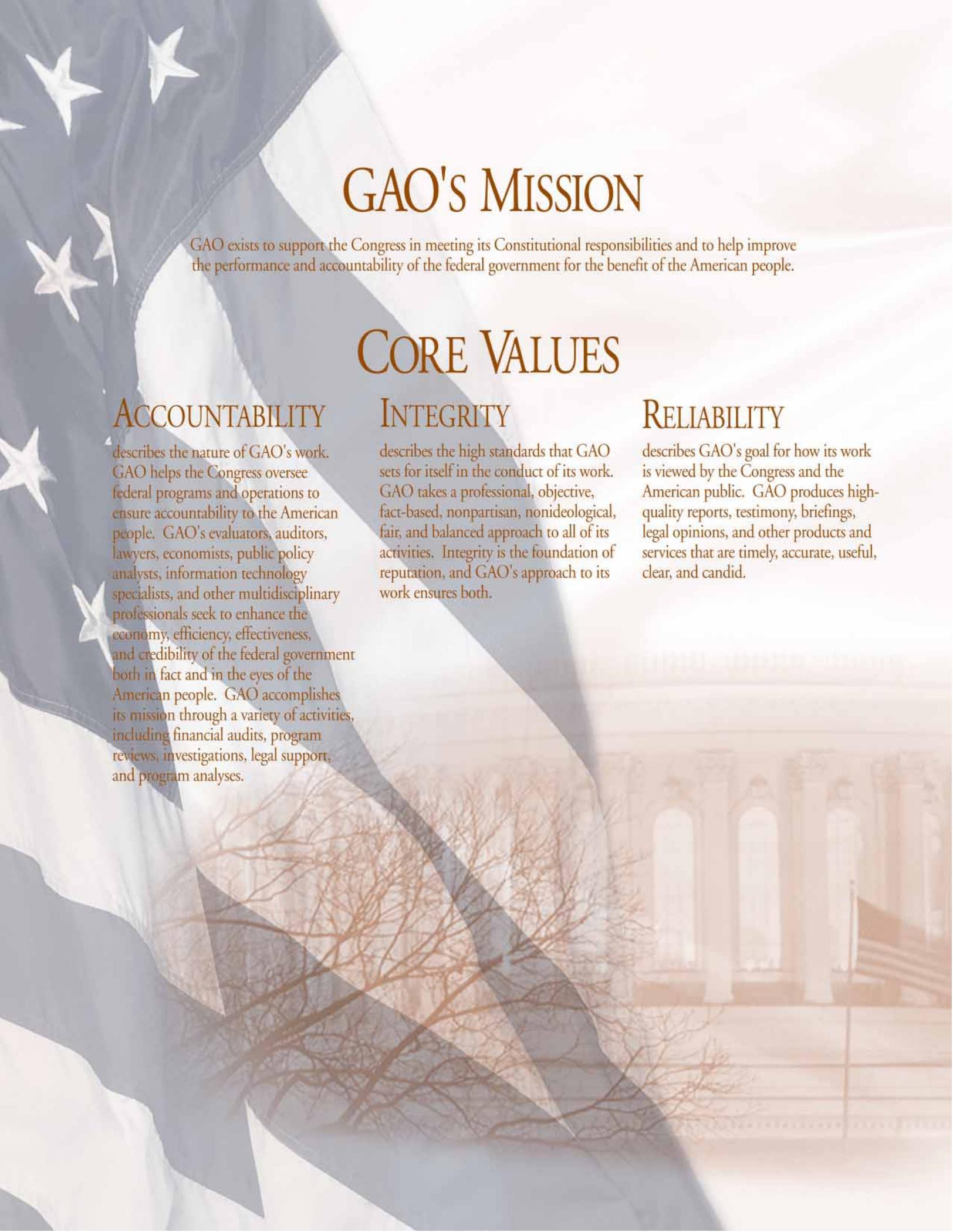


Parts of this plan have been revised.
Clicking within this box will allow you
to scroll through the revisions.

COMMUNITY INVESTMENT

STRATEGIC OBJECTIVE PLAN **2000-2002**





GAO'S MISSION

GAO exists to support the Congress in meeting its Constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people.

