United States Government Accountability Office

Report to Congressional Requesters

December 2016

DECLINING RESOURCES

Selected Agencies Took Steps to Minimize Effects on Mission but Opportunities Exist for Additional Action

DECLINING RESOURCES

Selected Agencies Took Steps to Minimize Effects on Mission but Opportunities Exist for Additional Action

Why GAO Did This Study

Federal discretionary appropriations declined by roughly 12 percent between FY 2010 and 2015. To better understand issues agencies face in an environment of declining resources and how agencies could address them, GAO developed a framework in 2012 for examining agencies' efforts to manage declining resources.

GAO was asked to examine the specific actions agencies are taking to manage declining resources and the effects on services to the public. This report examined (1) to what extent selected agencies' actions to manage in an environment of declining resources aligned with GAO's framework and (2) the effects, if any, declines in discretionary spending after 2009 had on services to the public at selected agencies.

GAO applied its framework to three agencies selected based on budget data from FY 2010 through 2014. For the larger agencies (EPA and ETA), GAO selected two programs within each agency for review. GAO reviewed agency documents; and interviewed agency officials, program partners, and external stakeholders.

What GAO Recommends

GAO makes three recommendations, including that FLETC finalize its plan for the Online Campus and ETA systematically identify lessons learned by the UI program that could help it respond to future economic downturns. FLETC concurred. ETA did not state whether it concurred or not but stated it believed the recommendation does not fully recognize its existing efforts. GAO continues to believe the recommendation is valid as discussed in the report.

View GAO-17-79. For more information, contact Heather Krause at (202) 512-6806 or krauseh@gao.gov

What GAO Found

The three selected agencies GAO reviewed for this report—the Employment and Training Administration (ETA), Federal Law Enforcement Training Centers (FLETC), and the Environmental Protection Agency (EPA)—each took a number of different approaches to manage declining resources that aligned with the three key themes outlined in GAO's framework. For example:

1. **Top Management Should Lead Efforts to Manage Declining Resources.** ETA's Office of Foreign Labor Certification top management led efforts to ensure the agency maintains capacity to achieve its mission by taking steps to restructure its workforce to better use existing staff to address changes in workload. This includes cross-training its workforce to achieve greater interoperability of employees among its three processing centers.

2. **Data Analytics Should Guide Decision Making.** EPA used Lean Six Sigma, a data-driven process-improvement methodology, to evaluate agency processes and identify opportunities to make them more efficient. For example, EPA's Office of Pesticide Programs reported that it reduced the time it takes to post pesticide product labels, which provide critical information about proper use and handling of pesticides.

3. **Agencies Should Develop Cost-Cutting and Cost-Avoidance Strategies.** FLETC reported that in FY 2013 and 2014 the agency reviewed its service contracts to identity potential cost avoidance opportunities. As a result, FLETC reported avoiding roughly $8 million out of $81 million in service contracts by reducing or eliminating nonessential services, such as reducing hours for the information technology (IT) service desk support and consolidating security guard services.

However, opportunities exist for top management at selected agencies to take additional actions to ensure they maintain capacity to achieve their missions and avoid costs. For example, FLETC is working to develop an Online Campus initiative, which would provide distance-learning opportunities and represents a potential long-term cost avoidance strategy that could help the agency maintain capacity to provide necessary law enforcement training. However, FLETC has not yet finalized its plan for the Online Campus with steps and timeframes needed to ensure successful implementation. At ETA, the most recent recession tested the Unemployment Insurance (UI) program's capacity, but ETA has yet to systematically identify lessons learned to help ensure UI maintains capacity should workload increase again. Following through on these actions could help agencies better manage limited resources and maintain capacity to achieve their missions.

Some agency officials and stakeholders reported that actions taken by the selected agencies affected timeliness and service level for some programs. While some stakeholder organizations commended the agencies for their efforts to continue to achieve their missions with fewer resources, they also noted that some actions had negative effects on individuals, businesses, states, localities, and others. The effects they cited included delays in receiving unemployment benefits and disruptions to businesses resulting from delays in processing foreign labor applications and pesticide registration applications.

_____ **United States Government Accountability Office**

Contents

Figures

Abbreviations

BBEDCA	Balanced Budget and Emergency Deficit Control Act of 1985
BCA	Budget Control Act of 2011
CBO	Congressional Budget Office
DHS	Department of Homeland Security
EPA	Environmental Protection Agency
EPM	Environmental Programs and Management
ETA	Employment and Training Administration
FLETC	Federal Law Enforcement Training Centers
GDP	gross domestic product
IT	information technology
Labor	Department of Labor
NPS	nonpoint source
OFLC	Office of Foreign Labor Certification
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OPP	Office of Pesticide Programs
PO	Partner Organizations
PRIA	Pesticide Registration Improvement Act
STAG	State and Tribal Assistance Grants
UI	Unemployment Insurance
VERA/VSIP	Voluntary Early Retirement Authority and Voluntary Separation Incentive Payment

December 20, 2016

The Honorable Bernard Sanders
Ranking Member
Committee on the Budget
United States Senate

The Honorable Patty Murray
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

Discretionary appropriations are budgetary resources provided in and controlled through appropriations acts. They fund many of the activities commonly associated with the federal government. These include the day-to-day operations of executive branch agencies as well as national defense, federal law enforcement activities, food safety, environmental protection, and investment-oriented spending on infrastructure and basic research. Discretionary appropriations declined by roughly 12 percent between fiscal years 2010 and 2015.[1] In 2011, Congress enacted the Budget Control Act of 2011 (BCA), which amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), to impose spending limits (or caps) on discretionary appropriations for fiscal years 2012 through 2021.[2] The Congressional Budget Office (CBO) projects that under these limits, discretionary spending will continue to decline as a share of the economy and within the next 5 years will be lower as a share of gross domestic product (GDP) than any level seen in the last 50 years.[3] In this budget environment, agencies may need to look for

---

[1]During this period, an across-the-board reduction known as sequestration was triggered in fiscal year 2013. As a result, 5 months into the fiscal year federal agencies were ultimately required to implement an $80.5 billion reduction to their total spending. See GAO, *2013 Sequestration: Agencies Reduced Some Services and Investments, While Taking Certain Actions to Mitigate Effects,* GAO-14-244 (Washington, D.C.: Mar. 6, 2014). Just prior to this period, in response to the most recent recession, Congress enacted the American Recovery and Reinvestment Act of 2009 (Recovery Act) to, among other purposes, promote economic recovery, provide investments needed to increase economic efficiency, and minimize and avoid reductions in essential services and counterproductive state and local government tax increases. The Recovery Act appropriated additional discretionary funds in 2009.

[2]2 U.S.C. § 901(c), 901a.

[3]Based on CBO's August 2016 report *An Update to the Budget and Economic Outlook: 2016 to 2026*.

opportunities to reconsider priorities, determine how and in what areas to make tradeoffs, and evaluate the potential immediate and long-term effects of these decisions. Declining discretionary resources can prompt agencies to re-examine core missions, increase efficiency, and innovate. Effectively managing the resources that agencies have available is vital to ensuring that they can continue to effectively achieve their missions and deliver services to the public.

Given the recent budget trends and anticipated future fiscal outlook, you asked us to examine the specific actions agencies are taking to manage with declining resources. This includes some of the specific activities that agencies reduced and any effects on external stakeholders in terms of service and program delivery. This report examined (1) to what extent selected agencies' actions aligned with our framework for managing in an environment of declining resources and (2) the effects, if any, declines in discretionary spending after 2009 had on services to the public at selected agencies.[4]

To address our first objective, we applied a framework that we first developed in 2012 for examining agencies' efforts to effectively manage in an environment of declining resources. We developed this framework to better understand the issues agencies face in an environment of declining resources and how agencies could address them. This framework is based on (1) an extensive review of relevant literature, including our prior work; (2) interviews with high-level budget experts, including academics, Office of Management and Budget (OMB) staff, agency chief financial and budget officers, and former congressional staff to discuss their experiences with budgeting in an environment of declining resources; and (3) a forum of experienced budget practitioners who discussed principles to guide agencies' respective decision making while managing in an environment of declining resources, as well as specific actions that could be taken at federal agencies to implement funding reductions while still achieving their mission. The forum's participants represented a cross-section of federal agencies including the Departments of Agriculture, Commerce, Defense, and Homeland

---

[4]For the purposes of this report we use "funding" to refer to discretionary budget authority and the phrase "declining resources" to refer to reductions in discretionary budget authority. This excludes mandatory budget authority that is provided in laws other than appropriation acts and entitlement authority (for example, Supplemental Nutrition Assistance, Medicare, and veterans' pension programs).

Security; the Internal Revenue Service; and the U.S. Merit Systems Protection Board.

Based on the methodology described above, we identified three key themes for managing in an environment of declining resources. We also identified subthemes with examples of activities that align with each of the major themes. These examples offer approaches that agencies could apply to manage their own limited resources. For the purposes of this report, we also reviewed our relevant reports released since the framework was first developed. We then discussed this framework with the agencies selected for this review. After assessing this information, we determined that the criteria established in the framework are still current, valid, and relevant and applicable for answering the research objectives of this report.

To accomplish our objectives, we made a purposeful selection of three agencies.[5] Each of the selected agencies experienced a decline between 11 and 25 percent in "gross discretionary budget authority" from fiscal years 2010 through 2014 (the most recent year of actual data available at the time of our agency selection).[6] To understand the differential effects of declines, we identified agencies that serve different national priorities (as indicated by budget function data from the OMB Max database) and also considered agencies' appropriation account structures, information technology (IT) investments, and other factors. The three agencies we selected were:

- **Department of Homeland Security's (DHS) Federal Law Enforcement Training Centers (FLETC).** FLETC's mission is to provide basic, advanced, specialized, and in-service requalification training for law enforcement personnel in more than 90 federal law enforcement agencies as well as international, state, local, and tribal law enforcement agencies in areas such as the use of force, defensive tactics, and constitutional law.

---

[5]For the purpose of case study selection, we analyzed data from OMB Max at the bureau level. As defined in OMB's Circular A-11, a bureau is the principal subordinate organizational unit of an agency. While our study selection process focused on identifying three case study bureaus, some agencies, such as EPA, are composed of a single bureau for budgetary purposes. For the purposes of the report, we refer to all of the bureaus that we selected as agencies.

[6]Gross discretionary budget authority in the OMB Max database consists of new budget authority as well as a field labeled in the database as "offsetting collections (discretionary)."

- **Department of Labor's (Labor) Employment and Training Administration (ETA).** ETA's mission is to provide job training, employment, labor market information, and income maintenance services primarily through state and local workforce development systems.

- **Environmental Protection Agency (EPA).** EPA's mission is to protect human health and the environment. This includes administering programs that prevent air, water, and land pollution, as well as developing and enforcing environmental regulations.

Given its relatively smaller size, we included all FLETC activities in the scope of our review. Given the relatively larger size of ETA and EPA and the scope of their work, we selected two programs within each of these agencies for in-depth review. Programs were selected based on the overall amount of discretionary resources (discretionary budget authority) for the program or account, the magnitude of reductions in enacted budget authority from 2010 to 2015 (the most recent year of actual data available from the agency at the time of our program selection), input from agency officials at selected agencies, and our experience with programs and accounts from past and ongoing work. We also considered types of service delivery mechanisms such as grants and direct services represented across all selected programs. Overall, we selected:

1. Federal Law Enforcement Training Centers (FLETC)

2. ETA's Office of Foreign Labor Certification (OFLC) Federal Administration

3. ETA's Unemployment Insurance (UI) State Administration

4. EPA's Office of Pesticide Programs (OPP)[7]

5. EPA's State and Tribal Assistance Grants – Categorical Grant: Nonpoint Source (Section 319 program)

We reviewed budget and performance data, guidance from management, and other agency documents for each of the programs. This included documentation of the effects of resources on program outputs. However, a number of factors including overall program management can affect program outputs, making it difficult to isolate the specific effects of

---

[7]For the purposes of this report, we focused on those activities funded through three Environmental Programs and Management - Pesticides budget activities—"Protect Human Health from Pesticide Risk," "Protect the Environment from Pesticide Risk," and "Realize the Value of Pesticide Availability"—and the Pesticide Registration Improvement Act fees.

declining resources on outputs. We traced budget data provided by agencies to data from the President's budget when possible. We reviewed performance data from agencies' annual performance reports and compared it to other data sources for consistency. We assessed the reliability of computer-processed data sources that we reviewed by using electronic data testing, interviewing agency officials, and reviewing related documentation. We found the data to be sufficiently reliable for the purpose of our report.

We interviewed officials from budget offices as well as human capital, IT, and procurement offices within each agency about actions taken to manage declining resources and any related effects on internal operations. We included these three functions because they are performed widely by agencies across the federal government. We also interviewed officials responsible for managing selected programs regarding any effects of declining resources and actions to manage those declines on program implementation and performance goals.

To further address our second objective, we interviewed a purposeful, nongeneralizable selection of two to three partner organizations and other external stakeholder organizations for each program. These stakeholders provided additional information on how agencies' efforts to manage declining discretionary spending affected program recipients and customers. Partner organizations and stakeholders were selected based on our past work at selected programs and input from officials within selected programs. The stakeholder organizations were the American Immigration Lawyers Association, the Association of Clean Water Administrators, BASF (a private sector chemical company), the Consumer Specialty Products Association, Farmworker Justice, the National Association of State Workforce Agencies, the National Association of Conservation Districts, the National Employment Law Project, the Small and Seasonal Business Legal Center, U.S. Customs and Border Protection, U.S. Secret Service, and the Transportation Security Administration. We corroborated information and data provided by program partners and stakeholder organizations when possible. We reviewed reports and other relevant information prepared by the stakeholder organizations when available.

We conducted this performance audit from July 2015 to December 2016 in accordance with generally accepted government auditing standards. 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.

Background

In 2011, Congress enacted the Budget Control Act of 2011 (BCA), which amended the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), to impose spending limits (or caps) on discretionary spending for fiscal years 2012 through 2021. These initial caps were intended to reduce projected spending by about $1 trillion. Because additional legislation to reduce the deficit by at least another $1.2 trillion through fiscal year 2021 was not enacted, additional deficit reduction procedures were triggered under BCA. This included further annual downward adjustments to discretionary spending caps through fiscal year 2021. Congress and the President have since amended BBEDCA to allow for increased discretionary appropriations in certain years. Looking forward, nominal discretionary spending under the statutory caps grows in future years. However, the Congressional Budget Office projects that when measured as a share of the economy, discretionary spending is projected to be lower in 2021 than at any point in the last 50 years (see figure 1).[8]

---

[8]We prepare long-term federal fiscal simulations that illustrate the potential implications of different policy choices. Based on these simulations, spending on Social Security, health care, and net interest are expected to absorb a growing share of GDP and revenue in the future. This in turn can "crowd out" or put further pressure on discretionary spending (e.g., national defense, transportation, education) and other mandatory programs (e.g., veterans' disability benefits, agriculture, student loans). For more information, see GAO, *Fiscal Outlook: Federal Fiscal Outlook (2016) (Washington, D.C.: 2016), accessed November 7, 2016*, http://www.gao.gov/fiscal_outlook/federal_fiscal_outlook/overview.

