

TRACKING THE FUNDS:

Specific Fiscal Year 2022 Provisions for Department of Health and Human Services

Accessible Version

GAO-23-105897 · October 2022
Report to Congressional Committees



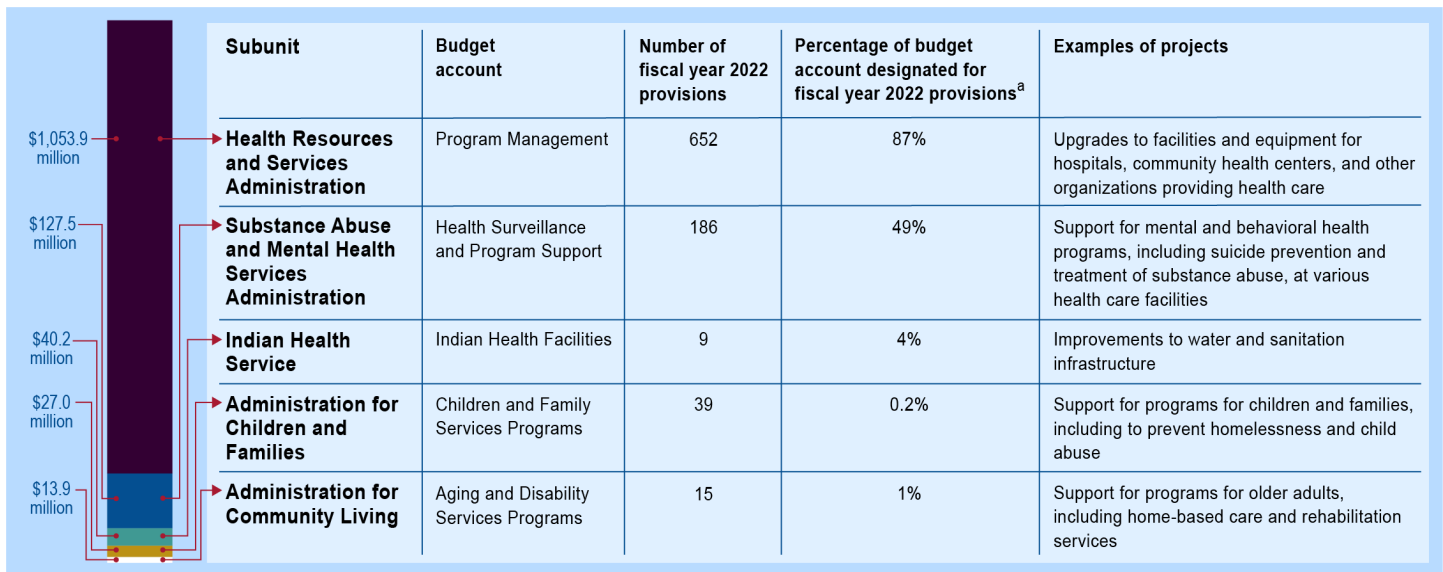
The Consolidated Appropriations Act, 2022 appropriated about \$1.3 billion to the Department of Health and Human Services (HHS) for 901 projects at the request of Members of Congress. The act includes specific provisions that designate an amount of funds for a particular recipient, such as a nonprofit organization or a local government, to use for a specific project. These provisions are called “Congressionally Directed Spending” in the U.S. Senate and “Community Project Funding” in the U.S. House of Representatives. Members of Congress had to meet certain requirements under Senate and House rules in order to have their requests included as provisions in the act. Such requirements included that Members post requests online and certify that they had no financial interest in the projects. The House also required Members to demonstrate community support for requests.

This report examines how HHS intends to identify provisions, distribute the funds made available through these provisions, and ensure the funds are spent for the purposes Congress intended. For more information on this report and others in this series, including background and methodology, visit <https://www.gao.gov/tracking-funds>.

What are the intended uses of these funds?