CORE VALUES

ACCOUNTABILITY

describes the nature of GAO's work. GAO helps the Congress oversee federal programs and operations to ensure accountability to the American people. GAO's evaluators, auditors, lawyers, economists, public policy analysts, information technology specialists, and other multidisciplinary professionals seek to enhance the economy, efficiency, effectiveness, and credibility of the federal government both in fact and in the eyes of the American people. GAO accomplishes its mission through a variety of activities, including financial audits, program reviews, investigations, legal support, and program analyses.

INTEGRITY

describes the high standards that GAO sets for itself in the conduct of its work. GAO takes a professional, objective, fact-based, nonpartisan, nonideological, fair, and balanced approach to all of its activities. Integrity is the foundation of reputation, and GAO's approach to its work ensures both.

RELIABILITY

describes GAO's goal for how its work is viewed by the Congress and the American public. GAO produces high-quality reports, testimony, briefings, legal opinions, and other products and services that are timely, accurate, useful, clear, and candid.

FOREWORD

In fulfilling its mission, GAO examines the use of public funds; evaluates federal programs and activities; and provides analyses, options, recommendations, and other assistance to help the Congress make effective oversight, policy, and funding decisions. In this context, GAO works to continuously improve the economy, efficiency, and effectiveness of the federal government through the conduct of financial audits, program reviews and evaluations, analyses, legal opinions, investigations, and other services. Most of this work is based upon original data collection and analysis.

To ensure that GAO, in serving the Congress, targets the right issues, provides balanced perspectives, and develops practical recommendations, GAO regularly consults with the Congress and maintains relationships with a variety of federal, state, academic, and professional organizations. GAO also obtains the perspectives of applicable trade groups and associations and attends professional conferences. Moreover, GAO regularly coordinates its work with that of CRS, CBO, and agency Inspector General offices. Throughout, GAO's core values of accountability, integrity, and reliability are guiding principles.

In keeping with its mission and responsibilities, GAO has developed a strategic plan that includes four strategic goals and 21 related strategic objectives. To ensure that GAO's resources are directed to achieving its goals, a separate strategic plan underlies each objective. In support of GAO's goal of providing timely, quality service to the Congress and the federal government to address current and emerging challenges to the well-being and financial security of the American people, this strategic plan describes the performance goals GAO will use in supporting congressional and federal decisionmaking on investments in community and economic development.

This plan covers a 3-year period; however, because unanticipated events may significantly affect even the best of plans, GAO's planning process allows for updating this plan to respond quickly to emerging issues. If you have questions or desire information on additional or completed work related to this strategic objective, please call or e-mail us or the contact persons listed on the following pages.

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SERVING THE CONGRESS GAO'S STRATEGIC PLAN FRAMEWORK

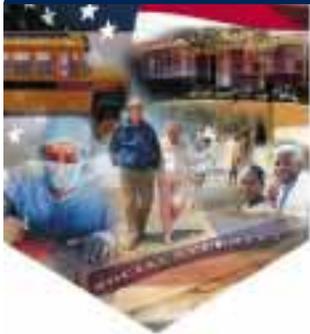


MISSION

GAO exists to support the Congress in meeting its Constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people.

GOALS

PROVIDE TIMELY, QUALITY SERVICE TO THE CONGRESS AND THE FEDERAL GOVERNMENT



TO ADDRESS CURRENT AND EMERGING CHALLENGES TO THE WELL-BEING AND FINANCIAL SECURITY OF THE AMERICAN PEOPLE

SUPPORT THE TRANSITION



TO RESPOND TO CHANGING SECURITY THREATS AND THE CHALLENGES OF GLOBAL INTERDEPENDENCE

MAXIMIZE THE VALUE OF GAO



BY BEING A MODEL ORGANIZATION FOR THE FEDERAL GOVERNMENT



TO A MORE RESULTS-ORIENTED AND ACCOUNTABLE FEDERAL GOVERNMENT

THEMES

Demographics Globalization Quality of Life Security Technology
Government Performance and Accountability

OBJECTIVES

Health care needs and financing
Retirement income security
Social safety net
Education/workforce issues
Effective system of justice
COMMUNITY INVESTMENT
Natural resources use and environmental protection
Physical infrastructure

Diffuse security threats
Military capabilities and readiness
Advancement of U.S. interests
Global market forces

