face challenges and an independent review found that the program lacked an effective way to resolve disagreements between the partners. Further, the program faced challenges including a potentially accelerated schedule, questions about system affordability, and difficulty defining key requirements. By 2008, DOD and the intelligence community decided to stop developing the Space Radar program, citing affordability issues, even though millions of dollars had already been spent and no immediate follow-on effort was continued to leverage this investment.
Space Situational Awareness	GAO previously reported in May 2011 that Space Situational Awareness acquisition efforts experienced challenges due to a lack of governmentwide authority. Space Situational Awareness efforts are designed to mitigate threats to U.S. space systems via a variety of space- and ground-based sensors and systems that detect, track, and characterize space objects and space-related events, and forecast which assets may be at risk. DOD has responsibility, with support from the Director of National Intelligence, for the development, acquisition, operation, maintenance, and modernization of Space Situational Awareness capabilities governmentwide. The Space Situational Awareness community consists of a diverse and large array of stakeholders, and while the National Space Policy assigns Space Situational Awareness responsibility to the Secretary of Defense, the Secretary cannot direct resources to the highest priority systems if they belong to an agency outside DOD, or ensure that agencies are setting aside funding needed for Space Situational Awareness over the long term. This complicates program oversight and operations and presents significant challenges to executing and overseeing the Space Situational Awareness mission. GAO has reported that development efforts have been hampered by cost, schedule, and performance challenges, and that in the past 5 fiscal years DOD has not delivered significant new Space Situational Awareness capabilities as originally expected. GAO also reported that the new National Space Policy increases the number of stakeholders that must participate in the development of planning documents that, among other things, identify the roles to manage national security space capabilities and develop specific measures for improving Space Situational Awareness capabilities. While identifying roles and having input from more Space Situational Awareness stakeholders are positive first steps and may result in more inclusive and robust planning efforts, it is too early to assess the effect of these provisions on managing and overseeing governmentwide Space Situational Awareness efforts.

Source: GAO analysis of Department of Defense and GAO information.

[a]The announcement accompanied the release of the President's fiscal year 2011 budget request.

In addition, based on preliminary ongoing work, GAO has found the potential for duplication among satellite operations infrastructure within the federal government. This preliminary work indicates that there are multiple stove piped ground systems and duplication of facilities and hardware. This preliminary work also indicates the potential for duplication with satellites across the government in certain mission areas, such as for remote sensing. GAO plans to further examine these efforts in more detail in the near future.

Since late 2009, DOD has taken a number of initiatives to improve leadership over defense space acquisitions, but these actions have not been in place long enough to determine whether acquisition outcomes will improve. To improve leadership over space acquisitions, DOD has (1) established the Defense Space Council to serve as the principal advisory forum to inform, coordinate, and resolve all DOD space issues, to include implementation of the National Security Space Strategy; (2) designated the Under Secretary of Defense for Acquisition, Technology and Logistics

(USD AT&L) to serve as the Office of the Secretary of Defense focal point for space programs; (3) reaffirmed the Secretary of the Air Force as the DOD Executive Agent for Space, to integrate and assess DOD's overall space program, provide recommended adjustments to the space budget and facilitate increased cooperation with the Intelligence Community and (4) eliminated organizations believed to be redundant and/or ineffective. DOD officials also cite various changes at the Air Force level that better align and unify space acquisition. Further, the new National Space Policy that was issued in 2010 also takes some steps to clarifying responsibilities for space programs among government entities. These changes hold promise to strengthen unity of efforts across DOD's space portfolio as they seek to streamline authority for acquisitions, establish a process for prioritizing investments, and develop tools to ensure greater coordination. However, it is too early to determine if they resolve fragmentation that exists within DOD and between DOD and the intelligence community. Moreover, they do not extend to the space activities across the government.

In addition, according to OMB, the administration has taken several steps to enhance the coordination of space activities among and between civil and national security agencies including (1) conducting Interagency Policy Committee meetings on government-wide space-related issues; (2) creating and supporting agency-led coordination mechanisms for specific space topics or programs where appropriate; and (3) tasking agencies to develop joint plans and responses for addressing cross-sector space challenges, such as improving U.S. launch infrastructure or enhancing space situational awareness. While these steps may help increase coordination among agencies, they do not appear to set funding priorities and it is unclear whether they will help to resolve the conflicts between agencies that have lead to management and acquisition problems.

GAO has not made recommendations with regard to broader governmentwide leadership for space, but in previous reports GAO has recommended a number of changes to the leadership of specific sectors of the space community, including (1) assigning a single authority to oversee the development of the overall GPS capability, with authority to ensure DOD space, ground control, and user equipment are synchronized to the maximum extent practicable and (2) increasing coordination of launch vehicle acquisitions across federal agencies in order to increase efficiencies and cost savings. Several congressional commissions and other studies have also made recommendations for strengthening national security space authorities, including establishing a new Under Secretary of Defense for Space who would have authority over the planning and execution of the national security space program and a senior interagency group to focus on policy formulation and coordination of space activities. But these commissions did not look at the need for an authority that would also cover civilian agencies with space responsibilities.

Actions Needed and Potential Financial or Other Benefits

GAO and others have recommended a number of changes to the leadership of the space community and have consistently reported that a lack of strong, centralized leadership has led to inefficiencies and other problems. But the question still looms as to what office or leadership structure above the department level would be effective and appropriate for coordinating all U.S. government space programs and setting priorities. Working with the National Security Council, the Director of Office of Management and Budget should

- assess whether a construct analogous to the Defense Space Council could be applied government wide or if a separate organization should be established that would have greater authority for setting priorities than individual departments and agencies as well as responsibility for strategic planning. Given the complexity, diversity, and sensitivity of the many organizations involved in space and long-standing resistance to centralized leadership structures or even partnerships among agencies, we realize such an action could not be implemented quickly and would require a phased implementation approach.

Having a single authority responsible for ensuring coordination and setting priorities between U.S. space entities could have numerous benefits. It could reduce the fragmentation of authority and leadership in the space community and thereby help ensure coordination between multiple players, and improve synchronization of space program acquisitions to help avoid the past problems of interdependent capabilities coming online at different times. In addition, this authority would be in a better position than any one department or agency to determine the best use of limited funds and resources by more effectively prioritizing the most highly needed space programs, and would have the authority to reduce duplication across programs. While the Defense Space Council could fill the role as a single high level authority within DOD, this same construct could be used, such as a National Space Council, to coordinate and set priorities across the government.

Agency Comments and GAO's Evaluation

DOD has expressed mixed views on the need for clearer lines of authority for space. For example, DOD agreed with GAO's recommendation in April 2009 to appoint a single authority to oversee the development of the GPS system, including space, ground control, and user equipment assets, to ensure that the program is well executed, resourced, and that potential disruptions are minimized. But it asserted that GPS's current leadership structure was sufficient. Before GAO issued its May 2011 report on space situational awareness, the administration issued the new National Space Policy, which has the potential to resolve concerns GAO identified with leadership. In responding to this assessment, DOD acknowledged the need for a cleaner space and acquisition leadership structure. DOD officials believe that space acquisition programs have turned a corner and are successfully deploying far more capable systems in almost all major space mission areas. NASA and the National Reconnaissance Office did not have comments on this assessment.

The Office of Management and Budget agreed that coordinating space activities across the U.S. government has been and continues to be a major challenge, but is concerned that the GAO recommendation would add an extra layer of space bureaucracy on top of ongoing coordination efforts.OMB acknowledges the potential for improved coordination, but is concerned about additional costs and possible confusion regarding roles and authorities among the existing mechanisms. GAO believes that the recommendation is sufficiently flexible to allow for an implementation approach that would address these concerns. As part of GAO's routine audit work, GAO will continue to track agency actions to address these recommendations and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. In previous work to assess DOD's Space Situational Awareness efforts to determine the extent to which an integrated approach was being used to manage and oversee efforts to develop Space Situational Awareness capabilities, GAO analyzed documents and interviewed officials from 30 organizations within the Space Situational Awareness stakeholder community—users and providers of Space Situational Awareness information represented by DOD, the intelligence community, civil government agencies, and commercial industry—to examine (1) management and oversight efforts to develop, acquire, and manage Space Situational Awareness capabilities; and (2) planning activities for Space Situational Awareness architectures, investments, and requirements. GAO also analyzed documentation and interviewed officials from DOD and commercial industry to assess the benefits and challenges relating to DOD's implementation of its Space Situational Awareness-sharing program (formerly the Commercial and Foreign Entities program) under which Space Situational Awareness information is to be shared among DOD, industry, and foreign entities for collision avoidance purposes. In previous work to assess GPS coordination efforts, GAO reviewed recent documentation regarding the delivery of capabilities and equipment and assessed the level of synchronization among satellites, ground systems, and user equipment.

Related GAO Products

Space Acquisitions: Development and Oversight Challenges in Delivering Improved Space Situational Awareness Capabilities. GAO-11-545. Washington, D.C.: May 27, 2011.

Space Acquisitions: DOD Delivering New Generations of Satellites, but Space System Acquisition Challenges Remain. GAO-11-590T. Washington, D.C.: May 11, 2011.

Defense Acquisitions: Assessments of Selected Weapon Programs. GAO-11-233SP. Washington, D.C.: March 29, 2011.

Space Acquisitions: DOD Poised to Enhance Space Capabilities, but Persistent Challenges Remain in Developing Space Systems. GAO-10-447T. Washington, D.C.: March 10, 2010.

Global Positioning System: Challenges in Sustaining and Upgrading Capabilities Persist. GAO-10-636. Washington, D.C.: September 15, 2010.

Defense Acquisitions: Challenges in Aligning Space System Components. GAO-10-55. Washington, D.C.: October 29, 2009.

Polar-Orbiting Satellites: With Costs Increasing and Data Continuity at Risk, Improvements Needed in Tri-agency Decision Making. GAO-09-772T. Washington, D.C.: June 17, 2009.

Global Positioning System: Significant Challenges in Sustaining and Upgrading Widely Used Capabilities. GAO-09-325. Washington, D.C.: April 30, 2009.

DOD is Making progress in Adopting Best Practices for the Transformational Satellite Communications System and Space Radar but Still Faces Challenges. GAO-07-1029R. Washington, D.C.: August 2, 2007.

Contact Information

For additional information about this area, contact Cristina Chaplain at (202) 512-4841 or chaplainc@gao.gov.

23. Space Launch Contract Costs

Increased collaboration between the Department of Defense and National Aeronautics and Space Administration could reduce launch contracting duplication.

Why This Area Is Important

The Department of Defense (DOD), the intelligence community, the National Aeronautics and Space Administration (NASA), and other government agencies rely on commercial domestic launch service providers to place their satellites into orbit. National policy generally requires that U.S. government payloads, including satellites, be launched on U.S. manufactured launch vehicles. National security space payloads, comprised of DOD, including National Reconnaissance Office (NRO) [1] payloads, are primarily launched by the main U.S. launch provider, the United Launch Alliance (ULA), on its Delta IV and Atlas V vehicles. NASA payloads are launched on a variety of launch vehicles from multiple launch providers, including ULA. In fiscal year 2012, DOD plans to complete nine launches on Delta IV and Atlas V launch vehicles, at a cost of roughly about $1.8 billion. Similarly, in fiscal year 2012, NASA plans to complete two launches on ULA's Atlas V launch vehicle, at a cost of about $370 million. The government plans to spend about $15 billion on ULA's launch services from fiscal year 2013 through 2017. In the past few years, ULA's launch costs have risen, but there are currently no alternative launch vehicles in the commercial sector that have been certified to launch the larger national security satellites. Meanwhile, NASA, which has more options for launch providers due to the greater diversity of its space programs, tolerance for launch risk, and cooperation with international partners, typically uses ULA to launch a few satellites each year—averaging about two annually in the past few years.

DOD is considering a new space launch acquisition strategy beginning in 2013 which will likely allow DOD to procure a set number of launch vehicles from ULA each year in an effort to control cost increases and stabilize the launch industrial base. However, awards of launch services from ULA by NASA—which are negotiated in a separate acquisition process with a different acquisition office—were not directly included in DOD's planned procurements.

What GAO Found

Space launch acquisition processes for NASA and DOD are not formally coordinated, duplicate one another, and may not fully leverage the government's investment because the government is not acting as a single buyer. As GAO reported in September 2008 and September 2011,

[1] The NRO is responsible for research and development, acquisition, launch, deployment, and operation of overhead reconnaissance systems, and related data-processing facilities to collect intelligence and information to support national and DOD mission and other United States Government needs.

opportunities exist to reduce duplication in government contracting for launch services by jointly negotiating launch acquisitions, which could reduce the number of contracts and potentially save time and money. The U.S. National Space Policy[2] directs agencies to work jointly to acquire space launch services, and a recently signed memorandum of understanding may help facilitate communication on launch acquisitions. However, the National Space Policy does not specifically direct agencies to jointly negotiate for launch services, and the changes to coordination resulting from the memorandum of understanding do not appear to be significant enough to decrease the duplication in how DOD and NASA procure their launch services and to leverage the combined buying power of DOD and NASA.

Currently, the Air Force's Launch and Range Systems Directorate ensures DOD's access to space. The directorate develops and acquires expendable launch systems by awarding contracts to commercial firms; manages the launch integration, mission assurance, and launch campaigns; and provides range systems for space launch operations. In the past, launch services had been procured one at a time as needed. However, DOD is considering a new acquisition strategy, slated to begin in 2013, to provide ULA with a minimum order quantity for each year from DOD without the need to negotiate a new launch vehicle contract for each launch. This new strategy will cover DOD launches, but will not include NASA launches, which are negotiated separately by NASA under a different contract.

NASA's Launch Services II contract is an indefinite delivery, indefinite quantity[3] contract with four launch service providers—Lockheed Martin, Orbital Sciences, Space Exploration Technologies, and ULA. When a NASA mission needs to acquire launch services, the NASA Launch Service Program issues orders for launch services and generally provides the companies a fair opportunity to compete for each order under NASA's Launch Services II contract. According to launch service program officials, competition between the launch service providers is intended to generate lower prices, but ULA is currently the only provider of intermediate class launch vehicles.

Since DOD and NASA negotiate for launch services separately, the current space launch acquisition environment may not leverage the government's overall negotiating power to get the best prices for launch services from ULA. There is also no current way to ensure that the government is not paying twice for launch overhead costs through the

[2]National Space Policy of the United States of America, 28 June 2010.

[3]An indefinite delivery, indefinite quantity contract is a type of contract that provides for an indefinite quantity, within stated limits, of supplies or services during a fixed period of time under which the government places orders for individual requirements. Federal Acquisition Regulation (FAR), § 16.504(a).

separate acquisition processes. Recently, DOD, the NRO, and NASA signed a memorandum of understanding outlining future cooperation in space launch acquisitions. In this agreement, DOD agreed to acquire five launch vehicle common booster cores[4] per year for the next 5 years, and the NRO agreed to procure a minimum of three each year for the next 5 years. This large acquisition was intended to help control launch vehicle costs and stabilize production of launch vehicles. However, the agreement did not include a commitment from NASA to procure a minimum amount of boosters or services per year, though NASA will continue using its Launch Services II contract to procure launch services on the Atlas V launch vehicle from ULA separately from DOD's negotiated acquisition. NASA officials believe that they have been successful at awarding contracts for launch services through their separate acquisition process. Since NASA has a "most favored customer" contractual clause on its contracts with ULA to ensure that it does not pay a higher price for standard launch services than the lowest price charged to other ULA commercial or government customers, they do not have a strong incentive to cooperate in these procurements. Though this approach minimizes NASA's launch vehicle costs, it may not necessarily ensure the best price for the overall government nor does it eliminate the potential for redundant or unnecessary overhead costs.

Reducing duplication in awarding contracts for space launch services is further hindered, in part, due to the lack of a governmentwide policy for space launch services acquisitions. Currently, in addition to launch services procurements, numerous federal agencies have responsibility for space activities, including the Federal Aviation Administration's oversight of commercial space launches; NASA's scientific and exploration space activities; the DOD's national security space launches; the State Department's involvement in international trade issues; and the Department of Commerce's advocacy and promotion of the industry. Current National Space Policy broadly states a goal to energize the competitive domestic space industries, to include space launch, and to enhance capabilities for assured access to space. A governmentwide launch policy could more specifically clarify the overall government's priorities in developing and introducing new launch providers and could establish guidance for cooperation on launch services procurements between agencies. It could also identify and fill gaps in federal policy concerning the commercial space launch industry, according to senior Federal Aviation Administration and Department of Commerce officials.

According to the National Academy of Sciences, aligning the strategies of the various civil and national security space agencies will address many current issues arising from or exacerbated by the current uncoordinated, overlapping, and unilateral strategies. According to the academy, a

[4]The booster core is the main body of a launch vehicle. ULA uses common booster cores to build all of the Atlas V and Delta IV launch vehicles. Medium and intermediate launch vehicles use one core each, while the Delta IV Heavy launch vehicle requires three.

process of alignment offers the opportunity to leverage resources from various agencies to address such shared challenges as the diminished space industrial base, the dwindling technical workforce, and reduced funding levels. According to senior Federal Aviation Administration and Department of Commerce officials, the need for an overall U.S. space launch policy, which includes commercial space launches, was being discussed within the Department of Transportation and across other departments as part of the administration's review of national space activities, but the development of a national policy had not yet begun. Guidance on launch acquisitions will, however, be included in the updated National Space Transportation Policy which is currently under development.

Actions Needed and Potential Financial or Other Benefits

DOD, NRO, and NASA are taking steps to outline responsibilities on space launch services acquisitions through their recently signed memorandum of understanding. However, there are opportunities for the government to act as a single buyer to further reduce duplication in acquiring launch services. Specifically, the Office of Management and Budget should

- assess and adopt mechanisms to ensure formal coordination of the DOD and NASA acquisition processes for awarding launch services contracts with an eye toward leveraging the government's buying power and ensuring that launch prices are competitive for all U.S. government customers; and
- determine whether the government is paying twice for any overhead costs, and if duplication is found, develop a way to ensure that the government does not pay more than once for overhead costs through separate acquisition processes.

Agency Comments and GAO's Evaluation

In September 2011, GAO recommended that DOD examine how broader launch issues, such as greater coordination across federal agencies, can be factored into future launch acquisitions to increase efficiencies and cost savings. DOD concurred with this recommendation. In responding to this paper on duplication in launch contracting, NASA agreed that the goal of improving efficiency and maximizing the government's buying power for intermediate launch vehicles is worthy, but believes that it is currently working with DOD in such a way as to achieve this goal while still allowing each agency to perform its assigned space-related responsibilities. GAO would encourage NASA to continue its coordination with DOD. Technical comments from NASA have been incorporated as appropriate.

The Office of Management and Budget agrees that clear benefits can be gained from avoiding unnecessary contracting duplication, and points out that this and prior administrations have taken steps to consolidate launch services. OMB also cites this administration's current effort to develop an updated National Space Transportation Policy, which will include guidance on launch acquisition. OMB believes that the flexibility of separate acquisition approaches can be beneficial and that the unique mission requirements of DOD and NASA may not be met most efficiently by a "one size fits all" contracting approach. In addressing OMB, DOD, and NASA comments, GAO modified its original suggestion that DOD and NASA consolidate their acquisition processes, to a suggestion where these agencies enhance their coordination of launch services. GAO continues to believe that greater coordination efforts could help to leverage the government's buying power, in addition to the specific actions outlined above. For example, by acting as a single buyer, the government can better leverage its requirements for multi-year purchases of launch vehicles, and jointly negotiate launch acquisitions to reduce the number of awarded launch service contracts.

As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress. All written comments are reprinted in appendix IV.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. In addition, GAO reviewed the March 2011 launch vehicle agreement by the Secretary of the Air Force, Director of the National Reconnaissance Office, and the Administrator of NASA. To identify important launch issues with potential bearing on current and future government launch acquisitions, GAO reviewed DOD launch studies and interviewed study leaders or participants in three of the five studies; GAO analyzed historical launch data and expected launch vehicle demand; reviewed other relevant government and industry reports; interviewed DOD, NASA, and contractor officials; and reviewed information from NRO.

Related GAO Products

Evolved Expendable Launch Vehicle: DOD Needs to Ensure New Acquisition Strategy is Based on Sufficient Information. GAO-11-641. Washington, D.C.: September 15, 2011.

Commercial Launch Vehicles: NASA Taking Measures to Manage Delays and Risks. GAO-11-692T. Washington, D.C.: May 26, 2011.

Commercial Space Transportation: Industry Trends and Key Issues Affecting Federal Oversight and International Competitiveness. GAO-11-629T. Washington, D.C.: May 5, 2011.

Space Acquisitions: Uncertainties in the Evolved Expendable Launch Vehicle Program Pose Management and Oversight Challenges. GAO-08-1039. Washington, D.C.: September 26, 2008.

Contact Information

For additional information about this area, contact Cristina Chaplain at (202) 512-4841 or chaplainc@gao.gov, or Gerald Dillingham, Ph.D. at (202) 512-2834 or dillinghamg@gao.gov.

24. Diesel Emissions

Fourteen grant and loan programs at the Department of Energy, Department of Transportation, and the Environmental Protection Agency and three tax expenditures fund activities that have the effect of reducing mobile source diesel emissions; enhanced collaboration and performance measurement could improve these fragmented and overlapping programs.

Why This Area Is Important

Diesel engines play a vital role in public transportation, construction, agriculture, and shipping, largely because they are more durable and reliable than gasoline-powered engines, as well as 25 to 35 percent more energy efficient. However, exhaust from diesel engines is a pervasive and harmful form of air pollution. Diesel exhaust contains air pollutants such as nitrogen oxides and particulate matter, as well as other harmful substances that affect public health and the environment.[1] Since 1984, the Environmental Protection Agency (EPA) has implemented standards that have progressively lowered the maximum allowable amount of certain pollutants, including nitrogen oxides and particulate matter, from new diesel engines by more than 98 percent. However, the most stringent standards generally apply to diesel engines and vehicles built after 2007, and EPA estimates that over 20 million older mobile sources of diesel emissions—13 million on-highway vehicles, 7 million non-road engines, and 47,000 locomotive and marine engines—continue to emit higher amounts of harmful pollutants than newer engines.[2] Programs at the Department of Energy (Energy), the Department of Transportation (DOT), and EPA address mobile source diesel emissions from these older sources by providing grants and loans for projects that, among other things, retrofit, rebuild, or replace existing diesel engines or vehicles; install devices that reduce idling of diesel engines; and convert diesel engines and vehicles to use cleaner fuels, such as natural gas or propane. From fiscal years 2007 through 2011, these programs obligated at least $1.4 billion for such projects.[3] In addition, three tax expenditures, which resulted in at least $510 million in forgone federal tax revenue in fiscal year 2010, provide incentives to reduce mobile source diesel emissions.

What GAO Found

As GAO reported in February 2012, federal grant and loan funding for activities that reduce mobile source diesel emissions is fragmented across 14 programs at Energy, DOT, and EPA. Thirteen of these programs provide grants, and 1 program—DOT's State Infrastructure Banks

[1]Nitrogen oxides are regulated pollutants commonly known as NOx that, among other things, contribute to the formation of ozone. Particulate matter is an ubiquitous form of air pollution commonly referred to as soot.

[2]Non-road engines are those used in machines, such as construction equipment, agricultural equipment, and airport service vehicles.

[3]The American Recovery and Reinvestment Act of 2009 provided about $870 million of this funding. All dollar amounts reported in this analysis are in nominal dollars.

program—provides loans.[4] Of the 14 programs, 1—EPA's Diesel Emissions Reduction Act program—has a specific purpose of reducing mobile source diesel emissions. The remaining 13 programs focus on other goals or purposes, such as supporting energy efficiency projects or reducing petroleum use. In addition to fragmentation across three agencies, each of the 14 programs overlaps with at least 1 other program in the specific activities they fund, the program goals, or the eligible recipients of funding (see fig. below).

Overlapping Mobile Source Diesel Emissions Reduction Activities, Goals, and Eligible Recipients, by Agency and Program

	Activities					Goals				Eligible recipients					
Agency/Program	**Retrofit vehicle or engine**	**Rebuild vehicle or engine**	**Replace vehicle or engine**	**Reduce vehicle idling**	**Use cleaner fuel**	**Reduce emissions**	**Reduce pollution in areas not meeting air quality standards**	**Increase energy efficiency**	**Reduce fuel use**	**State governments**	**Local governments**	**Land management agencies**	**Transit agencies**	**Federally recognized tribes**	**Private or non-profit organizations**
Energy															
Clean Cities	●		●	●	●			●	●	●	●	●	●	●	●
Energy Efficiency and Conservation Block Grant	●	●	●	●	●	●		●		●	●			●	
State Energy Program	●	●	●	●	●			●	●	●					
DOT[a]															
Federal Aviation Administration															
Voluntary Airport Low Emissions	●		●		●	●	●			●	●				
Federal Highway Administration															
Congestion Mitigation and Air Quality Improvement	●	●	●	●	●		●			●	●		●		
Ferry Boat Discretionary	●	●	●		●					●	●				●
State Infrastructure Banks	●	●	●	●	●					●					
Federal Transit Administration															
Bus and Bus Facilities	●	●	●		●				●	●	●		●	●	
Clean Fuels Grant	●	●	●	●	●	●	●	●	●	●	●		●		
National Fuel Cell Bus Technology Development			●	●	●	●		●	●						●
Transit in Parks	●	●	●	●	●	●				●	●	●	●	●	●
Transit Investments in Greenhouse Gas and Energy Reductionb	●	●	●	●	●	●		●	●	●			●	●	
Urbanized Area Formula Grants	●	●	●	●	●				●	●	●		●		
EPA															
Diesel Emissions Reduction Act Program	●	●	●	●	●	●				●	●		●	●	●

Source: GAO analysis of Energy, DOT, and EPA documents and interviews.

[a]In 2011, GAO reported that fragmentation of surface transportation programs led to inefficiencies.

[b]The American Recovery and Reinvestment Act of 2009 authorized this program, and the program received funding through fiscal year 2011. The program did not receive funding for fiscal year 2012 in the relevant appropriations act.

[4]Under DOT's State Infrastructure Banks program, states may use allocated federal transportation funds to capitalize state infrastructure banks, which in turn provide loans and other nongrant financial assistance to eligible projects.

In addition, GAO identified three tax expenditures—biodiesel producer tax credits, a diesel fuel emulsion excise tax credit, and an excise tax exemption for idling reduction devices—that provide incentives for owners and operators of diesel engines and vehicles to reduce emissions.[5] GAO found overlap among the qualifying activities for the excise tax exemption for certain vehicle idling reduction devices and programs that fund idling reduction activities because the excise tax exemption and these programs all provide incentives to use idle reduction devices to reduce diesel emissions. According to Department of the Treasury estimates, in fiscal year 2010, the biodiesel tax credits resulted in $510 million in forgone federal tax revenue.[6] The Department of the Treasury estimates did not include forgone revenue from the diesel fuel emulsion excise tax credit or the excise tax exemption for idling reduction devices because the department does not report estimates for tax provisions that result in forgone excise tax only.

GAO also identified several instances of duplication where more than one program provided grant or loan funding to the same recipient for the same type of activities.[7] In one case, a state transportation agency received $5.4 million from DOT's Transit Investments in Greenhouse Gas Emissions Reduction program to, among other things, upgrade 37 diesel buses to hybrid diesel-electric buses, $3.5 million from DOT's Congestion Mitigation and Air Quality Improvement program to replace diesel buses with four hybrid diesel-electric buses, and $2.3 million from DOT's Clean Fuels Grants program to replace four diesel buses with hybrid electric buses. In another case, a nonprofit organization received $1.1 million from EPA's Diesel Emissions Reduction Act program to install emission reduction and idle reduction technologies on 1,700 trucks, as well as $5.6 million from a state infrastructure bank established under DOT's program to equip trucks and truck fleets with emission control and idle reduction devices.

Even with duplication among the programs, several factors make it difficult to precisely determine whether unnecessary duplication exists. First, when different programs fund the same diesel emissions reduction activities, it is not necessarily wasteful. For example, a transit agency could use funds from two different programs to replace two separate fleets of aging diesel buses. Second, grant recipients may leverage funding from more than one program to support the full cost of diesel

[5]Biodiesel fuel is an alternative to petroleum-based transportation fuel. U.S. biodiesel is made from soybeans and other plant oils, such as cottonseed and canola; animal fats, such as beef tallow, pork lard, and poultry fat; and recycled cooking oils. A diesel fuel emulsion is a mixture of diesel, water, and additives.

[6]The biodiesel tax credits include an income tax credit, as well as an excise tax credit for the production and use of biodiesel.

[7]GAO did not determine whether the federal agencies that provided this funding were aware of each other's actions.

emissions reduction projects. In some cases, grant recipients have used funding from multiple agencies, in addition to local matching funds, to support the cost of large projects that include multiple diesel emissions reduction activities. GAO previously reported that leveraging is generally recognized favorably by public and private sector officials, but leveraging funds from multiple agencies can be inefficient because agencies may incur costs for duplicative administrative activities.[8] Third, agencies were often unable to provide information necessary to determine whether and to what extent unnecessary duplication exists among the programs. For example, several agencies reported that they do not track costs for administrative functions at the program level.

The overall effectiveness of federal funding for activities that reduce mobile source diesel emissions may be limited because agencies generally do not collaborate. According to Energy, DOT, and EPA officials, the three agencies consult one another on broad issues such as available emissions reduction technology or emissions standards, but these efforts do not involve collaboration on diesel-related issues. This is partially due to the differing purposes and goals of each program, which often do not directly relate to reducing diesel emissions. However, GAO previously reported that, although federal programs have been designed for different purposes or targeted for different population groups, coordination among programs with related responsibilities is essential to efficiently and effectively meet national concerns.[9]

GAO also previously reported that uncoordinated program efforts can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort. A focus on results as envisioned by the Government Performance and Results Act implies that federal programs contributing to the same or similar results should closely coordinate to ensure that goals are consistent, and, as appropriate, program efforts are mutually reinforcing.[10] Also, the GPRA Modernization Act of 2010 established a new, cross-cutting, and integrated framework for achieving results and improving government performance.[11]

In addition, few agencies collect performance information on their diesel emissions reduction activities. Specifically, EPA collects performance information on the amount and type of diesel emissions reductions each project achieves, Energy's three programs and three of DOT's programs collect some performance information related to diesel emissions

[8]GAO, *Leveraging Federal Funds for Housing, Community, and Economic Development,* GAO-07-768R (Washington, D.C.: May 25, 2007).

[9]GAO, *The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven*, GAO/GGD-97-109 (Washington, D.C.: June 1997).

[10]The Government Performance and Results Act (GPRA) of 1993, Pub. L. No. 103-62 (1993).

[11]Pub. L. No. 111-352 (2011).

reductions, and the remaining seven DOT programs do not collect performance information related to diesel emissions. This is partially because 13 of the 14 programs that fund these activities have purposes other than reducing diesel emissions. However, the information that would result from enhanced collaboration and outcome measurement is needed to determine if fragmentation, overlap, and duplication have resulted in ineffective or inefficient programs.

Actions Needed and Potential Financial or Other Benefits

To help ensure the effectiveness and accountability of federal funding that reduces diesel emissions, the Secretaries of Energy and DOT as well as the Administrator of EPA should

Å consistent with existing law, establish a strategy for collaboration in reducing mobile source diesel emissions.

This strategy should help agencies (1) determine the performance measures needed, as appropriate, to assess the collective results of federal funding for activities that reduce diesel emissions and (2) identify and address any unnecessary duplication, including the effects of the relevant tax expenditures, among other things. In undertaking this effort, agencies could also assess opportunities for administrative cost savings. GAO will monitor the agencies' efforts on these issues.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to Energy, DOT, and EPA.

Energy provided technical comments, which were incorporated as appropriate. In its comments, Energy questioned several of the findings but agreed with the action needed that GAO identified. Specifically, Energy stated that the findings mischaracterize the agency as having a statutory responsibility for diesel emissions reductions. The findings do not contain such a statement. Rather, they identify 14 programs, including 3 Energy programs, that fund activities with the effect of reducing diesel emissions and state that programs with related responsibilities should coordinate their efforts. Energy also stated that the findings mischaracterize Energy as not collaborating with other government agencies. The findings state that Energy collaborates with other agencies on broad issues but does not collaborate on diesel-related issues. In addition, Energy stated that the findings mischaracterize the agency as sharing redundant national goals with DOT and EPA. The findings do not discuss Energy's national goals, their relationship to those of other agencies, or whether they are redundant. Rather, the findings (1) focus on Energy programs that fund activities that result in diesel emissions reductions and (2) demonstrate that these programs share similar goals with DOT and EPA programs that fund the same activities. Specifically, each of these programs shares some goals, such as reducing emissions, increasing energy efficiency, and reducing fuel use.

DOT did not provide comments on the draft findings. In its comments on a draft of the February 2012 report, DOT questioned several of the report's key findings and the report's recommendation that Energy, DOT, and EPA establish a strategy for collaboration among their programs that reduce mobile source diesel emissions. Specifically, DOT stated that GAO inaccurately described the Federal Transit Administration's programs as funding diesel emissions reduction activities. The report identifies Federal Transit Administration activities that reduce diesel emissions, including replacing existing diesel vehicles and installing devices that reduce idling of diesel engines, and identifies six Federal Transit Administration programs that fund these same activities. In addition, DOT questioned the evidence underlying our finding of fragmentation among the federal programs within our review. DOT stated that GAO identified independent programs with varying objectives that, in some cases, include similar activities. As GAO reported, fragmentation occurs when more than one federal agency, or more than one organization within an agency, is involved in the same broad area of national need. The report clearly identifies fragmentation, overlap, and duplication among the 14 federal programs that fund diesel emissions reduction activities. Consistent with our established definition of fragmentation and our evidence, GAO stands by its finding that federal grant and loan funding for activities that reduce diesel emissions is fragmented across 14 programs.

Regarding GAO's recommendation that Energy, DOT, and EPA establish a strategy for collaboration among their programs that reduce mobile source diesel emissions, DOT agreed that collaboration can be useful but questioned its usefulness in this context. As GAO reported, while the programs GAO reviewed have been designed for different purposes, coordination among programs with related responsibilities and that fund the same activities is essential to the efficient and effective use of resources. Further, uncoordinated programs can waste scarce funds and limit the overall effectiveness of federal spending. GAO therefore continues to believe that the recommendation is warranted. DOT also stated that the report does not effectively demonstrate that the recommended action will produce cost-effective investments appropriate for DOT that do not potentially duplicate efforts elsewhere in the government. GAO continues to believe that establishing a strategy for collaboration is an appropriate investment that would help ensure the effectiveness and accountability of federal funding for activities that reduce diesel emissions. As the report notes, such a strategy should help agencies identify and address any unnecessary duplication.

EPA did not provide specific comments on the draft findings. However, in commenting on a draft of our February 2012 report, EPA stated that it agreed with GAO's findings and relevant recommendation.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the report listed in the related GAO products section. To determine the total amount of federal funding for mobile source diesel emissions reduction activities in fiscal year 2010, GAO obtained and analyzed funding data from Energy, DOT, and EPA. Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Product

Diesel Pollution: Fragmented Federal Programs that Reduce Mobile Source Emissions Could Be Improved. GAO-12-261. Washington, D.C.: February 7, 2012.

Contact Information

For additional information about this area, contact David C. Trimble at (202) 512-3841 or trimbled@gao.gov.

25. Environmental Laboratories

The Environmental Protection Agency needs to revise its overall approach to managing its 37 laboratories to address potential overlap and fragmentation and more fully leverage its limited resources.

Why This Area Is Important

From monitoring air quality and testing drinking water to responding to environmental disasters, the Environmental Protection Agency's (EPA) laboratory enterprise produces scientific research, technical support, and analytical services that underpin many of the policies and regulations the agency implements to protect human health and our nations' environment. In the present atmosphere of constrained budgets, EPA, along with its state partners, will need to more effectively use its scientific and laboratory resources and effectively integrate these activities to ensure the agency is best positioned to fulfill its core mission, including responsibilities for responding to a large-scale environmental incident. EPA's laboratory enterprise includes 37 laboratories that are housed in about 170 buildings and facilities located in 30 cities across the nation.

What GAO Found

As GAO reported in July 2011, EPA has an uncoordinated approach to managing its laboratory enterprise—including the scientific work, workforce, and facilities—and identified the potential for missed cost-savings opportunities, due in part to fragmentation and overlap of activities. However, GAO was not able to calculate the cost associated with this potential fragmentation and overlap—or the corresponding savings from reducing fragmentation and overlap—because EPA did not have sufficiently complete and reliable operating cost data for its laboratories. EPA also lacked information on the number of federal and contract employees working in its 37 laboratories and the related costs associated with its laboratory workforce. GAO's report found that EPA's uncoordinated approach is due in part to the lack of a top science official with the responsibility or authority to coordinate, oversee, and make management decisions regarding major scientific activities throughout the agency—including the work of all 37 laboratories.

EPA's laboratories operate under the direction of 15 different senior officials using 15 different organizational and management structures. EPA has also not fully addressed recommendations from a 1994 independent evaluation by the MITRE Corporation to consolidate and realign its laboratory facilities and workforce[1]—even though this evaluation found that the geographic separation of laboratories hampered their efficiency and technical operations and that consolidation and realignment could improve planning and coordination issues that have

[1] MITRE Corporation, Center for Environment, Resources, and Space, *Assessment of the Scientific and Technical Laboratories and Facilities of the U.S. Environmental Protection Agency* (McLean, Va.: May 1994).

hampered its science and technical community for decades. We found that these problems are evident today and MITRE's past recommendations may still be relevant.

Scientific work. EPA does not have a planning process that integrates and coordinates scientific work throughout the agency, including potentially overlapping functions performed by its 37 laboratories. Consequently, EPA has a limited ability to know if scientific activities are being unintentionally duplicated among the laboratories or if opportunities exist to collaborate and share scientific expertise, equipment, and facilities across EPA's fragmented laboratory enterprise. For example, many of EPA's 10 regional laboratories provide the same or similar types of analytical and technical support functions, such as routine and specialized testing of air samples. In addition, the agency's nine program laboratories provide their respective program offices[2] with research and analytical services that may overlap with research and development performed by the Office of Research and Development's (ORD) 18 laboratories. For example, an Office of Air and Radiation program laboratory located in Michigan does emissions testing, while a separate ORD laboratory located in North Carolina does emissions testing research.

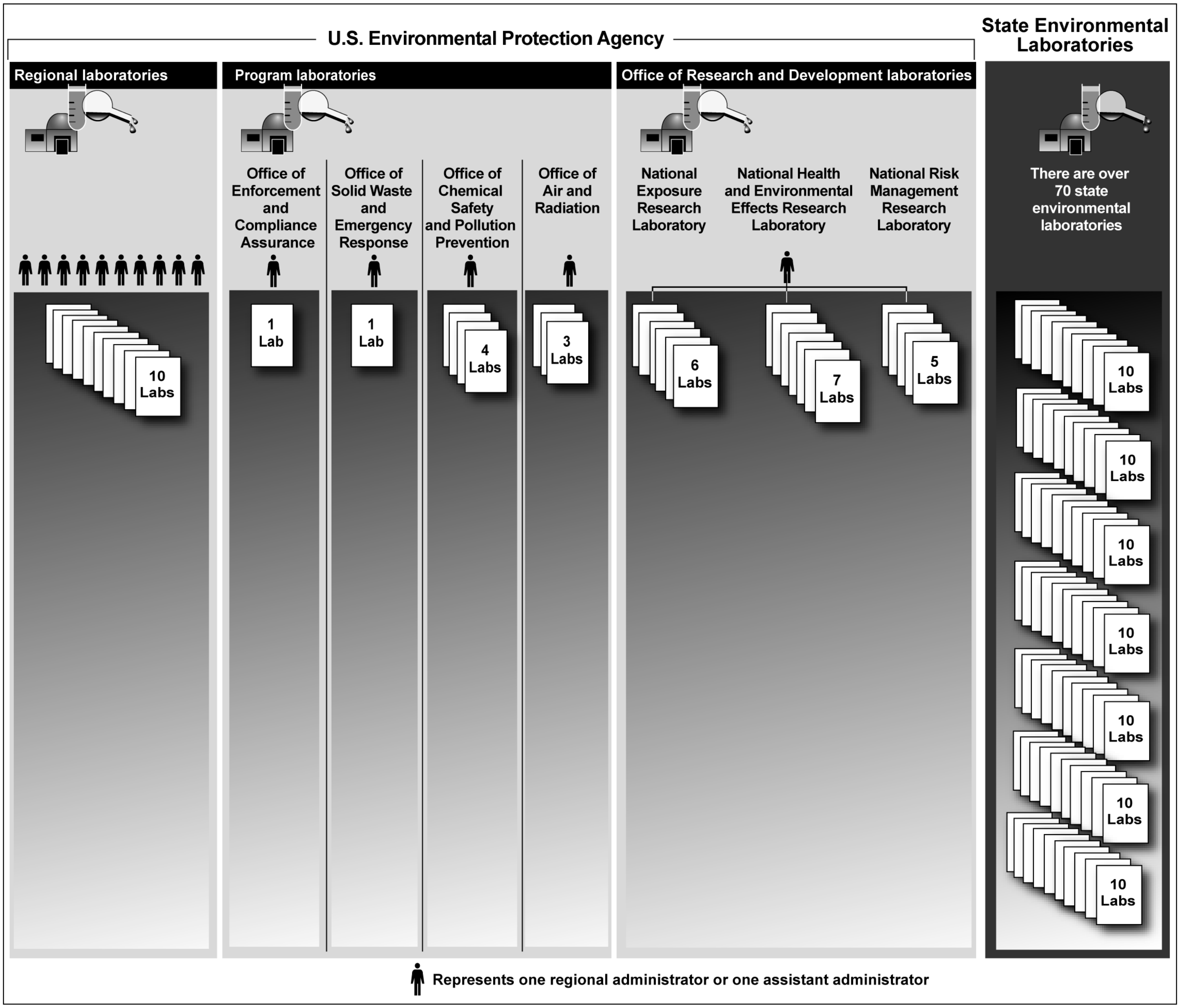
In addition to potential overlap in the work performed by these two laboratories, the fragmentation across the laboratory enterprise may fail to provide the agency with opportunities for laboratories to share subject matter expertise and scientific equipment. For example, both the Office of Air and Radiation and ORD laboratories utilize the same kind of specialized equipment, called truck dynamometers, yet each separately requested funding in fiscal years 2010 and 2011 that totaled over $4 million to expand or modify their facilities for emissions testing. While the agency funded only one of the two potentially duplicative requests, the net result is that the second laboratory's facility and equipment needs were not met. In addition to potential lost opportunities to share facilities and equipment, the agency may also be missing opportunities to share expertise, such as technical knowledge pertaining to the use of specialized equipment.

In addition, to support the implementation of both state and federal environmental statutes, various state agencies and public universities operate over 70 separate environmental laboratories (see fig. below) that may perform functions similar to those performed by EPA laboratories. Similar to the work of some EPA regional laboratories, state environmental laboratories conduct regular testing of air, water, soil, food, and other media for signs of contamination. State laboratories also perform analytical and method development functions that may be similar to those performed by ORD laboratories. EPA has partnered with some

[2]The four national program offices that operate laboratories are the Office of Air and Radiation, the Office of Enforcement and Compliance Assurance, the Office of Chemical Safety and Pollution Prevention, and the Office of Solid Waste and Emergency Response.

state laboratories for specific programs, but to fully leverage these state scientific resources EPA will first need to integrate and coordinate the activities of its own laboratories agencywide.

Potential Overlap among Federal and State Environmental Laboratories



Source: GAO.

Workforce. EPA does not use a comprehensive planning process for managing its laboratories' workforce and may be missing opportunities to work across organizational boundaries to integrate, share, or coordinate laboratory workforces that perform potentially overlapping functions. For example, many of the 10 regional laboratories provide the same or similar core analytical capabilities—including a full range of routine and specialized chemical and biological testing of air, water, soil, sediment, tissue, and hazardous waste—but each region independently determines and attempts to address its individual workforce needs. EPA also lacks basic demographic information needed to know how many scientific and technical employees it has working in its laboratories, where they are located, what functions they perform, or what specialized skills they may have. In addition, the agency does not have a workload analysis for the laboratories to help determine the optimal numbers and distribution of staff throughout the enterprise. GAO believes that such information is essential for EPA to prepare a comprehensive laboratory workforce plan to achieve the agency's mission with limited resources.

Facilities. EPA manages its laboratory facilities in a way that may fail to achieve operating efficiencies that could be gained by colocating laboratories with overlapping activities and facility needs. EPA manages laboratories on a site-by-site basis and does not make capital improvement or other decisions for each site in the context of all the agency's laboratory properties. Because decisions regarding laboratory facilities are made independently of one another, opportunities to improve operating efficiencies can be lost. For example, GAO found cases where laboratories that were previously colocated moved into separate space without considering the potential benefits of remaining colocated. In one case, GAO found that the relocation increased some operating costs because the laboratories then had two facility managers and two security contracts and associated personnel because of different requirements for the leased facility.

Moreover, EPA lacks sufficiently complete and reliable data to make informed decisions for managing its laboratory facilities. Among other things, EPA lacks reliable information on laboratory usage, which is needed to inform both capital investment and property disposal decisions. For example, EPA does not have reliable data on space utilization because its data are either out of date or not based on objective criteria such as public and commercial space usage benchmarks. Instead, EPA measures laboratory usage on the basis of subjective interviews with local laboratory officials.

Actions Needed and Potential Financial or Other Benefits

To improve cohesion and efficiency in the management and operation of EPA's laboratories, GAO recommended in July 2011 that the Administrator of EPA

- ensure that the agency includes alternative approaches for organizing the laboratories' workforce and infrastructure, including options for sharing and consolidation as part of any future studies of EPA laboratory enterprise, such as the long-term study requested in the President's fiscal year 2012 budget.

To address potentially overlapping laboratory activities and achieve efficiencies by sharing workforce expertise, GAO recommended in July 2011 that the Administrator of EPA

- establish a top-level science official with the authority and responsibility to coordinate, oversee, and make management decisions regarding major scientific activities throughout the agency, including the work of all program, regional, and Office of Research and Development laboratories;

- develop an overarching issue-based planning process that reflects the collective goals, objectives, and priorities of the laboratories' scientific activities; and

- develop a comprehensive workforce planning process for all laboratories that is based on reliable workforce data and reflects current and future agency needs in overall number of federal and contract employees, skills, and deployment across all laboratory facilities.

To identify opportunities to reduce costs associated with maintaining a footprint of 170 laboratory buildings and facilities that support organizations with potentially overlapping functions, facility, and equipment needs, GAO recommended in July 2011 that the Administrator of EPA

- improve physical infrastructure and real property planning and investment decisions by
    - managing individual laboratory facilities as part of an interrelated portfolio of facilities;
    - ensuring that master plans and other facility information are up-to-date and that analysis of the use of space is based on objective benchmarks; and
    - improving the completeness and reliability of operating cost and other data needed to manage EPA's real property and report to external parties.

Agency Comments and GAO's Evaluation

GAO provided a draft of its July 2011 report to EPA for review and comment. EPA generally agreed with GAO's recommendations. In November 2011, EPA noted that current efforts to reduce the federal budget deficit require EPA to more effectively use its laboratory enterprise to help ensure that its scientific activities respond to the agency's highest-priority needs. The agency also acknowledged the demand for sharing facilities and equipment, as well as expertise and human resources. EPA agreed that it should (1) include alternate approaches for organizing the laboratory workforce and infrastructure in any future studies of its laboratories, such as the long-term study for which the agency requested $2 million in the President's fiscal year 2012 budget; (2) develop an overarching planning process that better reflects the collective goals, objectives, and priorities of its laboratories; (3) develop a comprehensive workforce-planning process for its laboratories; (4) improve physical infrastructure and real property planning and investment decisions by managing laboratory facilities as part of an interrelated portfolio of facilities; (5) maintain up-to-date master plans that include objective benchmarks; and (6) improve the completeness and reliability of operating cost and other data needed to manage its real property.

In response to our recommendation to establish a top-level science official with the authority and responsibility to coordinate, oversee, and make management decisions regarding major scientific activities throughout the agency, EPA proposed to increase the responsibilities of its science advisor. However, it is not clear that this will fully address the issue and it may ultimately introduce additional challenges for EPA. We note that in 2000, the National Research Council reported "no single individual could reasonably be expected to direct a world-class research program in ORD while also trying to improve scientific practices and performance throughout the rest of the agency," stating that "these jobs are inherently different." The Council cautioned that "assigning agency-wide scientific authority to the assistant administrator for ORD might produce a conflict of responsibilities, because many decisions about science in the regulatory programs could affect ORD's budget or favor ORD's research over research done elsewhere." EPA managers need to ensure that there is sustained attention on these issues in order to assure its efforts are carried out and achieve the intended results.

GAO also provided a draft of new information included in this report section that was not previously reported in the July 2011 report, such as information pertaining to state environmental laboratories, to EPA for review and comment. EPA provided technical comments, which were incorporated as appropriate.

As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. Information regarding state environmental laboratories is based on analysis of a May 2011 Environmental Council of States Green Report, a 2007 report on the capability and capacity of state environmental laboratories conducted by the Association of Public Health Laboratories, and information obtained from state environmental laboratory websites and EPA's Environmental Response Laboratory Network website.

Related GAO Product

Environmental Protection Agency: To Better Fulfill Its Mission, EPA Needs a More Coordinated Approach to Managing Its Laboratories. GAO-11-347. Washington, D.C.: July 25, 2011.

Contact Information

For additional information about this area, contact David C. Trimble at (202) 512-3841 or trimbled@gao.gov.

26. Green Building

To evaluate the potential for overlap or fragmentation among federal green building initiatives, the Department of Housing and Urban Development, the Department of Energy, and the Environmental Protection Agency should lead other federal agencies in collaborating on assessing their investments in more than 90 initiatives to foster green building in the nonfederal sector.

Why This Area Is Important

Economic, environmental, and health concerns have spurred interest in “green building”—construction and maintenance practices designed to make efficient use of resources, reduce environmental problems, and provide long-term financial and health benefits through lower operating costs and better indoor air quality. These practices are intended to help address issues posed by traditional construction and maintenance practices for buildings. According to the Department of Energy (Energy), in 2008, buildings in the United States consumed almost 40 percent of the nation’s energy and emitted about 39 percent of its carbon dioxide, a greenhouse gas recognized as a major contributor to climate change. Also, Energy reports that the approximately 30 million to 35 million tons of construction, renovation, and demolition waste produced annually in the nation account for about 24 percent of municipal solid waste, although most of this waste could be recycled. Furthermore, according to the Environmental Protection Agency (EPA), exposure to indoor air pollutants, such as radon and formaldehyde, can lead to harmful health effects, from headaches to respiratory diseases.

In response to concerns about energy consumption, among other things, federal laws and executive orders have directed agencies to reduce energy consumption and meet other green building requirements in federally owned or leased buildings. For buildings not subject to these requirements because they are owned or leased by private, state, local, or tribal entities, laws have also directed federal agencies to foster green building. GAO refers to these entities and their buildings as the “nonfederal sector,” which accounts for most of the nation’s buildings.

What GAO Found

As GAO reported in November 2011, there are 94 federal initiatives GAO identified to foster green building in the nonfederal sector. In conducting its work, GAO sent questionnaires to the 11 agencies implementing the initiatives identified. As the table below indicates, 3 of the 11 agencies—the Department of Housing and Urban Development (HUD), EPA, and Energy—implement about two-thirds of these initiatives.

Number of Initiatives That Foster Green Building in the Nonfederal Sector, by Federal Agency

Agency	Number of initiatives
HUD	29
EPA	18
Energy	17
U.S. Department of Agriculture	8
Department of the Treasury	8
Department of Transportation	5
National Institute of Standards and Technology	3
Department of Education	2
Small Business Administration	2
Department of Defense	1
Department of Health and Human Services	1
Total	**94**

Source: GAO analysis of agency information and questionnaire responses.

According to GAO's analysis of agency questionnaire responses, the 94 initiatives GAO identified share the broad goal of fostering green building. Specifically:

- All of the initiatives foster at least one of six green building elements GAO identified (see table below). Three-quarters of the initiatives foster more than one element, and 21 initiatives across seven agencies foster all six elements.

Federal Initiatives Fostering Green Building Elements in the Nonfederal Sector

Green building element	Number of initiatives fostering each element
Energy conservation or efficiency	83
Indoor environmental quality	60
Water conservation or efficiency	51
Integrated design (collaborative planning at all stages of a building's life)	48
Sustainable siting or location	43
Environmental impact of materials	39

Source: GAO analysis of questionnaire responses.

Note: Numbers total more than 94 because many initiatives foster more than one element.

In addition, GAO identified similarities among these federal initiatives that indicate potential overlap:

- Many initiatives provide similar types of assistance, mostly through grants (47 initiatives) and technical assistance (45 initiatives) but also through other types of assistance, such as loans (9 initiatives), tax credits (5 initiatives), and tax deductions (3 initiatives).

- Agencies reported that they expect the initiatives to directly benefit many of the same types of recipients, such as individual property owners or renters (55 initiatives), local governments (49 initiatives), businesses (47 initiatives), nonprofit organizations (45 initiatives), and state governments (42 initiatives).

The 94 initiatives may vary greatly in the scale of their funding. GAO requested funding information for all initiatives, but the information agencies provided was incomplete and unreliable for the purposes of describing the size of green building initiatives. Agency officials stated that many of the initiatives are part of broader programs and, as such, the agencies do not track green building funds separately from other program activities, even for initiatives that have as a component the direct fostering of green building. As a result, GAO did not report funding information for the initiatives in its November 2011 report.

About one-third of the 94 initiatives GAO identified have goals and performance measures specific to green building and about two-thirds do not; therefore, the results of most initiatives and their related investments in green building are unknown. Agency officials reported various reasons for not having goals and measures, such as challenges in gathering reliable performance data. As GAO previously reported, leading organizations commonly define clear goals and related outcomes, measure performance to gauge progress, and use performance information to assess the results of their efforts and the related investment.[1] Achieving results for the nation increasingly requires that federal agencies work together to identify ways to deliver results more efficiently and in a way that is consistent with their multiple demands and limited resources.[2] Agencies and programs working collaboratively can often achieve more public value than when they work in isolation.

GAO identified some instances in which agencies have begun to collaborate to assess results. For example, under the Partnership for Sustainable Communities, the Department of Transportation, EPA, and HUD plan to adopt a common set of performance measures for HUD's Community Challenge Planning Grants Program, which makes funds available to state and local governments and other entities to promote affordable communities through green building, among other activities. Furthermore, Energy chairs the Interagency Energy Management Task Force, which includes 10 of the 11 agencies implementing the 94 initiatives GAO identified. Since 1988, this task force has served as the interagency group for collaborating on green building in the federal sector, measuring progress, and acting as a forum for addressing challenges to green building

[1]GAO, *Executive Guide: Effectively Implementing the Government Performance and Results Act,* GAO/GGD-96-118 (Washington, D.C.: June 1996).

[2]GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct. 21, 2005).

and developing common solutions for the federal sector. However, GAO did not identify a governmentwide effort to collaborate on green building issues, including shared goals and common performance measures, for the nonfederal sector that is comparable to the task force's efforts for the federal sector. Without such an effort, agencies with green building initiatives for the nonfederal sector may be missing opportunities to, among other things, identify the potential for inefficient or costly duplication, overlap, or fragmentation across these initiatives, and to reach agreement on governmentwide goals and measures for assessing the overall progress of their efforts to foster green building in the nonfederal sector.

Actions Needed and Potential Financial or Other Benefits

Without comprehensive information about each individual initiative's progress toward fostering green building, and without collaboration across federal agencies to establish green building goals and ways to measure progress, Congress, agency heads, and the public have incomplete information about the results of individual and overall federal efforts to foster green building in the nonfederal sector and the efficiency of these efforts. Governmentwide collaboration to identify performance information could, among other things, help inform efforts to evaluate the potential for inefficient or costly duplication and overlap across the more than 90 federal initiatives—implemented by 11 agencies—to foster green building in the nonfederal sector. To help assess the results of investments in individual federal initiatives to foster green building in the nonfederal sector, as well as their combined results, GAO recommended in November 2011 that the Secretaries of Energy and HUD as well as the Administrator of EPA

- lead an effort with other agencies that are implementing green building initiatives to collaborate on identifying performance information, such as shared goals and common performance measures, for green building initiatives for the nonfederal sector.

Such an effort could help identify opportunities for enhancing efficiency and reducing costs to administer these initiatives.

Agency Comments and GAO's Evaluation

GAO provided a draft of its November 2011 report for review and comment to the U.S. Department of Agriculture, the Department of Defense, the Department of Education, Energy, the Department of Health and Human Services, HUD, the Department of Transportation as well as EPA, the Department of the Treasury's Internal Revenue Service, the National Institute of Standards and Technology, and the Small Business Administration. Energy, HUD, and EPA agreed with the recommendation. HUD, the U.S. Department of Agriculture, the Department of Defense, the Department of Education, the Department of Transportation, the Internal Revenue Service, and the Small Business Administration provided concurrence or technical comments which were incorporated as appropriate. The Department of Health and Human Services and the National Institute of Standards and Technology did not provide comments on this issue. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on the report listed in the related GAO product section. Appendix III lists the initiatives GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Product

Green Building: Federal Initiatives for the Nonfederal Sector Could Benefit from More Interagency Collaboration. GAO-12-79. Washington, D.C.: November 2, 2011.

Contact Information

For additional information about this area, contact Frank Rusco at (202) 512-3841 or ruscof@gao.gov or David J. Wise at (202) 512-2834 or wised@gao.gov.

27. Social Security Benefit Coordination

Benefit offsets for related programs help reduce the potential for overlapping payments but pose administrative challenges.

Why This Area Is Important

Social Security provides old age benefits to millions of Americans, forming the foundation of retirement income. However, Social Security is more than a retirement program: it also provides benefits to survivors and other dependents, as well as to disabled workers. In 2011, over 60 million Americans received $770 billion in Social Security benefits. While Social Security provides benefits to many different groups, and beneficiaries may receive benefits from more than one social safety net program, Social Security's design helps reduce overlap with other programs. The Social Security programs are subject to several provisions that offset benefits for individuals who receive both Social Security benefits and similar benefits under another program.[1] However, ensuring that these provisions offset benefits appropriately and accurately can pose administrative challenges.

As GAO reported in March 2011, the Social Security Administration (SSA) needed accurate information from state and local governments on retirees who receive pensions from employment not covered under Social Security to fairly and accurately apply two public pension offsets—the Government Pension Offset, which generally applies to spouse and survivor benefits, and the Windfall Elimination Provision, which applies to retired and disabled worker benefits. GAO continues to believe that it is important to apply the Government Pension Offset and Windfall Elimination Provision consistently and equitably and reiterates its earlier recommendation that Congress consider giving the Internal Revenue Service the authority to collect the information that SSA needs on government pension income to administer the Government Pension Offset and Windfall Elimination Provision accurately and fairly. In this report, we focus on other offsets—workers' compensation offsets.

[1]For some of these programs, the calculation of the offset is not a significant issue. Supplemental Security Income (SSI) provides financial assistance to eligible individuals who are age 65 or older, blind or disabled, and who have limited income and resources. While SSI provides benefits to individuals with disabilities, the Disability Insurance (DI) program, also administered by SSA, uses the same definition of disability as SSI. SSI is a means-tested program, and the amount of the DI benefit is considered as income when determining whether an individual with a disability also qualifies for SSI. While individuals who receive SSI and DI have their SSI benefit offset based on the amount of their DI benefit, the appropriate offset calculation is not an issue since SSA administers both programs. Social Security also allows a person to receive both SSI and Temporary Assistance for Needy Families payments, but Temporary Assistance for Needy Families benefits are also considered income for SSI purposes, and will reduce the SSI payment. Other assistance received, such as from the Supplemental Nutrition Assistance Program and home energy assistance, is not considered income for SSI and thus does not offset the amount of the benefit received.

What GAO Found

The Social Security program's workers' compensation offsets reduce the potential for overlapping payments to beneficiaries who also receive workers' compensation benefits. However, the lack of reliable information on receipt of workers' compensation can result in these offset provisions not being administered fairly or equitably. Adequately addressing this issue offers the potential for cost savings by reducing overpayments.

Workers' compensation consists of a complex array of programs that provide benefits to persons injured while working or who suffer occupational diseases. Employers provide workers' compensation insurance for their employees and report work-related injuries to the state workers' compensation agency. Although workers' compensation programs exist in all states, the programs are not federally mandated, administered, or regulated.[2] Workers' compensation beneficiaries may also be eligible for federal program benefits, such as Social Security Disability Insurance (DI) and Supplemental Security Income (SSI). For these other programs, the law often limits access or reduces benefits for those receiving workers' compensation. For example, if a person receives both DI and workers' compensation benefits, and together these benefits exceed 80 percent of the injured worker's average current earnings, SSA generally reduces the DI benefit.[3]

In a prior report, GAO found that SSA's administration of the workers' compensation offset provision continued to be undermined by the lack of reliable information identifying the receipt of workers' compensation benefits by DI beneficiaries, causing payment errors.[4] No national reporting system identifies workers' compensation beneficiaries. Instead, SSA largely relies on applicants and beneficiaries to report their receipt of workers' compensation benefits and any changes that occur in the benefit amounts—an approach that makes it very difficult for SSA to make accurate benefit payments. GAO recommended that the Commissioner of Social Security and the Administrator of the Centers for Medicare & Medicaid Services test the extent to which sharing information that identifies persons who are or may be receiving workers' compensation

[2]See GAO-01-367 for more information. Also, workers' compensation benefits are generally exempt from federal income taxes, so the IRS does not have any data on receipt of workers' compensation benefits.

[3]This offset was enacted in response to concern about individuals receiving excessive benefits as a result of receiving DI and workers' compensation benefits concurrently. An exception to the offset was made, however, for such individuals if they resided in states whose laws already reduce their workers' compensation benefits (making a reduction in DI benefits unnecessary). Such state provisions are referred to as reverse offsets, and in these cases, SSA does not offset the DI benefit if it recognizes the state provision. The reverse offset exception only applies to state provisions that were in effect on February 18, 1981.

[4]In February 2011, the SSA Office of Inspector General found payment errors and estimated there were about $4 million in payments with errors resulting in underpayments and about $3.8 million in payments with errors resulting in overpayments related to the workers' compensation offset.

benefits improves the accuracy of their benefit payment.[5] GAO also recommended that SSA officials meet with representatives from the workers' compensation insurance industry to determine whether a viable voluntary reporting process could be established that would provide the government with information that periodically identifies workers' compensation beneficiaries. In response, SSA met with the Centers for Medicare & Medicaid Services and representatives of the workers' compensation insurance industry. Since these meetings, SSA has been able to do some data sharing with states, but on a very limited basis due to systems limitations. Additionally, the workers' compensation insurance data held by privately-owned organizations is not available. Therefore, GAO continues to believe that this problem should be addressed.

For federal workers, the Federal Employees' Compensation Act (FECA) program provides wage loss compensation and payments for medical treatment to those federal employees who are injured in the performance of their federal duties.[6] A claimant can receive both FECA and SSA retirement benefits, although the claimant's FECA wage-loss-compensation payment is to be reduced by the amount of SSA retirement benefits attributable to federal service. Similarly, a claimant can receive both FECA and SSA disability benefits, although in such cases SSA is required to reduce the level of disability benefits it pays if the combined benefits exceed a certain amount.

As GAO reported in February 2008, the FECA program is vulnerable to improper payments. Some overpayments occur because Labor's Office of Workers' Compensation Programs (OWCP), which administers the program, does not regularly verify whether claimants are receiving SSA retirement benefits, for which FECA benefits are to be reduced. GAO recommended that OWCP take steps to ensure that wage-loss-compensation payments for claimants covered by the federal retirement system are appropriately reduced by the amount of their SSA benefits that are attributable to their federal service. In response to our recommendation, OWCP reported that it has implemented an automated request to be sent to SSA when a claimant reaches retirement eligibility age to identify cases in which FECA payments should be reduced due to the receipt of Social Security retirement benefits. If this system functions as planned, it has the potential to reduce overpayments. Further, in October 2010, the SSA Office of Inspector General found that improper payments resulted when recipients' FECA compensation was not

[5]Prior to July 2001, the Centers for Medicare & Medicaid Services was known as the Health Care Financing Administration. Throughout this report, we refer to the agency as Centers for Medicare & Medicaid Services, even when describing initiatives taken prior to its name change.

