

Why GAO Did This Study

Since 1989, an appropriations provision, colloquially known as the “Stevens Amendment,” has reflected Congress’s longstanding effort to ensure transparency and accountability in federal grant spending. GAO was asked to review agency guidance and grantee compliance related to the Stevens Amendment. This report (1) describes the guidance DOL, HHS, and Education provide to grantees regarding the Stevens Amendment; (2) examines the extent to which DOL, HHS, and Education are managing grantees’ compliance with the Stevens Amendment; and (3) describes what is known about how grantees calculate the dollar amounts and percentages of their federal and nongovernmental funding disclosures. GAO asked for agency guidance documents, reviewed monitoring reports, interviewed officials on agencies’ Stevens Amendment oversight efforts, and asked agencies how grantees calculate funding amounts.

What GAO Recommends

GAO recommends that DOL subagencies (other than ETA), HHS operating divisions, and Education design and implement processes to manage grantees’ compliance with the Stevens Amendment. In responding to the report, DOL, one DOL subagency, and HHS agreed with GAO’s recommendation. Education disagreed with GAO’s recommendation, citing limited monitoring resources and other reasons. GAO believes the recommendation should be fully implemented, as discussed in the report.

GRANTS MANAGEMENT

Agency Action Required to Ensure Grantees Identify Federal Contribution Amounts

What GAO Found

The Stevens Amendment is an appropriations provision that requires grantees of the Departments of Labor (DOL), Health and Human Services (HHS), and Education (Education) to disclose for a grant program the percent of the costs financed with federal funds, the federal dollar amount, and the percentage and dollar amount financed by nongovernmental funds. The provision requires that recipients of grants funded by DOL, HHS, and Education make certain funding disclosures when issuing statements, press releases, bid solicitations, and other documents describing their grant project or program. DOL, HHS, and Education generally provide written guidance to grantees with the exact text of the Stevens Amendment or a paraphrased equivalent. In addition, a number of operating divisions within HHS referenced the HHS Grants Policy Statement, which includes language equivalent to the Stevens Amendment, as a way to instruct grantees. One HHS operating division, the Health Resources and Services Administration, provided grantees with additional guidance in the form of a web page that contained examples of funding disclosure statements and frequently asked questions intended to clarify the Stevens Amendment’s requirements.

One DOL subagency, the Employment and Training Administration (ETA), whose active grants represented more than 95 percent of DOL’s total grant dollars, had processes for managing grantees’ compliance that were able to identify instances of grantee noncompliance with Stevens Amendment requirements. ETA’s operating plan for grant oversight targets 26 percent of its active grants for risk-based monitoring each fiscal year, representing approximately 2,100 grants in fiscal year 2019. The other DOL subagencies either stated that they did not monitor grantees for compliance with Stevens Amendment requirements or did not have processes in place for managing grantee compliance with the requirements of the Stevens Amendment. Most HHS operating divisions said they did not review grantees for Stevens Amendment compliance. Education also did not monitor for grantee compliance with the Stevens Amendment’s requirements. Regulations governing federal agencies’ management of grants require federal agencies to manage and administer the federal award in a manner that ensures that programs are implemented in full accordance with U.S. statutory and public policy requirements. Without processes for managing compliance, some DOL subagencies, HHS operating divisions, and Education are unable to ensure that grant programs are being implemented by grantees in full accordance with the statutory requirements of the Stevens Amendment.

Most of the subagencies and operating divisions monitoring compliance did not gather information from grantees about how the grantees calculate the dollar amounts and percentages in their Stevens Amendment funding disclosures. For example, DOL’s ETA officials said that they do not know how the dollar amounts reported by grantees were calculated, and have not inquired about the level of detail factored into indirect costs involving the grantee organization’s structure and the percentage of funds spent on salaries. Similarly, officials from HHS’s National Institutes of Health operating division noted that calculations can be difficult given that a research program can have multiple funding streams that feed into a grant project and grantees’ research portfolios are now more complex than they have been in the past.