Figure 1: Actual and Projected Discretionary Outlays as a Percentage of Gross Domestic Product, Fiscal Years 1986 to 2021

Percentage of gross domestic product

Fiscal year

■ Actual   ■ Projection   ┅ 30-year historical average
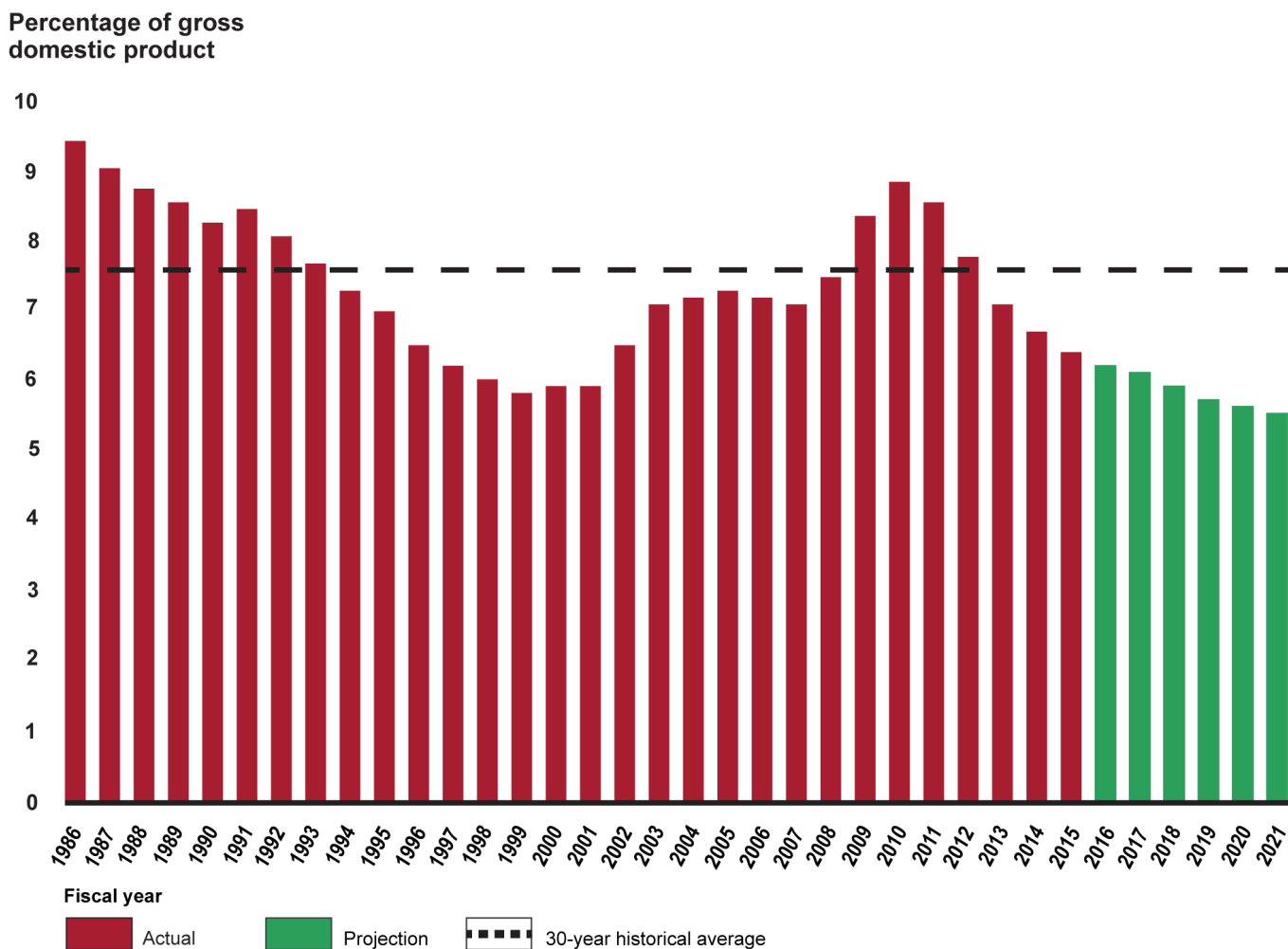
Note: Projections are based on the Congressional Budget Office's August 2016 report An Update to the Budget and Economic Outlook: 2016 to 2026.

As we have previously reported, state and local governments continue to face their own fiscal challenges. Our simulations of long-term fiscal trends for state and local governments suggest that they could continue to face gaps between revenue and spending during the next several decades that would require substantial policy changes to address.[9] This suggests

---

[9]GAO, *State and Local Governments' Fiscal Outlook: December 2015 Update*, GAO-16-260SP (Washington, D.C.: Dec. 16, 2015).

that the federal government's fiscal challenges cannot be adequately met over the long term by shifting spending to state and local governments.

Amount of Funding Reductions Varied by Agency and Program

Our analysis of federal budget data shows that the overall amount of new discretionary resources (or budget authority) declined by roughly 12 percent from fiscal year 2010 to 2015. The amount of actual reductions or increases in discretionary resources for individual agencies and programs is determined through the annual appropriations process, in which policymakers make choices between competing national priorities. The agencies and programs we selected for review all experienced a decline of at least 9 percent in newly appropriated discretionary resources from fiscal year 2010 to 2015. Figure 2 compares declines at select agencies with the changes in newly appropriated discretionary resources for large cabinet-level departments and for the federal government overall during this period.

Figure 2: Percentage Change in New Discretionary Resources (Budget Authority) for Select Federal Agencies and Departments, Fiscal Year 2010 to Fiscal Year 2015

Percentage change

Five cabinet-level departments with the largest declines

Five cabinet-level departments with the largest increases

Selected agencies

Overall governmentwide decline in discretionary budget authority = approximately 12 percent

Categories (x-axis): Commerce, Housing and Urban Development, Defense, Transportation, Labor, Interior, Homeland Security (DHS), Education, Energy, Veterans Affairs, Environmental Protection Agency, Employment and Training Administration (Labor), Federal Law Enforcement Training Center (DHS)

Legend:
■ Department
■ Agency

A number of other factors beyond changes in the amount of budgetary resources can also affect agencies' ability to manage declining resources. This includes the enactment of laws that impose new requirements on the agency and changes in demand for services resulting from the expansion or contraction of the broader economy. For example, the number of new unemployment insurance claims increases during recessionary periods. This increases state workload, which is funded through appropriations from ETA's State Unemployment Insurance and Employment Service Operations account.[10] The appropriation allows for additional funds to be made available when workloads increase above those estimated in the budget. However, according to ETA, during the 2007-2009 recession and the slow recovery that followed, states faced challenges quickly expanding capacity to process a record number of claims.[11] In contrast, ETA officials said that demand for foreign labor tends to increase during periods when the economy is expanding, which affects the volume of work at the Office of Foreign Labor Certification (OFLC). ETA reported that OFLC's overall application volumes were 84 percent higher in fiscal year 2015 than in fiscal year 2010. Agency officials attributed this increase in part to the recovering economy.

Missions of Selected ETA and EPA Programs

Table 1 provides an overview of the missions of selected programs at EPA and ETA. As described above, given its relatively smaller size, we included all FLETC activities in the scope of our review, and thus it is not shown in the following table.

---

[10]As part of the President's budget, Labor uses a combination of national claims-related workload projections and other factors to develop the request for UI administrative funding for states. Since funding is calculated in part based on claims-related workloads, the federal funding available to states is generally sensitive to changes in total claims, with more funding available when claims increase and less when they decrease.

[11]The National Bureau of Economic Research defines the economic recession as occurring from December 2007 to June 2009. However, the temporary Emergency Unemployment Compensation program, which provided additional federal unemployment insurance benefits to eligible individuals who had exhausted all available benefits from their state UI programs, did not expire until the end of December 2013.

Table 1: Overview of ETA and EPA Programs Selected for Review

Agency	Agency's Description of Program Missions
Department of Labor Employment and Training Administration (ETA)	**Office of Foreign Labor Certification (OFLC) Federal Administration** The Immigration and Nationality Act assigns specific responsibilities to the Secretary of Labor for the administration of employment-based immigration programs that require a labor certification. These statutory responsibilities include determining whether there are able, willing, and qualified U.S. workers for a position for which certification is requested and whether there would be any adverse effect on similarly employed U.S. workers should labor certification be granted. As a first step, employers apply to OFLC, which has responsibility to seek a determination certifying that employers may bring temporary non-immigrant and permanent immigrant foreign workers into the United States to perform jobs under one of several employment visa programs.[a] OFLC administers the following programs: • <u>Permanent labor certification program:</u> allows employers to hire a foreign worker permanently when there are not sufficient numbers of U.S. workers who are able, willing, qualified, and available to perform the job. • <u>H-1B program:</u> permits employers to temporarily hire foreign workers in professional or specialty occupations (e.g., computer programmers, software developers, and educators). • <u>H-2A program:</u> permits employers to temporarily hire foreign workers for the agricultural sector. • <u>H-2B program:</u> permits employers to temporarily hire foreign workers to come to the United States and perform temporary, seasonal nonagricultural work.
	Unemployment Insurance (UI) State Administration UI is a federal-state partnership that is responsible for providing temporary financial assistance to those who become unemployed through no fault of their own. This financial assistance also helps stabilize the economy during recessions. ETA provides funding to states to administer the UI program in accordance with Section 302(a) of the Social Security Act and oversees states' compliance with federal laws. These laws require states to have methods of administration that ensure full payment of unemployment benefits when due. Benefit payments are primarily funded through state payroll taxes.
Environmental Protection Agency (EPA)	**Office of Pesticide Programs (OPP)[b]** OPP regulates the manufacture and use of all pesticides (including insecticides, herbicides, rodenticides, disinfectants, sanitizers and more) in the United States. It also establishes maximum levels for pesticide residues in food, thereby safeguarding the nation's food supply. In addition to its regulatory functions, OPP is responsible for providing information and coordinating with partners and stakeholders—such as pesticide manufacturers and consumer, health, and environmental organizations—on issues ranging from worker protection to misuse of pesticides.
	State and Tribal Assistance Grants – Categorical Grant: Nonpoint Source (Section 319 program) EPA awards Section 319 grants to help implement state nonpoint source (NPS) pollution management programs.[c] State grant recipients are required to report their progress in meeting milestones annually to EPA. This includes the implementation of NPS control practices and associated reductions of NPS pollutant loadings to water bodies. According to EPA, states report that pollution from nonpoint sources—such as runoff from farms or construction sites—is the leading remaining cause of water quality problems.

Source: GAO analysis of selected agencies' performance reports, budget justifications, websites, and other documents and our previous reports. | GAO-17-79

[a]After successfully completing the certification process through OFLC, the employer must petition the U.S. Citizenship and Immigration Services for a visa. If granted, the Department of State will issue an immigrant visa number to the foreign worker for U.S. entry.

Appendixes I through III provide more detailed information on each selected agency's budget authority and certain performance measures.

Framework for Examining Agencies' Efforts to Manage Declining Resources

The framework that we developed in 2012 for examining agencies' efforts to effectively manage in an environment of declining resources outlines the following three key themes to guide agency officials in managing declining resources:

1. Top management should lead efforts to manage declining resources.
2. Data analytics should guide decision making.
3. Agencies should develop both short- and long-term, cost-cutting and cost-avoidance strategies.

Figure 3 below provides illustrative examples of activities that address each theme and subtheme. These themes are not mutually exclusive and in many ways help reinforce one another. For example, robust and reliable data analytics can inform top management's efforts to lead transformations within agencies that result in cost avoidance. Further, the examples in this framework, while not exhaustive, can help guide agencies through budget challenges by providing strategies for leading from the top, using data analytics to guide decisions, and reducing costs now and in the future.

Figure 3: Overview of Framework for Examining Agencies' Efforts to Manage Declining Resources

Key theme	Subthemes	Examples of activities that address this theme
Top management should lead efforts to manage declining resources	Has agency management • Reexamined core mission • Taken actions to ensure the agency maintains capacity (e.g., skills, resources) to achieve its mission • Consulted with Congress and involved internal and external stakeholders	• Develop a long-term strategy for managing budget uncertainty. • Reexamine programs and organizational structures to determine if the current environment still warrants continuing certain programs and activities. • Identify current or potential mission critical skills gaps and develop a plan to address them through training, hiring, retention, and other strategies. • Clearly define and communicate the key principles & priorities for guiding budget reductions. • Engage employees, unions, and other stakeholders to inform the decision making process. • Seek congressional direction if unclear of congressional intent from budget reductions. • Evaluate and implement recommendations from stakeholders (e.g., advisory groups, Inspector General, etc.) to improve efficiency and achieve cost savings.
Data analytics should guide decision making	Has the agency • Assessed availability and quality of data • Identified programs and activities that may be duplicative, overlapping, or fragmented • Reviewed operations to achieve additional efficiencies • Connected performance information to the budget	• Collect and use data that is sufficiently granular, reliable, timely, and accessible to make informed decisions. • Set specific cost-savings goals and monitor progress toward reaching those goals. • Reach agreement with other federal agencies, state and local governments, and the nonprofit sector on how to coordinate activities to avoid duplication and overlap. • Use a data-driven continuous process improvement approach to improve how products and services are provided. • Use strategic goals, objectives, and performance information to inform budget decisions.
Agencies should consider both short- and long-term cost-cutting and cost-avoidance strategies	Has the agency • Developed both short- and long-term strategies • Protected key investments to avoid longer-term costs • Considered or used shared services • Implemented benchmarking practices • Established incentive structures	• Centralize the agency's contracting decisions or use government-wide strategic sourcing vehicles to lower prices and reduce duplication and administrative costs. • Reduce the size and cost of real property by consolidating, co-locating, and disposing of properties. • Use capital funds or another mechanism to support upfront investments in key areas such as information technology. • Expand the use of shared services for functions that can be shared within or among agencies such as finance, purchasing, payroll, and information technology when appropriate. • Identify best practices—through benchmarking studies or other means—then make the improvements necessary to emulate those practices. • Institute an employee-input cost savings incentive program.

