

GAO Highlights

Highlights of [GAO-18-676T](#), a testimony before the Subcommittee on Intergovernmental Affairs, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

Federal outlays for grants to state and local governments totaled more than \$674 billion in fiscal year 2017, equivalent to 3.5 percent of the gross domestic product in that year. GAO's previous work has found that growth in both the number of grant programs and level of funding has increased the diversity of federal grants to state and local governments.

GAO's work has also found that designing and implementing grants management policies that strike an appropriate balance between ensuring accountability for the proper use of federal funds without increasing the complexity and cost of grants administration for agencies and grantees presents a governance challenge. At the same time, several government-wide initiatives hold promise for advancing the transparency, efficiency, and effectiveness of federal grants.

This statement is based on GAO's prior reports on federal grants management and crosscutting issues related to managing for results across the federal government issued between 2005 and 2018. It addresses: (1) GAO's observations on long-standing challenges for federal grants management, and (2) opportunities to effectively advance current grant modernization initiatives.

View [GAO-18-676T](#). For more information, contact Michelle Sager at (202) 512-6806 or sagerm@gao.gov.

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GRANTS MANAGEMENT

Observations on Challenges and Opportunities for Reform

What GAO Found

GAO has identified challenges to federal grants management in its work spanning several decades. These challenges include:

- **Streamlining:** Grants management requirements that are duplicative, unnecessarily burdensome, and conflicting require agencies to direct resources toward meeting them and can burden recipients of federal grants. GAO has reported on initiatives to streamline these requirements and address challenges grantees encounter throughout the grants lifecycle.
- **Transparency:** The Digital Accountability and Transparency Act of 2014 (DATA Act) required the Office of Management and Budget, the Department of the Treasury, and other federal agencies to increase the types of information available on federal spending, including grants. GAO has reported on progress in standardizing and expanding reported data, but has found inconsistencies with the completeness and quality of the reported information.
- **Collaboration and consultation:** Collaboration, particularly information sharing, is an important factor in effective grants management. GAO's work on interagency grants management reform initiatives found that inadequate ongoing communication with grantees sometimes resulted in poor implementation and prioritization of initiatives.
- **Duplication, overlap, and fragmentation:** Agencies' grants management practices, such as requirements to avoid duplication and overlap among grants before awarding them, can help agencies achieve cost savings and result in greater efficiencies in grant programs.
- **Internal controls and oversight:** GAO's work has identified weaknesses in grants oversight and accountability. For example, GAO has identified opportunities for agencies to more consistently close out grants when the grantee's period of performance has ended to ensure that grantees have met all requirements and identified opportunities to redirect or return unused funds.

Recent and proposed initiatives aimed at grants management reform present opportunities to improve the efficiency, effectiveness, and transparency of federal grants. GAO's work on federal grants management and managing for results has highlighted a number of key features for effectively implementing such crosscutting initiatives, which include: (1) establishing implementation goals and tracking progress, (2) identifying and agreeing on leadership roles and responsibilities, and (3) developing an effective communication strategy.

Further, given the number and diversity of grantor agencies and grant programs, it is important that any grant reform initiative integrate with other government-wide reform efforts on related issues across government, such as the grants-related Cross-Agency Priority goal, implementation of the DATA Act, and initiatives related to evidence-based policy. These efforts can be effective if they complement each other rather than run the risk of operating independently and potentially duplicating effort or working at cross-purposes.