

Why GAO Did This Study

Economic development programs that effectively provide assistance to entrepreneurs may help businesses develop and expand. GAO focused on 52 economic development programs, with an estimated \$2.0 billion in funding, at Commerce, HUD, SBA, and USDA that support entrepreneurs. In response to a statutory requirement, this report discusses (1) the extent of overlap and fragmentation, the effects on entrepreneurs, and agencies' actions to address them; and (2) the extent of tracked program information and whether these programs have met their performance goals and been evaluated. To address these objectives, GAO analyzed program information and interviewed agency officials in headquarters and selected field offices, entrepreneurs, and third-party entities, such as nonprofits, that use federal grants to provide assistance directly to entrepreneurs.

What GAO Recommends

GAO recommends that the agencies and the Office of Management and Budget explore opportunities to enhance collaboration among programs, both within and across agencies; track program information; and conduct more program evaluations. Commerce, HUD, and USDA provided written comments and each neither agreed nor disagreed with the recommendations. However, USDA commented that the recommendations were not explicit. In the report, GAO provides specific actions that agencies can take to address each recommendation.

ENTREPRENEURIAL ASSISTANCE

Opportunities Exist to Improve Programs' Collaboration, Data-Tracking, and Performance Management

What GAO Found

Federal efforts to support entrepreneurs are fragmented—including among 52 programs at the Department of Agriculture (USDA), Commerce, and Housing and Urban Development (HUD) and the Small Business Administration (SBA). All overlap with at least one other program in terms of the type of assistance they are authorized to offer, such as financial (grants and loans) and technical (training and counseling), and the type of entrepreneur they are authorized to serve. Some entrepreneurs struggle to navigate the fragmented programs that provide technical assistance. For example, some entrepreneurs and technical assistance providers GAO spoke with said the system can be confusing and that some entrepreneurs do not know where to go for assistance. Collaboration could reduce some negative effects of overlap and fragmentation, but field staff GAO spoke with did not consistently collaborate to provide training and counseling services to entrepreneurs. The agencies have taken initial steps to improve how they collaborate by entering into formal agreements, but they have not pursued a number of other good collaborative practices GAO has previously identified. For example, USDA and SBA entered into a formal agreement in 2010 to coordinate their efforts to support businesses in rural areas; however, the agencies' programs that can support start-up businesses—such as USDA's Rural Business Enterprise Grant program and SBA's Small Business Development Centers—have yet to determine roles and responsibilities, find ways to leverage each other's resources, or establish compatible policies and procedures. Without enhanced collaboration and coordination agencies may not be able to make the best use of limited federal resources in the most effective and efficient manner.

Agencies do not track program information on entrepreneurial assistance activities for many programs, a number of programs have not met their performance goals, and most programs lack evaluations. In particular, the agencies do not generally track information on the specific type of assistance they provide or the entrepreneurs they serve, in part because they do not rely on this information to administer the programs. Rather, agencies may rely, for example, on data summaries in narrative format, which cannot be easily aggregated or analyzed. According to government standards for internal control, this information should be available to help inform management in making decisions and identifying risks and problem areas. GAO also found that 19 programs failed to meet their annual performance goals related to entrepreneurial assistance, including USDA's Rural Business Opportunity Grants, Commerce's Economic Development/Support for Planning Organizations, HUD's Indian Community Development Block Grants, and SBA's 504 loans to finance commercial real estate. Programs could potentially rely on results from program evaluations to determine the reasons why they have not met their goals, as well as to gauge overall effectiveness. However, the agencies lack program evaluations for 32 of the 52 programs. Therefore, information on program efficiency and effectiveness is limited, and scarce resources may be going toward programs that are less effective. In addition, without more robust program information, agencies may not be able to administer programs in the most effective and efficient manner.