Source: GAO analysis. | GAO-17-79

Selected Agencies' Approaches Aligned with Key Themes from the Framework but Additional Opportunities Exist to Manage Declining Resources

Selected Agencies' Approaches to Managing Declining Resources Aligned with Key Themes from the Framework

Key Theme: Top Management Should Lead Efforts to Manage Declining Resources

Agencies must continue to achieve their missions with declining resources. As outlined in our framework, to accomplish this, top management should lead agencies' efforts to manage declining resources. For example, top management should take actions to ensure the agency maintains the capacity—including the agency's workforce and physical capital such as infrastructure and IT—to achieve its mission. As part of this, they could consider clearly defining and communicating the key principles and priorities for guiding budget reductions. Top management should also reexamine the agency's core mission. For example, they may want to reexamine programs and organizational structures to determine if the current environment still warrants continuing certain programs and activities. Top management should also consult with Congress and involved stakeholders and take into consideration how budget decisions align with congressional goals, constituent needs, and industry concerns.

As shown in figure 4, top management at selected agencies led efforts to achieve their respective missions with fewer resources in various ways at both the agency and program level. For example, top management at OFLC and EPA initiated comprehensive reviews of the workforce to identify skills gaps and reshape the workforce to align with evolving mission needs and budgetary limitations. FLETC's Director and executive team clearly defined key principles and priorities for guiding budget

reductions and communicated them to agency employees and stakeholders.

Figure 4: Illustrative Examples of How Top Management at Selected Agencies Led Efforts to Manage Declining Resources Consistent with the Framework

Department of Labor
Employment and Training Administration (ETA)

ETA leadership restructured the Office of Foreign Labor Certification's (OFLC) workforce and reengineered the Unemployment Insurance (UI) program's oversight and accountability processes.

In fiscal year 2015, OFLC's top management partnered with the Office of Personnel Management (OPM) to perform a comprehensive study of OFLC's organizational structure, workload, and work processes to identify specific challenges—such as the stove-piped management of each program, inability to shift resources in response to case load changes, and a lack of career progression opportunities for Immigration Program Analysts—and to identify actions and strategies for improvement. OPM found that OFLC is understaffed by 72.9 full time equivalents. OPM concluded that to meet mission requirements, additional staff and resources were needed but also noted that OFLC would not be successful without addressing additional organizational concerns. In response to the recommendations, OFLC is in the early stages of reconfiguring its organizational structure to deliver greater service with diminished resources. ETA reported that in June 2016, OFLC implemented phase 1 of the project, placing all of its program operations under the same management and ending the "stove-piping" of case processing for each program within 1 of 3 case processing centers.[a] OFLC reported that it is currently implementing phase 2 of that reorganization project by cross-training federal and contractor staff in each of its 3 national processing centers. This will allow them to perform case-processing functions traditionally performed by other centers. According to ETA, this will also enable OFLC to redeploy existing staff to assist with workload in the cyclical peak filing seasons for the H-1B, H-2A and H-2B programs and use current resources more efficiently.

In 2013, ETA started reengineering UI program's accountability and performance measurement process for unemployment benefits with a focus on ensuring that the agency maintains effective oversight and accountability with the reduced resources available to both ETA and states. As part of this effort, ETA changed the requirement so that states must submit a State Quality Service Plan biennially rather than annually. According to ETA, this will allow the states to be more focused on the plan in the year it is due and will offer more time for ETA's Regional Offices to provide technical assistance to states as they develop the plans and pursue appropriate corrective actions. ETA is also developing a new process for states to independently assess operations for the various functional areas (e.g., intake, monetary and non-monetary determinations) and a new approach to deploy UI staff more strategically at the state and regional level based on skills required and states' needs.

FLETC

Department of Homeland Security
Federal Law Enforcement Training Centers (FLETC)

FLETC top management clearly defined and communicated key priorities for guiding budget reductions.

FLETC's Director and the executive team identified six overall priorities for the agency in fiscal year 2016 to inform budget decisions and communicated them to agency employees and stakeholders. For example, one of the FLETC's top priorities is to "enable FLETC to make data-driven decisions." Planned activities include unifying data sources to ensure data integrity, standardizing registration processes to ensure consistent data, establishing governance structures and processes to identify and share business data, and expanding use of business analytics in organizational decision making.

Environmental Protection Agency (EPA)

EPA leadership took steps to identify skills needed to continue to fulfill its mission.

In 2013, as part of its Voluntary Early Retirement Authority and Voluntary Separation Incentive Payment (VERA/VSIP) initiative, EPA leadership ordered an agency-wide workforce planning exercise to identify skills needed to continue to fulfill its mission. VERA/VSIP created an opportunity for EPA top management to significantly reshape its workforce—including the Office of Pesticide Programs and staff that manage Section 319 NPS pollution grants—to align with evolving mission needs and current budgetary limitations. Hiring plans addressed program and regional offices' need to adjust current General Schedule grade structures and supervisor to employee ratios. Hiring plans prepared by regional and program offices also identified the 0819-Environmental Engineer occupational series as the most needed occupation for the agency to carry out its mission. It comprises approximately 18 percent of planned hires. Office level hiring plans provided program and regional offices with a strategic approach to optimize the workforce.

Source: GAO review of agency documents. | GAO-17-79

Key Theme: Data Analytics Should Guide Decision Making

As described in our framework, when deciding how to implement reduced appropriations, data analytics should guide agency officials' decision making. Data analytics involves turning data into meaningful information accessible to budget and program staff and agency leaders to help them make informed decisions. This should include activities such as reviewing operations to achieve additional efficiencies and assessing the availability and quality of data. As a part of this, agencies may want to consider using data analytics to set specific cost-savings goals and monitor progress toward achieving those goals. Agencies should also connect performance information to the budget. Linking strategic goals with related long-term and annual performance goals and with the costs of specific activities that contribute to those goals, for example, can help provide a basis for informed tradeoff decisions. As shown in figure 5, selected agencies used data analytics to help increase efficiency, manage workflow, or monitor the effects of cost-avoidance efforts on their respective missions.

Figure 5: Illustrative Examples of How Data Analytics Guided Decision Making at Selected Agencies Consistent with the Framework

Department of Labor
Employment and Training Administration (ETA)

OFLC connected performance information to the budget to inform resource allocation decisions.
OFLC uses data analytics to help manage workflow. For example, OFLC developed a performance dashboard for each of the immigration programs. It was designed to assist processing centers and senior leadership in tracking key program performance measures weekly, monthly, and annually. Officials stated that data on workload measures help program managers and the Administrator track the weekly volume of work the center produces, the amount of time to process applications, and the size of program backlogs. ETA said this allows management to allocate resources accordingly.

FLETC
Department of Homeland Security
Federal Law Enforcement Training Centers (FLETC)

FLETC reviewed operations to achieve additional efficiencies while maintaining quality of affected training.
FLETC reported conducting a Firearm Simulation study to validate whether converting to a lower cost virtual firing range training methodology would affect the quality of the training. Specifically, FLETC's Firearm Division conducted research using weapons outfitted with laser inserts and resetting triggers. The agency then compared scores of students who were trained using laser simulators before switching to live-fire weapons and found that the differences between the two groups were statistically insignificant. FLETC reported that it was able to realize some cost avoidance in using the E-Range.

Environmental Protection Agency (EPA)

EPA used a data-driven continuous process improvement approach to improve how services are provided.
Several EPA offices used a data-driven process improvement effort known as Lean Six Sigma to evaluate agency processes and look for opportunities to make them more efficient and consistent across programs. For example, in 2015 Lean Six Sigma methodologies helped the Office of Pesticide Programs (OPP) implement efficiencies related to reviewing pesticide labels, developing risk assessment groundwork, optimizing chemical team interactions, and improving the *Federal Register* publication process, among others. According to EPA officials, posting time to OPP's Pesticide Product Label System—EPA's database of pesticide product labels which provide critical information about how to safely and legally handle and use pesticide products—was reduced from an average of 16 days to 1 day. Streamlining the processing of *Federal Register* notices across three divisions resulted in shortened time to publication from an average of 3 months to 3 weeks.

Source: GAO review of agency documents. | GAO-17-79

Key Theme: Agencies Should Develop Both Short- and Long-Term, Cost-Cutting and Cost-Avoidance Strategies

As described in our framework, when facing declining resources, agencies should employ strategies that consider both short and long-term cost cutting and cost avoidance strategies. Cost savings are a reduction in actual expenditures below the projected level of costs to achieve a specific objective. Cost avoidance is an action taken in the immediate time frame that will decrease costs in the future. Cost-cutting and cost-

GAO-17-79 Declining Resources

avoidance strategies should encompass both short- and long-term solutions. Agencies may want to consider (1) instituting an employee-input cost saving incentive program, (2) using capital funds and other mechanisms to support upfront investments, (3) expanding the use of shared services for functions that can be shared within or among agencies, or (4) reducing the size and cost of real property through consolidation.[12] OMB has initiated a number of efforts to help agencies cut and avoid costs.[13]

Selected agencies reported implementing a broad range of short- and long-term strategies to cut or avoid costs. Balancing these strategies can provide agencies with the flexibility to weigh short-term needs and make adjustments towards achieving their long-term goals. Selected agencies reported taking short-term actions aimed at immediate cost savings. For example, given the limited resources available to hire additional permanent staff to process labor certification cases, ETA reported using temporary seasonal contract staff during peak filing periods to help address increases in filing volume in various temporary programs.[14] In doing so, ETA reported that it saved $1 million compared to the cost of maintaining an equivalent staffing level year-round. Selected agencies also reported implementing a broad range of long-term strategies to avoid costs, such as reducing their real estate footprint and strategically

---

[12]We have previously reported that effective capital programming requires long-range planning and a disciplined decision-making process. This process is the basis for managing a portfolio of assets to achieve performance goals and objectives with minimal risk and lower life-cycle costs to maximize benefits to the agency's business. See GAO, *Federal Capital: Three Entities' Implementation of Capital Planning Principles Is Mixed*, GAO-07-274 (Washington, D.C.: Feb. 23, 2007).

[13]For example, in 2005, OMB directed federal agencies to develop and implement strategic sourcing—a process that moves away from numerous individual procurements of good and services to a broader aggregate approach—to help control spending. A governmentwide strategic sourcing program—known as the Federal Strategic Sourcing Initiative (FSSI)—was also established. For related work see GAO, *Federal Procurement: Smarter Buying Initiatives Can Achieve Additional Savings, but Improved Oversight and Accountability Needed,* GAO-17-164 (Washington, D.C.: Oct. 20, 2016). As another example, in March 2012, OMB launched an initiative, referred to as PortfolioStat, which requires agencies to annually review their IT investments and eliminate duplication, among other things. For additional information, see GAO, *Information Technology: Additional OMB and Agency Actions Needed to Ensure Portfolio Savings Are Realized and Effectively Tracked*, GAO-15-296 (Washington, D.C.: Apr. 16, 2015).

[14]OFLC reported, in 2016, that it had approximately 400 staff, relatively evenly divided between federal employees and contractors.

sourcing goods and services. Figure 6 provides illustrative examples of selected agencies' cost-cutting and cost-avoidance initiatives.

Figure 6: Illustrative Examples of Reported Cost-Cutting and Cost-Avoidance Strategies Employed at Selected Agencies Consistent with the Framework

**Department of Labor
Employment and Training Administration (ETA)**

OFLC consolidated space to reduce the size and cost of real property.

OFLC reported reducing the size and cost of real property by consolidating space. This consolidation has been enabled by the increased use of telework among the staff, particularly in Chicago and Washington, D.C., according to ETA. This reduction in footprint was partially in response to a government-wide effort led by the Office of Management and Budget that helped address challenges we identified with real property management.[a] For example, OFLC reported that, in August 2015, it reduced its physical footprint at the Chicago National Processing Center by approximately one-third through strategic investments in IT systems and the expansion of virtual office activities. This reportedly saved approximately $245 thousand.

**Department of Homeland Security
Federal Law Enforcement Training Centers (FLETC)**

FLETC developed a short-term cost reduction strategy to avoid furloughs.

In fiscal year 2013, FLETC performed a comprehensive review of service contracts at all of its domestic sites to identify cost avoidance opportunities. The cost avoidance decisions were made by developing a priority list of high-to-low risk cuts to service contracts, with input from all stakeholders, to reduce the negative effects to the training mission. According to FLETC, reductions to service contracts actions resulted in cost avoidance of over $1 million in the final four months of fiscal year 2013 and $7.9 million of cost avoidance for fiscal year 2014, out of $81 million in service contracts. FLETC officials said the agency was able to avoid furloughs by reducing or eliminating nonessential services. For example, FLETC reduced contractor working hours for the IT Service Desk Support and telephone system maintenance and onsite support, consolidated security guard services, and returned vehicles leased from the General Service Administration at Glynco, Georgia among other things. The cost avoidance decisions continue to be carried out along with the practice of developing a priority list of high-to-low risk cuts to service contracts, according to FLETC officials.

Environmental Protection Agency (EPA)

EPA used its own strategic sourcing initiatives for consolidating contracts and purchases.

EPA implemented new strategic sourcing approaches to achieve efficiencies and economies in its acquisition programs across the agency.[b] For example, EPA reported tracking and measuring savings and efficiencies from the strategic sourcing for cellular service and print management. These efforts saved $1.7 million in fiscal year 2014 and laid the ground work for additional savings through upcoming negotiations with service providers, according to agency officials.

Source: GAO review of agency documents. | GAO-17-79

[a]We added federal real property management to our High-Risk List in 2003. In 2012, OMB's "Freeze the Footprint" policy instructed agencies to keep the total square footage of their domestic office and warehouse inventory at a baseline level. This was followed by the 2015 National Strategy for the Efficient Use of Real Property for 2015-2020 that requires federal landholding agencies to set annual space reduction targets. Despite recent efforts, federal real property management remains on our High-Risk List because the government continues to retain excess and underutilized property, rely on

leasing when ownership would be less costly, and use unreliable data for its property-related decision making. See GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

[b]Since 2002, we have emphasized the importance of comprehensive spend analysis for efficient procurement. Spend analysis provides knowledge about how much is being spent for goods and services, who the buyers are, who the suppliers are, and where the opportunities are to save money and improve performance. For related work, see *Best Practices: Taking a Strategic Approach Could Improve DOD's Acquisition of Service*s, GAO-02-230 (Washington, D.C.: Jan. 18, 2002); *Best Practices: Improved Knowledge of DOD Service Contracts Could Reveal Significant Savings*, GAO-03-661 (Washington, D.C.: June 9, 2003); and *Best Practices: Using Spend Analysis to Help Agencies Take a More Strategic Approach to Procurement*, GAO-04-870 (Washington, D.C.: Sept. 16, 2004).

Opportunities Exist for Selected Agencies to Further Apply the Themes of the Framework to Manage Declining Resources

Opportunities Exist at Selected Agencies for Top Management to Take Additional Actions to Ensure Agencies Maintain Capacity to Achieve Their Missions

While top management at the selected agencies have taken some steps to manage declining resources consistent with our framework, additional actions could address anticipated future challenges and help ensure that agencies continue to have the capacity to achieve their missions.

