Testimony
Before the Subcommittee on Government Management, Information and Technology
Committee on Government Reform and Oversight
House of Representatives

PROGRAM CONSOLIDATION

Budgetary Implications and Other Issues

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Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to provide a statement on program consolidation issues that your Subcommittee now is considering. The federal government administers a multitude of programs that often are duplicative and overlapping, reducing the efficiency and effectiveness of government activities and services. Program consolidation is a promising alternative for increasing efficiency of government operations and improving performance.

A major focus of today's hearing is education program consolidation. During the past year, we have issued several reports documenting fragmentation and duplication in education and education-related programs. This work highlights a patchwork of programs with similar goals, serving similar populations in the areas of teacher training, early childhood education, and programs targeted to at-risk youth. In April, 1995 we testified on opportunities for education program consolidation before the House Subcommittee on Human Resources and Intergovernmental Relations. In that testimony, we noted that the Department of Education has been active in identifying ways to streamline through program consolidation. However, we also identified further opportunities to consolidate and/or eliminate education programs beyond those identified by the Department.

The comments we made on education program consolidations in our April testimony are similar to the consolidation issues we have identified in other policy areas. Our statement today discusses some of the general issues that we believe are important to all such efforts, giving special emphasis to grant program consolidations.

The Congress has shown a strong interest in exploring opportunities for program consolidations and streamlining across many areas of the federal budget, from defense and international affairs to transportation, health, and welfare. There is reason to expect, therefore, that some consolidations will bring together activities that are wholly federally financed and

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2Department of Education: Information on Consolidation Opportunities and Student Aid (GAO/T-HEHS-95-130, April 6, 1995).
administered. However, many of the program consolidations currently being debated would merge smaller, more narrowly-defined federal grant programs into larger consolidated programs of state and locally-administered federal assistance. It is expected that the new programs will operate as broadly-defined partnerships with state and local governments in which federal funding will be limited and reduced. Accordingly, our discussion emphasizes the budgetary and other implications of grant consolidations to the federal government.

THE POTENTIAL BENEFITS OF PROGRAM CONSOLIDATION

GAO's work shows that program consolidations can lead to increased efficiency and improvements in performance that significantly benefit taxpayers, administrators, service providers, and beneficiaries alike. GAO audits and evaluations illustrate that many federal programs have similar and overlapping objectives, provide similar services to the same populations, and could be streamlined. GAO work also highlights how other federal programs work at cross-purposes and could be reconciled and coordinated to improve service delivery.

Whether programs are administered solely by the federal government or as grants to states and localities, there are ample reasons to consider consolidation, including:

-- Program consolidations offer opportunities to reduce federal spending in terms of administrative costs, program costs, or both. In the case of grant consolidations, particularly, budgetary savings can be achieved in three ways: reductions in federal agency staffing and overhead involved in grant administration, lower payments to the states in anticipation of reduced state administrative costs and burdens, and savings from more innovative and efficient delivery of consolidated program services. We will discuss the budgetary implications for the federal government and those at state and local levels later in our testimony.

-- Program consolidations can improve administration and service delivery, especially when programs with similar objectives and clientele are brought together and conflicting requirements, duplication, and overlap are reduced. States and localities can turn new-found flexibility into more effective services by reconciling and coordinating activities in light of local conditions. Along these lines, GAO has reported that the Omnibus Budget Reconciliation Act of 1981 (OBRA) block grants enabled some state agencies to use personnel more productively as staff devoted less time to federal administrative requirements and
more time to program activities.\textsuperscript{3} We also reported that states were able to better coordinate programs after the consolidations.\textsuperscript{4} More recently, our work has shown that multiple food assistance programs confuse applicants about programs and benefits available to them. If food assistance programs were streamlined, GAO has reported, service delivery could be improved.\textsuperscript{5}

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Program consolidations can also create opportunities to reassess federal programs or activities and eliminate programs that are duplicative, outdated, or in which costs for benefits received either do not or no longer justify federal spending. For example, GAO testified that many small, specifically targeted postsecondary education programs are potential candidates for consolidation because they appear to have overlapping target populations or provide similar services. As we said, these small programs are costly to implement and oversee, and evaluating their effectiveness is difficult. Program consolidation could reduce program administrative costs, and the Department of Education could better focus its management resources on evaluating the remaining programs.