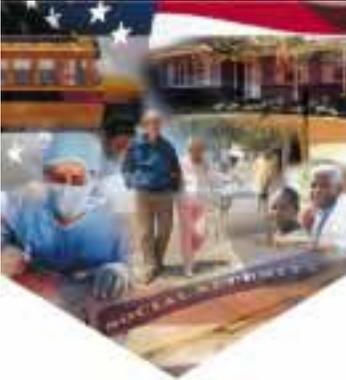
Fiscal position of the government
Government financing and accountability
Governmentwide management reforms
Economy, efficiency, and effectiveness improvements in federal agencies

Client relations
Strategic and annual planning
Human capital
Core business and supporting processes
Information technology services

CORE VALUES

Accountability Integrity Reliability

PROVIDE TIMELY,
QUALITY SERVICE TO THE
CONGRESS AND THE
FEDERAL GOVERNMENT



TO ADDRESS
CURRENT AND EMERGING
CHALLENGES TO THE
WELL-BEING AND
FINANCIAL SECURITY
OF THE
AMERICAN PEOPLE

Health care needs and financing
Retirement income security
Social safety net
Education/workforce issues
Effective system of justice
COMMUNITY INVESTMENT
Natural resources use and environmental protection
Physical infrastructure

INVESTMENT IN COMMUNITY AND ECONOMIC DEVELOPMENT

Our society is greatly influenced by the health of its communities. Vibrant communities are integral to the quality of life of our citizens and are dependent upon sustainable economic growth. To help ensure vital communities, the federal government, through about 28 agencies and hundreds of programs, spends billions of dollars annually on grants, loans, and other types of assistance. Community and economic growth is a multifaceted challenge involving state and local governments, nonprofit organizations, and private entities and covering many diverse issues. In this context, GAO views community and economic development broadly to include promoting homeownership; providing assistance to farmers; promoting competition and consumer protection in the transportation and telecommunications industries; investing in research and development; developing a strong small business base; reducing and limiting the effects of natural disasters; and ensuring healthy financial markets.

GAO's strategic plan identifies eight multiyear performance goals to support congressional and federal decisionmaking on investment in community and economic development. The following pages discuss the significance of the performance goals, the key efforts that will be undertaken, and the potential outcomes.

Performance Goals

- Identify How Federal Agencies Can Streamline and Improve Their Programs to Facilitate the Delivery of Grants, Loans, and Other Types of Economic Assistance to Communities
- Assess How the Federal Government Can Minimize Financial Risk in Mortgage Assistance
- Assess the Effectiveness of Current Federal Farm Subsidies and the Extent to Which the 1996 Farm Bill Has Reduced Agriculture's Dependence on Federal Subsidies and Improved Its Competitiveness
- Assess the Impact of Transportation, Telecommunications, and Postal Policies on Competition and Consumers
- Assess the Costs and Outcomes of the Federal Investment in Science and Technology Programs
- Identify Cost-Effective and Efficient Ways to Assist Small and Minority-Owned Businesses
- Determine How Federal Disaster Assistance Costs Can Be Reduced and Targeted to the Most Cost-Effective Mitigation Measures
- Assess the Regulatory Effectiveness of Programs and Policies in Ensuring Access to Financial Services and Deterring Fraud and Abuse



Identify How Federal Agencies Can Streamline and Improve Their Programs to Facilitate the Delivery of Grants, Loans, and Other Types of Economic Assistance to Communities

Significance

The abundance of available federal programs can create planning and management frustrations for communities as they attempt to piece together and manage diverse federal spending sources. At the same time, communities have become increasingly concerned about the need to manage growth and control urban sprawl while maintaining sustainable community development strategies. As we have reported in the past, nearly 30 federal agencies provide economic development assistance nationwide through hundreds of grants, loans, and loan guarantee programs involving billions of dollars. Some federal agencies have taken steps to coordinate their programs with those of other agencies in order to improve program delivery to communities. However, in many cases, coordination difficulties continue to the point that agencies are abandoning their traditional approaches in favor of streamlined processes that could make it easier for communities to learn about and use multiple federal programs. Furthermore, planning experts are beginning to observe the negative effects of overdevelopment on the quality of life in many communities. Finding ways to reduce overlap among programs and minimize the contribution of federal programs to urban sprawl will likely be community development imperatives in the coming years.