[6]5 U.S.C. § 8101 et seq.

recorded or accounted for in the calculation of their DI and SSI benefits.[7] The Office of Inspector General projected that there were approximately $43 million in estimated DI overpayments and approximately $603,140 in SSI overpayments, based on a sample of beneficiaries who received FECA compensation any time from June 2002 to April 2010.

Actions Needed and Potential Financial or Other Benefits

In response to prior recommendations, SSA has taken steps to explore the possibilities of sharing information with states and the workers' compensation insurance industry to identify persons who might be receiving workers' compensation benefits. While some information sharing has taken place, GAO continues to believe that additional opportunities exist to share information. While obtaining information from states is difficult, these efforts may help identify workers' compensation beneficiaries so that benefits can be appropriately and accurately offset.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to the Department of Labor and the Social Security Administration for review and comment. Labor did not provide comments. SSA provided technical comments, which were incorporated as appropriate. As part of their comments, SSA indicated that as recently as 2011, they submitted draft legislation to Congress to require state and local governments, and any other entities that administer workers compensation and private disability plans, to provide SSA with information on payments to individuals under such plans.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section as well as additional audit work GAO conducted.

Related GAO Products

Federal Workers' Compensation: Better Data and Management Strategies Would Strengthen Efforts to Prevent and Address Improper Payments. GAO-08-284. Washington, D.C.: February 26, 2008.

Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, but Management Attention Should Continue. GAO-02-849. Washington, D.C.: September 16, 2002.

SSA Disability: Enhanced Procedures and Guidance Could Improve service and Reduce Overpayments to Concurrent Beneficiaries. GAO-02-802. Washington, D.C.: September 5, 2002.

[7]Social Security Administration, Office of Inspector General, *Federal Employees Receiving Both Federal Employees' Compensation Act and Disability Insurance Payments*, A-15-09-19008 (Baltimore, Md.: Oct. 14, 2010).

Workers' Compensation: Action Needed to Reduce Payment Errors in SSA Disability and Other Programs. GAO-01-367. Washington, D.C.: May 4, 2001.

Contact Information

For additional information about this area, contact Charles Jeszeck at (202) 512-7215 or jeszeckc@gao.gov.

28. Housing Assistance

Examining the benefits and costs of housing programs and tax expenditures that address the same or similar populations or areas, and potentially consolidating them, could help mitigate overlap and fragmentation and decrease costs.

Why This Area Is Important

The federal government has played a major role in supporting housing since the 1930s. It funds programs that assist homebuyers, renters, and state and local governments. The goals of these efforts include encouraging homeownership and providing affordable rental housing for low-income families. Millions of Americans have benefited, whether by taking out a federally guaranteed mortgage, deducting mortgage interest or real estate taxes from income, or receiving a rental subsidy. In fiscal year 2010, the federal government incurred about $170 billion for obligations for housing-related programs and estimated revenue forgone for tax expenditures.[1] Tax expenditures represent $132 billion (about 78 percent) and may be viewed as spending programs channeled through the tax system because they are federal revenue forgone due to exclusions, credits, deductions, deferrals, and preferential rates.[2]

In the current housing crisis, support for homeownership has expanded dramatically with nearly all mortgage originations having direct or indirect federal support. The Department of the Treasury (Treasury) and the Board of Governors of the Federal Reserve System (Federal Reserve) together invested more than $1.67 trillion in Fannie Mae and Freddie Mac, the government-sponsored enterprises, which issue and guarantee mortgage-backed securities. Specifically, Treasury purchased about $221 billion of mortgage-backed securities issued by Fannie Mae and Freddie Mac and about $183 billion of senior preferred stock, and the Federal Reserve purchased $1.27 trillion in the debt and securities of Fannie Mae and Freddie Mac. The ultimate costs of these efforts are not yet known. The federal role also expanded through programs such as the Home Affordable Modification Program and the First-Time Homebuyer Credit.

[1] The total does not include other types of emergency assistance. For loan programs, these obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans mature. The amount of obligations we reported for fiscal year 2010 may include funds appropriated in the American Recovery and Reinvestment Act of 2009.

[2] Summing tax expenditure estimates does not take into account interactions between individual provisions. This total also does not include the exclusion of imputed net rental income. Imputed net rental income is the amount that owner-occupiers would have paid to rent a home, less nondeductible costs such as depreciation and maintenance expense. It is not subject to tax. The Department of the Treasury lists the exclusion of imputed net rental income as a tax expenditure and estimated the expenditure at $41 billion for fiscal year 2010. However, the Joint Committee on Taxation does not list the exclusion as a tax expenditure because it views measuring and taxing net imputed rental income as administratively infeasible.

However, fiscal and budget realities call into question continued maintenance of 160 different efforts with similar goals and sometimes parallel delivery systems.

What GAO Found

Twenty different entities administer 160 programs, tax expenditures, and other tools GAO identified that supported homeownership and rental housing in fiscal year 2010 (see fig. below).[3] For example, 39 programs, tax expenditures, and other tools provide assistance for buying, selling, or financing a home, such as the single-family guaranteed loan program of the Department of Housing and Urban Development's (HUD) Federal Housing Administration (FHA), the Department of Agriculture's (USDA) Rural Housing Service (RHS), and the Department of Veterans Affairs and the capital gains exclusion on home sales administered by Treasury's Internal Revenue Service (IRS). Eight programs and tax expenditures provide assistance for rental property owners, such as separate project-based rental assistance programs provided by HUD and RHS and accelerated depreciation on rental housing administered by the IRS. Program overlap can occur when agencies and programs address the same or similar needs or target similar populations, and can result in fragmentation.

[3]See appendix III for the list of programs, tax expenditures, and other tools that supported homeownership and rental housing in fiscal year 2010 and their related budgetary information. Many of these programs/activities incurred no obligations in fiscal year 2010 for a number of reasons, such as the program/activity was not part of the federal budget or was inactive during the year.

Housing Activities/Programs by Purpose and Agency in Fiscal Year 2010

Primary purpose of activity[a]	Number of activities/programs	HUD	Treas/IRS	USDA	FHLB	VA	Regulators	NRC	FFIEC	CFPB	FCS	Fannie	Freddie	FarmerM	Interior	Labor	FHFA	FCA
Assistance for buying, selling, or financing a home	39	●	●	●		●												
Supports housing and other activities	30	●	●	●	●			●										
Assistance for financing rental housing	25	●	●	●	●													
Emergency assistance to housing market or current homeowner	16	●	●				●[b]											
Regulatory requirements	10	●					●		●	●								
Increase availability of mortgage loans	9	●	●		●						●	●	●	●				
Assistance for homeowners	9		●	●		●									●			
Assistance for rental property owners	8	●	●	●														
Rental assistance for tenants	6	●		●												●		
Operation/management of rental housing	6	●		●														
Regulator of Government-Sponsored Enterprises	2																●	●

Agency/Entity

CFPB = Consumer Financial Protection Bureau
Fannie = Fannie Mae
FarmerM = Federal Agricultural Mortgage Corporation (Farmer Mac)
FCA = Farm Credit Administration
FCS = Farm Credit System
FFIEC = Federal Financial Institutions Examination Council
FHFA = Federal Housing Finance Agency
FHLB = Federal Home Loan Banks
Freddie = Freddie Mac
HUD = Department of Housing and Urban Development
Interior = Department of Interior/Bureau of Indian Affairs
Labor = Department of Labor
NRC = Neighborhood Reinvestment Corporation
Regulators = Financial federal regulators include the Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and National Credit Union Administration
Treas/IRS = Treasury/ Internal Revenue Service
USDA = Department of Agriculture
VA = Department of Veterans Affairs

Source: GAO.

[a]Some activities may have multiple purposes.

[b]Activities undertaken only by the Federal Reserve, not other regulators.

As GAO reported in September 2000, overlap exists between products offered and markets served by USDA's RHS, HUD, and others, and GAO questioned the need for maintaining separate programs for rural areas. GAO recommended that Congress consider requiring USDA and HUD to examine the benefits and costs of merging programs and cited RHS's and FHA's single-family guaranteed loan and multifamily portfolio management programs. In response, USDA noted that such a merger could be detrimental and result in rural areas losing a federal voice. In addition, HUD noted that without legislative changes, any efforts to merge the programs likely would result in a more cumbersome delivery system. The House Committee on Financial Services held hearings in 2011 considering a proposal that would move management of rural housing programs to HUD.

GAO's ongoing work has shown increased evidence that some RHS and FHA programs can be consolidated. For instance, RHS relies on more in-house staff to oversee its single-family and multifamily loan portfolio of about $93 billion than HUD relies on to manage its single-family and multifamily loan portfolio of more than $1 trillion, largely because of differences in delivery structures. RHS has a decentralized structure of about 500 field offices that was set up to interact directly with borrowers. RHS relies on over 1,600 full-time equivalent staff to process and service its direct single-family loans and grants. Since GAO's 2000 report, the trend away from labor-intensive direct loans to guaranteed loans has accelerated. While RHS limits its direct loans to low-income households and its guaranteed loans to moderate-income households, FHA has no income limits and does not offer a comparable direct loan program. HUD operates about 80 field offices and primarily interacts through lenders, nonprofits, and other intermediaries. RHS and FHA programs both utilize FHA-approved lenders and underwriting processes based on FHA's scorecard—an automated tool that evaluates new mortgage loans. RHS has about 530 full-time equivalent staff to process its single-family guaranteed loans. FHA relies on lenders to process its loans. Although FHA insures far more mortgages than RHS guarantees, FHA has just over 1,000 full-time equivalent staff to oversee lenders and appraisers and contractors that manage foreclosed properties—costs for overseeing and disposing of such properties, were $887 million in 2010. In contrast, RHS's costs for foreclosed property management are lower because RHS requires lenders to dispose of foreclosed properties. While the number of RHS field offices decreased by about 40 percent since 2000, its decentralized field structure continues to reflect the era in which it was established—the 1930s, when geographic boundaries greatly limited communication and transportation. These limitations have diminished and HUD programs can be used in all areas of the country.

Additionally, the two agencies offer examples of overlap in products offered (mortgage credit and rental assistance), functions performed (portfolio management and preservation), and geographic areas served. For instance, RHS and HUD guarantee single-family and multifamily loans, and offer rental subsidies using similar income eligibility criteria. Also, both agencies have been working to maintain and preserve existing multifamily portfolios. Although RHS may offer its products only in rural areas, it is not always the insurer of choice in those areas. For example, in fiscal year 2009 FHA insured over eight times as many single-family loans in economically distressed rural counties as RHS guaranteed. And, many RHS loan guarantees financed properties near urban areas—56 percent of single-family guarantees made in fiscal year 2009 were in metropolitan counties.

As shown in the figure above, Treasury and IRS provide numerous types of housing assistance through tax expenditures. Although often necessary to meet federal priorities, some tax expenditures can contribute to mission fragmentation and program overlap that, in turn, can create service gaps, additional costs, and the potential for duplication. For example, to qualify for a historic preservation tax credit, rehabilitation must preserve historic character, which may conflict with states' efforts to produce energy-efficient, low-income properties with tax credits, and could increase project costs. Furthermore, inadequate or missing data and difficulties in quantifying the benefits of some tax expenditures can impede studies of their efficiency, effectiveness, and equity.

Data represent a key challenge, as the data necessary to assess who benefits from tax expenditures is not always collected on tax returns unless IRS needs the information or collection was legislatively mandated. For example, although IRS collects some data on the mortgage interest deduction (the single-largest, housing-related tax expenditure), the data may not contribute to analyses of its effectiveness. Studies by the Joint Committee on Taxation and others differ as to the extent to which the mortgage interest deduction increases homeownership. Some studies suggest that the deduction increases homeownership, while others suggest that the deduction increases the price of housing (and higher prices are negatively associated with homeownership rates). Furthermore, some analyses emphasize the need for additional data to more effectively assess the impact of proposed modifications to the mortgage interest deduction on homeownership.

GAO recommended in September 2005 that the Office of Management and Budget (OMB) use information on outlay programs and tax expenditures to recommend to the President and Congress the most effective methods for accomplishing federal objectives. GAO concluded that better targeting by Congress and the executive branch of all federal spending and subsidy programs could save resources and increase economic efficiency. As discussed later, OMB disagreed with GAO's 2005 recommendations.

Actions Needed and Potential Financial or Other Benefits

HUD and RHS have shared beneficial practices. For example, RHS collaborated with HUD on restructuring multifamily mortgages, underwriting guaranteed loans, and making properties more energy-efficient. In 2010, the White House's Domestic Policy Council established a Rental Policy Working Group to better coordinate among HUD, USDA, and Treasury. The agencies have been aligning rules for rental programs, will examine homeownership programs, and expect to accept each other's inspections and forms for housing programs. In 2011, the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity developed draft legislation and hosted hearings in May and September on a proposal to move management of rural housing programs from USDA to HUD. At the May hearing, while some industry experts said the consolidation plan merited further discussion, others stated the proposal could negatively affect USDA's efforts to deliver its other rural development programs. In September, the RHS Administrator testified that while she believed RHS and HUD shared an important commitment to meeting the housing needs of rural America, she opposed the draft legislation. She believed that RHS housing services uniquely served rural communities by working in "synergy" with other rural development programs.

GAO recommended in September 2000 that Congress consider requiring USDA and HUD to examine the benefits and costs of merging those programs that serve similar markets and provide similar products.

Further, GAO noted that as a first step, the Congress could consider requiring RHS and HUD to explore merging their single-family insured lending programs and multifamily portfolio management programs, taking advantage of the best practices of each and ensuring that targeted populations are not adversely affected.

The agencies have been working to align certain requirements of the various multifamily housing programs. In addition, in February 2011, the Administration reported to Congress that it would establish a task force to evaluate the potential for coordinating or consolidating the housing loan programs at HUD, USDA, and VA. According to HUD, a benchmarking effort associated with the task force was recently begun. GAO's ongoing work considers options for consolidating these programs and GAO expects to make additional recommendations.

GAO recommended in September 2005 and reiterated in March 2011 that coordinated reviews of tax expenditures with related spending programs could help policymakers reduce overlap and inconsistencies and direct scarce resources to the most-effective or least-costly methods to deliver federal support. Coordinated reviews of support of housing, which consists of tax expenditures and federal programs and regulations, could be useful. Specifically, GAO recommended in September 2005 and March 2011 that the Director of OMB, in consultation with the Secretary of the Treasury should

- develop and implement a framework for conducting performance reviews of tax expenditures. This includes (1) outlining leadership responsibilities and coordination among agencies with related responsibilities; (2) setting a review schedule; (3) identifying review methods and ways to address the lack of credible tax expenditure information; and (4) identifying resources needed for tax expenditure reviews; and

- require that tax expenditures be included in executive branch budget and performance review processes.

OMB, citing methodological and conceptual issues, disagreed with GAO's 2005 recommendations. To date, OMB has not used its budget and performance review processes to systematically review tax expenditures and promote integrated reviews of related tax and spending programs. However, in its fiscal year 2012 budget guidance, OMB instructed agencies, where appropriate, to analyze how to better integrate tax and spending policies with similar objectives and goals. The GPRA

Modernization Act of 2010 also envisions such an approach for selected crosscutting areas.[4] Such analysis could help identify redundancies.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to USDA, HUD, Department of Veterans Affairs, Treasury, the Internal Revenue Service, OMB, Federal Housing Finance Agency, Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Consumer Financial Protection Bureau, Federal Financial Institutions Examination Council, and the Farm Credit Administration for review and comment. The Department of Veterans Affairs and the Consumer Financial Protection Bureau provided no comments. All other agencies provided technical comments, which were incorporated as appropriate. USDA reiterated the position that its rural agencies and programs, including the delivery system, serve a unique purpose and are vital to the rural communities they serve. In addition, USDA noted its recent efforts to streamline and improve the effectiveness of federal programs that serve rural communities, as part of the agency's involvement in the President's Rural Council. OMB stated that it agrees that savings might be achieved from the partial consolidation of guaranteed loan programs across agencies, but noted that any savings may be limited because USDA's decentralized field offices support more than loan guarantee programs. OMB also indicated that they will identify tax expenditures which support the achievement of a limited number of cross-agency priority goals along with the fiscal year 2013 President's Budget, as required by the GPRA Modernization Act of 2010.

How GAO Conducted Its Work

The information in this submission is based on findings from the products listed in the related GAO products section and additional work GAO conducted. GAO reviewed prior reports as well as collected and analyzed preliminary information from housing industry, USDA, and HUD officials, on examples of overlap or fragmentation in products offered, functions performed, and geographic areas served by various federal housing programs. GAO developed a catalog of direct spending programs, tax expenditures, and other activities used by federal agencies and financial regulators to support rental housing and homeownership, and identified what is known about the purpose, cost, eligibility, and populations served. GAO reviewed the Catalog of Federal Domestic Assistance, agency program documentation, and previous studies by the Congressional Research Service, Congressional Budget Office, and other housing

[4]The GPRA Modernization Act of 2010 established a new, crosscutting, and integrated framework for achieving results and improving government performance. It requires OMB to coordinate with agencies to establish outcome-oriented goals covering a limited number of crosscutting policy areas and to develop a governmentwide performance plan for making progress toward achieving those goals. The executive branch and Congress could use this process to identify and address program areas where strengthened interagency coordination is needed to better achieve results as well as areas of fragmentation, overlap, and duplication.

groups, and interviewed agency officials. GAO also reviewed the fiscal year 2012 President's Budget, agencies' budget justification, the Joint Committee on Taxation's estimates of tax expenditures, and a compendium of tax expenditures prepared by the Congressional Research Service to obtain information on obligations, full-time equivalents, credit subsidy costs, administrative costs, and revenue loss estimates incurred by the federal government in administering housing programs. Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

Federal Housing Administration: Improvements Needed in Risk Assessment and Human Capital Management. GAO-12-15. Washington, D.C.: November 7, 2011.

Tax Administration: Expanded Information Reporting Could Help IRS Address Compliance Challenges with Forgiven Mortgage Debt. GAO-10-997. Washington, D.C.: August 31, 2010.

Home Mortgage Interest Deduction: Despite Challenges Presented by Complex Tax Rules, IRS Could Enhance Enforcement and Guidance. GAO-09-769. Washington, D.C.: July 29, 2009.

Real Estate Tax Deduction: Taxpayers Face Challenges in Determining What Qualifies; Better Information Could Improve Compliance. GAO-09-521. Washington, D.C.: May 13, 2009.

Government Performance and Accountability: Tax Expenditures Represent a Substantial Federal Commitment and Need to Be Reexamined. GAO-05-690. Washington, D.C.: September 23, 2005.

Rural Housing Service: Overview of Program Issues. GAO-05-382T. Washington, D.C.: March 10, 2005.

Elderly Housing: Federal Housing Programs That Offer Assistance for the Elderly. GAO-05-174. Washington, D.C.: February 14, 2005.

Rural Housing: Changing the Definition of Rural Could Improve Eligibility Determinations. GAO-05-110. Washington, D.C.: December 3, 2004.

Rural Housing Service: Opportunities to Improve Management, GAO-03-911T. Washington, D.C.: June 19, 2003.

Rural Housing: Options for Optimizing the Federal Role in Rural Housing Development. GAO/RCED-00-241. Washington, D.C.: September 15, 2000.

Contact Information

For additional information about this area, contact Mathew Scirè at (202) 512-8678 or sciremj@gao.gov or James White at (202) 512-9110 or whitej@gao.gov.

29. Early Learning and Child Care

The Departments of Education and Health and Human Services should extend their coordination efforts to other federal agencies with early learning and child care programs to mitigate the effects of program fragmentation, simplify children's access to these services, collect the data necessary to coordinate operation of these programs, and identify and minimize any unwarranted overlap and potential duplication.

Why This Area Is Important

Millions of children under the age of 5 participate each year in federally funded preschool and other early learning programs or receive federally supported child care in a range of settings. Federal programs that funded early learning and child care as an explicit purpose received at least $13.3 billion in federal funding in fiscal year 2010.[1] Research supports the importance of providing high-quality early learning experiences during children's formative years.[2] Furthermore, as GAO reported in May 2010, research indicates that having reliable, high-quality child care is also critical to sustaining parents' ability to work. Federal support for early learning and child care developed over time to meet emerging needs. However, GAO previously reported that multiple federal agencies administer this important investment through numerous programs. This is perhaps a consequence of the different historical origins of early learning and child care programs, creating fragmentation of efforts, some overlap of goals or activities, and potential confusion among families and other program users.

What GAO Found

The federal investment in early learning and child care is fragmented in that it is administered through 45 programs that provide or may support related services to children from birth through age 5, as well as five tax provisions that subsidize private expenditures in this area.[3] The programs are concentrated within the Departments of Education (Education) and Health and Human Services (HHS)—the principal administrators of the federal government's early learning and child care programs—but are also administered by the Departments of Agriculture, the Interior, Justice,

[1]Fiscal year 2010 is the latest date for which actual obligations have been reported, and funding data for two programs were not reported in budget justifications but obtained from federal agencies. This figure includes funding for the 12 programs GAO identified as having an explicit purpose of providing early learning or child care for children. It does not include federal programs with other purposes that permit the use of funds for early learning and child care as an allowable activity or that provide supporting services such as food and nutrition. For example, the figure does not include funding for two multipurpose block grants—the Social Services Block Grant and Temporary Assistance for Needy Families (TANF)—or for Title I Grants to Local Educational Agencies.

[2]J. Shonkoff and D. Phillips, Eds, *From Neurons to Neighborhoods: The Science of Early Childhood Development* (Washington, D.C.: National Academy Press, 2000).

[3]In identifying these programs, the criteria GAO used were that these programs (1) fund or support early education or child care services, (2) are provided to children under age 5, and (3) deliver services in an educational or child care setting.

Labor, Housing and Urban Development (HUD), the General Services Administration (GSA), and the Appalachian Regional Commission. Some of these programs overlap in that they have similar goals for children under the age of 5 and are targeted to similar groups of children. For example, five programs, administered by Education and HHS, provide school readiness services to low-income children, and programs in both Education and the Interior provide funding for early learning services for Indian children.

Among the 45 programs, 12 have an explicit program purpose of providing early learning or child care services.[4] GAO reported in January 2000 that although individual programs may differ in the exact services provided, the distinction between early learning and child care has blurred over time as policymakers seek to make educationally enriching care available to young children. As seen in the table below, all 12 programs serve children under the age of 5, and some also serve older children; however, they vary in targeted child population. Furthermore, they vary substantially in funding levels. For example, 9 of the 12 programs obligated less than $500 million each in fiscal year 2010, while the largest program, Head Start, obligated $7.2 billion in that year.[5]

Purposes and Targeted Populations of Federal Programs That Have Early Learning or Child Care as an Explicit Program Purpose

			Specific child population targets				
	Explicit program purpose		Age group		Other population limits		
Program name by federal agency	Early learning services	Child care services	Children under 5 primarily	Larger age group, including children under 5	Low-income children	Children with disabilities	Other targeted populations
Department of Education							
Child Care Access Means Parents in School		•		•	•		•
Indian Education-Grants to Local Educational Agencies	•			•			•
Race to the Top – Early Learning Challenge	•		•		•		

[4]GAO considers a program as having an explicit early learning or child care purpose when the program objectives in the Catalog of Federal Domestic Assistance or other agency documents refer to early learning or child care.

[5]This figure excludes American Recovery and Reinvestment Act of 2009 funds. Pub. L. No. 111-5. See appendix III for information on fiscal year 2010 program obligations for early learning and child care programs.

Program name by federal agency	Explicit program purpose		Specific child population targets				
			Age group		Other population limits		
	Early learning services	Child care services	Children under 5 primarily	Larger age group, including children under 5	Low-income children	Children with disabilities	Other targeted populations
Special Education-Grants for Infants and Families	•		•			•	•
Special Education-Preschool Grants	•		•			•	
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	•			•			•
Striving Readers Comprehensive Literacy	•			•	•		
Department of Health and Human Services							
Child Care and Development Block Grant[a]		•		•	•		
Child Care Mandatory and Matching Funds of the Child Care and Development Fund[a]		•		•	•		
Head Start	•		•		•	•	
Department of the Interior							
Indian Child and Family Education (FACE)	•		•				•
General Services Administration							
The General Services Administration's Child Care Program		•	•				•

Source: GAO analysis of Catalog of Federal Domestic Assistance and federal agency program information.

Note: All programs included in this table are those for which early learning or child care is explicitly described as a program purpose, according to GAO's analysis of Catalog of Federal Domestic Assistance and other agency information. It does not include additional programs that either support early learning or child care or that allow such services. All programs GAO identified are listed in appendix III.

[a]In combination, Child Care and Development Block Grant funds and Child Care Mandatory and Matching Funds are referred to as the Child Care and Development Fund.

However, the majority of the 45 programs GAO identified do not have the explicit purpose of delivering early learning or child care services, but rather permit use of funds for this purpose or provide supportive services to facilitate such care.

- Some programs are multipurpose block grants for which early learning or child care is not a primary purpose but which are nevertheless known to provide significant funding for child care. For example, the Temporary Assistance for Needy Families block grant accounted for $3.5 billion in child care funding in fiscal year 2009.

- Other programs may allow funds to be used for early learning or child care, but these are not among their primary goals and such uses do not typically represent a significant portion of available program funds. For example, the Department of Justice has one program to help victims of violence that can provide child care as a short-term, ancillary service, and Title I Grants to Local Educational Agencies, an Education grant, spent about 2 percent of total obligations on early education programs in fiscal year 2009.

- Some programs provide supportive services that can facilitate early learning or child care. For example, the Department of Agriculture has four programs whose primary purpose is to provide food and nutrition services to mostly school-age low-income children, though preschool children also receive program services in some cases.[6]

In addition to these federally funded programs, five federal tax provisions support early education and care by forgoing tax revenue to subsidize the private purchase of child care services. Some tax provisions are for families and some are for employers that provide child care at the workplace. These five tax expenditures accounted for at least $3.1 billion of forgone tax revenue for the U.S. Treasury in fiscal year 2010.[7] The revenue that the government forgoes through tax expenditures can be viewed as spending channeled through the tax system, contributing to mission fragmentation and program overlap. As GAO previously reported in September 2005, coordinated reviews of tax expenditures and related programs may reduce fragmentation and overlap.[8] While it may be possible for some families to receive benefits through both tax provisions

[6]GAO has described the fragmentation and overlap of these and other nutrition assistance programs in *Domestic Food Assistance: Complex System Benefits Millions, but Additional Efforts Could Address Potential Inefficiency and Overlap among Smaller Programs*, GAO-10-346 (Washington, D.C.: Apr. 15, 2010).

[7]Two of the five tax expenditures—Exclusion Of Benefits Provided Under Cafeteria Plans and Exclusion of Income Earned by Voluntary Employees Beneficiary Associations—include revenue used for health care and other benefits besides child care.

[8]In September 2005, GAO recommended that the Office of Management and Budget (OMB), in consultation with the Secretary of the Treasury, develop and implement a framework to review tax expenditures. In March 2011, GAO reported that OMB, in its fiscal year 2012 budget guidance, instructed agencies, where appropriate, to analyze how to better integrate tax and spending policies that have similar goals and objectives. See *Government Performance and Accountability: Tax Expenditures Represent a Substantial Federal Commitment and Need to Be Reexamined*, GAO-05-690 (Washington, D.C.: Sept. 23, 2005), and *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

and federal early learning and child care programs in a particular year, many families eligible to participate in federal programs may not have tax liabilities due to their low incomes and would not benefit from these tax provisions.[9]

Although some programs fund similar types of services for similar populations, differing program structures, eligibility requirements, and data limitations create obstacles to assessing whether actual duplication exists among these programs.

- Programs are differently structured, administered, and regulated. For example, the two largest programs—funded under Head Start and the Child Care and Development Fund (CCDF)—differ significantly in their structure.[10] Head Start was created in part to support children's early development by offering comprehensive, community-based services to meet multiple needs and, as such, provides federal grants directly to community-based public and private service providers. CCDF, created under welfare reform, helps states reduce dependence on public assistance by subsidizing child care to support parents' involvement in the workforce and provides grants to states, which they in turn generally provide as subgrants to counties or other local entities for distribution to parents.

- The nature of eligibility requirements also differs among programs, even for similar subgroups of children, such as those from low-income families. For example, Head Start serves primarily low-income children under the age of 5 whose families have incomes at or below the official federal poverty guidelines, while CCDF funds services to children under age 13 whose parents are working or in school and who may earn up to 85 percent of state median income.

- For some programs, relevant programmatic information is sometimes not readily available. For example, Education and HHS officials were unable to provide GAO with information on the number of children served for several programs. As GAO previously reported in 2005 and September 2011, HHS did not collect data on working families who receive child care assistance directly funded by TANF, and GAO suggested that Congress may wish to require this data collection.

[9]These tax provisions primarily benefit families with higher incomes than those eligible for CCDF or Head Start. For example, more than half of the beneficiaries of the Child and Dependent Care Tax Credit earned incomes of at least $50,000 annually in fiscal year 2009. In contrast, the Child Care and Development Fund generally limits eligibility to families at or below 200 percent of the federal poverty guidelines (that is, about $37,000 or less for a family of 3 in 2011), and Head Start eligibility is closer to 100 percent of the poverty guidelines.

[10]Preliminary fiscal year 2009 data are the latest available for number of children served under CCDF.

- Inadequate or missing data, as well as difficulties quantifying the benefits of some tax expenditures, can make it difficult to study the efficiency of these expenditures.[11]

To the extent that programs in different agencies have similarities, fragmentation and program overlap can create an environment in which programs may not serve children and families as efficiently and effectively as possible. The existence of multiple programs can also create added administrative costs, such as costs associated with determining eligibility and meeting varied reporting requirements. However, despite some overlap in program purposes and targets, it is likely that service gaps exist, since these programs generally are not designed as entitlements that serve all eligible children. For example, as GAO previously reported in May 2010, about one-third or fewer of potentially eligible children received child care subsidies from CCDF, Temporary Assistance for Needy Families, and the Social Services Block Grant between fiscal years 2004 and 2007, according to GAO's review of several HHS estimates. HHS has identified improving program access and quality as high-priority performance goals for both Head Start and child care programs.

Coordinating the administration and evaluation of early learning and child care programs can help mitigate the effects of program fragmentation and overlap and potentially help bridge service gaps; however, there is currently no federal interagency workgroup that coordinates early learning and child care efforts across all federal agencies with such programs. Education and HHS have numerous coordinating initiatives and agreements with each other, within their departments, and in support of state and local coordination. For example, Education and HHS formed an interagency policy board in August 2010 whose goals included improving the quality and effectiveness of Education and HHS early learning programs; increasing the coordination of research, technical assistance and data systems; and, in an advisory role, maximizing resources. In 2009, HHS established an executive-level liaison office to coordinate interagency efforts, and Education proposed establishing a similar coordination office in 2011. Education and HHS have also collaborated in jointly administering the Race to the Top - Early Learning Challenge. In addition, the two departments have supported early learning and child care coordination at the state and local levels, such as through State Advisory Councils on Early Childhood Education and Care and other early childhood programs.[12] HHS has also established workgroups and

[11]As GAO noted in earlier work, tax returns generally do not collect information necessary to assess how often a tax expenditure is used and by whom unless the IRS needs the information or collection is legislatively mandated. See GAO-05-690.

[12]The Improving Head Start for School Readiness Act of 2007 required the governor of each state to designate or establish State Advisory Councils, and funds provided under the American Recovery and Reinvestment Act of 2009 were used to support them. Pub. L. No. 110-134, § 11(b) (codified at 42 U.S.C. § 9837b(b)(1)(A)) and Pub. L. No. 111-5, 123 Stat. 115, 178.

collaborative efforts with several other individual federal departments, such as Agriculture, Defense, and HUD, to increase the availability and quality of child care or for other goals. However, these workgroups do not bring multiple agencies together, and GSA, the Departments of the Interior, Justice, Labor, and the Appalachian Regional Commission also have programs with some child care component that are not part of broader cross-agency initiatives but could likely benefit from the expertise of Education and HHS.

The GPRA Modernization Act of 2010 (GPRAMA) could serve as a vehicle for furthering interdepartmental coordination of early learning and child care. The Act established a new, cross-cutting, and integrated framework for achieving results and improving government performance.[13] Among other things, each agency is to identify the various federal organizations and activities—both within and external to the agency—that contribute to its goals, and describe how the agency is working with other agencies to achieve its goals as well as any relevant crosscutting goals. The executive branch and Congress could use this process to identify and address program areas where strengthened interagency coordination is needed to better achieve results as well as areas of fragmentation, overlap and duplication.

Actions Needed and Potential Financial or Other Benefits

As the principal administrators of the federal government's early learning and child care programs, and consistent with Education's and HHS's identification of early learning access and quality as priorities, the Secretaries of Education and HHS should

- deepen and extend their ongoing coordination efforts by including all the federal agencies that provide or support early learning or child care services in an inter-departmental workgroup that focuses on this population.

Using the GPRAMA framework, workgroup goals could include mitigating the effects of program fragmentation (for example, through simplifying children's access to these services), identifying and managing service gaps, meeting data requirements for the coordinated operation and evaluation of these programs, and identifying and minimizing any unwarranted overlap. These efforts could also provide a vehicle to conduct a coordinated analysis of child care tax expenditures and program spending.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to Education, HHS, and OMB. HHS provided written comments. Education and OMB, as well as HHS, provided technical comments, which were incorporated as appropriate.

[13] Pub. L. No. 111-352 (2011).

All three agencies agreed on the importance of further coordination of the federal programs supporting early learning and child care. Education explicitly agreed with GAO's recommended action and identified an existing interagency workgroup as a means of coordinating early learning and child care services. This group currently focuses primarily on services for youth from early to late adolescence. HHS acknowledged but did not explicitly agree or disagree with the specific action GAO recommended, while OMB questioned the need for a new interagency working group and the efficiency of including agencies whose programs are not explicitly designed to deliver early learning or child care services. GAO believes that agencies with some, but not extensive, investment in early learning or child care might benefit greatly from such inclusion to reduce any effects of fragmentation. Extending interagency coordination could be efficiently accomplished through an existing workgroup on early learning and child care, for example, by establishing a subcommittee with representation from the additional agencies. GAO has modified the recommended action to clarify that inclusion of these additional agencies does not necessarily entail establishing a new federal interagency workgroup.

HHS also highlighted information on its ongoing coordination efforts and noted concerns with the report's treatment of specific issues. Specifically, HHS stated that the report did not fully explore how program services may be complementary rather than duplicative, take into account that many states jointly administer flexible funding streams to provide services to children and families, or adequately explain the distinction between federally funded early learning and child care programs and federally funded programs that permit the use of funds for the provision of child care. As noted in this report, the complexity of the current service delivery system, combined with data limitations, form significant obstacles to assessing the extent to which services are complementary or duplicative. GAO's report acknowledges the role that states play in coordinating these programs but, as HHS's comments indicate, the extent to which states coordinate the administration of early learning and child care funding streams can and does vary. Moreover, the federal government also has an important role in program administration, necessitating a federal role in coordination. Further, GAO clearly distinguished between programs that have an explicit purpose to provide these services, like CCDF and Head Start, and those that permit the use of funds for these services or that provide supportive services to facilitate such care; however, it remains important to note that some of the latter group, such as Temporary Assistance for Needy Families nonetheless provide significant funding for child care.

OMB recommended that GAO remove two programs from the list of programs with an explicit early learning or child care purpose; however, GAO did not change the program list because the programs met GAO's criteria.

As part of its routine audit work, GAO will monitor the progress agencies make in addressing this needed action and report to Congress. All written comments are reprinted in appendix IV.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section as well as additional work GAO conducted. GAO searched the Catalog of Federal Domestic Assistance to identify federal early learning and child care programs; obtained supplementary information from Education, HHS, and other agencies; and reviewed previous GAO reports on early learning and child care.[14] GAO did not conduct a separate legal review to identify and analyze relevant programs. In its work, GAO identified 45 early learning and child care programs that met its criteria for analysis: those that (1) fund or support early education or child care services; (2) are provided to children under age 5; and (3) deliver services in an educational or child care setting. GAO also identified a subset of 12 programs with early learning and child care as an explicit program purpose. GAO determined that the Catalog of Federal Domestic Assistance was sufficiently reliable for GAO's purposes by confirming with federal agency officials that the programs identified met GAO's criteria and obtaining information from agencies about any additional programs for GAO consideration. GAO searched the Congressional Research Service's 2010 *Tax Expenditures: Compendium of Background Material on Individual Provisions* to identify five tax expenditures that met similar criteria for early learning and child care.[15] GAO obtained and analyzed descriptions of Education and HHS coordination efforts for early learning and child care programs, but assessing the effectiveness of these two particular agencies' coordination efforts was beyond the scope of this study. Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified. Appendix III also lists related tax expenditures.

[14] See the related GAO products section.

[15] Those that (1) fund or support early education or child care services, (2) are obtained on behalf of children under 5, and (3) forgo taxes that can be used to purchase child care services occurring in an educational or child care setting.

Related GAO Products

Temporary Assistance for Needy Families: Update on Families Served and Work Participation. GAO-11-880T. Washington, D.C.: September 8, 2011.

Human Services Programs: Opportunities to Reduce Inefficiencies. GAO-11-531T. Washington, D.C.: April 5, 2011.

Federal Education Funding: Overview of K-12 and Early Childhood Education Programs. GAO-10-51. Washington, D.C.: January 27, 2010.

Child Care: Multiple Factors Could Have Contributed to the Recent Decline in the Number of Children Whose Families Receive Subsidies. GAO-10-344. Washington, D.C.: May 5, 2010.

Human Service Programs: Demonstration Projects Could Identify Ways to Simplify Policies and Facilitate Technology Enhancements to Reduce Administrative Costs. GAO-06-942. Washington, D.C.: September 19, 2006.

Child Care: Additional Information Is Needed on Working Families Receiving Subsidies. GAO-05-667. Washington, D.C.: June 29, 2005.

GAO Update on the Number of Prekindergarten Care and Education Programs. GAO-05-678R. Washington, D.C.: June 2, 2005.

Head Start and Even Start: Greater Collaboration Needed on Measures of Adult Education and Literacy. GAO-02-348. Washington, D.C.: March 29, 2002.

Early Education and Care: Overlap Indicates Need to Assess Crosscutting Programs. GAO/HEHS-00-78. Washington, D.C.: April 28, 2000.

Early Childhood Programs: Characteristics Affect the Availability of School Readiness Information. GAO/HEHS-00-38. Washington, D.C.: February 28, 2000.

Contact Information

For additional information about this area, contact Kay E. Brown at (202) 512-7215 or brownke@gao.gov.

30. Employment for People with Disabilities

Better coordination among 50 programs in nine federal agencies that support employment for people with disabilities could help mitigate program fragmentation and overlap, and reduce the potential for duplication or other inefficiencies.

Why This Area Is Important

Nearly one in five people in the United States has a disability.[1] In fiscal year 2010, the federal government obligated at least $3.5 billion in employment supports to help this population become more self-sufficient. Even so, in December 2011, the unemployment rate for people with disabilities was 13.5 percent, higher than the rate for people without disabilities (8.1 percent). Research has shown that people with disabilities may face multiple barriers to employment, including poor health or functioning; inadequate skills or training; lack of accessible workplaces or accommodations; and discrimination. Over the years, many programs across the federal government, including within the Departments of Education; Health and Human Services; Labor; and Veterans Affairs and other agencies, have been created or have evolved to address these barriers.

For 15 years, GAO has reported on the need for better coordination among all disability programs to mitigate fragmentation, overlap, and potential for duplication. As GAO reported in September 1996, programs helping people with disabilities were not working together efficiently, and people with disabilities may have been receiving duplicate services or facing service gaps due to lack of coordination. Over a decade later, in May 2008, GAO and others recommended establishing a coordinating entity—perhaps under the leadership of the executive branch—to develop a federal strategy to integrate services and support for individuals with disabilities. To date, no coordinating entity has been established, and this lack of coordination was a factor in federal disability programs remaining on GAO's high-risk list in February 2011.

What GAO Found

GAO identified 50 programs that, in fiscal year 2010, supported employment for people with disabilities and found that these programs were fragmented and often provided similar services to similar populations.[2] Among these programs, GAO included six programs that

[1] U.S. Census Bureau, *Americans with Disabilities: 2005.* (Washington, D.C.: December 2008). Data come from the Survey of Income and Program Participation, June – September 2005.

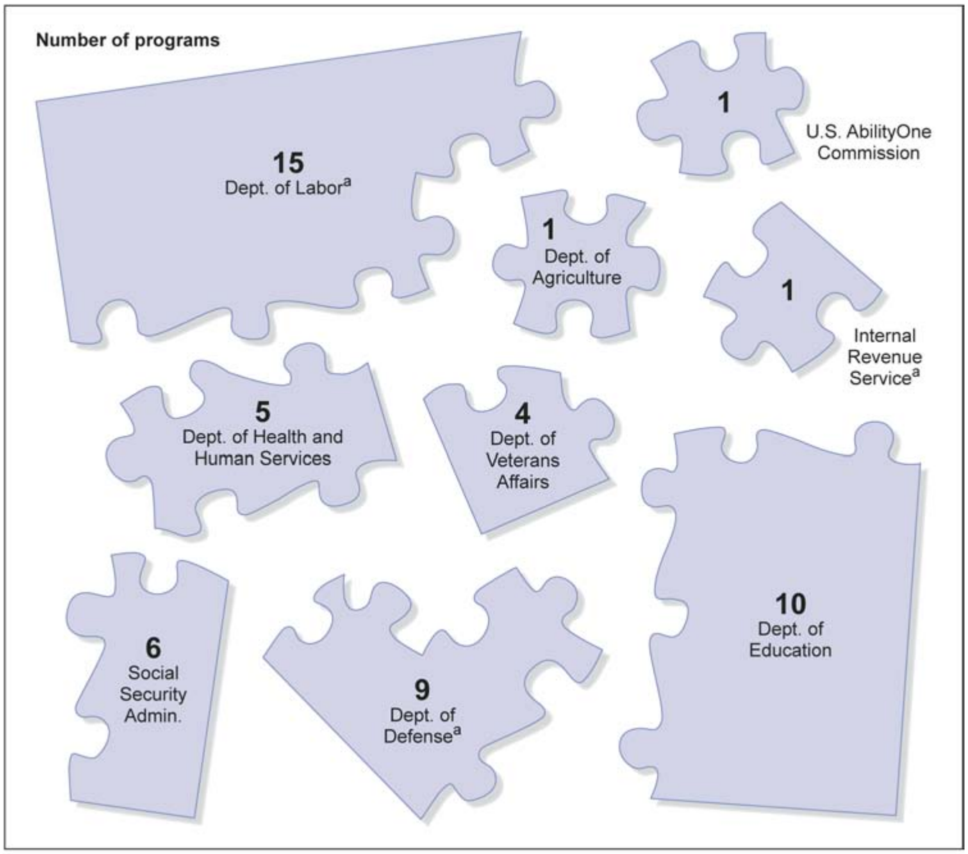
[2] In commenting on a draft of this section, a Department of Defense official requested that GAO add two programs that he believed to be within the scope of this review. GAO has added the two programs to the list in appendix III. GAO will pursue additional information on these programs for a final report on employment support for people with disabilities, to be issued later in 2012.

were eliminated or are slated to end by the end of fiscal year 2012.[3] The 50 programs were administered by nine federal agencies and were overseen by even more congressional committees (see figure below).[4] More than half (30) of these programs served only people with disabilities, while the other programs served a broader population but provided special consideration or gave priority in service to people with disabilities or their employers. The definitions of disability that programs used varied, and 20 percent of programs reported having no specific definition of disability. Fragmented programs that do not coordinate effectively could waste scarce funds, confuse and frustrate program beneficiaries, and limit the overall effectiveness of the federal effort.

[3]Specifically, five programs—two of which were demonstration studies of limited duration—had ended by December 2011 and agency officials expected one more to sunset by the end of fiscal year 2012. The Department of Education's fiscal year 2012 budget request proposed eliminating or consolidating an additional three programs into its Vocational Rehabilitation State Grants program in order to reduce duplication of effort and administrative costs, streamline program administration at the federal and local levels, and improve efficiency and accountability. However, funds were appropriated for all three programs in fiscal year 2012. GAO did not include or review programs that may have been created or revised after fiscal year 2010.

[4]Programs that serve wounded, ill, or injured servicemembers were included within the scope of analysis.

Programs Supporting Employment for People with Disabilities, in Fiscal Year 2010, Were Fragmented across Nine Federal Agencies



Source: GAO analysis.

[a]The Department of Labor jointly administers the Workforce Recruitment Program with the Department of Defense and the Work Opportunity Tax Credit with the Internal Revenue Service. These programs are therefore included under both the Department of Labor and each of their respective agencies in the above graphic.

Many of the 50 programs GAO identified overlapped in that they provided similar employment services to similar populations. GAO surveyed the programs and found that they provided a range of services, from employment counseling and job search assistance to tax credits for employers who hire people with disabilities. Overlap was the greatest in programs serving two distinct population groups—veterans and servicemembers; and students and young adults. GAO identified 18 programs that limited eligibility to veterans and servicemembers, 6 that limited eligibility to students and young adults, and 14 programs that did not limit eligibility to any particular population and were potentially available to individuals in these groups. For example, as shown in the table, officials at five of the six youth programs reported that they provided employment counseling, assessment, and case management. At the same time, any youth could have received these services from nine other programs that did not limit eligibility to a particular population.

Programs Providing Similar Employment Services to Similar Populations, in Fiscal Year 2010

	Programs that limited eligibility to service-members, veterans, and/or their families (18 total)	Programs that limited eligibility to students, transition age youth, and/or young adults (6 total)[a]	Programs that limited eligibility to other populations or disabilities (12 total)[b]	Programs that served all people with disabilities (14 total)	Total programs offering each service (50 total)
Employment-related information dissemination	17	5	10	10	**42**
Employment counseling, assessment, and case management	15	5	10	9	**39**
Job readiness skills	16	5	9	8	**38**
Job search or job placement activities	15	5	9	8	**37**
Job recruitment and referrals	15	5	9	7	**36**
Assistive technology and workplace accommodations	12	4	10	10	**36**
Job development	14	4	9	7	**34**
Job retention training	13	4	9	7	**33**
Support and services to employers of people with disabilities	13	3	8	8	**32**
On-the-job training	10	4	9	7	**30**
Occupational or vocational training	11	3	8	6	**28**
Work experience	12	5	6	4	**27**
Entrepreneurship training and support	10	3	7	6	**26**
Vocational rehabilitation	10	1	9	5	**25**
Supported employment	9	1	8	6	**24**
Assistance in earning a high school diploma or its equivalent	6	5	5	6	**22**
Remedial academic, English language skills, or basic adult literacy	6	4	5	4	**19**
Tax expenditures related to workers with disabilities	2	0	0	0	**2**

Source: GAO survey of federal programs that support employment for people with disabilities.

[a]Although the Job Corps program is generally limited to youth, eligible people with disabilities can participate in the program at any age. Therefore, GAO included the Job Corps program in the category, “programs that served all people with disabilities.”

[b]Some programs within this category limited eligibility to similar populations, such as recipients of Social Security Disability Insurance and Supplemental Security Income, while others were unique in limiting eligibility to certain populations. For example, one program in this category limited eligibility to Native Americans, another limited eligibility to people who are blind, and a third limited eligibility to people with disabilities and their families engaged in production agriculture.

Some programs that provided similar services to similar populations had a greater potential for duplication than others. For example, the Department of Labor’s Disabled Veterans’ Outreach Program and the Local Veterans’ Employment Representatives program both reported that they provided job search and placement services to veterans with disabilities, among other similar services. Labor officials said that the veterans’ employment representatives were intended to reach out to employers and the disabled veterans’ outreach specialists were intended to work with job seekers. However, as GAO reported in May 2007, staff often performed the same roles in one-stop career centers and, in some cases, the roles were carried out by the same staff member. A recent law gave states the flexibility—subject to the approval of the Secretary of Labor—to consolidate these two programs in order to promote more efficient provision of services.[5]

In contrast, some overlapping programs have meaningful differences in their specific eligibility criteria or program design that could reduce their potential for duplication. For example, the Department of Labor's YouthBuild program provides disadvantaged youth with education and employment skills necessary in high-demand occupations, such as construction trades; whereas the Workforce Recruitment Program for College Students with Disabilities places college students and recent graduates with disabilities in jobs and internships with primarily federal employers. In addition, while GAO identified two employment-related tax expenditures that affect veterans, the programs' approaches differed. The Work Opportunity Tax Credit provides a tax credit to employers who hire individuals from target groups, including disabled veterans, while VA's Compensated Work Therapy program exempts disabled veterans from paying federal taxes on income earned through the program. Finally, certain programs that provide similar services may have less potential for duplication because they may not have the capacity to serve all who apply. For instance, officials from seven programs reported a waiting list for their services.

Better coordination or streamlining of agency roles and responsibilities may address fragmentation and potential duplication or unmet needs, but officials that GAO surveyed reported limited coordination among the 50 programs. GAO asked respondents to indicate whether their program coordinated with any of the other programs surveyed. In 8 percent of cases, two programs mutually reported coordinating. However, in most cases, respondents either reported not coordinating or inconsistently reported coordinating with other programs. For example, although the Department of Education's Vocational Rehabilitation Services program reported coordinating with the Department of Health and Human Services' Medicaid 1915(c) Home and Community Based Services Waiver program and the Department of Labor's Disabled Veterans' Outreach Program, only one of these two programs—the waiver program—reported coordinating with the Vocational Rehabilitation Services program. GAO plans to conduct additional work on the extent of coordination among selected programs as part of a more detailed report on programs that support employment for people with disabilities.

As GAO reported in October 2006, interagency collaboration can be enhanced when agencies work toward a common goal, establish complementary strategies for achieving that goal, and use common

[5]VOW to Hire Heroes Act of 2011, Pub. L. No. 112-56, § 241(c), 125 Stat. 712, 728.

performance measures when appropriate.[6] Although 82 percent (41) of the 50 programs tracked at least one employment-related outcome measure, the measures varied across programs. Twenty-two programs reported that they did not track or monitor any outcome measures specifically for people with disabilities—mostly those that did not limit eligibility to this population. Only six programs monitored whether they helped reduce participants' reliance on federal cash benefits. In August 2007, experts at a GAO forum recommended that the federal government establish a set of program outcome indicators to measure the success of federal disability programs. An important consideration in developing such measures is the challenge of comparing outcomes while accounting for variations in the type and severity of participants' disabilities.

Actions Needed and Potential Financial or Other Benefits

The federal government spends several billion dollars each year to help people with disabilities retain or obtain employment, a relatively small sum compared to the amount the government spends on providing cash benefits and other assistance to this population. Despite this federal investment, the unemployment rate among people with disabilities remains relatively high and very few Social Security disability beneficiaries earn enough to terminate federal cash assistance. While a low return-to-work rate among Social Security disability beneficiaries is not necessarily surprising, given that eligibility for the program is based on the inability to work, some beneficiaries can and do work. Even small shifts in the employment rate of disability beneficiaries could mean substantial savings to the federal government, which is particularly significant since the Social Security Administration's Disability Insurance trust fund is expected to be exhausted by 2018. In this context, the number of programs providing similar employment services to people with disabilities raises questions about the efficiency and effectiveness of the current structure of federal disability programs. In its February 2011 high-risk update, GAO reported that an overall federal strategy and governmentwide coordination among programs is needed to align disability policies, services, and supports. At the same time, the GPRA Modernization Act of 2010 (GPRAMA) established a new, cross-cutting, and integrated framework for achieving results and improving government performance.[7] It requires the Office of Management and Budget (OMB) to coordinate with agencies to establish outcome-oriented goals covering a limited number of crosscutting policy areas and to develop a governmentwide performance plan for making progress toward achieving those goals.

---

[6]GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies,* GAO-06-15 (Washington, D.C.: Oct. 21, 2005).

[7]Pub. L. No. 111-352, 124 Stat. 3866 (2011).

Consistent with that effort, to improve performance through greater coordination among the many federal programs that support employment for people with disabilities, OMB should

- consider establishing measurable, governmentwide goals for employment of people with disabilities. Given the number of federal agencies and approaches involved in supporting employment for people with disabilities, governmentwide goals could help spur greater coordination and more efficient and economical service delivery in overlapping program areas. To determine whether these goals are being met, agencies should establish related measures and indicators and collect additional data to inform these measures.

Establishing governmentwide goals and measures for employment of people with disabilities is a critical first step in developing an overall federal strategy to align disability policy, services, and supports—a recommendation GAO first made to Congress in May 2008.

It is difficult to recommend specific areas for cost savings or streamlining because there are, at present, limited data available to determine which programs are achieving positive outcomes for people with disabilities in the most cost-effective way. Nevertheless, to achieve the greatest efficiency and effectiveness, OMB should

- continue to work with executive agencies that administer overlapping programs to determine whether program consolidation might result in administrative savings and more effective and efficient delivery of services. Executive agencies should seek any necessary statutory authority to consolidate programs if there would be sufficient savings to merit such an action.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to OMB and the nine federal agencies that administer the programs within the scope of this report for review and comment. The Departments of Education and Veterans' Affairs (VA) had no comments. The Departments of Agriculture (USDA), Defense (DOD), Labor, Health and Human Services (HHS); the Internal Revenue Service; OMB; the Social Security Administration (SSA); and the U.S. AbilityOne Commission provided technical comments, which were incorporated or summarized and discussed below, as appropriate. Labor provided written comments. All written comments are reprinted in appendix IV.

In response to GAO's recommendations, OMB noted that, in fiscal year 2012, the Administration's Domestic Policy Council will conduct an internal review of ways to improve the effectiveness of disability programs through better coordination and alignment of priorities and strategies. The Council will work with agencies to explore how they can achieve better results for people with disabilities through sharing data and defining shared objectives, among other activities. GAO supports such efforts to improve coordination among programs, and looks forward to the results of the review with respect to setting governmentwide goals for people with disabilities and identifying opportunities for more efficient and effective delivery of services to this population.

In addition, OMB noted that the current administration has set governmentwide goals for employment and inclusion of people with disabilities in the federal government. Specifically, in 2010, the President issued an executive order stating that the federal government should be a model for the employment of people with disabilities and reaffirming a goal set in 2000 to hire 100,000 individuals with disabilities over 5 years.[8] The President issued another executive order in 2011 that resulted in the Office of Personnel Management's Government-wide Diversity and Inclusion Strategic Plan.[9]

OMB also highlighted some specific ongoing or planned efforts to improve employment for people with disabilities. For example, OMB noted that Labor issued a proposed rule to strengthen affirmative action requirements for federal contractors and subcontractors, and that SSA has set a goal of assisting 118,000 Disability Insurance and Supplemental Security Income (SSI) beneficiaries obtain employment in 2012 through the Ticket to Work program. In addition, OMB noted that the Promoting Readiness of Minors in SSI (PROMISE) program will involve several federal agencies to test interventions to improve outcomes—including employment outcomes—for children with disabilities and their families.

In their comments, both Labor and HHS expressed concern that GAO found fragmentation and/or duplication without providing a more detailed explanation of its findings. GAO did not find duplication, but rather, found fragmentation and overlap among programs providing employment support for people with disabilities that suggests the need to look more closely at the potential for unnecessary duplication. GAO stated that some programs have a greater potential for duplication than others, and provided some examples. GAO plans to issue a more detailed report on fragmentation, overlap, and the potential for duplication among programs that support employment for people with disabilities in 2012.

Labor asserted that GAO's findings implied that one agency or program could address the needs of all people with disabilities. GAO agrees with Labor that people with disabilities have varied needs that may not adequately be served by one program alone. However, GAO still recommends that OMB and the agencies continue to work together to determine whether consolidating some overlapping programs might result in either cost savings or address service gaps through more efficient delivery of services. Labor also pointed out that several of the programs included in the scope of GAO's study were not created specifically to

[8]Exec. Order No. 13,548, 75 Fed. Reg. 45,039 (July 30, 2010).

[9]Exec. Order No. 13,583, 76 Fed. Reg. 52,847 (Aug. 23, 2011).

provide employment support for people with disabilities, and that service inclusion and integration is consistent with disability civil rights laws. GAO agrees and included such programs to provide a more comprehensive picture of the services and supports available to help people with disabilities stay at work or return to work.

Four agencies—USDA, HHS, Labor, and SSA—highlighted unique characteristics of their programs, with respect to the actual services provided, program design used, and populations served. For example, USDA noted that the AgrAbility program is the only federally funded program that has developed expertise to accommodate disability among those working in agriculture. GAO revised the report to more clearly reflect program variation, as appropriate.

Labor questioned whether servicemembers and veterans should be considered similar populations. While there are obvious distinctions, GAO included programs serving these populations in one category because most DOD programs in the scope of this review reported facilitating the transition of servicemembers into veteran status. In addition, there are a number of programs that serve both servicemembers and veterans, such as Labor's America's Heroes at Work program and REALifelines program.

Two agencies commented on their programs' outcomes related to employment. SSA pointed out that a low return-to-work rate among its disability beneficiaries does not necessarily raise questions about the efficiency and effectiveness of its disability program, and also noted that programs that support employment for people with disabilities have varying definitions of disability, which may affect the return-to-work objectives of any given program. In addition, USDA noted that most participants in its AgrAbility program were able to continue working, and that the program has demonstrated a high return on investment. GAO modified language and added some additional information to the report to address these points.

Finally, Labor provided examples of coordination within and among agencies that GAO did not identify through its survey. GAO made changes to the report, as appropriate, and plans to include additional information on coordination among selected programs in its 2012 report.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section as well as additional work GAO conducted to be published as a separate product in 2012. GAO identified programs that support employment for people with disabilities by reviewing the Catalog of Federal Domestic Assistance and GAO's prior work and consulting stakeholders. GAO included programs that served only people with disabilities, as well as programs that served a broader population but provided special consideration to people with disabilities or their employers.[10] GAO did not conduct an independent legal analysis to identify relevant programs. GAO validated this list of programs with agency officials and fielded a web-based survey to these programs from August 2011 to October 2011. GAO used the survey to collect information on programs' objectives, eligibility criteria, services offered, and program obligations in fiscal year 2010, among other data. When programs were jointly administered by two or more federal agencies, GAO consulted with the agencies and asked them to designate one official to fill out the survey for that program. GAO incorporated data reliability checks into the survey instrument, reviewed documentation, and conducted follow-up interviews, as necessary. GAO followed up with some survey respondents based on electronic checks of data submissions and other criteria. GAO determined that the data used in this report were sufficiently reliable for the purposes of this report. GAO also interviewed researchers knowledgeable about employment and disability issues. Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services, or be fragmented across government missions. Overlap and fragmentation may not lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

Social Security Disability: Ticket to Work Participation Has Increased, but Additional Oversight Needed. GAO-11-324. Washington, D.C.: May 6, 2011.

High-Risk Series: An Update. GAO-11-278. Washington, D.C.: February 2011.

Highlights of a Forum: Actions that Could Increase Work Participation for Adults with Disabilities. GAO-10-812SP. Washington, D.C.: July 2010.

Federal Disability Programs: More Strategic Coordination Could Help Overcome Challenges to Needed Transformation. GAO-08-635. Washington, D.C.: May 20, 2008.

Highlights of a Forum: Modernizing Federal Disability Policy. GAO-07-934SP. Washington, D.C.: August 2007.

[10]Specifically, in order to be considered within GAO's scope, agencies must have reported that their programs met at least one of the following criteria and provided an employment-related service in fiscal year 2010: (1) people with disabilities are mentioned in the legislation as a targeted group, (2) people are eligible for the program wholly because of a disability, (3) people are eligible for the program partially because of a disability, (4) people with disabilities are given special consideration in eligibility determinations, (5) people with disabilities are given priority in being served, or (6) employers of people with disabilities are a targeted group.

Veterans' Employment and Training Service: Labor Could Improve Information on Reemployment Services, Outcomes, and Program Impact. GAO-07-594. Washington, D.C.: May 24, 2007.

Federal Disability Assistance: Wide Array of Programs Needs to Be Examined in Light of 21st Century Challenges. GAO-05-626. Washington, D.C.: June 2, 2005.

People with Disabilities: Federal Programs Could Work Together More Efficiently to Promote Employment. GAO-HEHS-96-126. Washington, D.C.: September 3, 1996.

Contact Information

For additional information about this area, contact Daniel Bertoni at (202) 512-7215 or bertonid@gao.gov.

31. Science, Technology, Engineering, and Mathematics Education

Strategic planning is needed to better manage overlapping programs across multiple agencies.

Why This Area Is Important

Federal agencies obligated $3.1 billion in fiscal 2010 on Science, Technology, Engineering, and Mathematics (STEM) education programs. These programs can serve an important role both by helping to prepare students and teachers for careers in STEM fields and by enhancing the nation's global competitiveness. In addition to the federal effort, state and local governments, universities and colleges, and the private sector have also developed programs that provide opportunities for students to pursue STEM education and occupations. However, research shows that despite this investment, the United States lacks a strong pipeline of future workers in STEM fields and that U.S. students continue to lag behind students in other highly technological nations in mathematics and science achievement.

Over the decades, Congress and the executive branch have continued to create new STEM education programs, even though there is a general lack of assessment of how well the programs are working. Recently, both Congress and the administration called for a more strategic and effective approach to the federal government's investment in STEM education. The America COMPETES Reauthorization Act of 2010 requires the Director of the Office of Science and Technology Policy (OSTP) within the Executive Office of the President to establish a committee under the National Science and Technology Council (NSTC) to (1) develop a 5-year strategic plan that includes common measures to assess progress towards the plan's goals, (2) coordinate STEM education activities and programs among respective federal agencies, and (3) develop an inventory of federal STEM education programs and identify areas of duplication among those programs.[1]

What GAO Found

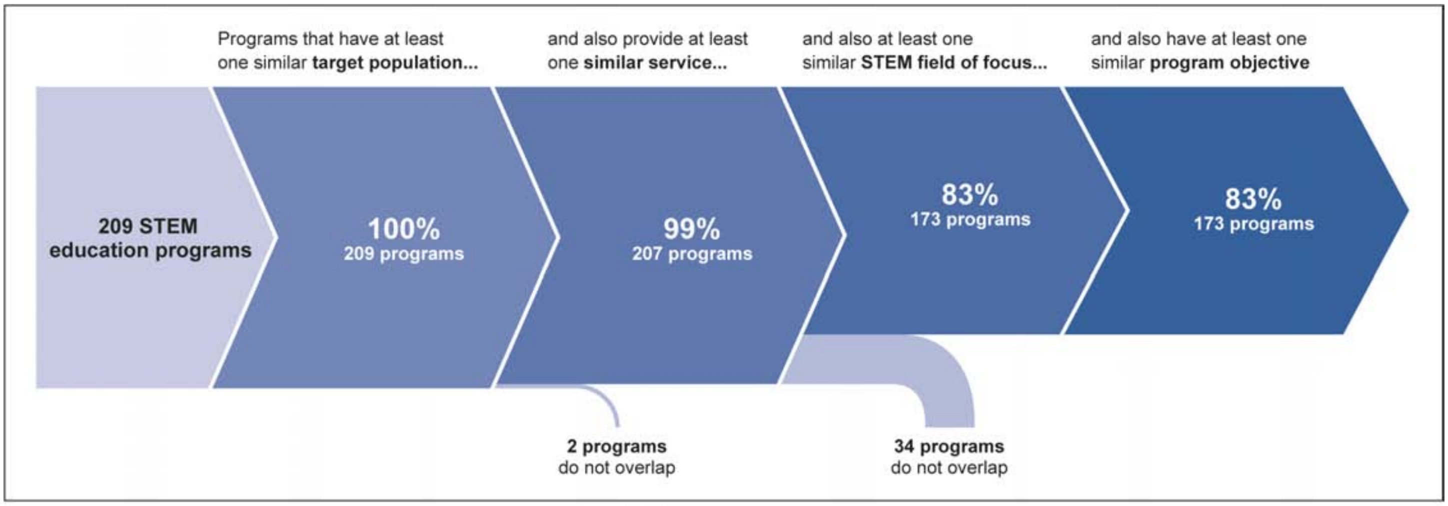
In fiscal year 2010, 173 of the 209 (83 percent) STEM education programs administered by 13 federal agencies overlapped to some degree with at least 1 other program in that they offered similar services to similar target groups in similar STEM fields to achieve similar objectives (see fig. below).[2] Federal STEM education programs are also

[1]Pub. L. No. 111-358, § 101 (2011).