EXAMPLES OF CONSOLIDATION OPPORTUNITIES IDENTIFIED IN GAO'S WORK

The following eight examples show in greater detail the range of opportunities for program consolidation found in GAO's audits and evaluations. Seven of the examples are drawn from our recently released report, \textit{Addressing the Deficit: Budgetary Implications of Selected GAO Work for Fiscal Year 1996} (GAO/OCG-95-2, March 15, 1995).

Reappraise Rural Development Programs

Since 1989, GAO reports and testimonies have commented on problems in federal rural development programs.\textsuperscript{6} Hundreds of

\textsuperscript{3}See, for example, our summary report on OBRA 1981 block grant implementation, \textit{Block Grants: Overview of Experiences to Date and Emerging Issues} (GAO/HRD-85-46, April 3, 1985).


\textsuperscript{5}See, for example, \textit{Food Assistance: USDA's Multiprogram Approach} (GAO/RCED-94-33, November 24, 1993).

\textsuperscript{6}See, for example, \textit{Rural Development: Patchwork of Federal Programs Needs To Be Reappraised} (GAO/RCED-94-165, July 28, 1994).
federal programs provide rural development assistance across multiple federal agencies. The programs are complex and generally difficult to administer because state and local officials must grapple with varying programs rules and regulations. For example, there are 11 different programs in six different federal agencies that provide assistance for water and sewer projects, each with its own set of regulations. This complexity results in inefficient and costly delivery of federal assistance.

Appropriate program consolidation pursuing a broad strategy for economic development in rural areas provides one alternative to the current system of multiple, narrowly focused programs. Program consolidation would provide the opportunity to eliminate overlapping or duplicative activities, thereby facilitating improvements in the effectiveness and efficiency of overall federal assistance to rural areas. Depending on the extent of the consolidation and resulting roles and responsibilities, program savings could be achieved at each level of government, from lower administrative costs of regulatory compliance on the local level to reduced overhead expenses from consolidated program administration at the federal level. To illustrate the potential for savings, GAO's example used the President's proposal to consolidate funds among 14 Department of Agriculture (USDA) rural development loan and grant programs. Such an initiative could generate $42 million in administrative savings by reducing USDA headquarters full-time employees.

Streamline Defense Infrastructure

DOD faces huge challenges in effectively managing its diverse operations as it downsizes its forces and activities. Consolidation can be a viable option for DOD as it tries to reassesses its mission and improve efficiency. The following two examples--restructuring the defense transportation system and consolidating the separate military exchange stores--are among a wide range of potential DOD consolidations.

Numerous studies by DOD, presidential commissions, and others have reported that the structure of the defense transportation system is fragmented and inefficient. Traffic management processes were developed independently for each mode of transportation, with each supported by an independently developed automated system. Although in 1993 DOD designated the U.S. Transportation Command (TRANSCOM) as the single DOD manager of the Defense Transportation System, separate component command headquarters and an antiquated worldwide field structure have remained essentially unchanged. TRANSCOM recognizes the need to overhaul its system and is actively engaged in a reengineering initiative.
GAO has testified that fixing the organizational structure is a mandatory first step to address the fragmented transportation system and substantially reduce transportation costs.\footnote{Defense Infrastructure: Enhancing Performance Through Better Business Practices (GAO/T-NSIAD/AIMD-95-126, March 23, 1995).} Consolidation will be an important component of the restructuring. For example, the integration and consolidation of transportation information systems could result in improved efficiencies and administrative savings. TRANSCOM's Joint Transportation Corporate Information Management Center is recommending reducing 120 current information management systems to 23 or less by 1997.

DOD's "morale, welfare, and recreation (MWR)" program is a $12 billion enterprise that provides service members, their dependents, and eligible civilians with an affordable source of goods and services. Exchange stores are the largest producer of MWR revenue. Since 1968, studies by GAO, DOD, and others have recommended the consolidation of exchanges into a single entity, predicting that financial benefits could result.\footnote{See, for example, Morale, Welfare, and Recreation: Declining Funds Require DOD To Take Action (GAO/NSIAD-94-120, February 28, 1994).} While the Army and Air Force exchanges have been consolidated, the Navy and Marine Corps retain separate exchanges.

Revenue generated by the MWR is likely to decrease in the 1990's because of the downsizing of forces and increased private sector competition. Appropriated funds—which now constitute 10 percent of MWR funding—are also expected to decline as overall budgets decline. In this environment, consolidation and streamlining could benefit DOD financially.