Key Efforts

Identify the federal programs that provide assistance for community development activities and the extent to which these programs are similar

Evaluate the degree to which federal agencies are coordinating with one another and measuring the impact of their programs

Assess the implications of federal programs on communities' efforts to plan and manage growth and development

Potential Outcomes

More informed congressional consideration of the present structure of federal community development programs, including potential options to streamline them

Increased coordination and consistent monitoring efforts on the part of federal agencies that provide assistance through community and economic development programs

More informed consideration of the implications of federal programs on the development of communities, especially those in urban areas

CONTACT FOR ADDITIONAL INFORMATION: Stanley J. Czerwinski, Associate Director, Housing and Community Development Issues, (202) 512-6520, czerwinski.s.j@gao.gov



Assess How the Federal Government Can Minimize Financial Risk in Mortgage Assistance

Significance

To promote homeownership, HUD's Federal Housing Administration, VA's Loan Guaranty Services, and USDA's, Rural Housing Service insure home mortgages made by lenders against loss for home buyers that would have difficulty obtaining, or be unable to otherwise obtain, mortgages. FHA and VA also insure mortgages for multifamily properties. The housing finance system operated by these agencies represents one of the nation's largest financial institutions, with significant commitments, obligations, and financial exposure. These agencies are responsible for managing over \$600 billion in insured mortgages. In addition, HUD's Government National Mortgage Association—through its guarantee of \$531 billion in mortgage-backed securities—enables lenders to sell the loans they make and thereby obtain additional funds to make mortgages available to other qualified borrowers (liquidity). Furthermore, the largest providers of such liquidity—Fannie Mae and Freddie Mac—are encouraged through HUD's affordability goals to provide liquidity to lenders in underserved areas and to underserved borrowers. The three federal agencies need to (1) reduce foreclosures on home loans and thereby minimize financial losses, which totaled \$6 billion for HUD alone in 1998 on 77,000 foreclosed homes; (2) improve delivery of over 1 million annual home mortgages and rental housing assistance units; and (3) provide better oversight of the thousands of diverse individuals and entities, such as mortgage lenders, contractors, and property owners, that the agencies do not directly control.



Key Efforts

Monitor and assess HUD's oversight of FHA lenders that appraise properties, underwrite loans, service loans, and manage properties

Evaluate HUD's efforts to improve its management of the single-family and multifamily properties it acquires following foreclosures

Assess the need for HUD to maintain the \$11 billion in reserves it holds for future single-family loan losses and costs

Evaluate the effectiveness of federal programs, incentives, and requirements that support financing for parts of the single-family and multifamily housing markets that are not traditionally served by the private market

Identify the issues involved in consolidating the single-family housing programs of HUD, VA, and USDA's Rural Housing Service

Potential Outcomes

Improved controls over the origination and servicing of insured single-family mortgage loans

Reduced losses and exposure to financial risks through better management of acquired properties

Identification of any excessive financial reserves held by HUD and options for policymakers to consider for such funds

Objective information to help decisionmakers assess the mix of programs and incentives needed to support single-family and multifamily financing

Options for the Congress to consider that improve the delivery and effectiveness of federal single-family housing programs



Assess the Effectiveness of Current Federal Farm Subsidies and the Extent to Which the 1996 Farm Bill Has Reduced Agriculture's Dependence on Federal Subsidies and Improved Its Competitiveness

Significance

USDA's farm assistance programs represent a multibillion-dollar federal investment in the nation's rural communities and play a critical role in ensuring an abundant and affordable food supply for all Americans. In fiscal year 1999, USDA spent about \$68 billion on more than 200 diverse food and agriculture-related programs. This included about \$17 billion in support to farmers. This support takes many forms, including risk management tools, such as crop insurance, that protect farmers against crop losses caused by droughts, floods, hurricanes, and other natural disasters. Many argue that support to farmers, though modified by the 1996 Farm Bill, is particularly necessary now because the United States is in the midst of a farm crisis, as evidenced by lower agricultural commodity prices, falling agricultural exports, and declining net farm income. Notwithstanding the challenges it faces, U.S. agriculture remains a vital component of our national economy (accounting for 13 percent of the nation's gross domestic product) and is the economic heart of many rural communities. Today, the health of U.S. agriculture is largely determined by its success in foreign markets. For example, about 45 percent of the U.S. wheat crop is exported to feed people in other nations. In fiscal year 1999, agriculture exports totaled nearly \$49 billion.