[2]For purposes of GAO's engagement, we defined a federally funded STEM education program as a program funded in fiscal year 2010 by congressional appropriation or allocation that includes one or more of the following as a primary objective: (1) attracting and preparing students throughout their academic careers in STEM areas, (2) improving teacher education in STEM areas, (3) improving or expanding the capacity of K-12 schools or postsecondary institutions to promote or foster education in STEM fields, or (4) conducting research to enhance the quality of STEM education provided to students.

fragmented across a number of agencies. The number of programs each of the 13 agencies administered in 2010 ranged from 3 to 46. Three agencies—the Department of Health and Human Services, the Department of Energy, and the National Science Foundation—administer more than half of all programs—112 of 209. These programs range from being narrowly focused on a specific group or field of study to offering a range of services to students and teachers across STEM fields. Agencies obligated over $3 billion to STEM education programs in fiscal year 2010. The National Science Foundation and the Department of Education programs account for over half of this funding. Almost a third of the programs had obligations of $1 million or less, with 5 programs having obligations more than $100 million each.

Overlapping Federal STEM Education Programs

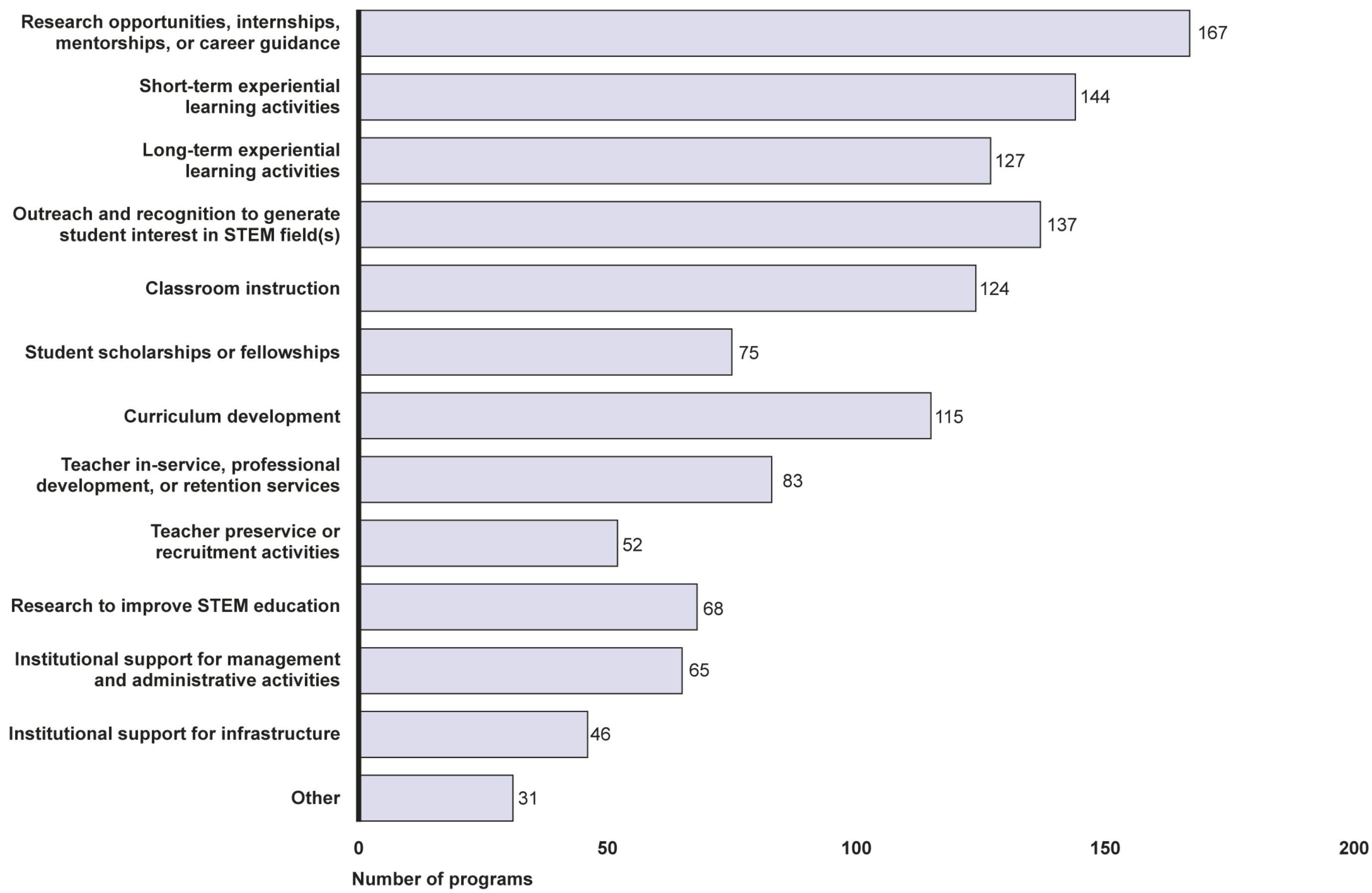


Source: GAO analysis of survey responses.

This complicated patchwork of fragmented and overlapping programs has largely resulted from federal efforts to both create and expand programs across many agencies in an effort to improve STEM education and increase the number of students going into STEM fields. Program officials reported that approximately one-third of STEM education programs funded in fiscal year 2010 were first funded between 2005 and 2010. Indeed, the creation of new programs during that time frame may have contributed to overlap and, ultimately, to inefficiencies in how STEM programs across the federal government are focused and delivered. Overlapping programs can lead to individuals and institutions being eligible for similar services in similar STEM fields offered through multiple programs. Without information sharing, this could lead to the same service being provided to the same individual or institution (see fig. below). Fragmentation and overlap can frustrate federal officials' efforts to administer programs in a comprehensive manner, limit the ability of decision makers to determine which programs are most cost-effective, and ultimately increase program administrative costs.

Many programs provided services to similar target groups, such as K-12 students, postsecondary students, K-12 teachers, and college faculty and staff. The vast majority of programs (170) serve postsecondary students. Ninety-five programs served college faculty and staff, 75 programs served K-12 students, and 70 programs served K-12 teachers. In addition, many programs served multiple target groups. In fact, 177 programs were primarily intended to serve two or more target groups. In addition, as the figure below illustrates, many STEM education programs provide similar services.

Services Provided by Federal STEM Education Programs



Source: GAO analysis of survey responses.

Furthermore, it is important to compare programs' target groups and academic STEM fields that are a focus of the program (a STEM field of focus) together to get a better picture of the potential target beneficiaries that could be served within a given STEM discipline. As the table below illustrates, many programs are designed to serve multiple target groups across multiple STEM fields of focus. The majority of programs served target groups across four or more STEM fields of focus, with only 23 programs focusing on one specific STEM field.

STEM Fields of Focus and Target Groups of Federal STEM Education Programs

Target groups	Agricultural sciences	Biology	Chemistry	Computer science	Earth sciences	Engineering	Mathematics	Physics	Social sciences	Technology
K-12 students	8	40	36	30	38	32	33	31	19	43
Postsecondary students	22	99	85	84	64	89	79	76	62	87
K-12 teachers	5	36	33	25	39	26	28	29	17	38
College faculty and staff	17	49	42	43	35	47	37	36	30	50

Source: GAO analysis of survey responses

Note: Many STEM education programs serve multiple target groups with multiple STEM fields of focus. The totals cited in this table do not sum to 209, the number of programs in GAO's review. Earth sciences includes atmospheric and ocean sciences; social sciences includes psychology, sociology, anthropology, cognitive science, economics, and behavior sciences.

However, even when programs overlap, the services they provide and the populations they serve may differ in meaningful ways and would therefore not necessarily be duplicative. There may be important differences between the specific STEM field of focus and the program's stated goals. For example, there were 31 programs that provided scholarships or fellowships to doctoral students in the field of physics. However, one program's goal was to increase environmental literacy related to estuaries and coastal watersheds while another program focused on supporting education in nuclear science, engineering, and related trades. In addition, programs may be primarily intended to serve different specific populations within a given target group. Indeed, of the 34 programs providing services to K-12 students in the field of technology, 10 are primarily intended to serve specific underrepresented, minority, or disadvantaged groups and 2 are limited geographically to individual cities or universities. As NSTC develops its 5-year strategic plan, it will need to conduct more analysis of each program to avoid potential duplication and ensure that the federal investment in these programs advances the governmentwide goals expressed in the strategic plan.

In addition to the fragmented and overlapping nature of federal STEM education programs, little is known about the effectiveness of these programs. Since 2005, when GAO first reported on this issue, GAO found that the majority of programs have not conducted comprehensive evaluations of how well their programs are working. Agency and program officials would benefit from guidance and information sharing within and across agencies about what is working and how to best evaluate programs. This could not only help to improve individual program performance, but could also inform agency- and governmentwide decisions about which programs should continue to be funded. Without an understanding of what is working in some programs, it will be difficult to develop a clear strategy for how to spend limited federal funds.

Finally, although NSTC is in the process of developing a governmentwide strategic plan for STEM education consistent with the requirements of the America COMPETES Reauthorization Act of 2010, GAO found that agencies in its 2005 review do not use outcome measures for STEM programs in a way that is clearly reflected in their own performance plans and performance reports—key strategic planning documents.[3] The absence of clear links between the programs and agencies' planning documents may hinder decision makers' ability to assess how agencies' STEM efforts contribute to agencywide performance goals and the overall federal STEM effort. Moving forward, the GPRA Modernization Act of 2010 requires agencies to identify program activities and other activities that contribute to each performance goal, and as agencies implement this provision, more information about STEM education efforts in performance plans and reports can be expected. In addition, NSTC's ongoing strategic planning efforts provide an opportunity to develop guidance on how to incorporate STEM- and program-specific education goals and measures in agencies' performance planning and reporting process.

Actions Needed and Potential Financial or Other Benefits

GAO recommended in January 2012 that the Director of OSTP direct NSTC to take several actions related to STEM education programs and related activities.

To ensure the federal government strategically invests limited funds in an efficient and effective manner that achieves the greatest impact in developing a pipeline of future workers in STEM fields, the Director of OSTP should direct NSTC to

- work with agencies, through its strategic planning process to identify programs that might be candidates for consolidation or elimination. Specifically, this could be achieved through an analysis that includes information on program overlap, similar to the analysis conducted by GAO in this report, and information on program effectiveness. As part of this effort, OSTP should work with agency officials to identify and report any changes in statutory authority necessary to execute each specific program consolidation identified by NSTC's strategic plan.

To ensure NSTC's strategic planning process enhances the federal government's ability to assess what works and the process for identifying potential program consolidation includes information on program effectiveness, the Director of OSTP should direct NSTC to

- develop guidance to help agencies determine the types of evaluations that may be feasible and appropriate for different types of STEM

[3]These strategic planning documents were required under the Government Performance and Results Act (GPRA) and continue to be required under the GPRA Modernization Act of 2010. We did not assess agencies' plans and reports for compliance with GPRA and the GPRA Modernization Act of 2010 requirements, and our findings that some agencies did not include STEM education programs in their plans and reports should not be read to suggest that we identified instances of noncompliance. For example, we did not assess whether a particular STEM education program is a "program activity" as that term is defined by GPRA for purposes of determining what STEM education programs are required to be covered in agency performance plans and reports. 31 U.S.C. § 1115(h)(11).

- education programs and develop a mechanism for sharing this information across agencies. This could include guidance and sharing of information that outlines practices for evaluating similar types of programs.

To ensure agencies' efforts are better aligned to governmentwide STEM education goals and federal resources are concentrated on advancing those goals, the Director of OSTP should direct NSTC to

- develop guidance for how agencies can better incorporate each agency's STEM education efforts and the goals from NSTC's 5-year STEM education strategic plan into each agency's own performance plans and reports.

To improve transparency and strengthen accountability of NSTC's strategic planning and coordination efforts, the Director of OSTP should direct NSTC to

- develop a framework for how agencies will be monitored to ensure that they are collecting and reporting on NSTC strategic plan goals. This framework should include alternatives for a sustained focus on monitoring coordination of STEM education programs if the NSTC Committee on STEM terminates in 2015 as called for in its charter.

Agency Comments and GAO's Evaluation

GAO provided a draft of its January 2012 report to OSTP and the Office of Management and Budget (OMB) for review and comment. OSTP provided technical comments, which were incorporated as appropriate. OMB stated it had no concerns with GAO's report.

GAO also provided a draft of this report section to OMB and OSTP for review and comment. OMB provided technical comments, which were incorporated as appropriate. OMB stated that GAO's four recommendations are critical to improving the provision of STEM education across the federal government. OSTP provided written comments and noted that its analysis of overlap and duplication in STEM education programs identified no duplicative programs. In cases where it identified overlapping programs it found that some program characteristics differed. As an illustration, OSTP explained that there could be two STEM education programs, one that worked with inner city children in New York City and another with rural children in North Dakota. GAO notes that while it may be important to serve both of these populations, it is not clear that two separate administrative structures are necessary to ensure both populations are served. OSTP agreed to consider program consolidation or elimination as part of its strategic planning process, but also said that it would consider other approaches such as strategic alignment of program goals, joint solicitations, improved program design and execution, and memoranda of understanding to increase efficiency and effectiveness of federal STEM Education spending. OSTP stated that they will address GAO's recommendations in the NSTC 5-Year Federal STEM Education Strategic Plan, which will be released in spring 2012. OMB added that joint administration of programs across agencies is also an effective measure at eliminating duplication and overlap and guaranteeing that the best resources are devoted to programming. As part of GAO's routine audit work, GAO will track agency actions to address these recommendations and report to Congress. All written comments are reprinted in appendix IV.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section as well as additional work GAO conducted. GAO reviewed relevant federal laws, regulations, and relevant literature and past reports. GAO interviewed officials from OSTP and OMB, and officials from other federal agencies that administer STEM education programs. In addition, to gather information on federal STEM education programs and to assess the level of fragmentation, overlap, and potential duplication, GAO surveyed over 200 programs across 13 agencies that met GAO's definition of a STEM education program, asking questions about program objectives, target populations, services provided, interagency coordination, outcome measures and evaluations, and funding. Furthermore, to gather information on program effectiveness, GAO reviewed evaluations provided by program officials, as well as agencies' annual performance plans and reports. Appendix III lists the programs GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

Science, Technology, Engineering, and Mathematics Education: Strategic Planning Needed to Better Manage Overlapping Programs across Multiple Agencies. GAO-12-108. Washington, D.C.: January 20, 2012.

Science, Technology, Engineering, and Mathematics Education: Survey of Federal Programs (GAO-12-110SP, January 2012), an E-supplement to GAO-12-108. GAO-12-110SP. Washington, D.C.: January 20, 2012.

Higher Education: Federal Science, Technology, Engineering, and Mathematics Programs and Related Trends. GAO-06-114. Washington, D.C.: October 12, 2005.

Contact Information

For additional information about this area, contact George A. Scott at (202) 512-7215 or scottg@gao.gov.

32. Financial Literacy

Overlap among financial literacy activities makes coordination and clarification of roles and responsibilities essential, and suggests potential benefits of consolidation.

Why This Area Is Important

Financial literacy plays an important role in helping to ensure the financial health and stability of individuals and families, and economic changes in recent years have further highlighted the need to empower all Americans to make informed financial decisions. As GAO reported in March 2011, federal financial literacy activities are fragmented among multiple federal agencies, which increases the risk of inefficient, uncoordinated, or redundant use of resources. This year's report provides updated information on coordination activities, as well as additional information on areas of overlap and on the evolving role of the new Bureau of Consumer Financial Protection.

What GAO Found

Federal financial literacy programs and resources are spread widely among many different federal agencies. A 2009 survey conducted by the Departments of the Treasury and Education, which GAO cited in its March 2011 report, asked federal agencies to self-identify their financial literacy efforts, and 56 programs related to financial literacy were reported by 20 federal agencies. However, GAO's subsequent analysis found that there was a high degree of inconsistency in how different agencies defined financial literacy programs and whether they counted related activities as one or multiple programs.

Using a more consistent set of criteria, GAO has identified 15 significant financial literacy programs or activities among 13 federal agencies. These efforts are defined as relatively comprehensive in scope or scale and include financial literacy as a key objective rather than a tangential goal.[1] As seen in appendix III, the estimated cost for 13 of these 15 financial literacy programs or activities was about $30.7 million in fiscal year 2010; GAO is still in the process of developing cost estimates for the activities of

[1] According to GAO's criteria, significant financial literacy and education activities and programs were those whose primary goals were to educate, inform, or encourage individuals to make informed judgments and take effective actions regarding the current and future use and management of money. However, GAO excluded (1) those for which financial literacy was only a minimal component; (2) programs that provided financial information related to the administration of the program itself (e.g., information on applying for student financial aid or evaluating Medicare choices) rather than information aimed at increasing the beneficiaries' financial literacy and comprehension more generally; (3) activities or programs that were purely internal to the agency, such as information provided to agency employees on their employment and retirement benefits; and (4) activities that represented individualized services or advice (e.g. assistance with tax preparation or development of a debt management plan). For the purposes of this report, GAO counted as a federal agency NeighborWorks® America, a government-chartered, nonprofit corporation that receives federal funding for housing counseling, including through an annual appropriation from Congress.

the Department of Defense (DOD) and for the Bureau of Consumer Financial Protection, which was not created until July 2010.

In addition, federal agencies spent about $136.6 million in fiscal year 2010 on housing counseling. GAO has separated out costs for housing counseling programs because education is only a limited aspect of most housing counseling, which often consists largely of one-on-one service and assistance to address individual situations. For example, foreclosure mitigation counseling typically focuses on helping financially distressed homeowners avoid foreclosure by working with lenders to remedy mortgage delinquency.

Having multiple federal agencies involved in financial literacy efforts can have certain advantages. In particular, agencies may have deep and long-standing expertise and experience addressing specific issue areas or serving specific populations. For example, the Securities and Exchange Commission has efforts in place to protect securities investors from fraudulent schemes, while the Department of Housing and Urban Development (HUD) oversees most, but not all, federally supported housing counseling. Moreover, DOD may be the agency most able to efficiently and effectively deliver financial literacy programs and products to servicemembers and their families. However, as GAO stated in a June 2011 report, relatively few evidence-based evaluations of financial literacy programs have been conducted, limiting what is known about which specific methods and strategies—and which federal financial literacy activities—are most effective.

In addition, fragmentation increases the risk of inefficiency and redundancy and highlights the need for strong coordination, or potential consolidation, of these efforts. In general, GAO has found that the coordination and collaboration among federal agencies with regard to financial literacy has improved substantially in recent years. The multiagency Financial Literacy and Education Commission (Commission) was created by Congress in 2003 and charged, among other things, with developing a national strategy to promote financial literacy and education, coordinating federal efforts, and identifying areas of overlap and duplication. Among other things, the Commission in concert with the Department of the Treasury, which provides its primary staff support, has served as a central clearinghouse for federal financial literacy resources—for example, it created a centralized federal website and has an ongoing effort to develop a catalog of federal research on financial literacy. The Commission's 2011 national strategy identified five action areas, one of which was to further emphasize the role of the Commission in coordination. The strategy's accompanying Implementation Plan lays out plans to coordinate communication among federal agencies, improve strategic partnerships, and develop channels of communication with other entities, including the President's Advisory Council on Financial Capability and the National Financial Education Network of State and Local Governments. The Commission's success in implementing these elements of the National Strategy is key given the inherently challenging task of coordinating the work of the Commission's many member agencies—each of which has its own set of interests, resources, and constituencies. Further, the addition of the Bureau of Consumer Financial Protection, whose director serves as the Vice Chair of the Commission, adds a new player to the mix that will influence the Commission's success.

GAO's review thus far shows that there is little evidence of duplication among existing federal financial literacy activities—that is, cases where two or more agencies or programs are engaging in the same activities and providing the same services to the same beneficiaries. However, GAO did identify cases in which there is overlap—multiple agencies or programs with similar goals and activities—that raise questions about the efficiency of some federal financial literacy and housing counseling efforts. For example, four federal agencies and one government-chartered nonprofit corporation provide various forms of housing counseling to consumers—DOD, HUD, the Department of Veterans Affairs (VA), the Department of the Treasury, and NeighborWorks America.

- HUD obligated about $65.4 million in fiscal year 2010 for certifying and overseeing housing counseling agencies, training housing counselors, and providing counseling agencies with competitive grants. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) required HUD to establish an Office of Housing Counseling, although as of October 2011, the office had not yet been established, in part due to budget constraints. HUD also has 15 other active programs that allow some portion of their funding to be used for housing counseling or have some housing counseling component.[2]

- The federally chartered nonprofit corporation NeighborWorks America received an appropriation from Congress in fiscal year 2010 that included $65 million for the National Foreclosure Mitigation Counseling Program; the organization also spent $2 million of its appropriated funds for other housing counseling activities.

- VA has loan counselors that address housing issues in its Regional Loan Centers to help veterans facing foreclosure or other financial problems. VA often recommends HUD-approved housing counseling to veterans who are seeking VA-guaranteed loans but does not require it.

[2]These programs are the Federal Housing Administration's Home Equity Conversion Mortgage, Community Development Block Grant, HOME Investment Partnership Program, Second Mortgage Assistance for First-Time Homebuyers, Rural Housing Stability Grant Program, Public Housing Operating Fund, Section 8 Tenant-Based Rental Assistance Homeownership Option, Demolition and Disposition of Public Housing, Family Self-Sufficiency, Public Housing Resident Homeownership Programs, Conversion of Distressed Public Housing to Tenant-Based Assistance, Low Income Housing Preservation and Resident Homeownership Act Prepayment Options, Native American Housing Assistance and Self Determination Act Housing Block Grants, Native Hawaiian Housing Block Grants, and Section 8 Rental Assistance.

- DOD has a foreclosure counseling program for servicemembers returning from active duty abroad. This program is administered through the Military OneSource and the Military and Family Life Consultant Program.

- The Department of the Treasury's Financial Literacy and Education Counseling Pilot Program, created by the Housing and Economic Recovery Act of 2008, provided $4.15 million in grants in fiscal year 2010 for financial literacy counseling to prospective homebuyers.[3]

Another example of overlap lies in the financial literacy responsibilities of the Bureau of Consumer Financial Protection, created by the Dodd-Frank Act. The act established within the bureau an Office of Financial Education and charged this office with developing and implementing a strategy to improve financial literacy through activities including opportunities for consumers to access, among other things, financial counseling; information to assist consumers with understanding credit products, histories, and scores; information about saving and borrowing tools; and assistance in developing long-term savings strategies. This office presents an opportunity to further promote awareness, coordinate efforts, and fill gaps related to financial literacy. At the same time, the duties this office is charged with fulfilling are in some ways similar to those of a separate Office of Financial Education and Financial Access within the Department of the Treasury, a small office that also seeks to broadly improve Americans' financial literacy. In addition, the Dodd-Frank Act charges the Bureau of Consumer Financial Protection with developing and implementing a strategy on improving the financial literacy of consumers, even though the multiagency Financial Literacy and Education Commission already has its own statutory mandate to develop, and update as necessary, a national strategy for financial literacy. As the bureau has been staffing up and planning its financial education activities, it has been in regular communication with the Department of the Treasury and with other members of the Financial Literacy and Education Commission, and agency staff say they are seeking to coordinate their respective roles and activities.

In addition, the Dodd-Frank Act created within the Bureau of Consumer Financial Protection several offices that are charged by statute with duties that are in some ways similar to those of other federal agencies. For instance, the act created an Office of Service Member Affairs, which is responsible for developing and implementing initiatives for servicemembers and their families intended to educate and empower them to make better informed decisions regarding consumer financial products and services; monitoring complaints by service members and their families; and coordinating with federal and state agencies regarding

[3]The Financial Literacy and Education Counseling Pilot Program was appropriated $2 million in fiscal year 2009 and $4.15 million in fiscal year 2010; the program was not appropriated funds in fiscal years 2011 and 2012.

consumer protection measures relating to consumer financial products and services offered to, or used by, service members and their families. These activities potentially overlap with those of DOD's Financial Readiness Campaign, in which Personal Financial Managers on military bases provide financial educational programs, partnerships, counseling, legal protections, and other resources designed to help servicemembers and their families reach financial goals such as reducing debt, setting up a spending plan, saving for college, addressing consumer protection matters, and many others. Staff from the Bureau of Consumer Financial Protection and DOD told GAO they are working closely to coordinate their efforts.

The Dodd-Frank Act also creates within the bureau an Office of Financial Protection for Older Americans, which is charged with helping seniors recognize warning signs of unfair, deceptive, or abusive practices and protect themselves from such practices; providing one-on-one financial counseling on issues including long-term savings and later-life economic security; and monitoring the legitimacy of certifications of financial advisers who advise seniors. Potential overlap exists with the Federal Trade Commission, which also plays a role in helping seniors avoid unfair and deceptive practices. Further, the Department of Labor and the Social Security Administration both have initiatives in place to help consumers plan for retirement, and the Securities and Exchange Commission has recently initiated efforts to address concerns about the designations and certifications used by financial advisers.[4] Officials at the Bureau of Consumer Financial Protection told GAO that they have been discussing and coordinating their financial literacy roles and activities with those of other federal agencies to avoid duplication of effort.

Actions Needed and Potential Financial or Other Benefits

GAO expects to recommend that Congress may wish to consider

- requiring federal agencies to evaluate the effectiveness of their financial literacy efforts and, if appropriate, to identify options for consolidating such efforts. Federal agencies could potentially make the most of scarce resources by consolidating financial literacy efforts into the activities and agencies that are most effective. In addition to improving effectiveness, such consolidation could have potential monetary savings, an issue GAO is examining as part of ongoing work; and

[4] The Federal Trade Commission's Division of Consumer and Business Education plans, develops, and implements various web-based financial literacy activities that focus on consumer protection, some of which has focused on scams targeted at seniors. The Department of Labor's Retirement Savings Education Campaign seeks to increase retirement savings through workplace plans so that employees are better prepared for a secure retirement. The Social Security Administration's Special Initiative to Encourage Savings focuses on saving and retirement issues and informing the public about SSA's programs related to old-age, survivors, and disability insurance system.

- monitoring the implementation of the Bureau of Consumer Financial Protection's efforts. As the bureau's financial literacy activities evolve and are implemented, it will be important to evaluate how those efforts are working and make appropriate adjustments that might promote greater efficiency and effectiveness.

The Bureau of Consumer Financial Protection should

- delineate roles and responsibilities related to its new offices of Financial Education, Service Member Affairs, and Financial Protection for Older Americans. As these offices form more fully, they will need to continue their efforts to work with federal agencies that have overlapping responsibilities so as to carefully delineate their respective activities and avoid duplication.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to the Bureau of Consumer Financial Protection, the Department of the Treasury, and the Department of Housing and Urban Development for review and comment. The Bureau of Consumer Financial Protection and the Department of the Treasury provided written comments. The Department of Housing and Urban Development provided technical comments, which were incorporated as appropriate. GAO also provided selected portions of the draft report section to those agencies listed in appendix III for their technical review, and GAO incorporated those technical comments as appropriate. All written comments are reprinted in appendix IV.

The Department of the Treasury said that it agreed that federal agencies should evaluate the effectiveness of their financial literacy efforts and, if appropriate, identify options for consolidating such efforts. However, the department noted that it would be necessary for funding to be appropriated for such evaluation. In addition, the department said it believed that continued and enhanced coordination among agencies may lead to greater effectiveness, in some cases, than consolidation. The Bureau of Consumer Financial Protection's written response highlighted the bureau's efforts to coordinate its activities, avoid duplication with other agencies, and promote the evaluation of financial literacy efforts.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section and additional work GAO conducted. GAO collected information on the purpose, beneficiaries, costs, and subject matter of federal financial literacy programs and activities through interviews with staff of federal agencies and through budget justifications, strategic plans, and other documents. In some cases, costs provided are estimates because financial literacy activities are not organized as separate budget line items or cost centers within an agency. GAO also reviewed the Financial Literacy and Education Commission's 2011 national strategy and implementation plan and memorandums of understanding and other documents related to collaborations among federal agencies. Appendix III lists the programs

GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

Highlights of a Forum: Financial Literacy: Strengthening Partnerships in Challenging Times. GAO-12-299SP. Washington, D.C.: February 9, 2012.

Financial Literacy: A Federal Certification Process for Providers Would Pose Challenges. GAO-11-614. Washington, D.C.: June 28, 2011.

Financial Literacy: The Federal Government's Role in Empowering Americans to Make Sound Financial Choices. GAO-11-540T. Washington, D.C.: April 12, 2011.

Financial Literacy and Education Commission: Progress Made in Fostering Partnerships, but National Strategy Remains Largely Descriptive Rather Than Strategic. GAO-09-638T. Washington, D.C.: April 29, 2009.

Financial Literacy and Education Commission: Further Progress Needed to Ensure an Effective National Strategy. GAO-07-100. Washington, D.C.: December 4, 2006.

Highlights of a GAO Forum: The Federal Government's Role in Improving Financial Literacy. GAO-05-93SP. Washington, D.C.: November 15, 2004.

Contact Information

For additional information about this area, contact Alicia Puente Cackley at (202) 512-8678 or cackleya@gao.gov.

Section II: Areas in Which GAO Has Identified Other Cost Savings or Revenue Enhancement Opportunities

This section summarizes 19 additional opportunities for agencies or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collections for the Treasury.

33. Air Force Food Service

The Air Force has opportunities to achieve millions of dollars in cost savings annually by reviewing and renegotiating food service contracts, where appropriate, to better align with the needs of installations.

Why This Area Is Important

The Air Force has 149 main dining facilities at installations nationwide.[1] According to Air Force officials, most installations have their own individual contracts for food service, ranging from full-service contracts, providing cooking, cashiering, and cleaning services at Air Force dining facilities, to contracts that cover only basic cleaning services. The cost for these contracts, according to Air Force officials, ranges from $725,000 to $21.4 million per year, with a total cost of approximately $150 million per year for all Air Force installations. GAO has previously reported that, when contracting for services, properly defined requirements are a prerequisite to obtaining value for the department.

As GAO reported in July 2011, the Air Force recently undertook an initiative to improve food service at six pilot installations, with intentions to eventually expand this initiative to more Air Force installations in the United States over the next 5 years. This Food Transformation Initiative is primarily designed to improve the quality, variety, and availability of food. In the process, however, according to Air Force officials, the first group of pilot installations achieved cost savings compared to their previous contracts while increasing hours in the dining facilities and serving an additional 500,000 meals per year.

What GAO Found

The Air Force has opportunities to reduce its overall food service costs at installations by reviewing food service contracts and adjusting them, when appropriate, to better meet the needs of the installation, including aligning labor needs with the actual number of meals served by the dining facilities. The Food Transformation Initiative contract was awarded to Aramark, a large company experienced in food service. The new contractor reviewed and adjusted staffing levels for contractor staff at the main dining facilities to better meet the needs of the facilities. As GAO reported in July 2011, the Air Force and Aramark anticipated reducing labor hours at five of the six Food Transformation Initiative pilot locations and using the savings to offset the costs of the Food Transformation Initiative contract. According to Air Force officials, savings for fiscal year 2010 were approximately 8 percent compared to the cost of the previous contracts. GAO compared the estimated amount of food service labor for which the Air Force contracted at the six pilot installations prior to the implementation of the Food Transformation Initiative to Aramark's projected work schedules under the

[1]The Air Force calls its main dining facilities "mission essential feeding facilities." GAO uses the term main dining facilities to refer to these appropriated fund dining facilities in this report.

initiative and found that, even with expanded hours of operation and anticipated increases in the number of meals served, Aramark reduced the total number of labor hours at five of the six pilot installations by 53 percent. For example, at Travis Air Force Base, the number of labor hours for the mess attendant contract decreased by more than half—from approximately 2,042 hours per week to 920 hours per week. At Elmendorf Air Force Base, labor hours decreased from approximately 1,350 hours per week to 588 hours per week. The table below shows the change in the number of labor hours at all six pilot locations.

Comparison of Labor Hours under Previous Contract to Labor Hours under the Food Transformation Initiative Contract

Air Force base	Estimated weekly labor hours under the previous contract	Estimated weekly labor hours under the new contract
Elmendorf	1,350	588
Fairchild	979	476
Little Rock	1,548	303
MacDill	1,201	1,063
Patrick	1,218	1,349
Travis	2,042	920
Total	**8,338**	**4,699**

Source: GAO analysis of Air Force data.

Patrick Air Force Base was the only pilot base where the labor hours were not reduced and the only one of the pilot installations where the previous food service contract had recently been audited. The results of the audit, conducted by the Air Force Audit Agency in 2009, showed that the food service personnel did not align with the contract workload estimates with actual meals served. Specifically, meal counts were overstated, resulting in the installation paying more for contracted food services than necessary. As a result of this audit, in October 2009, Patrick Air Force Base renegotiated its workload estimates and pay rates, resulting in savings of approximately $77,000 annually.

Although it is unclear whether the opportunity for savings at the pilot installations is representative of the savings that could be realized by other installations, the potential exists for other Air Force installations that rely on contracts to meet their food service needs to achieve similar financial benefits. Prior to the implementation of the Food Transformation Initiative, the Air Force did not closely monitor the number of labor hours required to provide food services. Air Force officials told GAO that they did not realize how poorly their food service contracts were structured, in that these contracts might not be matched to the labor needs of the installation.

Actions Needed and Potential Financial or Other Benefits

The Air Force has opportunities to significantly reduce its food service costs at Air Force installations that are not part of the Food Transformation Initiative pilot.[2] During GAO's review of the Air Force's Food Transformation Initiative, GAO discussed this potential opportunity for savings with Air Force officials. As a result, the Air Force issued a memorandum to the Major Commands directing a review of existing food service contracts to determine if the contracts meet current mission needs. For example, the memorandum indicates that special attention must be given to whether the food service contract workload estimates were properly aligned with the actual number of meals served. GAO believes that this is a good first step toward addressing this issue. GAO recommended in July 2011 that the Secretary of the Air Force should

- monitor the actions taken by the Air Force Major Commands in response to the direction to review food service contracts, and take actions, as appropriate, to ensure that cost-savings measures are implemented.

Agency Comments and GAO's Evaluation

GAO provided a draft of its July 2011 report to the Department of Defense for review and comment. The Department of Defense agreed with this recommendation and stated that the Commander of the Air Force Services Agency requested that each Air Force Major Command task its bases to conduct a 100 percent review of existing food service to determine if their current contract workload estimates meet current mission needs or if the contracts require modifications. According to Air Force officials, eight installations have recently reviewed and renegotiated their food service contracts for a total savings of over $2.5 million per year. Further, Air Force officials told GAO that the Air Force continues to review contracts for additional savings opportunities. The Department of Defense further noted that it intends to share the results of the Air Force's review of its food service labor costs to achieve cost savings with the other services, where similar reviews could result in substantial financial benefits. GAO agrees that the other services should similarly consider reviewing their food service contracts for potential cost savings where appropriate. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified action and report to Congress.

[2] The National Defense Authorization Act for Fiscal Year 2012 contains a provision requiring the Secretary of the Air Force to submit certain information regarding the Food Transformation Initiative prior to further implementation. *See* Pub. L. No. 112-81, § 352 (2011). The report may provide an opportunity to evaluate the opportunities for reducing food service costs under the initiative.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the product listed in the related GAO products section as well as additional work GAO conducted. GAO obtained documentation from the pilot installations regarding labor hours under the previous contracts, including memoranda showing how the contract prices were negotiated and contractor price proposals that estimated the number of labor hours for these contracts. Although these documents do not contain the precise number of labor hours for the main dining facilities, they provided the best estimates of labor costs available. GAO reviewed this information from the Air Force about the amount of labor included in previous food service contracts at the six pilot locations and compared this to information from the Air Force and Aramark presented in projected work schedules for the Food Transformation Initiative contract. Further, GAO talked with Air Force officials about opportunities for reducing food service costs outside of the Food Transformation Initiative. Finally, GAO spoke with Air Force officials about cost savings achieved from reviewing food service contracts.

Related GAO Product

Defense Management: Actions Needed to Improve Management of Air Force's Food Transformation Initiative. GAO-11-676. Washington, D.C.: July 26, 2011.

Contact Information

For additional information about this area, contact Brian Lepore at (202) 512-4523 or leporeb@gao.gov.

34. Defense Headquarters

The Department of Defense should review and identify further opportunities for consolidating or reducing the size of headquarters organizations.

Why This Area Is Important

In 2010, the Secretary of Defense expressed concerns about the dramatic growth in Department of Defense's (DOD) headquarters and support organizations that had occurred since 2001, including increases in spending, staff, numbers of senior executives, and proliferation of management layers. DOD has multiple layers of headquarters management with complex, overlapping relationships. Such layers include, but are not limited to, the Office of the Secretary of Defense, the Joint Staff, and portions of the military departments, defense agencies, and DOD field activities. In DOD Instruction 5100.73, DOD defines those headquarters whose primary mission is to manage or command the programs and operations of DOD and its components, and their major military units, organizations, or agencies as major DOD headquarters activities.[1] Since the mid-1980s, Congress has enacted statutory limits on the number of major DOD headquarters activity personnel, to include the Office of the Secretary of Defense; the headquarters of the combatant commands; the Office of the Secretary of the Army and the Army Staff; the Office of the Secretary of the Air Force and the Air Staff; the Office of the Secretary of the Navy, the Office of the Chief of Naval Operations, and the Headquarters, Marine Corps; and the headquarters of the defense agencies and DOD field activities.[2] In addition, Congress has enacted various reporting requirements related to major DOD headquarters activity personnel.

In 2010, the Secretary of Defense directed DOD to undertake a departmentwide initiative to assess how the department is staffed, organized, and operated, with the goal of reducing excess overhead costs and reinvesting these savings toward sustainment of DOD's current force structure and modernizing its weapons portfolio. This effort identified efficiency initiatives totaling about $178 billion in projected savings across the military departments and other DOD components from fiscal year 2012 through fiscal year 2016, about $24.1 billion of which is estimated to be achieved in fiscal year 2012. DOD's efficiency initiatives included a broad range of efforts, such as holding the civilian workforce at fiscal year

[1]Department of Defense Instruction 5100.73, *Major DOD Headquarters Activities* (Dec. 1, 2007).

[2]Applicable limits to major DOD headquarters personnel are included in sections 143, 194, 3014, 5014, and 8014 of Title 10 of the U.S. Code. In some circumstances, statutory waivers, exceptions, exemptions and authorities to adjust those limits may apply. For example, acquisition personnel hired under an expedited hiring authority are exempt from the baseline personnel limitations, established under the previously mentioned sections of Title 10.

2010 levels; reducing the numbers of senior leaders, both officer and civilian; and reducing reliance on service support contractors. Some headquarters were planned to be closed and their missions and functions absorbed into other organizations, while others were reorganized. More recently, in January 2012, the administration released strategic guidance to guide defense priorities and spending over the coming decade. It lays out several principles to guide the development of DOD's force structure, such as reducing DOD's cost of doing business by finding further efficiencies in headquarters and other overhead.

What GAO Found

Based on ongoing work for a report that GAO plans to issue in 2012, GAO found that DOD has taken some steps to examine its headquarters resources for efficiencies, but additional opportunities for cost savings may exist. For purposes of the Secretary of Defense's efficiency initiative, DOD components, including the military departments, were asked to focus, in particular, on headquarters and administrative functions, support activities, and other overhead in their portfolios. DOD's fiscal year 2012 budget request included several initiatives related to headquarters organizations or personnel. Two organizations, the Joint Forces Command and Business Transformation Agency, were disestablished and some of their functions were absorbed into other organizations. DOD estimated that closing these two organizations would save approximately $2.2 billion through fiscal year 2016.

Other headquarters-related efficiency initiatives that GAO reviewed generally fell into two categories: (1) consolidating or eliminating organizations based on geographic proximity or span of control, and (2) centralizing overlapping functions and services.[3] For example, the Navy merged the staff of the U.S. Fleet Forces Command and the U.S. 2nd Fleet. The missions of the two organizations were found to have converged over time, and the Navy decided that an integrated staff could better adapt to changing missions than two separate staffs and doing so would have the added benefit of eliminating redundant personnel. The result was the elimination of 344 military personnel for an expected cumulative savings of $100.8 million by fiscal year 2016. In another example, the Air Force is centralizing installation support functions, such as civil engineering, environmental quality and planning programs, real property programs, and family support services, among others, at field operating agencies or Air Force headquarters, eliminating 354 positions for an expected cumulative savings of $148.1 million by fiscal year 2016.

The DOD efficiencies that GAO reviewed to reduce headquarters resources are expected by DOD to save about $2.9 billion through fiscal year 2016, less than 2 percent of the $178 billion in savings DOD

[3]Span of control refers to the number of subordinates or activities under the control of a single commander.

projected departmentwide. In January 2012, DOD announced it had found about $60 billion in additional efficiencies and overhead savings over fiscal years 2013 to 2017, but did not indicate what portion of these savings were specific to headquarters. GAO's work indicates that DOD may be able to find additional efficiencies by further examining opportunities to consolidate organizations or centralize functions at headquarters. DOD may not have identified all areas where reductions in headquarters personnel and operating costs could be achieved because, according to DOD officials, the department was working quickly to identify savings in the fiscal year 2012 budget. To accomplish this quickly, DOD used a top-down approach that identified several targets of opportunity to reduce costs, to include headquarters organizations, but left limited time for a detailed data-driven analysis.

One key factor inhibiting DOD from conducting systematic analyses of headquarters is the lack of complete and reliable data about the resources being devoted to such headquarters. According to GAO internal control standards, an agency must have relevant, reliable, and timely information in order to run and control its operations. Moreover, accurate, timely, and useful financial information is essential for sound management analysis, decision making, and reporting within DOD. The department has had long-standing challenges in identifying and tracking personnel and other resources devoted to headquarters; in the late 1990s, GAO reported that the number of personnel and costs associated with major DOD headquarters activities were significantly higher than DOD reported to Congress due to inconsistencies in how DOD tracked headquarters data.

GAO's ongoing work has found that these problems are unresolved and the data on major DOD headquarters activities are still incomplete and unreliable for decision making. As the department did not have reliable major DOD headquarters activity data, DOD gathered information from multiple sources to compile headquarters-related information for the Secretary of Defense's 2010 efficiency initiative. According to DOD officials, the ever-changing statutory reporting requirements have contributed to DOD's failure to report to Congress about the numbers of headquarters personnel. DOD is required to report major DOD headquarters activities annually in the Defense Manpower Requirements Report, which is to be submitted to Congress no later than 45 days after the President's budget.[4] Specifically, DOD is to report the number of military and civilian personnel assigned to major DOD headquarters activities in the preceding fiscal year and estimates of such numbers for the current and subsequent fiscal year. It must also include a summary of the replacement of contract workyears providing support to major DOD headquarters activities with military or civilian personnel during the

[4]National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, §1109 (2009), codified at 10 U.S.C. §115a. The Defense Manpower Requirements Report is an annual report to Congress that displays DOD's manpower requirements, to include military and civilians, as reflected in the President's budget request for the current fiscal year.

preceding fiscal year, including an estimate of the number of contract workyears associated with the replacement of contracts performing inherently governmental or exempt functions. DOD must also report on the plan for continued review of contract personnel supporting major DOD headquarters activities for possible conversion to military or civilian positions in accordance with other legal requirements. Additionally, DOD must report the amount of any adjustment in personnel limits made by the Secretary of Defense or the secretary of a military department, and for each adjustment made pursuant to section 1111(b)(2) of the fiscal year 2009 National Defense Authorization Act, the purpose of the adjustment.[5] DOD officials are aware of the reporting requirements and expect to report some of the major DOD headquarters activity data to Congress in the fiscal year 2012 Defense Manpower Requirements Report; however, it is unclear what information will be included in the report.

Furthermore, DOD Instruction 5100.73, which guides the compilation of data on major DOD headquarters activities, is outdated and does not identify all organizations that should be included, such as the component command headquarters of the Departments of Navy and Air Force at U.S. Africa Command and certain Marine Corps components; this potentially omits hundreds of personnel and associated operating costs from being counted as part of headquarters. Second, the Instruction does not explicitly address how and to what extent the thousands of contractors that work at headquarters around DOD should be included as part of its major headquarters activity data. DOD has increasingly relied on contractors to provide a range of services at headquarters, such as management and administrative support, information technology, and base operations support. Some of the services and functions performed by contractors could be considered as major DOD headquarters activities.

GAO's work over the past decade on DOD's contracting activities has noted the need for DOD to obtain better data on its contracted services and personnel to enable it to make more informed management decisions, ensure departmentwide goals and objectives are achieved, and to have the resources to achieve desired outcomes, which could include reducing overhead. GAO reported in January 2011 that further action was needed by DOD to better implement its requirements for conducting an inventory of its service contractor activities and made two recommendations, to include that DOD develop a plan of action to collect manpower data from contractors. In response to GAO's report, DOD has outlined its approach for collecting these data, but does not anticipate complete reporting until 2016.

[5] Section 1111 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Pub. L. No. 110-417 (2008), allows for the adjustment of statutory personnel limits to fill a gap in DOD's civilian workforce, identified by the Secretary of Defense in a strategic human capital plan submitted to Congress, or to accommodate increases in workload or modify the type of personnel required to accomplish work for purposes specified in section 1111(c) of the Act.

In light of changes in DOD's strategic priorities, complete and reliable headquarters information will be even more important to support a systematic examination of DOD's future structure. Without such information, efforts to re-examine its headquarters resources on a more comprehensive basis to identify additional efficiencies will be hampered, and DOD may miss opportunities to further shift resources from overhead to forces.

Actions Needed and Potential Financial or Other Benefits

In the report that GAO anticipates issuing in March 2012, GAO expects to recommend several actions to facilitate reliable reporting on headquarters staffing and improve information available for decision making. Specifically, DOD should

- revise its Instruction on tracking of headquarters resources to include all major DOD headquarters activity organizations;
- specify how contractors performing headquarters functions will be identified and included in headquarters reporting;
- clarify how components are to compile the major DOD headquarters activities information needed to respond to the reporting requirements in section 1109 of the fiscal year 2010 National Defense Authorization Act; and
- establish time frames for implementing the actions above to improve tracking and reporting headquarters resources.

In addition, to further DOD's ability to find efficiencies in headquarters and other overhead, GAO expects to recommend in the March 2012 report that DOD should

- continue to examine opportunities to consolidate or eliminate defense headquarters organizations that are geographically close or have similar missions, as well as seek further opportunities to centralize administrative and command support services, functions, or programs.

GAO is unable to quantify the potential for further financial benefits because reliable headquarters data are unavailable. Although GAO cannot quantify the potential for additional financial benefits, further efforts by DOD to examine its headquarters resources and improve its headquarters data could present opportunities for additional cost savings.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to DOD for review and comment. DOD provided technical comments, which were incorporated as appropriate. DOD officials generally agreed with the actions needed identified by GAO. Specifically, DOD officials told GAO that the department focused on broader reductions for purposes of the Secretary of Defense's 2010 efficiency initiative, not merely those activities identified as major DOD headquarters activities. GAO recognizes that major DOD headquarters activities are a subset of what DOD considered for its efficiency initiatives. However, given the Secretary's focus on finding efficiencies in headquarters, both as part of his overall efficiency initiative, as well as DOD's recent 2012 strategic guidance, GAO believes complete and reliable headquarters-specific data is even more important in guiding an examination of DOD resources. Without this data on headquarters personnel and operating costs, DOD will not have the information it needs, which could impact its efforts to direct resources toward its main priorities.

How GAO Conducted Its Work

The information in this draft is based on findings from the reports listed in the related GAO products section as well as additional work GAO conducted to be published as a separate product in 2012. GAO selected and assessed DOD efficiency initiatives related to headquarters based on GAO's analysis of information included in DOD's fiscal year 2012 budget request and the Secretary of Defense's *Track Four Efficiency Initiatives Decisions memo*. GAO then obtained and analyzed documentary and testimonial evidence on these selected headquarters-related efficiency initiatives, including the analysis conducted to identify headquarters-related resources and the approach taken to develop selected headquarters-related efficiency initiatives. GAO also obtained and analyzed documentary and testimonial evidence from DOD components detailing the policies and procedures, as well as roles and responsibilities, for tracking and reporting headquarters personnel and operating costs, such as DOD Instruction 5100.73 *Major DOD Headquarters Activities*.[6]

Related GAO Products

Defense Acquisitions: Further Action Needed to Better Implement Requirements for Conducting Inventory of Service Contract Activities. GAO-11-192. Washington, D.C.: January 14, 2011.

Defense Headquarters: Status of Efforts to Reduce Headquarters Personnel. GAO/NSIAD-00-224. Washington, D.C.: September 6, 2000.

Defense Headquarters: Status of Efforts to Reduce Headquarters Personnel. GAO/NSIAD-99-45. Washington, D.C.: February 17, 1999.

Defense Headquarters: Total Personnel and Costs Are Significantly Higher Than Reported to Congress. GAO/NSIAD-98-25. Washington, D.C.: October 30, 1997.

Contact Information

For additional information about this area, contact John Pendleton at (404) 679-1816 or pendletonj@gao.gov.

[6]Department of Defense Instruction 5100.73, *Major DOD Headquarters Activities* (Dec. 1, 2007).

35. Defense Real Property

Ensuring the receipt of fair market value for leasing underused real property and monitoring administrative costs could help the military services' enhanced use lease programs realize intended financial benefits.

Why This Area Is Important

With a real estate portfolio of over 539,000 facilities and 28 million acres of land, the Department of Defense (DOD) has been challenged to effectively manage deteriorating facilities and underused and excess property. To address these challenges, DOD has pursued a multipart strategy involving the base realignment and closure process, housing privatization, and demolition of facilities that are no longer needed. In addition, DOD has pursued a strategy it calls enhanced use leasing, which involves leasing underused real property to gain additional resources for the maintenance and repair of existing facilities or the construction of new facilities.[1] According to the military services, enhanced use leases (EUL) offer significant opportunities to reduce DOD's infrastructure costs and could provide hundreds of millions of dollars to improve installation facilities, rather than financing these improvements through annual appropriations.

The secretaries of the military departments have authority[2] to lease nonexcess military real property under the control of the respective departments in exchange for cash or in-kind consideration that is not less than the fair market value[3] of the lease interest, subject to certain conditions. Some EULs involve complex agreements and long terms. For example, an EUL might provide for a 50-year lease of military land to a private developer that would be expected to construct office or other commercial buildings on the land and then rent the facilities to private sector tenants for profit. As consideration, the military might receive cash or in-kind services valued at an amount equal to a share of the net rental revenues from the developed property. As of the end of fiscal year 2010, the military services reported that 17 EULs were in place—the Army reported 7, the Navy reported 5, and the Air Force reported 5. The services also reported that 37 additional EULs were in various phases of review or negotiation for possible future implementation. However, as GAO previously reported in June 2011, the services did not always realize expected financial benefits from the EUL program.

[1]Section 2667 of Title 10 of the United States Code provides authority to secretaries of the military departments to lease nonexcess real property under the control of the respective departments, subject to certain conditions.

[2]10 U.S.C. § 2667.

[3]In the enhanced use leasing context, the fair market value of the lease is determined by the appropriate departmental secretary.

What GAO Found

GAO's detailed case studies of nine EULs found that the services' management of the EUL program contains internal control weaknesses related to policies and procedures and performance monitoring. Specifically, it is not clear how and to what extent the services have ensured the receipt of the fair market value of the lease interest, as required by the authorizing statute. In addition, GAO found that the services have not regularly monitored or performed periodic analyses of EUL program administration costs. Therefore, it is unclear whether such costs are in line with the potential program benefits.

While the statute leaves the determination of fair market value to the discretion of the secretary of each military service, and thus a particular methodology for determining fair market value is not required, GAO found cases where receipt of fair market value was questionable, largely because service guidance for determining and ensuring the receipt of fair market value for proposed EULs was not clear. In implementing an internal controls framework, as outlined in GAO's *Standards for Internal Control in the Federal Government,*[4] management is responsible for developing detailed policies, procedures, and practices to fit their agency's operations and to ensure that those controls are built into and are an integral part of operations. However, GAO found, in the absence of clear guidance, at least one instance where the Air Force agreed to an amount of lease consideration below one estimate of the value of the leased property. For example, in an Eglin Air Force Base EUL, referred to as the Okaloosa County Regional Airport Enhanced Use Lease, the Air Force hired a company to estimate the fair market value of the property. Although the company estimated a value of $1,274,000 annually, after negotiations with the lessee, the Air Force agreed to accept $318,000 annually as consideration. Thus, the negotiated amount was $956,000, or 75 percent, less per year than the appraised value of the property. Because the services lack clear and consistent guidance on how the fair market value of lease interest should be determined and how the receipt of the fair market value can be best ensured, it is not clear how the officials involved in this and other cases determined whether the services received the fair market value of the leased property.

In addition, GAO found that the services have not regularly monitored or performed periodic analyses of EUL program administration costs to help ensure that such costs are in line with program benefits. According to internal control standards, activities need to be established to monitor performance measures and indicators, such as analyses of data relationships, so that appropriate actions can be taken, if needed. Without regular monitoring and analysis, the services have less assurance that their EUL program administration costs are in line with program benefits. While the services have no criteria for how much they should be spending

[4]GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

on EUL program administration costs relative to program benefits, GAO's analysis showed that EUL program administration costs ranged from 31 percent to 135 percent of the total EUL consideration received during fiscal years 2006 through 2010. Specifically, GAO's analysis of information provided by the services concluded that EUL program administration costs, including personnel and consultant costs, equaled about 31 percent of the total EUL consideration received by the Army and the Navy and about 135 percent of the total EUL consideration received by the Air Force. The Air Force spent about $10.4 million more to administer its EUL program than the amount of consideration received from its five EULs during fiscal years 2006 through 2010.

Actions Needed and Potential Financial or Other Benefits

To help effectively implement the EUL program in order to maximize the potential economic benefits, GAO recommended in June 2011 that the departmental secretaries should

- review and clarify guidance describing how the fair market value of the lease interest should be determined and how the receipt of fair market value can be best ensured; and
- develop procedures to regularly monitor and analyze EUL program administration costs to help ensure that the costs are in line with program benefits.

Agency Comments and GAO's Evaluation

GAO provided a draft of its June 2011 report to DOD for review and comment. DOD agreed with GAO's previous recommendations and stated that the military services were taking appropriate measures to implement the recommendations. According to a DOD official, as of January 19, 2012, DOD did not have the formal status of actions taken to respond to the recommendations in GAO's report, but verified that they have begun the process of making those changes. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the reports listed in the related products section. GAO reviewed statutory requirements; examined military service policies, instructions, and other guidance; and interviewed officials from the Office of the Secretary of Defense, the Army, the Navy, and the Air Force to discuss implementation of the EUL program. While GAO reviewed information on all 17 EULs in place at the end of fiscal year 2010, GAO selected 9 of the 17 EULs for detailed case study review. The EULs were selected non-randomly to include three from each service and a range of lease purposes, estimated financial benefits, and geographic locations. For the nine case studies, GAO reviewed how the services provided for the receipt of the fair market value of the leased property and how the services monitored program administration costs in relation to program benefits.

Related GAO Products

Defense Infrastructure: The Enhanced Use Lease Program Requires Management Attention. GAO-11-574. Washington, D.C.: June 30, 2011.

Federal Real Property: Authorities and Actions Regarding Enhanced Use Leases and Sale of Unneeded Real Property. GAO-09-283R. Washington, D.C.: February 17, 2009.

Contact Information

For additional information about this area, contact Brian J. Lepore, at (202) 512-4523 or leporeb@gao.gov.

36. Military Health Care Costs

To help achieve significant projected cost savings and other performance goals, DOD needs to complete, implement, and monitor detailed plans for each of its approved health care initiatives.

Why This Area Is Important

As GAO reported in February 2005, the Department of Defense's (DOD) health care system is an example of a key challenge facing the U.S. government in the 21st century, as well as an area in which DOD could achieve economies of scale and improve delivery of services.[1] Currently, health care costs constitute nearly 10 percent of DOD's baseline budget request. For its fiscal year 2012 budget, according to DOD documentation, DOD received $52.7 billion[2] to provide health care to approximately 9.6 million active duty servicemembers, reservists, retirees, and their dependents. According to a 2011 Congressional Budget Office report, military health spending could reach $59 billion by 2016, and is projected to grow to $92 billion by 2030.[3] In 2009, the Defense Business Board,[4] a group of private sector experts who advise DOD on its overall management and governance, expressed concern at the rise in military health care costs and noted such spending could eventually begin to divert funding away from other priorities such as critical national security initiatives, compensation and personnel costs, and the acquisition of equipment.

Congressional leaders also share concerns over rising military health costs. For example, the House Committee on Armed Services' Print accompanying the Ike Skelton National Defense Authorization Act for Fiscal Year 2011[5] noted that DOD had not yet developed a comprehensive plan to enhance quality, efficiencies, and savings in the Military Health System.[6] Furthermore, DOD officials also agree that the

[1]GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO-05-325SP (Washington, D.C.: February 2005).

[2]DOD's fiscal year 2012 budget of $52.7 billion for its Unified Medical Budget includes $32.5 billion for the Defense Health Program, $8.3 billion for military personnel, $1.1 billion for military construction, and $10.8 billion for the Medicare Eligible Retiree Health Care Fund. The total excludes overseas contingency operations funds and other transfers.

[3]Congressional Budget Office, *Long-Term Implications of the 2012 Future Years Defense Program,* Pub. No. 4281, June 2011.

[4]Defense Business Board, *Focusing a Transition*, January 2009.

[5]The Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Pub. L. No. 111-383 (2010)) was not accompanied by a conference report. In lieu of a formal conference report and joint explanatory statement, House Armed Services Committee Print No. 5 (Dec. 2010) was provided to show congressional intent and maintain legislative history.

[6]The Military Health System refers to DOD's health operations as a whole, and consists of the Office of the Assistant Secretary of Defense for Health Affairs; the medical *departments of the Army, the Navy, the Air Force and Joint Chiefs of Staff; the Combatant Command surgeons; and the TRICARE network of health care providers.*

rate at which health care costs are rising must be addressed, as noted in the *2010 Quadrennial Defense Review*,[7] which stated that DOD intends to continue to develop health care initiatives that will improve the quality and standard of care, while reducing growth in overall costs.

Under the current structure of DOD's Military Health System, the responsibilities and authorities for its management are distributed among several organizations—including the Assistant Secretary of Defense for Health Affairs and the military services. Health Affairs[8] is responsible for creating and submitting a unified medical budget and allocating funds to the military services for their respective medical systems; however, Health Affairs lacks direct command and control of the services' military treatment facilities. Additionally, the three departments each have Surgeons General to oversee their deployable medical forces and operate their own health care systems, including training for medical personnel. In GAO's first report issued in response to its mandate to report on duplication, overlap, and fragmentation within the federal government,[9] GAO stated that realigning DOD's military medical command structures and common functions could increase efficiency and result in projected savings ranging from $281 million to $460 million annually.[10] GAO is currently conducting additional work to look beyond these potential governance transformation efforts and to examine other initiatives DOD is undertaking that could help contain its rising health care costs. These other initiatives—with the exception of one which is related to governance—are focused on reducing per capita costs,[11] improving its servicemembers' medical readiness, and improving its beneficiaries' overall health and experience of care.

What GAO Found

GAO's ongoing work has found that DOD has begun a number of health care initiatives intended to slow the rise in its health care costs, but it has not fully applied results-oriented management practices to its efforts, which limits its effectiveness in implementing these initiatives and achieving related cost savings and other performance goals. The Senior Military Medical Advisory Committee—a committee that functions as an

[7] *DOD, Quadrennial Defense Review Report*, (Washington, D.C.: Feb. 1, 2010).

[8] For purposes of this report, the Office of the Assistant Secretary of Defense for Health Affairs will be called Health Affairs.

[9] GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue,* GAO-11-318SP (Washington, D.C.: March 1, 2011).

[10] This estimate is based on a May 2006 report by the Center for Naval Analyses and were adjusted by GAO from 2005 to 2010 dollars.

[11] DOD monitors the annual increase in costs for enrollees in its TRICARE Prime benefit and measures it against a civilian benchmark.

executive-level discussion and advisory group,[12] has approved 11 strategic initiatives that it believes will help reduce rising health care costs. DOD's strategic initiatives consist primarily of changes to clinical and business practices in areas ranging from primary care to psychological health to purchased care reimbursement practices. DOD was experiencing a 5.5 percent annual increase in per capita costs for its enrolled population, according to data available as of December 2011, but DOD had set its target ceiling for per capita health care cost increases for fiscal year 2011 at a lower rate of 3.1 percent. According to DOD calculations using 2011 enrollee and cost data, if DOD had met its target ceiling of a 3.1 percent increase as opposed to a 5.5 percent increase, the 2.4 percent reduction would have resulted in approximately $300 million in savings.

Partly in response to GAO's ongoing work assessing DOD's management of its initiatives, the department has taken some initial steps toward managing their implementation. GAO found that, in addition to developing a number of high-level, non-monetary metrics and corresponding goals for each strategic initiative, DOD has developed a dashboard management tool that will include elements such as an explanation of the initiative's purpose, measures, and funding requirements for implementation. In December 2011, the Senior Military Medical Advisory Committee approved 6 dashboards that were significantly, but not entirely completed. A Health Affairs official stated that only one initiative out of 11 currently has a cost savings estimate associated with it. Cost savings estimates are critical to successful management of the initiatives so that DOD can achieve its goal of reducing growth in medical costs as stated in the *2010 Quadrennial Defense Review*. In addition, DOD has developed a template, or a more detailed implementation plan, that is to be completed for each dashboard and is intended to include general timelines and milestones, key risks, and cost savings estimates. DOD currently has one completed implementation plan, which also contains the one available cost savings estimate among all the initiatives. See the table below for a list of the 11 initiatives and their current status as of January 13, 2012.

[12]This group is chaired by the Assistant Secretary of Defense for Health Affairs and includes the Surgeons General from the Army, the Navy, and the Air Force; the Joint Staff Surgeon; and four Deputy Assistant Secretaries of Defense.

Progress made in Developing a Dashboard and Detailed Implementation Plans for Each of DOD's Strategic Initiatives as of January 13, 2012

Description of DOD's strategic initiatives	Dashboard approved?	Implementation plan approved?	Estimated net savings[a]
Implement the Patient Centered Medical Home model of care to increase satisfaction, improve care and reduce costs[b]	✓	✓	$39.3 million
Integrate psychological health programs to improve outcomes and enhance value	✓		
Implement incentives to encourage adherence to medical standards based on evidence to increase patient satisfaction, improve care and reduce per capita health care costs	✓		
Implement alternative payment mechanisms to reward value in health care services	✓		
Revise DOD's future purchased care contracts to offer more and varied options for care delivery from private sector heath care providers	✓		
Improve the measurement and management of DOD's population health by moving away from focusing on illness and disease to an emphasis on prevention, intervention, and wellness by health care providers	✓		
Optimize pharmacy practices to improve quality and reduce cost			
Implement policies, procedures, and partnerships to meet individual servicemembers' medical readiness goals			
Implement DOD and Veterans Affairs joint strategic plan for mental health to improve coordination			
Implement modernized electronic health record to improve outcomes and enhance interoperability			
Improved governance to achieve better performance in multiservice medical markets			

Source: GAO analysis of DOD information.

[a]The net savings is DOD's estimate and it covers fiscal years 2012 through 2016. GAO did not independently assess the reliability of this cost savings estimate.

[b]DOD estimates that its investment in Patient Centered Medical Home will be $571.4 million in total from fiscal years 2010 through 2016.

As shown above, DOD has not fully completed the dashboards, implementation plans, and cost savings estimates for its 11 initiatives as of January 13, 2012. GAO has found that comprehensive, results-oriented plans are key to effectively implementing agency strategies.[13] As DOD completes its dashboards, implementation plans, and cost savings estimates, it could benefit from the application of a comprehensive, results-oriented management framework, including a robust description of the initiatives' mission statement; problem definition, scope, and methodology; goals, activities and performance measures; resources and investments; organizational roles, responsibilities, and coordination; and key external factors that could affect goals. Without completing its plans

[13]GAO, *Combating Terrorism: Evaluation of Selected Characteristics in National Strategies Related to Terrorism*, GAO-04-408T (Washington, D.C.: Feb. 3, 2004).

and incorporating these principles into them, DOD will be limited in its ability to implement these initiatives and achieve cost savings.

In addition, DOD has not completed the implementation of an overall monitoring process across its portfolio of initiatives for overseeing the initiatives' progress and has not completed the process of identifying accountable officials and their roles and responsibilities for all of its initiatives. Further, GAO's work on results-oriented management practices has found that a process for monitoring progress and defining roles and responsibilities is key to successful implementation.[14] As Military Health System leaders develop and implement their plans to control rising health care costs, they will also need to work across multiple authorities and areas of responsibility. As the 2007 *Task Force on the Future of Military Health Care* noted, the current Military Health System does not function as a fully integrated health care system.[15] For example, while the Assistant Secretary of Defense for Health Affairs controls the Defense Health Program budget, the services directly supervise their medical personnel and manage their military treatment facilities.