FLETC. Top management at FLETC identified long-term strategies for better managing resources but have not developed or finalized plans with specific goals and resources needed to implement some of these strategies. Some actions could help ensure that the agency avoids longer-term costs and maintains capacity to achieve its mission. FLETC anticipates increased training requests for fiscal year 2017 and beyond but has not strategically planned for this surge. According to FLETC officials, in the near term, the anticipated increase is in part due to pent up demand following sequestration in fiscal year 2013 and budget cuts from previous fiscal years. Partner organizations are expected to increase law enforcement hiring and therefore demand for training. Looking out further, according to FLETC officials, demand for training is expected to increase to address the anticipated retirement of the large cohort of law enforcement officers hired in the wake of the September 11 terrorist attacks. However, FLETC has not planned strategically for how it will address the anticipated surge. A multi-year strategic plan that articulates the fundamental mission of the agency and lays out its long-term goals for implementing that mission, including the resources needed to reach these goals, for example, could help FLETC continue to have the capacity to fulfill its

mission of providing law enforcement training and address increased demand for training.

FLETC's most recent strategic plan covered fiscal years 2008 through 2013. FLETC officials told us that its expired strategic plan, while dated, was relevant and useful to the agency. Nonetheless, FLETC reported that, in March 2016, the agency began revising this plan and in August formed a Strategic Planning Working Group to complete a strategic plan covering fiscal years 2016-2018 by December 31, 2016. However, fiscal year 2016—which represents one-third of the strategic plan—has already elapsed, and fiscal year 2017 is already underway. Further, a strategic plan that extends through fiscal year 2018 can assist the agency in formulating its 2018 budget but will be less useful for assessing longer-term resource needs. OMB's guidance for implementing the GPRA Modernization Act of 2010, contained in Part 6 of its Circular No. A-11, states that strategic goals and objectives should be established for a period of not less than 4 years forward from the fiscal year in which it is published.[15] Although the act's requirements apply at the departmental levels, we have previously reported that they can serve as leading practices at other organizational levels, such as component agencies, offices, and programs. Finally, it is unclear based on the excerpts that FLETC provided to what extent the revised strategic plan addresses the anticipated surge in training needs.

In addition, FLETC is in the process of developing an Online Campus that can provide distance learning opportunities for federal law enforcement officers and supplement the in-person training they receive at FLETC campuses. Consistent with our framework, the Online Campus represents a potential long-term cost avoidance strategy that could help the agency maintain capacity to provide the necessary law enforcement training, potentially at a reduced cost to both FLETC and its partner organizations. FLETC officials noted that when complete, the Online Campus could reduce the travel and lodging costs associated with in-person training and help FLETC meet growing demand for training in the future.

While the Online Campus initiative is included in the six overall priority areas established by the FLETC Director and executive team, FLETC has not finalized a plan for the Online Campus initiative that clearly identifies the steps needed to achieve its goals. In October 2016,

[15]OMB, *Circular No. A-11*, *Preparation, Submission and Execution of the Budget* (July, 2016).

FLETC provided us with a draft plan that outlines some activities and milestones for the Online Campus initiative as well as some broad cost savings goals. According to FLETC officials, the agency plans to complete the plan by December 31, 2016, as part of its larger strategic planning effort. The first year of this strategic plan has passed, but FLETC did not provide evidence that the agency achieved milestones, including the cost savings and enrollment goals, established for that year. Furthermore, it is unclear where FLETC will identify the necessary resources to fund the Online Campus initiative within its existing budget. FLETC has funded the Online Campus initiative with annual appropriations and has in the past used funding from its other cost avoidance efforts to support this initiative. FLETC officials reported that they are currently working on a funding model for the Online Campus initiative. A final, up-to-date plan could allow FLETC management to monitor progress toward these activities and milestones and ensure that the Online Campus initiative helps FLETC avoid longer-term costs and maintain capacity to achieve its mission.

ETA. Top management at ETA has begun to take actions to help ensure that the UI program maintains capacity to achieve its mission with reduced resources, such as reengineering the UI program's accountability and performance measurement process (as previously described in figure 4). While ETA officials and stakeholder organizations raised concerns about the Unemployment Insurance program's capacity to adequately respond to the next recession, ETA reported that it routinely communicates with states through meetings hosted by ETA's Regional Offices and participates in national conferences and that these and other efforts helped inform a number of cost-neutral proposed reforms to the UI program included in the President's Budget for fiscal year 2017. These reforms are intended in part to make the UI program more responsive to economic downturns. For example, the President's Budget proposed a new Extended Benefits program to provide up to 52 weeks of additional federally-funded benefits for states seeing increased and high unemployment, with the number of weeks tied to the state's unemployment rate.

Although ETA has taken steps to communicate with states, ETA's data collection efforts have not focused on systematically identifying lessons learned from the most recent recession to help ensure the UI program maintains capacity in response to a future economic downturn and related issues, such as the states' ability to manage changes in workload. In addition to regular communications with the states, ETA officials said that they regularly monitor program activities through a wide array of data collection, and that these efforts have helped the agency identify lessons from the effects of the most recent

recession on the federal-state UI system. Officials, however, also noted that lack of capacity and competing priorities have prevented the agency and state UI programs from systematically gathering lessons learned by states from this recession. ETA officials said that they intend to support states gathering and sharing lessons learned in the future when their workload stabilizes.

Systematically evaluating the challenges that states faced in administering the UI program during the recent recession—such as rapidly ramping up staffing at the start of the recession and ramping down as the economy recovered—and identifying and incorporating any lessons learned from this experience into a longer-term strategy could help further prepare the program for the next economic downturn. ETA officials reported that as the economy recovered and federal funding for state administration of the program declined following the recession that began in 2007, states reduced the number of employees, many with extensive knowledge and experience that state offices will have difficulty replacing in the future. ETA reports that many state employees with extensive knowledge have already left state unemployment insurance offices. If actions are not taken promptly, opportunities to gather key lessons from the most recent recession may be missed to help ensure capacity is maintained in the next economic downturn.

In addition to OFLC workforce efforts underway, ETA identified two broad strategies for maintaining OFLC's capacity over the longer-term. Both would require congressional action (see text box). While these legislative proposals, if enacted, would provide OFLC with additional funding, in an era of declining resources, agencies cannot rely solely on increased funding to continue to achieve their mission. ETA officials noted that efforts to reorganize and cross-train OFLC workforce (described in figure 4) should help the agency maintain capacity with existing resources.

Employment and Training Administration (ETA) Legislative Proposals for Maintaining the Office of Foreign Labor Certification's (OFLC) Capacity	
Proposed legislative changes for new fee. As part of the President's Fiscal Year 2017 budget request, ETA requested authority to collect user fees from employers in an amount that would cover the costs of operating the H-2A, H-2B, permanent labor certification, and prevailing wage programs.[a] According to ETA, transitioning to a fee-based funding structure would improve case-processing services by creating a market-structure that links the supply of resources with the demand for case-processing services. ETA noted that the H-1B program administered by OFLC is already supported by user fee collections and has experienced no backlogs despite a reported 76 percent increase in applications between fiscal year 2010 and fiscal year 2015. ETA further noted that the Citizenship and Immigration Services also already has the authority to collect user fees for its operational role in each of the programs for which OFLC is requesting similar authority. OFLC has developed a pricing structure conceptually similar to the existing Citizenship and Immigration Services user fee system that, according to ETA, would replace the need for annual appropriations into the future within several years of receiving enabling authority. Congressional action would be needed to authorize OFLC to collect and use (obligate) this new user fee. ETA officials said that they had received technical inquiries from Congress about the proposal, but that they had not received indication of congressional support from the current Congress to know whether the proposed user fee proposal constituted a viable long-term plan.	
Proposed one-time funding. ETA reported that another strategy for managing resources over the longer-term is a proposal for an additional $20 million in one-time funding to be made available for fiscal years 2017 and 2018 to process foreign labor certifications. According to ETA, these funds would be used to support processing in the H-2B and H-2A programs by investing in infrastructure and human capital to help meet expanding service requirements in future filing cycles. ETA noted that in fiscal year 2016, Congress responded to a backlog in another program—permanent foreign labor certifications—by providing $13 million in additional budget authority specifically to process these certifications. According to ETA, these additional resources helped the OFLC reduce the backlog by 51 percent as of September 26, 2016.	

Source: GAO analysis of President's Budget and proposed legislation I GAO-17-79

[a]User fees are fees assessed to users for goods or services provided by the federal government. User fees generally apply to federal programs or activities that provide special benefits to identifiable recipients above and beyond what is normally available to the public. User fees are normally related to the cost of the goods or services provided. An agency may not obligate against fees collected without specific statutory authority. Laws authorizing offsetting collections make them available for obligation to meet the account's purpose without further legislative action. However, it is not uncommon for annual appropriation acts to include limitations on the obligations to be financed by these collections. The authority to obligate and spend offsetting collections is a form of budget authority.

EPA. Our work found that EPA top management also had opportunities to better manage declining resources by further addressing our prior recommendations. For example, in 2012 we reported that the way EPA measures the effectiveness of states' NPS pollution programs has not consistently ensured that EPA select

projects likely to yield measurable water quality outcomes.[16] We recommended at the time that EPA emphasize measures that (1) more accurately reflect the overall health of targeted water bodies (e.g., the number, kind, and condition of living organisms) and (2) demonstrate states' focus on protecting high-quality water bodies, where appropriate. In a July 2016 report, we noted that EPA officials said that the agency is planning to add one of the measures we recommended but has not yet had the time and resources to do so.[17] EPA officials said the agency plans to begin developing a new measure for the protection of healthy water bodies this year and to establish a workgroup focused on this measure in fiscal year 2017.

We found that funding for Section 319 NPS pollution grants declined by more than 20 percent from 2010 to 2015. EPA officials said that it would be difficult to isolate the effects of declining resources on environmental outcomes using existing performance measures for the Section 319 NPS pollution program. According to EPA officials, there are many activities that contribute to the restoration of polluted waterways and improve water quality. Some of these are EPA programs, others are state programs, and yet others may be other federal programs. In addition, EPA officials said that there is a time lag between changes to funding for Section 319 NPS grants and when effects from the changes take place. Implementing our prior recommendation could provide top management with an opportunity to better connect performance information to the budget, which could help the agency understand how resource constraints affect program outputs to guide decision making in the future.

We testified earlier this year that, as of May 23, 2016, we had identified 51 open recommendations related to management and operations that we made to EPA since 2006 that had not been fully addressed and another 36 open recommendations related to water issues such as nonpoint source pollution.[18] Implementing these recommendations could help EPA improve efficiency and avoid costs to better manage their limited resources. For example, in 2008, we

---

[16]GAO, *Nonpoint Source Water Pollution: Greater Oversight and Additional Data Needed for Key EPA Water Program,* GAO-12-335 (Washington, D.C.: May 31, 2012).

[17]GAO, *Environmental Protection Agency: Status of Efforts to Address Nonpoint Source Water Pollution through the Section 319 Program,* GAO-16-697R (Washington, D.C.: July 14, 2016).

[18]GAO, *Environmental Protection: Status of GAO Recommendations to EPA,* GAO-16-722T (Washington, D.C.: June 14, 2016).

identified an error in EPA's calculation of reimbursable indirect costs for hazardous waste cleanup. EPA acknowledged the error and published revised indirect cost rates. As a result, we estimated, in 2010, that EPA had recovered or would recover $42.2 million.[19]

Selected Agencies Have Ongoing Efforts to Expand Use of Data Analytics and Further Identify and Protect Upfront Investments

Data Analytics

Selected agencies reported using data analytics to some extent and have identified additional opportunities to improve or expand their use of data analytics to better manage resources. As outlined in our framework, to use data analytics effectively, it is important for agencies to know what data are available within the agency. Agencies then can determine if those data are sufficiently granular, reliable, timely, accessible, and transparent. For example, FLETC has made initial investments in data analytics and is planning to further expand its use of data analytics. As discussed above, one of the FLETC Director and executive team's top priorities is to enable FLETC to make data-driven decisions. FLETC officials reported that as the amount of data available about FLETC operations and training continues to grow, the skills required to process and analyze those data become more critical. FLETC's overall goals for data analytics include unifying data sources to ensure data integrity, standardizing registration processes to ensure consistent data, establishing governance structures and processes to identify and share business data, and expanding use of business analytics in organizational decision making. FLETC's data analytics team is in its early developmental stage. Thus far, the agency has dedicated two positions to begin both the strategic and operational work of understanding what questions can realistically be answered with the agency's data and how those answers should be communicated. According to FLETC officials, the team is focusing initially on training-related activities. FLETC plans to use data analytics to assist in scheduling instructor leave and professional development during periods of lower instructional workload.

---

[19]GAO, *Superfund: Funding and Reported Costs of Enforcement and Administrative Activities,* GAO-08-841R (Washington, D.C.: July 18, 2008).

These efforts could help the agency identify opportunities to better manage its existing resources through further efficiencies and cost avoidance.

IT Investments

Selected agencies also have ongoing efforts to further identify and protect upfront investments in areas such as IT to increase efficiency and avoid longer-term costs. We have previously reported that IT investments across the federal government are becoming obsolete and the legacy systems that many agencies still use may become increasingly more expensive to maintain.[20] Protecting investments in new IT systems can help agencies avoid longer-term costs. For example:

ETA. ETA officials and stakeholders reported that OFLC could achieve increased efficiencies and functionality through modernizing IT investments. For example, stakeholders noted that OFLC does not have a reliable system for tracking the status of visa and immigrant applications as its other federal partner agencies do. According to ETA, OFLC has used its existing funds to make incremental improvements in existing systems while planning to replace its two aging electronic case processing systems. For example, the requirement to scan documents into OFLC's integrated case processing system (iCERT) significantly adds to workload and until recently was the only way to ensure that analysts could work from home without taking paper files to their residence in the current telework environment.[21] According to ETA, earlier this year, OFLC enabled employer applicants to upload some documents into the iCERT system directly, saving the time and effort required for OFLC staff to scan those documents into the system.

OFLC is also in the early stages of an electronic case processing transformation plan that it recently initiated with the long-term goal of replacing the current antiquated and unreliable electronic case processing applications with a single, integrated solution for all labor certification programs. As an early step, ETA evaluated the current state of OFLC's case processing systems and developed recommendations for how to reduce processing times, improve processing efficiency, improve decision quality and consistency, and

[20]GAO, *Information Technology: Federal Agencies Need to Address Aging Legacy Systems*, GAO-16-468 (Washington, D.C.: May 25, 2016).