Key Efforts

Evaluate how farmers have changed their production strategies in response to the Farm Bill

Assess how various safety net proposals for farmers will affect costs

Review what improvements should be made to the federal crop insurance program

Ascertain what lessons can be learned from U.S. agricultural products successfully exported to international markets

Potential Outcomes

Information on the impact of federal efforts to facilitate the agricultural sector's transition from federal subsidies to a greater market orientation to support congressional decisionmaking on the 2002 Farm Bill

A better understanding of the advantages and disadvantages of various approaches to enhancing U.S. agricultural competitiveness



Assess the Impact of Transportation, Telecommunications, and Postal Policies on Competition and Consumers

Significance

Since their industries were deregulated, railroad, airline, and telecommunications companies have, to varying degrees, been free to establish prices, negotiate mergers, and compete for business in the commercial marketplace. Within the railroad industry, recent mergers have given rise to shippers' concerns about abuses of market power and poor service. Proposed alliances among the major airlines have raised concerns that reduced competition will result in reduced choices for consumers and higher fares. Our work has shown that while increased competition has generally resulted in lower transportation prices for consumers, "pockets of pain" continue in areas where competition has been slow to develop as a natural price control. While the 1996 Telecommunications Act was designed to establish a framework for promoting competition in the 400-billion-dollar-a-year telecommunications industry, surges in cable TV rates, recent mega-mergers, and a minimal level of new competition in local telephone markets have raised questions about whether the act is working as intended. For example, consumers are now dealing with confusing and sometimes fraudulent billing for telecommunications services. Moreover, new issues have arisen that were not addressed by the act, such as the appropriateness of regulating the Internet. For example, the Internet has raised consumer protection concerns associated with content (pornography, terrorism, and hate groups) and security in cyberspace as electronic commerce expands. In the midst of these issues, the Federal Communications Commission finds its role evolving from a market regulator to a referee in an increasingly deregulated industry. The Postal Service's ability to provide universal service may erode as competition in electronic communications and delivery services increases. Substantial declines in the Postal Service's core business are expected over the next decade. It is imperative for the Congress to have information on the status of competition in these industries, the effects of existing regulatory mechanisms, and the costs and benefits of alternative approaches.



Key Efforts

Determine the status of competition in the aviation, railroad, telecommunications, and postal and delivery industries and the impact of any proposed legislative and regulatory changes

Assess whether federal and state programs protect consumers from abusive business practices

Evaluate the extent to which any regulatory oversight of the Internet may be needed as it becomes a more ubiquitous tool for commerce and information

Evaluate the changing role of FCC and determine whether its staff have appropriate skills for its new mission

Potential Outcomes

Better information to help the Congress assess the level of competition in the transportation, telecommunications, and postal and delivery industries and options to aid the Congress in reshaping the laws as necessary

Suggested mechanisms to improve consumer protection

Objective, balanced, fact-based information to aid decisionmakers as they consider whether and how the Internet should be regulated

Information and options that the Congress can use to help determine the appropriate role and organization of FCC

CONTACT FOR ADDITIONAL INFORMATION: John H. Anderson, Jr., Director, Transportation Issues, (202) 512-2834, andersonj.rced@gao.gov; Stanley J. Czerwinski, Associate Director, Housing and Community Development Issues, (202) 512-6520, czerwinski.rced@gao.gov; Bernie L. Ungar, Director, Government Business Operation Services, (202) 512-8387, ungarb.ggd@gao.gov



Assess the Costs and Outcomes of the Federal Investment in Science and Technology Programs

Significance

As a nation competing in a global economy, the United States depends heavily on innovations through research and development to improve its standard of living and economic health. Federal investments in science and technology affect our lives in a variety of ways, including improving materials for homes and highways; mapping human genes; creating the world's largest supercomputers; and advancing human use and development of space, that are believed to play an important role in strengthening U.S. technological leadership and competitiveness in world markets. Each year, the federal government spends close to \$80 billion on R&D activities. The challenge for the government is to ensure that the funds are spent wisely and well and that programs scattered over 20 federal agencies are prioritized, coordinated, and otherwise well managed.



