

Why GAO Did This Study

Climate change poses risks to many environmental and economic systems, including agriculture, infrastructure, and ecosystems. Federal law has periodically required the Office of Management and Budget (OMB) to report on federal climate change funding.

GAO was asked to examine (1) federal funding for climate change activities and how these activities are organized; (2) the extent to which methods for defining and reporting climate change funding are interpreted consistently across the federal government; (3) federal climate change strategic priorities, and the extent to which funding is aligned with these priorities; and (4) what options, if any, are available to better align federal climate change funding with strategic priorities. GAO analyzed OMB funding reports and responses to a Web-based questionnaire sent to federal officials, reviewed available literature, and interviewed stakeholders.

What GAO Recommends

Among GAO's recommendations are that the appropriate entities within the Executive Office of the President (EOP), in consultation with Congress, clearly establish federal strategic climate change priorities and assess the effectiveness of current practices for defining and reporting related funding. Relevant EOP entities did not provide official written comments, but instead provided technical comments, which GAO incorporated as appropriate.

CLIMATE CHANGE

Improvements Needed to Clarify National Priorities and Better Align Them with Federal Funding Decisions

What GAO Found

Funding for climate change activities reported by OMB increased from \$4.6 billion in 2003 to \$8.8 billion in 2010, and is organized in a complex, crosscutting system. OMB reports funding in four categories: technology to reduce emissions, science to better understand climate change, international assistance for developing countries, and wildlife adaptation to respond to actual or expected changes. Over this period, technology funding, the largest category, increased from \$2.56 billion to \$5.5 billion and increased as a share of total funding. OMB also reported \$26.1 billion as funding for climate change programs and activities in the American Recovery and Reinvestment Act of 2009, and tax expenditures to encourage emissions reductions, with \$7.2 billion in federal revenue losses in 2010. Many federal entities manage related activities, including interagency programs that coordinate agency actions.

Questionnaire responses suggest that methods for defining and reporting climate change funding are not interpreted consistently across the federal government. Respondents identified three methods for defining and reporting climate change funding, foremost of which is guidance contained in OMB Circular A-11. While most said their own organization consistently applied these methods internally, far fewer said that they were applied consistently across the government. Some, for example, noted that other agencies use their own interpretation of definitions, resulting in inconsistent accounting across the government, because of several factors, such as the difficulty in distinguishing between programs related and unrelated to climate change.

Respondents, literature, and stakeholders identified two key factors that complicate efforts to align funding with priorities. First, notwithstanding existing coordinating mechanisms, questionnaire results indicated that federal officials do not have a shared understanding of strategic priorities. This is in part due to inconsistent messages articulated in strategic plans and other policy documents. A 2008 Congressional Research Service analysis had similarly found no "overarching policy goal for climate change that guides the programs funded or the priorities among programs." Second, respondents indicated that since mechanisms for aligning funding with priorities are nonbinding, they are limited when in conflict with agencies' own priorities.

Questionnaire respondents also identified options to better align funding with strategic priorities. Such options included (1) a governmentwide strategic planning process that promotes a shared understanding among agencies of strategic priorities by articulating what they are expected to do within the overall federal response to climate change and (2) an integrated budget review process that better aligns these priorities with funding decisions through a more consistent method of reporting and reviewing climate change funding. Federal entities are beginning to implement some of these options. However, without further improvement in how federal climate change funding is defined and reported, strategic priorities are set, and funding is aligned with priorities, it will be difficult for the public and Congress to fully understand how climate change funds are accounted for and how they are spent.