[21]According to ETA, the expansion of telework enabled OFLC to reduce its physical footprint at its Chicago processing center, resulting more than $200,000 in annual cost avoidance.

increase ease of use. ETA acknowledged that creating and installing a single replacement platform will require significant funding. OFLC said that it has contingency plans that will enable the organization to continue this IT development at a slower pace without substantial additional funding but did not provide specific information on how this would be accomplished.

EPA. In 2013, we reported that EPA's Office of Pesticide Programs (OPP) faced a challenge in managing and tracking key information related to conditional registrations of pesticides, in part because reviewing each pesticide registration file is time-consuming and, depending on the pesticide, may take from a few hours to a few days to complete.[22] We recommended that EPA complete plans to automate data related to conditional registrations to more readily track the status of these registrations and related registrant and agency actions and identify potential problems requiring management attention. During our review, agency officials reported that EPA had begun developing new IT infrastructure but more work is needed before a functional tracking system is in place. Currently, most of the work to review conditional registrations is done by employees who review large volumes of printed materials that are tracked through Excel spreadsheets. EPA expects that completing automation will create efficiencies by decreasing the number of hours needed to review applications.

The Timeliness and Level of Service to the Public for Some Programs at Selected Agencies Declined, According to Agency Officials and Stakeholders

---

[22]GAO, *Pesticides: EPA Should Take Steps to Improve Its Oversight of Conditional Registrations*, GAO-13-145 (Washington, D.C.: Aug. 8, 2013).

Agency Officials and Stakeholders Reported that Declining Resources Affected the Timeliness of Services for Some Programs at Selected Agencies

Despite agencies' ongoing efforts to manage declining resources through cost avoidance initiatives, improved efficiency, and other strategies, some agency officials and some stakeholder organizations told us that declining resources and the actions that agencies took to manage them, among other factors, affected the timeliness of some services. In some instances, stakeholder organizations commended the selected agencies for their efforts to continue to meet their missions with fewer resources. However, they also noted that it took agencies longer to provide certain services, which negatively affected individuals, businesses, state operations, and other federal agencies.

ETA Office of Foreign Labor Certification. According to ETA, OFLC's overall application volumes were 84 percent higher in fiscal year 2015 than in fiscal year 2010, while the amounts appropriated to process these applications decreased by roughly 9 percent. ETA officials said that this—along with other factors such as new requirements and temporary court-ordered work stoppages—affected OFLC's ability to meet timeliness measures for processing applications. For example, under an Interim Final Rule released in April 2015, OFLC is required to issue either a Notice of Deficiency or, if the application is complete and meets requirements, to issue a Notice of Acceptance within 7 business days of receiving the H-2B application. According to ETA data, as of September 2016, the average processing time for H-2B applications with no deficiencies in 2016 thus far was roughly 69 days and even longer for applications with deficiencies. One stakeholder organization representing employers who use the H-2B program to meet seasonal employment needs—including for landscaping, forestry, and housekeeping—conducted an informal survey of its members. Members reported that delays in processing H-2B applications resulted in companies:

- turning away work that they normally would have accepted or postponing their scheduled opening date; and
- delaying starting work, resulting in some instances in the loss of business contracts or challenges in meeting agreed upon deadlines on existing contracts.

Employers estimated that delays cost them thousands of dollars in missed work or increased overtime and, in some instances, cost them hundreds of thousands in missed contract opportunities.

EPA Office of Pesticide Programs. Annual appropriations for OPP declined by more than 14 percent from fiscal year 2010 through 2015. Despite these declines, according to EPA officials, there was no decline in the program's outputs and outcomes for pesticide programs

because Congress made collections from Pesticide Registration Improvement Act of 2013 (PRIA) user fees available to supplement OPP's annual appropriations.[23] Specifically, in 1988, Congress enacted annual registration maintenance fees to support the review of existing pesticide registrations. In 2004, Congress enacted pesticide registration fees, which are paid by registrants for some registration actions, such as registering new uses of pesticides, to help pay for registration costs. According to EPA, these fees were established to both create a more predictable evaluation process for affected pesticide decisions and to couple the collection of individual fees with specific deadlines for pesticide registration decisions. Further, as noted earlier, OPP reported improving the efficiency of some processes, such as through Lean Six Sigma process improvements.

We found that data for pesticide registration decisions from fiscal year 2011 through fiscal year 2015 show both increases and decreases in registration decision times depending on the category. Overall, the average annual percentage of decisions completed on time has decreased slightly during the period of our review from 99.7 percent in fiscal year 2010 to 98.4 percent in fiscal year 2015. In fiscal year 2014, the average annual percentage of decisions completed on time did drop to 85 percent, which EPA attributed to the October 2013 government shutdown.

Stakeholders that we spoke with noted that annual appropriations for OPP fell below a minimum appropriation threshold established by statute. Pesticide registration service fees may not be assessed for a fiscal year unless Congress provides at least a set amount of annual appropriations for certain OPP functions for that year.[24] Nonetheless, Congress has at times authorized EPA to assess pesticide registration service fees for a given fiscal year notwithstanding the minimum appropriations provision. One stakeholder organization told us EPA management has done an outstanding job implementing PRIA despite funding challenges. Nonetheless, this stakeholder organization told us that reductions in annual appropriations affected

---

[23]PRIA, as amended, created a registration service fee system for applications for specific pesticide registration, amended registration, and associated tolerance actions. The PRIA fees were originally authorized through fiscal year 2007 and have been reauthorized twice. The current authorization is set to expire September 30, 2017—Pesticide Registration Improvement Extension Act of 2012, Pub. L. No. 112-77, 126 Stat. 1327 (Sept. 28, 2012). Deadlines for pesticide registration decisions are determined by 7 U.S.C. § 136w-8(b).

[24]7 U.S.C. § 136w-8(d)(2).

overall staffing levels at OPP and that average processing times increased for certain types of registration decisions. For example, based on EPA data, the average decision time for an application that proposes to use a new food use active ingredient increased 214 days from an average of 703 days in fiscal year 2011 to an average of 917 days in fiscal year 2015. The average decision time for an application for amendments for conventional agricultural products requiring scientific review increased 67 days, from an average of 276 days in fiscal year 2011 to an average of 343 days in fiscal year 2015. According to one stakeholder organization we spoke with, the pesticide industry relies heavily upon timely and predictable registration decision time frames. This allows manufacturers to effectively market their new products to growers before their respective growing seasons. According to this stakeholder organization, slower timelines have resulted in uncertainty and slowed innovation and growth for industry and can ultimately result in lost revenue for the manufacturers of particular products if they are not ready to be released until after the growing season.

FLETC. According to FLETC officials, FLETC's capacity to accommodate the increased demand for training in recent years is reaching its limit and could increase waitlists and delay training for partner organizations. FLETC serves as an interagency law enforcement training organization for more than 90 federal partner organizations as well as international, state, local and tribal law enforcement agencies. According to FLETC officials, an improved budget outlook for partner organizations increased law enforcement hiring and therefore demand for training in recent years. FLETC expects that demand for training will further increase in future years to address the anticipated retirement of the large cohort of law enforcement officers hired in the wake of the September 11 terrorist attack. According to FLETC officials, capacity constraints resulted in longer waiting lists for training or some partner organizations being given less flexibility to make changes in their training schedule later in the fiscal year. FLETC officials said that the agency has used unobligated balances carried forward from prior fiscal years in which actual training enrollment fell short of partner organizations' projections, to help manage increased demand. [25] Partner

---

[25] A portion of the appropriations for FLETC's Salaries and Expenses Account are generally available for 2 years. FLETC has carried forward between $19 to $29 million in unobligated balances each year from fiscal year 2013 to 2015 in its Salaries and Expenses Account.

organizations that we spoke with credited FLETC's recent efforts to accommodate the increased demand in training by, for example, shifting the training from one campus to another or honoring short-notice training support requests for additional classes. However, if budgetary trends persist, FLETC officials said that the agency will have fewer unobligated balances and therefore less flexibility to manage future surges in training given the depletion in balances.[26]

Declining Resources Affected the Level of Services for Some Programs at Selected Agencies According to Some Agency Officials and Stakeholders

In part due to declining resources, selected agencies provided states with less funding to administer and implement joint federal-state programs, such as unemployment insurance (UI) and Section 319 nonpoint source (NPS) pollution. While federal agencies are responsible for monitoring and overseeing these programs, states generally have some discretion in how they implement reductions. As a result, the actions taken by individual states can vary and the effects of those actions are difficult to isolate. In addition, some states may choose to use other sources of funding to offset a decline in funding for federal programs such as unemployment insurance and nonpoint source pollution. This includes both state resources and other federal sources. However, according to agency officials and stakeholder organizations, the use of state funding to supplement federal funding varied considerably. Some states provided no resources for these programs while others established dedicated revenue streams. For example, based on an annual survey of state workforce agencies by the National Association of State Workforce Agencies, states have provided between roughly $100 million and $362 million in supplemental funding for state administration of the UI program between 2010 and 2015.[27]

EPA Section 319 NPS pollution grants. Declining resources for Section 319 NPS pollution grants to states coincided with fewer projects to improve water quality in impaired waters. As of August

---

[26]To assist congressional and agency-level decision makers, as well as other reviewers, evaluate agencies' carryover balances, we identified four overarching key questions to consider, including "what factors affect the size or composition of the carryover balance?" Answering each of the four overarching questions along with more specific subquestions can offer insight into why a carryover balance exists, what size balance is appropriate, and what opportunities, if any, exist for enhancing oversight of agencies' management of federal funds. See GAO, *Budget Issues: Key Questions to Consider When Evaluating Balances in Federal Accounts,* GAO-13-798 (Washington, D.C.: Sept. 30, 2013).

[27]Between 44 and 52 states and territories (including the District of Columbia and Guam) responded to the survey each year during this time period.

2016, a total of 671 projects were funded by Section 319 NPS grants awarded in fiscal year 2014, compared to 883 projects in 2010.[28] While EPA regional offices administer the Section 319 NPS grants to states and are responsible for grant and programmatic oversight, states set their overall program priorities and devise processes for selecting projects. One stakeholder organization that represents local water conservation districts told us that the decreased funding for Section 319 NPS grants puts more pressure on local government entities and conservation districts to implement the program. This stakeholder expressed concerns that there has not been an overall commitment to funding the Section 319 program and other programs to reduce hypoxia in areas such as the Mississippi River/Gulf of Mexico watershed.[29] Hypoxia can cause harmful algal blooms. For example, in August 2014, Lake Erie experienced a harmful algal bloom near the intake to the drinking water treatment plant serving the city of Toledo, Ohio. Toledo issued a "do not drink or boil advisory" that affected nearly 500,000 customers due to the presence of the harmful substance cyanotoxin that exceeded the safe drinking water threshold recommended by the World Health Organization.

ETA's Unemployment Insurance Program. The UI program is under a statutory objective requiring states to have methods of administration that ensure the full payment of unemployment compensation when due.[30] Although the number of new initial claims filed has declined steadily since late 2009, according to ETA performance data, the percentage of first payments made within the first 21 days has remained below 87.5 percent—the target for fiscal year 2015. It averaged roughly 82 percent from 2010 to 2015. ETA attributed states' inability to meet the performance goal partially to staff layoffs associated with reduced administrative funding caused by lower workloads. According to ETA, workloads were lower because temporary federal programs expired and the economy improved. Figure 7 shows the percentage of first unemployment benefits paid within 21 days.

---

[28]These totals include Section 319 NPS grants funded with both federal and state matching funds. Totals do not include projects awarded by New Jersey because information on those projects was missing from the data we collected from EPA.

[29]Hypoxia occurs when excess runoff of nutrients from agriculture, golf courses, lawns, and sewage treatment plants leads to algal growth, which lowers the levels of oxygen in the water.

[30]42 U.S.C. § 503(a)(1)

Figure 7: Percentage of First Unemployment Insurance Benefit Payments Made Within 21 Days, 2005 to 2015
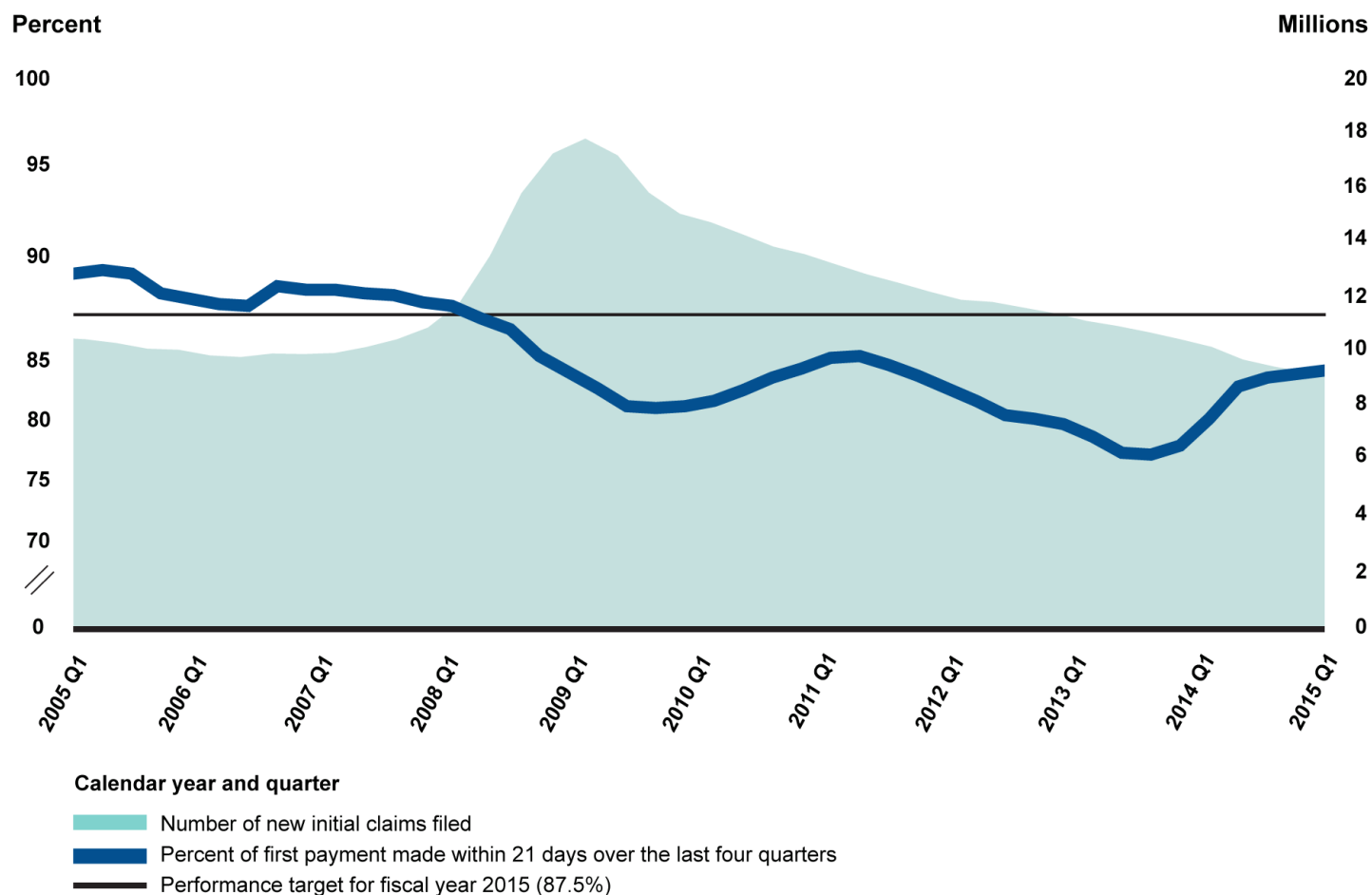
Source: GAO analysis of Employment and Training Administration data. | GAO-17-79

Notes: The figure shows new intrastate UI claims filed. It excludes interstate UI claims where claimants worked in the liable state but lived elsewhere or worked in multiple states. The percent of first payments made within 21 days is for the entire United States. Percentages vary among states. The performance target varies from year to year and was lower in some years than the 2015 target of 87.5 percent shown here.