As GAO reported in October 2005, agreement upon roles and responsibilities is a key step to successful collaboration when working across organizational boundaries, such as the military services.[16] Committed leadership by those involved in the collaborative effort, from all levels of the organization, is also needed to overcome the many barriers to working across organizational boundaries. For example, Health Affairs manages the medical budget by allocating money to the services, but it lacks direct command and control of the military treatment facilities. DOD's one approved implementation plan provides further information on how DOD has applied a monitoring structure and has defined accountable officials and assigned roles and responsibilities in the case of this one initiative. However, DOD has not completed this process for the remainder of its initiatives. Without sustained top civilian and military leadership that is consistently involved throughout the implementation of its various initiatives and until DOD fully implements for all of its initiatives a mechanism to monitor progress and identify accountable officials including their roles and responsibilities, DOD may be hindered in its ability to achieve a more cost-efficient military health system and at the same time address its medical readiness goals, improve its overall population health, as well as increase its patients' experience of care.

---

[14]GAO-04-408T.

[15]Defense Health Board, *Task Force on the Future of Military Health Care*, December 2007.

[16]GAO, *Results-Oriented Government: Practices That Can Enhance and Sustain Collaboration Among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct. 21, 2005).

Actions Needed and Potential Financial or Other Benefits

Based on ongoing work, GAO expects to recommend that, in order to enhance its efforts to manage rising health care costs and demonstrate sustained leadership commitment for achieving the performance goals of the Military Health System's strategic initiatives, DOD should

- complete and fully implement the dashboards and detailed implementation plans for each of the approved health care initiatives in a manner consistent with results-oriented management practices, such as the inclusion of upfront investment costs and cost savings estimates; and
- complete the implementation of an overall monitoring process across its portfolio of initiatives for overseeing the initiatives' progress and identifying accountable officials and their roles and responsibilities for all of its initiatives.

DOD may realize projected cost savings and other performance goals by taking the actions GAO describes to help ensure the successful implementation of its cost savings initiatives. Given that DOD identified these initiatives as steps to slow the rapidly growing costs of its medical program, if implemented these initiatives could potentially save DOD millions of dollars. For example, according to a DOD calculation, if it had met its cost growth target for fiscal year 2011, it could have saved approximately $300 million.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to DOD for review and comment. DOD provided technical comments, which were incorporated as appropriate. DOD agreed with GAO's finding on the need to complete, implement and monitor plans for each of its approved health care initiatives. Further, DOD officials agreed with GAO's expected recommendation to complete and fully implement, for each of their initiatives, detailed implementation plans in a manner consistent with results-oriented management practices, such as the inclusion of upfront investment costs and cost savings estimates. They stated that quantifying the financial benefits of programs that change the way care is delivered is an extremely complex task but that they are committed to trying to do so. Additionally, these officials agreed with GAO's second expected recommendation to complete and fully implement, for each of their initiatives, an overall monitoring process across DOD's portfolio of initiatives, and to identify accountable officials and their roles and responsibilities. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section as well as additional work GAO conducted to be published as a separate product in 2012. GAO interviewed DOD officials in the Health Budgets and Financial Policy Office and in the Office of Strategy Management, within the Office of the Assistant Secretary of Defense for Health Affairs, as well as officials in the TRICARE Management Activity concerning their 11 health care initiatives and obtained and reviewed documentation concerning their efforts. GAO compared DOD's efforts to its prior work on results-oriented key management practices. GAO obtained available documentation and interviewed DOD officials to determine DOD's approach for monitoring the initiatives' progress, identifying accountable officials, and defining their roles and responsibilities. GAO did not assess the reliability of any financial data since GAO was using the data for illustrative purposes to provide context on DOD's efforts and to make broad estimates about potential cost savings from these efforts, and GAO determined that this data did not materially affect the nature of its findings.

Related GAO Products

Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue. GAO-11-318SP. Washington, D.C.: March 1, 2011.

Defense Health Care: DOD Needs to Address the Expected Benefits, Costs, and Risks for Its Newly Approved Medical Command Structure. GAO-08-122. Washington, D.C.: October 12, 2007.

Contact Information

For additional information about this area, contact Brenda S. Farrell at 202-512-3604 or farrellb@gao.gov .

37. Overseas Defense Posture

The Department of Defense could reduce costs of its Pacific region presence by developing comprehensive cost information and re-examining alternatives to planned initiatives.

Why This Area Is Important

According to the 2010 *Quadrennial Defense Review*, approximately 400,000 U.S. military personnel are forward-stationed or rotationally deployed, or postured, around the world on any given day—including those involved in operations in Afghanistan and Iraq. In addition to the costs of supporting ongoing combat operations, the Department of Defense (DOD) spends billions of dollars annually on its network of installations around the world that supports its overseas defense posture. In last year's report on opportunities to reduce potential duplication in government programs, GAO reported that DOD should assess the costs and benefits of its overseas installations before committing to costly realignments and construction plans. For this year's analysis, GAO is focusing on DOD's presence in the Pacific region.

As GAO reported in May 2011, from 2006 through 2010, DOD obligated $24.6 billion to build, operate, and maintain installations in support of its defense posture in the Pacific. Additionally, the report stated that DOD is currently conducting the largest transformation of its defense posture in the Pacific since the end of World War II, including initiatives that will cost billions of dollars in resource investments and take many years—perhaps decades—to complete. Although DOD's new defense strategy identifies U.S. presence in the Pacific as important, questions have arisen about the magnitude and costs of overseas basing projects and whether DOD's planned investments support a coherent and affordable strategy.

What GAO Found

Although DOD has taken steps to improve its planning for overseas defense posture, it has not fully identified costs or provided an analysis of alternatives for basing U.S. forces in the Pacific. Having U.S. troops permanently stationed overseas provides benefits—such as deterring aggression against U.S. allies—but it incurs significant costs. In previous GAO reports on overseas defense posture, GAO emphasized the need for DOD to assess the costs and benefits of options for the U.S. overseas military presence before committing to costly personnel realignments and construction plans. However, in the case of DOD's overseas presence in the Pacific, GAO found that comprehensive cost information is not systematically used to inform DOD's planning for its overseas defense posture. As a consequence, DOD and Congress lack reasonable assurance that overseas presence in the Pacific is being planned and implemented in a cost-effective and financially sustainable way. Reliable and complete cost estimates are critical to allow analyses of alternatives and oversight by decision makers.

As GAO reported in May 2011, several evolving defense posture initiatives in the Pacific have the potential to cost the department billions of dollars. Through informed decision making based on comprehensive information and analysis of alternatives for some of its planned defense posture initiatives in that region, DOD may be able to reduce some of these costs. For example:

- *South Korea tour normalization initiative*. DOD is transforming its defense posture in South Korea through a series of interrelated initiatives that DOD estimates will total $17.6 billion through fiscal year 2020. The largest of these initiatives, tour normalization, would increase the tour lengths of personnel stationed in South Korea and move thousands of military dependents to South Korea. According to DOD officials, the decision to move forward with tour normalization was made to achieve certain strategic objectives, such as providing military commanders greater flexibility in how U.S. military forces assigned to South Korea are used and to improve the quality of life for military service members and their families. This initiative alone could cost DOD $5 billion by fiscal year 2020 and $22 billion or more through 2050; however, prior to making the decision to move forward with the tour normalization initiative, DOD did not complete a business case analysis that would have considered alternative courses of action for achieving its strategic objectives, and the costs and benefits associated with any alternatives. Potential alternatives might be to maintain current primarily 1-year unaccompanied tour lengths, partially implement tour normalization at select locations, or other possibilities that would help achieve United States Forces Korea's strategic objectives. DOD is embarking on an initiative that involves moving thousands of U.S. civilians to locations in South Korea, mainly Camp Humphreys, and constructing schools, medical facilities, and other infrastructure to support them—without fully understanding the costs involved or considering potential alternatives that might more efficiently achieve U.S. strategic objectives.

- *Japan and Guam realignment initiatives*. DOD has embarked on a major realignment of its defense posture in mainland Japan, Okinawa and Guam but has not developed comprehensive cost estimates for this work. Approximately $29.1 billion in costs—primarily in construction costs—is anticipated to be shared by the United States and Japan to implement these realignment initiatives. DOD officials stated that total cost estimates for these initiatives—including operation and maintenance costs to DOD—were not available because of the significant uncertainty surrounding initiative-implementation schedules. In February 2012, the United States and Japan released a joint statement indicating that the two governments have started official discussions to revise current posture plans, specifically the plans to relocate the Marines to Guam. In July 2010, the Senate Appropriations Committee directed DOD to provide status updates on defense posture initiatives in Korea, Japan, Guam, and the Northern Mariana Islands, as an appendix to the annual DOD Global Posture Report, to address such items as schedule status, facilities requirements, and total costs—including operation and maintenance costs. These updates should be provided annually, beginning with the submission of the fiscal year 2012 budget request, until the restructuring initiatives are complete or funding requirements to support them are satisfied. The Committee renewed its direction in June 2011. If DOD is fully responsive to the Committee's reporting direction, these updates should provide needed visibility into the cost and funding of the initiatives. According to DOD officials, DOD will submit an appendix as part of its 2012 Global Posture Report that includes updates to posture initiatives in Korea, Japan, and Guam. They anticipate the report will be issued in the spring of 2012.

- *U.S. Pacific Command operation and maintenance costs*. Service officials estimated that operation and maintenance costs for installations in the Pacific region would be about $2.9 billion per year through 2015.[1] However, GAO found that, of the approximately $24.6 billion reported as obligated by the military services to build, operate, and maintain installations in the Pacific from 2006 through 2010, approximately $18.7 billion—or about $3.7 billion per year—was for operation and maintenance costs, an increase of over 27 percent per year over the service officials' estimate through 2015.[2] Further, the planned defense posture initiatives in South Korea, Japan, and Guam may significantly increase operation and maintenance costs over the long term, potentially through 2015 and beyond. For example, DOD has yet to estimate costs associated with furnishing and equipping approximately 321 new buildings and 578 housing units in Okinawa. In the *United States Department of Defense Fiscal Year 2011 Budget Request Overview*, prepared by the Office of the Under Secretary of Defense (Comptroller), DOD outlined the need to reform the way it buys its weapons and other important systems and investments, including strengthening front-end scrutiny of costs and not relying on overly optimistic or underestimated cost estimates. In June 2011, DOD revised posture-related guidance to require full project costs, including any operation and maintenance costs, for all ongoing, current, and 5-year planned posture initiatives to be submitted as part of a combatant commander's theater posture plan. In the October 2011, U.S. Pacific Command's Theater Posture Plan, neither operation and maintenance, nor total costs for posture initiatives had yet been included. GAO will continue to monitor future updates to the plan.

[1] Operation and maintenance funding provides for a large number of expenses. With respect to DOD installations, operation and maintenance funding provides for such aspects as base operation support and sustainment, restoration, and modernization of buildings and infrastructure.

[2] These costs do not include (1) supplementary funding provided to support ongoing operations, (2) costs reimbursed by tenant organization at installations in the U.S. Pacific Command's area of responsibility, and (3) personnel costs for troops stationed at installations in the U.S. Pacific Command's area of responsibility.

Actions Needed and Potential Financial or Other Benefits

To provide DOD and Congress with the comprehensive defense posture cost information needed to fully evaluate investment decisions and the affordability of defense posture initiatives, GAO recommended in May 2011 that the Secretary of Defense

- identify and direct appropriate organizations within DOD to complete a business case analysis, including an evaluation of alternative courses of action, for the strategic objectives that have to this point driven the decision to implement tour normalization in South Korea;

- identify and limit investments and other financial risks associated with construction programs at Camp Humphreys, South Korea, that are affected by decisions related to tour normalization until a business case analysis is reviewed and the most cost-effective approach is approved by the Secretary of Defense; and

- direct the Secretaries of the military departments to develop annual cost estimates for defense posture in the Pacific that provide a comprehensive assessment of defense posture-related costs, including costs associated with operating and maintaining existing defense posture, as well as costs associated with defense posture initiatives, in accordance with guidance developed by the Under Secretary of Defense (Comptroller).

Additionally, in light of the United States and Japan's joint statement announcing discussions to revise U.S. posture plans in the Pacific, it will be critical for DOD to develop comprehensive cost estimates—including estimates of operation and maintenance costs—as it evaluates cost effective alternatives for the future. To facilitate congressional oversight of plans to realign U.S. defense posture in the Pacific, and to provide reasonable assurance that DOD will take all appropriate measures to mitigate financial risks and better define future requirements, the Secretary of Defense should provide Congress

- specifics regarding corrective actions the department plans to take; and

- time frames for completion.

By assessing alternatives, conducting comprehensive cost analyses, and providing comprehensive annual defense posture cost estimates, DOD will be in a better position to fully evaluate investment requirements, and make more informed decisions regarding the affordability of its overseas defense posture. Furthermore, congressional committees will have the appropriate financial context to determine funding needs for specific posture-related initiatives and construction programs. Cost savings or avoidance would depend on the nature of changes made to DOD's plans and how DOD implements its chosen options.

Agency Comments and GAO's Evaluation

GAO provided its May 2011 report to DOD for review and comment. DOD agreed with GAO's recommendations and stated that it would work with its components to implement them. Insufficient time has passed since the issuance of the report for GAO to fully evaluate DOD's implementation. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the reports listed in the related GAO products section. GAO assessed DOD policies and procedures, interviewed relevant DOD and State Department officials, and analyzed cost data from the military services.

Related GAO Products

Defense Management: Comprehensive Cost Information and Analysis of Alternatives Needed to Assess Military Posture in Asia. GAO-11-316. Washington. D.C.: May 25, 2011.

Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue. GAO-11-318SP. Washington, D.C.: March 1, 2011.

Defense Management: Additional Cost Information and Stakeholder Input Needed to Assess Military Posture in Europe. GAO-11-131. Washington D.C.: February 3, 2011.

Defense Planning: DOD Needs to Review the Costs and Benefits of Basing Alternatives for Army Forces in Europe. GAO-10-745R. Washington D.C.: September 13, 2010.

Force Structure: Actions Needed to Improve DOD's Ability to Manage, Assess, and Report on Global Defense Posture Initiatives. GAO-09-706R. Washington D.C.: July 2, 2009.

Defense Management: Actions Needed to Address Stakeholder Concerns, Improve Interagency Collaboration, and Determine Full Costs Associated with the U.S. Africa Command. GAO-09-181. Washington D.C.: February 20, 2009.

Contact Information

For additional information about this area, contact Brian J. Lepore at (202) 512-4523 or leporeb@gao.gov.

38. Navy’s Information Technology Enterprise Network

Better informed decisions are needed to ensure a more cost-effective acquisition approach for the Navy’s Next Generation Enterprise Network.

Why This Area Is Important

In 2007, the Department of the Navy (Navy) established the Next Generation Enterprise Network (NGEN) program to replace and improve the Navy Marine Corps Intranet, which provides about 382,000 workstations to approximately 700,000 users across 2,500 Navy and Marine Corps locations around the world. NGEN is intended to provide secure data and information technology services, such as data storage, e-mail, and video-teleconferencing. It is also intended to provide the foundation for the Navy’s future Naval Networking Environment—a set of integrated, phased programs that share a common enterprise architecture and standards.

As envisioned, NGEN’s capabilities are to be incrementally acquired through multiple providers (contractors). The first increment is to provide capabilities comparable to the Navy Marine Corps Intranet, as well as enhanced information assurance and increased government control over network operations.

To date, according to the President’s fiscal year 2012 budget, the NGEN program has spent about $434 million on work associated with the transition from the Navy Marine Corps Intranet. The first increment is to be fully operational in March 2014 and is to cost approximately $50 billion to develop, operate, and maintain through fiscal year 2025.

What GAO Found

As GAO reported in March 2011, the Navy did not have sufficient basis for knowing that it is pursuing the most cost-effective approach for acquiring NGEN capabilities. According to the Department of Defense guidance,[1] an analysis of alternatives should examine viable solutions with the goal of identifying the most promising option, thereby informing acquisition decision making. While the Navy conducted an analysis of alternatives, it ultimately selected an approach that was not considered in this analysis and that the Navy estimated would cost at least $4.7 billion more than any of the four assessed alternatives. Further, the analysis of alternatives highlighted the potential for greater schedule and performance risks as the number of contractual relationships in the approach increases. Given that the selected approach includes a larger

[1] Defense Acquisition University, *Defense Acquisition Guidebook*, Section 3.3 “Analysis of Alternatives” (accessed Mar. 19, 2010).

number of such relationships than the assessed alternatives, the relative schedule and performance risks for this approach are likely greater, and therefore are likely to result in greater costs. (See the table below for the contractual relationships and Navy's estimated costs of the assessed alternatives and the selected approach.)

NGEN Alternative and Selected Approaches

	Status quo	Alt. 2	Alt. 3 variant	Alt. 3	Selected approach
Contractual relationships	3	3	10	15	21
Estimated cost[a]	$10.3	$10.8	$10.8	$10.7	$15.6

Sources: Navy data (status quo and alternatives 2, 3 variant, and 3); GAO analysis of Navy data (selected approach).

[a]Fiscal years 2011-2015 in billions (adjusted for inflation).

Navy officials did not view the differences in contractual relationships and schedule and performance risks between the approach selected and the assessed alternatives as significant, despite the difference in cost. Nevertheless, by using this acquisition approach, Navy decision makers lack assurance that their selected approach is the most promising and cost-effective course of action.

GAO also determined that the Navy's schedule for NGEN did not adequately satisfy key schedule estimating best practices, which GAO has previously identified, such as establishing the critical path (the sequence of activities that, if delayed, impacts the planned completion date of the project) and assigning resources to all work activities. Because it did not satisfy these practices, the schedule does not provide a reliable basis for program execution. According to program officials, schedule estimating was constrained by staffing limitations. However, these weaknesses have contributed to delays in key NGEN events and milestones, including the completion of multiple major acquisition reviews and program plans.

Additionally, successful execution of system acquisition programs depends in part on effective executive-level governance, to include having organizational executives review these programs at key milestones in their life cycles and make informed performance- and risk-based decisions as to how they should proceed.[2] NGEN acquisition decisions were not always performance- and risk-based. In particular, senior executives approved the program's continuing progress in the face of known performance shortfalls and risks. For example, in November 2009, the program was approved at a key acquisition review despite the lack of defined requirements, which officials recognized as a risk that

[2]GAO, *Information Technology: Federal Agencies Need to Strengthen Investment Board Oversight of Poorly Planned and Performing Projects*, GAO-09-566 (Washington, D.C.: June 30, 2009).

would impact the completion of other key documents, such as the test plan. According to Navy officials, the decisions to proceed were based on their view that they had sufficiently mitigated known risks and issues. However, Navy officials later realized the risk from a lack of defined requirements was a critical issue.

By selecting an approach that carries greater relative schedule and performance risks than other alternatives and that is being executed against an unreliable program schedule, the department increases the risk that its approach will lead to future cost overruns. Furthermore, if the department proceeds along its current course, the issues GAO has identified with the program's schedule, along with the delays already experienced, raise concerns that it will be unable to complete the transition as planned.

Actions Needed and Potential Financial or Other Benefits

To ensure that NGEN capabilities are acquired in the most cost-effective manner, GAO recommended in March 2011 that Secretary of Defense should

- limit further investment in NGEN until the Navy conducts an immediate interim review to reconsider the selected acquisition approach. At a minimum, this review should ensure that the Navy pursues the most advantageous acquisition approach, as evidenced by a meaningful analysis of all viable alternative acquisition approaches; it also should consider existing performance shortfalls and known risks.

Furthermore, to facilitate implementation of the acquisition approach resulting from this review, the Secretary of the Navy should

- ensure that the NGEN schedule substantially reflects the key schedule estimating practices, and that future NGEN acquisition reviews and decisions fully reflect the state of the program's performance and its exposure to risks.

The Navy has subsequently indicated that changes to the acquisition strategy are under way. GAO is undertaking work that will assess the extent to which the Navy has conducted its interim review to reconsider its acquisition approach and evaluate the revised strategy, including the basis for determining that this approach is the most cost-effective. GAO will also determine the extent to which Navy has implemented key schedule estimating practices and has made performance- and risk-based decisions. If fully implemented, GAO's key recommended actions should help the Navy ensure that the most cost-effective approach is pursued.

Agency Comments and GAO's Evaluation

GAO provided a copy of its March 2011 report to the Department of Defense for review and comment. The department agreed with the recommendation to ensure that future NGEN acquisition reviews and decisions fully reflect the state of the program's performance and its exposure to risks. The department did not concur with the recommendation to reconsider its acquisition approach. However, as noted earlier, the Navy is currently in the process of reviewing and making changes to its acquisition strategy. Further, the department partially concurred with the recommendation to ensure that the NGEN schedule substantially reflects the key schedule estimating practices, stating that it would consider incorporating practices found to be beneficial. GAO believes that incorporating all of the best practices for schedule estimating in the NGEN master schedule would help the department manage and measure its progress in executing the work needed to transition from the Navy Marine Corps Intranet to NGEN. As part of its routine audit work, GAO will track agency actions to address these recommendations and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based primarily on findings from the products listed in the related GAO products section. GAO analyzed the NGEN alternatives analysis report and underlying support, the program's master schedule, program performance assessments and risk reports, and executive acquisition decision briefings and meeting minutes, among other things. GAO also interviewed cognizant agency and program officials regarding the analysis of alternatives' development and results, development and management of the program schedule, and NGEN performance and program risks.

Related GAO Products

Information Technology: Better Informed Decision Making Needed on Navy's Next Generation Enterprise Network Acquisition. GAO-11-150. Washington, D.C.: March 11, 2011.

Information Technology: DOD Needs to Ensure That Navy Marine Corps Intranet Program Is Meeting Goals and Satisfying Customers. GAO-07-51. Washington, D.C.: Dec. 8, 2006.

Contact Information

For additional information about this area, contact Valerie C. Melvin at (202) 512-6304 or melvinv@gao.gov.

39. Auto Recovery Office

Unless the Secretary of Labor can demonstrate how the Auto Recovery Office has uniquely assisted auto communities, Congress may wish to consider prohibiting the Department of Labor from spending any of its appropriations on the Auto Recovery Office and instead require that the department direct the funds to other federal programs that provide funding directly to affected communities.

Why This Area Is Important

In 2008 and 2009, the Department of the Treasury (Treasury) committed $62 billion in Troubled Asset Relief Program funding to General Motors (GM) and Chrysler to help the companies restructure. Anticipating the possible effects of the companies' restructuring on communities that relied heavily on these companies and their suppliers for employment and economic investment, in June 2009 the President issued Executive Order 13509 establishing the White House Council on Automotive Communities and Workers (the Council)—composed of over 20 members, including the heads of all domestic cabinet agencies and key White House offices—to coordinate a federal response to issues affecting these communities and others that rely on GM, Chrysler, or other auto companies and suppliers.[1] The staff and the funding for the Council were housed within the Department of Labor's Office of Recovery for Auto Communities and Workers (Auto Recovery Office).

As GAO reported in May 2011, GM and Chrysler restructured their operations from 2008 through 2010 in part by closing or halting production at 22 plants[2] (16 GM and 6 Chrysler), and communities in which these plants were located experienced economic challenges in addition to those they already faced. GAO visited six of these communities and found that unemployment in all of them increased after the plants closed. Staff of the Auto Recovery Office have tried to help communities address these challenges by serving as a listening post and federal liaison to agencies and programs that might assist them, but it is not clear whether the office provided communities with assistance that they otherwise would not have received. Nevertheless, the Department of Labor received funding for its management expenses, which it allocated to the office in fiscal years 2011 and 2012. The office spent approximately $1.2 million in fiscal year 2011. The Auto Recovery Office does not receive a direct line item appropriation, but rather negotiates an annual spending plan with the Secretary of Labor based on projected needs and historical data, and officials told GAO that they expect the same will occur for the fiscal year 2013 budget.

[1]Executive Order No. 13509, 74 Fed. Reg. 30903 (June 23, 2009).

[2]In September 2011, GM announced that it planned to reopen its Spring Hill, Tennessee, plant where it had previously halted production.

What GAO Found

Since the Auto Recovery Office was established, it has not accomplished half of the responsibilities set forth in executive orders, and has not been able to demonstrate the results of its efforts to assist auto communities. In July 2011, the President issued Executive Order 13578 to continue assisting auto communities and workers.[3] While this executive order revoked the previous one establishing the Council, it contains essentially the same responsibilities, but with the Secretary of Labor performing them instead of the Council. These responsibilities include (1) working among executive departments and agencies to coordinate a federal response to issues that impact auto communities and workers; (2) conducting outreach to nonprofits, businesses, local governments, and others that could assist in bringing to the President's attention concerns, ideas, and policy options for enhancing efforts to revitalize auto communities; (3) advising the President on the potential effects of pending legislation; and (4) providing recommendations to the President on changes to federal policies and programs to address issues of special importance to automotive communities and workers.

As GAO reported in May 2011, the Auto Recovery Office's efforts were focused primarily on the first two of these functions—coordinating the efforts and support of federal agencies to ensure a coordinated federal response to issues that affect auto communities and workers, and conducting outreach—and this continues to be the case. As part of their coordination efforts, the Council members and Auto Recovery Office staff visited auto communities around the country, met with local officials to understand the key challenges facing each community, and connected them to the appropriate federal agencies and resources. A specific Auto Recovery Office staff member was assigned to each auto community and state to serve as a point person for each auto community. These staff members responded to their assigned communities' needs, such as by providing technical assistance or identifying contacts, and continued to connect the communities to resources and individuals as appropriate.

Although officials in communities GAO visited in 2010 and 2011 acknowledged the efforts of Council members and Auto Recovery Office staff, they also reported securing much of the assistance they received following plant closures without those efforts. For instance, officials told GAO that much of the federal assistance they received was targeted to individuals recently laid off from auto plants and delivered through Department of Labor resources outside the Council and Auto Recovery Office, such as the Workforce Investment Act Dislocated Workers Program and Trade Adjustment Assistance.

In August 2011 a new executive director joined the Auto Recovery Office, filling a position that had been vacant for almost a year. The new director and staff have visited eight communities, including communities and

[3] Executive Order No. 13578, 76 Fed. Reg. 40591 (July 6, 2011).

officials identified by the office in the past as well as new individuals. They are also planning to visit additional communities where office staff noted that automotive plant closures have been announced, such as Shreveport, Louisiana and St. Paul, Minnesota. The office staff stated that they continue to provide technical assistance to auto communities and have also participated in webinars and other events related to auto community interests, such as events hosted by the Mayors Automotive Coalition, and RACER—the environmental trust established to remediate old GM plants. However, while the Auto Recovery Office has continued its efforts, it still has not fulfilled its other two responsibilities—advising the President on pending legislation and making recommendations to the President on changes to federal policies and programs—for which it was established. Auto Recovery Office officials told GAO that they plan to make policy recommendations to the White House in fiscal year 2012.

Further, as GAO also reported in May 2011, neither the Council nor the Auto Recovery Office systematically tracked, measured, or assessed their assistance to auto communities and GAO recommended that they do so. GAO has reported in the past that federal agencies engaged in collaborative efforts need to create the means to monitor and evaluate their efforts so that they can identify areas for improvement.[4] However, since the Council and Auto Recovery Office did not keep an inventory of assistance that they had provided or funding they had helped communities secure, analyze the inventory for trends, or publish the results of their analysis, it was difficult to identify that assistance. In their response to GAO's May 2011 report, the Department of Labor noted the challenges in developing a set of metrics that measures activities such as facilitation and process and that the more traditional measures of performance-based results are being tracked by the agencies that are responsible for administering the actual delivery of services.

Since then, the office has provided some additional examples of assistance provided to specific communities, for example noting that its staff helped Kokomo, Indiana, secure Economic Development Administration funding to hire a "recovery coordinator" to support a regional economic development strategic plan, and helped Kokomo negotiate with Chrysler to receive over $25 million in personal property taxes the company owed the county. The office plans to publish some of these examples on its website. In addition, the office reported that it is in the process of developing measures to assess its work, including "assessments of needs of affected communities" and "strategic collaboration/recovery plans tailored to affected communities." However, the Auto Recovery Office still does not have a process to systematically inventory and analyze all assistance provided to auto communities, without which it cannot ensure that it has identified all relevant areas for

[4]GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies,* GAO-06-15 (Washington, D.C.: Oct. 21, 2005).

improvement or made the appropriate recommendations, including to the President, as it was tasked to do.

Finally, Auto Recovery Office officials told GAO the office's unique role is to serve as an ombudsman between auto communities undergoing economic and social distress and federal initiatives that could be of value to those communities, and that they see a need for this role continuing as long as auto factories are marked for closure. However, there are other efforts within the executive branch to assist economically distressed communities. For example, the White House's Office of Domestic Policy is overseeing the Strong Cities, Strong Communities program, which also involves multiple agencies collaborating to assist communities facing economic challenges. This program has selected six communities to receive technical assistance, and at least one—Detroit—is an auto community that the Auto Recovery Office has also assisted.

Actions Needed and Potential Financial or Other Benefits

Though the Auto Recovery Office has made progress toward tracking its assistance to auto communities, it still has not implemented three of GAO's prior recommendations, making it difficult to identify the office's assistance or benefit to auto communities. GAO recommended in May 2011 that the Secretary of Labor

- direct the Auto Recovery Office to (1) document the office's achievements to date, including its assistance to various auto communities; (2) establish a process for measuring the office's results; and (3) determine when and how the specialized assistance provided by the office can be transitioned to existing federal programs.

In addition, in the absence of documented results, Congress may wish to

- consider prohibiting the Department of Labor from spending any of its appropriations on the Auto Recovery Office and instead require that the department direct the funds to other federal programs that provide funding directly to affected communities.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to the Department of Labor for review and comment. The department provided written comments and agreed with GAO's recommendations. In its comments, the department reiterated that the Auto Recovery Office is the only executive office that deals specifically with the needs of auto communities, and thus it is more effective than other federal programs at helping communities address the complex effects of automotive industry restructuring. The department notes that Strong Cities, Strong Communities, the initiative GAO cites as an example of other interagency efforts to assist economically distressed communities, was not designed to deal with issues unique to automotive communities, and therefore GAO should not suggest that it replace the Auto Recovery Office. In the report, GAO does not suggest that this initiative replace the Auto Recovery Office, but rather highlights that other executive efforts exist to help communities facing economic challenges, regardless of the cause of these challenges. The department also provided additional examples of auto communities the office is assisting, which GAO incorporated as appropriate. Finally, the department writes that the Auto Recovery Office has fulfilled its responsibilities to advise the President on pending legislation, in part by participating in administrative review of pending legislation, preparing portions of the President's budget, and engaging with the National Economic Council's Office of Manufacturing Policy to inform policy decisions affecting proposed manufacturing legislation. While GAO recognizes that the Auto Recovery Office is involved in executive branch discussions regarding policies that could affect auto communities, the tasks the department cites, such as preparing the President's budget, are tasks in which all executive agencies engage. Outside of these typical agency tasks, the department did not identify instances in which the Auto Recovery Office formally advised the President. More importantly, the Auto Recovery Office has not fulfilled GAO's recommendations to track and measure its assistance, without which neither GAO nor Congress can identify what the office has done or accomplished with the funding provided to date. Given the challenges auto communities face, it is important to maximize federal assistance to these communities. As such, GAO suggested the department, if unable to demonstrate the results of the Auto Recovery Office's efforts, redirect funds from the office to other departmental programs. As part of GAO's routine audit work, GAO will track agency actions to address these recommendations and report to Congress. All written comments are reprinted in appendix IV.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section as well as additional work GAO conducted. GAO interviewed the Auto Recovery Office to obtain updated information on its activities and accomplishments. GAO also reviewed existing documentation related to the data and interviewed Auto Recovery Office staff. GAO determined that the data were sufficiently reliable to describe the Auto Recovery Office's spending.

Related GAO Products

Troubled Asset Relief Program: Treasury's Exit from GM and Chrysler Highlights Competing Goals, and Results of Support to Auto Communities Are Unclear. GAO-11-471. Washington, D.C.: May 10, 2011.

Troubled Asset Relief Program: Continued Stewardship Needed as Treasury Develops Strategies for Monitoring and Divesting Financial Interests in Chrysler and GM. GAO-10-151. Washington, D.C.: November 2, 2009.

Contact Information

For additional information about this area, contact A. Nicole Clowers at (202) 512-8678 or clowersa@gao.gov.

40. Excess Uranium Inventories

Marketing the Department of Energy's excess uranium could provide billions in revenue for the government.

Why This Area Is Important

Uranium—a naturally occurring radioactive element—is used in nuclear weapons, as well as in fuel for nuclear power plants. In the United States, 20 percent of the nation's electricity comes from nuclear power, and growing anxiety over climate change generated by ever-growing demand for fossil fuels has sparked interest in increasing the use of nuclear power, despite ongoing concerns about safety in light of the March 2011 nuclear accident in Japan. A healthy domestic uranium industry is considered essential to ensuring that commercial nuclear power remains a reliable option for supporting the nation's energy needs.

The Department of Energy (Energy) maintains large inventories of uranium that it no longer requires for nuclear weapons or fuel for naval nuclear propulsion reactors. A large portion of Energy's inventories consists of depleted uranium hexafluoride, otherwise known as "tails"— a byproduct of the uranium enrichment process. Although once considered an environmental liability, recent increases in uranium prices could transform these tails into a lucrative source of revenue for the government. Hundreds of thousands of metric tons of tails are stored at Energy's uranium enrichment plants in Portsmouth, Ohio, and Paducah, Kentucky.

In addition to tails, Energy maintains thousands of tons of natural uranium, which likewise could be sold to utilities or others for additional revenue. For example, since December 2009, Energy has used some of this uranium to pay for environmental cleanup work at its Portsmouth uranium enrichment plant.

What GAO Found

The Energy uranium inventories are worth potentially billions of dollars to commercial nuclear power plants that can use the material as fuel in their reactors.

With regard to the Energy depleted uranium tails, as GAO reported in March and April 2008 and again in June 2011, under certain conditions, pursuing the following options could generate significant revenue:

- *Energy could contract to re-enrich the tails.* Uranium tails lack sufficient quantities of the fissile uranium-235 isotope necessary for nuclear fuel. Considerable enrichment is required to further increase the concentration of uranium-235. In the past, low uranium prices meant that the cost of enrichment would have been greater than the proceeds the government would receive for the relatively small amount of uranium-235 extracted. But increases in uranium prices—from a nominal price of approximately $21 per kilogram of uranium in the form of uranium hexafluoride in November 2000 to about $160 per kilogram in May 2011—could make tails re-enrichment profitable. Although Energy would have to pay for processing, the resulting re-enriched uranium could be profitably sold if the sales price of the uranium exceeded processing costs.

- *Provided appropriate statutory authority, Energy could sell the tails "as is."* Although GAO found that Energy generally has the legal authority to process the tails and sell the resulting re-enriched uranium, GAO found that the department lacks authority to sell depleted uranium tails in their current form. While Energy disagrees and believes it currently has the necessary legal authority, it is nonetheless planning no sale of depleted uranium tails in the near term. Instead, Energy is committed to converting the tails to a more stable chemical form for safe long-term storage, which involves additional processing and stockpiling thousands of protective cylinders to contain the material indefinitely. If Congress were to provide the department with the needed legal authority to sell the tails, however, firms such as nuclear power utilities and enrichment companies might find it cost-effective to purchase these tails and re-enrich them as a source of nuclear fuel.

With regard to Energy's inventories of natural uranium, as GAO reported in March and April 2008 and again in June 2011, the department has the general legal authority to sell this material; and in September 2011, GAO reported that in seven transactions executed since 2009, Energy has, in effect, "sold" nearly 1,900 metric tons of natural uranium into the market, using its contractor as a sales agent, receiving from $109 to $183 per kilogram. The total proceeds from these transactions funded over $250 million in environmental cleanup services by that contractor at the Portsmouth uranium enrichment plant. Although Energy characterized these sales as barter transactions— exchanges of services (environmental cleanup work) for materials (uranium)—GAO's review showed that they were sales of natural uranium through a sales agent. While Energy received no cash from the transactions, it allowed USEC, Inc. to keep cash from the sales. Energy thus violated the miscellaneous receipts statute, which requires an official or agent of the government receiving money for the government from any source to deposit the money in the U.S. Treasury. Executed in accordance with federal law, however, future sales of natural uranium by Energy could generate additional revenue for the government.

Ultimately, the extent to which sales of Energy's uranium inventories would generate financial benefits for the government depends on several factors:

- *The market price of uranium*. The price for uranium is historically volatile, affected greatly by speculation regarding supply and demand, the price of competing energy resources, and domestic and international political and economic events or natural disasters, such as the March 2011 nuclear accident in Japan.

- *The price and availability of re-enrichment services.* Only two companies currently provide enrichment services domestically. Energy would have to find a company with excess enrichment capacity beyond its current commitments, which may be difficult if large amounts of enrichment processing were required.

- *An existing commitment to domestic uranium producers to limit Energy inventory sold.* Under its December 2008 Excess Uranium Inventory Management Plan, Energy committed to limit the amount of uranium sold in a given year to no more than 10 percent of the domestic requirements for nuclear fuel. The sudden introduction of hundreds of tons of uranium into the market could topple prices and not only reduce the government's revenue from such sales, but could also undermine profitability of the domestic uranium industry.

As GAO reported in June 2011, the potential value of Energy's tails is currently substantial, but changing market conditions could greatly affect the tails' value over time. GAO estimated the value of the tails at $4.2 billion based on May 2011 uranium prices and enrichment costs and assuming sufficient re-enrichment capacity was available.

Actions Needed and Potential Financial or Other Benefits

In Energy's 2008 uranium management plan, the department summarized its intent to sell or transfer uranium to the commercial market through 2017, including plans to re-enrich and sell depleted uranium tails. But because DOE has decided to use uranium to fund environmental cleanup at the Portsmouth site, more uranium has been released into the market than articulated in the 2008 plan. As a result, Energy tabled plans to also sell uranium tails, because doing so would violate the commitment the department made to domestic uranium producers to limit the amount of uranium Energy sells in a given year.

Even in the absence of such a commitment, however, legal obstacles to the pursuit of certain options for its uranium tails and natural uranium exist. GAO previously found that Energy lacked the necessary legal authority to pursue potential options for its tails and natural uranium and that the following congressional action may be needed. Specifically

GAO recommended in March 2008 that Congress may wish to

- clarify Energy's statutory authority regarding depleted uranium, explicitly providing direction about whether and how Energy may sell or transfer the tails in their current form. Depending on the terms of the legislation, and given the significant amount of tails in inventory, the government could garner substantial revenue as a result.

GAO recommended in September 2011 that if Congress sees merit in using the proceeds from the barter, transfer, or sale of federal uranium assets to pay for environmental cleanup of uranium enrichment plants, it could consider

- providing Energy with explicit authority to barter excess uranium and to retain the proceeds from all three types of uranium transactions (barter, transfer, and sale). Likewise, Congress could direct Energy to sell uranium for cash and make those proceeds available by appropriation for decontamination and decommissioning expenses at Energy's uranium enrichment plants.

Congress has taken some actions in response to GAO's work. For example, the Consolidated Appropriations Act, 2012, among other things, requires the Secretary of Energy to report to the House and Senate Appropriations Committees not less than 30 days prior to the transfer, sale, barter, distribution, or other provision of uranium in any form specific details on the transactions, including the amounts of uranium to be provided and an estimate of the uranium value along with the expected recipient of the material. The act also requires the Secretary to submit a report evaluating the economic feasibility of re-enriching depleted uranium.

Agency Comments and GAO's Evaluation

GAO provided a draft of its September 2011 report to Energy. Energy provided written comments that stated that because it did not receive money for the uranium it used to pay for environmental cleanup work, it did not violate the miscellaneous receipts statute. However, GAO and the courts have found in a number of instances that an entity does not have to receive actual cash to trigger a responsibility to deposit money into the U.S. Treasury. Energy also disagreed with GAO's estimate of the value of Energy's depleted uranium tails, stating that it did not include additional costs that may be incurred processing tails including, among other things, the costs of re-enriching the tails and packaging and transporting the material. The estimate does include the costs of re-enriching the tails, but it does not include some other costs, including packaging and transportation, because those costs are unknown. Furthermore, as GAO's March and April 2008, June 2011, and September 2011 reports noted, GAO's estimate is very sensitive to changing uranium prices, as well as to the availability of sufficient enrichment capacity. Uranium prices are volatile, and a sharp rise or fall can greatly affect the value of the tails. Any estimates of the value of the Energy tails are therefore subject to great uncertainty. As part of its routine audit work, GAO will track agency actions to address its recommendations and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed the related GAO products section. These reports reviewed Energy's management of its uranium inventories and the department's transactions using its uranium to pay for environmental cleanup and other services. GAO reviewed Energy documents detailing the transactions the department has engaged in involving its uranium, assessments of the value of uranium in each transaction, and analyses of the impact of DOE's activities on the uranium market.

Related GAO Products

Excess Uranium Inventories: Clarifying DOE's Disposition Options Could Help Avoid Further Legal Violations. GAO-11-846. Washington, D.C.: September 26, 2011.

Nuclear Material: DOE's Depleted Uranium Tails Could Be a Source of Revenue for the Government. GAO-11-752T. Washington, D.C.: June 13, 2011.

Department of Energy: December 2004 Agreement with the United States Enrichment Corporation. B-307137. Washington, D.C.: July 12, 2008.

Nuclear Material: Several Potential Options for Dealing with DOE's Depleted Uranium Tails Could Benefit the Government. GAO-08-613T. Washington, D.C.: April 3, 2008.

Nuclear Material: DOE Has Several Potential Options for Dealing with Depleted Uranium Tails, Each of Which Could Benefit the Government. GAO-08-606R. Washington, D.C.: March 31, 2008.

Contact Information

For additional information about this area, contact Gene Aloise at (202) 512-3841 or aloisee@gao.gov.

41. General Services Administration Schedules Contracts Fee Rates

Re-evaluating fee rates on the General Services Administration's Multiple Award Schedules contracts could result in significant cost savings governmentwide.

Why This Area Is Important

In recent years, federal agencies spent nearly $40 billion each fiscal year procuring goods and services through the General Services Administration's (GSA) Multiple Award Schedules (MAS) contracts. MAS contracts are operated to help leverage the buying power of the federal government by providing cost savings at prices associated with volume buying on millions of commercial goods and services. GSA awards and administers over 19,000 contracts with vendors under the MAS program.

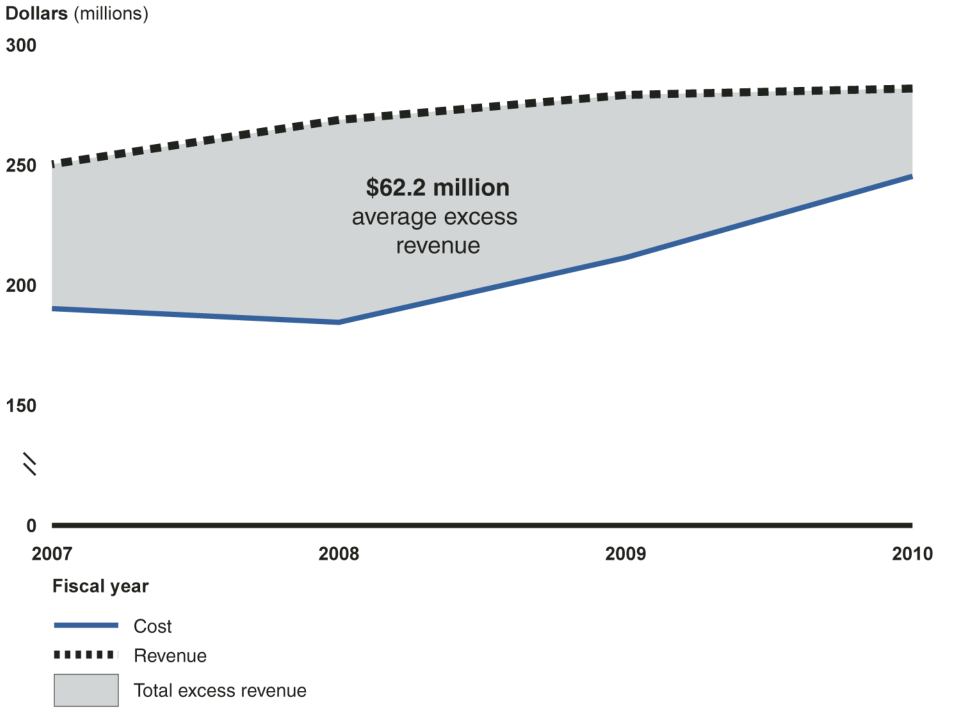
As permitted by statute, GSA charges customer agencies a fee when they place orders under MAS contracts. The MAS program's fee rate, which is expressed as a percentage of the dollar value of the order, has remained stable for the last 5 fiscal years at 0.75 percent. In fiscal year 2010, GSA collected approximately $282 million in fee revenue from agencies that use the MAS contracts. GSA retains this revenue to support the MAS program.

What GAO Found

As GAO reported in September 2011, the revolving fund statute under which GSA operates its MAS program requires that GSA set its interagency contract fee rate to recover the costs of the program's operations.[1] It also provides that GSA may establish reserves for operating needs. The program is not required to break even on an annual basis. As such, the program is permitted to have excess revenue in a given year or annual costs that exceed revenue. The figure below shows the fee revenue GSA collected and GSA's costs to operate the MAS program during fiscal years 2007 through 2010, and illustrates the difference between those amounts, which GAO refers to as excess revenue. The figure also illustrates that although the annual excess revenue generated by GSA's MAS program has declined over those years, GSA's MAS program averaged an excess of $62.2 million in revenue over program costs, before contributions to reserves, each fiscal year.

[1] 40 U.S.C. § 321(d)(2), which requires cost recovery "so far as practicable."

Fee Revenue versus Costs for the GSA MAS Program—Fiscal Years 2007 through 2010



Source: GAO analysis of GSA financial data.

Note: All data and calculations are in nominal dollars.

GSA maintains three reserves for all the programs operated through the revolving fund that includes the MAS program:

- the Working Capital Reserve, an operating reserve,
- the Business Reserve, which is to be used for planned improvement projects, and
- the Investment Reserve, which is to be used for improvements that were not planned when the revenue was placed in the reserve.

Excess revenue accumulates in the reserves until it is used for operations or improvement projects.

From fiscal years 2007 to 2010 GSA's reserve balances grew significantly, largely due to this excess revenue generated annually by the MAS program. At the end of fiscal year 2010, the combined balance of GSA's three reserves was over $800 million—about $350 million of which resided in the Working Capital Reserve to cover shortfalls in operating funds. Although GSA reviews its program fee rate annually as part of its budget process, there is nothing in GSA's internal guidance that would trigger an evaluation of the fee rate of an individual program, such as the MAS program, that consistently generates excess revenue resulting in the continuous growth of the reserve balances.

A reduction in the fee rate for the MAS program could generate significant cost savings for every agency of the federal government that uses the MAS program. For example, a reduction of 0.10 percentage points—from the current rate of 0.75 percent to 0.65 percent—would generate a savings of almost $40 million per year.

Actions Needed and Potential Financial or Other Benefits

To improve the management of the MAS program, GAO recommended in September 2011 that the Administrator of General Services direct the Federal Acquisition Service Commissioner to

- develop and implement guidance for evaluation of current fee rates when an individual program consistently transfers excess revenue to the reserve funds.

Such an evaluation would allow GSA to determine whether a reduction in the fee rate of any of its programs might be warranted. A reduction of the fee rate for the MAS program alone would provide federal agencies potentially significant cost savings.

Agency Comments and GAO's Evaluation

GAO provided GSA with a copy of its September 2011 report for review and comment. GSA agreed with GAO's recommendation to develop and implement guidance. GSA is planning to issue a new policy in February 2012 that establishes an annual process to determine the need to conduct fee rate reviews for programs that produce an excess (or shortfall) of over $5 million in revenue on average over any 3-year period. The draft policy also requires an automatic review of the fee rate of the MAS program each year. GSA plans to perform these assessments annually beginning in March 2012. GSA expressed concern about reducing the current fee rate in light of recent reductions in excess revenue. In this regard, GSA pointed out that it needs to ensure sufficient levels of reserves to fund needed improvements in the information technology systems that support its programs. GAO believes the annual process will provide for a more rigorous monitoring of the fee rates charged by GSA and provide a trigger for fee rate reviews when appropriate. The annual process could also give GSA further insight into the level of reserve funds that will be available for its information technology improvement projects.

As part of its routine audit work, GAO will track agency action to address the recommendation and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on the findings in the report listed in the related GAO product section as well as additional work GAO conducted. GAO analyzed cost and revenue data on the program for fiscal years 2007 through 2010. GAO also interviewed officials from GSA's MAS program, policy, and financial offices.

Related GAO Product

Interagency Contracting: Improvements Needed in Setting Fee Rates for Selected Programs. GAO-11-784. Washington, D.C.: September 9, 2011.

Contact Information

For additional information about this area, contact William T. Woods at (202) 512-4841 or woodsw@gao.gov.

42. U.S. Currency

Legislation replacing the $1 note with a $1 coin would provide a significant financial benefit to the government over time.

Why This Area Is Important

Over the past 40 years, many nations have replaced lower-denomination notes with coins as a means of providing a financial benefit to their governments. GAO has reported five times over the past 22 years that replacing the $1 note with a $1 coin would provide a net benefit to the government of hundreds of millions of dollars annually.[1]

What GAO Found

The federal government realizes a financial gain when it issues notes or coins because both forms of currency usually cost less to produce than their face value. This gain, which is known as “seigniorage,” equals the difference between the face value of currency and its costs of production.[2] Seigniorage reduces the government’s need to raise revenues through borrowing, and with less borrowing, the government pays less interest over time, resulting in a financial benefit.

GAO updated its most recent March 2011 estimate[3] due to changes by the Federal Reserve and Department of the Treasury (Treasury) in note processing and $1 coin production[4] and found that replacing the $1 note with a $1 coin would provide a net benefit to the government of approximately $4.4 billion over 30 years, amounting to an average yearly discounted net benefit[5] of about $146 million. This benefit occurs because, based on differences in how notes and coins are used in the economy, more coins than notes will have to be circulated to meet

[1]Over time, GAO’s estimate has changed due to a variety of reasons, including the increased lifespan of the $1 note and different assumptions in its analyses.

[2]Traditionally, seigniorage is defined as the difference between the face value of coins and their cost of production. As long as there is public demand, the government creates this net value when it puts coins into circulation. Similarly, when the Federal Reserve issues notes, it creates an analogous net value for the federal government, equal to the face value of the notes less their production costs.

[3]In March 2011, GAO estimated that replacing the $1 note with a $1 coin would provide a net financial benefit to the government of about $5.5 billion over 30 years.

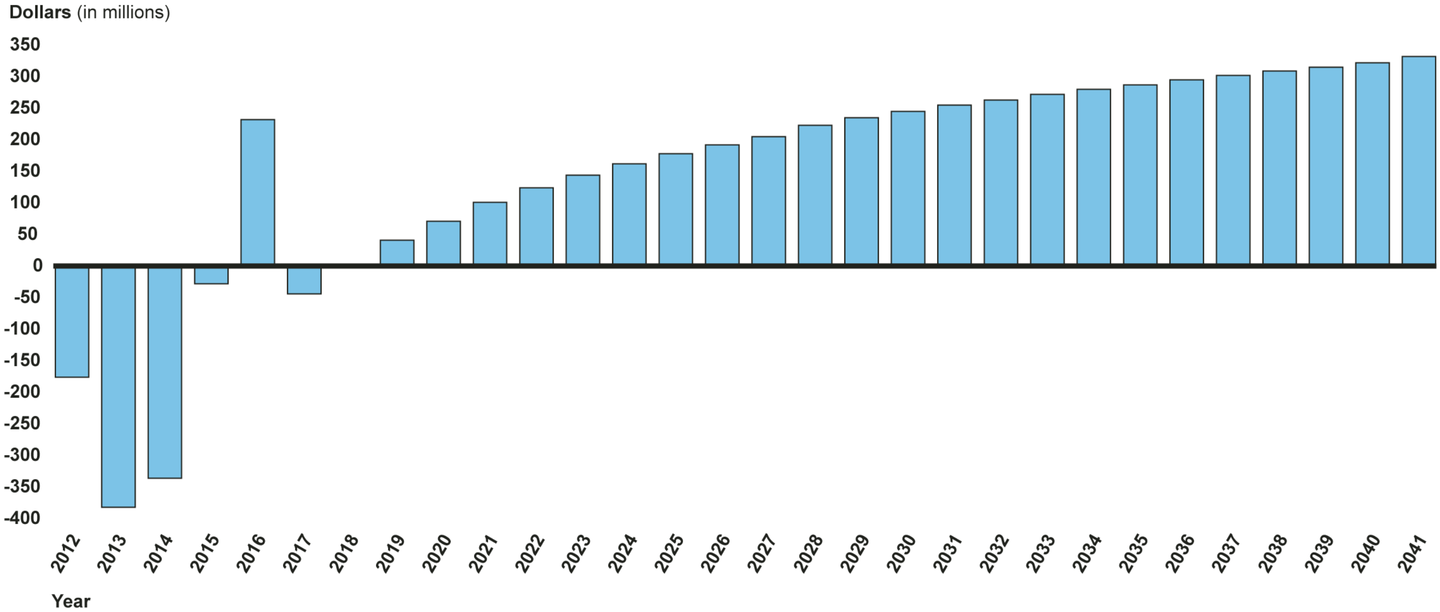
[4]In April 2011, the Federal Reserve put in place new equipment to process notes that extended the life of the $1 note to approximately 56 months; GAO used an estimated note life of 40 months in its 2011 report. In December 2011, the Treasury Department decided to stop producing $1 coins for circulation, relying on coins currently stored at the Federal Reserve to meet the relatively small transactional demand for $1coins.

[5]A discounted net value uses a rate, known as the discount rate, to convert the value of payments or receipts expected in future years to today’s value, taking into account that the further into the future an amount is paid or received, the smaller its value is today. Applying a discount rate establishes a consistent basis for comparing alternative investments that will have differing patterns of costs and benefits over many years.

demand, and therefore more seignorage will be created. This estimate differs from what GAO reported in March 2011 because it takes into account the Treasury's decision in December 2011 to stop producing $1 coins for circulation immediately. To meet public demand for the coins, the Treasury intends to rely on the approximately 1.4 billion $1 coins currently stored with the Federal Reserve as of September 30, 2011. The current estimate also differs from the 2011 estimate because it uses a revised forecast that anticipates a lower government borrowing rate over the next 30 years and a longer life expectancy for the $1 note that results from efficiencies in the way the Federal Reserve processes notes, which began in April 2011.

GAO's current estimate assumes a 4-year transition period beginning in 2012 during which the production of $1 notes stops immediately and $1 coins are quickly produced to meet demand for this currency denomination. This replacement scenario is compared to a status quo scenario under which $1 notes remain the primary single dollar currency. The status quo scenario also incorporates the Treasury's December 2011 decision to rely on $1 coins in storage to meet public demand for $1 coins until that stock is nearly depleted, at which time production of $1 coins would resume. According to the Treasury, the coins in storage could meet current levels of circulating demand for more than a decade. As shown in the figure below, the annual net benefit from replacing the $1 note with a $1 coin would vary over the 30 years—the government would incur a net loss in 6 of the first 7 years and then realize a net benefit in the remaining years. The early net loss from replacing the $1 note is due in part to the up-front costs to the United States Mint of increasing its coin production during the transition, together with the limited interest expense the government would avoid in the first few years after replacement began. GAO's net benefit estimate is due solely to seigniorage and not to reduced production costs. In fact, the production costs of transitioning to a $1 coin are never recovered during the 30-year period. And like all estimates, it is uncertain, particularly in the later years, and thus the benefit could be greater or smaller than estimated.

Discounted Net Benefit to the Government of Replacing $1 Notes with $1 Coins over 30 Years, by Year



Source: GAO analysis.

The December 2011 action by the Treasury to stop producing $1 coins for circulation and to meet public demand for the coin by using the $1 coins currently being stored will reduce government costs by preventing the overproduction of $1 coins. The overproduction results from the presidential $1 coin program, which requires four new presidential $1 coin designs, featuring images of past presidents in the order they served, to be issued each year.[6] According to Federal Reserve officials, because the United States Mint delivers each new presidential coin design to banks in large quantities, banks have no choice but to order more coins than they ultimately need to fulfill the demand for new coins.[7] As a result, unneeded coins are returned to the Federal Reserve, which held over 1.4 billion $1 coins in storage as of September 30, 2011. The Treasury estimates that stopping production of $1 coins for circulation while it draws down the coins in storage will save about $50 million per year over the next several years in coin production costs. However, GAO estimates that eliminating $1 notes and replacing them with a $1 coin will have larger net benefit over time.

[6]Presidential $1 Coin Act of 2005, Pub. L. No. 109-145 (2005), *codified at* 31 U.S.C. § 5112(p)(3)(D).

[7]Twelve regional Federal Reserve banks order coins from the United States Mint, which distributes coins directly to those banks. The Federal Reserve banks distribute coins as well as notes to commercial banks to meet the demand of retailers and the public. Some coins and notes are returned by commercial banks as deposits to the Federal Reserve banks, where they are processed for storage or recirculation. According to Federal Reserve officials, each new presidential coin design is delivered in units of 1,000.

Actions Needed and Potential Financial or Other Benefits

To reduce the costs associated with the $1 note and $1 coins in the long term, Congress may wish to consider

- replacing the $1 note with a $1 coin to achieve an estimated financial benefit of $4.4 billion over 30 years. Legislation has been proposed that would make this replacement.[8]

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to the Federal Reserve and Treasury for review and comment. The Federal Reserve provided written comments that noted it believes GAO's estimate overstates the net financial benefit to the government because it does not (1) adequately address the costs to the Federal Reserve to reinforce the floors of its bank vaults to accommodate the heavier weight of coins or (2) consider potential increases in raw material costs for coins or possible future changes in discount rates. GAO included all costs to the Federal Reserve that the agency provided data on. The Federal Reserve provided no estimate of the additional cost to accommodate heavier coins. GAO used the best data available on coin production costs, which accounts for the cost of raw materials, and discount rate. The Federal Reserve also noted an increased risk of counterfeiting $1 coins and the lack of a GAO sensitivity analysis that reflected further increases in electronic payments by the public. GAO reported in 2011 that counterfeiting of U.S. coins is currently minimal, according to the U.S. Secret Service. Furthermore, in 2011, GAO reported the results of a sensitivity analysis in which the replacement leads to a decrease in the demand for currency as people switch to electronic means of payment. GAO recognizes that changing conditions, such as how people use cash and the cost of materials in the future, may alter the total cost savings associated with the $1 coin. The Treasury provided e-mailed comments that pointed out that GAO's analysis does not account for the impact on or costs to the private sector; both Treasury and the Federal Reserve noted that the analysis should not include seigniorage. As GAO reported in 2011, it found no quantitative estimates of the cost of replacement to the private sector that could be evaluated or modeled. GAO believes that seigniorage cannot be set aside since it is a result of issuing currency. The Treasury also provided technical comments, which were incorporated as appropriate. All written comments are reprinted in appendix IV.

[8] Currency Optimization, Innovation, and National Savings Act, H.R. 2977, 112th Cong. (2011). Other legislation has been proposed that would postpone the minting of new $1 coins until the inventory of stored $1 coins has been reduced (Currency Efficiency Act of 2011, S. 1624, 112th Cong. (2011).

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the product listed in the related GAO products section as well as additional work GAO conducted. GAO reviewed the Federal Reserve's June 2011 report on the $1 coin[9] and recent proposed legislation; and conducted interviews with senior officials from the Federal Reserve, the United States Mint, the Bureau of Engraving and Printing, and the Department of the Treasury. To estimate the net benefit to the government of replacing the $1 note with a $1 coin, GAO constructed an economic model with data from the Federal Reserve, the Bureau of Engraving and Printing, and the United States Mint. GAO's model assumptions covered a range of factors including the replacement ratio of coins to notes, the expected rate of growth in the demand for currency over 30 years, the costs of producing and processing both coins and notes, and the differential life spans of coins and notes. GAO arrived at its estimate of net benefit to the government by subtracting the benefit from a status quo scenario from the benefit of a replacement scenario. In the status quo scenario, notes remain the dominant form of currency at the $1 denomination, the United States Mint ceases production of $1 coins until the current stored coins are all released into circulation to meet public demand, and production of $1 coins resumes after the stored coins are depleted. In the replacement scenario, GAO assumed, among other things, that the production of $1 notes would stop immediately; no notes would be withdrawn from circulation, but because of their shorter life span, they would naturally fall out of circulation within a few years; and the United States Mint would expand its production of $1 coins during the first 4 years. In estimating the net benefit to the government of replacing the $1 note with a $1 coin, GAO considered only the financial effect of this change on the government and did not consider other factors, such as the relative environmental and societal costs and benefits due to data limitations. GAO conducted sensitivity analyses that decreased the demand for currency as people switch to electronic payments and changed the number of coins needed to replace each note.

Related GAO Product

U.S. Coins: Replacing the $1 Note with a $1 Coin Would Provide a Financial Benefit to the Government. GAO-11-281. Washington, D.C.: March 4, 2011.

Contact Information

For additional information about this area, contact Lorelei St. James at (202) 512-2834 or stjamesl@gao.gov.

[9]Board of Governors of the Federal Reserve System, *Annual Report to the Congress on the Presidential $1 Coin Program* (June 2011).

43. Federal User Fees

Regularly reviewing federal user fees and charges can help the Congress and federal agencies identify opportunities to address inconsistent federal funding approaches and enhance user financing, thereby reducing reliance on general fund appropriations.

Why This Area Is Important

Federal user fees and charges are generally related to some voluntary transaction or request for government goods or services beyond what is normally available to the public, such as fees for national park entrance, patent applications, and customs inspections. Twenty-three federal agencies reported collecting nearly $64 billion in fees or charges in fiscal year 2010. As GAO reported in May 2008, well-designed user fees can reduce the burden on taxpayers to finance those portions of activities that provide benefits to identifiable users. Regular, comprehensive fee reviews can help identify duplicative fee-funded activities, prevent misalignment between fees and the activities they cover, and maximize opportunities for user financing.

What GAO Found

In many instances, Congress has provided specific authority to federal agencies to assess user fees in agency authorization or appropriations legislation. Agencies that lack specific statutory authority to charge fees can rely on the Independent Offices Appropriation Act of 1952[1] which provides broad authority to assess user fees or charges on identifiable beneficiaries by administrative regulation.[2] When a fee's authorizing statute does not specify review and reporting requirements, and for fees that derive their statutory authority from the Independent Offices Appropriation Act, the CFO Act of 1990[3] (CFO Act) and OMB Circular No. A-25 directs agencies to biennially review their fees and to recommend fee adjustments as appropriate. In addition, OMB Circular No. A-25 directs agencies to include non-fee-funded programs in these reviews to determine whether fees should be initiated for government services or goods for which fees are not currently charged. Further, if imposing such fees is prohibited or restricted by law, agencies are to recommend legislative changes as appropriate. Moreover, agencies are to discuss the

[1]Pub. L. No. 82-137 (Aug. 31, 1951), *codified at*, 31 U.S.C. § 9701.

[2]User fees assessed under the Independent Offices Appropriation Act's authority must be (1) fair and (2) based on costs to the government, the value of the service or thing to the recipient, public policy or interest serviced, and other relevant facts. Fees collected under this authority are deposited in the general fund of the U.S. Treasury and are generally not available to the agency or the activity generating the fees. Unless otherwise authorized by law, the act requires that agency regulations establishing a user fee are subject to policies prescribed by the President.

[3]Pub. L. No. 101-576 (Nov. 15, 1990), *codified at*, 31 U.S.C. § 902. The CFO Act requires agencies to report on "fees, royalties, rents, and other charges imposed by the agency for services and things of value it provides." For the purposes of this discussion, GAO collectively refers to all of these as user fees.

results of these reviews and any resulting proposals, such as adjustments to fee rates, in the CFO annual report required by the CFO Act. This discussion may be included in agency performance and accountability reports. Lastly, budget formulation guidance to agencies in OMB Circular No. A-11 directs agencies to follow fee review guidance in OMB Circular No. A-25 and to report on the results of fee reviews in CFO Act reports.