**Consolidate Strategic Petroleum Reserve**

The consolidation of the Strategic Petroleum Reserve (SPR) could reduce or eliminate excess storage capacity, improving SPR's efficiency and reducing overall program costs.\footnote{Energy Policy: Ranking Options To Improve the Readiness of and Expand the Strategic Petroleum Reserve (GAO/RCED-94-259, August 18, 1994).}

Because of budget constraints, very little crude oil has been purchased for storage in the SPR since 1993, and no additional purchases are planned for fiscal year 1995. Currently, the reserve has about 150 million barrels of excess storage capacity spread out over four of the five storage sites. Consolidation of storage sites would result in lowering operations and maintenance
costs by $12 million over 5 years according to the Congressional Budget Office—if the Department of Energy (DOE) maintains the amount of oil stored in the reserve at its current level of about 600 million barrels.

**Streamline Employment and Training Programs**

The challenges posed by increased global competition and a changing economy call for a renewed commitment to invest in the American workforce. However, federal efforts to meet this commitment have resulted in a wide array of programs spread across 15 departments and independent agencies with a total budget of about $20 billion. Many of the programs have similar goals and provide the same services to similar populations using separate, parallel delivery structures. GAO has identified 163 federal programs and funding streams providing employment and training assistance. This overlap can add unnecessary administrative costs at each level of government—federal, state, and local. It can also lead to less than effective service delivery.

Consolidation could provide an opportunity to improve efficiency and effectiveness in employment and training programs. GAO used the example of consolidating similar employment and training programs for the economically disadvantaged and dislocated workers to illustrate the potential for savings. The example would consolidate nine programs for dislocated workers and another nine programs for the economically disadvantaged. In anticipation of administrative efficiencies to the states as well as improved opportunities to reduce program fragmentation, grant funding could be cut by 10 percent, saving the federal government about $2.3 billion over 5 years.

**Consolidate U.S. Department of Agriculture Food Assistance Programs**

The federal domestic food assistance system is a good example of the wide range of potential benefits from program consolidation. Fourteen programs under USDA provide food and food-related assistance to about 39 million people, from infants to the

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elderly, with estimated federal funding of $37 billion in fiscal year 1994.

GAO has reported that the multiple program approach used to provide food assistance has created a complex administrative structure involving different nutritional goals and funding schemes and encompassing various combinations of federal, state, and local agencies, that, for the most part, dispense food benefits independently.11 Administrative procedures are inconsistent, confusing applicants about what programs and benefits are available.

In February 1995, we reported that one alternative for streamlining current food assistance programs would be to consolidate three commodity food assistance programs that rely on USDA commodities.12 These programs--The Emergency Food Assistance Program, Soup Kitchens/Food Banks and Commodity Supplemental Food Program--could be consolidated, giving states more flexibility to target resources more effectively while continuing to support USDA's price support and surplus removal activities.

In GAO's illustrative example, CBO estimated that $217 million in savings could be achieved by eliminating some grant funding currently provided the states for program administration. Alternatively, consolidation could be based on a reassessment of domestic food assistance programs in line with broader policy objectives and goals. In this instance, duplicative or overlapping programs would be eliminated and state and local flexibility increased to improve service delivery and reduce administrative costs at all levels of government.

Reorganize Federal Land Management Agencies

Federal lands are managed primarily through the National Park Service, Bureau of Land Management (BLM), and Fish and Wildlife Service within the Department of the Interior and the Forest Service within the Department of Agriculture. These agencies have prepared or are preparing a streamlining plan to reduce and restructure their work forces. Further efficiencies could be


achieved by exploring consolidation opportunities across existing jurisdictional boundaries.\textsuperscript{13}

GAO has reported that efficiencies could be derived through a collaborative federal approach to land management.\textsuperscript{14} The opportunities for consolidation include refocusing, combining, or eliminating certain duplicative missions, programs, activities or field locations across the four agencies. For example, in western Oregon, BLM and the Forest Service are responsible for 2.3 and 4.9 million acres of land, respectively. Both agencies manage portions of these lands for timber production and have parallel forestry organizations in several locations.