Two stakeholder groups that we spoke with said that declining federal funding contributed to increased wait times to process UI claims, which can lead to delays in claims being paid on time and lower customer satisfaction. This is consistent with our prior work, which

indicates that states are experiencing customer service challenges related to insufficient staff, outdated IT systems, and limited funding.[31]

State UI programs rely extensively on IT systems funded through annual appropriations to administer the UI program and to support related administrative needs. As we have previously reported, states face challenges modernizing their IT systems to operate more efficiently.[32] These challenges include limited funding for modernization efforts and limited resources for operating legacy systems while implementing modernized systems. The majority of the states' existing systems for UI operations were developed in the 1970s and 1980s. However, it can be difficult to isolate effects of declining resources from other factors such as limited staff with the technical and project management expertise to manage system modernization efforts. According to ETA, current appropriations to fund state administration do not provide sufficient funding to enable states to modernize UI information technology infrastructure, which can cost many millions of dollars for each state. To address this challenge with limited additional funding, ETA has invested available resources to support consortia of states to jointly modernize their systems with the goal of sharing development and ongoing maintenance costs.

FLETC. While the partner organizations that we spoke with reported no decline in the overall quality of FLETC training, some did note that the quality and availability of housing and other on-campus accommodations declined somewhat during this period. Specifically, two partner organizations that we spoke with noted that lodging capacity issues had resulted in some of the trainees being housed outside of the FLETC campus in Glynco, Georgia—sometimes over 30 miles away. One partner organization said that this increased their

---

[31]GAO, *Unemployment Insurance*: *States' Customer Service Challenges and DOL's Related Assistance*, GAO-16-430 (Washington, D.C.: May 12, 2016).

[32]For more information, see GAO, *Information Technology: Department of Labor Could Further Facilitate Modernization of States' Unemployment Insurance Systems*, GAO-12-957 (Washington, D.C.: Sept. 26, 2012).

portion of the cost of training.[33] Another partner organization noted that trainees housed off site may miss out on the added benefits—such as getting acclimated to the agency culture—that come with trainees being located together in the dormitories. Agency officials at this partner organization described these added benefits as an important part of the training experience.

Activities without a Statutory Deadline or Dedicated Fees Were Disproportionately Affected, According to Agency Officials and Stakeholders

Management at selected agencies reported that they prioritized activities with a statutory deadline or activities where the agency had the authority to collect and obligate user fees. As a result, they said that activities without statutory deadlines or dedicated fees were disproportionately affected by declining resources at these agencies.

ETA's Office of Foreign Labor Certification. Delays and backlogs in processing applications have increased more for ETA's permanent labor certification program than other applications for temporary labor programs. Unlike other programs administered by OFLC, the permanent labor certification program does not have a statutory deadline dictating how long OFLC has to process applications. Based on ETA data, the average processing time for permanent labor certification applications not selected for integrity review in fiscal year 2015 was 195 days. The number of permanent labor certification applications remaining to be processed at the end of the fiscal year 2015 increased almost 100 percent from 29,553 applications in 2010 to 58,926 applications. In comparison, ETA reported that 100 percent of H-1B applications were processed within the target goal of 7 days from the filing date in fiscal year 2015. Meanwhile, the backlogs for processing H-2A and H-2B applications in 2015 were considerably less than the backlog for the permanent labor certification program at 180 and 341 applications, respectively. However, overall application

---

[33]For example, according to FLETC, instead of paying the relatively low daily lodging rate of $32 to $43, depending on the type of dormitory, many organizations instead had to pay the daily lodging rates ranging from $55 to as high as $157, the higher local contract rate during the peak local tourist season. The maximum amount allowed for lodging for the area in 2016 as established by the General Services Administration was between $118 and $157. FLETC provides basic training and various types of advanced training to its partner organizations. FLETC's basic training programs (e.g., criminal investigator program), in which personnel from various agencies are provided with the critical competencies of a specific job, job series, or a group of closely related job series, range from 10 to 79 days. FLETC's advanced training program (e.g., active shooter threat program), in which personnel from various agencies are provided with instruction necessary to meet specific law enforcement missions, range from 1 to 35 days.

volumes for these temporary visa programs were also considerably less. According to representatives from an organization comprised of immigration attorneys who represent employers and permanent labor applicants, delays and backlogs in the permanent labor certification program delayed businesses from hiring workers and adversely affected business operations.[34]

EPA's Office of Pesticide Programs. EPA officials said that those activities beyond the core pesticide registration work that Congress has not authorized the agency to fund through user fees are most likely to be affected by declining discretionary resources. Stakeholders that we spoke with also provided examples of activities that are not funded through user fees and, as a result, they said were significantly delayed. For instance, EPA has not updated 18-year-old testing guidelines addressing public health pests, such as bed bugs, which one of the stakeholders we spoke with identified as a significant problem in the United States. These guidelines specify methods for generating the necessary data to submit to EPA for registering a pesticide or setting a tolerance level (i.e., the maximum pesticide residue allowed) or tolerance exemption for pesticide residues. One stakeholder who represents an industry trade group said that it is vital for these efficacy guidelines to be finalized so that industry can know how and what to test for to ensure EPA accepts the study the first time it is submitted. The representative also said that uncertainty has slowed innovation for developing new products and renewing registrations of existing, effective products. This uncertainty also affects the availability of products. The need for some pesticides is seasonal, and if the product development timeline is slowed down by the need to repeat a study, manufacturers may miss the target window for a particular season.

Conclusions

In response to declines in discretionary resources since 2010, the selected agencies that we reviewed took a number of actions to continue carrying out their respective missions that aligned with our framework. These actions mitigated service disruptions and offer illustrative examples that may help other agencies address their own budget challenges. It is difficult to isolate the effects of budget reductions on the programs from

---

[34]In fiscal year 2016, Congress responded to the backlog by providing $13 million in budget authority specifically to process permanent foreign labor certifications. According to ETA, during fiscal year 2016, OFLC used this additional funding in part to implement processing efficiencies that helped the OFLC reduce the backlog by 51 percent as of September 26, 2016.

other factors, including overall program management, and even more difficult to know what the direct consequences are for individuals, businesses, and states and localities. Reduced timeliness and service levels for some programs indicate that agencies may need to take additional actions to manage their budgetary resources.

Building and maintaining a longer-term focus on managing declining resources can help agencies' top management ensure that they continue to maintain the capacity to address emerging challenges and achieve their mission. FLETC has been relying on a strategic plan that expired in fiscal year 2013. FLETC began efforts this year to draft a strategic plan that covers fiscal years 2016-2018, which it plans to complete by December 2016. However, fiscal year 2016—which represents one-third of the strategic plan—has already elapsed and fiscal year 2017 is already underway. A strategic plan that extends through fiscal 2018 can assist the agency in formulating its 2018 budget but will be less useful for assessing longer-term resource needs. Longer-term strategic planning could help FLETC maintain capacity to accommodate the anticipated increase in demand for law enforcement training in the coming years to avoid any delays for partner organizations in hiring or training the new law enforcement officers that they need to achieve their missions.

Consistent with our framework, FLETC's Director and executive team have led efforts to manage declining resources in part by clearly communicating key priorities for managing the agency's budget to both internal and external stakeholders. Some of these priorities, such as investing in data analytics and developing an Online Campus, also align with other key themes from our framework. For example, the Online Campus represents a potential long-term cost avoidance strategy that could help the agency maintain capacity to provide the necessary law enforcement training, potentially at a reduced cost to both FLETC and its partner organizations. However, FLETC has not yet finalized its plan for the Online Campus with steps and timeframes needed to ensure it successfully implements this priority action. Moreover, it is unclear where FLETC will find the necessary sources within its existing budget. Without a final plan, it may be difficult for management to monitor progress toward these activities and milestones and ensure that the Online Campus initiative helps FLETC avoid longer-term costs and maintain capacity to achieve its mission.

During the period of our review, the UI program was still addressing the implications of the most recent recession, which tested the program's capacity to rapidly increase its workload. States experiences managing

through this recession and its aftermath may offer important lessons learned for making the program more resilient and better managing its workload with existing resources. ETA officials said that they would help share such lessons when workloads stabilize. The recession officially ended in 2009, and temporary emergency unemployment benefits expired in 2013. Given that ETA reports that many state employees with extensive knowledge have left state unemployment insurance offices, ETA should move promptly to systematically identify any lessons learned from this experience that could help the agency maintain the program's capacity to respond to changes in workload during a future economic downturn.

While we are not making any new recommendations to EPA as part of this report, our work found that EPA top management also had opportunities to better manage declining resources by further addressing our prior recommendations. These recommendations could help the agency improve efficiency and avoid costs to better manage its limited resources. For example, completing plans to automate data related to conditional pesticide registrations could make the staff-intensive review process more efficient.

Recommendations for Executive Action

We are making three recommendations to help FLETC and ETA better manage declining resources.

To help ensure that FLETC builds and maintains capacity to achieve its mission with existing levels of resources over the longer-term, we recommend that the Secretary of Homeland Security direct the Director of FLETC to

1. complete a revised strategic plan that encompasses the agency's long-term goals and objectives to address emerging challenges; and

2. as part of its strategic planning process, finalize the plan, including the steps and time frames, needed to further implement its Online Campus initiative.

To help ensure that ETA continues to have the capacity to achieve its mission and manage changes in demand for services resulting from changes in the broader economy, we recommend that the Secretary of Labor direct the Administrator of ETA to systematically gather and evaluate information on the challenges that states faced administering the unemployment insurance program during the recession that began in 2007—such as rapidly ramping up staffing at the start of the recession

and ramping down as the economy recovered—and identify and build upon any lessons learned from this experience that could be broadly shared to help the program respond to any changes in workload during a future economic downturn.

Agency Comments and Our Evaluation

We provided a draft of this report to DHS, Labor, and EPA for review and comment.

In written comments reproduced in appendix IV, DHS concurred with our two recommendations for FLETC to (1) complete a revised strategic plan that encompasses the agency's long-term goals and objectives to address emerging challenges and (2) as part of its strategic planning process, finalize the plan needed to further implement its Online Campus initiative. DHS discussed FLETC's commitment to strategically planning how it will manage its resources to address emerging challenges such as anticipated surges in federal law enforcement training needs. DHS indicated that FLETC is on target to complete a multi-year strategic plan by December 31, 2016, and then implement a quarterly review process to monitor progress toward achieving the plan's goals and objectives. DHS also reported that as part of FLETC's forthcoming strategic plan, FLETC plans to finalize objectives, strategies, and milestones for its Online Campus that align with its anticipated resources. If implemented as described, DHS's actions would meet the intent of our recommendations.

A draft of this report contained a recommendation to the Secretary of Labor to direct the Administrator of ETA to develop alternative options to ensure OFLC's workload demands can be met with existing resources in the absence of legislative changes. In an email response to the draft report, ETA provided additional documentation that included specific steps and timeframes for its ongoing and planned efforts to improve the efficient use of OFLC's current resources, such as the reorganization and cross-training of staff and replacement of its current electronic case processing applications. Moreover, in oral comments on the draft report, a Deputy Assistant Secretary for ETA provided additional information about how these efforts could potentially help OFLC meet its workload demands with existing resources in the absence of legislative changes. We agree that these steps and planned actions constitute alternative options. Therefore, we removed the recommendation and revised the report accordingly.

A draft of this report also contained a recommendation to the Secretary of Labor to direct the Administrator of ETA to gather and evaluate

information on the challenges that states faced administering the unemployment insurance program during the recession that began in 2007 and identify any lessons learned from this experience that could be applied to help the program respond to any changes in workload during a future economic downturn. In oral comments on the draft report, the Administrator of the Office of Unemployment Insurance provided additional information regarding how ETA uses its routine communication with states to identify lessons learned from the most recent recession. We revised the report to further acknowledge the routine communication that ETA has with states through conferences and its program monitoring activities, which ETA says has helped the agency identify lessons learned and informed the proposal for UI included in the President's Fiscal Year 2017 budget request. In addition, to better distinguish the purpose and intent of our recommendation from the more routine communications and data gathering that ETA performs, we revised our recommendation to (1) emphasize the need for information to be gathered systematically, (2) clarify the focus on challenges that states could face in maintaining capacity as a result of an economic downturn, such as rapidly ramping up staffing at the start of the recession and ramping down as the economy recovered, and (3) emphasize the need for lessons to be shared broadly. We provided ETA with revised wording of our recommendation, which appears in this report.

In written comments, reproduced in appendix V, ETA did not state whether it concurred or not with this recommendation. ETA stated that it believed the recommendation does not fully recognize its work with states to identify lessons learned from the most recent recession. However, as ETA notes, previous data collection efforts have not focused specifically on the states' ability to manage changes in workload during an economic downturn. We continue to believe that a systematic approach to gathering and sharing lessons learned from the most recent recession would further help the program maintain capacity in response to a future economic downturn.

EPA's National Coordinator for the Clean Water Section 319 Grants Reporting and Tracking System also provided us with comments in an e-mail regarding open recommendations from our May 2012 report on Section 319 NPS grants, which we cite in this report.[35] The National Coordinator stated that, since 2012, EPA has invested substantially in

---
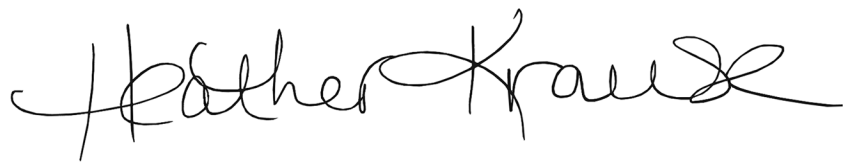
[35]GAO-12-335.

reforming overall program guidance and oversight. According to the National Coordinator, these reforms will serve to strengthen the strategic use of Section 319 funds in NPS program management. In our July 2016 report, we noted that EPA has taken a number of actions since our 2012 report, in part to respond to our recommendations.[36] EPA has not made changes to the program's measures of effectiveness, but Office of Water officials confirmed in September 2016 that EPA is still planning to do so. We will continue to monitor EPA's efforts on this and other recommendations.