Key Efforts

Assess the results and economic impact of major federal science and technology programs, such as the Small Business Innovation Research and Advanced Technology programs

Identify ways to improve the process for establishing goals and priorities, evaluating and reporting on performance and results, and coordinating research activities across government agencies

Determine the effectiveness of technology transfer, patent office, and federal information services in stimulating economic growth and fostering U.S. leadership in technology

Evaluate NASA's safety efforts aimed at protecting its multibillion-dollar investment in the International Space Station and Space Shuttle fleet

Potential Outcomes

Increased awareness by the Congress and others of how well the billions of dollars spent on R&D are being managed and how they are affecting the overall economic well-being of the nation—for use in policy and budget decisions

Information and analyses that will contribute to an informed debate about the policy options for creating a climate that stimulates technological innovation and encourages partnering and cooperation among research institutions while protecting intellectual property rights

Information, analyses, and recommendations for the Congress to use as it considers long-term funding support of International Space Station operations and supporting activities

CONTACT FOR ADDITIONAL INFORMATION: Jim Wells, Director, Energy, Resources, and Science Issues, (202) 512-3841, wells.j.rced@gao.gov; Louis J. Rodriguez, Director, Defense Acquisitions Issues, (202) 512-4841, rodriguez.nsiad@gao.gov



Identify Cost-Effective and Efficient Ways to Assist Small and Minority-Owned Businesses

Significance

America's small businesses play a critical role in the nation's economy. In 1996, the country's 22 million small businesses employed more than half the nation's workforce, and small-business-dominated industries grew the fastest of all industries. Since its inception in 1953, the Small Business Administration has had a clear mission to serve the small business sector of the economy by providing financial, technical, and management assistance to help Americans start, run, and grow their own businesses. SBA also has oversight responsibility for federal contracting goals for small businesses. SBA has enjoyed a strong constituency and bipartisan congressional support, but problems have surfaced at SBA in areas such as its business loan program, minority business development program, and information systems management. As the Congress begins to prepare for SBA's reauthorization and SBA focuses on meeting its goal of becoming a leading financial institution in the 21st century, a functional and programmatic assessment of SBA is needed to determine how the agency can more effectively and efficiently assist small and minority-owned businesses.



Key Efforts

Evaluate the services provided by SBA's critical programs to determine whether the programs can be made more efficient, effective, and helpful to small businesses

Assess the impact of federal contracting policies and practices on small businesses and determine what oversight SBA provides to ensure that federal agencies meet small business contracting goals

Determine whether SBA's management practices in areas such as results orientation, information technology, financial management, and human capital can be improved and how these improvements would help SBA better meet its mission

Potential Outcomes

Improved SBA assistance to small businesses and more cost-saving measures

Increased knowledge of the effects of federal contracting practices on small businesses and enhanced oversight of federal small business contracting goals

Improved SBA management practices



Determine How Federal Disaster Assistance Costs Can Be Reduced and Targeted to the Most Cost-Effective Mitigation Measures

Significance

The federal government provided over \$100 billion in assistance for an average of 40 disasters or emergencies annually from fiscal year 1977 through fiscal year 1998. In the last 5 years, the Congress provided \$18 billion to FEMA (the lead agency for providing disaster assistance) for disaster relief, compared with \$6.7 billion for the prior 5-year period. This increase is due, in part, to the greater number and magnitude of disasters and the expanded federal role and response. Most of the spending is for public assistance projects—that is, for projects designed to help communities rebuild roads, bridges, government buildings, and other public facilities after a disaster. FEMA believes that mitigation or disaster prevention activities or projects (those put in place prior to a disaster) are the most effective means of reducing long-term losses from disasters. It has proposed a new mitigation program, and it is reengineering processes and applying new technology to reduce costs. In terms of economic loss to the nation, floods continue to be the most destructive natural hazard. From fiscal year 1986 through fiscal year 1998, the National Flood Insurance Program paid about \$7 billion in insurance claims, primarily from premiums collected from program policyholders. However, some lenders are not requiring that property owners obtain mandatory flood insurance as a condition of obtaining a mortgage, and some are not ensuring that the property owners maintain flood insurance. Consequently, program revenues are reduced at a time when program costs already exceed program revenues. As concerns about controlling future disaster spending grow, decisionmakers are asking what more can be done administratively and legislatively to reduce the cost of disaster relief and ensure that the National Flood Insurance Program is self-sufficient.