GAO previously reported that not reviewing fees regularly can result in large fee increases and create costly challenges. For example, prior to its 2007 fee review, U.S. Citizenship and Immigration Services had not conducted a comprehensive review of its immigration and naturalization fees in 9 years and, as a result, had to increase fees by an average of 86 percent to cover its costs. Further, during the month before the fee increase took effect, applications increased an unprecedented 100 percent over the prior month, far outpacing the agency's processing capacity. As a result, 1.47 million applications were delayed and the agency incurred unplanned costs to secure additional facilities to store these applications.

In May 2008, GAO issued its User Fee Design Guide, which examined how the four key design and implementation characteristics—how fees are set, collected, used, and reviewed—may affect the economic efficiency, equity, revenue adequacy, and administrative burden of the fees. The Design Guide also stated that the tools for congressional and stakeholder oversight could be enhanced by agencies reporting the methods for setting fees, including an accounting of program costs and assumptions it uses to project future program costs and fee collections.

In GAO's 2011 survey of the 24 agencies covered by the CFO Act and OMB Circular No. A-25, 21 of the 23 agencies that responded reported charging more than 3,600 fees and collecting nearly $64 billion in fiscal year 2010, but agency responses indicated varying levels of adherence to the biennial review and reporting requirements of the CFO Act and OMB Circular No. A-25.[4] The survey responses indicated that for most fees, agencies (1) had not discussed fee review results in annual reports, and (2) had not reviewed the fees and were inconsistent in their ability to

[4]Twenty-three of the 24 departments covered by the CFO Act and OMB Circular No. A-25 responded to GAO's survey. The Department of Defense did not respond to GAO's survey. The Department of Education and the National Science Foundation reported no fees. The Department of Commerce's National Technical Information Service is a fee-based agency that charges more than 3 million different fees as a clearing house for government-funded, technical, engineering and business related information. The service reported these as a single fee. For all Department of Commerce Bureaus, other than the U.S. Patent and Trademark Office, fee collections are as of June 30, 2010, per the Department of Commerce. The U.S. Patent and Trademark Office reported collections for all of fiscal year 2010. There may be some duplication of reported fees as both the Department of Commerce and Department of State reported collecting fees for Commercial Services. The Mint reported a single fee and collection amount for the fees related to all Numismatic products which account for $3.25 billion of the Department of the Treasury's total collections.

provide fee review documentation. Specifically, agencies reported that only 29 percent of the fees (1,064 fees), representing only 37 percent ($23.6 billion) of total fee collections in fiscal year 2010 were discussed in their CFO annual report as directed by OMB Circular No. A-25. However, agencies reported reviewing 1,687 fees, which make up about 46 percent of the total 3,666 fees charged.[5] This suggests that agencies are reviewing more fees than are being discussed in their annual reports. For agency responses, please see the table below. While these reviews may provide information for agency management and decision making, the extent to which this information is being shared with congressional decision makers or other stakeholders appears far more limited. When asked why they did not review individual reported fees, agencies most commonly chose “other” amongst the survey responses provided. When selecting “other,” agency-provided responses included that fees were based upon market prices, that the fee was set or administrated by another agency, or that they did not review some fees because the fee was set in legislation, and therefore they may not have the authority to revise the fee. Agencies also commonly selected responses that GAO provided, including minimal total fee collections or that fee requirements were not clear. GAO has previously reported that to ensure decision makers have complete information about program costs and activities, agencies must substantively review and report on all cost-based fees regularly, regardless of whether agencies have sole discretion for revising fee rates.

[5]Agency documentation of these fee reviews varied, limiting GAO’s ability to corroborate individual fee reviews and the recency and frequency of these fee reviews.

Agencies Reported Fiscal Year 2010 Total Fee Collections and Adherence to the CFO Act and OMB Circular No. A-25 Guidance on Reviewing and Discussing Results of Biennial Fee Reviews

Dollars in millions

Agency	Reported FY 2010 total fee collections	Reported percentage of fees and charges reviewed[a]	Reported percentage of fees and charges reviewed biennially and discussed in CFO annual documents
Department of Health and Human Services	**$31,545**	84%	30%
Department of the Treasury	**9,789**	97	67
Department of Homeland Security	**8,784**	87	96
Department of Agriculture	**3,991**	100	100
Department of Energy	**2,498**	86	0
Department of Commerce	**2,136**	83	65
Department of State	**1,896**	100	73
Department of Interior	**1,320**	6	5
Department of Justice	**777**	71	65
Social Security Administration	**370**	100	100
Department of Transportation	**214**	89	0
Department of Labor	**164**	90	0
Environmental Protection Agency	**84**	100	29
National Aeronautics and Space Administration	**61**	83	0
Department of Veterans Affairs	**51**	80	47
Small Business Administration	**16**	100	100
Office of Personnel Management	**8**	0	0
General Services Administration	**6**	50	0
United States Agency for International Development	**5**	0	0
Nuclear Regulatory Commission	**2**	100	50
Department of Housing and Urban Development	**0.043**	100	0

Source: GAO summary of agency-reported data.

[a]The third column, "reported percentage of fees and charges reviewed" is generally inclusive of fees and charges reported in the fourth column as reviewed biennially and discussed in CFO annual documents.

Agencies were inconsistent in their ability to provide documentation for their fee reviews. For example, the Department of Agriculture provided documentation of reviews for all of its fees, while a few agencies did not provide any documentation. Even for agencies that provided documentation however, GAO found the reviews contained varying levels of detail and analysis, potentially limiting their value to decision makers. For one agency, it was not clear when the reviews had been conducted. GAO has previously reported that decision makers must understand the decisions and tradeoffs made when designing fees to achieve specific policy goals and the costs of these decisions in determining if the policy goals were being met. Finally, most of the reporting agencies (16 out of 23) reported reviewing at least some of their non-fee-funded programs for opportunities to initiate new fees for government services or goods.

Without regular comprehensive reviews, agencies and Congress may miss opportunities to make improvements to a fee's design which, if left unaddressed, could contribute to inefficient use of government resources. For example, fee reviews could help ensure that fees are properly set to cover the total costs of those activities which are intended to be fully fee-funded, thus eliminating the need for direct appropriations for those activities. Fee reviews may also

- allow agencies and Congress to identify where similar activities are funded differently; for example, one by fees and one by appropriations. One such example is the export control system, in which the State Department charges fees for the export of items on the U.S. Munitions List, while the Commerce Department does not charge fees for those items exported under its jurisdiction. Fee reviews may thereby assist in eliminating or managing inconsistent or overlapping funding sources for similar activities; and

- be a useful step toward examining whether the activities themselves are duplicative or overlapping.

As GAO reported in September 2007, fragmentation exists in the Department of Homeland Security's One Face at the Border program, which integrated the customs, agriculture, and immigration air passenger inspection programs and is funded by three separate fees and general fund appropriations, creating administrative, operational, and oversight challenges. GAO also reported in February 2008 that fragmentation in Harbor Maintenance Fee administration between the Army Corps of Engineers and Department of Homeland Security's U.S. Customs and Border Protection inhibits oversight. Further, regular reviews increase congressional and agency awareness of federal program costs, and therefore may increase incentives to reduce costs where possible.

Actions Needed and Potential Financial or Other Benefits

Federal agencies reported collecting nearly $64 billion in federal user fees and charges in fiscal year 2010. Regular fee reviews can help the Congress and federal agencies identify opportunities to revise fees in ways that enhance user funding of goods or services above and beyond what is normally available to the public, and can be a useful step towards examining whether the activities themselves are duplicative or overlapping. GAO has ongoing work evaluating federal user fee reviews and opportunities to initiate new fees for government services or goods. The Director of the Office of Management and Budget (OMB) should use its budget reviews to ensure that agencies

- review their fee-funded programs biennially, as required by the CFO Act and consistent with GAO's User Fee Design Guide, to help identify opportunities to improve the (1) efficiency, equity, revenue adequacy, and administrative burden of the fee design and (2) alignment of fee collections with program costs over time; and

- review their non-fee-funded programs on a regular basis, in accordance with OMB Circular No. A-25 guidance, and discuss the results in their CFO annual report. Regular reviews of non feefunded programs can help agencies and Congress determine whether programs funded with general fund revenues could be fully or partially funded with user fees.

Further, the Director of OMB could direct agencies to

- use a framework such as GAO's User Fee Design Guide when designing or redesigning user fees.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to OMB as well as the Departments of State, Commerce, and Homeland Security. OMB as well as the Departments of State and Commerce provided technical comments, which were incorporated as appropriate. The Department of Homeland Security responded that it generally agreed.

OMB said that two of our three recommended actions—that is, that OMB use its budget reviews to (1) ensure that agencies review their fee-funded programs biennially and (2) review their non fee-funded programs—seem unnecessary. OMB Circular No. A-11 guidance directs agencies to comply with the user fee review requirements in OMB Circular No. A-25 and the CFO Act. OMB did not comment on our third recommended action.

As we note above, agencies review less than half of the fees that they charge, and report the reviews of less than one-third of the fees charged. In addition, as noted above, 16 out of the 23 agencies told us that they review at least some of their non fee-funded programs to determine whether fees should be assessed.

GAO continues to believe that the recommended actions have merit. Especially in light of the significant impact user fees can have on the federal treasury given the current budgetary outlook, we believe that OMB should do more to ensure that agencies comply with OMB's own guidance. We have added clarifying language regarding OMB's direction to agencies. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section, as well as work GAO conducted between May 2011 and February 2012. GAO surveyed 24 agencies covered by the CFO Act to obtain (1) the number of fees the department or agency administered, (2) the basis for setting the fee amounts, (3) the aggregate amount of fees collected for fiscal year 2010, (4) the most recent CFO Act/OMB Circular No. A-25 review date, (5) documentation of fee reviews, and (6) in cases where reviews were not conducted, the reasons why. Because this was not a sample survey, there are no sampling errors. However, the practical difficulties of conducting any survey may introduce nonsampling errors, such as variation in how respondents interpret questions and their willingness or ability to offer accurate responses. GAO took steps to minimize nonsampling errors. For example, prior to surveying agencies, GAO pretested the survey with three agencies with differing numbers of fees, as well as varying values of total collections, to ensure that GAO's questions were clear and that the definitions used in the survey were correct and understandable to the respondents. GAO revised the final survey instrument based on the pretest results. Since this was a self-administered survey using a spreadsheet completed by the respondents, there was no need to have data entered by another party, thus eliminating another source of error. Finally, all calculations used in the analysis of the data were reviewed by another GAO analyst. GAO did not independently verify survey responses provided by the 23 agencies. GAO did not verify that the results of these fee reviews and any resulting proposals were discussed in the CFO annual report, per OMB Circular No. A-25. Some fees have more specific, statutorily-set review and reporting requirements, and are therefore not subject to the CFO Act's or OMB Circular No. A-25's biennial review. As a result, GAO did not independently verify whether agencies reported all of the applicable user fees.

Related GAO Products

Budget Issues: Better Fee Design Would Improve Federal Protective Service's and Federal Agencies' Planning and Budgeting for Security. GAO-11-492. Washington, D.C.: May 20, 2011.

Budget Issues: Electronic Processing of Non-IRS Collections Has Increased but Better Understanding of Cost Structure Is Needed. GAO-10-11. Washington, D.C.: November 20, 2009.

Federal User Fees: Additional Analyses and Timely Reviews Could Improve Immigration and Naturalization User Fee Design and USCIS Operations. GAO-09-180. Washington, D.C.: January 23, 2009.

Federal User Fees: A Design Guide. GAO-08-386SP. Washington, D.C.: May 29, 2008.

Federal User Fees: Substantive Reviews Needed to Align Port-Related Fees with the Programs They Support. GAO-08-321. Washington, D.C.: February 22, 2008.

Federal User Fees: Key Aspects of International Air Passenger Inspection Fees Should Be Addressed Regardless of Whether Fees Are Consolidated. GAO-07-1131. Washington, D.C.: September 24, 2007.

Contact Information

For additional information about this area, contact Susan J. Irving at (202) 512-6806 or irvings@gao.gov.

44. Internal Revenue Service Enforcement Efforts

Enhancing the Internal Revenue Service's enforcement and service capabilities can help reduce the gap between taxes owed and paid by collecting billions in tax revenue and facilitating voluntary compliance.

Why This Area Is Important

The financing of the federal government depends largely on the Internal Revenue Service's (IRS) ability to collect federal taxes every year, which totaled $2.34 trillion in 2010. For the most part, taxpayers voluntarily report and pay their taxes on time with no direct enforcement and little interaction with IRS. However, the size and persistence of the tax gap—estimated in 2012 for the 2006 tax year to be a $385 billion difference between the taxes owed and taxes IRS ultimately collected for that year—highlight the need to make progress in improving compliance by those taxpayers who do not voluntarily pay what they owe. IRS's enforcement of tax laws remains on GAO's high-risk list.

Given that tax noncompliance ranges from simple math errors to willful tax evasion, no single approach is likely to fully and cost-effectively address the tax gap. A multifaceted approach to improving compliance—one that covers both IRS's enforcement and taxpayer service programs and also leverages external resources such as tax whistleblowers—could increase legally owed revenue collection by billions of dollars and result in cost savings for IRS. Without continued attention to IRS's enforcement and taxpayer service efforts, taxpayers could feel that the tax system is not administered fairly and not everyone is paying their fair share, which could undermine voluntary compliance.

What GAO Found

GAO identified a range of areas where IRS can improve its programs which can help it collect billions in tax revenue, facilitate voluntary compliance, or reduce IRS's costs. These include pursuing stronger enforcement through increasing third-party information reporting and identifying and pursuing abusive tax avoidance transactions;[1] making more use of external resources such as tax whistleblowers to prevent and detect compliance problems; and improving telephone and online services provided to taxpayers.

- *Expanding third-party information reporting improves taxpayer compliance and enhances IRS's enforcement capabilities.* The tax gap is due predominantly to taxpayer underreporting and underpayment of taxes owed. At the same time, taxpayers are much

[1] Abusive tax avoidance transactions range from tax schemes based on clearly frivolous arguments to highly technical and abusive tax shelters.

more likely to report their income accurately when the income is also reported to IRS by a third party. By matching information received from third-party payers with what payees report on their tax returns, IRS can detect income underreporting, including the failure to file a tax return.

As GAO reported in August 2008, one area where information reporting could be expanded is payments made to contractors (payees) by owners of rental real estate (third-party payers). Like other businesses entities, under current law, taxpayers who rent out real estate are required to report to IRS expense payments for certain services, such as payments for property repairs, as long as their rental activity is considered a trade or business (which includes activities engaged in for profit as well as activities by certain nonprofits). However, the law does not clearly spell out how to determine when rental real estate activity is considered a trade or business. Consequently, determining whether an information return should be filed requires a case-by-case analysis of when rental real estate is, or is not, a trade or business depending on the facts and circumstances for each taxpayer. As GAO reported in August 2008, without clear statutory language, it may be difficult for payers with rental real estate activity to determine if they are required to report certain expense payments to IRS, and as a result, it is possible that some third-party payers who should report do not. Expanding information reporting to cover payment for services by all owners of rental real estate would provide clarity on reporting requirements and improve payee compliance.

In another case, as GAO reported in November 2010, under existing law, businesses (payers) must report to IRS payments for services they made to unincorporated persons or businesses, but payments to corporations generally do not have to be reported. Extending reporting to cover payments to corporations for services would increase payee compliance. Congress enacted a more expansive regime in March 2010, covering goods as well as services, and repealed it in 2011. GAO believes the more narrow extension to include services, but not goods, provided by corporations—which would match the provision for unincorporated persons or businesses—remains an important option for improving compliance.[2]

[2]In March 2010, pursuant to the Patient Protection and Affordable Care Act, information reporting requirements were expanded to cover payments for goods as well as services and payments to corporations. Pub. L. No. 111-148, § 9006. Later in September 2010, pursuant to the Small Business Jobs Act of 2010 information reporting requirements were expanded to include landlords who have generally not been considered to be engaged in a trade or business. Pub. L. No. 111-240, § 2101.These provisions were repealed by the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011. Pub. L. No. 112-9, §§ 2(a), 3 (2011).

In 2010, the Joint Committee on Taxation estimated revenue increases for a 10-year period from third-party reporting of (1) rental real estate service payments to be $2.5 billion and (2) service payments to corporations to be $3.4 billion.

- *Pursuing abusive tax avoidance transactions has been a long-standing tax evasion problem that results in potentially billions of dollars in tax losses*. As GAO reported in May 2011, IRS had incomplete data on the results of abusive tax avoidance transaction (ATAT) related enforcement efforts, so it is unable to assess the effectiveness of these efforts. More could also be done to ensure compliance with ATAT disclosure requirements. For example, while investigations of those who promoted ATATs were often closed without penalties or injunctions to stop promoters, IRS had incomplete data on why these investigations were closed. During fiscal year 2011, IRS started tracking the amount of additional taxes collected as a result of taxpayer audits, where ATATs were at least one of the audited issues, but the amounts collected from ATAT issues alone could not be isolated.

  Pursuant to the American Jobs Creation Act of 2004, IRS expanded requirements for both promoters and taxpayers to disclose their use of certain transactions and enhanced penalties for improper disclosure—failure to disclose, delinquent disclosure, and incomplete disclosure. However, as GAO reported in May 2011, IRS did not know whether it received all the disclosures it should have from taxpayers and did not verify the completeness of those disclosures it received. IRS also did not track how quickly all those who promoted ATATs provided lists of their investors when either required or requested. Without complete data on enforcement outcomes or full disclosure from promoters and taxpayers, IRS is less able to assess the effectiveness of ATAT enforcement efforts, make informed resource allocation decisions, or identify transactions that merit auditing or penalties.

- *Leveraging external resources such as tax whistleblowers can contribute to taxpayer compliance*. GAO reported in August 2011, IRS did not collect or report complete data on, nor have a systematic process to manage the timeliness of, processing claims from whistleblowers, in part, because of how it set up its claims tracking system. As a result, claims alleging millions or potentially billions of dollars in tax noncompliance may not receive the attention or resources they need. Moreover, without complete and accurate data or processes to follow up on claims that exceed established review time targets, IRS may not be able to identify aspects of the program that could be improved to more effectively address noncompliance. Collecting and reporting such data could also improve the transparency of the program, which may result in additional whistleblowers coming forward.

- *Improving taxpayer services can benefit voluntary compliance by making it easier for taxpayers to pay what they owe*. As GAO reported in December 2011, determining the costs and benefits of enhancing certain services for taxpayers, such as providing more automated telephone applications, could lead to faster service for taxpayers and lower IRS costs. Similarly, GAO also reported that completing a comprehensive online services plan might include an assessment of and justification for giving taxpayers the ability to access and update account information online, which may simultaneously improve taxpayer services and lower IRS's costs. In addition to reducing costs, providing more automated taxpayer services could increase revenue collection by supporting greater voluntary compliance and allow resources to be shifted to other priorities.

Actions Needed and Potential Financial or Other Benefits

GAO continues to suggest Congress consider expanding third-party information reporting, which improves taxpayer compliance, by amending the Internal Revenue Code. GAO recommended that Congress may wish to

- make owners of rental real estate subject to the same payment reporting requirements regardless of whether they engaged in a trade or business under current law (GAO-08-956); and
- require payers to report service payments to corporations, thereby reducing payers' burden to determine which payments require reporting (GAO-11-218T, GAO-09-238).

IRS has agreed with and taken action on some GAO recommendations—for example, by providing taxpayers with rental real estate activity additional guidance on their reporting obligations. However, other recommendations remain to be addressed. Specifically, to increase revenue, reduce costs, and promote voluntary compliance, GAO recommended that IRS:

- track the examination results for ATAT versus non-ATAT issues separately and check whether taxpayers filed all required ATAT-related disclosure forms (GAO-11-493);
- collect and report more information on the whistleblower program and establish a process to follow up on claims that exceed review time targets (GAO-11-683);
- determine the costs and benefits of creating automated telephone applications and automate those where benefits exceed the costs (GAO-12-176); and
- finalize a more comprehensive plan for online services, including an assessment of granting taxpayers the ability to update their account information online (GAO-12-176).

These actions can lead to increased revenue collections and cost savings totaling billions of dollars, which would help reduce the $385 billion tax gap. Although precise estimates of total cost savings are not available, for just the two congressional actions cited above, the Joint Committee on Taxation estimated revenue increases of $5.9 billion over 10 years. As part of its routine audit work, GAO will continue to track the extent to which progress has been made to address the identified actions and report to Congress.

Agency Comments and GAO's Evaluation

GAO provided a draft of its previously issued reports to IRS for review and comment. IRS generally agreed with GAO's recommendations on checking taxpayer ATAT filing obligations, return preparer oversight, and whistleblower information and processing but has not yet completed the recommended actions. IRS said it will consider reporting summary whistleblower statistics and improving online taxpayer services. Finally, IRS agreed that the recommendations regarding tracking ATAT issues and determining the costs and benefits of automating selected telephone applications had merit, but that resources for tracking or telephone automation were not available.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section.

Related GAO Products

2011 Filing Season: Processing Gains, but Assistance Could Be Enhanced by More Self-Service Tools. GAO-12-176. Washington, D.C.: December 15, 2011.

Tax Whistleblowers: Incomplete Data Hinders IRS's Ability to Manage Claim Processing Time and Enhance External Communication. GAO-11-683. Washington, D.C.: August 10, 2011.

Abusive Tax Avoidance Transactions: IRS Needs Better Data to Inform Decisions about Transactions. GAO-11-493. Washington, D.C.: May 12, 2011.

High Risk Series: An Update. GAO-11-278. Washington, D.C.: February 2011.

Small Businesses: Tax Compliance Benefits and Opportunities to Mitigate Costs on Third Parties of Miscellaneous Income Reporting Requirements. GAO-11-218T. Washington, D.C.: November 18, 2010.

Tax Gap: IRS Could Do More to Promote Compliance by Third Parties with Miscellaneous Income Reporting Requirements. GAO-09-238. Washington, D.C.: January 28, 2009.

Tax Gap: Actions That Could Improve Rental Real Estate Reporting Compliance. GAO-08-956. Washington, D.C.: August 28, 2008.

Contact Information

For additional information about this area, contact Michael Brostek or James R. White at brostekm@gao.gov or whitej@gao.gov or (202) 512-9110.

45. Medicare Advantage Payment

The Centers for Medicare & Medicaid Services could achieve billions of dollars in additional savings by better adjusting for differences between Medicare Advantage plans and traditional Medicare providers in the reporting of beneficiary diagnoses.

Why This Area Is Important

In fiscal year 2010, the federal government spent about $113 billion on the Medicare Advantage program, a private plan alternative to the original Medicare program that covers about a quarter of Medicare beneficiaries. Medicare Advantage plans are paid a fixed monthly amount to provide beneficiaries with the same services as traditional Medicare. Most of these plans receive larger payments than would be required to provide traditional Medicare services. This allows them to provide additional services not covered by traditional Medicare.

The Centers for Medicare & Medicaid Services (CMS), the agency that administers Medicare, adjusts payments to Medicare Advantage plans based on the health status of each plan's enrollees. This adjustment is intended to provide higher payments for sicker patients and lower payments for those who are less sick. CMS calculates a risk score—which is a relative measure of health status—for every beneficiary. The risk score is based on a beneficiary's demographic characteristics, such as age and gender, and major medical conditions. To obtain information on the medical conditions of beneficiaries in traditional Medicare, CMS generally analyzes diagnoses—numerically coded by providers into Medicare defined categories—on the claims that providers submit for payment. For beneficiaries enrolled in Medicare Advantage plans, which do not submit claims, CMS requires plans to submit diagnostic codes for each beneficiary. Analysis has shown that risk scores are higher for Medicare Advantage beneficiaries than for beneficiaries in traditional Medicare with the same characteristics, and CMS has taken steps to reduce Medicare Advantage payments, saving $2.7 billion in 2010.

What GAO Found

Risk scores for beneficiaries with the same demographic characteristics and health conditions should be identical, regardless of whether the beneficiaries are in a Medicare Advantage plan or traditional Medicare. This will be true if Medicare Advantage and traditional providers code medical diagnoses with the same level of reliability and completeness. However, Medicare Advantage plans and providers in traditional Medicare may code diagnoses differently. Medicare Advantage plans have a financial incentive to ensure that all relevant diagnoses are coded, as this can increase beneficiaries' risk scores and, ultimately, payments to the plans. Many traditional Medicare providers are paid for services rendered, and providers have less incentive to code all relevant diagnoses. If Medicare Advantage risk scores are higher than traditional Medicare scores for beneficiaries with the same demographic characteristics and medical conditions simply because Medicare Advantage diagnostic coding is more comprehensive, then CMS's payment adjustment will not be accurate and Medicare Advantage payments will be too high.

Policymakers have expressed concern that risk scores for Medicare Advantage beneficiaries have grown at a faster rate than those for traditional Medicare beneficiaries, and some believe that systematic differences in coding diagnoses have contributed to this growth. The Deficit Reduction Act of 2005 directed CMS to conduct an analysis and adjust risk scores for differences in coding practices, to the extent that such differences could be identified in 2008, 2009, and 2010. The Health Care and Education Reconciliation Act of 2010 directed CMS to continue adjusting risk scores until the agency implements risk adjustment using Medicare Advantage data. In 2010, CMS estimated that 3.41 percent of Medicare Advantage risk scores were due to differences in diagnostic coding practices, and it reduced the scores by 3.41 percent, thereby saving $2.7 billion.

As GAO reported in January 2012, three major shortcomings exist in CMS's method for adjusting Medicare Advantage payments to reflect differences in diagnostic coding practices between Medicare Advantage and traditional Medicare. A revised methodology that addressed these shortcomings could have saved Medicare between $1.2 billion and $3.1 billion in 2010 in addition to the $2.7 billion in savings that CMS's 3.41 percent adjustment produced—a total savings of between $3.9 billion and $5.8 billion. GAO expects savings in 2011 and future years will be greater. However, CMS has continued to use, or plans to use, its 2010 adjustment of 3.41 percent in 2011 and 2012.

First, CMS did not use the most recent data for its estimates. For 2010, the agency did not incorporate in its estimates 2008 data, the most recent data available. Similarly, the agency did not incorporate 2009 and 2010 data as it became available to update its estimates for 2011 and 2012. The most recent risk score data used by CMS in any of these estimates was 2007.

Second, CMS assumed that the annual impact of coding differences remained constant relative to coding differences from 2004 to 2007, despite evidence that the impact was increasing over time. Although CMS's 2010 estimate accounted for the cumulative impact of coding differences over the 3 prior years, CMS did not account for any additional years of accumulated impact in its 2011 or 2012 estimates.

Third, CMS only accounted for differences in age and mortality between the Medicare Advantage and traditional Medicare populations. GAO accounted for additional beneficiary characteristics, such as sex, diagnoses as a proxy for health status, Medicaid enrollment status, beneficiary residential location, and whether the original reason for Medicare entitlement was disability, thereby improving the accuracy of the estimate.

Actions Needed and Potential Financial or Other Benefits

CMS could enhance its efforts to estimate effects of coding differences between Medicare Advantage and traditional Medicare and realize even greater cost savings than the $2.7 billion that it has identified. GAO demonstrated a methodology which incorporated additional data and identified additional savings—$1.2 billion to as much as $3.1 billion in payment reductions to Medicare Advantage plans. In January, 2012, GAO made the following recommendations:

To help ensure appropriate payments to Medicare Advantage plans and improve the accuracy of the adjustment made for differences in coding practices over time, the Secretary of Health and Human Services should direct the Administrator of CMS

- incorporate the most recent data available in its estimates and identify and account for all years of diagnostic coding differences that could affect the payment year for which any adjustment is made;
- take into account the upward trend of annual impact of coding differences in its estimates; and
- account, insofar as possible, for all relevant differences in beneficiary characteristics between the Medicare Advantage and traditional Medicare populations.

Agency Comments and GAO's Evaluation

GAO provided a draft of its January 2012 report to the Department of Health and Human Services. The Department of Health and Human Services did not comment on GAO's recommendations but provided general and technical comments, which were incorporated as appropriate. The Department of Health and Human Services characterized GAO's results as "similar" to those obtained by CMS, and found GAO's methodological approach and findings informative.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the report listed in the related GAO product section. GAO estimated the impact of coding differences between Medicare Advantage and traditional Medicare on Medicare Advantage risk scores and payment to plans. GAO compared risk score growth for Medicare Advantage beneficiaries with an estimate of what risk score growth would have been if they had been in traditional Medicare.

Related GAO Product

Medicare Advantage: CMS Should Improve the Accuracy of Risk Score Adjustments for Diagnostic Coding Practices. GAO-12-51. Washington, D.C.: January 12, 2012.

Contact Information

For additional information about this area, contact James C. Cosgrove at (202) 512-7114 or cosgrovej@gao.gov.

46. Medicare and Medicaid Fraud Detection Systems

The Centers for Medicare & Medicaid Services needs to ensure widespread use of technology to help detect and recover billions of dollars of improper payments of claims and better position itself to determine and measure financial and other benefits of its systems.

Why This Area Is Important

GAO has designated Medicare and Medicaid as high-risk programs, in part due to their susceptibility to improper payments—estimated to be about $65 billion in fiscal year 2011.[1] As the administrator of these programs, the Centers for Medicare & Medicaid Services (CMS) is responsible for safeguarding them from loss and for performing functions intended to help ensure the integrity of the programs, such as reviewing paid claims to identify patterns that may indicate cases of fraud, waste, and abuse, or other payment errors. These and other program integrity functions are conducted by CMS staff and several types of contractors.

To integrate data about all types of Medicare and Medicaid claims and improve its ability to detect fraud, waste, and abuse in these programs, CMS initiated two information technology programs: the Integrated Data Repository (IDR) and One Program Integrity (One PI). IDR is intended to provide a centralized repository of claims data for all Medicare and Medicaid programs, and One PI is a set of tools that enables CMS's program integrity contractors and staff to access and analyze data retrieved from IDR. The intent of these programs is to provide enhanced capabilities and support to help CMS achieve goals for improving outcomes of its program integrity initiatives. Among other things, these enhancements are intended to improve CMS's ability to detect and recover funds lost to improper payments, and according to CMS officials, are expected to provide financial benefits of more than $21 billion by the end of fiscal year 2015.

What GAO Found

As GAO reported in June 2011, CMS had developed and begun using both IDR and One PI, but was not yet positioned to identify, measure, or track benefits realized from these programs. Although IDR had been implemented and in use since 2006, it did not include all the data that were planned to be incorporated by fiscal year 2010. Specifically, while IDR included most types of Medicare claims data, it did not include the Medicaid data needed to help analysts detect improper payments of Medicaid claims. IDR also did not include data from other CMS systems that store and process data related to the entry, correction, and

[1] Improper payments may be made as a result of several causes, such as submissions of duplicate claims or fraud, waste, and abuse.

adjustment of claims prior to payment. These data are needed to help the agency's program integrity analysts prevent improper payments. According to program officials, the data were not incorporated because of obstacles introduced by delays in funding and technical issues. Specifically, funding to support activities to incorporate data from the other CMS systems was not approved until summer 2010. In November 2011, program officials stated that they had begun incorporating these data in September 2011 and planned to make them available to program integrity analysts in spring 2012.

Regarding the Medicaid data, IDR officials stated that they did not account for difficulties and resulting delays associated with integrating into IDR the various types and formats of data stored in disparate state systems. Further, the agency did not finalize plans or develop reliable schedules for its efforts to incorporate these data. In particular, program officials did not consider certain risks and obstacles, such as technical challenges, as they developed schedules for implementing IDR. Until it does so, CMS may face additional delays in making available all the data that are needed to support enhanced program integrity efforts.

Additionally, CMS developed and deployed to users its One PI system—a web-based portal that is to provide CMS program integrity analysts a single point of access to data contained in IDR, along with tools for analyzing those data. Nonetheless, few program integrity analysts were using the system. Specifically, One PI program officials planned for 639 analysts to be using One PI by the end of fiscal year 2010; however, only 41—less than 7 percent—were actively using the portal and tools as of October 2010.

According to program officials, the agency had not trained its broad community of analysts to use the system because of delays introduced when they took time to redesign initial training plans, which were found to be insufficient. Specifically, the initial plan provided training for the use of the One PI system and IDR data in a 3-and-a-half-day course, whereas the redesigned plan includes courses on each of the components and allows trainees time to use them to reinforce learning before taking additional courses. Because of these delays, the initial use of the system was limited to a small number of CMS staff and contractors. In updating the status of the training efforts in November 2011, CMS officials reported that a total of 215 program integrity analysts had been trained and were using One PI.[2] However, until program officials finalize plans and schedules for training all intended users and expanding the use of One PI, the agency may continue to experience delays in reaching widespread use of the system and realizing expected financial benefits.

[2]We did not validate the data provided in November 2011.

Further, while CMS made some progress toward its goals to provide a single repository of data and enhanced analytical capabilities for program integrity efforts, the agency was not positioned to identify, measure, or track financial benefits or progress toward meeting program goals as a result of its efforts. Specifically, although IDR program officials stated that they avoided technology costs as a result of implementing IDR, they did not identify financial benefits of using IDR based on the recovery of improper payments.

According to agency officials, CMS expected to realize more than $21 billion in benefits as a result of using One PI from 2006 through 2015. These benefits were expected to accrue as CMS's broad community of program integrity analysts used the systems to identify increasing numbers of improper payments. However, these officials further stated that because the agency did not meet its goal for widespread use of One PI, there were not enough data available to quantify benefits attributable to the use of the system. In this regard, we found that CMS did not produce outcomes that positioned the agency to identify or measure financial benefits, or to gauge its progress toward achieving the $21 billion in benefits that it expected.

CMS officials also did not develop quantifiable measures that could be used to determine whether the agency was making progress toward meeting program goals through the use of One PI. For example, performance measures for one PI included increases in the detection of improper payments for Medicare Parts A and B claims. However, program integrity officials stated that measures were not quantified because they had not identified ways to determine the extent to which increases in the detection of errors could be attributed to the use of One PI. Additionally, the limited use of the system did not generate enough data to quantify the amount of funds recovered from improper payments.

Actions Needed and Potential Financial or Other Benefits

To better position the agency to measure, gauge, and take actions to help ensure the program's success toward achieving the $21 billion in financial benefits that program integrity officials projected, GAO recommended in June 2011 that the Administrator of CMS

- finalize plans and schedules for incorporating additional data into IDR that consider risks and obstacles to the program;
- implement and manage plans for incorporating data into IDR to meet schedule milestones;
- establish plans and schedules for training all program integrity analysts who are intended to use One PI;
- establish and communicate deadlines for program integrity contractors to complete training and use One PI in their work;
- conduct training in accordance with plans and deadlines;

- define any measurable financial benefits expected from the implementation of IDR and One PI; and
- establish measures for IDR and One PI that gauge progress toward meeting program goals.

Agency Comments and GAO's Evaluation

GAO provided a draft of its June 2011 report to CMS for review and comment. CMS agreed with all of GAO's recommendations and identified steps agency officials were taking to implement them. GAO expects to conduct additional work to determine whether CMS has addressed its recommendations and identified financial benefits and progress toward meeting agency goals resulting from the implementation of IDR and One PI for program integrity purposes. As part of its routine audit work, GAO will track agency actions to address these recommendations and report to Congress.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. GAO reviewed IDR and One PI system and program management plans and other documents and compared them to key practices. GAO also interviewed program officials, analyzed system data, and reviewed reported costs and benefits.

Related GAO Products

Fraud Detection Systems: Centers for Medicare and Medicaid Services Needs to Expand Efforts to Support Program Integrity Initiatives. GAO-12-292T. Washington, D.C.: December 7, 2011.

Fraud Detection Systems: Centers for Medicare and Medicaid Services Needs to Ensure More Widespread Use. GAO-11-475. Washington, D.C.: June 30, 2011.

Contact Information

For additional information about this area, contact Valerie C. Melvin at (202) 512-6304 or melvinv@gao.gov.

47. Border Security

Delaying proposed investments for future acquisitions of border surveillance technology until the Department of Homeland Security better defines and measures benefits and estimates life-cycle costs could help ensure the most effective use of future program funding.

Why This Area Is Important

Securing the Arizona portion of the approximately 2,000-mile southwest border that the United States shares with Mexico—while keeping illegal flows of people and drugs elsewhere under control—is a top priority for the Department of Homeland Security's (DHS) U.S. Customs and Border Protection (CBP).

Following the 2011 cancellation of CBP's costly Secure Border Initiative Network (SBI*net*), CBP has taken steps to develop and implement a new Arizona Border Surveillance Technology Plan (the Plan) for the remainder of the Arizona border. This Plan is the first step in a multiyear, multibillion-dollar effort to secure the southwest border. The Plan is intended to guide the identification, acquisition, and deployment of additional surveillance technology, as well as any modifications needed to adjust them to varying terrain along the Arizona border to enhance situational awareness of illegal intrusions. CBP requested $242 million to fund the new Plan for fiscal year 2012 and estimates that the total costs of acquiring and maintaining all of the proposed new systems for the Arizona border over their expected 10-year life cycle will be about $1.5 billion.

CBP began development of SBI*net* in 2005 as a combination of surveillance technologies that relied primarily on radar and camera towers to create a "virtual fence" along the southwest border in order to enhance CBP's capability to detect, identify, classify, track, and respond to illegal breaches at and between land ports of entry. After 5 years and a cost of nearly $1 billion, SBI*net* systems are now deployed along the 53 miles of Arizona's 378-mile border with Mexico that represent the highest-risk area for illegal entry attempts.

Since its inception, SBI*net* experienced continued and repeated technical problems, cost overruns, and schedule delays, which raised serious questions about the program's ability to meet CBP's needs for surveillance technology along the border. GAO issued 26 reports and testimonies identifying operational and program management weaknesses that contributed to SBI*net*'s performance shortfalls, including cost overruns and schedule slippages. For example, as GAO reported in November 2008 and June 2010, deficiencies existed in CBP's timely preparation and completion of key acquisition documents essential to setting operational requirements, identifying and mitigating risks, and establishing the cost, schedule, and performance requirements of the project and the technology to be delivered.[1] In May 2010, GAO concluded that it was unclear whether the department's pursuit of SBI*net* was a cost-effective course of action, and whether it would produce expected results on time and within budget. In part based on these concerns, the Secretary of Homeland Security announced the cancellation of further procurements of SBI*net* systems in January 2011.

Given the previously reported challenges and eventual cancellation of SBI*net*, and the fact that similar challenges could affect CBP's current plan to acquire and deploy surveillance technology, GAO analyzed CBP's business case for its new initiative. This business case is important in light of DHS's overall management of acquisitions. GAO has reported that DHS faces significant challenges in managing its acquisitions, including programs not meeting their cost, schedule, and performance expectations. Further, strengthening its acquisition management process would help DHS to deliver critical mission capabilities that meet identified needs on time and within budget, including helping to reduce the cost overruns and schedule delays that DHS continues to experience in many of the major acquisition programs GAO has reviewed.[2]

What GAO Found

CBP's proposed approach is at an increased risk of not cost-effectively accomplishing its goal in support of Arizona border security because CBP has not provided support for its business case for investing in the Plan. As GAO reported in November 2011, CBP has taken some steps to develop a business case for the Plan, but the agency has not (1) documented the analysis justifying the specific types, quantities, and deployment locations of border surveillance technologies proposed in the Plan in accordance with *Standards for Internal Control in the Federal Government*; (2) defined the mission benefits or developed performance metrics to assess its implementation of the Plan; or (3) developed a robust life-cycle cost estimate that can be relied on for the purposes of budget requests for fiscal year 2012 and beyond.

CBP program officials developed and proposed the Plan without documenting the analysis justifying the specific types, quantities, and deployment locations of border surveillance technologies proposed in the Plan. These technologies include a mix of currently employed technologies, such as unattended ground sensors, as well as new alternatives, such as Integrated Fixed Tower systems (that include fixed towers, cameras and radar, a data communications network, facilities

[1] GAO, *Department of Homeland Security: Billions Invested in Major Programs Lack Appropriate Oversight*, GAO-09-29 (Washington, D.C.: Nov. 18, 2008) and *Department of Homeland Security: Assessments of Selected Complex Acquisitions*, GAO-10-588SP (Washington. D.C.: June 30, 2010).

[2] GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue,* GAO-11-318SP (Washington, D.C.: Mar. 1, 2011) and GAO-10-588SP.

upgrades, information displays, and an information management system). According to the Plan, CBP will begin acquiring and deploying three Integrated Fixed Tower systems in Arizona in 2012, with two others to be deployed by 2015, depending on funding availability. *Standards for Internal Control in the Federal Government* call for agencies to promptly record and clearly document transactions and significant events to maintain their relevance and value to management in controlling operations and making decisions and to ensure that agency objectives are met. The senior CBP official responsible for the program's acquisitions told GAO that he believed the process used to develop and support the plan justified acquisition decisions called for in the Plan. However, documenting the analysis justifying the specific types, quantities, and deployment locations of border surveillance technologies proposed in the Plan would allow an independent party to confirm the process followed, and to assess the validity of the decisions made.

The Secretary of Homeland Security reported to Congress in January 2011 that the Plan is expected to provide situational awareness for the entire Arizona border by 2014. However, CBP officials have not yet defined the expected benefits or developed measurable and quantifiable performance metrics which could show progress toward achieving that goal.[3] In September 2011, CBP officials reported that they are developing new measures to determine whether and how investments impact border security. They acknowledged that since large investments have been made in border security, it is critical to assess the impacts these investments have had on improving border security, as well as projecting the additional impact future investments will have on their ability to manage the borders. However, CBP officials had not yet determined the key attributes of these new measures. The Clinger-Cohen Act of 1996 and Office of Management and Budget (OMB) guidance emphasize the need to ensure that information technology investments produce tangible, observable improvements in mission performance.[4] Additionally, the GPRA Modernization Act of 2010 (GPRAMA) established a new, cross-cutting, and integrated framework for achieving results and improving government performance.[5] Without defining the expected benefit or establishing metrics, CBP's ability to assess the effectiveness of the Plan as it is implemented may be limited.

[3]According to OMB Circular A-11, performance measurement should include program accomplishments in terms of outputs (quantity of products or services provided) and outcomes (results of providing outputs in terms of effectively meeting intended agency mission objectives), as well as indicators, statistics or metrics used to gauge program performance. See OMB, *Preparation, Submission, and Execution of the Budget*, Circular A-11 (Washington, D.C.: August 2011).

[4]Clinger-Cohen Act of 1996, 40 U.S.C. §§ 11101-11703, and OMB Circular A-130, *Management of Federal Information Resources* (Washington, D.C., Nov. 30, 2000).

[5]Pub. L. No. 111-352, 124 Stat. 3866 (2011).

Finally, while CBP officials have taken steps to develop a cost estimate for the Plan, because they did not determine a level of confidence around the estimate, it may not be realistic or sufficient for the purposes of budget requests for fiscal year 2012 or beyond. GAO reported that CBP's cost estimate did not fully comply with related best practices. GAO's *Cost Estimating and Assessment Guide* and OMB guidance emphasize that reliable cost estimates are important for program approval and continued receipt of annual funding. High-quality cost estimates should be well documented, comprehensive, accurate, and credible.[6] Specifically, GAO reported that CBP officials took steps to develop a comprehensive and accurate cost estimate. However, the actual data used to determine the estimate were not always shown. As a result of insufficient documentation, the validity and reliability of the estimate cannot be verified. In addition, because CBP officials did not follow other best practices for cost estimation, the estimate for the plan is likely to be unrealistic. Until CBP determines a robust life-cycle cost estimate for the Plan in accordance with best practices, it will be difficult for CBP to provide reasonable assurance regarding the reliability of CBP's expected future cost estimates for border surveillance technology.

Actions Needed and Potential Financial or Other Benefits

To increase the likelihood of successful implementation of the Arizona Border Surveillance Technology Plan, minimize performance risks associated with the new approach, help justify program funding, and increase the reliability of CBP's cost estimate, GAO recommended in November 2011 that the Commissioner of CBP

- determine the mission benefits to be derived from implementation of the plan,
- develop and apply key attributes for metrics to assess program implementation; and
- update its cost estimate for the Plan using best practices.

In addition, Congress may wish to consider

- limiting future program funding until CBP has more fully defined the benefits and costs of its new Plan for Arizona. As part of our routine audit work, we will track agency actions to address these recommendations and report the results to Congress.

[6] GAO, *Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, GAO-09-3SP (Washington, D.C.: March 2009).

Agency Comments and GAO's Evaluation

GAO provided a draft of its November 2011 report as well as this report section for review and comment. DHS agreed with GAO recommendations and identified steps officials planned to take to implement them, along with estimated dates for their completion. Regarding the recommendations that CBP determine the mission benefits to be derived from implementation of the Plan and develop and apply key attributes for metrics to assess the program's implementation, DHS concurred and stated that CBP plans to develop a set of measures by April 30, 2012, that will assess the effectiveness and mission benefits of future technology investments. Such action should address the intent of the recommendations. Regarding the recommendation related to updating CBP's life-cycle cost estimate using best practices, DHS concurred and stated that CBP was preparing individual project cost estimates for the two largest elements of the Plan and will complete these actions by April 30, 2012. While these actions are positive steps, they do not fully address the recommendation that DHS implement best practices for cost estimates for the entire Plan, which is still needed to fully understand the impacts of integrating these separate projects.

How GAO Conducted Its Work

This information contained in this analysis is based on findings from the products listed in the related GAO products section. GAO reviewed key program planning documents CBP relied on to support its new approach to identifying, acquiring, and deploying surveillance technology and compared them with requirements in DHS acquisition regulations. GAO also interviewed CBP officials responsible for assessing the need for and documenting the cost, operational effectiveness and suitability of proposed systems to support its Arizona Border Surveillance Technology Plan, and for identifying appropriate metrics to assess progress in border security. GAO reviewed cost and budget documents CBP relied on to support cost estimates for technology alternatives and interviewed program officials and contractors responsible for estimating the cost of future investments in surveillance technology, specifically the life-cycle approach, requirements development and management, test management, and risk management. GAO also compared this information to relevant federal guidance and leading industry practices.

Related GAO Products

Arizona Border Surveillance Technology: More Information on Plans and Costs Is Needed Before Proceeding. GAO-12-22. Washington, D.C.: November 4, 2011.

Border Security: Preliminary Observations on the Status of Key Southwest Border Technology Programs. GAO-11-448T Washington D.C.: March 15, 2011.

Secure Border Initiative: DHS Needs to Strengthen Management and Oversight of Its Prime Contractor. GAO-11-6. Washington, D.C.: October 18, 2010.

Secure Border Initiative: DHS Needs to Reconsider Its Proposed Investment in Key Technology Program. GAO-10-340. Washington, D.C.: May 5, 2010.

Secure Border Initiative: DHS Needs to Address Testing and Performance Limitations That Place Key Technology Program at Risk. GAO-10-158. Washington, D.C.: January 29, 2010.

Secure Border Initiative: Technology Deployment Delays Persist and the Impact of Border Fencing Has Not Been Assessed. GAO-09-1013T. Washington, D.C.: September 17, 2009.

Secure Border Initiative: DHS Needs to Address Significant Risks in Delivering Key Technology Investment. GAO-08-1148T. Washington, D.C.: September 10, 2008.

Secure Border Initiative: Observations on the Importance of Applying Lessons Learned to Future Projects. GAO-08-508T. Washington, D.C.: February 27, 2008.

Secure Border Initiative: SBInet Planning and Management Improvements Needed to Control Risk. GAO-07-504T. Washington, D.C.: February 27, 2007.

Contact Information

For additional information about this area, contact Rebecca Gambler at (202) 512-6912 or gamblerr@gao.gov.

48. Passenger Aviation Security Fees

Options for adjusting the passenger aviation security fee could further offset billions of dollars in civil aviation security costs.

Why This Area Is Important

According to the President's 2011 *National Counterterrorism Strategy*, aviation security and screening is an essential tool in the country's ability to detect, disrupt, and defeat plots to attack the homeland.[1] Civil aviation security includes, among other things, screening passengers and their carry-on and checked baggage for explosives, weapons, and other prohibited items. To help offset the costs associated with providing this security, the Aviation and Transportation Security Act authorized the Transportation Security Administration (TSA) to impose two security-related fees: a passenger security fee and an air carrier security fee (Aviation Security Infrastructure Fee).[2]

TSA imposed the passenger security fee—a uniform fee on passengers of U.S. and foreign air carriers originating at airports in the United States—in February 2002 at $2.50 per enplanement, capped at $5.00 per one-way trip, which are the maximum amounts allowed under the Aviation and Transportation Security Act. In addition, in February 2002, TSA imposed the air carrier security fee—a fee imposed on air carriers to further offset the costs of civil aviation security and capped at the amount paid by air carriers for screening passengers and property in calendar year 2000.[3]

The fees collected offset amounts appropriated to TSA for aviation security. In his fiscal year 2012 budget request, the President requested that Congress increase the passenger security fee but did not request an increase in the air carrier fee. In light of the administration's focus on the passenger security fee and the possibility that the basis for calculating the cost to air carriers for screening passengers and property in 2000 could

[1]*National Strategy for Counterterrorism* (Washington, D.C.: June 28, 2011).

[2]See Pub. L. No. 107-71, § 118(a) (2001) (codified as amended at 49 U.S.C. § 44940). In general, the fees collected offset the account that finances the activities and services for which the fee is imposed. Specifically, the fees collected offset amounts appropriated to TSA's "aviation security" account. See, e.g., Department of Homeland Security Appropriations Act, 2010, Pub. L. No. 111-83 (2009). See also 49 U.S.C. § 44940(f)(1).

[3]See 49 U.S.C. § 44940(a)(2) (authorizing the collection of the air carrier fees if passenger security fee collections were insufficient to pay for the costs of providing civil aviation security services). TSA collected approximately $280 million in air carrier fees in fiscal year 2010 and expects to have collected an estimated $420 million in fiscal year 2011 and each fiscal year thereafter.

remain in dispute, for the purposes of this summary, GAO will focus on options for offsetting aviation security costs related to the passenger fee.[4]

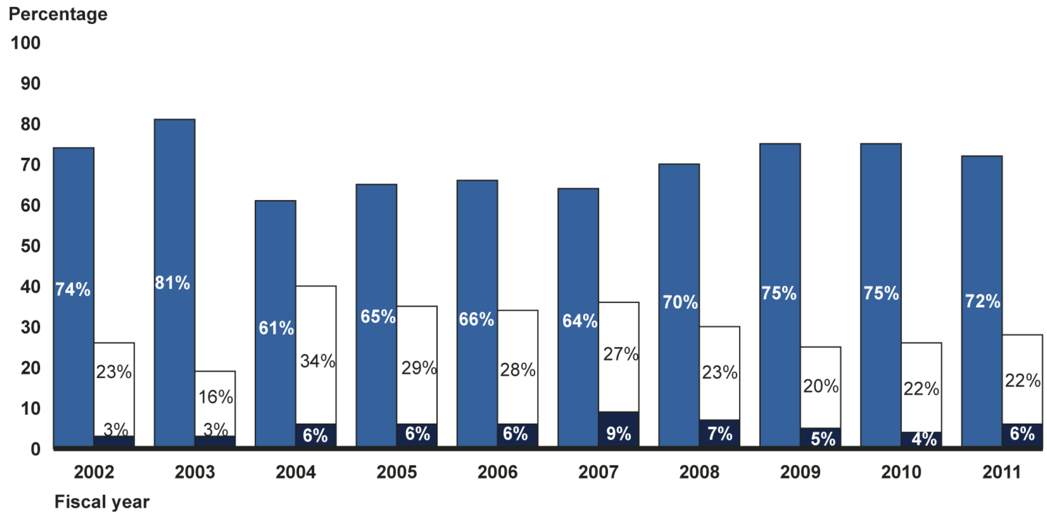
In the 10 years since TSA imposed the passenger security fee, TSA has developed additional measures to help mitigate potential risks to the nation's civil aviation security system, such as enhanced passenger screening technologies, among other programs, which have contributed to increases in the costs of aviation security to the federal government.

What GAO Found

Several options exist for revising passenger security fees to help further offset civil aviation security costs. From fiscal years 2002 through 2011, TSA collected about $18 billion in passenger and air carrier security fees, compared to the approximately $63 billion appropriated for aviation security activities over the same time frame; thus, security fees offset about 29 percent of amounts appropriated for aviation security-related activities during this time frame. The figure below shows the difference between the funds appropriated for aviation security and the aviation security fees collected since fiscal year 2002.

[4]See, e.g., *Southwest Airlines, Co. v. Transp. Sec. Admin.*, 650 F.3d 752 (D.C. Cir. 2011) (denying airlines' petition for review of TSA's determination to use $420 million as the basis for its calculation of the cost to air carriers for screening passengers and property in calendar year 2000). As of this most recent ruling by the Court of Appeals, it remains unclear if air carriers will continue to dispute the amount of the fee imposed by TSA.

Difference between TSA's Annual Appropriations and Aviation Security Fees Collected, from Fiscal Years 2002 through 2011



Funding sources for TSA aviation security programs (dollars in millions)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Amounts Appropriated to TSA for Aviation Security	4,340	7,662	4,775	5,516	5,876	6,403	6,180	7,630	7,231	7,231	**62,844**
Passenger Security Fees Collected	995	1,200	1,600	1,616	1,660	1,710	1,420	1,506	1,558	1,598	**14,863**
Air Carrier Fees Collected	133	253	283	307	350	573	412	407	282	400	**3,400**

Source: GAO analysis of TSA data.

Notes: For the purposes of GAO's analysis, TSA identified the total amounts appropriated to TSA for aviation security-related programs and activities, including Federal Air Marshals, threat assessments, and some support costs. Due to statutory and other limitations, TSA did not collect a full year's worth of fees in fiscal years 2002 through 2004. In addition, beginning in fiscal year 2005, and each fiscal year thereafter, the first $250 million in passenger security fees collected have been designated to the Aviation Security Capital Fund, except for fiscal year 2008, when an additional $250 million in fee collections were designated to the Checkpoint Screening Security Fund. See 49 U.S.C. §§ 44923(h), 44940(i). The figure above excludes amounts designated for the Aviation Security Capital Fund or the Checkpoint Screening Security Fund from "passenger security fees collected" and does not include these amounts in "amounts appropriated to TSA." Percentages may not add to 100 due to rounding.

The importance of closely aligning fees to the cost of the service provided has been widely documented. As GAO previously reported in May 2008 about user fee design, agencies should review their fees on a regular basis to ensure that they, Congress, and stakeholders have complete information on the costs of federal programs, and that fees are appropriately aligned to program costs and activities, among other things.[5] Further, GAO's report stated that user fees can be designed to reduce the burden on taxpayers to finance the portions of activities that provide benefits to identifiable users above and beyond what is normally provided to the public. The International Civil Aviation Organization also issued guidance regarding cost recovery for airport charges.[6] This guidance provides information to consider when setting fees, including fees related to aviation security, and determining the extent to which fees should offset security costs. According to International Civil Aviation Organization officials, costs should be a key consideration in setting fees and governments or airports, with input from relevant stakeholders, may consider increasing security fees when costs increase. For example, following the September 11, 2001, terrorist attacks, the government of Canada imposed an Air Travelers Security Charge of $12.00 per one-way trip to cover the costs of aviation security services.[7] This fee was reviewed and reduced each year from 2003 through 2006 to reflect increases in passenger enplanements, revenue, and tax reductions, while it was increased in 2010 to $7.48 to reflect increased expenditures for deploying upgraded checked baggage screening systems, among other things.[8]

In recent years, several options have been considered for increasing the passenger aviation security fee. However, the fee has not been increased since it was imposed in February 2002. The table below provides a

[5]In addition, pursuant to the Chief Financial Officers Act of 1990, agencies must review fees and other charges for services and things of value biennially, and based on these reviews make recommendations, as appropriate, on revising the fees to reflect costs incurred. See 31 U.S.C. § 902(a)(8). Similarly, OMB Circular A-25 provides that each agency will review user charges biennially. These reviews include (1) assuring that existing charges are adjusted to reflect unanticipated changes in costs or market values, and (2) reviewing of all other agency programs to determine whether fees should be assessed for government services or the user of government goods or services. In accordance with OMB guidance, TSA reviews the passenger security fee, which is a user fee, biennially, but TSA does not have authority to adjust the fee beyond the maximum amount established in statute, if warranted.

[6]International Civil Aviation Organization, *Policies on Charges for Airports and Air Navigation Services* (Doc 9082), Eighth Edition, 2009. The International Civil Aviation Organization is a specialized agency of the United Nations that sets standards and regulations related to aviation safety, security, and aviation environmental protection, among other things.

[7]The Canadian Air Transport Security Authority, created after September 11, 2001, is a governmental entity responsible for providing core civil aviation security functions, such as screening passengers and baggage at Canadian airports. The Air Travelers Security Charge is imposed on flights departing from any of the 89 airports regulated by the Canadian Air Transport Security Authority. GAO did not compare the costs of civil aviation security in Canada to those in the United States.

[8]The amount of Air Travelers Security Charges imposed on travelers varies depending on flight segment, such as domestic (one-way), domestic (round-trip), transborder (to the United States), and other international flights. The fee is charged to passengers who use airports in which the Security Authority performs security-related services. Dollar amounts shown above are in Canadian dollars. When converted to U.S. dollars, the Air Travelers Security Charge would have been $7.56 in 2002 and $7.36 in 2010.

description of the proposed options presented from various sources for increasing the passenger security fee.

Options to Increase the Passenger Aviation Security Fee

Source	Description of option	Potential for addressing the difference between amounts appropriated and fees collected
President's Deficit Reduction Plan (September 2011)	The administration proposed increasing the passenger fee to $7.50 per one-way trip by 2017 through incremental $0.50 increases.	The plan estimates that this option would collect an additional $8.8 billion over 5 years and $24.9 billion over 10 years. According to the plan, over 10 years, $15 billion of these collections would be directed for debt reduction and the remaining collections would be used to offset TSA appropriations.
Congressional Budget Office (CBO) (March 2011), President's Debt Commission (November 2010), and House Budget Committee (April 2011)	In late 2010 and 2011, CBO and the President's Debt Commission advanced similar options in which the passenger fee would be increased to a flat rate of $5.00 per one-way trip. The House Budget Committee also included this option in its concurrent resolution on the budget for fiscal year 2012.	CBO estimates that this option would increase annual fee collections by about $2 billion, on average, or about $10 billion over 5 years. TSA officials stated that TSA is supportive of the CBO and President's Debt Commission option because it would enable them to more closely meet their goal of offsetting 80 percent of the federal government's aviation security costs through fee collections.
TSA Fiscal Year 2012 Budget Request (February 2011)	In its fiscal year 2012 budget request, TSA proposed incrementally increasing the passenger security fee to $5.50 per enplanement by 2014, with an $11 per one-way trip maximum.	The fiscal year 2012 budget request for TSA includes an option to increase the current $2.50 fee by $1.50, offsetting appropriations by $590 million in 2012. In addition, the option assumes $0.50 and $1.00 increases in 2013 and 2014, respectively. When fully implemented in 2014, TSA anticipates that this option will increase annual passenger fee collections by $2.3 billion.
TSA's goal for security fee collections (February 2009)	TSA officials stated that their goal is ultimately to offset 80 percent of amounts appropriated to TSA for aviation security-related programs and activities through fee collections. To achieve this goal, TSA would need to increase the passenger security fee to about $7.00 per enplanement, capped at $14 per one-way trip, according to GAO's analysis.	Increasing the fee to offset 80 percent of the amounts appropriated to TSA for aviation security-related programs and activities would represent an average annual increase of about $4 billion in passenger fee collections, depending on appropriations.

Source: GAO analysis of TSA, CBO, OMB, and President's Debt Commission data.

Note: Estimates for future years are based on available enplanement data and are subject to change.

In addition to the options noted above, the passenger security fee could also be adjusted for inflation. OMB Circular A-25 provides that biennial reviews assure that existing charges are adjusted to reflect unanticipated changes in costs or market values. GAO also reported on issues to consider when setting user fees such as whether fee collections are projected to change with inflation. According to GAO's analysis, an inflation adjustment to the existing passenger security fee would result in an increase of approximately $0.50,[9] increasing the fee from $2.50 to about $3.00 per enplanement, capped at $6 per one-way trip. Adjusting the fee for inflation would represent an average annual increase of about $410 million in passenger fee collections.

Industry association officials representing key aviation stakeholders—including airport executives, airlines, and passengers—from four of the five associations GAO interviewed have expressed general opposition to a passenger security fee increase for various reasons, such as the argument that aviation security is a federal responsibility and therefore associated costs should be borne by the government. One association noted that the burden of subsidizing these costs should not fall solely on passengers. Officials with three of the five aviation industry associations GAO interviewed also stated that the demand for air travel could be impacted if aviation security fees were increased. However, TSA officials stated that TSA does not expect its fiscal year 2012 proposal to increase the passenger security fee to $5.50 per enplanement (capped at $11.00 per one-way trip) to have a significant impact on travelers' demand to fly since the proposal suggests modest, incremental increases to the fee.

In addition, GAO's review of the economic literature and related analysis suggests that the demand for air travel is somewhat elastic to price changes,[10] though TSA's proposed fee increase to $5.50 per enplanement by 2014 constitutes a small proportion of the average price of a one-way trip,[11] which is about $210 as of calendar year 2010, according to the U.S. Department of Transportation.[12] Moreover, the responsiveness of travelers to changes in air travel prices depends on several factors such as distance traveled, nature of the trip (nonbusiness versus business), and the availability of alternative travel modes (for example, rail, road, etc.). GAO's analysis of TSA's fiscal year 2012 budget proposal to incrementally increase the passenger security fee to $5.50 per enplanement by 2014 shows that when demand effects are taken into account, total enplanements from fiscal years 2012 through 2014 could be reduced by 1 percent or about 26 million passengers over

[9]GAO's inflation adjustment factor is derived from the Consumer Price Index (for urban consumers) compiled by the Bureau of Labor Statistics using 2002 as the base year. GAO divided the annual Consumer Price Index for 2010 by that of 2002 to get the adjustment factor for 2010.

[10]See D.W. Gillen, W.G. Morrison, and C. Stewart, *Air Travel Demand Elasticities: Concepts, Issues, and Management*, Department of Finance, Government of Canada (January 2003).

[11]Note that this is the fare for a whole trip; since a trip may entail more than one enplanement, the fee increase as a percentage of enplanement fare would be slightly higher but still very small.

[12]The average ticket price reflects a weighted average price of domestic and international flights.

this 3-year period.[13] This would reduce expected fee collections by about $120 million, or 3 percent of the $4.4 billion in additional fees collected over this period.[14]

Actions Needed and Potential Financial or Other Benefits

Increasing the passenger security fee could help further offset billions of dollars in the federal budget for aviation security programs and activities in outlying fiscal years. Therefore, Congress, working with the Administrator of TSA, may wish to consider

- increasing the passenger security fee according to one of the options identified in this summary. Options to increase the fee include the President's Deficit Reduction Plan option ($7.50 per one-way trip by 2017); the CBO, President's Debt Commission, and House Budget Committee option ($5.00 per one-way trip); TSA's Fiscal Year 2012 Budget Request option ($5.50 per enplanement by 2014); TSA's goal to ultimately offset 80 percent of federal aviation security costs through fee collections (according to GAO analysis, this option would increase the fee to about $7.00 per enplanement); as well as adjusting the fee for inflation (according to GAO analysis, this option would increase the fee to about $3.00 per enplanement). These options could increase fee collections from about $2 billion to $10 billion over 5 years.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to DHS for review and comment. DHS provided technical comments, which were incorporated as appropriate.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from products listed in the related GAO products section and additional work GAO conducted. To address the issues discussed here, GAO analyzed (1) available documentation and guidance on TSA's aviation security fees and programs, (2) TSA's historical revenue data for aviation security fees from fiscal years 2002 through 2011, and (3) TSA estimates of applicable enplanement data for fiscal years 2012 through 2014. GAO compared

[13]In this context, demand elasticity refers to the degree to which the demand for air travel changes with price. Our analysis assumes a demand elasticity of -1.122. This is the median of 254 estimates from 21 studies analyzed in a 2003 study conducted by the Department of Finance, Government of Canada. See D.W. Gillen, W.G. Morrison, and C. Stewart. In addition, a 2007 study claims that this demand is less elastic (less responsive to price changes especially when those price changes apply to all national routes). The 2007 study estimates this national level elasticity to be -0.8. In this case, the reduction in total enplanements could be even lower. See Intervistas Consulting Group, *Estimating Air Travel Demand Elasticities*, Final Report (December 2007).