FLETC, ETA, and EPA also provided technical comments that we incorporated, as appropriate.

We are sending copies of this report to the appropriate congressional committees, the Secretaries of Homeland Security and Labor, the Administrator of EPA, and other interested parties. In addition, the report is available at no charge on our website at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-6806 or krauseh@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix VI.

Heather Krause
Acting Director, Strategic Issues

[36] GAO-16-697R.

Department of Labor's Employment
and Training Administration (ETA)

New discretionary appropriations for the Employment and Training Administration (ETA) declined by roughly 14 percent from fiscal year 2010 to fiscal year 2015. Meanwhile, new discretionary appropriations for selected programs declined by between 9 percent and 16 percent.

- The Unemployment Insurance (UI) State Administration program funds grants to states for the administration of UI programs in accordance with Section 302(a) of the Social Security Act.[1] ETA uses a combination of national claims-related workload projections and other factors to develop the request for UI administrative funding for states. After Congress appropriates funds, the Department of Labor uses a formula based in large part on workload estimates ETA develops, as well as other information provided by states, such as cost accounting information to allocate "base" funding to states. Base resources attempt to provide 80 to 90 percent of total "need" for workload processing with the remaining funding for workload related activities provided after the conclusion of each quarter when states report workload activity in excess of the "base" workload. This approach is intended to address forecast error in the original estimates. Since available funding is calculated in large part on claims-related workloads, the federal funding available for states is sensitive to changes in total claims, with more funding available when claims increase and less when they decrease.[2]

---

[1]ETA's oversight of states' compliance with broad federal requirements is funded through a separate account. This includes activities such as setting overall program policies, establishing and monitoring performance measures and standards, ensuring state laws and operations comply with federal law, and providing technical assistance to states.

[2]States may also receive additional federal administrative funding above base levels quarterly when claims-related workloads exceed base-funding levels. ETA may also award supplemental funds to states for special UI projects, such as supporting state efforts to reduce improper payments and address outdated IT system infrastructure. According to ETA, unless specifically requested in the budget submission, supplemental funds for such awards only become available when workload levels estimated for the budget request do not materialize.

- Foreign Labor Certification Federal Administration funds most of the administrative costs of the immigration programs overseen by the Office of Foreign Labor Certification (OFLC).[3] This includes salaries and expenses, IT systems development, case adjudication support, rent, equipment, and supplies.[4] OFLC is responsible for reviewing employer requests for the certification of a foreign worker to work in the United States to ensure that hiring a foreign worker will not adversely affect the wages and working conditions of American workers, and that no qualified American workers are willing or available to fill a given vacancy. OFLC oversees the labor certifications for a number of visa programs, including the Permanent Labor Certification, H-2A, H-2B, and H-1B programs.

Table 2: New Discretionary Appropriations for Employment and Training Administration (ETA) and Selected Programs, Fiscal Years 2010 to 2015 (in millions of dollars)

Agency/Program	2010	2011	2012	2013	2014	2015
ETA total	**10,494**	**9,772**	**9,578**	**9,029**	**9,120**	**9,014**
Percent Change from fiscal year 2010		*-7%*	*-9%*	*-14%*	*-13%*	*-14%*
Unemployment Insurance-State Administration	3,196	3,189	3,175	2,950	2,802	2,698
Percent Change from fiscal year 2010		*0%*	*-1%*	*-8%*	*-12%*	*-16%*
Foreign Labor Certification-Federal Administration	53	50	50	48	48	48
Percent Change from fiscal year 2010		*-6%*	*-6%*	*-9%*	*-9%*	*-9%*

Source: GAO analysis of Office of Management and Budget and ETA data. | GAO-17-79

Notes: In addition to annual appropriations, OFLC receives 5 percent of the revenue from the employer-funded H-1B application processing fee collected by the Department of Homeland Security. This 5 percent supports H-1B and Permanent Labor Certification application processing activities.

Table 3 highlights select agency performance measures, showing the annual targets and results for each measure during the relevant timeframe. Years where results fell below the agency's target are highlighted in gray. According to ETA budget and performance

[3]Foreign Labor Certification Federal Administration is funded through the State Unemployment Insurance and Employment Service Operations appropriations account.

[4]The H-1B Specialty Occupations Program is supported separately with fee collections derived from employer-paid fees. State employment services that support the federal foreign labor certification programs, such as conducting required housing inspections for H-2A workers, are funded separately.

documents, ETA was unable to reach its target for some performance measures in part because of resource constraints. For example, ETA cited state staff layoffs, high state staff turnover, and technology issues as a few reasons for the states' inability to achieve their target for the first payment timeliness measure.

Table 3: Select Performance Measures for Employment and Training Administration (ETA) Programs

Select Performance Measures	Fiscal Year	Target	Result	Description
Unemployment Insurance (UI) State Administration				
Percent of all intrastate first payments that will be made within 21 days	2011	86.0%	84.6%	This measure is an indicator of intrastate payment timeliness. According to ETA, making timely payments to unemployed workers is critical to fulfilling UI's key statutory objective of making full payment of unemployment compensation "when due."
	2012	85.7%	82.9%	
	2013	87.0%	80.9%	
	2014	87.1%	79.7%	
	2015	87.5%	83.7%	
Percent of the amount of estimated overpayments that states detect established for recovery	2011	53.1%	58.9%	According to ETA, reducing UI improper payments and improving program integrity remains one of ETA's top priorities. ETA reports that it uses UI performance data to identify national and state root causes of improper payments. It also works with its state partners to prevent, detect, and recover UI improper payments.
	2012	52.3%	63.8%	
	2013	51.8%	61.0%	
	2014	54.2%	68.5%	
	2015	55.3%	62.5%	
Percentage of determinations about UI tax liability of new employers made within 90 days of the end of the first quarter they became liable	2011	90.0%	87.2%	According to ETA, promptly enrolling new employers in UI is key to fulfilling major program objectives of supporting the timely payment of taxes—which funds UI benefits—and making timely and accurate eligibility determinations based on employer-reported wages.
	2012	86.9%	88.7%	
	2013	87.5%	88.6%	
	2014	88.9%	88.1%	
	2015	89.0%	87.3%	
Office of Foreign Labor Certification (OFLC) Federal Administration				
Average processing time goal for permanent labor certification applications selected for integrity review (measured in days).	2013	200	260	This measure captures the effect audit reviews have on processing times. ETA reports that a key and long-standing challenge within foreign labor certification programs has been balancing program integrity activities with stakeholder needs for timely processing of applications.
	2014	450	452	
	2015	500	439	
Average processing time for permanent labor certification applications not selected for integrity review (measured in days).	2013	90	114	This measure shows the average time it takes to process permanent labor certification program applications that are not selected for audit examinations.
	2014	225	203	
	2015	200	195	
Percent of Complete H-2A Applications Resolved 30 Days	2014	80.0%	90.8%	This measure reflects the department's statutory requirement to make a certification determination 30 days before the date
	2015	95.0%	97.3%	

Select Performance Measures	Fiscal Year	Target	Result	Description
Before the Date of Need[a]				of need.
Percent of H-2B Applications Resolved in 30 Days[b]	2013	82.0%	85.3%	This measure gauges the timeliness of application processing.
	2014	90.0%	97.5%	
	2015	90.0%	84.3%	
Percent of H-1B applications processed within 7 days of the filing date	2011	100.0%	100.0%	This measure gauges the timeliness of application processing.
	2012	100.0%	100.0%	
	2013	100.0%	100.0%	
	2014	100.0%	97.1%	
	2015	100.0%	100.0%	

Source: GAO analysis of Employment and Training Administration documents containing most recent estimates. | GAO-17-79

[a]According to ETA, this measure and the metrics used to calculate it were created during fiscal year 2014. No data is available prior to fiscal year 2014.

[b]According to ETA, this measure was created during fiscal year 2013. No data is available prior to fiscal year 2013

Environmental Protection Agency

New discretionary appropriations for the Environmental Protection Agency (EPA) declined by roughly 21 percent from fiscal year 2010 to fiscal year 2015, while new discretionary appropriations for selected programs declined by between approximately 15 and 21 percent.

- EPA awards Section 319 nonpoint source (NPS) pollution categorical grants for implementing state NPS management programs. From fiscal year 2010 through fiscal year 2014, the most recent years for which complete data on awarded projects were available, states awarded approximately 4,000 projects under the Section 319 NPS program. The two most common categories of nonpoint source water pollution targeted by these projects were agricultural runoff and urban and stormwater runoff.

- The Environmental Programs and Management (EPM) account supports a broad range of activities involved in EPA developing pollution control regulations and standards, and enforcement of these requirements across multiple environmental media, such as air quality and water quality. For the purposes of this report, we focused on three of the EPM budget activities related to pesticides. These support the Office of Pesticide Programs (OPP) activities that protect human health and the environment from pesticide risk, as well as activities to realize the value of pesticide availability. In addition to receiving annual appropriations, OPP has the authority to collect and obligate Pesticide Registration Improvement Act of 2003 (PRIA) fees.[1] Specifically, in 1988, Congress enacted annual registration maintenance fees to support EPA reviewing existing pesticide registrations. In 2004, Congress enacted pesticide registration fees, which are paid by registrants for some registration actions, such as registrations for new uses of pesticides, to help pay for registration costs. According to EPA, the goals of the PRIA fee system are to both

---

[1]PRIA, as amended, created a registration service fee system for applications for specific pesticide registration, amended registration, and associated tolerance actions. The PRIA fees were originally authorized through fiscal year 2007 and have been reauthorized twice, with the latest reauthorization set to expire September 30, 2017.

create a more predictable evaluation process for affected pesticide decisions and to couple the collection of individual fees with specific decision review periods. Pesticide registration service fees have a minimum appropriation threshold established by statute. Pesticide registration service fees may not be assessed for a fiscal year unless Congress provides at least a set amount of annual appropriations for certain OPP functions for that year. Nonetheless, Congress has at times authorized EPA to assess pesticide registration service fees for a given fiscal year notwithstanding the minimum appropriations provision. PRIA fees, which include both discretionary budget authority and mandatory budget authority from offsetting collections, can supplement OPP's annual appropriations. PRIA fees totaled roughly $44 million in fiscal year 2015.

Table 4: New Discretionary Appropriations for the Environmental Protection Agency (EPA) and Selected Program Accounts, Fiscal Year 2010 to 2015 (in millions of dollars)

Agency/Program	2010	2011	2012	2013	2014	2015
EPA total	**10,257**	**8,681**	**8,450**	**8,471**	**8,200**	**8,140**
Percent Change from fiscal year 2010		*-15%*	*-18%*	*-17%*	*-20%*	*-21%*
Categorical Grant: Nonpoint Source (Section 319)	201	176	164	156	159	159
Percent Change from fiscal year 2010		*-13%*	*-18%*	*-22%*	*-21%*	*-21%*
EPM – Pesticides[a]	118	116	108	103	102	101
Percent Change from fiscal year 2010		*-2%*	*-9%*	*-13%*	*-13%*	*-15%*

Source: GAO analysis of Office of Management and Budget and EPA data. | GAO-17-79

[a]Environmental Programs and Management (EPM) – Pesticides includes budget activities "Protect Human Health from Pesticide Risk," "Protect the Environment from Pesticide Risk," and "Realize the Value of Pesticide Availability."

Table 5 highlights select agency performance measures, showing the annual targets and results for each measure during the relevant timeframe. Years where results fell below the agency's targets are highlighted in gray. Currently, EPA is unable to effectively track the effects of declining resources on some performance measures. There are many activities that contribute to restoring polluted waterways and reducing nonpoint source pollution. Some of these are EPA programs, others are state programs, and yet others may be other federal programs. In addition, EPA officials said that there is a time lag between changes to funding for Section 319 NPS pollution grants and when effects from the changes take place. Further, we previously recommended that EPA revise Section 319 guidelines to states to emphasize measures that more

accurately reflect the overall health of targeted water bodies (e.g., the number, kind, and condition of living organisms) and demonstrate states' focus on protecting high-quality water bodies, where appropriate.[2] EPA agreed that different measures would better represent Section 319 NPS pollution program progress, and, according to EPA, the agency will undertake work on a new measure for protecting unimpaired waters.

Table 5: Select Performance Measures for Environmental Protection Agency Programs

Select Performance Measures	Fiscal Year	Target	Result	Description
State and Tribal Assistance Grants (STAG) – Categorical Grant: Nonpoint Source (NPS) Pollution (Sec. 319)				
Number of water bodies identified by states as being primarily NPS-impaired that are partially or fully restored	2011		358	This measure tracks impaired waters that are partially or fully restored to state water quality standards as a result of Nonpoint Source projects. "Fully restored" means that the water body meets all water quality standards or designated uses. "Partially restored" means that after restoration the water body meets some, but not all, of the initially impaired water quality standards or designated uses. The targets and results are cumulative.
	2012		433	
	2013	468	504	
	2014	537	560	
	2015	600	604	
Estimated annual reduction in million pounds of nitrogen from nonpoint sources to water bodies	2011	8.5	12.8	Annually reported results for Section 319-funded on-the-ground implementation projects where the designated pollutant (nitrogen) is addressed by the project.[a]
	2012	8.5	9.0	
	2013	9.1	10.4	
	2014	9.1	11.3	
Estimated annual reduction in million pounds of phosphorus from nonpoint sources to water bodies	2011	4.5	4.8	Annually reported results for Section 319-funded on-the-ground implementation projects where the designated pollutant (phosphorus) is addressed by the project.[a]
	2012	4.5	4.4	
	2013	4.5	3.5	
	2014	4.5	2.7	
Estimated annual reduction in million tons of sediment from nonpoint sources to water bodies	2011	700	2,007	Annually reported results for Section 319-funded on-the-ground implementation projects where the designated pollutant (sediment) is addressed by the project.[a]
	2012	700	1,100	
	2013	1,100	1,169	
	2014	1,200	1,674	
Environmental Programs and Management (EPM) – Pesticides				
Number of Product Reregistration Decisions	2011	1,500	1,218	EPA is to review each registered pesticide at least every 15 years to determine whether it continues to meet the Federal Insecticide, Fungicide, and Rodenticide Act standard for registration. EPA seeks to assess any changes that have occurred since the
	2012	1,200	1,255	
	2013	1,200	709	
	2014	900	292	

[2]GAO, *Nonpoint Source Water Pollution: Greater Oversight and Additional Data Needed for Key EPA Water Program,* GAO-12-335 (Washington, D.C.: May 31, 2012).

