

# GAO Highlights

Highlights of [GAO-14-335T](#), a testimony before the Subcommittee on Agriculture, Energy, and Trade, Committee on Small Business, House of Representatives

## Why GAO Did This Study

Economic development programs that effectively provide assistance to entrepreneurs may help businesses develop and expand. In August 2012, GAO reported information on 52 programs at Commerce, HUD, SBA, and USDA that provided \$2.0 billion in support to entrepreneurs in fiscal year 2011 ([GAO-12-819](#)). Of these 52 programs, 30 programs distributed across the four agencies can provide financial assistance in the form of grants and loans. Inefficiencies in the administration of these programs could compromise the government's ability to effectively provide services and meet the shared goals of the programs.

This testimony discusses (1) the extent of overlap, fragmentation, and duplication among these programs and the extent to which programs collaborate and (2) the extent to which agencies collect information necessary to track program activities and whether these programs have met their performance goals and have been evaluated. This testimony is based on GAO's August 2012 report and provides information on the agencies' actions to address recommendations GAO made in that report.

## What GAO Recommends

In August 2012, GAO recommended that the four agencies and OMB explore opportunities to enhance collaboration among programs and that the four agencies track program information and conduct more program evaluations. The agencies neither agreed nor disagreed with the recommendations but did provide information on their plans to address them.

View [GAO-14-335T](#). For more information, contact William B. Shear at (202) 512-8678 or [shearw@gao.gov](mailto:shearw@gao.gov).

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## ENTREPRENEURIAL ASSISTANCE

### Opportunities Exist to Improve Collaboration and Performance Management for Financial Assistance Programs

#### What GAO Found

Federal programs GAO reviewed that offer financial support to entrepreneurs, such as grants and loans, are fragmented and overlap based on the type of support they are authorized to offer and the type of entrepreneur they are authorized to serve. The Departments of Commerce (Commerce), Housing and Urban Development (HUD), and Agriculture (USDA); the Small Business Administration (SBA); and the Office of Management and Budget (OMB) have taken steps to collaborate more in administering these programs in response to a recommendation in GAO's August 2012 report. For example, OMB has established a Cross-Agency Priority goal for entrepreneurship and small business and an associated interagency working group. However, the four agencies have not implemented a number of good collaborative practices GAO has identified, such as establishing compatible policies and procedures to better support rural businesses. The Government Performance and Results Act Modernization Act of 2010 (GPRAMA) crosscutting framework requires that agencies collaborate in order to address issues such as economic development that transcend more than one agency, and GPRAMA directs agencies to describe how they are working with each other to achieve their program goals. Some entrepreneurs struggle to navigate the fragmented programs that provide technical assistance in the form of training and counseling. This difficulty can in turn affect referrals to other programs, including financial assistance programs. 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 technical 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. Without enhanced collaboration and coordination, agencies may not be able to use limited federal resources in the most effective and efficient manner and entrepreneurs may struggle to navigate these fragmented programs.

While the four agencies collect at least some information on entrepreneurial assistance program activities, they do not track such information for many programs, a practice that is not consistent with government standards for internal controls. They typically do not track detailed information on the characteristics of entrepreneurs that they serve, such as whether they are located in rural or economically distressed areas or the entrepreneurs' type of industry. In addition, GAO found that from 2000 through 2012, the four agencies conducted program evaluations of 13 of the 30 financial assistance programs reviewed. GPRAMA requires agencies to set and measure annual performance goals and recognizes the value of program evaluations because they can help agencies assess programs' effectiveness and improve program performance. Without more robust program information, agencies may not be able to administer programs in the most effective and efficient manner, and scarce resources may be going toward programs that are less effective.