Through the years, there have been several attempts to have the land management agencies collaborate in their program or service provision. These include (1) consolidating BLM's and the Forest Service's responsibilities for managing adjacent lands in western Oregon and Washington, (2) the potential for eliminating Forest Service regions, and (3) using shared resources such as a Forest Service supervisor overseeing both Forest Service and BLM employees in Oregon. Savings could be achieved from closing or combining offices and duties with corresponding reductions in overhead and staff. While estimated cost savings would depend on the specific restructuring plan, the potential savings from the elimination of duplication and increased efficiencies is a compelling reason to consider consolidation.

Restructure Department of Energy's (DOE) National Laboratories

GAO has reported that DOE still maintains a redundant structure with respect to nuclear weapons work, an arrangement that may not be the most efficient alternative for meeting defense requirements.\textsuperscript{15} DOE's laboratory network comprises 28 labs, with a budget of nearly $8 billion and employment of 63,000. Recent shifts in national priorities--principally, the dramatic reduction in the arms race and proposed cutbacks in energy and

\textsuperscript{13}See, for example, our discussion of the President's National Performance Review Recommendation on rationalizing federal lands ownership in \textit{Management Reform: Implementation of the National Performance Review's Recommendations} (GAO/OCG-95-1, December 5, 1994), p. 186-188.

\textsuperscript{14}See, for example, \textit{Forestry Functions: Unresolved Issues Affect Forest Service and BLM Organizations in Western Oregon} (GAO/RCED-94-124, May 17, 1994).

\textsuperscript{15}National Laboratories Need Clearer Mission and Better Management (GAO/RCED-95-10, January 27, 1995).
nuclear research funding—raise questions about the need for all these labs.

In particular, DOE's three large defense labs, costing about $1 billion annually, were created to design and test nuclear weapons. Currently, these labs allocate less than half of their budgets to nuclear weapons design, development and testing—the principal reasons they were created. Thus, the original strategy of planned duplication in defense lab activities could be reconsidered as the labs' original role has greatly diminished over time.  

Aside from deciding on the ideal number of labs, most experts GAO consulted agree that the missions of the laboratories now need to be clarified if their resources are to be used most effectively. Program consolidation offers one way to enhance efficiency and reduce overall lab costs. To illustrate the potential for savings from lab consolidation, GAO used a Galvin Commission recommendation. That commission examined a transfer of most of the nuclear weapons functions from the Lawrence Livermore to the Los Alamos laboratory to reduce overlap and duplication among these two defense labs. Such a consolidation would save about $1 billion over 5 years because while both facilities would design weapons only one would engineer and test them.

A Patchwork of Education Programs Presents Consolidation Opportunities

The Department of Education's budget accounts for about $33 billion of an estimated $70 billion in federal education assistance. Education administers 244 education programs, while 30 other federal agencies administer another 308. Education has proposed several programs as candidates for consolidation or elimination. GAO has identified another 36 programs, totaling about $3.4 billion within the department also may be potential candidates for consolidation. Some portion of an additional 151 programs administered by both Education and other federal agencies may also present opportunities to streamline federal education spending.  

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16 See also our discussion of the President's National Performance Review recommendation to strengthen DOE's energy management in Management Reform: Implementation of the National Performance Review's Recommendations (GAO/OCG-95-1, December 5, 1994), pp.94-95.

17 See our discussion of the President's National Performance Review Recommendations on Department of Education programs in Management Reform: Implementation of the National Performance Review's Recommendations (GAO/OCG-95-1, December 5, 1994), pp.71-76.
For example, GAO has identified patchwork patterns in federal programs for teacher training, early childhood education and at-risk youth, suggesting that efficiencies in these areas might be achieved through consolidation. Services are not well-integrated in the following areas:

-- More than 90 preschool and child care programs in 11 federal agencies and 20 offices that target children at similar ages, sometimes provide similar services but differ in costs and comprehensiveness.\(^{18}\)

-- About 86 programs in nine federal departments and agencies offer teacher training, and about half are primarily focused on teacher training. The latter group of programs obligate over $280 million for teacher training activities. Typically, such training programs fund conferences, trainer salaries, travel, and materials.\(^{19}\)

-- At least 46 programs administered by eight federal agencies are targeted to youth development. These programs are funded through earmarked appropriations targeted to similar populations. GAO is currently in the process of identifying the multiple funding streams that support these programs.\(^{20}\)

THE IMPLICATIONS OF PROGRAM CONSOLIDATIONS

As the examples illustrate, program consolidations have potential to reduce federal as well as nonfederal costs and improve the efficiency and effectiveness of federal programs. However, the relationships between consolidation and federal budget savings and improvements in program operations and outcomes may not be wholly obvious, especially with respect to grant program consolidations. When consolidations result in significant shifts of authority and power over federal grant programs to states and localities, federal accountability issues are raised.