Select Performance Measures	Fiscal Year	Target	Result	Description
	2015	600	562	last registration decision to determine whether the pesticide still satisfies the statutory standard for registration.
Percent of decisions completed on time (on or before Pesticide Registration Improvement Act [PRIA] or negotiated due date)	2011	99.0%	98.4%	Each PRIA fee category has an associated period of time in which the agency must make a determination—or "PRIA due date." An action or decision is completed when the Office of Pesticide Programs decides on the application (e.g., the product is registered, a label is stamped, protocol reviewed, or the action is denied).[b]
	2012	99.0%	99.1%	
	2013	99.0%	98.8%	
	2014	97.0%	85.0%	
	2015	96.0%	98.4%	
Percentage of agricultural acres treated with reduced risk pesticides	2011	21.0%	22.0%	Reduced risk pesticides are designed to be less harmful to humans, birds, fish and/or plants; have lower potential for groundwater contamination; and require lower application rates. This measure focuses on the use of reduced risk pesticides in agriculture but does not capture their use in nonagricultural markets.
	2012	22.0%	22.5%	
	2013	22.5%	23.0%	

Source: GAO analysis of Environmental Protection Agency documents. | GAO-17-79

[a]The numbers represent new load reduction estimates that were achieved by any active NPS project that implemented new best management practices (BMP). Load reductions for each new BMP are only counted for the first year of implementation rather than for the service life of each particular BMP (reductions are not cumulative). The Office of Wetlands, Oceans, and Watersheds provides one national number for the designated pollutant based on the data entered by states in its Grants Reporting and Tracking System.

[b]The PRIA due date may be extended by a mutual agreement between the applicant and the agency. The new due date is called a negotiated due date. Negotiated due dates occur predominantly as a result of missing information or data or data deficiencies identified during an in-depth review of the application. The due date then is extended to allow the applicant the time to submit the data or information and for the agency to review the data and make a determination.

Appendix III: Overview of Federal Law Enforcement Training Centers' Budget and Performance Measures

Department of Homeland Security
Federal Law Enforcement Training Centers (FLETC)

Newly enacted appropriations for FLETC declined by roughly 11 percent from fiscal year 2010 to fiscal year 2015.

- FLETC's annual appropriation is available for necessary expenses for Salaries and Expenses, including materials and support costs for federal law enforcement basic training, and public awareness and enhancement of community support of law enforcement training. According to FLETC officials, the projected cost of partner organizations' basic training budgets is included in FLETC base appropriations except for the cost of instructors. The cost of instructors is split evenly between FLETC and partner organizations. Partner organizations have 3 options to cover their portion of the costs:

  - provide 50 percent of the instructors from their own agency;
  - provide the funding necessary for FLETC to hire instructors;[1] or
  - provide a combination of instructors and funding.

- Amounts appropriated for Acquisitions, Construction, Improvements and Related Expenses are available for the acquisition of necessary additional real property and facilities; construction; and ongoing maintenance, facility improvements, and related expenses of FLETC.[2]

---

[1]Reimbursements from partner organizations are not included in table 6.

[2]FLETC is also authorized to accept reimbursement to this appropriation from government agencies requesting the construction of special use facilities.

Table 6: New Discretionary Appropriations for Federal Law Enforcement Training Centers (FLETC) Program Accounts, Fiscal Years 2010 to 2015 (in millions of dollars)

Agency/Program	2010	2011	2012	2013	2014	2015
FLETC Total	**290**	**270**	**271**	**243**	**259**	**258**
Percent Change from fiscal year 2010		*-7%*	*-7%*	*-16%*	*-11%*	*-11%*
Acquisitions, Construction, Improvements and Related Expenses	43	35	32	27	31	28
Percent Change from fiscal year 2010		*-19%*	*-26%*	*-37%*	*-28%*	*-35%*
Salaries and Expenses	247	235	239	216	228	230
Percent Change from fiscal year 2010		*-5%*	*-3%*	*-13%*	*-8%*	*-7%*

Source: GAO analysis of Office of Management and Budget and FLETC data. | GAO-17-79

Table 7 shows one of FLETC's primary performance measures for monitoring the quality of its training programs and the annual targets and results from fiscal years 2011 to 2015. Years where results fell below the agency's target are highlighted in gray.

Table 7: Select Performance Measure for Federal Law Enforcement Training Centers (FLETC), Fiscal Years 2011 to 2015

Select Performance Measure(s)	Fiscal Year	Target	Result	Description
Federal Law Enforcement Training Centers (FLETC)				
Percent of Partner Organizations (PO) that agree FLETC training programs address the right skills (e.g., critical knowledge, key skills and techniques, and attitudes/behaviors) needed for their officers/agents to perform their law enforcement duties	2011	84.0%	98.5%	This performance measure reflects the satisfaction of POs that FLETC training programs address the right skills such as preventing the introduction of high-consequence weapons of mass destruction, terrorism, and other criminal activity against the United States and its citizens. The data are gathered from the PO representative from each organization through a web-based survey. POs include more than 90 organizations both internal and external to the Department of Homeland Security.
	2012	97.0%	96.0%	
	2013	97.0%	100.0%	
	2014	97.0%	91.0%	
	2015	94.0%	98.0%	

Source: GAO analysis of Department of Homeland Security documents. | GAO-17-79

Appendix IV: Comments from the Department of Homeland Security

Homeland Security

December 7, 2016

Heather Krause
Acting Director, Strategic Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Management's Response to Draft Report GAO-17-79, "DECLINING
       RESOURCES: Selected Agencies Took Steps to Minimize Effects on Mission but
       Opportunities Exist for Additional Action"

Dear Ms. Krause:

Thank you for the opportunity to review and comment on this draft report. The U.S.
Department of Homeland Security (DHS) appreciates the U.S. Government
Accountability Office's (GAO) work in planning and conducting its review and issuing
this report.

The Department is pleased to note GAO's positive recognition of the Federal Law
Enforcement Training Centers' (FLETC's) efforts to manage declining resources,
specifically in the areas of defining and clearly communicating key principles and
priorities for guiding budget reductions, reviewing operations to achieve additional
efficiencies while maintaining the quality of affected training, and developing a short-
term reduction strategy for service contracts. The draft report also highlights FLETC's
use of data analytics to guide resource decisions, and its efforts to accommodate
increased training demand by shifting training to different sites and honoring short-notice
training support requests to the extent possible.

FLETC provides basic, advanced, specialized, and in-service requalification training for
law enforcement personnel from more than ninety federal, state, local, tribal and
international law enforcement agencies. Despite a roughly 12 percent decrease in newly
enacted appropriations since 2010, FLETC has continued to meet the training needs its
partner organizations. This is evidenced by the performance measure reflecting 98
percent satification of partner organizations in Fiscal Year (FY) 2015 that FLETC
training programs address the right skills, (e.g., critical knowledge, key skills and
techniques, and attitudes/behaviors), needed for their officers/agents to perform their law
enforcement duties.

In addition, it is important to note that FLETC has taken numerous steps during the past
few years to strategically plan for anticipated training surges. For example, for several
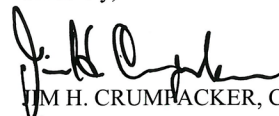
years FLETC has been negotiating a land swap with officials in Charleston, South
Carolina, that would provide the space needed to construct an additional driving track.
This would enable FLETC to explore holding basic training classes at its Charleston
location, thus expanding its capacity to meet growing training needs. Additionally,
although FLETC typically delivers its Uniformed Police Training Program at its Glynco,
Georgia, headquarters, during the past few years, FLETC has delivered iterations of this
program at its location in Artesia, New Mexico, enabling agencies such as the U.S. Secret
Service to fulfill critical hiring goals. To most cost effectively meet its partners' future
training needs, FLETC is currently exploring options for adding dormitories to its Glynco
and Charleston locations, and potentially acquiring dormitories it currently leases in
Glynco. FLETC has also consulted with the Office of Personnel Management to obtain
data about hiring and attrition trends in the law enforcement series to help better predict
future training demand, and intends to further collaborate with Departmental and other
agencies regarding expected attrition and hiring. Finally, in November 2016 FLETC held
an executive level meeting with its federal partner organizations' Chief Financial
Officers, Human Capital Officers, and training leaders for the purpose of proactively
communicating about FLETC's training projections and budget processes to better
position FLETC to meet FY 2019 training needs.

DHS remains committed to efficiently managing its training resources and continuously
striving to ensure that every taxpayer dollar is used wisely and to the maximum effect in
carrying out FLETC's mission to train those who protect our homeland.

The draft report contained two recommendations for DHS with which the Department
concurs. Attached find our detailed response to these recommendations.

Again, thank you for the opportunity to review and comment on this draft report.
Technical comments were previously provided under separate cover. Please feel free to
contact me if you have any questions. We look forward to working with you in the
future.

Sincerely,

JIM H. CRUMPACKER, CIA, CFE
Director
Departmental GAO-OIG Liaison Office

Attachment

2

**Attachment: DHS Management Response to the Recommendations
Contained in Draft Report GAO-17-79**

GAO recommended that the Secretary of Homeland Security direct the Director of
FLETC to:

Recommendation 1: Complete a revised strategic plan that encompasses the agency's
long-term goals and objectives to address emerging challenges.

Response: Concur. Staff within FLETC's Director's Office are in the final stages of
completing a multi-year strategic plan, which will cover FY 2016 through 2018.
Although FY 2016 has passed, FLETC chose to include it in this plan as a means of
documenting its accomplishments in support of previously identified priorities, including
those of the Secretary during the final year of the Administration and those FLETC's
senior management team identified at the outset of the fiscal year. FLETC chose FY
2018 as the end date for this plan in order to synchronize its plan with the Department's
2014-2018 Strategic Plan. FLETC is on target to publish this plan by December 31,
2016. Immediately following publication, FLETC will implement a quarterly review
process during which executive sponsors will report on progress toward achievement of
the plan's goals and objectives. Thus, during the next two years, FLETC will
institutionalize strategic planning as part of its operations, which includes a robust
process for monitoring and measuring progress.

Also, immediately following publication of its FY 2016-2018 strategic plan, FLETC will
begin taking steps to develop a strategic plan that will cover FY 2019 through 2023. This
effort will include a thorough assessment of strengths, weaknesses, opportunities, and
threats, including expected training surges due to anticipated retirement of the large
cohort of law enforcement officers hired in the wake of the September 11th terrorist
attacks. This planning process will enable FLETC to link its strategic priorities with its
budget formulation process, and will facilitate management decisions regarding resources
that are aligned with strategic priorities. FLETC intends to complete a draft of its goals
and objectives for this plan by December 31, 2017, after which it will develop more
specific strategies and milestones and publish a final plan by September 30, 2018.
Estimated Completion Date (ECD): September 30, 2018.

Recommendation 2: As part of its strategic planning process, finalize the strategic plan,
including the steps and timeframes needed to further implement it Online Campus
initiative.

Response: Concur. The draft report notes that, FLETC's Online Campus represents a
long-term cost avoidance strategy that could help the agency maintain capacity to provide
necessary law enforcement training potentially at a reduced cost. FLETC is committed to

3

continued development and implementation of its Online Campus as not only a cost avoidance mechanism, but also as an additional training delivery and continuous learning portal that will significantly increase FLETC's reach into the law enforcement community.

Staff within FLETC's Director's office are developing FLETC's FY 2016-2018 strategic plan which outlines the agency's goals, objectives, strategies, and milestones for its Online Campus within the context of the current budget. FLETC has a long term vision for the Online Campus, which it has been implementing within the scope of available resources. As FLETC engages in its strategic planning process, it will finalize objectives, strategies, and milestones that align with anticipated resources and that meet FLETC's vision to the extent possible given resource availability and competing requirements. ECD: December 31, 2016.

4

U.S. Department of Labor

DEC 5 2016

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

Heather Krause
Acting Director
Strategic Issues
U.S. Government Accountability Office
441 G. Street, N.W.
Washington, D.C. 20548

Dear Ms. Krause:

On behalf of the U.S. Department of Labor's Employment and Training Administration (DOL/ETA), I want to thank you for the opportunity to review and comment on the Government Accountability Office's (GAO) draft report entitled, *Declining Resources: Selected Agencies Took Steps to Minimize Effects on Mission but Opportunities Exist for Additional Action (GAO-17-79)*.

The GAO report recommends that to help ensure ETA continues to have the capacity to achieve its mission and manage changes in demand for services resulting from changes in the broader economy, the Secretary of Labor should direct the ETA to:

> Systematically gather and evaluate information on the challenges that states faced administering the Unemployment Insurance (UI) program during the recession that began in 2007—such as rapidly ramping up staffing at the start of the recession and ramping down as the economy recovered—and identify any lessons learned from this experience that could be applied to help the program respond to any changes in workload during a future economic downturn.

ETA believes GAO's recommendation does not fully recognize ETA's work with states to identify lessons learned from the Great Recession and to help ensure the UI program maintains capacity in response to a future economic downturn. ETA routinely communicates with states through meetings hosted by ETA's Regional Offices, quarterly participation in the National Association of State Workforce Agencies' UI Committee meetings, and national UI conferences. ETA also routinely monitors program activities through a wide array of data collection. While these data collection component do not focus specifically on this issue, these activities have helped ETA identify lessons learned from the impacts of the Great Recession on the federal-state UI system. As GAO noted in the report, this information informed ETA's work to re-engineer benefit accountability processes. They also informed and shaped several of the recommendations/proposals included in the President's Fiscal Year 2017 budget request, including proposed reforms related to trust fund solvency, program integrity, the extended benefits program, and benefit expansions and modernization.

Again, thank you for the opportunity to review the draft report. If you would like additional information, please do not hesitate to call me at (202) 693-2700.

Sincerely,

Portia Wu
Assistant Secretary

Appendix VI: GAO Contact and Staff Acknowledgments

GAO Contact

Heather Krause, (202) 512-6806, krauseh@gao.gov

Staff Acknowledgments

In addition to the contact named above, Carol M. Henn, Assistant Director; Thomas J. McCabe, Analyst-In-Charge; Ulyana Panchishin; Michelle Sager; and Elise Vaughan Winfrey made major contributions to this report. Also contributing to this report were Ann L. Czapiewski, Hilary R. Kelly, Julie Matta, Angie Nichols-Friedman, Michele Mackin, Diana Maurer, Eleni Orphanides, Sabine Paul, Barbara Patterson, Amanda Postiglione, Andrew Sherrill, Stewart W. Small, Anne Stevens, and Cynthia Saunders.