[14]Note that the reduction in enplanements by 26 million could also result in some lost revenues from excise and segment taxes levied on air travel. GAO estimated this to be about $295 million.

this data with other supporting documents, when available, to determine data consistency and reasonableness. On the basis of these efforts, GAO concluded that the data are sufficiently reliable for the purposes of this summary. GAO also analyzed various options to raise the passenger security fee, including the Obama administration's February 2009 budget request for fiscal year 2010, CBO's August 2009 option, and the President's Debt Commission report.

To develop the option to adjust the fee for inflation, GAO analyzed OMB Circular A-25 and GAO's May 2008 report, which includes issues to consider when setting user fees such as whether fee collections are projected to change with inflation. GAO also reviewed OMB Circular A-25 and relevant provisions of the Chief Financial Officers Act related to the setting and periodic review of user fees. GAO further interviewed officials with the International Civil Aviation Organization and analyzed policy guidance regarding international policies and best practices for the development and periodic review of aviation-related fees. To provide information on comparable fee structures and approaches in which fees are periodically adjusted, GAO analyzed documentation and analysis regarding Canada's Air Travelers Security Charge, including documentation of fee adjustments and associated demand elasticity analysis. GAO also discussed the current aviation security fee structure and options for modifying these fees with TSA officials; officials from five industry associations representing passengers, airports, and international groups; and officials from three organizations with subject matter expertise in aviation issues. GAO selected these associations because they represent key stakeholders—passengers, airports, and airlines—that could be affected by a fee increase.

Related GAO Products

Federal User Fees: A Design Guide. GAO-08-386SP. Washington, D.C.: May 29, 2008.

Aviation Fees: Review of Air Carriers' Year 2000 Passenger and Property Screening Costs. GAO-05-558. Washington, D.C.: April 18, 2005.

Contact Information

For additional information about this area, contact Steve Lord at (202) 512-4379 or lords@gao.gov.

49. Immigration Inspection Fee

The air passenger immigration inspection user fee should be reviewed and adjusted to fully recover the cost of the air passenger immigration inspection activities conducted by the Department of Homeland Security's U.S. Immigration and Customs Enforcement and U.S. Customs and Border Protection rather than using general fund appropriations.

Why This Area Is Important

International air passengers arriving in the United States are subject to an immigration inspection to ensure that they have legal entry and immigration documents. Immigration inspection activities are conducted by U.S. Immigration and Customs Enforcement (ICE) and U.S. Customs and Border Protection (CBP). The immigration fee is set in statute at $7 per passenger. The collections are available to pay for all expenses incurred in providing inspection and pre-inspection services.[1] The statute also directed the agency to report to the Congress every 2 years on the status of the Immigration User Fee Account, including balances, and recommend fee adjustments that may be required to ensure that the collections equal, as closely as possible, the cost of providing these services. However, ICE has not yet analyzed air passenger immigration inspection fee data to identify what fee adjustments, if any, are necessary.

Passengers pay the immigration inspection fee when they purchase their airline tickets. Fee collections—which GAO estimates were about $600 million[2] in fiscal year 2010—are available to ICE and CBP to pay for costs incurred in providing inspection and pre-inspection services, and are intended to be divided between ICE and CBP according to the costs of the immigration inspection activities for which each agency is responsible. Air passenger immigration inspection fee collections do not recover the total costs of these inspections. However, because immigration inspection costs and collections have not recently been comprehensively reviewed, it is unknown (1) whether collections are appropriately distributed between ICE and CBP and (2) the extent to which fee collections fail to cover air passenger immigration inspection costs, especially for ICE's inspection activities.

What GAO Found

Air passenger immigration fee collections did not fully cover CBP's costs in fiscal years 2009 and 2010. According to ICE officials, although ICE does not track air passenger costs separately from sea passenger costs, ICE's portion of total air and sea passenger collections did not cover

[1] 8 U.S.C § 1356(d).

[2] Because ICE does not analyze air passenger collections information separately, GAO estimated ICE's collections using CBP's data and the allocation rate between ICE and CBP.

ICE's total air and sea passenger costs in fiscal years 2007 through 2009.[3] As a result, in recent years, CBP and ICE have relied on general fund appropriations (in fiscal year 2010 alone, this amounted to over $120 million for CBP and an unknown amount for ICE) to help fund activities for which these agencies have statutory authority to fund with user fees.

Air Passenger Immigration Inspection Fee Costs and Collections

	Fiscal year 2008		Fiscal year 2009		Fiscal year 2010	
	ICE	**CBP**	**ICE**	**CBP**	**ICE**	**CBP**
Air passenger immigration inspection collections	$115,522,669 (GAO estimate)[a]	$549,547,391	$98,917,337 (GAO estimate)[a]	$470,554,955	$103,865,917(GAO estimate)[a]	$494,095,613
Air passenger immigration inspection costs	Unknown[b]	$524,016,131	Unknown[b]	$523,576,731	Unknown[b]	$620,348,927
Difference	Unknown	$25,531,260	Unknown	-$53,021,776	Unknown	-$126,253,314

Source: GAO analysis of ICE and CBP data.

[a]Because ICE does not separately analyze air passenger collections data, GAO estimated ICE's collections using CBP's data and the user fee allocation rate between ICE and CBP. This estimate does not replace the actual data which would be found in a fee review.

[b]ICE provided immigration inspection cost data for both air and sea passengers, but not specific data for air passengers.

The air passenger immigration inspection fee has not been recently comprehensively reviewed, and the rate, which is set in statute, has not been adjusted since fiscal year 2002. As GAO reported in May 2008, regular, comprehensive fee reviews could prevent misalignment between fees and the activities they support. Comparing ICE and CBP cost and collection information could help determine the extent to which collections cover costs and the appropriate share of collections for each agency. Further, GAO reported in its May 2008 User Fee Design Guide that regular reviews also help to increase awareness about program costs—and therefore increase incentives to reduce costs where possible.

As GAO reported in September 2007, while CBP reviewed its share of air passenger inspection costs, ICE had not reviewed its share of these costs, and ICE and CBP do not have a process to determine how the immigration user fee would be split between them. In that report, GAO recommended that the Secretary of Homeland Security report on ICE's activity costs to ensure the immigration fee is divided between ICE and CBP according to their respective immigration inspection activity costs and to develop a legislative proposal to adjust the air passenger immigration inspection fee if it was found to not recover the costs of

[3]As of January 2012, ICE officials said they were evaluating fiscal year 2010 data and did not know whether collections covered costs for that year.

inspection activities. The Department of Homeland Security agreed with GAO's recommendations.

Since 2006, GAO has requested that ICE and CBP provide a comprehensive review showing the extent to which fee collections cover their air passenger immigration inspection costs. CBP provided GAO with this analysis for its share of the immigration inspection activities. ICE only provided aggregate costs for air and sea ports of entry. Agency officials said that ICE cannot provide this information because it does not separately analyze air passenger amounts. Absent such information, the extent to which total air passenger fee collections cover total air passenger costs, and whether these collections are appropriately distributed between ICE and CBP, is unknown.

Actions Needed and Potential Financial or Other Benefits

To determine the extent to which air passenger immigration inspection fees are aligned with the costs of inspection activities, which could enable fee adjustments to reduce reliance on general fund appropriations, Congress may wish to require the Secretary of the Department of Homeland Security to fully implement the recommendations from GAO's September 2007 report, including to

- require ICE and CBP to regularly report on the total cost of air passenger immigration inspections and the amount of associated fee collections;
- adjust the fee as needed so that collections are aligned with total inspection costs, if it is determined that total immigration fee collections do not cover total immigration inspection costs;[4]
- direct ICE to amend its cost study methodology to determine the extent to which air passenger fee collections cover reimbursable activities;[5] and
- direct ICE and CBP to establish a regular schedule to review and coordinate on the costs of their respective air passenger immigration inspection activities, and revise the proportion of the fee received by each agency accordingly.

[4]In September 2007, GAO recommended that, if air passenger immigration inspection activity costs exceed collections, the Secretary of Homeland Security should develop a legislative proposal in consultation with Congress to adjust the immigration fee to recover costs as closely as possible, per statute. As of November 2011, this recommendation remains open pending the completion of ICE's cost study.

[5]In September 2007, GAO recommended that the Secretary of Homeland Security complete development of and report on ICE's activity costs to ensure the air passenger immigration inspection fee is divided between ICE and CBP according to their respective proportion of air passenger immigration inspection activity costs. As of November 2011, this recommendation remains open pending the completion of ICE's cost study.

Taking these four actions would allow ICE and CBP to better align air passenger immigration inspection fee revenue with the costs of providing these services and achieve cost savings by reducing the reliance on general fund appropriations.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section for to the Department of Homeland Security for review and comment. The department agreed with the material facts as presented. ICE supplied GAO with its Immigration User Fee Account cost studies for fiscal years 2007, 2008, and 2009, which showed its combined immigration inspection fee costs for air and sea inspections. ICE said that it will update its methodology for determining Immigration User Fee Account air and sea costs and will conduct additional analysis to separate the air and sea immigration fee collections and costs. ICE estimates that the revised analysis for fiscal year 2010 will be completed by March 31, 2012. Further, ICE said that it will continue to work with GAO and CBP to close the remaining recommendations outlined in GAO reports concerning the Immigration User Fee Account.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section as well as additional work GAO conducted. GAO reviewed documents from ICE and CBP. In addition, GAO requested fiscal year 2010 cost and collections data from ICE and CBP and used data from CBP.

Related GAO Products

Federal User Fees: A Design Guide. GAO-08-386SP. Washington, D.C.: May 29, 2008.

Federal User Fees: Key Aspects of International Air Passenger Inspection Fees Should Be Addressed Regardless of Whether Fees Are Consolidated. GAO-07-1131. Washington, D.C.: September 24, 2007.

Contact Information

For additional information about this area, contact Susan J. Irving at (202) 512-6806 or irvings@gao.gov.

50. Iraq Security Funding

When considering new funding requests to train and equip Iraqi security forces, Congress should consider the government of Iraq's financial resources, which afford it the ability to contribute more toward the cost of Iraq's security.

Why This Area Is Important

Since 2003, the United States has reported obligating about $708 billion for U.S. military operations in Iraq and has provided about $25.5 billion for training, equipment, supplies, facility construction, and other services for Iraqi security forces.[1] In its fiscal year 2012 budget request, the administration requested more than $2.4 billion in U.S. funding to support the training and equipping of forces under Iraq's security ministries. The fiscal year 2009 National Defense Authorization Act instructed the U.S. government to take actions to ensure that Iraqi funds are used to pay the costs of training, equipping, and sustaining Iraqi security forces.[2] In December 2011, the United States withdrew all U.S. forces from Iraq. However, the U.S.-Iraq Strategic Framework Agreement affirms the desires of the two countries to establish a long-term relationship of cooperation in the economic, diplomatic, cultural, and security fields, among others.[3] Iraq's large oil reserves offer the Iraqi government the potential to contribute to the country's current and future security and stabilization requirements. Oil revenues account for over 50 percent of the country's gross domestic product and about 90 percent of the government's revenues. As GAO previously reported, Iraq reported substantial budget surpluses.

What GAO Found

GAO analysis of Iraqi revenue and expenditure data through the end of 2009 showed that Iraq generated an estimated cumulative budget surplus of $52.1 billion. This estimate is consistent with the method that Iraq uses to calculate its fiscal position. Adjusting for $40.3 billion in estimated outstanding advances reduces the amount of available surplus funds to $11.8 billion. For 2010, Iraqi Ministry of Finance and Central Bank of Iraq data show that the Iraqi government generated a $600 million cash deficit (rather than the $19. 6 billion deficit budgeted) due to higher-than-predicted revenue and less-than-planned expenditures. In addition, during the first 6 months of 2011, the government of Iraq collected $7.9 billion more in oil revenue than it originally budgeted. GAO does not have more

[1]Iraqi security forces include the Iraqi army, navy, and air force under the Ministry of Defense and the Iraqi police, federal police, and border enforcement under the Ministry of Interior.

[2]Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Pub. L. No. 110-47 (Oct. 14, 2008).

[3]*Strategic Framework Agreement for a Relationship of Friendship and Cooperation between the United States of America and the Republic of Iraq* (Nov. 17, 2008), effective January 1, 2009.

recent data on outstanding advances that would allow for an update to the amount of available surplus. The International Monetary Fund, however, has determined that the Ministry of Finance should review the outstanding advances as a benchmark the government of Iraq needs to achieve under its current stand-by arrangement.

Iraqi government data indicate that security spending under the Ministries of Defense and Interior increased from $2.0 billion in 2005 to an estimated $8.6 billion in 2009. In addition, these ministries set aside about $5.5 billion over this period for the purchase of equipment, training, and services under the U.S. Foreign Military Sales (FMS) program. In certain instances, the United States has provided an incentive for these ministries to increase their security spending by leveraging U.S. funds to supplement Iraq's FMS purchases. The Iraqi government also funded the Iraq-Commander's Emergency Response Program and assumed responsibility for the salaries of almost 90,000 Sons of Iraq—nongovernmental security contractors hired by U.S. and Coalition forces to help maintain security in their local communities. While security spending has increased, GAO's analysis of data for the Iraqi government, the Department of Defense (DOD), and the Trade Bank of Iraq showed that the ministries did not spend or set aside between $2.5 billion and $5.2 billion of their 2005 through 2009 budgeted funds—funds that could have been used to address security needs.[4] Department of State (State) and DOD officials cited overly centralized decision making and weak procurement capacity as reasons for the ministries' inability to spend these funds. In April 2010, Ministry of Defense officials received Ministry of Finance approval to use $143 million of their unspent 2009 funds for FMS purchases. Ministry of Interior officials planned to use more than $300 million of their unspent 2009 funds for similar purposes.

In its fiscal year 2012 budget request, the administration requested more than $2.4 billion in U.S. funding to support the training and equipping of forces under Iraq's security ministries. Specifically,

- State requested $1 billion for Foreign Military Financing to purchase training and equipment for Iraqi security forces. According to State, this request for Iraq is a replacement for DOD's Iraq Security Forces Funding and is in addition to the $25.5 billion that has already been provided since 2003. In the 2012 Consolidated Appropriations Act, Congress appropriated $1.102 billion for Foreign Military Financing for Overseas Contingency Operations/Global War on Terrorism.[5] The Conference Agreement accompanying the act explains that the

[4]The range that GAO estimated reflects uncertainty regarding what portion of funds set aside for FMS purchases and paid as letters of credit has been recorded as expenditures by the Ministry of Finance and is therefore included in expenditure totals.

[5]Consolidated Appropriations Act, 2012, Pub. L. No. 112-74, Dec. 23, 2011.

amount is for the extraordinary costs of contingency operations, including in Iraq, Pakistan, the Philippines, and Yemen.

- State also requested $886 million to fund its new Police Development Program in Iraq, of which 15.5 percent ($137 million) will be used to deploy approximately 190 police advisors and 82 percent ($723 million) will be used for security and support costs. These funds are in addition to the $757 million that was available in fiscal years 2010 and 2011, for the Police Development Program's start-up and initial operating costs. Congress appropriated $983,605,000 for International Narcotics Control and Law Enforcement for Overseas Contingency Operations/Global War on Terrorism. The conference Agreement accompanying the act explained that the amount is for the extraordinary costs of contingency operations, including in Iraq, Pakistan, Afghanistan, Yemen, Somalia, and for African counterterrorism partnerships.

- DOD requested $524 million to establish its Office of Security Cooperation-Iraq, which will be responsible for administering Iraq's FMS and Foreign Military Financing program, among other responsibilities. Congress authorized that from the funds made available to DOD for Operation and Maintenance, Air Force, up to $524 million could be used to fund the operations and activities of the Office of Security Cooperation-Iraq and security assistance teams, including life support, transportation and personal security, and facilities renovation and construction.

Actions Needed and Potential Financial or Other Benefits

Iraq generated an estimated cumulative budget surplus of $52.1 billion through December 2009. Adjusting for outstanding advances, at least $11.8 billion of this surplus was available for future spending. In light of these resources, Iraq has the potential to further contribute toward its security needs, even as it addresses other competing priorities. GAO recommended in September 2010 that Congress should

- consider Iraq's available financial resources when it reviews future budget requests for additional funds to train and equip Iraqi security forces.

Additional clarity is needed on Iraq's outstanding advances to determine the financial resources Iraq has available for future spending. To this end, GAO recommended in September 2010 that the Secretaries of State and the Treasury should

- work with the Iraqi government to identify these resources by assisting Iraq in completing International Monetary Fund-required review of outstanding advances.

Agency Comments and GAO's Evaluation

GAO provided a draft of its September 2010 report to State, Treasury, DOD and the International Monetary Fund for review and comment. State, Treasury, DOD, and the International Monetary Fund provided technical comments, which were incorporated as appropriate. State and Treasury agreed with GAO's recommendation and agreed to work with their Iraqi counterparts to identify available financial resources. Treasury also agreed in principle that, while Iraq's fiscal accounts are not well ordered, Iraq potentially will have financial resources to engage in greater cost-sharing. State, Treasury, and DOD stated that the Iraqi government's available funds are closer to the low end of GAO's range, and that Iraq needs to maintain a fiscal reserve. GAO believes that it is premature to determine that Iraq's available resources fall at the low end of the range until Iraq has completed International Monetary Fund-required review of outstanding advances, particularly in light of the substantial shortcomings associated with Iraq's accounting for advances. This review will clarify the total resources available for government spending. GAO agrees that it may be prudent for Iraq to maintain a fiscal reserve.

DOD also commented that it believes the overall message of the draft report—that the Iraqi government had significant cash reserves that would have allowed it to pay more of its security costs—is inaccurate. GAO disagreed. In its report, GAO noted that Iraq ended 2009 with at least $15.3 billion in financial deposits. Moreover, when completed, International Monetary Fund-required review of Iraq's outstanding advances will clarify the total funds that are available to the government for spending.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. GAO analyzed relevant data, reviewed documents, and interviewed Iraqi officials in Baghdad, Iraq, including the Ministers of Finance, Defense, and Interior; the Governor of the Central Bank of Iraq; the President of the Trade Bank of Iraq; and the Deputies General of Accounting at the Rafidain and Rasheed banks, which are Iraq's two largest state-owned commercial banks. GAO analyzed data on Iraq's reported revenues and expenditures from the Minister of Finance for 2005 through 2010 and from Iraq's financial statements prepared by Iraq's Board of Supreme Audit for 2005 through 2007. GAO also analyzed similar data on Iraq's advances through September 2009. GAO also interviewed U.S. and other officials in Washington, D.C., and Baghdad, Iraq, including officials from DOD, State, and the Department of the Treasury; the World Bank; the International Monetary Fund; and the Federal Reserve Bank of New York. GAO conducted a site visit in Baghdad, Iraq, in April 2010, to interview Iraqi officials and to obtain additional information on Iraq's fiscal position. To report on the President's fiscal year 2012 budget request, GAO reviewed the President's fiscal year budget request for international affairs, and past and current transition and interagency planning documents for the transition to a civilian-led U.S. presence in Iraq. GAO also interviewed officials from the Departments of State and Defense in Washington, D.C., and the U.S. Embassy Baghdad.

Related GAO Products

Iraqi-U.S. Cost-Sharing: Iraq Has a Cumulative Budget Surplus, Offering the Potential for Further Cost-Sharing. GAO-10-304. Washington, D.C.: September 13, 2010.

Iraq: Key Issues for Congressional Oversight. GAO-09-294SP. Washington, D.C.: March 24, 2009.

Stabilizing and Rebuilding Iraq: Iraq Revenues, Expenditures, and Surplus. GAO-08-1031. Washington, D.C.: August 5, 2008.

Contact Information

For additional information about this area, contact Charles Michael Johnson, Jr. at (202) 512-7331 or johnsoncm@gao.gov.

51. Domestic Disaster Assistance

The Federal Emergency Management Agency could reduce the costs to the federal government related to major disasters declared by the President by updating the principal indicator on which disaster funding decisions are based and better measuring a state's capacity to respond without federal assistance.

Why This Area Is Important

The growing number of major disaster declarations has contributed to an increase in federal expenditures for disaster assistance. From fiscal years 2002 to 2011, Presidents have declared 35 percent more disasters than during the preceding 10-year period. Major disaster declarations can trigger a variety of federal response and recovery assistance for government and nongovernmental entities, households, and individuals. Officials from the Federal Emergency Management Agency (FEMA), within the Department of Homeland Security (DHS), have cited various possible reasons for increases in the number of declarations, including more active weather patterns, increased costs to repair damaged infrastructure, and population increases.

When a state is hit by a disaster, the governor may request a major disaster declaration from the President.[1] FEMA makes an assessment of damage and other factors and makes a recommendation to the President, who has discretion to accept or reject FEMA's recommendation. FEMA uses a statewide per capita damage indicator to help determine whether sufficient damage has occurred to warrant a declaration and to determine whether a state should receive Public Assistance. Public Assistance is the federal disaster assistance program used by FEMA to reimburse states for certain response and recovery activities.[2] Public Assistance funding represents the largest proportion of funds obligated from FEMA's Disaster Relief Fund, which is the major source of federal disaster recovery assistance for state and local governments when a disaster is declared.

Much of the growth in major disaster declarations has occurred at the same time (that is, since 9/11) that the federal government has provided more than $34 billion to state and local governments to enhance their

[1]42 U.S.C. § 5170. In addition to major disaster declarations, the President may issue emergency declarations. If the President declares an emergency, the federal government may provide immediate and short-term assistance that is necessary to save lives, protect property and public health and safety, or lessen or avert the threat of a catastrophe. 42 U.S.C. § 5192. Federal assistance may not exceed $5 million under an emergency declaration unless continued emergency assistance is immediately required; there is a continuing and immediate risk to lives, property, public health or safety; and necessary assistance will not otherwise be provided on a timely basis. 42 U.S.C. § 5193.

[2]The Public Assistance Program provides for debris removal, emergency protective measures, and the repair, replacement, or restoration of disaster-damaged, publicly owned facilities and the facilities of certain private nonprofit organizations that provide services otherwise performed by a government agency.

preparedness to protect against, respond to, and recover from disasters of all types. From fiscal years 2004 through 2011, the President approved 539 major disaster declarations. As of September 30, 2011, $78.7 billion was paid for by the Disaster Relief Fund for these disasters.[3] For 13 of these declared disasters, FEMA has obligated over $1 billion each.[4]

In August 2011, the Disaster Relief Fund diminished to a level that caused FEMA to temporarily halt funding on long-term recovery projects and focus on immediate needs. According to the FEMA Administrator, due to the shortage of available balances in the Disaster Relief Fund, FEMA accelerated its efforts to recover previously obligated funds from states for completed projects that had unexpended balances.[5] Further, throughout fiscal year 2011, FEMA recovered over $3.5 billion in unexpended funds from states and other federal agencies.[6] GAO has identified determining the costs to be borne by the federal, state, and local governments or the private sector in preparing for, responding to, and recovering from disasters of all types as a 21st Century challenge.[7] GAO is currently conducting a review of the disaster declaration process and plans to report the results in summer 2012.

What GAO Found

FEMA could reduce federal expenditures by updating its eligibility indicator and more accurately determining a state's capacity to respond to a disaster. According to FEMA and state emergency management officials, FEMA has primarily relied on a single indicator, the statewide per capita damage indicator, to determine whether to recommend that a state receive Public Assistance funding. For example, in fiscal year 2012, the per capita indicator is $1.35; thus, for a state with 10 million people, estimated damages from a disaster would generally have to be $13.5 million or more for FEMA to recommend Public Assistance, although other factors could also influence the recommendation.

[3]FEMA's obligations of $78.7 billion exclude obligations for disasters declared before fiscal year 2004 that had yet to be closed out by October 1, 2004, and, therefore, remained eligible for additional obligations in fiscal year 2004 and subsequent years.

[4]In addition to the 13 disasters that have currently exceeded a billion dollars in obligations, other disasters declared during fiscal years 2004 to 2011 that are still open could reach obligations of over $1 billion as FEMA continues to obligate funds for them.

[5]Statements of The Honorable W. Craig Fugate, Administrator, FEMA, before the House Committee on Transportation and Infrastructure, Subcommittee on Economic Development, Public Buildings, and Emergency Management, *Streamlining Emergency Management: Improving Preparedness, Response, and Cutting Costs* (Washington, D.C.: Oct. 13, 2011).

[6]Statements of The Honorable W. Craig Fugate, Administrator, FEMA, before the House Committee on Homeland Security, Subcommittee on Emergency Preparedness, Response, and Communications, *Five Years Later: An Assessment of the Post Katrina Emergency Management Reform Act* (Washington, D.C.: Oct. 25, 2011).

[7]See GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, GAO-05-325SP (Washington, D.C.: February 2005).

FEMA's method for determining a state's capacity to respond without federal assistance relies on a governor's certification and damage indicators. The Stafford Act requires that a governor's request for a major disaster declaration be based on a finding that the disaster is of such severity and magnitude that an effective response is beyond the capabilities of the state and that federal assistance is necessary.[8] FEMA officials stated that governors must certify in their letter to the President requesting a major disaster declaration that the disaster is beyond the capabilities of the state. FEMA regulations list quantitative and qualitative factors, such as whether a state is responding to multiple disasters within a short time period, that the agency considers when determining whether a disaster declaration is warranted.[9] However, in describing the declarations process, FEMA and state officials stated that FEMA uses the statewide per capita indicator as the primary determining factor for Public Assistance funding. This damage indicator, which FEMA has used since 1986, is essentially a proxy fiscal measure of a state's capacity to respond to and recover from a disaster.

The Post-Katrina Emergency Management Reform Act of 2006, enacted in response to Hurricane Katrina, required FEMA to develop a set of preparedness metrics that could be used to assess operational preparedness capacity.[10] Presidential Policy Directive-8, issued in March 2011, also includes such a requirement. However, FEMA has not yet developed such metrics, which limits its ability to comprehensively assess a state's disaster preparedness and capabilities. Moreover, at this time, FEMA does not have any plans or policies in place to use state preparedness data to inform decisions regarding Presidential disaster declarations. Without an established means of assessing state response and recovery capacity, FEMA has continued to rely primarily on the per capita damage indicator when determining whether a major disaster declaration is warranted. Metrics to assess a state's disaster preparedness and capabilities would augment the Public Assistance per capita indicator to provide a more comprehensive understanding of a state's capacity to respond to and recover from a disaster without federal assistance.[11]

Further, FEMA has not adjusted the per capita indicator for Public Assistance to keep pace with changes in per capita personal income.

[8] 42 U.S.C. § 5170. The intent of the Stafford Act is to, among other things, provide an orderly and continuing means of assistance by the federal government to state and local governments in carrying out their responsibilities to alleviate the suffering and damage from disasters. 42 U.S.C. §5121(b).

[9] See 44 C.F.R. § 206.48(a)(5).

[10] 6 U.S.C. § 749.

[11] GAO has previously reported on the importance of metrics, for example, see GAO, *Measuring Disaster Preparedness: FEMA Has Made Limited Progress in Assessing National Capabilities,* GAO-11-260T (Washington, D.C.: March 17, 2011).

According to federal internal control standards, activities should be established to monitor performance indicators and controls should be aimed at validating the propriety and integrity of such indicators.[12] In 1986, FEMA proposed a $1.00 per capita indicator for Public Assistance as a means of gauging state fiscal capacity.[13] The indicator was based on the 1983 per capita personal income nationwide, then estimated at $11,667. FEMA thought it reasonable "that a state would be capable of providing $1.00 for each resident of that state to cover the cost of state efforts to alleviate the damage which results from a disaster situation" given that national per capita personal income was $11,667.[14] While the proposed rule was not codified in 1986, FEMA began to use the $1.00 per capita indicator informally as part of its preliminary damage assessment efforts and did not adjust the indicator annually for either inflation or increases in national per capita income. In 1998, FEMA had suggested that the Public Assistance indicator be adjusted to $1.51 to account for inflation since 1986, but due to input from state emergency management officials, FEMA decided not to do so. In 1999, FEMA issued a rule codifying the per capita indicator at $1.00, which was stipulated to include an annual adjustment for inflation, but the rule was silent on whether the indicator would continue to be based on nationwide per capita personal income.[15] As a result, the indicator has risen 35 percent from $1.00 to $1.35 in the 12 years since FEMA began its annual inflationary adjustments. In proposing and finalizing the rule, FEMA stated that it recognized that a straight per capita figure may not be the best measurement of a state's capability, but that it provided a simple, clear, consistent and long-standing means of measuring the severity, magnitude, and impact of a disaster, while at the same time ensuring that the President can respond quickly and effectively to a governor's request for assistance.[16]

Had the indicator been adjusted for inflation beginning when FEMA started using it in 1986, it would have risen more than 100 percent to $2.07 by 2012. Furthermore, had the indicator been adjusted for increases in per capita personal income, the indicator would have risen to $3.42 in 2010, based on 2010 national per capita personal income of $39,945. While these alternate adjustment methods would have increased the per capita indicator, they are not necessarily indicative of a state's ability to pay for the damage because they do not consider the

[12]See GAO, *Standards for Internal Control in the Federal Government,* GAO/AIMD-00-21.3.1. (Washington, D.C.: November 1999).

[13]51 Fed. Reg. 13,332 (Apr. 18, 1986).

[14]51 Fed. Reg. at 13,333.

[15]64 Fed. Reg. 47,697 (Sept. 1, 1999). When FEMA published the rule establishing the formal public assistance criteria in 1999, FEMA set the public assistance per capita indicator at $1.00.

[16]64 Fed. Reg. at 47,697; 64 Fed. Reg. 3910, 3911 (Jan. 26, 1999).

substantial differences in states' financial capacities to respond when disasters occur. For example, per capita personal income is a relatively poor indicator of a state's fiscal capacity because it does not comprehensively measure income potentially subject to state taxation.[17] In addition, reliance on a single damage estimate as the primary indicator to determine whether a major disaster declaration is warranted does not provide a comprehensive assessment of a state's capacity to respond to a disaster without federal assistance.

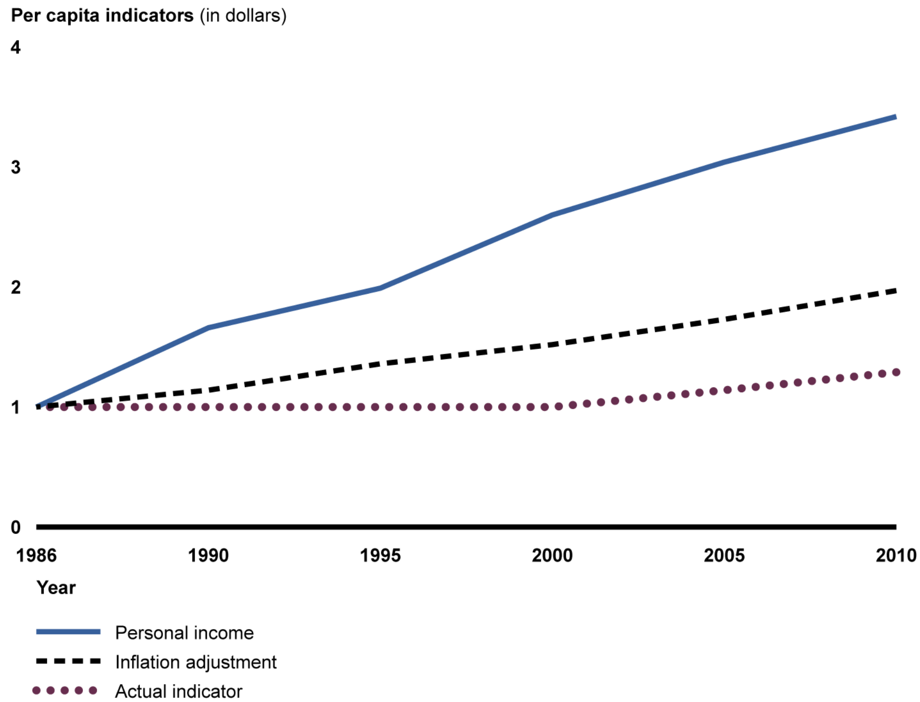
As GAO reported in August 2001, issues exist regarding the criteria that FEMA used to recommend to the President that a state disaster declaration request be approved or denied. Specifically, GAO reported that the per capita indicator was not necessarily indicative of state or local capability to respond effectively without federal assistance, and recommended that FEMA should consider alternative criteria. FEMA's response noted that GAO provided valuable input for the FEMA team that was reviewing the disaster declaration process and the criteria used to assess state damages. According to FEMA, in 2001 the President's budget for fiscal year 2002 included a provision for the development of improved guidelines for disaster assistance that provided states with meaningful criteria that must be met to become eligible for federal disaster assistance. FEMA undertook a review of disaster declaration guidelines; however, no changes to the established declaration guidelines were adopted and, ultimately, FEMA did not change its reliance on the per capita indicator. In January 2012, FEMA officials stated that it is a balancing act to agree on a good, reasonable measure of a state's capacity to respond to and recover from a disaster.

At the time of GAO's recommendation, there was no requirement, as there is now, that FEMA develop metrics to assess state capabilities. The growing number of major disaster declarations highlights the need to re-examine the criteria used to assess state damages and also augment the damage indicator with a means of assessing state capabilities.[18] The figure below shows the actual increases in the per capita indicator for Public Assistance from 1986 to 2010 compared to the increases that would have occurred if FEMA had adjusted the indicator for inflation or the increase in per capita personal income during this period.

[17]For example, per capita income does not include income produced in a state unless it is received as income by a state resident. Thus, profits retained by corporations for business investment, though potentially subject to state taxation, are not included in a state per-capita income measure because they do not represent income received by state residents.

[18]Another potential method for calculating the public assistance damage estimate indicator is through the use of Total Taxable Resources, an indicator developed by the Department of the Treasury, which measures resources that are potentially subject to state taxation. GAO previously reported in 2001 that Total Taxable Resources provide a more sensitive adjustment for growth over time in a state's fiscal capacity than the consumer price index.

FEMA Per Capita Indicator for Public Assistance and Alternate Measures



Sources: GAO analysis of Department of Homeland Security, Department of Commerce, and Bureau of Labor Statistics data.

Because FEMA's current per capita indicator does not reflect the rise in either (1) per capita personal income since it was created in 1986 or (2) inflation from 1986 to 1999, the indicator could be artificially low. Further, FEMA officials stated that the rise in construction and other costs to respond to and recover from disasters have outpaced the rise in the per capita indicator. As a result, states can receive disaster funding for relatively small damage estimates. FEMA officials stated that in states with smaller populations, damage to a single building or facility, such as a water treatment facility, could result in a damage estimate sufficient to meet the state per capita damage threshold and warrant a disaster declaration. Given the recent increase in disaster declarations, re-examining the basis for the per capita indicator would better position FEMA to assess a state's capacity to respond to and recover from a disaster.

Actions Needed and Potential Financial or Other Benefits

Based on GAO's ongoing work, and given the experiences over the past decade and the inclusion of FEMA in DHS in 2003, GAO expects to reiterate its August 2001 recommendations and further recommend that the Secretary of Homeland Security direct the FEMA Administrator to implement them. GAO recommended that the FEMA Administrator

- re-examine the basis for the Public Assistance per capita indicator and determine whether it accurately reflects a state's capacity to respond to and recover from a disaster without federal assistance.

- re-examine the method used to update the per capita indicator to ensure that the indicator accurately reflects annual changes in a state's capacity to respond to and recover from a disaster.

We also expect to recommend that once FEMA has established the metrics required by both statute and Presidential Policy Directive to assess a state's disaster preparedness and capabilities, FEMA should

- examine their usefulness in supplementing or replacing the per capita damage indicator on which FEMA now principally relies.

The data FEMA provided to GAO cannot be used to calculate the financial savings that may have been realized for prior disaster declarations had FEMA and the President used alternate indicators. For example, according to FEMA officials, they frequently stopped estimating damages for Public Assistance once the estimate equaled or exceeded the per capita indicator. Consequently, GAO cannot determine whether the estimated damages would have met or exceeded a higher, alternative per capita indicator. However, updating the current indicator to more accurately reflect the basis of and changes in a state's capacity has the potential to reduce costs to the federal government in the future.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to DHS for review and comment. DHS generally agreed with the content as presented. DHS also provided technical comments, which were incorporated as appropriate.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from products listed in the related GAO products section and additional work GAO conducted to be published as a separate product in 2012. GAO analyzed Disaster Relief Fund obligations and the criteria that FEMA uses to recommend to the President whether requests for disaster declarations should be approved. GAO also reviewed FEMA documents, policies, and briefings, as well as GAO's prior findings and recommendations associated with this effort. Further, GAO collected and analyzed financial and nonfinancial data for disaster declarations requested and approved from fiscal years 2004 through 2011 to identify trends and opportunities for cost savings. GAO focused on Public Assistance funding because it represents the largest proportion of funds obligated from the Disaster Relief Fund for fiscal years 2004 through 2011.

Related GAO Products

Disaster Recovery: FEMA's Public Assistance Grant Program Experienced Challenges with Gulf Coast Rebuilding. GAO-09-129. Washington, D.C.: December 18, 2008.

Disaster Cost Estimates: FEMA Can Improve Its Learning from Past Experience and Management of Disaster-Related Resources. GAO-08-301. Washington, D.C.: February 22, 2008.

Disaster Assistance: Improvement Needed in Disaster Declaration Criteria and Eligibility Assurance Procedures. GAO-01-837. Washington, D.C.: August 31, 2001.

Contact Information

For additional information about this area, contact William O. Jenkins Jr. at (202) 512-8757 or jenkinswo@gao.gov.

Appendix I: List of Congressional Addressees

The Honorable Daniel K. Inouye
Chairman
The Honorable Thad Cochran
Vice Chairman
Committee on Appropriations
United States Senate

The Honorable Kent Conrad
Chairman
The Honorable Jeff Sessions
Ranking Member
Committee on the Budget
United States Senate

The Honorable Joseph I. Lieberman
Chairman
The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security
and Governmental Affairs
United States Senate

The Honorable Harold Rogers
Chairman
The Honorable Norman D. Dicks
Ranking Member
Committee on Appropriations
House of Representatives

The Honorable Paul Ryan
Chairman
The Honorable Chris Van Hollen
Ranking Member
Committee on the Budget
House of Representatives

The Honorable Darrell Issa
Chairman
The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Scott Brown
United States Senate

The Honorable Tom Coburn
United States Senate

The Honorable Claire McCaskill
United States Senate

The Honorable Mark R. Warner
United States Senate

Appendix II: Objectives, Scope, and Methodology

Section 21 of Public Law 111-139, enacted in February 2010, requires GAO to conduct routine investigations to identify federal programs, agencies, offices, and initiatives with duplicative goals and activities within departments and governmentwide. This provision also requires GAO to report annually to Congress on its findings, including the cost of such duplication, and recommendations for consolidation and elimination to reduce duplication and specific rescissions (legislation canceling previously enacted budget authority) that Congress may wish to consider.[1] As agreed with the key congressional committees, our objectives in this report are to (1) identify what potentially significant areas of duplication, overlap, and fragmentation as well as opportunities for cost savings and enhanced revenues exist across the federal government; and (2) identify what options, if any, exist to minimize duplication, overlap, and fragmentation in these areas and take advantage of opportunities for cost savings and enhanced revenues.

For the purposes of our analysis, we considered “duplication” to occur when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries. We used the term “overlap” when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. We used the term “fragmentation” to refer to those circumstances in which more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need and there may be opportunities to improve how the government delivers these services.[2] This report presents 32 areas of duplication, overlap, or fragmentation where greater efficiencies or effectiveness in providing government services may be achievable. In light of the long-term fiscal imbalances that the federal government faces, and consistent with our approach for the first annual report, we also highlighted other opportunities for potential cost saving or revenue enhancements.

[1]To date, this work has not identified a basis for proposing specific funding rescissions.

[2]We recognize that there could be instances where some degree of program duplication, overlap, or fragmentation may be warranted due to the nature or magnitude of the federal effort.

GAO's Approach

To identify potentially significant areas of duplication, overlap, and fragmentation as well as opportunities for cost savings and enhanced revenues, for this and future reports we used a multiphased approach.

- **Examination of budget functions and subfunctions of the federal government:** We examined the OMB's MAX Information System[3] fiscal year 2010 data to identify and analyze which federal agencies obligated funds for budget functions and subfunctions. Budget functions provide a system of classifying budget resources so that budget authority, outlays, receipts, and tax expenditures can be related to the national needs being addressed. Each budget account is generally placed in the single budget function (for example, national defense or health) that best reflects its major purpose, an important national need. A budget function may be divided into two or more subfunctions, depending on the complexity of the national need addressed. Because federal budget functions classify budget resources by important national need, identifying instances when multiple federal agencies obligate funds within a budget function or subfunction may indicate potential duplication or cost savings opportunities.

- **Examination of key agency documents:** When multiple federal agencies have similar missions, goals or programs, the potential for unnecessary duplication, overlap or fragmentation exists. As a result, we examined key agency documents such as strategic plans, performance and accountability reports, and budget justifications to determine and analyze their missions, goals, or programs.

- **Review of key external published sources:** We reviewed key external published sources of information. For example, we reviewed reports published by the Congressional Budget Office, Inspectors General, the Congressional Research Service, as well as the President's Budget to identify potential overlap and duplication among agency missions, goals, and programs.

Because it is impractical to examine all instances of potential duplication or opportunities for cost savings across the federal government, we considered a variety of factors to determine whether such potential instances or opportunities were significant enough to require additional examination. Such factors included, but were not limited to, the extent of potential cost savings, opportunities for enhanced program efficiency or effectiveness, the degree to which multiple programs may be duplicative, overlapping or fragmented, whether issues had been identified by GAO or external sources, and the level of coordination among agency programs. On the basis of this multiphased approach we identified areas of potential

[3]The MAX Information System is used to support the federal budget process. The system has the capability to collect, validate, analyze, model, and publish information relating to governmentwide management and budgeting activities and can also be used as an information sharing and communication portal between government organizations.

duplication, overlap and fragmentation and opportunities for costs savings or revenue enhancement. GAO programmed work to examine these areas for reporting in this or future annual reports.

Each issue area contained in Sections I and II of this report lists any respective GAO reports and publications upon which it is based. Those prior reports contain more detailed information on our supporting work and methodologies. For issues based on GAO work that has not yet been published or those that update prior GAO work, we provide additional information on the methodologies used in that ongoing work or update in the section entitled “How GAO Conducted Its Work” of each issue area.

Identifying Options

To identify what options, if any, exist to minimize duplication, overlap, and fragmentation and take advantage of opportunities for cost savings and enhanced revenues, we reviewed and updated prior GAO work and recommendations to identify what additional actions agencies may need to take and Congress may wish to consider. For example, we used a variety of previously issued work identifying leading practices that could help agencies address challenges associated with interagency coordination,[4] achieving efficiencies,[5] and managing user fees.[6]

To identify the potential financial and other benefits that might result from actions addressing duplication, overlap, or fragmentation, we collected and analyzed data on costs and potential savings to the extent it was available. Estimating the benefits that could result from eliminating unnecessary duplication, overlap, or fragmentation was not possible in some cases because information about the extent of unnecessary duplication among certain programs was not available. Further, the financial benefits that can be achieved from eliminating duplication, overlap, or fragmentation were not always quantifiable in advance of congressional and executive branch decision making, and needed information was not readily available on, among other things, program performance, the level of funding devoted to overlapping programs, or the implementation costs and time frames that might be associated with program consolidations or terminations.

We also included tables in appendix III that provide a detailed listing of federally-funded program names and associated budgetary information. While there is no standard definition for what constitutes a program, they may include grants, tax expenditures, centers, loans, funds, and other

[4]GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies,* GAO-06-15 (Washington, D.C.: Oct. 21, 2005).

[5]GAO, *Streamlining Government: Key Practices from Select Efficiency Initiatives Should Be Shared Governmentwide,* GAO-11-908 (Washington, D.C.: Sept. 30, 2011).

[6]GAO, *Federal User Fees: A Design Guide*, GAO-08-386SP (Washington, D.C.: May 29, 2008).

types of assistance. A wide variety of budgetary information may be used to convey the federal commitment to these programs. When available, we collected obligations information for fiscal year 2010 for consistent reporting across issue areas. In some instances, obligations data were not available, but we were able to report other budgetary information, such as appropriations. In other issue areas, we did not report any budgetary information, because such information was either not available or sufficiently reliable. For example, some agencies could not isolate budgetary information for some programs, because the data were aggregated at higher levels.

We assessed the reliability of any computer-processed data that materially affected our findings, including cost savings and revenue enhancement estimates. The steps that GAO takes to assess the reliability of data vary but are chosen to accomplish the auditing requirement that the data be sufficiently reliable given the purposes it is used for in our products. GAO analysts review published documentation about the data system and Inspector General or other reviews of the data. GAO may interview agency or outside officials to better understand system controls and to assure ourselves that we understand how the data are produced and any limitations associated with the data. GAO may also electronically test the data to see if values in the data conform to agency testimony and documentation regarding valid values, or compare data to source documents. In addition to these steps, GAO often compares data with other sources as a way to corroborate our findings. Per GAO policy, when data do not materially affect findings and are presented for background purposes only, we may not have assessed the reliability depending upon the context in which the data are presented.

This report is based substantially on previously issued GAO products and ongoing audits, which were conducted in accordance with generally accepted government auditing standards, or with our Quality Assurance Framework, as appropriate. 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 audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. For issues where information is being reported on for the first time in this report, GAO sought comments from the agencies involved and incorporated their comments, as appropriate.

Appendix III: Lists of Programs Identified

This appendix includes lists of federal programs or other activities related to issue areas in this report, and their fiscal year 2010 obligations data, where such information was available. In some cases, we did not report budgetary information because it was either not available or sufficiently reliable. For some issue areas, agencies were not able to readily provide programmatic information needed to determine whether and to what extent programs are actually duplicative. Additionally, in some instances of duplication, overlap, or fragmentation, it may be appropriate for multiple agencies or entities to be involved in the same programmatic or policy area due to the nature or magnitude of the federal effort.

Table 1: Electronic Warfare: List of Programs and Related Budgetary Information

Agency	Program	FY 2010 obligations
Department of Defense		
Airborne Electronic Attack Systems for Irregular Warfare		
Air Force	MQ-9 Reaper Electronic Attack Pod	$0
Army	Communications Electronic Attack with Surveillance and Reconnaissance	13,752,000
Marine Corps	Collaborative Online Reconnaissance Provider Operationally Responsive Attack Link	8,359,000
	Intrepid Tiger II	4,457,000
Total		**$26,568,000**
Airborne Electronic Attack Systems for Near-Peer Conflicts		
Air Force	Miniature Air Launched Decoy – Jammer Increment II	$8,423,044
Navy	Airborne Electronic Attack Expendable	3,941,000
Total		**$12,264,044**

Source: GAO analysis of Department of Defense data.

Table 2: Unmanned Aircraft Systems: List of DOD Systems and Subsystems and Related Budgetary Information

Unmanned Aircraft Systems		
Agency	**Systems and Subsystems[a,b]**	**FY 2010 obligations[c]**
Aircraft[d]		
Air Force	MA-9A Reaper	$1,928,888
Air Force	RQ-4A/B Global Hawk	1,543,111
Navy	MQ-4C BAMS/BAMS-D (Broad Area Maritime Surveillance)	438,199
Army	A160 Hummingbird	[e]
Army	MQ-1C Gray Eagle/Warrior A	951,531
Army	MQ-5B Hunter	[e]
Air Force	MQ-1A/B Predator	696,704
Navy	MQ-8B Fire Scout Vertical Take-off and Landing Tactical Unmanned Air Vehicle (VTUAV)	242,912
Air Force	MQ-X	[e]
USMC	Cargo Unmanned Aircraft System (UAS)	53,000
Army	Vertical Take-off and Landing Unmanned Aircraft System (VTOL UAS)	0
Navy	Medium Range Maritime Unmanned Aircraft System (MRMUAS)	0
Navy	Unmanned Carrier Launched Airborne Surveillance and Strike (UCLASS)	0
Payloads – Signals Intelligence		
Air Force	Enhanced Integrated Sensor Suite, Advanced Signals Intelligence Program (EISS/ASIP) (Blk 30M)	[e]
Air Force	Advanced Signals Intelligence Program (ASIP) 2-C	[e]
Air Force	Blue Moon	[e]
Navy	MCS-21	[e]
Navy	LR-100	[e]
Army	ARGUS	[e]
Army	TSP	19,393
Air Force	ACES HY	[e]
Payloads – EO/IR		
Air Force/Navy	Integrated Sensor Suite (ISS) (Blk 10)	[e]
Air Force	Integrated Sensor Suite (ISS) (Blk 20)	[e]
Air Force	Enhanced Integrated Sensor Suite (EISS) (Blk 30)	[e]
Air Force	Enhanced Integrated Sensor Suite, Advanced Signals Intelligence Program (EISS/ASIP) (Blk 30M)	[e]
Air Force	Gorgon Stare	45,984
Navy/Air Force	MTS-B (AN/DAS-1)	[e]
Army/Air Force	MTS-B (AN/DAS-2)	[e]
Army	ARGUS	[e]
Army	MX-15HDi	[e]
Army	CSP Upgrade	[e]
Army	MOSP 3000	[e]
Army/Air Force	CSP (AN/AAS-53)	[e]
Air Force	MTS-A	[e]
Navy	Bright Star II	[e]

Unmanned Aircraft Systems		
Agency	Systems and Subsystems[a,b]	FY 2010 obligations[c]
Payloads – Radar		
Air Force	Multi-Platform Radar Technology Insertion Program (MP-RTIP)	71,901
Air Force	DDR	[e]
Air Force	Enhanced Integrated Sensor Suite, Advanced Signals Intelligence Program (EISS/ASIP) (Blk 30M)	[e]
Navy	MFAS	[e]
Army	STARLite ER	[e]
Army	LYNX I	[e]
Army/Air Force	LYNX II	[e]
Ground Control Stations		
Air Force	MD-1A/B/C/D	[e]
Navy	MQ-4C Broad Area Maritime Surveillance (BAMS) FOB/MOB	[e]
Air Force/Navy	RD-2A/B	[e]
Army	Hummingbird/Argus GCS	[e]
Army	Legacy GCS	[e]
Army	UGCS	[e]
Navy	Fire Scout GCS	[e]
Army/USMC	Shadow GCS	[e]
Navy/USMC	Small Tactical Unmanned Aircraft Systems (STUAS GCS)	[e]
Army/USMC	OSGCS BLK I/II/III	[e]

Source: GAO analysis of Department of Defense data.

[a]List includes Quick Reaction Capability programs used to satisfy near-term urgent warfighting needs.

[b]EISS/ASIP (BLK 30M) and ARGUS payloads perform more than one function.

[c]Dollars are then year in thousands.

[d]Aircraft listed include five future programs.

[e]The Department of Defense Programs Funding documentation did not include a budget line for this program.

Table 3: Support for Entrepreneurs: List of Programs and Related Budgetary Information

Support for Entrepreneurs		
Agency	**Program**	**FY 2010 obligations**
Department of Commerce		
Economic Development Administration	Grants for Public Works and Economic Development Facilities	$158,930,000
	Economic Development/ Support for Planning Organizations	31,391,000
	Economic Development/ Technical Assistance	9,800,000
	Economic Adjustment Assistance	45,270,000
	Trade Adjustment Assistance	18,987,000
	Global Climate Change Mitigation Incentive Fund	25,000,000
Minority Business Development Agency	Minority Business Centers (merged the former Minority Business Enterprise Centers and Minority Business Opportunity Center programs)	10,113,693
	Native American Business Enterprise Centers	1,351,500
U.S. Department of Agriculture		
	Empowerment Zones	500,000
	Woody Biomass Utilization Grant Program	5,000,000
	1890 Land Grant Institutions Rural Entrepreneurial Outreach Program/Rural Business Entrepreneur Development Initiative/Business Information System Network	0
	Small Business Innovation Research	22,000,000
	Biomass Research and Development Initiative Competitive Grants Program	0
	Value Added Producer Grants	19,400,000
	Agriculture Innovation Center	0
	Small Socially-Disadvantaged Producer Grants	3,500,000
	Intermediary Re-lending	8,500,000
	Business and Industry Loans	52,900,000
	Rural Business Enterprise Grants	38,700,000
	Rural Cooperative Development Grants	8,300,000
	Rural Business Opportunity Grants	2,500,000
	Rural Microentrepreneur Assistance Program	9,000,000
Department of Housing and Urban Development		
	Community Development Block Grant/Entitlement Grants	2,760,223,970
	Community Development Block Grant /Special Purpose/Insular Areas	6,930,000
	Community Development Block Grant /States	1,176,594,747
	Community Development Block Grant /Non-entitlement Community Development Block Grant Grants in Hawaii	5,791,797
	Community Development Block Grant /Brownfields Economic Development Initiative	17,500,000
	Community Development Block Grant /Section 108 Loan Guarantees	6,000,000
	Section 4 Capacity Building for Affordable Housing and Community Development	50,000,000

Support for Entrepreneurs		
Agency	**Program**	**FY 2010 obligations**
	Rural Innovation Fund	25,000,000
	Community Development Block Grant Disaster Recovery Grants	100,000,000
	Indian Community Development Block Grant	65,000,000
	Hispanic Serving Institutions Assisting Communities	6,250,000
	Alaska Native/Native Hawaiian Institutions Assisting Communities	3,265,000
Small Business Administration		
	8(a) Business Development Program	56,817,000
	7(j) Technical Assistance	3,275,000
	Procurement Assistance to Small Businesses	3,164,000
	Small Business Investment Companies	24,262,000
	7(a) Loan Program	518,869,000
	Surety Bond Guarantee Program	0
	Service Corps of Retired Executives	7,000,000
	Small Business Development Centers	112,624,000
	504 Loan Program	70,645,000
	Women's Business Centers	13,997,000
	Veterans' Business Outreach Centers	2,500,000
	Microloan Program	42,901,000
	Program for Investment in Micro-Entrepreneurs	8,000,000
	New Markets Venture Capital Program	0
	7(a) Export Loan Guarantees	0
	Historically Underutilized Business Zones	2,189,000
	Small Business Technology Transfer Program	0
	Small Business Innovation Research Program	0
	Federal and State Technology Partnership Program	2,000,000
Total		**$5,561,941,707**

Source: GAO analysis of Department of Commerce, U.S. Department of Agriculture, Department of Housing and Urban Development, and Small Business Administration data.

Table 4: Surface Freight Transportation: List of Programs

Surface Freight Transportation	
Agency	**Program**
Department of Transportation	
Federal Highway Administration	National Highway System
	Interstate Maintenance
	Surface Transportation Program
	Highway Bridge Program
	Congestion Mitigation & Air Quality
	Appalachian Development Highway System
	Metropolitan Planning
	Highway Safety Improvement Program
	Railway-Highway Crossings
	Coordinated Border Infrastructure Program
	Equity Bonus
	Denali Access System Program
	Freight Intermodal Distribution Pilot Grant Program
	Great Lakes Intelligent Transportation System Implementation
	Multimodal Facility Improvements
	National Work Zone Clearinghouse
	Operation Lifesaver
	Pavement Marking Systems
	Road Safety (Data and Public Awareness)
	Road User Fee Study
	Set-aside for Minneapolis/St. Paul-Chicago segment (from Crossing Hazard Elimination)
	Set-aside for Alaska, New Jersey, and Washington for projects on the NHS (from Ferry Boats)
	Interstate Maintenance Discretionary Program
	Territorial Highway Program
	Alaska Highway
	Indian Reservation Roads
	Public Lands Highways
	Park Roads and Parkways
	Lake Tahoe
	Bureau of Transportation Statistics
	Highway Use Tax Evasion Program
	Rail Highway Crossing Hazard Elimination in High Speed Rail Corridors (after set-aside)
	Construction of Ferry Boat and Ferry Terminal Facilities (after set-asides)
	Puerto Rico Highway Program
	Indian Reservation Road Bridges
	Transportation Infrastructure Finance and Innovation Act
	Value Pricing Pilot Program
	Highways for Life
	Truck Parking Facilities
	Delta Region Transportation Development Program
	Work Zone Safety Grants

Surface Freight Transportation	
Agency	**Program**
	Undesignated High Priority Projects
	Surface Transportation Research, Development, and Deployment Program
	Future Strategic Highway Research Program
	Training and Education
	University Transportation Research
	Intelligent Transportation System Research
	Emergency Relief Program
Federal Motor Carrier Safety Administration	Border Enforcement Grant
	Commercial Vehicle Information Systems and Networks Deployment Grant
Federal Railroad Administration	Railroad Rehabilitation & Improvement Financing
	Rail Line Relocation and Improvement Program
Maritime Administration	Federal Ship Financing Program
	Small Shipyard Grants
Office of the Secretary	Transportation Investment Generating Economic Recovery (TIGER) Program

Source: GAO analysis of Department of Transportation data.

Note: This table includes grant programs and other forms of financial assistance for freight transportation infrastructure. Budgetary data are not included with these programs because the majority of these programs benefit both freight and passenger transportation. According to Department of Transportation officials, it is not possible to isolate program costs associated with just freight transportation.

Table 5: Department of Justice Grants: List of Agencies and Related Budgetary Information

Agency	FY 2010 obligations for grants
Office of Justice Programs[a]	$2,608,000,000
Community Oriented Policing Services Office	547,000,000
Office on Violence Against Women	844,000,000

Source: GAO analysis of Department of Justice data.

[a]Office of Justice Programs is comprised of a number of smaller bureaus and offices, including the Bureau of Justice Assistance, the Bureau of Justice Statistics, the Community Capacity Development Office, the National Institute of Justice, the Office of Juvenile Justice and Delinquency Prevention, the Office of Victims of Crime, and the Sex Offender Sentencing, Monitoring, Apprehending, Registering, and Tracking Office.

Table 6: Homeland Security Grants: List of Major Programs and Related Budgetary Information

Agency	Program	FY 2010 obligations
Department of Homeland Security		
Federal Emergency Management Agency	State Homeland Security Program	$852,000,000
	Urban Areas Security Initiative	851,520,000
	Port Security Grant Program	288,000,000
	Transit Security Grant Program[a]	268,000,000
Total		**$2,259,520,000**

Source: GAO analysis of Department of Homeland Security data.

[a]These obligations include grants to transit systems, Amtrak, and freight rail.

Table 7: Information Technology Investment Management: List of Investments and Related Budgetary Information

Dollars in thousands

Information Technology Investment Management

Agency	Investment	Similar purpose	Total IT spending for fiscal years 2007-2012
Department of Defense			
	Executive Performance and Appraisal Tool	Civilian Personnel Management	$591
	Defense Civilian Personnel Data System		503,280
Air Force	Contract Writing System	Contract Management	4,663
	Automated Contract Preparation System		22,604
	Contracting Information Database System		9,952
	Acquisition and Due In System		2,290
	Contract Profit Reporting Systems		1,183
Army	Enlisted Distribution and Assignment System	Personnel Assignment Management	11,545
	Assignment Satisfaction Key		6
Navy	Naval Sea Systems Command Acquisition Capabilities	Acquisition Management	3,347
	Space and Naval Warfare Systems Command Acquisition Capabilities		129,149
	Naval Sea Systems Command Systems Acquisition Management Capabilities		3,486
	Space and Naval Warfare Systems Command Systems Acquisition Management Capabilities		271,084
Navy	Decision Knowledge Programming for Logistics Analysis and Technical Evaluation	Aviation Maintenance and Logistics	50,195
	Airborne Weapons Info System		34,308
Navy	Integrated Technical Item Management Program	Contract Management	10,267
	Space and Naval Warfare Systems Command Contract Information Management System		858
	Space and Naval Warfare Systems Command Systems Center Atlantic Contract Information Management System		22
	Contract Data Requirements List		539
	Acquisition Management Automation System		4,889
Navy	APPLY/SLATER	Housing Management	671
	Commander, Navy Installations Command Manpower/Billets		4,154
Navy	Career Management System Interactive Detailing	Personnel Assignment Management	14,180
	Officer Assignment Information System II		1,014
	Enlisted Assignment information System		1,408
	Reserve Order Writing System		11,527
Navy	Fleet Rating Identification System	Promotion Rating	2,749
	Departmental Systems		610
Navy	Total Force Administration System	Workforce Management	89,601
	Manpower Models		13,819
	Total Workforce Management System		5,704

Information Technology Investment Management

Agency	Investment	Similar purpose	Total IT spending for fiscal years 2007-2012
Department of Energy			
Energy Programs	Office of Science Headquarters Back-end Infrastructure	Back-end Infrastructure	250
	Office of Science Oak Ridge Back-end Infrastructure		648
	Office of Science Chicago Back-end Infrastructure		93
Environmental and Other Defense Activities	Environmental Management Carlsbad Field Office Electronic Records and Document Mgmt System	Electronic Records and Document Management	4,337
	Health and Safety Electronic Document Review System		1,418
	Office of Legacy Management Record Management System		1,003
Total			**$1,217,444**[a]

Source: GAO analysis of Department of Defense and Department of Energy data.

[a]The $2 million difference between the $1.219 billion total presented in the report, and the $1.217 billion total presented in this appendix table, is due to rounding.

Table 8: Diesel Emissions: List of Programs and Related Budgetary Information

Agency	Program	FY 2010 obligations
Department of Energy	Clean Cities Program[a]	$301,635,084
	Energy Efficiency and Conservation Block Grant Program[a]	121,030,300
	State Energy Program	0
Department of Transportation		
Federal Aviation Administration	Voluntary Airport Low Emissions Program	5,971,868
Federal Highway Administration	Congestion Mitigation and Air Quality Improvement Program	22,046,617
	Ferry Boat Discretionary Program[a]	4,285,422
	State Infrastructure Banks Program	0
Federal Transit Administration	Bus and Bus Facilities Program	[b]
	Clean Fuels Grants Program	2,732,667
	National Fuel Cell Bus Technology Development Program	45,000
	Transit in Parks Program	0
	Transit Investments for Greenhouse Gas and Energy Reduction Program[a]	40,010,000
	Urbanized Area Formula Grant Program[a]	[b]
Environmental Protection Agency	Diesel Emissions Reduction Act Program[a]	238,511,081
Total		**$736,268,039**

Source: GAO analysis of Department of Energy, Department of Transportation, and Environmental Protection Agency documents.

Notes: Three tax expenditures—biodiesel producer tax credits, a diesel fuel emulsion excise tax credit, and an excise tax exemption for idling reduction devices—also provide incentives for owners and operators of diesel engines and vehicles to reduce emissions.

GAO identified these 14 programs as providing funding for activities that reduce mobile source diesel emissions. While one program—the Environmental Protection Agency's Diesel Emissions Reduction Act Program—has a specific purpose of reducing mobile source diesel emissions, the remaining 13 programs focus on other goals or purposes, and may not fund mobile source diesel emissions reduction activities in a particular year.

[a]The American Recovery and Reinvestment Act of 2009 provided a portion of these funds.

[b]The Department of Transportation was unable to determine the amount of funding this program awarded for projects that reduced mobile source diesel emissions.