Budgetary Savings From Consolidations

Not all consolidation proposals are designed with budgetary savings in mind, although this is increasingly the case. For

\(^{18}\)Early Childhood Programs: Multiple Programs and Overlapping Target Groups (GAO/HEHS-95-4FS, October 31, 1994).

\(^{19}\)Multiple Teacher Training Programs: Information on Budgets, Services, and Target Groups (GAO/HEHS-95-71FS, February 22, 1995).

\(^{20}\)On January 19, 1995, GAO issued correspondence (GAO/HEHS-95-60R) to Senator Cohen and Congressman Goodling on education development programs for at-risk youth.
example, during the 1970s, consolidations of categorical grant programs into block grants were accompanied by funding increases, while the OBRA 1981 block grants carried funding reductions.

Current proposals feature funding cuts. In considering the budgetary savings that could result from such proposals, the following factors are relevant:

Federal budgetary savings are potentially available from two categories of activity--programmatic and administrative. In grant programs, each type may be achievable at the federal and/or state and local levels. Federal budgetary savings may be directly counted from changes in federal agency program and administrative activities. As well, savings may be realizable by reducing the grants in anticipation of lower state and local costs for managing federal grant programs and/or delivering program services.

In figuring the expected savings in any consolidation, it will be important to recognize that federal budgetary savings do not come from the act of consolidating programs per se. As an example, if federal activities are consolidated in a new office or bureau—but the affected responsibilities and personnel are simply transferred rather than reduced or eliminated—little, if any, savings result. The consolidation may be justified on policy grounds, but its budgetary effects could be negligible.

Rather, federal budgetary savings are the sum of reductions in federal spending due to changes in federal agency and/or grantee functions and responsibilities as a result of the consolidation. Because of this, there must be information on baseline spending so that savings can be calculated against previous levels of spending. Moreover, there also may be transition costs to figure in, such as the cost of leases, maintenance costs for unoccupied federal property, severance costs for employees who are involuntarily separated, and moving expenses for employees transferred to new sites.

Also, the effects of consolidation on current activities and institutions—in terms of the changes that are intended—will need to be clearly identified. Without sufficient specificity on the details of such changes, their budgetary effects cannot be assessed. For example, if transportation functions of the military services are to be consolidated to "the extent possible," it will still be necessary to spell out details of the changes, notably the net effects on program and administrative responsibilities and personnel.

Given the variety of federal programs and activities and types of spending potentially involved, it would be expected that some kinds of consolidation savings are easier to gauge than others. For example, direct reductions in federal agency staff and office
closure savings are relatively easy to assess, although savings are net of offsetting expenses. In contrast, savings flowing from administrative efficiencies are more difficult to document and link to the federal budget. As we reported in Budget Issues: Assessing Executive Order 12837 on Reducing Administrative Expenses (GAO/AIMD-94-15, November 17, 1993), there often is no uniform definition of administrative expenses across agencies. Moreover, the budget account structure does not consistently separate administrative from program expenses. Accordingly, it is difficult to configure a federal baseline against which to assess the impact of changes.

Obtaining information on the budgetary savings created through administrative efficiencies at state and local levels is even more difficult. As in federally-managed programs, there is no uniform definition of administrative activities across states and localities. Moreover, variance in state accounting systems means that there is little comparability in accounting for administrative costs.

Beyond definition and cost accounting problems, grant programs present the following additional difficulties: (1) differences between program and administrative activities at the service delivery level may be unclear and subject to interpretation, (2) predicting the behavioral responses of grantees to increased flexibility and reduced administrative requirements often is problematic since little data on past grant administrative expenses are available, and (3) it is difficult to track state and local administrative activities after consolidation in order to isolate the effects of the consolidation from other factors affecting spending.

Our reports on the OBRA 1981 block grants provide an example of the problems encountered in assessing state and local administrative savings. At the time of our analysis (as is true today), state accounting systems did not permit an assessment of whether states realized administrative savings sufficient to offset cuts in grant dollars. State officials did report significant reductions in regulatory and administrative burdens because of the block grants. However, these reductions did not translate directly into staff cuts. Moreover, states experienced some offsetting increases in administrative responsibilities in the process.