Key Efforts

Evaluate whether disaster relief funds are being properly used

Assess whether mitigation measures have helped to reduce disaster-related damage

Assess the status of the national flood insurance fund and the controls in place to ensure that insurance purchase requirements are being met

Potential Outcomes

Information, analyses, and recommendations for the Congress to use as it considers the need for administrative and legislative changes to reduce disaster relief costs

Improved management controls over the disaster relief fund

More effective and economical programs that reduce the need for disaster assistance and accurate performance assessments of funded mitigation measures

Improved compliance with mandatory insurance purchase requirements by mortgage lenders, servicers, and home buyers

CONTACT FOR ADDITIONAL INFORMATION: Stanley J. Czerwinski, Associate Director, Housing and Community Development Issues, (202) 512-6520, czerwinski.s.jcd@gao.gov



Assess the Regulatory Effectiveness of Programs and Policies in Ensuring Access to Financial Services and Deterring Fraud and Abuse

Significance

Within the financial services industry, competition, product proliferation, and the arrival of electronic commerce have provided consumers with an array of financial services. Regulatory policies and programs are required to ensure that consumers and businesses have open access to financial services and that consumers are adequately protected against fraudulent practices in the marketing and providing of financial services. Federal financial regulators have attempted to ensure that the financial system is fair and open to all investors, depositors, and those needing capital by, among other things, implementing the Community Reinvestment Act and fair lending laws, as well as enforcing disclosure rules. Financial regulators are also responsible for taking steps to deter fraud and other violations within the financial marketplace.



Key Efforts

Assess whether consumers and businesses have appropriate access to financial services and how effective regulatory programs are in ensuring nondiscriminatory access to financial markets

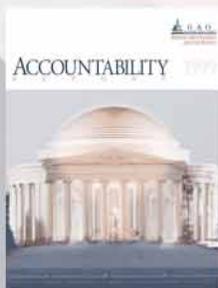
Assess the extent to which regulatory programs and policies, including disclosure requirements, have deterred customer fraud or abuse by financial institutions

Potential Outcomes

Improved federal enforcement of the Community Reinvestment Act and fair lending laws

Improved regulatory actions to deter customer fraud and abuse within the financial services industry

The full set of GAO's strategic planning, performance, and accountability documents are listed below. All of these documents, as well as other GAO reports and documents, may be obtained electronically on our website, www.gao.gov.



Accountability Report for fiscal year 1999

Strategic Plan, 2000-2005

Strategic Plan Executive Summary

Strategic Plan Framework

Strategic Objective Plans

Health Care Needs and Financing

Retirement Income Security

Social Safety Net

Education/Workforce Issues

Effective System of Justice

Community Investment

Natural Resources Use and Environmental Protection

Physical Infrastructure

Diffuse Security Threats

Military Capabilities and Readiness

Advancement of U.S. Interests

Global Market Forces

Fiscal Position of the Government

Government Financing and Accountability

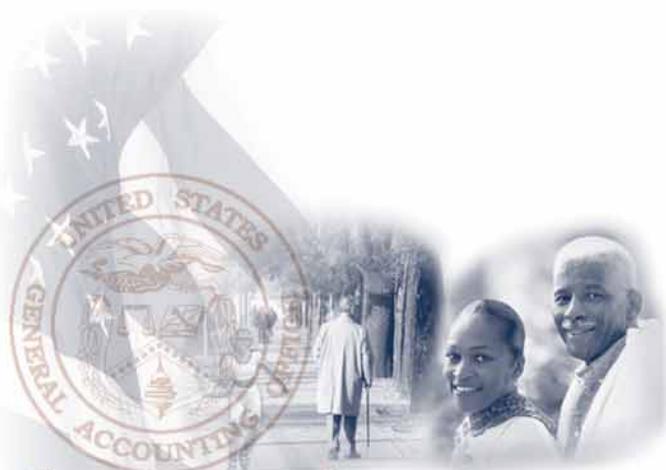
Governmentwide Management Reforms

Economy, Efficiency, and Effectiveness

Improvements in Federal Agencies

Maximize the Value of GAO

Performance Plan Fiscal Year 2001



COMMUNITY INVESTMENT

STRATEGIC OBJECTIVE PLAN

2000-2002