Table 9: Green Building: List of Initiatives

Green Building	
Agency	**Initiative**
U.S. Department of Agriculture	
	High Energy Cost Grant Program
	Rural Energy for America
	Rural Housing Service Section 502 Direct and Guaranteed Loan Assistance and Section 504 Loan and Grant Assistance for the Rural Economic Development Energy Efficiency initiative
	Rural Housing Service Section 502 Direct and Guaranteed Loan Assistance for the Rural Energy Plus Program
	Rural Housing Service Section 514 and Section 516 Assistance for Farm Labor Housing
	Rural Housing Service Section 515 Assistance for Low-income, Elderly, and Handicapped Housing
	Rural Utilities Service Electric Loan Programs
	Section 538 Guaranteed Rural Rental Housing Program
Department of Defense	
	Environmental Security Technology Certification Program
Department of Education	
	Impact Aid Construction Program
	State Fiscal Stabilization Fund
Department of Energy	
	Building Technologies Program/Commercial Building Integration/Commercial Building Initiative
	Building Technologies Program/Emerging Technologies
	Building Technologies Program/Home Energy Score Pilot Program
	Building Technologies Program/Residential Buildings Integration
	Building Technologies Program/Residential Buildings Integration/Solar Decathlon
	Building Technologies Program/Technology Validation and Market Introduction/Building Energy Codes
	Energy Efficient Building Systems Regional Innovation Cluster Initiative
	Energy Transformation Acceleration Fund/Advanced Research Projects Agency/Building Energy Efficiency Through Innovative Thermodevices
	Small Business Innovation Research and Small Business Technology Transfer programs
	State Energy Efficient Appliance Rebate Program
	Superior Energy Performance Program
	Title 17 Loan Guarantee Program
	Weatherization and Intergovernmental Activities/Energy Efficiency and Conservation Block Grant
	Weatherization and Intergovernmental Activities/State Energy Program
	Weatherization and Intergovernmental Activities/Tribal Energy Program
	Weatherization and Intergovernmental Activities/Weatherization Assistance Program
	Weatherization Innovation Pilot Program
Department of Health and Human Services	
	Low Income Home Energy Assistance Program

Green Building	
Agency	**Initiative**
Department of Housing and Urban Development	
	Capital Fund Recovery Act Competitive Grant Program
	Choice Neighborhoods
	Green Retrofit Program for Multifamily Housing
	Healthy Homes Program
	HOME Investment Partnerships Program
	Hope VI Revitalization Grant Program
	Indian Community Development Block Grant Program
	Indian Housing Block Grant Program
	Mark to Market Green Initiative
	Moving to Work Demonstration Program
	Multifamily Energy Innovation Fund
	PowerSaver Pilot Program
	Public Housing Environmental and Conservation Clearinghouse
	Public Housing Operating Fund, Energy Performance Contract Incentives
	Public Housing Operating Fund, Streamlining Energy Performance Contracting
	Section 203(b) Mortgage Insurance, Energy Efficient Mortgage
	Section 203(b) Mortgage Insurance, Weatherization
	Section 203(k) Mortgage Insurance, Section 203(k) Streamlined Mortgage Insurance
	Supportive Housing for Persons with Disabilities (Section 811)
	Supportive Housing for the Elderly (Section 202)
	Sustainable Communities Initiative, Capacity-building Program and Tools Clearinghouse
	Sustainable Communities Initiative, Housing-Transportation Integration Research
	Sustainable Communities Initiative, Sustainable Communities Regional Planning Grants
	Sustainable Communities Initiative, Sustainable Community Challenge Grants
	Title I Property Improvement Loan Insurance Program (Title I Program)
	Transformation Initiative, Energy Efficiency and Green Building Across Affordable Housing Program
	Transformation Initiative, Green and Healthy Homes
	Transformation Initiative, Sustainable Building Practice
	Transformation Initiative, Sustainable Communities Grant Program
Department of Transportation	
	Federal Transit Administration Bus and Bus Facilities Program
	Federal Transit Administration Environmental Management Systems Training and Technical Assistance
	Federal Transit Administration Transit Investments for Greenhouse Gas and Energy Reduction
	Federal Transit Administration Urbanized Area Formula Program
	Formula Grants for Other than Urbanized Areas
Department of the Treasury	
	Accelerated Depreciation Deduction for Specified Energy Property
	Energy Efficient Commercial Buildings Deduction
	Energy Investment Tax Credit
	New Energy Efficient Home Credit
	Nonbusiness Energy Property Tax Credit

Green Building	
Agency	**Initiative**
	Payments for Specified Energy Property in Lieu of Tax Credits
	Residential Energy Conservation Subsidy Exclusion
	Residential Energy Efficient Property Credit
Environmental Protection Agency	
	Brownfields Program
	Design for the Environment Program
	Energy Star Program
	Environmentally Preferable Purchasing Program
	Environmentally Responsible Redevelopment and Reuse
	Green Communities Program
	Green Infrastructure Program
	Green Power Partnership
	Healthy Communities—Clean, Green, and Healthy Schools
	Heat Island Reduction Program
	Indoor Environments Program
	Industrial Materials Recycling Program
	Pesticide Environmental Stewardship Program
	Small Business Innovation Research Program
	Smart Growth Program
	Tribal Green Building Initiative
	WasteWise
	WaterSense
National Institute of Standards and Technology	
	Advanced Building Energy Technologies Program
	Embedded Intelligence in Buildings Program
	Improved Building Energy Performance Program
Small Business Administration	
	Certified Development Company 504 Loan Program
	Small Business Energy Audit and Energy Efficiency Program

Source: GAO analysis of agency information and questionnaire responses.

Note: GAO requested funding information for all initiatives, but the information agencies provided was incomplete and unreliable for the purposes of describing the size of green building initiatives. Agency officials stated that many of the initiatives are part of broader programs and, as such, the agencies do not track green building funds separately from other program activities.

Table 10: Housing Assistance: List of Programs, Activities, and Tax Expenditures and Related Budgetary Information

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
Purpose: Assistance for buying, selling, or financing a home			
Agency/entity	**Activity/program**	**FY 2010 obligations**	**Explanatory notes**
Department of Housing and Urban Development	Self-Help Homeownership Opportunity Program	$26,500,000	
	One- to Four-Family Home Mortgage Insurance (Section 203(b))	-$2,546,000,000	For loan programs these obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured, which in some cases may be 30 years. The obligations reported are for guarantees of single family loans insured under the Mutual Mortgage Insurance Fund. The loan program called One- to Four-Family Home Mortgage Insurance (Section 203(b)) is the single largest loan program in this Fund.
	Mortgage Insurance for Disaster Victims (Section 203(h))	Included in obligations under Mutual Mortgage Insurance Fund	See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Rehabilitation Loan Insurance (Section 203(k))	Included in obligations under Mutual Mortgage Insurance Fund	See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Single Family Property Disposition Program (Section 204(g))	Included in obligations under Mutual Mortgage Insurance Fund	Costs/savings associated with property disposition are among the items factored into subsidy rates. See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Self-Help Housing Property Disposition	Included in obligations under Mutual Mortgage Insurance Fund	Costs/savings associated with property disposition are among the items factored into subsidy rates. See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Loss Mitigation	Included in obligations under Mutual Mortgage Insurance Fund	See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Graduated Payment Mortgage (Section 245(a))	Included in obligations under Mutual Mortgage Insurance Fund	See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Adjustable Rate Mortgages (Section 251)	Included in obligations under Mutual Mortgage Insurance Fund	See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Home Equity Conversion Mortgage Program (Section 255)	-$106,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured. The Home Equity Conversion Mortgage Program is part of the Mutual Mortgage Insurance Fund but has separate subsidy costs which are reported here.
	Manufactured Homes Loan Insurance (Title I)	-$1,000,000	Obligations represent the expected credit subsidy costs for loan commitments under this program made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured, which in some cases may be 30 years. This loan program is part of the General Insurance and Special Risk Insurance Fund, which houses a wide range of mortgage insurance products, including insurance for loans to develop, rehabilitate, and refinance multifamily rental housing, nursing home facilities, and hospitals. The General Insurance and Special Risk Insurance Fund programs also include loan guarantees for Title I Property Improvement loans.
	Property Improvement Loan Insurance (Title I)	see note	Expected credit subsidy costs are less than $500,000. See note for Manufactured Homes Loan Insurance.
	Good Neighbor Next Door	Included in obligations under Mutual Mortgage Insurance Fund	Costs/savings associated with property disposition are among the items factored into subsidy rates. See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Energy Efficient Mortgage Insurance	Included in obligations under Mutual Mortgage Insurance Fund	See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Energy Efficient Mortgage Innovation Pilot	None	Program created in fiscal year 2010; however no funds were obligated in that year. In fiscal year 2011 $13 million was obligated to the Energy Efficient Mortgage Innovation Pilot.
	Insured Mortgages on Hawaiian Home Lands (Section 247)	Included in obligations under Mutual Mortgage Insurance Fund	See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Insured Mortgages on Indian Land (Section 248)	Included in obligations under Mutual Mortgage Insurance Fund	See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Mortgage Insurance for Condominium Units (Section 234(c))	None	Program is not active. Condominiums are now insured under Section 203(b) program.
	Mortgage Insurance for Older, Declining Areas (Section 223(e))	None	No loans made in fiscal year 2010.
	Growing Equity Mortgage Insurance (Section 245(a))	None	No loans made in fiscal year 2010.
	Mortgage Insurance for Cooperative Housing (Section 213)	Included in obligations under Mutual Mortgage Insurance Fund	See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Single Family Cooperative Housing Mortgage Insurance	Included in obligations under Mutual Mortgage Insurance Fund	See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Homeownership Voucher Assistance	Included in obligations for Housing Choice Voucher Program	
	Public Housing Homeownership (Section 32)	None	Program is no longer active.
	Loan Guarantees for Indian Housing (Section 184)	$4,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
	Loan Guarantees for Native Hawaiian Housing (Section 184A)	$1,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
Department of Agriculture	Section 523 Self-Help Housing	None	No loans were made in fiscal year 2010.
	Section 524 Site Development	None	No loans were made in fiscal year 2010.
	Section 523 Mutual and Self-Help Housing Technical Assistance Grants	$43,000,000	
	Section 502 Rural Housing Single Family Loans-Direct	$78,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010, including loans authorized under the American Recovery and Reinvestment Act of 2009. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Section 502 Rural Housing Single Family Loans-Guaranteed	$204,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010, including loans authorized under the American Recovery and Reinvestment Act of 2009. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
	Section 509(f) Housing Application Packaging Grants	None	No grants were made in fiscal year 2010.
	Section 502 Mutual Self-Help Housing Loan	Included in obligations for Section 502 Direct loan	
Department of Veterans Affairs	Veterans Administration Home Loan Guaranty	-$107,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
	Veterans Housing Manufactured Home Loans	None	No loans were made in fiscal year 2010.
	Native American Veterans Direct Loan Program	-$5,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
Agency/entity	**Activity/program**	**FY 2010 estimated revenue losses[a]**	**Explanatory notes**
Internal Revenue Service	Capital gains exclusion on home sales	$22,160,000,000	
	Deduction for mortgage insurance premiums	$300,000,000	Revenue losses for fiscal year 2010 were estimated by the Joint Committee on Taxation in *Estimates of Federal Tax Expenditures for Fiscal Years 2010-2014*, JCS-3-10. This provision expired on December 31, 2011.
	District of Columbia first-time homebuyer tax credit	see note	Revenue losses for fiscal year 2010 were not estimated by the Department of the Treasury in *Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2012*, nor by the Joint Committee on Taxation in *Estimates of Federal Tax Expenditures for Fiscal Years 2010-2014,* JCS-3-10. This provision expired on December 31, 2011.

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
Purpose: Supports housing and other activities			
Agency/entity	**Activity/program**	**FY 2010 obligations**	**Explanatory notes**
Federal Home Loan Banks	Community Investment Program	None	The Community Investment Program is not included in the federal budget.
Department of Housing and Urban Development	Community Development Block Grants (CDBG) Entitlement	$1,025,687,000	Obligations represent an estimate of the total used for activities related to housing.
	CDBG States and Small Cities	Included in obligations under CDBG Entitlement	
	CDBG Section 108 Loan Guarantee	see note	Obligations for CDBG Section 108 Loan Guarantee in fiscal year 2010 were $4 million; some amount of the obligations may be attributable to activities related to housing. Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
	CDBG Disaster Recovery Assistance	see note	Obligations for CDBG Disaster Recovery Assistance in fiscal year 2010 were $4.304 billion; some amount of obligations may be attributable to activities related to housing.
	CDBG Section 107	see note	Obligations for CDBG Section 107 in fiscal year 2010 were $2.1 million; some amount of obligations may be attributable to activities related to housing.
	CDBG Insular Areas	Included in obligations under CDBG Entitlement	
	HOME Investment Partnerships	$1,857,423,000	
	Housing Trust Fund	None	Program authorized in 2008, however no funding has been appropriated.
	Capacity Building for Community Development and Affordable Housing	$34,000,000	
	Housing Opportunities for Persons With AIDS	$314,220,000	
	Counseling for Homebuyers, Homeowners, and Tenants (Section 106)	$65,168,000	
	Manufactured Home Construction and Safety Standards	$8,731,000	

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Dollar Home Sales	Included in obligations under Mutual Mortgage Insurance Fund	Costs/savings associated with property disposition are among the items factored into subsidy rates. See note for One- to Four-Family Home Mortgage Insurance (Section 203(b)).
	Choice Neighborhoods	Included in obligations for HOPE VI	
	Indian Community Development Block Grant	see note	Obligations for the Indian Community Development Block Grant in fiscal year 2010 were $65.332 million; some amount of obligations may be attributable to activities related to housing.
	Native American Housing Block Grants	$761,650,000	
	Federal Guarantees for Financing for Tribal Housing Activities (Title VI)	see note	Expected credit subsidy costs are less than $500,000 for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
	Native Hawaiian Housing Block Grant Program	$13,333,000	
	Healthy Homes Initiative	$19,765,000	
	Sustainable Communities Initiative	$66,000	
	Lead Hazard Control Grants	$66,600,000	
	Lead Hazard Demonstration Project	$48,000,000	
	Lead Hazard Reduction Technical Studies and Support	$4,000,000	
	Housing Assistance Council	$5,000,000	
Neighborhood Reinvestment Corporation	Neighborhood Reinvestment Corporation, also known as “NeighborWorks America”	$233,000,000	Federal obligations provided $168 million in base funding and an additional $65 million for activities related to foreclosure counseling mitigation and prevention. The Neighborhood Reinvestment Corporation receives both federal and non-federal funding to finance its program activities.

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
Department of the Treasury	Community Development Financial Institutions Fund	see note	The Community Development Financial Institutions Fund provides funding for multiple initiatives that may support housing. In fiscal year 2010 $108 million was obligated to providing awards to Community Development Financial Institutions for financial and technical assistance to further affordable housing, among other goals. Additionally, in fiscal year 2010 $80 million was obligated for the Capital Magnet Fund to increase capital investment for affordable housing.
Department of Agriculture	Section 525 Technical and Supervisory Assistance Grants	None	No grants were made in fiscal year 2010.
	Rural Community Development Initiative Grants	$6,512,000	
Internal Revenue Service	Historic preservation tax credit (20 percent)	see note	Historic preservation tax credit is administered by both the National Park Service and the IRS. The Department of the Treasury estimated revenue losses of $390 million for fiscal year 2010 in *Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2012* which includes both residential and non-residential historic structures.
Purpose: Assistance for financing rental housing			
Agency/entity	**Activity/program**	**FY 2010 obligations**	**Explanatory notes**
Federal Home Loan Banks	Affordable Housing Program	$216,000,000	Created by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The act requires each of the twelve Federal Home Loan Banks to contribute 10 percent of its previous year's net earnings to an Affordable Housing Program to be used to subsidize the cost of affordable homeownership and rental housing.
Department of Housing and Urban Development	Supportive Housing for the Elderly (Section 202)	$580,250,000	
	Assisted-Living Conversion Program	Included in obligations under Supportive Housing for the Elderly (Section 202)	
	Mortgage Insurance for Manufactured Home Parks (Section 207)	None	No loans made in fiscal year 2010.

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Existing Multifamily Rental Housing (Section 207/223(f))	-$261,000,000	Obligations represent the expected credit subsidy costs for loan commitments under this program made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured, which in some cases may be 30 years. This loan program is part of the General Insurance and Special Risk Insurance Fund, which houses a wide range of mortgage insurance products, including insurance for loans to develop, rehabilitate, and refinance multifamily rental housing, nursing home facilities, and hospitals. General Insurance and Special Risk Insurance Fund programs also include loan guarantees for Title I manufactured housing and for property improvement loans. This estimate also includes expected credit subsidy costs for refinances of current FHA loans under Section 223(a)(7) made in fiscal year 2010.
	Mortgage and Major Home Improvement Loan Insurance for Urban Renewal Areas (Section 220)	-$18,000,000	Also includes loans under Section 231, and some made under Section 207. Also see note for Existing Multifamily Rental Housing (Section 207/223(f)).
	Multifamily Cooperatives (Section 221(d)(3))	$9,000,000	See note for Existing Multifamily Rental Housing (Section 207/223(f)).
	Multifamily Rental Housing (Section 221(d)(4))	-$45,000,000	See note for Existing Multifamily Rental Housing (Section 207/223(f)).
	Mortgage Insurance for Housing for the Elderly (Section 231)	Included in obligations for Mortgage and Major Home Improvement Loan Insurance for Urban Renewal Areas (Section 220)	
	Mortgage Insurance for Single Room Occupancy Projects (Section 221(d)) pursuant to Section 223(g)	None	No loans made in fiscal year 2010.
	Supplemental Loans for Multifamily Projects (Section 241)	see note	Expected credit subsidy costs are less than $500,000. Also see note for Existing Multifamily Rental Housing (Section 207/223(f)).

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Supportive Housing for Persons with Disabilities (Section 811)	$130,359,000	
	Housing Finance Authority Risk Sharing (Section 542(c))	-$2,000,000	See note for Existing Multifamily Rental Housing (Section 207/223(f)).
	Government Sponsored Enterprise Risk Sharing (Section 542(b))	see note	Expected credit subsidy costs are less than $500,000. See note for Existing Multifamily Rental Housing (Section 207/223(f)).
	Mark-to-Market Program	Included in obligations under the General Insurance and Special Risk Insurance Fund	Costs/savings associated with this are among the items factored into subsidy rates. See note for Existing Multifamily Rental Housing (Section 207/223(f)).
	Interest Reduction Payments for Rental and Cooperative Housing for Lower Income Families	None	Payments are made from obligations recorded in prior years. No new commitments since 1973.
	Multifamily Operating Loss Loans (Section 223(d))	see note	Expected credit subsidy costs are less than $500,000. Also see note for Existing Multifamily Rental Housing (Section 207/223(f)).
	Multifamily Property Disposition	Included in obligations under the General Insurance and Special Risk Insurance Fund	Costs/savings associated with property disposition are among the items factored into subsidy rates. See note for Existing Multifamily Rental Housing (Section 207/223(f)).
	Revitalization of Severely Distressed Public Housing (HOPE VI)	$120,456,000	
Department of Agriculture	Section 515 Multifamily Direct Rural Rental Housing Loans	$39,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
	Section 538 Rural Rental Housing Guaranteed Loans	$1,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Section 514 and 516 Farm Labor Housing Loan and Grant Program	$16,000,000	Grants under this program obligated $10 million and the expected credit subsidy costs for loans originated in fiscal year 2010 was $6 million. These estimates of credit subsidy costs are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
	Multifamily Rental Housing Preservation and Revitalization	$1,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates of credit subsidy costs are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
Agency/entity	**Activity/program**	**FY 2010 estimated revenue losses[a]**	**Explanatory notes**
Internal Revenue Service	Low-income housing tax credit	$5,650,000,000	
	Rental housing bonds interest exclusion	$1,050,000,000	
Purpose: Emergency assistance to housing market or current homeowner			
Agency/entity	**Activity/program**	**FY 2010 obligations**	**Explanatory notes**
Department of Housing and Urban Development	Tax Credit Assistance Program	None	During fiscal year 2009, the American Recovery and Reinvestment Act of 2009, provided $2.25 billion to the HOME program to make available to state housing credit agencies for low-income housing tax credit projects via a formula-based allocation. All of the appropriated funds were obligated in fiscal year 2009.
	HOPE for Homeowners	$3,000,000	Obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Neighborhood Stabilization Program	$1,980,000,000	The Neighborhood Stabilization Program was established by the Housing and Economic Recovery Act of 2008 and funded by that legislation at a level of $3.92 billion, obligated during fiscal year 2009. The American Recovery and Reinvestment Act of 2009 provided $1.98 billion in additional funding, obligated in 2010. The Dodd-Frank Wall Street Reform and Consumer Protection Act provided another $1 billion available in fiscal year 2011.
Department of the Treasury	New Issue Bond Program: Purchase securities of Fannie Mae and Freddie Mac backed by new housing bonds issued by the Housing Finance Agencies (HFA Initiative)	-$79,000,000	Represents the expected credit subsidy costs for securities purchased in fiscal year 2010, worth $15.3 billion. Ultimate cost will not be known until the securities mature or are sold. The Department of the Treasury's authority to purchase securities under the program expired on December 31, 2009.
	Temporary Credit and Liquidity Program: Purchased participation interests in government-sponsored enterprises liquidity facilities available for outstanding housing bonds issued by state and local HFAs (HFA Initiative)	-$552,000,000	Represents the expected credit subsidy costs for purchases in fiscal year 2010, worth $8.2 billion. Ultimate cost will not be known until the Department of the Treasury's interests are dissolved. The Department of the Treasury's authority to enter additional obligations under the program expired on December 31, 2009.
	Housing Finance Authority (HFA) Hardest Hit Fund	$7,600,000,000	In fiscal year 2010, the Department of the Treasury obligated $7.6 billion for the HFA Hardest Hit Fund to be available until December 31, 2017. Actual payments made in fiscal year 2010 to the 19 HFAs participating in the program was $56 million.

Housing Assistance

Agency/entity	Activity/program	Related budgetary information	Explanatory notes
	Grants to States for Low-Income Housing Projects in Lieu of Low-Income Housing Credits Program (Section 1602 Program)	$3,083,000,000	Designed to be used in lieu of tax credits, the Section 1602 Program allowed state HFAs to exchange a portion of their 2009 credit ceiling (up to 100 percent of 2008 unused LIHTC and credit returned during 2009 and 40 percent of their 2009 allocation) for grant funds from Treasury at the rate of 85 cents for every tax credit dollar, and then award proceeds to finance the construction or acquisition and rehabilitation of qualified low-income buildings.
	Making Home Affordable (MHA)	see note	In February 2009, the Department of the Treasury announced a program to assist homeowners in danger of foreclosure—the centerpiece of which was the Home Affordable Modification Program (HAMP)—that would use up to $50 billion in funds from the Troubled Asset Relief Program (TARP). The Department of the Treasury subsequently reduced its total obligations of its TARP-funded housing programs to $45.6 billion, of which $29.9 billion has been allocated to the Making Home Affordable program which includes HAMP. Treasury officials estimated that the last MHA incentive payment would likely occur sometime in mid-2018. Actual payments made in fiscal year 2010 for all programs under the MHA program were $484 million.
	Preferred Stock Purchase Agreements with Fannie Mae and Freddie Mac	see note	Purchase of government-sponsored enterprises' stock in fiscal year 2010 was worth $52.6 billion. Ultimate value the Department of the Treasury will receive for preferred stock is to be determined.
	Purchase of mortgage-backed securities issued by Fannie Mae and Freddie Mac	-$1,114,000,000	Represents the expected credit subsidy costs for purchases in fiscal year 2010, worth $29.9 billion. Ultimate cost will not be known until the securities mature or are sold. The Department of the Treasury's authority to enter additional obligations under the program expired on December 31, 2009.

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
Department of the Treasury and Department of Housing and Urban Development	Federal Housing Administration Short Refinance program	$8,120,000,000	The Department of the Treasury entered into a letter of credit facility to fund up to $8 billion of losses, if any, associated with providing Federal Housing Administration Short Refinance loans originated on or before December 31, 2012. Actual payments made in fiscal year 2010 were $3 million. No loans had been refinanced under this program in fiscal year 2010; payments were used to maintain the letter of credit.
Federal Reserve System	Purchase of mortgage-backed securities issued by Fannie Mae, Freddie Mac and Ginnie Mae	see note	Purchases of mortgage-backed securities issued by Fannie Mae, Freddie Mac and Ginnie Mae in fiscal year 2010 were valued at $346.1 billion. Ultimate cost will not be known until the securities mature or are sold.
	Purchase of Fannie Mae, Freddie Mac and Federal Home Loan Bank debt	see note	Purchases of Fannie Mae, Freddie Mac and Federal Home Loan Bank debt in fiscal year 2010 were valued at $40.8 billion. Ultimate cost is not yet known.
Agency/entity	**Activity/program**	**FY 2010 estimated revenue losses[a]**	**Explanatory notes**
Internal Revenue Service	Exclusion of forgiven mortgage debts	$1,480,000,000	
	First-Time Homebuyer Tax Credit	$13,680,000,000	Revenue losses were estimated by the Department of the Treasury for fiscal year 2010. This provision expired April 30, 2010.
	Increased standard deduction for property taxes	$500,000,000	Revenue losses for fiscal year 2010 were estimated by the Joint Committee on Taxation in *Estimates of Federal Tax Expenditures for Fiscal Years 2010-2014,* JCS-3-10. This provision expired on December 31, 2009.

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
Purpose: Regulatory requirements			
Consumer Financial Protection Bureau and Federal Financial Regulators (Federal Reserve Board, Federal Deposit Insurance Corporation, National Credit Union Administration, and Office of the Comptroller of the Currency) and the Federal Financial Institutions Examination Council	Real Estate Settlement Procedures Act of 1974 (RESPA)	see note	Responsibility for Rulemaking under RESPA moved to the Consumer Financial Protection Bureau on July 21, 2011. The Consumer Financial Protection Bureau and the federal financial regulators are responsible for examination and enforcement of RESPA at certain institutions. The Federal Financial Institutions Examination Council promotes uniformity in the supervision of financial institutions. Costs for RESPA are not quantified or tracked separately.
	Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)	see note	Responsibility for Rulemaking under the SAFE Act moved to the Consumer Financial Protection Bureau on July 21, 2011. The Consumer Financial Protection Bureau and the federal financial regulators are responsible for examination and enforcement of the SAFE Act at certain institutions. The Federal Financial Institutions Examination Council promotes uniformity in the supervision of financial institutions. Costs for the SAFE Act are not quantified or tracked separately.

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Home Mortgage Disclosure Act of 1975 (HMDA)	see note	Responsibility for Rulemaking under HMDA moved to the Consumer Financial Protection Bureau on July 21, 2011. The Consumer Financial Protection Bureau and the federal financial regulators are responsible for examination and enforcement of HMDA at certain institutions. The Federal Financial Institutions Examination Council promotes uniformity in the supervision of financial institutions and facilitates public access and aggregation of data that depository institutions must disclose under HMDA. Obligations in calendar year 2010 were $13 million; of this amount, approximately $3 million was related to costs associated with the processing, aggregation, and reporting of HMDA data. Source of funds for The Federal Financial Institutions Examination Council are collections from other federal sources.
	Truth in Lending Act	see note	Responsibility for Rulemaking under the Truth in Lending Act moved to the Consumer Financial Protection Bureau on July 21, 2011. However, rulemaking for certain aspects of the Truth in Lending Act remain with the federal financial regulators for real estate appraisals. The Consumer Financial Protection Bureau and the federal financial regulators are responsible for examination and enforcement of the Truth in Lending Act at certain institutions. The Federal Financial Institutions Examination Council promotes uniformity in the supervision of financial institutions. Costs for the housing related aspects of the Truth in Lending Act are not quantified or tracked separately.

Housing Assistance

Agency/entity	Activity/program	Related budgetary information	Explanatory notes
	Equal Credit Opportunity Act	see note	Responsibility for Rulemaking under the Equal Credit Opportunity Act moved to the Consumer Financial Protection Bureau on July 21, 2011. The Consumer Financial Protection Bureau and the federal financial regulators are responsible for examination and enforcement of the Equal Credit Opportunity Act at certain institutions. The Federal Financial Institutions Examination Council promotes uniformity in the supervision of financial institutions. Costs for the housing related aspects of the Equal Credit Opportunity Act are not quantified or tracked separately.
Federal Financial Regulators (Federal Reserve Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency) and the Federal Financial Institutions Examination Council	Community Reinvestment Act (CRA)	see note	Federal financial regulators are responsible for Rulemaking and enforcement of CRA. However, they do not quantify or track costs separately for the housing related aspects of the CRA. The Federal Financial Institutions Examination Council promotes uniformity in the supervision of financial institutions.
Federal Financial Institutions Examination Council	Appraisal Subcommittee	see note	The Appraisal Subcommittee ensures that real estate appraisals used in federally-related transactions are performed in accordance with uniform standards by appraisers certified and licensed by the States. Obligations for the Subcommittee in fiscal year 2010 were $4 million; some amount of obligations may be attributable to activities related to housing. Source of funds for Subcommittee operations are fee income from State-licensed and certified real estate appraisers in the national registry.
Department of Housing and Urban Development	Enforcement of the Fair Housing Act (Title VIII)	Included in obligations for Fair Housing Assistance Program and Fair Housing Initiatives Program	
	Fair Housing Assistance Program	$25,000,000	See also Enforcement of the Fair Housing Act (Title VIII)

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Fair Housing Initiatives Program	$25,000,000	See also Enforcement of the Fair Housing Act (Title VIII)

Purpose: Increase availability of mortgage loans

Agency/entity	Activity/program	FY 2010 obligations	Explanatory notes
Fannie Mae	Purchase mortgage loans and issue mortgage-backed securities	see note	Fannie Mae is not included in the federal budget. Also see activities listed under emergency assistance to housing market or current homeowner.
Freddie Mac	Purchase mortgage loans and issue mortgage-backed securities	see note	Freddie Mac is not included in the federal budget. Also see activities listed under emergency assistance to housing market or current homeowner.
Federal Home Loan Banks	Provide advances to member institutions	see note	The Federal Home Loan Banks are not included in the federal budget. Also see activities listed under emergency assistance to housing market or current homeowner.
Farm Credit System	Institutions of the Farm Credit System, which include the Agricultural Credit Bank and Farm Credit Banks, provide financed credit to agricultural and rural communities.	None	Entities of the Farm Credit System are not included in the federal budget.
Farm Credit System Insurance Corporation	Ensure the timely payment of principal and interest on insured Farm Credit System debt obligations purchased by investors.	see note	Obligations for the Farm Credit System Insurance Corporation in fiscal year 2010 were $209 million; some amount of obligations may be attributable to activities related to lending for rural housing. The Corporation derives its revenues from insurance premiums collected from insured Farm Credit System banks and from the investment income earned on its investment portfolio.
Federal Agricultural Mortgage Corporation (Farmer Mac)	Purchases agricultural or rural housing mortgage loans and securitizes loans into guaranteed securities or agricultural mortgage-backed securities	None	Farmer Mac is not included in the federal budget.
Department of Housing and Urban Development	Government National Mortgage Association (Ginnie Mae): Guarantee the timely payment of principal and interest on securities issued by private lenders and backed by pools of federally insured or guaranteed mortgage loans	-$991,000,000	Represents expected credit subsidy costs for Ginnie Mae's guarantees of mortgage-backed securities in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost is not yet known.

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
Agency/entity	**Activity/program**	**FY 2010 estimated revenue losses[a]**	**Explanatory notes**
Internal Revenue Service	Mortgage subsidy bonds interest exclusion	$1,230,000,000	
	Veterans housing bonds interest exclusion	$20,000,000	
Purpose: Assistance for homeowners			
Agency/entity	**Activity/program**	**FY 2010 obligations**	**Explanatory notes**
Department of Agriculture	Section 504 Very Low-income Repair Loans and Grants	$35,000,000	Grants under this program obligated $32 million and the expected credit subsidy costs for loans originated in fiscal year 2010 was $3 million. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
	Section 504 Direct Housing Loans and Grants for Natural Disasters	$3,000,000	This number represents only the grant portion of the program. The loan portion is included in the Section 504.
Department of Veterans Affairs	Specially Adapted Housing for Disabled Veterans	$68,000,000	Includes obligations for the Special Housing Adaptation for Disabled Veterans and Temporary Residence Adaptation programs.
	Direct Loans for Certain Disabled Veterans	None	No loans were made in fiscal year 2010.
	Special Housing Adaptation for Disabled Veterans	Included in obligations for Specially Adapted Housing for Disabled Veterans	
	Temporary Residence Adaptation	Included in obligations for Specially Adapted Housing for Disabled Veterans	
Department of the Interior	Housing Improvement Program	$15,943,367	
Agency/entity	**Activity/program**	**FY 2010 estimated revenue losses[a]**	**Explanatory notes**
Internal Revenue Service	Mortgage interest deduction	$79,150,000,000	
	Property tax deduction	$15,120,000,000	
Purpose: Assistance for rental property owners			
Agency/entity	**Activity/program**	**FY 2010 obligations**	**Explanatory notes**
Department of Housing and Urban Development	Project-Based Rental Assistance (Section 8 Contracts)	$8,764,224,000	
	Rental Housing Assistance Payments (Section 236)	$10,232,000	Obligations are for amendments to existing contracts. No new commitments since 1973.
	Rent Supplement Program	$4,401,000	Obligations are for amendments to existing contracts. No new commitments since 1973.
	Project-Based Voucher Program	Included in obligations for Housing Choice Voucher Program	

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Section 8 Moderate Rehabilitation Program	Included in obligations for Project-Based Rental Assistance	
Department of Agriculture	Section 521 Rural Rental Assistance Payments	$979,000,000	
Agency/entity	**Activity/program**	**FY 2010 estimated revenue losses[a]**	**Explanatory notes**
Internal Revenue Service	Passive rental losses	$8,790,000,000	
	Accelerated depreciation on rental housing	-$1,490,000,000	Tax expenditure revenue loss estimates are generally reported in the President's budget on a cash basis. When incoming tax receipts from past deferrals are greater than deferred receipts from new activity, the cash-basis tax expenditure estimate can be negative. For certain tax expenditures that take the form of deferrals of tax liability, the President's budget also presents estimates made on a present value basis. The President's budget for fiscal year 2012 reported that the estimated present value of revenue losses for activities undertaken in calendar year 2010 for this tax expenditure would be $6.570 billion.
Purpose: Rental assistance for tenants			
Agency/entity	**Activity/program**	**FY 2010 obligations**	**Explanatory notes**
Department of Housing and Urban Development	Housing Choice Voucher Program	$15,160,991,261	
	Mainstream Vouchers	$85,236,000	
	Family Unification Program	$15,877,000	
	Section 8 Moving to Work Demonstration	$2,823,379,109	
Department of Labor	National Farmworker Jobs Program - Housing Assistance	$5,700,000	Obligations represent allocations for housing activities in program year 2010.
Department of Agriculture	Section 542 Rural Housing Voucher Program	$8,000,000	
Purpose: Operation/management of rental housing			
Agency/entity	**Activity/program**	**FY 2010 obligations**	**Explanatory notes**
Department of Housing and Urban Development	Multifamily Energy Pilot	None	Program created in fiscal year 2010, however no funds were obligated in that year.
	Emergency Capital Repairs Program	Included in obligations under Supportive Housing for the Elderly (Section 202)	
	Public Housing Operating Fund	$4,754,393,000	
	Public Housing Capital Fund	$2,485,538,000	

Housing Assistance			
Agency/entity	**Activity/program**	**Related budgetary information**	**Explanatory notes**
	Green Retrofit Program for Multifamily Housing	$235,000,000	Grants under this program obligated $167 million and the expected credit subsidy costs for loans originated in fiscal year 2010 were $68 million. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans have matured.
Department of Agriculture	Section 533 Rural Housing Preservation Grants	$11,000,000	
Purpose: Regulator of government-sponsored enterprises			
Agency/entity	**Activity/program**	**FY 2010 obligations**	**Explanatory notes**
Federal Housing Finance Agency	Regulator and conservator of Fannie Mae and Freddie Mac and the regulator of the Federal Home Loan Banks (FHLBanks)	$133,000,000	The Federal Housing Finance Agency receives direct funding for its activities from mandatory assessments on Fannie Mae, Freddie Mac, and the Federal Home Loan Banks.
Farm Credit Administration	Regulator and examiner of the banks, associations, and related entities of the Farm Credit System, including the Federal Agricultural Mortgage Corporation (Farmer Mac)	see note	Fiscal year 2010 obligations were $50 million; some amount of obligations may be attributable to activities related to housing. Source of funds for Farm Credit Administration are assessments collected from institutions in the System, including Farmer Mac.

Source: GAO.

Note: Activities/programs may have multiple purposes. Listing does not include housing counseling programs nor energy efficiency tax expenditures that are covered in another section of this report and homeless housing programs that GAO discussed in its March 2011 reports: *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011) and *List of Selected Federal Programs That Have Similar or Overlapping Objectives, Provide Similar Services, or Are Fragmented Across Government Missions*, GAO-11-474R (Washington, D.C.: Mar. 18, 2011). Listing also does not include tax expenditures for employment-related housing allowances or costs.

[a]Revenue losses are estimated by the Department of the Treasury in *Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2012*, unless otherwise specified.

Table 11: Early Learning and Child Care: List of Programs and Related Budgetary Information[a]

Agency or subagency	Program	FY 2010 obligations[b]
Early Learning and Child Care		
Programs with an Explicit Early Learning or Child Care Purpose		
Department of Education		
Office of the Deputy Secretary	Race to the Top - Early Learning Challenge	[c]
	State Fiscal Stabilization Fund - Education State Grants, Recovery Act	[d]
Office of Elementary and Secondary Education	Indian Education - Grants to Local Educational Agencies	$104,000,000
	Striving Readers Comprehensive Literacy[e]	35,000,000
Office of Postsecondary Education	Child Care Access Means Parents in School	16,000,000
Office of Special Education and Rehabilitative Services	Special Education - Grants for Infants and Families	439,000,000
	Special Education - Preschool Grants	374,000,000
Department of Health and Human Services		
Administration for Children and Families	Child Care and Development Block Grant	2,127,000,000
	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	2,917,000,219
	Head Start	7,235,514,000
Department of the Interior		
Bureau of Indian Education	Indian Child and Family Education (FACE)	15,370,870
General Services Administration		
Public Buildings Service	The General Services Administration's Child Care Program	3,144,000
Programs That Support Early Learning and Child Care or Allow Use of Funds for That Purpose[a]		
Appalachian Regional Commission		
	Appalachian Area Development	73,000,000
Department of Agriculture		
Food and Nutrition Service	Child and Adult Care Food Program	2,640,923,000
	National School Lunch Program	9,967,068,000
	School Breakfast Program	29,200,391,000
	Special Milk Program for Children	12,673,000
Department of Education		
Office of Innovation and Improvement	Full-Service Community Schools	1,166,000,000
	Promise Neighborhoods	10,000,000
Office of Elementary and Secondary Education	Alaska Native Educational Programs	33,000,000
	Education for Homeless Children and Youth	65,000,000
	English Language Acquisition Grants	743,000,000
	Indian Education - Special Programs for Indian Children	19,060,000
	Migrant Education - State Grant Program	394,771,000
	Native Hawaiian Education	34,000,000
	Title I Grants to Local Educational Agencies	[f]
Office of Special Education and Rehabilitative Services	Special Education - State Personnel Development	48,000,000
	Special Education - Grants to States	[g]

Early Learning and Child Care		
Agency or subagency	**Program**	**FY 2010 obligations[b]**
	Special Education - Technology and Media Services for Individuals with Disabilities	44,000,000
Department of Health and Human Services		
Administration for Children and Families	Community Services Block Grant	699,999,000
	Social Services Block Grant	[h]
	Temporary Assistance for Needy Families	[i]
Office of Community Planning and Development	Community Development Block Grants/Entitlement Grants	[j]
	Community Development Block Grants/Special Purpose Grants/Insular Areas	[j]
	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	[j]
Department of Justice		
Office of Juvenile Justice and Delinquency Prevention	Reduction and Prevention of Children's Exposure to Violence (Safe Start)	5,000,000
Violence Against Women Office	Children and Youth Exposed to Violence	614,000
	Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	15,305,000
Department of Labor		
Employment Training Administration	National Farmworker Jobs Program	87,398,000
	Native American Employment and Training	53,000,000
	Workforce Investment Act Adult Program	861,540,000
	Workforce Investment Act Dislocated Worker Formula Grants	1,183,847,000
Department of the Interior		
Bureau of Indian Affairs	Indian Child Welfare Act-Title II Grants	[k]
	Indian Education - Assistance to Schools	21,214,545
General Services Administration		
Federal Acquisition Service	Donation of Federal Surplus Personal Property	0

Source: GAO analysis of FY 2010 obligations based on agencies' federal budget justifications and other sources.

[a]This table classifies fiscal year 2010 obligations for early learning and child care into two groups: (a) obligations for programs with an explicit early learning or child care purpose and (b) obligations for programs that support early learning and child care or allow use of funds for that purpose. However, obligations cited for the latter (programs that support or allow use of funds) do not represent funds specifically for early learning and child care services but rather for those programs overall.

[b]In addition to FY 2010 obligations, some programs received Recovery Act funds in fiscal year 2010. These programs include, for example, Temporary Assistance for Needy Families, Child Care and Development Block Grant, Special Education – Grants for Infants and Families, and Special Education – Preschool Grants programs. Additionally, Head Start Recovery Act appropriations were made available in 2009 for two fiscal years.

[c] Race to the Top - Early Learning Challenge was created as part of the American Recovery and Reinvestment Act of 2009 and may not continue to be funded after the Act's funds expire. It received a $500 million appropriation in fiscal year 2011 and had no previous appropriation. It is jointly administered by the Departments of Education and Health and Human Services.

[d] State Fiscal Stabilization Fund - Education State Grants, Recovery Act was created as part of the American Recovery and Reinvestment Act of 2009 and may not continue to be funded after the act's funds expire. It received an $18,170,000 obligation through Recovery Act funds in fiscal year 2010.

[e] In its budget justification, the Department of Education stated that it was not requesting separate funding for the Striving Readers program for fiscal year 2012. In place of this and several other programs that seek to promote improvement of reading, writing, and language arts instruction, the department proposed creating a new program: Effective Teaching and Learning: Literacy.

[f]Title I had fiscal year 2010 obligations of approximately $14.5 billion. About 2 percent of total obligations were spent on early education programs in fiscal year 2009, the latest date for which expenditure data are available.

[g]Although Special Education Grants to States had fiscal year 2010 obligations of approximately $11.5 billion to provide children with free appropriate public education, not all of this funding served children under 5.

[h]The Social Services Block Grant is a large, multipurpose block grant with fiscal year 2009 obligations of about $391 million spent on child care, or 14 percent of total funds.

[i]Temporary Assistance for Needy Families is a large, multipurpose block grant with fiscal year 2010 obligations of approximately $17 billion. It accounted for $3.5 billion in child care funding in fiscal year 2009. Funds that are eventually transferred to the Child Care and Development Fund at state option are included in Temporary Assistance for Needy Families totals.

[j]Less than 1 percent of Community Development Block Grants funds were used for child care services or child care facilities.

[k]Agency officials told us that, although child care is an allowable use, no funds were used for this purpose in fiscal year 2010.

Table 12: Early Learning and Child Care: List of Tax Expenditures and Estimated Revenue Loss

Tax expenditure	Total estimated revenue loss FY 2010
Exclusion of Benefits Provided Under Cafeteria Plans 26 U.S.C. § 125(a)	[a]
Exclusion of Income Earned By Voluntary Employees' Beneficiary Associations 26 U.S.C. § 419	[b]
Credit For Child and Dependent Care Expenses 26 U.S.C. § 21	$3,100,000,000
Exclusion of Employer-Provided Child and Dependent Care 26 U.S.C. § 129	
Credit For Employer-Provided Child Care 26 U.S.C. § 45F	Less than 50,000,000

Source: Congressional Research Service, Tax Expenditures: Compendium of Background Material on Individual Provisions (Washington, D.C.: December 2010).

[a]The total estimated revenue loss for "cafeteria plans" was $26.4 billion in fiscal year 2010.This figure does not exclusively represent revenue lost for child care but also includes accident and health insurance, and other benefits.

[b]The total estimated revenue loss for the Exclusion of Income Earned By Voluntary Employees' Beneficiary Associations tax expenditure was $3.2 billion in fiscal year 2010. This figure does not exclusively represent child care expenditures but also includes a range of benefits including life insurance, disability, and health insurance.

Table 13: Employment for People with Disabilities: List of Programs and Related Budgetary Information

Agency	Program	FY 2010 obligations	Portion of FY 2010 obligations for employment-related services and support for people with disabilities[a]
Employment for People with Disabilities			
U.S. AbilityOne Commission	AbilityOne Program	$5,380,775	$0
Department of Agriculture	Assistive Technology Program for Farmers with Disabilities: AgrAbility Project	4,667,107	4,667,107
Department of Defense	Air Force Warrior and Survivor Care	Program could not provide[b]	0
	Army Warrior Care and Transition Program[c]	1,353,680,000[d]	Program could not provide
	Computer/Electronic Accommodations Program	8,847,404	8,847,404
	Marine Corps Wounded Warrior Program	0	0
	National Resource Directory[c] **(joint with Department of Veterans Affairs)**	No response	No response[e]
	Navy Safe Harbor Program	2,400,000	24,000
	National Organization on Disability Wounded Warrior Careers Demonstration Program[f]	Program could not provide	Program could not provide
	Recovery Care Coordinator Program	3,825,960	0
	Recovery Coordination Program – Operation Warfighter	966,502	966,502
	U.S. Special Operations Command Care Coalition	3,592,700	Program could not provide
Department of Education	American Indian Vocational Rehabilitation Services	42,822,202	42,822,202
	Helen Keller National Center for Youths and Adults Who Are Deaf-Blind	9,181,000	9,181,000
	Migrant and Seasonal Farmworkers[g]	2,197,283	2,197,283
	Model Comprehensive Transition and Postsecondary Programs for Students with Intellectual Disabilities[g]	11,000,000	11,000,000
	Projects with Industry[h]	17,842,595	17,842,595
	Randolph-Sheppard Vending Facilities Program	0	0
	Rehabilitation Services Demonstration and Training Programs	11,601,000	5,800,000
	State Grant for Assistive Technology Program	25,660,000	0
	Supported Employment Services for Individuals with the Most Significant Disabilities[g,i]	28,889,190	28,889,190

Employment for People with Disabilities

Agency	Program	FY 2010 obligations	Portion of FY 2010 obligations for employment-related services and support for people with disabilities[a]
	Vocational Rehabilitation Services Program[i]	2,437,797,600	2,437,797,600
Department of Health and Human Services	1915(c) Home and Community Based Services Waiver	No response	Program could not provide
	1915(i) State Plan Home and Community-Based Services	Program could not provide	0
	Medicaid Infrastructure Grant Program[h]	74,606,990	No response
	Medicaid State Plan Services	No response	No response
	Money Follows the Person Rebalancing Demonstration	105,596,872	0
Department of Labor	America's Heroes at Work	300,000	300,000
	Work Incentive Grants/Disability Program Navigator Initiative[j]	0	0
	Disabled Veterans' Outreach Program	81,251,000	Program could not provide
	Employer Assistance and Resource Network	1,600,000	1,600,000
	Job Accommodation Network	2,366,318	2,366,318
	Job Corps[k]	1,712,000,000	Program could not provide
	Local Veterans' Employment Representatives Program	76,481,000	Program could not provide
	REALifelines Program	Program could not provide	Program could not provide
	Registered Apprenticeship for Youth and Young Adults with Disabilities Initiative	0	0
	Community Service Employment for Older Americans	825,400,000	0
	Veterans' Workforce Investment Program	9,493,707	Program could not provide
	Work Opportunity Tax Credit **(joint with the Internal Revenue Service)**	18,520,000[l]	0
	Workforce Investment Act Youth Activities	910,207,965	Program could not provide
	Workforce Recruitment Program **(joint with the Department of Defense)**	211,377	211,377
	YouthBuild[i]	69,020,000	Program could not provide
Department of Veterans Affairs	Compensated Work Therapy Program	0	0
	Disabled Transition Assistance Program	Program could not provide	Program could not provide
	Vocational Rehabilitation and Employment	768,000,000	768,000,000

Employment for People with Disabilities

Agency	Program	FY 2010 obligations	Portion of FY 2010 obligations for employment-related services and support for people with disabilities[a]
	Vocational Training and Rehabilitation for Vietnam Veterans' Children with Spina Bifida or Other Covered Birth Defects	Program could not provide	Program could not provide
Social Security Administration	Benefit Offset National Demonstration	13,510,873	13,510,873
	Mental Health Treatment Study[h]	971,274	699,317
	Work Incentives Planning and Assistance Program[h]	27,328,266	27,328,266
	State Vocational Rehabilitation Cost Reimbursement Program	106,000,000	106,000,000
	Ticket to Work Program	22,100,000 [m]	22,100,000
	Youth Transition Demonstration Project[h]	4,860,286	768,628
Total		**$8,800,177,246**	**$3,512,919,662**

Source: GAO survey of programs that support employment for people with disabilities.

[a]Some programs were not able to identify obligations related to providing employment supports to people with disabilities.

[b]"Program could not provide" indicates that the program reported in GAO's survey that they were not able to provide obligations data.

[c]In commenting on a draft of this report, the Department of Defense indicated that this program should be added to the scope. GAO will pursue additional information on this program for a final report.

[d]A significant portion of these obligations ($578,500,000) was for constructing healing campuses for wounded, ill, and injured soldiers.

[e]"No response" indicates that the program did not respond to this survey question or otherwise provide this information.

[f]This program is a collaboration between the Army and the National Organization on Disability. The memorandum of understanding between the Army and the National Organization on Disability was terminated in July 2010.

[g]This program was proposed to be consolidated or eliminated in the Department of Education's fiscal year 2012 budget request, but the department reported that funds were appropriated in fiscal year 2012.

[h]Indicates programs that have been eliminated or are planned to end by fiscal year 2012. Two of these are research studies that have concluded. For example, the Social Security Administration's Mental Health Treatment Study has concluded and the results are available at http://socialsecurity.gov/disabilityresearch/mentalhealth.htm.

[i]Program reported appropriated funds instead of obligations.

[j]The Work Incentives Grants/Disability Program Navigator was funded for 7 years as a pilot program and is being expanded and replicated as a new program, the Disability Employment Initiative.

[k]Total program obligations for Job Corps includes $102 million in American Recovery and Reinvestment Act obligations.

[l]Reported obligations for the Work Opportunity Tax Credit are for the Department of Labor's administration of the program, according to agency officials. According to the Internal Revenue Service, in tax year 2009—the most recent data available—there were more than $600 million in Work Opportunity Tax Credits that were eligible to be claimed by individuals. In addition, for tax year 2009, there were more than $1 billion in Work Opportunity Tax Credits that were eligible to be claimed by corporations (including S corporations).

[m]Obligations reported for the Ticket to Work program in fiscal year 2010 represent the cost of funding the Employment Networks and not the total cost of the program. Data on total obligations for fiscal year 2010 will be available later in fiscal year 2012.

Table 14: Science, Technology, Engineering, and Mathematics (STEM) Education: List of Programs and Related Budgetary Information

Agency and subagency	Program	FY 2010 obligations[a]
National Aeronautics and Space Administration		
	Aeronautics Research Directorate - STEM Education activities	$4,153,000
	Exploration Systems Directorate - STEM Education activities	6,400,000
	Higher Education	18,346,329
	K-12 STEM Program	36,291,069
	Minority University Research and Education Program	28,862,619
	National Aeronautics and Space Administration Informal Education Opportunities	14,295,934
	National Aeronautics and Space Administration Science Mission Directorate Education and Public Outreach	30,057,100
	Space Grant/EPSCoR Program	68,910,696
	Space Operations Directorate - STEM Education activities	2,293,000
National Science Foundation		
	Advanced Technological Education	64,510,000
	Alliances for Graduate Education and the Professoriate	16,730,000
	Broadening Participation in Computing	14,000,000
	Centers for Ocean Science Education Excellence	$5,700,000
	Computer Information Science & Engineering Directorate Pathways to Revitalized Undergraduate Computing Education	4,370,000
	Cyberinfrastructure Training, Education, Advancement, and Mentoring for Our 21st Century Workforce	4,850,000
	Discovery Research K-12	118,380,000
	East Asia & Pacific Summer Institutes for U.S. Graduate Students	1,740,000
	Engineering Education	13,740,000
	Enhancing the Mathematical Sciences Workforce in the 21st Century	15,070,000
	Ethics Education in Science & Engineering	2,650,000
	Federal Cyber Service: Scholarship for Service	14,870,000
	Geoscience Education	2,020,000
	Geoscience Teacher Training	2,980,000
	Global Learning and Observations to Benefit the Environment	1,100,000
	Graduate Research Fellowship Program	136,130,000
	Graduate STEM Fellows in K-12 Education Program	55,970,000
	Historically Black Colleges and Universities Undergraduate Program	32,060,000
	Informal Science Education	65,850,000

Science, Technology, Engineering, and Mathematics (STEM) Education		
Agency and subagency	**Program**	**FY 2010 obligations[a]**
	Integrative Graduate Education and Research Traineeship Program	69,700,000
	Interdisciplinary Training for Undergraduates in Biological and Mathematical Sciences	2,700,000
	International Research Experiences for Students	3,430,000
	Louis Stokes Alliances for Minority Participation	44,550,000
	Math and Science Partnership	57,930,000
	Nanotechnology Undergraduate Education in Engineering	1,830,000
	Opportunities for Enhancing Diversity in the Geosciences	4,180,000
	Polar Education Program	1,500,000
	Research and Evaluation on Education in Science and Engineering	45,670,000
	Research Experiences for Teachers in Engineering and Computer Science	5,410,000
	Research Experiences for Undergraduates	80,990,000
	Research in Disabilities Education	6,920,000
	Research on Gender in Science and Engineering	11,570,000
	Robert Noyce Teacher Scholarship Program	54,930,000
	Science, Technology, Engineering, and Mathematics Talent Expansion Program	31,640,000
	Transforming Undergrad Education in STEM	41,600,000
	Tribal Colleges and Universities Program	13,350,000
	Undergraduate Research and Mentoring in the Biological Sciences	9,000,000
Nuclear Regulatory Commission		
	Integrated University Program	15,000,000
	Minority Serving Institutions Program	2,838,500
	Nuclear Education Curriculum Development Grants	4,700,997
U.S. Department of Agriculture		
Animal and Plant Health Inspection Service		
	AgDiscovery Program	15,000
National Institute of Food and Agriculture		
	1890 Institution Teaching, Research and Extension Capacity Building Grants Program	17,167,994
	Agriculture in the Classroom	314,912
	Food and Agricultural Sciences National Needs Graduate and Postdoctoral Fellowships Grants Program	3,664,127
	Higher Education Challenge Grants Program	5,654,000
	Higher Education Multicultural Scholars Program	1,126,000
	Hispanic Education Partnership Grants	8,809,568
	New Era Rural Technology Competitive Grants Program	875,000
	Resident Instruction Grants for Institutions of Higher Education in Insular Areas	859,547

Science, Technology, Engineering, and Mathematics (STEM) Education		
Agency and subagency	**Program**	**FY 2010 obligations[a]**
	Secondary Education, Two-Year Postsecondary Education and Agriculture in the K-12 Classroom Grants	983,000
Office of the Assistant Secretary for Departmental Management		
	U.S. Department of Agriculture /1890 National Scholars Program	2,398,947
U.S. Department of Commerce		
National Institute of Standards and Technology		
	National Institute of Standards and Technology Summer Institute for Middle School Science Teachers	300,000
	Recovery Act Measurement Science and Engineering Fellowship Program	20,000,000
	Summer Undergraduate Research Fellowship Program	595,641
National Oceanic and Atmospheric Administration		
	Bay Watershed Education and Training Program	9,700,000
	Climate Communications and Education Program	536,000
	Coral Reef Conservation Program	838,000
	Dr. Nancy Foster Scholarship Program	603,125
	Educational Partnership Program with Minority Serving Institutions	14,309,000
	Environmental Literacy Grants	10,388,185
	Ernest F. Hollings Undergraduate Scholarship Program	6,450,638
	Global Learning and Observations to Benefit the Environment	3,000,000
	National Environmental Satellite, Data, and Information Service Education	2,700,000
	National Estuarine Research Reserve System Education Program	1,020,000
	National Marine Fisheries Service Education	3,084,750
	National Marine Sanctuaries Education Program	908,150
	National Ocean Service Education	426,000
	National Sea Grant College Program - Education Component	9,378,529
	National Weather Service Outreach Program	3,070,000
	Teacher at Sea Program	600,000
U.S. Department of Defense		
Air Force		
	Awards to Stimulate and Support Undergraduate Research Experience	4,500,000
	National Defense Science and Engineering Graduate Fellowship	38,695,132
	University NanoSatellite Program	660,000
Army		
	Army Educational Outreach Program	7,885,000
	Consortium Research Fellows Program	1,634,050
	National Science Center	1,982,000

Science, Technology, Engineering, and Mathematics (STEM) Education		
Agency and subagency	**Program**	**FY 2010 obligations[a]**
Office of the Secretary of Defense		
	Autonomous Robotic Manipulation	8,180,000
	Computer Science in Science, Technology, Engineering, and Mathematics Education	2,661,000
	Department of Defense STARBASE Program	20,000,000
	ENGAGE	2,100,000
	National Defense Education Program K-12	13,595,000
	National Defense Education Program Science, Mathematics And Research for Transformation	47,400,000
Military Health System		
	Uniformed Services University of the Health Sciences	447,000
Navy		
	Historically Black College and Universities/Minority Institutions Research Education Partnership	700,000
	Iridescent Learning	810,000
	Science and Engineering Apprentice Program	755,000
	SeaPerch	700,000
	The Naval Research Enterprise Intern Program	1,960,000
	University / Laboratory Initiative	2,350,000
Department of Education		
	Developing Hispanic-Serving Institutions: STEM and Articulation Programs (mandatory)	0[b]
	Graduate Assistance in Areas of National Need	31,005,248
	Mathematics and Science Partnerships	180,478,000
	Minority Science and Engineering Improvement Program	9,503,000
	National Science and Mathematics Access to Retain Talent Program	379,775,972
	Predominantly Black Institutions Competitive Grant Program	0[b]
	Research in Special Education	11,000,000
	Research, Development, and Dissemination	39,986,940
	Teachers for a Competitive Tomorrow: Baccalaureate Degrees in STEM and Critical Foreign Languages	1,092,000
	Teachers for a Competitive Tomorrow: Master’s Degrees in STEM and Critical Foreign Languages	1,092,000
	Upward Bound Math-Science	34,873,057
	Women’s Educational Equity	2,423,000
U.S. Department of Energy		
	Academies Creating Teacher Scientists	3,721,600
	Advanced Vehicle Competitions	2,000,000
	American Chemical Society Summer School in Nuclear and Radiochemistry	546,813
	Advanced Scientific Computing Research - Oak Ridge National Laboratory Research Alliance in Math and Science	250,000

Science, Technology, Engineering, and Mathematics (STEM) Education		
Agency and subagency	**Program**	**FY 2010 obligations[a]**
	Community College Institute of Science and Technology	685,000
	Computational Science Graduate Fellowship	7,800,000
	Faculty and Student Teams	1,019,000
	Fusion Energy Sciences Graduate Fellowship Program	800,000
	Graduate Automotive Technology Education	1,000,000
	Hampton University Graduate Studies	48,000
	Historically Black Colleges and Universities Mathematics, Science & Technology, Engineering and Research Workforce Development Program	8,967,507
	Industrial Assessment Centers	6,086,000
	Integrated University Program	5,000,000
	Laboratory Equipment Donation Program	150,000
	Mickey Leland Energy Fellowship	700,000
	Minority Serving Institutions Program	840,000
	Minority University Research Associates Program	591,880
	National Science Bowl	2,449,900
	National Undergraduate Fellowship Program in Plasma Physics and Fusion Energy Sciences	370,000
	Office of Science Graduate Fellowship program	17,500,000
	Pan American Advanced Studies Institute	200,000
	Plasma/Fusion Science Educator Programs	779,000
	Pre-Service Teacher Program	429,000
	QuarkNet	750,000
	Science Undergraduate Laboratory Internships	3,802,500
	Solar Decathlon	5,000,000
	Summer Applied Geophysical Experience	100,000
	Technical Career Intern Program	0[c]
	Wind for Schools	630,000
U.S. Department of Health and Human Services		
Health Resources and Services Administration		
	Health Careers Opportunity Program	22,086,000
	Public Health Traineeship Program	1,510,000
National Institutes of Health		
	Bridges to the Baccalaureate Program	6,460,988
	Bridges to the Doctorate	2,977,075
	Cancer Education Grants Program	6,756,869
	Cancer Research Interns	191,608
	Center for Cancer Research/Johns Hopkins University Master of Science in Biotechnology Concentration in Molecular Targets and Drug Discovery Technologies	445,000
	Clinical Research Training Program	1,100,000
	Community College Summer Enrichment Program	105,000
	Curriculum Supplement Series	341,849

Science, Technology, Engineering, and Mathematics (STEM) Education		
Agency and subagency	**Program**	**FY 2010 obligations[a]**
	Education Programs for Population Research (R25)	750,154
	Graduate Program Partnerships	16,720,000
	Initiative for Maximizing Student Development	21,412,146
	Intramural National Institute of Allergy and Infectious Diseases Research Opportunities	129,111
	Minority Access to Research Careers Undergraduate Student Training in Academic Research National Research Service Award Program	20,386,651
	Material Development for Environmental Health Curriculum	1,544,868
	National Cancer Institute Cancer Education and Career Development Program	20,442,233
	National Center for Research Resources Science Education Partnership Award	16,653,015
	National Heart, Lung, and Blood Institute Minority Undergraduate Biomedical Education Program	$475,970
	National Institute of Allergy and Infectious Diseases Science Education Awards	1,069,978
	National Institute of Diabetes and Digestive and Kidney Diseases Education Program Grants	432,000
	National Institutes of Health Academy	249,866
	National Institutes of Health Summer Research Experience Programs	1,679,422
	National Institute of Neurological Disorders and Stroke Diversity Research Education Grants in Neuroscience	821,800
	National Library of Medicine Institutional Grants for Research Training in Biomedical Informatics	10,143,676
	Office of Science Education K-12 Program	2,270,151
	Post-baccalaureate Intramural Research Training Award Program	24,810,000
	Postbaccalaureate Research Education Program	5,780,503
	Recovery Act Limited Competition: National Institutes of Health Challenge Grants in Health and Science Research	4,953,293
	Research Scientist Award for Minority Institutions	82,146
	Research Supplements to Promote Diversity in Health-Related Research	68,981,252
	Research Initiative for Scientific Enhancement	24,441,722
	Ruth L. Kirschstein National Research Service Award Institutional Research Training Grants**(T32, T35)	230,840,328
	Ruth L. Kirschstein NRSA for Individual Predoctoral Fellows, including Underrepresented Racial/Ethnic Groups, Students from Disadvantaged Backgrounds	56,882,642
	Science Education Drug Abuse Partnership Award	2,294,996
	Short Courses in Integrative and Organ Systems Pharmacology	665,937
	Short Courses on Mathematical, Statistical, and Computational Tools for Studying Biological Systems	695,460

Science, Technology, Engineering, and Mathematics (STEM) Education		
Agency and subagency	Program	FY 2010 obligations[a]
	Short Term Educational Experiences for Research in the Environmental health Sciences for Undergraduates and High School Students	568,298
	Short-Term Research Education Program to Increase Diversity in Health-Related Research	4,188,763
	Student Intramural Research Training Award Program	5,868,500
	Summer Genetics Institute	53,935
	Summer Institute for Training in Biostatistics	1,449,092
	Technical Intramural Research Training Award	2,240,000
	Training in Computational Neuroscience: From Biology to Model and Back Again	1,443,450
	Training in Neuroimaging: Integrating First Principles and Applications	1,356,252
	Undergraduate Scholarship Program for Individuals from Disadvantaged Backgrounds	2,426,137
U.S. Department of Homeland Security		
Science and Technology Directorate		
	Homeland Security-related STEM Career Development Grants Program	2,300,000
	Homeland Security-related STEM Scholars Program	1,920,000
	Homeland Security-related STEM Summer Internship Program	363,000
	Minority Serving Institutions - Scientific Leadership Awards	2,400,000
	Minority Serving Institutions - Summer Research Team	116,000
U.S. Department of the Interior		
U.S. Geological Survey		
	EDMAP Component of the National Cooperative Geologic Mapping Program	566,161
	National Association of Geoscience Teachers - U.S. Geological Survey Cooperative Summer Field Training Program	200,000
	Student Intern in Support of Native American Relations	204,013
U.S. Department of Transportation		
Federal Aviation Administration		
	Joint University Program	300,000
	National Center of Excellence for Aviation Operations Research	5,393,000
Federal Highway Administration		
	Garrett A. Morgan Technology and Transportation Education Program	1,250,000
	National Summer Transportation Institute Program	2,602,999
	Summer Transportation Internship Program for Diverse Groups	1,425,000
Research and Innovative Technology Administration		
	University Transportation Centers Program	83,370,600

Science, Technology, Engineering, and Mathematics (STEM) Education		
Agency and subagency	**Program**	**FY 2010 obligations[a]**
U.S. Environmental Protection Agency		
	Cooperative Training in Environmental Sciences Research	1,593,184
	Environmental Education Grants	3,450,882
	Environmental Protection Agency Greater Research Opportunities Fellowships for Undergraduate Environmental Study	1,532,099
	Environmental Protection Agency Marshall Scholars Program	205,888
	National Environmental Education and Training Partnership	2,259,500
	National Network for Environmental Management Studies Fellowship Program	469,403
	P3 Award: National Student Design Competition for Sustainability	2,000,000
	President's Environmental Youth Awards	50,000
	Science to Achieve Results Graduate Fellowship Program	6,387,830
	University of Cincinnati/ Environmental Protection Agency Research Training Grant	333,153

Source: GAO analysis of survey data, *Science, Technology, Engineering, and Mathematics Education: Strategic Planning Needed to Better Manage Overlapping Programs across Multiple Agencies*, GAO-12-108 (Washington, D.C.: Jan. 20, 2012).