Accountability Issues

As noted above, among the major potential benefits of program consolidation are the improvements and efficiencies in service delivery and administration that can result when conflicting and fragmented or overlapping services are reconciled and streamlined. Taxpayers, clients, administrators, as well as
those charged with responsibility for overseeing the programs, can all benefit from such improvements.

For consolidated grants, issues of accountability will be especially important. The efficiencies and improvements anticipated under the consolidated programs are the logical consequence of increased state and local flexibility to integrate the delivery of services among various federal programs and related state and local programs. In practical terms, flexibility will involve broadening the valid uses of federal funds and loosening the strings—that is, the conditions of aid and other crosscutting requirements that bind grant recipients. Broadening state and local discretion implicitly, however, involves a transfer of power and responsibility from the federal to state and local governments. As a result, the objective of increasing state and local flexibility and authority must be reconciled with the federal interest of promoting accountability for certain national objectives. For example, the recent history of block grants suggests that the failure to reach an acceptable accommodation of these competing concerns undermines support for these programs, prompting recategorization or erosion of funding.  

In building accountability into consolidated programs, problems can arise from either too many accountability provisions or too few. The presence of too many requirements and conditions can inhibit states from realizing the kinds of efficiencies promised by the block grant mechanism. Overly prescriptive federal requirements can limit states' ability to integrate related federal and state programs in new and more efficient ways. Moreover, they may limit states' interest in taking ownership and responsibility for program management and results—a key attribute that the 1981 block grants succeeded in instilling at the state level initially.

On the other hand, insufficient federal accountability provisions can pose other problems for consolidated programs. The continued presence of federal funds ensures continued federal interest in promoting financial accountability for the use of funds and program accountability for achieving objectives of national interest. The recent history of block grants suggests that the absence of these provisions can either undermine continued congressional funding or prompt recategorization and prescriptive regulations to ensure that congressional objectives are achieved. For instance, the OBRA 1981 block grants, which lacked consistent national program reporting on state implementation, were subject

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to more than 50 congressional actions to tighten program requirements and accountability provisions.\textsuperscript{22}

A balance will need to be struck that simultaneously responds to these two potentially conflicting objectives. It should include safeguards to protect federal financial interests. And, in keeping with the spirit of cooperative intergovernmental partnership in the newly-consolidated programs, it might also involve a reduced emphasis on controlling program inputs and greater emphasis on evaluating results and outcomes. In making such a shift, however, the Congress and federal agencies will need to decide the kinds and nature of information that will be needed to assess program results.

With respect to financial accountability--

The federal government should exercise its interest in ensuring financial accountability to ensure that state and local governments have systems in place to prevent the improper or illegal use of funds. As GAO has reported, the Single Audit Act requirement for an annual financial and compliance audit of entities receiving federal funds provides an appropriate vehicle for periodically examining the adequacy of these controls over federal programs and compliance with federal laws and regulations, while avoiding more burdensome and expensive grant-by-grant audits. Further, single audits promote financial management improvements in the entities that manage federal assistance and minimize the gaps and duplication in audit coverage that were prevalent before passage of the act.\textsuperscript{23}

With respect to program accountability--

A results-oriented focus would be one appropriate way to satisfy federal concerns for national objectives. Such an approach would emphasize the outputs or outcomes achieved by states as measured against mutually-agreed upon and clearly-defined goals and objectives rather than the more traditional concern with how states achieve these results.

A results-oriented focus would present challenges, certainly. But, they are not insurmountable. Agreement will be needed on goals and whether performance measures can be used to gauge success. The basic issue of how the federal and state governments will monitor and report on results measured in outcome terms will need to be considered. Finally, thought could

\textsuperscript{22} Block Grants: Characteristics, Experience, and Lessons Learned (GAO/HEHS-95-74, February 9, 1995).

\textsuperscript{23} Single Audit: Refinements Can Improve Usefulness (GAO/AIMD-94-133, June 21, 1994).
be given to whether incentives or penalties linked to performance might serve a useful purpose in achieving federal objectives.

Overall, although it may not be possible with certain broad programs to isolate the effects of federal from state dollars, this framework would nevertheless provide critical information on program accomplishments achieved by the intergovernmental delivery system. Comparable data on the results achieved across states would help address continuing national concerns, while permitting states discretion over how to achieve these objectives.

This concludes my statement. We would be pleased to work with the Subcommittee to provide any additional information needed to address these issues.
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