[a]This number equals the total program obligations for fiscal year 2010, unless the survey respondent provided obligations for the STEM only activities within the program.

[b]Program funding was authorized in 2010, but was not obligated until 2011.

[c]Fiscal year 2010 obligations for the Technical Career Intern Program are reflected in the Mickey Leland Program.

Table 15: Financial Literacy: List of Programs and Activities and Related Budgetary Information

Agency	Program or activity	FY 2010 estimate for portion of program costs attributed to financial literacy activities[a]	Notes
Financial literacy			
Board of Governors of the Federal Reserve System	Division of Consumer and Community Affairs	$1,029,885	Estimate of calendar year 2010 costs provided by agency staff
Consumer Financial Protection Bureau	Office of Financial Education and other offices	Not applicable	Agency had not yet been created at the beginning of FY 2010
Department of Agriculture	Family and Consumer Economics programs	8,433,500	Estimate of FY 2010 costs provided by agency staff
Department of Defense	Family Support Centers (including Financial Readiness Campaign)	Estimate pending[b]	
Department of Education	Excellence in Economic Education Program	1,447,000[c]	FY 2010 obligations
	Financial Education for College Access and Success Program	1,700,000[c]	FY 2010 obligations
Department of Health and Human Services	National Education and Resource Center on Women and Retirement Planning	245,763	FY 2010 obligations
Department of Labor	Retirement Savings Education Campaign	365,387	Estimate of FY 2010 costs provided by agency staff
	Wi$eUp	170,000	Estimate of FY 2010 costs provided by agency staff
Department of the Treasury	Office of Financial Education and Financial Access (including staff support for the Financial Literacy and Education Commission, and other initiatives)	2,100,000	Estimate of FY 2010 costs provided by agency staff
Federal Deposit Insurance Corporation	Money Smart Financial Education Program	2,749,594	Estimate of FY 2010 costs provided by agency staff
Federal Trade Commission	Division of Consumer and Business Education	784,904	Estimate of FY 2010 costs provided by agency staff
Office of the Comptroller of the Currency	Consumer education activities	450,000[d]	Estimate of FY 2010 costs provided by agency staff.
Securities and Exchange Commission	Office of Investor Education and Advocacy	2,000,000	Estimate of FY 2010 costs provided by agency staff
Social Security Administration	Financial Literacy Research Consortium	9,221,000[e]	Estimate of FY 2010 costs provided by agency staff
Total (Financial literacy activities)		**$30,697,033**	
Housing Counseling and Foreclosure Mitigation[f]			
Department of Housing and Urban Development	Housing Counseling Assistance Program	$65,420,000[g]	FY 2010 obligations
Department of the Treasury	Financial Education and Counseling Pilot Program	4,150,000[h]	FY 2010 appropriation
NeighborWorks America[i]	National Foreclosure Mitigation Counseling Program	65,000,000	FY 2010 obligations
	Other housing counseling activities	2,000,000	Estimate of FY 2010 costs provided by agency staff
Total (Housing counseling and foreclosure mitigation activities)		**$136,570,000**	

Source: GAO analysis of federal financial literacy programs and activities.

[a]Cost estimates represent the portion of the program or activity related specifically to financial literacy and education, which in most cases included the estimated cost of staff time. However, because agencies may have used slightly different methods in estimating costs, dollar figures across agencies may not be fully comparable.

[b]As of February 1, 2012, we were still developing a cost estimate related to these activities and we expect to provide this estimate in a future report.

[c]The Excellence in Economic Education Program and the Financial Education for College Access and Success Program did not receive funding in fiscal year 2012.

[d]Represents midpoint of the staff estimate of costs as ranging from $400,000-$500,000.

[e]The Financial Literacy Research Consortium did not receive new funding after fiscal year 2010, according to agency staff.

[f]In addition to the agencies listed below, some programs of the Department of Defense and the Department of Veterans Affairs include some element of housing counseling.

[g]Program received no appropriation in fiscal year 2011. Fiscal year 2010 amount includes HUD grants to NeighborWorks America of $1,250,501 for comprehensive counseling and $500,000 for counseling under the Home Equity Conversion Mortgage program. These grants were separate from the congresssional appropriations to Neighborworks cited below.

[h]The Financial Education and Counseling Pilot Program was not appropriated funds in fiscal years 2011 and 2012.

[i]NeighborWorks America is a federally chartered nonprofit corporation that receives an annual appropriation from Congress.

Appendix IV: Agency Comments

For issues where information is being reported on for the first time in this report, we sought comments from the agencies involved, and incorporated those comments as appropriate. This appendix includes only those letters that agencies provided on official letterhead.

Note: This letter includes comments on Area 7: Support for Entrepreneurs.

UNITED STATES DEPARTMENT OF COMMERCE
Economic Development Administration
Washington, D.C. 20230

February 14, 2012

William B. Shear
441 G Street, NW
Washington, DC 20548

Dear Mr. Shear,

SUBJECT: GAO REPORT ON ECONOMIC DEVELOPMENT PROGRAMS (250610)

Effectively evaluating the Federal programs that support economic development requires a thorough understanding of not only the types of investments that are made, but how, why and to whom the investments are made. GAO has periodically issued several reports that analyzed potential overlap of federal economic development activities; however, these reports have all focused exclusively on the types of investments made without considering the goals of each of the programs. Without viewing Federal investments in economic development through this in-depth perspective, GAO may be incorrectly identifying duplication where none exists.

As the country prepares to address the mounting deficit and reevaluate its investments, GAO's new report could offer important information to inform future budget discussions; however, this interim report presents premature "Actions Needed" rather than conclusions informed by a robust analysis. For example, on page 4 of the interim report, GAO indicates that it "plans to determine what, if any, unique value some of these overlapping programs provide." However, later on in the report (within the "Actions Needed" section on page 6 and GAO's future plans outlined at the bottom of page 7), it does not appear that this critical component will be part of the scope of the current study, regardless of the fact that findings from such an analysis on the unique values of each program could impact the current study's conclusions. Additionally, on page 5 of the report, GAO notes the lack of consistent performance evaluations of agencies who provide "entrepreneurial" services, but does not note the significant advances EDA has taken with the development of its Performance Management Improvement logic model and implementation strategy, along with a third-party Research Design Study to support EDA's performance measurement improvement activities. GAO's report also misses the important work DOC has undertaken to create a Departmental Performance Working Group to facilitate best practices in performance evaluation across all DOC Bureaus.

EDA encourages GAO to reevaluate its approach with this interim report, and instead consider providing a status update which outlines the research question being examined, the methodology being conducted, and the project status. Further, EDA strongly encourages GAO to refrain from offering conclusions at this interim period until the research and analysis has been completed – including, as GAO cites on page 4, an analysis of the unique value of each program – and conclusions are substantiated by more robust data. We look forward to the final results of your study and further engaging with you on this important subject.

If you have any questions, please do not hesitate to contact Deborah Neff on 202-482-1252.

1401 CONSTITUTION AVENUE, NW
ROOM 7009
WASHINGTON, DC 20230

Note: This letter includes comments on Area 7: Support for Entrepreneurs.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

JAN 23 2012

Mr. William B. Shear
Director, Financial Markets and
Community Investments
US Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Shear:

Thank you for the opportunity to provide comments on Draft 2012 Economic Development Duplication Report Template.

I. Overall Comments

HUD recommends that GAO reduce its count of economic development programs administered by HUD. Eight programs are listed under the heading of "CDBG" when, in fact, there are only three distinctive programs. A singular listing for CDBG should encompass the following "programs" listed individually by GAO:

- Entitlement Grants
- Insular Areas
- States
- Nonentitlement Communities in Hawaii
- Disaster Recovery Grants

HUD's reasoning is that the CDBG program is authorized by Title I of the Housing and Community Development Act of 1974 (42 USC 5301 et. seq.) and section 106 of Title I (42 USC 5306) splits amounts appropriated for CDBG purposes into formula grants to different types of governmental units. All annual CDBG formula funding is appropriated by Congress under the singular heading of the "Community Development Fund" (CDF), including supplemental appropriations provided for disaster recovery purposes, and are for activities authorized under Title I.

Regulations for each these "programs" are found in 24 CFR Part 570 and, in fact, multiple subparts of Part 570 are applicable to each "program." Thus, economic development activities carried out by CDBG grantees under these "programs" are all subject to the same basic set of statutory and regulatory requirements with funding from a single source within HUD's annual appropriation. HUD also uses a singular funding agreement (HUD Form 7082) to contractually make grants for each of these "programs."

While the CDBG "programs" may have separate Catalog of Federal Domestic Assistance (CFDA) numbers, they are effectively delivering funding from a single source for the same purposes under the same requirements but to different types of governmental units. These

www.hud.gov espanol.hud.gov

"programs" cannot overlap as a governmental unit receiving a CDBG formula allocation under one CDBG funding stream cannot obtain additional assistance under a different CDBG formula funding stream (excepting supplemental disaster recovery funds). For the above stated reasons, HUD recommends that GAO treat these "programs" a single entity under the CDBG label.

The second distinctive program is the Section 108 loan guarantee program. While it can be argued that Section 108 comes under the CDBG umbrella (authorized by Title I, regulations at Subpart M of 24 CFR Part 570, loan commitments made via HUD Form 7082) the form of assistance differs from the "programs" that HUD recommends placing under the CDBG umbrella (loan guarantee vs. grant funding). Section 108 also operates on a non-competitive application basis and thus does not have a formula allocation aspect as do the CDBG "programs." Further, credit subsidy appropriations and maximum commitment levels for Section 108 are provided under a heading outside the CDF. Given these facts, HUD believes it is correctly listed separate from the CDBG "programs."

The third distinctive program is the Indian CDBG program. While authorized by Title I and funded through the CDF, the program is administered by HUD's Office of Public and Indian Housing. Since the Indian CDBG program is administered by a different organization within HUD under a different set of regulations, it is correctly listed apart from the basic CDBG program administered by the Office of Community Planning and Development.

HUD also recommends that GAO eliminate the Brownfields Economic Development Initiative (BEDI) from the list of HUD's active economic development programs. HUD did not request funding nor did Congress appropriate BEDI funding in FYs 2011 and 2012. While HUD will continue to administer the existing BEDI grants, it is highly unlikely that any additional funding will be requested in FY 2013 or made available in the future. Further, BEDI activities can be funded with CDBG or Section 108 funding. As such, HUD views BEDI as having been "consolidated or eliminated" consistent with GAO's "Action 3" in Report GAO-11-318SP.

Adoption of HUD's analysis of the CDBG "programs" would require revisions throughout the GAO draft wherever there is a citation to the number of programs administered by HUD.

II. Specific Comments

While the draft does not mention any specific HUD program other than in the attachment enumerating various programs, HUD offers the following comments:

Page 2 – What GAO Found – The discussion should highlight the fact that CDBG is different from virtually every other program included in the review. The block grant nature of CDBG permits grantees to design programs based on local needs and priorities to address a wide range of community development needs, including infrastructure, housing, public services as well as economic development. There is no requirement that funds be used for economic development purposes or to support entrepreneurial efforts unless local officials opt to use CDBG funds in this manner. This fact places CDBG in a significantly different context than the solely business-oriented programs that predominate the list of programs GAO is reviewing as part of this effort.

Page 5/paragraph 2 – HUD notes its Office of Policy Development and Research contracted for an extensive study of the Section 108 loan guarantee program and that the final report will be issued in the spring of 2012.

Page 6/paragraph 1 – While there have been a limited number of broad analytical evaluations of the CDBG program, HUD routinely evaluates CDBG grantee performance and compliance through monitoring. Further, HUD is undertaking a series of improvements to the Integrated Disbursement and Information System (IDIS) which will significantly upgrade HUD's ability to track grantee progress in implementing activities and to gather improved data with regard to performance. HUD expects to have these improvements in place in late 2012. Further, it should be noted that GAO is mandated by HUD's FY 2012 appropriation act to undertake a review of best practices within the CDBG program at to report back to Congress by late May 2012. HUD suggests that GAO focus a portion of this review upon best practices using CDBG funds for economic development purposes.

Page 6/Actions Needed/First bullet – Again, CDBG is different from virtually every other program included in the review in that local officials have extensive discretion in the use of CDBG funds and only a small proportion of grantees opt to use CDBG funds for economic development and entrepreneurial efforts. Tying future CDBG funding levels to outcomes on the economic development/entrepreneurial activities misses the fact that use of CDBG funds for this purpose is determined by the grantees.

Page 6/Actions Needed/Second bullet – HUD is working to improve its performance metrics by evaluating the data currently collected and anticipates adjusting these data points to reduce grantee reporting burden while simultaneously improving the quality and value of the data.

Page 6/Actions Needed/Third bullet – While HUD agrees with GAO's observation that there should be better coordination of these programs across agencies, we must again point out that CDBG is different from other programs included in this review given the block grant nature of the funding stream. HUD makes no decisions with regard to the types of businesses targeted by grantees in the use of these funds and is not desirous of placing such restrictions on local decisions on uses of CDBG funding.

Again, thank you for the opportunity to provide these comments. If you have any questions regarding this letter, please contact me at (202) 708-2111.

Sincerely,

Yolanda Chávez

Yolanda Chávez
Deputy Assistant Secretary
for Grant Programs

Note: This letter includes comments on Area 14: Health Research Funding.

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

WASHINGTON, DC 20301-1200

HEALTH AFFAIRS

JAN - 6 2012

Ms. Linda Kohn
Director, Health Care
U.S. Government Accountability Office
441 G Street, N.W.
Washington DC 20333

Dear Ms. Kohn:

This is the Department of Defense (DoD) response to the GAO Draft Report, "HEALTH RESEARCH FUNDING: NIH, DoD and VA Can Improve Sharing of Information to Help Avoid Duplication," dated December 16, 2011 (GAO #290961).

The Department appreciates the opportunity to comment on this draft report and concurs with its findings. GAO's thoughtful discussion on this topic and the identification of possible ways to elminate duplication of research efforts will add to discussion on this matter.

My point of contact on this subject is Dr. Terry Rauch, who can be reached at (703) 578-8503 or via e-mail at Terry.Rauch@ha.osd.mil.

George Peach Taylor, Jr., M.D.
Deputy Assistant Secretary of Defense
Force Health Protection and Readiness

Note: This letter includes comments on Area 14: Health Research Funding.

DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation
Washington, DC 20201

JAN 09 2012

Linda Kohn
Director, Health Care
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. Kohn:

Attached are comments on the U.S. Government Accountability Office's (GAO) draft section on health research funding for your Fiscal Year 2012 Duplication Mandate report (GAO 12-342SP).

The Department appreciates the opportunity to review this draft section of the report prior to publication.

Sincerely,

Jim R. Esquea

Jim R. Esquea
Assistant Secretary for Legislation

Attachment

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT SECTION ON HEALTH RESEARCH FUNDING OF THE GAO FISCAL YEAR 2012 DUPLICATION MANDATE REPORT (GAO-12-342SP)

The Department appreciates the opportunity to review and comments on this draft section of the FY12 Duplication Mandate report.

GAO Summary of Actions Needed
While NIH, DOD, and VA take steps to check for duplication in the health research they fund, the agencies have opportunities to improve sharing of information needed to evaluate research for potential duplication when making funding decisions. In order to do so, NIH, DOD and VA should determine ways to improve the comprehensiveness of information on funded health research shared among agency officials and improve the ability of agency officials to identify possible duplication. For example:

- *NIH, DOD and VA could collaborate to allow for more efficient, comprehensive searches to identify duplication, by, for example, increasing commonalities among their respective databases, such as more details on the aims and methodology of applications that may be useful to program managers evaluating applications for duplication; and ensuring contact information for agency officials associated with specific applications is made available in their respective databases, if possible.*
- *NIH, DOD and VA could provide program managers with information to help them identify when they receive similar applications and to monitor the funding status of these applications, such as which applications receive funding, and which are modified during the funding process.*

National Institutes of Health (NIH) Response
GAO suggested that NIH, DOD, and VA provide program managers with information to help them identify when they receive similar applications and to monitor the funding status of these applications, such as which applications receive funding and which are modified during the funding process. NIH has extensive policies in place concerning monitoring and managing potential overlap in funding. Management of potential overlap is a critical responsibility of NIH staff, including grants management, program, and staff in the Center for Scientific Review. Further, NIH's comprehensive internal database—Information for Management, Planning, Analysis, and Coordination (IMPAC)—provides information systems to support the full life cycle of grants administration and is the source of comprehensive information related to NIH grants management and administration, including detailed funding data. NIH's comprehensive database, together with strong policy guidance, provides an infrastructure to support successful identification of potential duplication of funding.

NIH Policy and Guidance
NIH addresses any type of overlap—whether it is scientific, budgetary, or commitment of effort—prior to the issuance of a Notice of Grant Award. It is the responsibility of program and grants management staff routinely to review Other Support documentation (which includes all financial resources whether Federal, non-Federal, commercial, or organizational, available in direct support of an individual's research endeavors, including but not limited to research grants, cooperative agreements, contracts, or organizational awards, but not training awards, prizes, or

1

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT SECTION ON HEALTH RESEARCH FUNDING OF THE GAO FISCAL YEAR 2012 DUPLICATION MANDATE REPORT (GAO-12-342SP)

gifts) to determine if there is budgetary, scientific, or commitment overlap. The Other Support information helps meet the goal of identifying and eliminating overlap to ensure there is no duplication of funding for scientific aims. NIH has long-standing policies and procedures in place on the topic of Other Support and overlap for extramural staff as well as for grantees.

Pre-Award Review
NIH policy requires that if the research plan in the pending application is identical to either other pending applications or an active award, the Principal Investigator/Program Director (PI/PD) must negotiate with NIH staff concerning which grant will be funded. If there is partial duplication, the pending application, other applications, or the active award will be modified prior to NIH's funding the pending application. Depending upon the amount of scientific overlap, NIH may choose not to fund the pending application.

When resolving any question of overlap, program and grants management staffs coordinate their efforts to collect pertinent information and make determinations. Based on additional information received from the PI/PD, program and grants management staff will determine the appropriate action and decide whether budgetary adjustments are needed. In order to make these determinations, staff must consult, as necessary, with other funding components within NIH, other Government agencies, or private organizations to resolve questions of overlap.

In addition to the submission of Other Support, the application instructions require the applicant to indicate whether his/her application has been sent to other agencies, outside of the Public Health Service (PHS), and include on the cover of the application to which agencies the application has been submitted. This information is part of every electronic application. It is also important to note that the NIH Grants Policy Statement (10/2011), which is a term and condition of all NIH grant awards, and the application instructions contain NIH's policy on similar, essentially identical, or identical applications.

Submissions of identical applications to one or more components of the PHS are not allowed, and the NIH will not accept similar grant applications with essentially the same research focus from the same applicant organization. This includes derivative or multiple applications that propose to develop a single product, process, or service that, with non-substantive modifications, can be applied to a variety of purposes. Likewise, identical or essentially identical grant applications submitted by different applicant organizations will not be accepted. Applicant organizations should ascertain and assure that the materials they are submitting on behalf of the principal investigator are the original work of the principal investigator and have not been used elsewhere in the preparation and submission of a similar grant application. Applications to the NIH are grouped by scientific discipline for review by individual Scientific Review Groups and not by disease or disease state. The reviewers can thus easily identify multiple grant applications for essentially the same project. In these cases, application processing may be delayed or the application(s) may not be reviewed.

Essentially identical applications will not be reviewed except for those of: 1) individuals submitting an application for an Independent Scientist Award (K02) proposing essentially

2

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT SECTION ON HEALTH RESEARCH FUNDING OF THE GAO FISCAL YEAR 2012 DUPLICATION MANDATE REPORT (GAO-12-342SP)

identical research in an application for an individual research project; and 2) individuals submitting an individual research project identical to a subproject that is part of a program project or center grant application.

Post-Award Monitoring
To assist with monitoring awards in the post-award stage, the PI/PD is required to report any substantial changes in Other Support or other overlap issues in the noncompeting application. Any overlap issues are required to be addressed by NIH Grants and Program Staff prior to the issuance of the next funding increment.

Database Information Available
The NIH and the VA staff currently have a number of resources available to examine details of existing funding when evaluating overlap. Program staff from other agencies can obtain and share information through discussion by telephone and email. In an electronic setting, the NIH and the VA staff have access to an eRA module called QVR (for Query/View/Report). This system provides extensive data about funded grants and unfunded grant applications and is a module within the IMPAC comprehensive internal database. IMPAC is the database used extensively by NIH grants and program staff to obtain and manage detailed information used for funding decisions, among other things. The information available far exceeds the data that is available through the public Web sites such as RePORTER. By contrast, the RePORTER tool was developed to provide the public with information on NIH-supported research projects and was not designed to be a sole source of information on which to base funding decisions. Not only are PIs/PDs easily identified using QVR, but also their complete grant application/award history and data about their individual grants (including aims and methodologies) are immediately available. Additionally, the Federal grant-processing staff can identify grants that deal with similar areas of science. This capability is built upon the Research, Condition, and Disease Categorization[1] (RCDC) data that provides scientific "fingerprints" of grants and is much more effective at identifying similar projects than a simple keyword search. The QVR system clearly provides the tools and information needed to detect potentially duplicative grants.

NIH makes the QVR facility available to other Federal agencies, contingent upon acceptance of the formal data access agreement. In fact, the VA currently uses NIH eRA systems for some of their applications and grants. The DOD staff may request access to QVR and may also obtain training in the use of QVR by contacting the eRA Program Manager.

Since NIH is an acceptable grant processing site under the Grants Management Line of Business (GMLoB) initiative, other agencies may wish to discuss using the NIH system (and database) for processing their research grants. If other agencies, like the VA, used the NIH system, identifying potential grant overlap would be a straightforward process.

---

[1] Further information on the Research, Condition, and Disease Categorization process is available at: http://report.nih.gov/rcdc/. RCDC is a computerized process the NIH uses at the end of each fiscal year to sort and report the amount it funded in each of 229 historically reported categories of disease, condition, or research area. Since January 2009, RCDC reports have been available from the NIH's RePORT site.

3

Note: This letter includes comments on Area 23: Space Launch Contract Costs.

National Aeronautics and Space Administration

Headquarters
Washington, DC 20546-0001

February 1, 2012

Reply to Attn of: Human Exploration and Operations Mission Directorate

Ms. Cristina Chaplain
Director
Acquisition and Sourcing Management
United States Government Accountability Office
Washington, DC 20548

Dear Ms. Chaplain:

The National Aeronautics and Space Administration (NASA) appreciates the opportunity to review and comment on the Government Accountability Office (GAO) draft report entitled, "Space Launch Services" (GAO Job Code 12105).

We concur that the goal of improving efficiency and maximizing the government's buying power for Evolved Expendable Launch Vehicle (EELV) intermediate launch vehicles is worthy, and we believe that we are working with our Air Force and National Reconnaissance Office colleagues in such a way to achieve this goal, while still allowing each Agency to perform its assigned space-related responsibilities.

In the draft report, the GAO recommends that the Office of Management and Budget (OMB) pursue the following:

- Assess the potential to consolidate the DOD and NASA acquisition processes for awarding contracts and providing mission assurance with an eye toward ensuring that launch prices are competitive for all U.S. Government customers and that the government is not paying twice for overhead costs under separate contracts.

In our view, "consolidation" is not viable due to the assigned responsibilities of each Agency. NASA's unique responsibilities include the development and launch of payloads ranging from the small and simple to the large and very complex, with missions that support our planet, as well as those that travel to other planets in our solar system and beyond. Typically, the complexities for the NASA payloads that need to fly on an intermediate launch vehicle like the EELV Atlas V are immense requiring a large amount of involvement by a knowledgeable, experienced Agency mission team to work with the commercial launch service provider in order to maximize the probability for mission success.

Instead of emphasizing "consolidation," we propose that the GAO revise its recommendation(s) to OMB as follows:

- Assess the potential to ensure formal coordination of the DOD and NASA acquisition processes for awarding EELV launch service contracts with an eye toward ensuring that the launch service is acquired such that best value is provided to the U.S. Government.

- Develop a way to ensure that the government is not paying twice for launch overhead costs through the separate acquisition processes.

We believe that formalizing the need to coordinate our acquisition processes will not only provide the opportunity to improve efficiency and maximize the government's buying power for EELV intermediate launch vehicles, but it can also provide a means for increasing the opportunities for commercial launch service competition and improve its value to the nation.

Again, thank you for the opportunity to comment on this draft report. If you have any questions please contact Jim Norman at (202) 358-0905.

Sincerely,

William H Gerstenmaier

William H. Gerstenmaier
Associate Administrator
For Human Exploration and Operations

Note: This letter includes comments on Area 29: Early Learning and Child Care.

DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF THE SECRETARY

Assistant Secretary for Legislation
Washington, DC 20201

JAN 30 2012

Kay Brown
Director, Education, Workforce, and Income Security Issues
U.S. Government Accountability Office
441 G Street NW
Washington, DC 20548

Dear Ms. Brown:

Attached are comments on the U.S. Government Accountability Office's (GAO) draft section on early education and child care for your Fiscal Year 2012 Duplication Mandate report (GAO 12-342SP).

The Department appreciates the opportunity to review this draft section of the report prior to publication.

Sincerely,

Jim R. Esquea

Jim R. Esquea
Assistant Secretary for Legislation

Attachment

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT SECTION ON EARLY EDUCATION AND CHILD CARE OF THE GAO FISCAL YEAR 2012 DUPLICATION MANDATE REPORT (GAO-12-342SP)

The Department appreciates the opportunity to review and comment on this draft section of the FY12 Duplication Mandate report.

GAO Summary of Actions Needed
As the principal administrators of the federal government's early learning and child care programs, and consistent with Education's and HHS' identification of early learning access and quality as priorities, Education and HHS should deepen and extend their ongoing coordination efforts by establishing an inter-departmental workgroup that includes all the federal agencies that have early learning and child care programs. Using the GPRAMA framework, workgroup goals could include mitigating the effects of program fragmentation (for example, through simplifying children's access to these services), identifying and managing service gaps, meeting data requirements for the coordinated operation and evaluation of these programs, and identifying and minimizing any unwarranted overlap. These efforts could also provide a vehicle to conduct a coordinated analysis of child care tax expenditures and program spending.

Administration for Children and Families (ACF) Response
ACF acknowledges GAO's recommendation and agrees with the importance of program coordination across Early Education and Child Care in order to meet the needs of children and families.

Cross-program coordination to ensure that children have access to high quality Early Learning and Child Care (ELCC) programs has been a priority and key focus for the Administration. Over the last three years, ACF has developed and implemented an integrated early childhood unit under the leadership of the Office of the Deputy Assistant Secretary for Early Childhood Development, which has become the focal point within HHS for early childhood activities at the Federal level. Within this structure, the Administration has taken several steps to improve coordination between the Office of Child Care (OCC) and Office of Head Start (OHS), such as:

- Establishing the National Center on Child Care Professional Systems and Workforce Initiatives, which is funded by both the OCC and the OHS; and
- Implementing the Early Head Start for Family Child Care Demonstration Project that was jointly coordinated by the OCC and the OHS to demonstrate and evaluate models of collaboration.

While the GAO report recognizes that Head Start (HS) and the Child Care and Development Fund (CCDF) vary in structure, administration, and regulation, ACF believes the report fails to fully explore how these variations lead Head Start and CCDF to provide complementary services, not duplicative ones. For example, many HS programs only provide part-day services that may not cover the full time a parent is at work and in need of child care. Therefore, many families rely on child care for early childhood education and afterschool care. In addition, some low-income children benefit from a combination of both programs to create high quality full-day, full-year care. The OCC and the OHS have worked together to encourage collaboration at the grantee level in a variety of ways, including issuing guidance on aligning eligibility policies and providing technical assistance on aligning both programs at the State and community levels to help more low-income children access high quality early learning.

1

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT SECTION ON EARLY EDUCATION AND CHILD CARE OF THE GAO FISCAL YEAR 2012 DUPLICATION MANDATE REPORT (GAO-12-342SP)

The GAO report expresses concern about the way many overlapping programs may impact service delivery for families trying to access early care and education services. ACF believes the report fails to take into account how States administer programs. Some of the largest Federal funding sources for Early Care and Education (ECC) —including the CCDF, Temporary Assistance for Needy Families (TANF), and the Social Services Block Grant (SSBG)—are block grants. Many States choose to jointly administer these flexible funding streams under one set of rules, often in coordination with other State and local funding. Therefore, in reality, from the perspective of service delivery for children and families, the block grant programs are not separate programs, but rather funding streams that are integrated together to provide services. The ACF supports this integration through technical assistance and program guidance. For example, the CCDF program allows States to submit required data reports on children that receive services funded by a pool of multiple funding streams, rather than requiring States to segregate funding or reporting.

Additionally, some ELCC programs target very specific populations or child care facilities minimizing overlap of programs. For example, the General Services Administration's (GSA) Child Care Program helps federal workers gain access to work place child care facilities. Also, Education's Child Care Access Means Parents in School funds campus-based child care programs primarily serving the needs of low-income students enrolled in institutions of higher education.

ACF believes that the report does not adequately explain the distinction between federally funded ELCC programs and federally funded programs that permit the use of funds for the provision of child care. Many programs included in the GAO report do not direct and implement policies related to ELCC. For example, the Workforce Investment Act Adult and Dislocated Workers Program administered by the Department of Labor is designed to provide employment and training services to eligible individuals in finding and qualifying for meaningful employment. The program does potentially fund child care, but child care is only one of many "supportive services" that are provided under certain circumstances to allow an individual to participate in the program. This is not an ELCC program; it is a job training program that may support participants by providing funding to cover child care expenses.

ACF appreciates that the report references many of the Administration's interagency and interdepartmental efforts to coordinate federally funded ECC programs. However, we would like to provide a fuller account of some of the progress that has been made:

- **Race to the Top-Early Learning Challenge:** The Race to the Top-Early Learning Challenge (RTT-ELC), jointly administered by Education and HHS provided approximately $500 million in FY 2011 to fund a major competition in support of bold and comprehensive State plans for reforming early learning and development programs to close the school readiness gap.

2

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT SECTION ON EARLY EDUCATION AND CHILD CARE OF THE GAO FISCAL YEAR 2012 DUPLICATION MANDATE REPORT (GAO-12-342SP)

The RTT-ELC will support the work of nine state grantees to develop new approaches to raising the bar across early learning centers and to close the school readiness gap. Awards will invest in grantees' work to build statewide systems of high-quality early learning and development programs. These investments will impact all early learning programs, including HS, public pre-K, child care, and private preschools. Key reforms will include: aligning and raising standards for existing early learning and development programs; improving training and support for the early learning workforce through evidence-based practices; and building robust evaluation systems that promote effective practices and programs to help parents make informed decisions.

- **State Advisory Councils on Early Childhood Education and Care:** The Improving Head Start for School Readiness Act of 2007 required that the Governor of each State designate or establish a council to serve as the State Advisory Council on Early Childhood Education and Care (ECEC) for children from birth to school entry. The State Advisory Councils will lead the development or enhancement of a high quality, comprehensive system of ECEC that ensures statewide coordination and collaboration among the wide range of early childhood programs and services in the State, including child care, Head Start, IDEA preschool and infants and families programs, and pre-kindergarten programs and services. The State Advisory Councils will play a key role in advancing the goal of integrated services to young children and families while promoting school preparedness of children from birth through school entry. The ACF awarded $100 million of the American Recovery Reinvestment Act funding earmarked for State Advisory Councils to 45 States, DC, PR, VI, Guam, and American Samoa.

- **ACF/ Child and Adult Care Food Program (CACFP) Workgroup:** Convened by the Office of Management and Budget (OMB), the ACF/CACFP Workgroup brings together staff from the Food and Nutrition Services (FNS), the OCC, and the OHS to discuss possible collaboration around the Child and Adult Care Food Program. The workgroup has identified the following areas of collaboration: sharing the National Disqualified List, joint information memorandums on collaboration at the State and local level, and improving Tribal participation in the CACFP.

- **Early Learning Interagency Policy Board:** The Secretaries of Education and HHS established the Early Learning Interagency Policy Board to improve the quality of early learning programs and outcomes for young children; increase the coordination of research, technical assistance and data systems; and advance the effectiveness of the early learning workforce among the major federally funded early learning programs across Education and HHS.

- **Military Family Federal Interagency Collaboration**: The OHS and the OCC are working with the Department of Defense as part of the Military Family Federal Interagency Collaboration. The collaborative effort is focused on increasing the availability and quality of child care in 13 States for military families, especially those families not near military bases

3

GENERAL COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT SECTION ON EARLY EDUCATION AND CHILD CARE OF THE GAO FISCAL YEAR 2012 DUPLICATION MANDATE REPORT (GAO-12-342SP)

or not having easy access to other military child care supports. The Military Child Care subcommittee, as part of the overall collaboration, has identified the strategic goals of

(1) improving access to quality child care programs by increasing the level of quality;
(2) improving the awareness of quality indicators and their importance for creating and maintaining safe and healthy environments for children;
(3) improving the communication between various partners and agencies to ensure limited resources are used effectively.

4

Note: This letter includes comments on Area 30: Employment for People with Disabilities.

U.S. Department of Labor

Office of the Assistant
Secretary for Policy
Washington, D.C. 20210

JAN 20 2012

Daniel Bertoni
Director Education, Workforce, and Income Security Issues
U.S. Government Accountability Office
441 G Street N.W.
Washington, D.C. 20548

Dear Mr. Bertoni:

On behalf of the U.S. Department of Labor (Department), I want to thank you for the opportunity to review and comment on the Government Accountability Office's (GAO) draft language that will be included in GAO's Fiscal Year 2012 Duplication Mandate. We are concerned about the GAO's general statement that finds duplication and fragmentation within the programs it examined without providing a more detailed explanation of that determination. We respectfully recommend that the GAO reconsider and refine its findings to better reflect the information in this letter and its enclosure.

Ensuring programmatic and physical access for individuals with disabilities throughout the Department's programs is an ongoing priority. In the report, GAO notes that over the years many programs have been created to address issues related to the employment of people with disabilities. However, several of the Department's programs included in the study (e.g., the Workforce Investment Act of 1998 (WIA) Youth Formula Program, Job Corps, YouthBuild, and the Local Veterans Employment Representative) were not created for this purpose. The majority of people served by these programs are not people with disabilities. We are proud that the Department has made great strides in accessibility and that employment and training programs administered by the Department serve people with disabilities along side their peers. Rather than being seen as duplicative or undesirable, we believe that such inclusion is an important operational achievement and that service integration is consistent with what Congress envisioned in enacting our nation's disability civil rights laws.

GAO also appears to assume that those with disabilities are a homogeneous group and that one program could address their needs. The reality is that people with disabilities are a diverse population and as multidimensional as those without disabilities. GAO may not have given adequate consideration to the fact that while all of the programs in the study provide services related to employment of people with disabilities, the actual services provided, program design used, and the populations served, vary significantly. For example, while our youth programs (e.g., WIA Youth Formula Program, Job Corps, and YouthBuild) may provide some similar services, each program has distinct models and target populations and are more accurately described as complementary rather than overlapping. As a specific example, the Department's Workforce Recruitment Program helps place higher education graduates with disabilities in internships and employment, while the Department's Job Corps program provides low-income youth with the academic, career technical, and social skills training needed to enter the workforce, join the military, or enroll in higher education.

The Department is committed to bringing about better alignment of Federal investments in job training; improving models to deliver quality services across programs at lower costs; and providing relevant workforce and labor market information to jobseekers, employers, and others. The Department also is committed to working with its Federal agency partners on a variety of efforts in order to better respond to the current and future needs of our workforce and to leverage resources to help individuals, including those with disabilities, find and keep good jobs. Through participation in numerous federal workgroups, the Department has collaborated for many years with the U.S. Departments of Health and Human Services, Education, Transportation, the Social Security Administration and a number of other Federal agencies to streamline and strengthen the coordination of various programs and services. While we agree that it is important to minimize duplication and maximize efficiency, the Department wants to emphasize that some overlap between programs is necessary and appropriate to ensure that all participants receive comprehensive employment and training services. We believe that a coherent public workforce system does not necessarily mean a single program, supplier, or agency. Our goal is a rational system whose elements fit together logically, with minimal duplication, and provide ready and seamless access to services for jobseekers, including individuals with disabilities, looking for good jobs, and employers looking for job-ready skilled workers.

We will also be sending you the Department's comments on the draft language that will be included in GAO's Fiscal Year 2012 Duplication Mandate. This will include information about some of the Department's programs. If you would like additional information, please do not hesitate to call me at 202-693-5959. The Department would also be available to meet with GAO to discuss this letter and enclosure.

The Department appreciates the work being done by GAO to improve efficiency in government. We also believe great progress has been made over the years within the Department. As our nation rises to meet the current fiscal challenges, please be assured that we will continue to work closely with GAO to maximize our nation's resources.

Sincerely,

William E. Spriggs
Assistant Secretary for Policy

Note: This letter includes comments on Area 31: Science, Technology, Engineering, and Mathematics Education.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20502

George A. Scott, Director
Education, Workforce, and Income Security Issues
Government Accountability Office
Washington, DC 20548

The Office of Science and Technology Policy (OSTP) appreciates the opportunity to comment on the STEM education section of the GAO's 2012 Duplication Mandate report. We generally agree with the GAO's careful review of Federal STEM education programs. In December 2011, the National Science and Technology Council's (NSTC) Committee on STEM Education (CoSTEM) also released an inventory of Federal spending on STEM education,[1] which includes an analysis of overlap, redundancy, and fragmentation. The generally consistent findings in our respective inventories validate the quality of each effort and provide policy makers and STEM education stakeholders with an unprecedentedly clear picture of how the Federal government supports STEM education.

The OSTP does, however, have some concerns about the GAO analysis of overlap and redundancy among Federal STEM education programs. The GAO and NSTC analyses of overlap both used the same definition of "overlap," and both found that more than 80 percent of programs overlapped with at least one other program. The results reported by the GAO[2], however, have been interpreted by some to indicate a "significant degree"[3] of overlap, while we believe that—given the technical definition of "overlap" used in these reports—it would be more accurate to conclude, as the NSTC report did, that there is a relatively modest degree of overlap.

Under the definition used, two programs were considered "overlapping" if they had the same primary objective and had in common at least one audience, STEM field, and product or activity. Under this definition, two programs that are quite different but share even one element in each of those categories are counted as overlapping. For example, a program that provides internships and curricular material about nuclear reactors for engineering students in their final year of college would be considered "overlapping" with a program that provides curricular material spanning the full range of STEM subjects for students in grades K-20 because they would share the same primary objective ("learning") and would share audience, activity, and field (since the college program represents a subset of the K-20 program in scope). But to call these two programs "overlapping" in the sense of being quite similar would be misleading. Indeed, in the NSTC analysis, every instance of overlap involved programs that had at least some—and in some cases many—program characteristics that differed greatly. As an illustration of the problems that can arise in this situation, consider that the two programs above would still be considered "overlapping" even if one of them worked exclusively with students in inner-city

[1] http://www.whitehouse.gov/sites/default/files/microsites/ostp/costem__federal_stem_education_portfolio_report.pdf
[2] http://gao.gov/products/GAO-12-108
[3] http://edworkforce.house.gov/News/DocumentSingle.aspx?DocumentID=276133

New York and the other worked only with students in rural North Dakota, because geographic region is not one of the program characteristics included in the technical definition of "overlap."

The NSTC report carried out an examination of the degree and nature of similarity between each pair of "overlapping" programs and concluded that there was a wide range in the degree of overlap. In addition, the NSTC report indicates that, "the implications of pairs of overlapping investments on policy decisions would be minimal, because each pair only represents two investments with similar characteristics." Further, a rigorous analysis by the NSTC revealed that there were no duplicative programs. By contrast, the GAO report—which did not include an analysis of duplication—states only that pairs of overlapping programs are not necessarily duplicative. OSTP recommends that the GAO, in its final report, cite the more detailed findings of the NSTC analysis to avoid misinterpretation of the GAO's findings.

Four recommendations for OSTP are included in the GAO report. OSTP will address these recommendations in the NSTC 5-Year Federal STEM Education Strategic Plan. The Strategic Plan, to be released in spring 2012, will provide evaluation guidance, describe how each agency's STEM education programs contribute to the Strategic Plan, and outline a process for tracking the implementation and impact of the Strategic Plan. The Strategic Plan will also provide guidance for ensuring efficient and effective use of Federal funds for STEM education programs. This will involve a review of program effectiveness, duplication, overlap, and fragmentation, as well as other relevant information. While the GAO recommends the NSTC consolidate or eliminate programs as the only two options for increasing efficiency and effectiveness of Federal STEM education spending, the NSTC intends to consider these two strategies along with a range of other strategies (e.g., strategic alignment of program goals, joint solicitations, improved program design and execution, and memoranda of understanding).

Sincerely,

Carl Wieman

Carl Wieman
Associate Director for Science
Office of Science and Technology Policy

Note: This letter includes comments on Area 32: Financial Literacy.

cfpb Consumer Financial Protection Bureau

1801 L Street NW, Washington, DC 20036

Ms. Alicia Cackley
Director
Financial Markets and Community Investment
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Cackley:

This letter responds to the request by the Government Accountability Office ("GAO") that the Consumer Financial Protection Bureau (the "Bureau" or the "CFPB") comment on the 2012 Annual Report: Opportunities to Reduce Duplication, Overlap, and Fragmentation, Achieve Savings, and Enhance Revenue, GAO-12-34SP. We appreciate the work done by the Comptroller General and the GAO to focus attention on this issue of critical importance to working families.

We welcome the opportunity to provide comments pertaining to the activities of the CFPB's Offices of Financial Education, Servicemember Affairs, and Financial Protection for Older Americans.

As you know, the CFPB is the only federal agency whose primary focus and mandate is the protection and education of the American financial consumer. The Bureau's statutory function to provide consumers with accessible information about financial products, services, and decisions creates an enormous opportunity to reach consumers at the right moment with targeted information that can increase their financial management skills and money confidence.

We agree with your statement "that there is little evidence of duplication among existing federal financial literacy activities." Federal agencies involved in financial education have different missions, regulatory authorities, constituencies, and expertise.

Our Financial Education, Servicemember Affairs, and Older Americans offices have pursued initiatives that advance financial education opportunities for American families in a manner that leverages, complements, and coordinates with federal efforts already underway.

consumerfinance.gov

For example, the Office of Financial Education is engaged in ongoing efforts with Financial Literacy and Education Commission (FLEC) partners to implement the FLEC National Strategy, to delineate roles and responsibilities, to improve coordination, and avoid duplication while working to execute on our statutorily mandated responsibilities to educate and empower consumers to make informed financial decisions. As part of our efforts to collaborate across agencies, the OFE also meets regularly with Department of the Treasury staff members in the Office of Financial Education and Financial Access to coordinate and leverage our respective activities.

The Office of Servicemember Affairs, under the leadership of Holly Petraeus, is working in partnership with the Department of Defense (DoD) to ensure that military personnel and families receive the financial education they need to make financial decisions best suited to their particular circumstances. A key component of the Office of Servicemember Affairs' direction is to identify opportunities to make improvements on existing efforts and to avoid duplication across agencies.

Office of Servicemember Affairs staff members meet regularly with Department of Defense officials. In particular, the Office of Servicemember Affairs has identified a significant opportunity to provide financial education training for Delayed Entry Program participants, a population that falls outside existing DoD financial literacy efforts.

Office of Servicemember Affairs staff have also observed financial education classes offered to new recruits and personnel undergoing their first advanced training at select Army, Marine Corps, and Navy sites as part of an ongoing effort to fulfill the Office of Servicemember Affairs' statutory mandate of ensuring that members of the military have a strong financial education. Recommended changes or modifications will be made to improve existing program performance. In addition, the Office of Servicemember Affairs helps to coordinate efforts among the Federal agencies and the States to improve consumer financial protection for military families.

The CFPB's Office of Financial Protection for Older Americans functions to protect consumers aged 62 or older from unfair, deceptive, and abusive practices in the provision of financial products and services to older

Americans. The Office will develop financial literacy goals for programs that assist seniors with one-on-one financial counseling, consumer credit advocacy, and recognizing the warning signs of unsafe financial practices. The Office for Older Americans will also conduct research to identify best practices for seniors' personal financial management. This research will cover topics such as long-term savings, and planning for retirement and long-term care. To achieve these goals in an effective and efficient manner, the Office for Older Americans will continue to meet with the Securities and Exchange Commission, the North American Securities Administrations Association, state commerce commissioners and others in the financial services industry. The Office will also work with several federal agencies, state and local governments, community-based organizations, and other stakeholders in senior financial education efforts.

We would also like to take this opportunity to recognize and commend your emphasis on the importance of evaluating financial literacy efforts. We agree that there have been relatively few evidence-based evaluations of financial literacy programs. The CFPB is committed to ensuring that its activities are informed by data and analytics. As such, the CFPB's Office of Financial Education recently launched its initial Financial Education Program Evaluation Project. Using rigorous quantitative methodologies, this project will assess the effectiveness of several existing financial education programs to identify which program elements do or do not increase consumers' money confidence, and why. We intend to use the insights from this study to provide direction to practitioners about how to design and support effective financial capability and money confidence programs. The results will be widely shared with participating FLEC agencies and other relevant stakeholders. As the research project proceeds, we will also facilitate the sharing of programmatic best practices, evaluation methodologies, and common metrics that promote effective financial education among practitioners and other researchers.

The complex financial marketplace creates special challenges for consumers that require a range of strategies and approaches. We are very committed to thoughtfully focusing the talent of the Bureau on ensuring that American families understand the choices available to them as they manage their finances.

3

We appreciate the opportunity to comment on this GAO report and we look forward to continuing to work with you on enhancing the money confidence and financial management skills of American consumers.

Sincerely,

Camille M. Busette, PhD

Assistant Director

Office of Financial Education

4

Note: This letter includes comments on Area 32: Financial Literacy.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

January 30, 2012

Alicia Cackley
Director, Financial Markets and Community Investment
Government Accountability Office

Dear Ms. Cackley:

On behalf of the Department of the Treasury, I am responding to your request for comments on the Draft 2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings and Enhance Revenue (the "draft report").

The Department of the Treasury appreciates the Government Accountability Office's (the "GAO") focus on the important issue of financial literacy, and the effort the GAO has taken to understand and assess the substantial number of financial literacy programs found across the government, as well as the role of the Financial Literacy and Education Commission (the "Commission"), which is chaired by the Secretary of the Treasury. The Department finds reasonable the GAO's approach to focusing its review on larger and more comprehensive financial literacy programs, and distinguishing these from housing counseling. It is clear from the draft report that GAO understands the diversity of federal agency efforts and approaches within the broad category of financial literacy.

The Department of the Treasury concurs with the first recommendation contained on page 6 of the draft report. Specifically, we agree that federal agencies should evaluate the effectiveness of their financial literacy efforts and, if appropriate, identify options for consolidating such efforts. We believe it would be necessary for funding to be appropriated for such evaluation. Accordingly, we recommend that the first recommendation bullet be revised to read as follows:

- Congress should require and fund federal agencies to evaluate the effectiveness of their financial literacy efforts and, if appropriate, identify options for consolidating such efforts...

Such evaluation may also highlight areas of current effective practice, and suggest areas of better coordination among agencies. The Department also believes that continued and enhanced coordination among agencies may lead to greater effectiveness, in some cases, than consolidation.

The Department understands that GAO is using FY 2010 expenditures as the most complete data available. However, it should also be noted that some program changes and reductions may have occurred since 2010. Notably, the Department of the Treasury's Financial Education and Counseling Pilot has not received an appropriation since the Consolidated Appropriations Act, 2010. Finally, we recommend noting in both the text and Table X of the draft report, that Treasury serves as the staff and coordinator of the Commission, and thus generally bears costs of Commission operations, including, but not limited to, the Mymoney.gov website. The correct FY 2010 cost estimate for our office is $2.1 million, not $2.4 million. Accordingly, we recommend that you add a footnote to the last sentence of page 2. The footnote would read as follows:

- When Congress established the Commission, it required the Department of the Treasury's Office of Financial Education to provide assistance to the Commission upon request and without reimbursement.

In Table X of the draft report, we recommend revising the Department of the Treasury "Program name" description to read as follows:

- Office of Financial Education and Financial Access (including Money Math, National Financial Capability Challenge, Financial Literacy and Education Commission staff support, and other initiatives).

We also recommend revising the FY 2010 cost estimate from "2,400,000" to "2,100,000."

Thank you again for the opportunity to provide you these comments, and please contact me if I can provide any further information or clarification.

Sincerely,

Louisa M. Quittman

Louisa M. Quittman
Director, Financial Education
US Department of the Treasury
Office of Financial Education and Financial Access

Note: This letter includes comments on Area 39: Auto Recovery Office.

U.S. Department of Labor

Director of Recovery for
Auto Communities and Workers
Washington, D.C. 20210

February 7, 2012

Ms. A. Nicole Clowers
Acting Director, Financial Markets, and
Community Investment Issues
United States Government Accountability Office
Washington, DC 20548

Dear Ms. Clowers:

Thank you for the opportunity to review a copy of your draft language that will be included in GAO's 2012 Duplication Mandate report.

In your transmittal letter to Department of Labor Secretary Hilda L. Solis, you state that the purpose of your Duplication Mandate report is to identify federal programs, offices, etc, which have "duplicative goals or activities" and to report to Congress on your findings. In your draft report you state that the Department's Office of Recovery of Auto Communities and Workers (ORACW) has not uniquely assisted auto communities and that Congress should consider prohibiting any further funding for the Office. We believe that this conclusion is not only inconsistent with the report's own findings, it fails to adequately take into account the information presented by ORACW during the course of GAO's review.

The report begins its analysis by referring to the success of the TARP program in providing the federal resources that were essential in the restructuring of the American automobile industry. However, the purpose of Executive Orders 13509 and 13578 is not to focus on the industry itself but on the 22 communities and thousands of working families who have been severely affected by that restructuring. While the auto industry is well on the path to recovery as a result of the efforts of the Obama Administration, both the President and the Secretary Solis realize that auto communities and workers continue to need assistance and support because of the lingering effects of the industry's restructuring.

The report does not dispute the need for continued federal efforts targeted at supporting the recovery of these communities and workers. Moreover, the report recognizes ORACW's continuing role in furthering the goals of coordinating the federal response and reaching out to various stakeholders who can provide assistance and support to the affected auto communities and workers. However, the report states that ORACW has not measured its success in furthering these key goals of the Executive Order and it speculates that these goals can be accomplished by anther project which does not target the auto industry specifically and which is active in only one of the communities affected by the industry's restructuring. Finally, the draft report claims that ORACW has not accomplished the goals of providing legislative advice and policy recommendations to the President regarding auto communities and workers. As detailed below, these conclusions simply fail to acknowledge the unique role played by ORACW in implementing the Executive Orders.

ORACW's unique role

As has been previously noted, the mission of the Office of Recovery for Auto Communities and Workers is to provide a coordinated response between affected automotive communities and workers and the federal programs and policies that may help address their concerns. We agree with GAO's assertion that there are other efforts within the executive branch to assist economically distressed communities. However, it remains our contention that there are no other programs within the executive branch which deal specifically with the unique needs of affected automotive communities across the country. GAO acknowledges within its recommendations that ORACW does provide specialized assistance to affected automotive communities.

Other federal programs focused on assisting economically distressed communities do not have a means by which to regularly and consistently coordinate their efforts, and, as a consequence, one might observe that those efforts, however effective when judged individually, may be too diffuse to address effectively the extraordinary and multi-layered effects flowing from the restructuring of the automotive industry. Due to the depth and breadth of these effects in dozens of communities across the country, the President determined that a unique coordinated response was required. Consequently, ORACW was established to facilitate that coordination and to ensure a more effective and less diffuse federal response.

GAO identifies the Strong Cities; Strong Communities (SC^2) program as an example of a duplicative program. However, as articulated by GAO, of the six pilot cities comprising the Strong Cities; Strong Communities program, only one (Detroit) is recognized as an automotive community which has been assisted by ORACW. Further SC^2 was not designed to deal with issues which are often unique to affected automotive communities.

GAO suggests that the Administration's SC^2 initiative, which is a multi-agency proposal borne out of discussions spearheaded by this Office, could replace ORACW. This suggestion simply fails to recognize the important, though distinct, roles that these separate initiatives play in supporting efforts in communities which are suffering in the current economy.

As we have attempted to clarify previously, the Executive Order which outlines a mandate to coordinate the federal response to issues facing auto communities defines the responsibilities this Office is to meet. ORACW is in fact within the Office of the Secretary of Labor, and performs its functions within the Department and in coordination with the White House and other agencies within the executive branch.

Advising on pending legislation and federal policies and programs

In practice, ORACW meets the goals of the Executive Order, consistent with the authorities delegated to the Secretary of Labor and the various Executive departments and agencies, by routinely participating in administrative review of pending legislation; participating in the preparation of the President's budget (which is a primary vehicle for proposing policy); and coordinating legislative review and budget preparation with other agencies that have specific, statutory responsibility for issues affecting and the ability to help auto communities.

ORACW has consistently engaged with the National Economic Council's (NEC) Office of Manufacturing Policy to inform policy decisions affecting proposed manufacturing legislation. Specifically, the Small Business Credit Initiative in the Small Business Jobs Act, was shaped and informed by the direct participation of ORACW.

ORACW also played in integral role in developing the policy which eventually led to the creation of the $773 million dollar RACER Trust. ORACW's input helped to ensure that the unique interests of automotive communities were protected and balanced with respect to bidders seeking to redevelop former automotive manufacturing sites within those communities.

ORACW was responsible for commissioning an important report by the Center for Automotive Research (CAR) containing case studies of how local communities have recovered from the consequences of industrial restructuring. This study serves as a basis, along with the active support and unique expertise of ORACW staff, for policy development and program coordination with government officials both at the local and federal level.

The Office of Recovery for Auto Communities and Workers does not administer a specific program; its responsibility is to facilitate a complex process that involves many different issues in the affected communities and many potential responses from across the federal government.

We continue to maintain that the creation of a forum for raising and considering issues faced by auto communities has provided an efficient and effective way to avoid duplication of requests and responses between multiple representatives from multiple auto communities attempting to communicate with multiple federal agencies regarding multiple issues and possible responses. In short, ORACW has helped to avoid the very duplication of federal services and support programs that your report sought to highlight.

ORACW adding value

The GAO interviews with some auto community's representatives suggest that since funds did not flow from this Office directly to each of those communities, ORACW added no value. There is no reference to interviews with other Federal agencies, the MAC, RACER Trust, the Funders' Network, or any other interested party in building a strategic response to the issues being confronted by the auto communities. We would suggest GAO again give consideration to the following:

Flint, MI

Dayne Walling, the Mayor of Flint, Michigan, acknowledged the importance of ORACW's role as coordinator and facilitator in July 2011: "I applaud President Obama's leadership in creating the Office. The President's leadership came at a critical time and saved thousands of jobs and dozens of companies right here in mid-Michigan. What President Obama recognized, and what Secretary Solis's leadership has emphasized, is that this is really about jobs and families and communities.

Through the Auto Communities Office's previous efforts, Flint has been better able to address critical issues through expanded Federal funding for firefighters and police officers, for neighborhood stabilization and master planning, for cleanup efforts led by the EPA so that we have land put back into use for economic development and jobs. We've also enjoyed recent visits by Transportation Secretary LaHood and a Commerce Assistant Secretary on behalf of the White House Business Council, to add to this comprehensive approach. This kind of coordination across the Federal government for auto communities has proven to be a success, and we have all seen the progress that has been made in the last two years under very difficult circumstances."

Kokomo, IN

Kokomo, Indiana was one of the first communities that ORACW engaged with in its efforts to assist communities confronted with the closure of auto facilities. In June 2009 the Executive Director of ORACW visited Kokomo, Indiana with then-Senator Evan Bayh, Congressman Joe Donnelly, and other local leaders and Federal agency partners to see first-hand the needs of the community. Since then, ORACW staff has been in regular communication with community leaders in an effort to work through a number of key issues identified then and in subsequent meetings.

Howard County, where Kokomo is situated, had been seeking the payment of $12.9 million in personal property taxes due in 2009 and $12.3 million owed in 2010 by

Chrysler. Chrysler's failure to pay its full property tax obligation could have caused significant fiscal difficulties for the school system and public services. When Chrysler filed for bankruptcy protection in 2009, the county, with ORACW support, started discussions about the payment of the taxes. After months of negotiations, an agreement was reached in early 2010 whereby Howard County received 100% of the taxes owed for 2009 and 2010.

ORACW worked to connect the Economic Development Administration (EDA) with key stakeholders and Indiana's Office of Community and Rural Affairs (OCRA). At our suggestion, the City of Kokomo worked with OCRA on the submission of an application for a recovery coordinator, as well as for other services that could benefit Kokomo and the surrounding economic region.

This application was awarded in September 2010, in the amount of $148,886 to OCRA to support a regional economic development strategic plan for six north central Indiana counties. The goal of the grant is to encourage creative approaches to job and income creation in the region. The plan is currently under development and is expected to be completed no later than September 2012.

The Mayor of Kokomo, Indiana, Greg Goodnight, recently wrote of ORACW's engagement with the city: "The Obama Administration and the Auto Recovery Office have been extremely supportive of our efforts here in Kokomo over the past few years. Like most of the country, we have faced some tough times, and our community is working together to get through it. In fact, we were recently recognized as the Indiana Chamber of Commerce 2011 Community of the Year! We're headed in the right direction, and we are very appreciative of what the Administration and the Auto Recovery Office have done for us. We have utilized our CDBG funds to improve our city's neighborhoods and economic landscape. And we have great business partners such as Chrysler, Delphi and GMCH here that are also helping to lead the way to recovery. I know we can count on Mr. Williams and the Auto Recovery Staff to help us when we need it."

Fremont, California

In September 2009, New United Motor Manufacturing Inc. (NUMMI) announced that it would close its Fremont, California plant in March 2010. Local leaders reached out to the Office of Recovery of Auto Communities and Workers. In November 2009 ORACW brought a team of Federal officials to Fremont to determine what Federal resources might be helpful to the community.

With the closure of NUMMI still months away, the Federal agency partners were able to begin preparing well in advance. The Department of Labor worked closely with the eight affected workforce investment boards as they coordinated rapid response efforts to support the soon-to-be dislocated workers. In November 2009, well before the actual closing, TAA was approved to provide additional benefits to the plant's 4,700 affected workers. In the first half of 2010, TAA petitions were also approved for over 20 NUMMI suppliers benefiting over 2400 workers.

Transition to other federal programs

Within its recommendations GAO states that ORACW should determine when and how the specialized assistance provided by the Office can be transitioned to existing federal programs. ORACW acknowledges that its mission is not one to exist in perpetuity.

However, further evidence of the continued relevance of ORACW can be seen in the recent closure announcements with respect to automotive plants in the communities of Indianapolis, Indiana; Walton Hills, Ohio; Shreveport, Louisiana; and St. Paul, Minnesota. ORACW has already begun to engage those communities in advance of the plant closures to ensure a smooth start to what is certain to be a very difficult process of transition.

To continue ORACW's ongoing efforts with affected communities in Indiana and to assist local officials to begin planning the transition that will follow the announced closure, the Office's Executive Director traveled to Indianapolis in November 2011. Likewise, the ORACW Executive Director has met with Members of Congress representing of Walton Hills, Ohio and other local officials, and a meeting with stakeholders in the community is being planned for early 2012.

In addition, ORACW's staff has reached out to officials in Shreveport and is planning a trip to the community in the first quarter of 2012. The director will also be traveling to St. Paul, Minnesota on February 13-14, 2012 to meet with local officials to discuss the best path forward in light of the recent closure announcement of a Ford plant.

Concurrence

Within its report GAO stated the following:

As of February 2012, the Secretary of Labor still needs to take actions on recommendations included in GAO's May 2011 report, such as:

> Directing the Auto Recovery Office to (1) document the office's achievements to date, including its assistance to various auto communities; (2) establish a process for measuring the office's results; and (3) determine when and how the specialized assistance provided by the office can be transitioned to existing federal programs.

As stated in our response to GAO dated November 29, 2011, we acknowledged that difficult questions of measurement are still under discussion. However, ORACW generally concurs with these recommendations, and remains committed to incorporating them as an ongoing part of our operations.

We appreciate the opportunity to provide these comments. Please contact me if you have any questions about this response, or the Office of Recovery for Auto Communities and Workers.

Sincerely,

Jay Williams

Note: This letter includes comments on Area 42: U.S. Currency.

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D.C. 20551

LOUISE L. ROSEMAN
DIRECTOR
DIVISION OF
RESERVE BANK OPERATIONS
AND PAYMENT SYSTEMS

January 30, 2012

Ms. Lorelei St. James
Director
Physical Infrastructure Issues
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. St. James:

Thank you for the opportunity to comment on the GAO's draft discussion of replacing the $1 note with the $1 coin in its 2012 Duplication and Cost Savings report. The GAO has projected a financial benefit to the government of about $4.4 billion over 30 years. We believe this projection overstates the net financial benefit to the government, perhaps substantially.

The report states that the cost of producing sufficient coins to replace all $1 notes is never fully recovered during the 30-year analysis; all savings are attributable to increased seigniorage income.[1] In fact, there is no year in the study in which estimated non-seigniorage benefits exceed costs. Moreover, the analysis does not adequately address the costs to the Federal Reserve of such a replacement and does not address at all the broader societal costs to consumers, retailers and other businesses, and state and local governments.[2]

In addition, replacing the $1 note with the $1 coin may increase the risk of counterfeiting. The current low rate of counterfeiting helps maintain global confidence in U.S. currency. Unlike the $1 note, the $1 coin does not have any effective machine-readable or publicly-usable counterfeit deterrent features. Several countries that have converted low denomination notes to coins have reported higher levels of counterfeiting for low-denomination coins than previously observed for low-denomination notes, and the U.S. Sacagawea $1 coin was counterfeited in some Latin American countries soon after the U.S. Mint issued it.

Finally, the GAO did not provide a sensitivity analysis that reflects differing assumptions, such as possible changes in the public's means of making payments over the next several decades. Although the value of Federal Reserve notes in circulation continues to increase more than 7 percent annually over the past several years, the growth rate for $1 notes has been on

[1] The Congressional Budget Office does not score seigniorage in its budget calculations.
[2] With respect to Federal Reserve costs, the Federal Reserve cancelled plans to build additional storage space for $1 coins following the Treasury's announcement to suspend minting of Presidential $1 coins for circulation. If $1 coins were to replace $1 notes, however, the Reserve Banks would need to build or expand vaults around the country with reinforced floors to accommodate the heavier weight of coins in order to manage coin inventories.

Email: Louise.Roseman@frb.gov
Phone: (202) 452-2789 • Fax: (202) 452-2746

average only 2 percent per year. It is possible that the elimination of the $1 note could accelerate the shift of consumer payments to debit cards and other electronic payment alternatives. In addition to potential shifts in consumer payment methods, the analysis did not consider potential increases in raw material costs for coins, or changes in discount rates. Given the certainty of the near-term expenses associated with the transition and uncertainty of the long-term forecasted benefits, it is possible that no savings will ever be realized from the replacement of $1 notes with $1 coins. Sensitivity analysis for these factors would provide a confidence level around the GAO's long-term savings projections. In fact, changes in assumptions have reduced the GAO's average annual discounted net benefit projections from $550 million in its 2000 study, to $186 million in its 2011 study, to $146 million in this report.

Proponents of replacing $1 notes with $1 coins often cite similar steps that have been taken in other economies in recent decades as an indication that such a change has strong financial benefits. In general, the low-denomination note that was replaced by a coin had a far shorter useful life (typically three to six months) than is the case with the $1 note, which currently has a useful life of about 56 months. Further, these decisions were typically made when electronic payment substitutes to cash were less mature than in the current U.S. environment. Therefore, the decisions of other economies have been based on very different circumstances than exist in the United States.

We believe that a fuller societal cost-benefit analysis and a sensitivity analysis that varies key assumptions that are subject to material uncertainty would provide policy-makers with a more complete basis for considering the future of the $1 note and $1 coin.

Sincerely,

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 website (www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, http://www.gao.gov/ordering.htm.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on Facebook, Flickr, Twitter, and YouTube. Subscribe to our RSS Feeds or E-mail Updates. Listen to our Podcasts. Visit GAO on the web at www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Website: www.gao.gov/fraudnet/fraudnet.htm
E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, siggerudk@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