The \$1.3 billion is designated to support 901 projects that have a wide variety of purposes, including upgrading health facilities, supporting mental and behavioral health programs, improving water and sanitation infrastructure, and supporting programs to reduce family poverty.

Department of Health and Human Services: Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions



Source: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; and information provided by the Department of Health and Human Services. | GAO-23-105897

^aBased on total amount appropriated for each of the budget accounts for fiscal year 2022.

Who are the designated recipients?

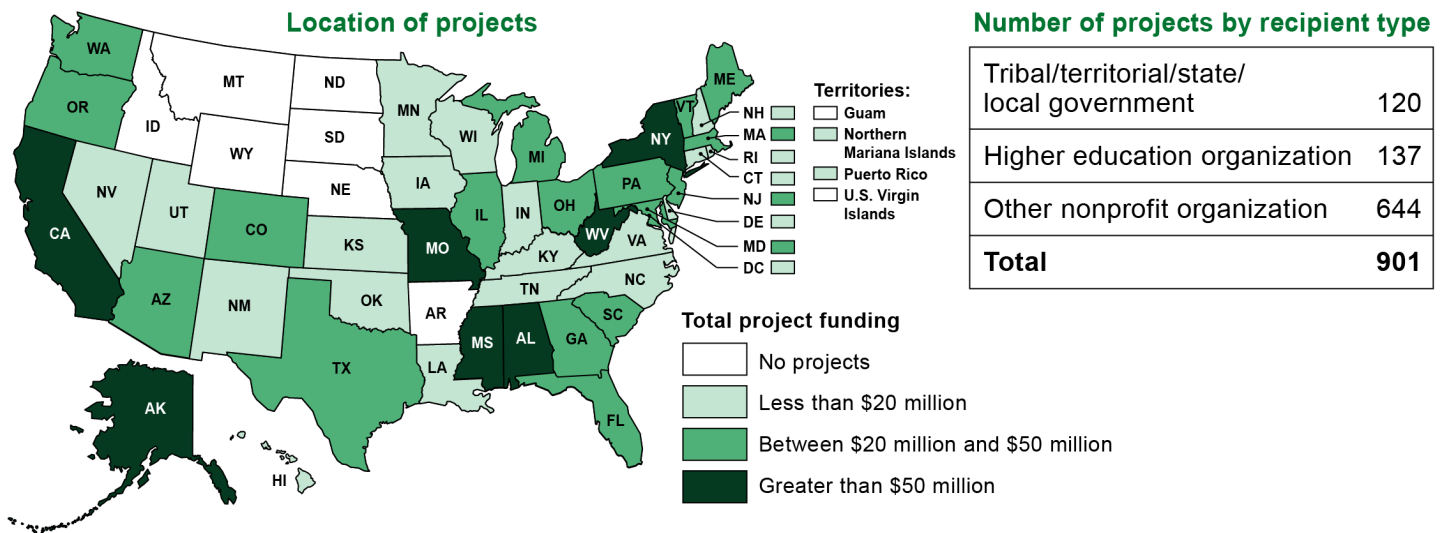
About 87 percent of the designated recipients for the 901 projects are higher education and other nonprofit organizations. The remaining 13 percent are tribal, state, territorial, or local governments.

Five HHS subunits—which we refer to as agencies—were appropriated these funds. These five agencies are the Health Resources and Services Administration, Substance Abuse and Mental Health Services Administration, Indian Health Service, Administration for Children and Families, and Administration for Community Living. The agencies will obligate these funds to the recipients or projects specified by Congress.

Key Observations

- The recipients of all the Indian Health Service’s funds are tribal governments and tribal health organizations. The types of nonprofit organizations designated as recipients vary across the other four agencies. For example, many of the nonprofit recipients of Health Resources and Services Administration funds are hospitals and health centers, while the recipients of the other agencies’ funds are often community organizations.
- HHS officials said that some of the designated recipients had previously received federal funds and the projects were in line with HHS’s mission. Indian Health Service officials said that all of the designated recipients for its funds were already on a pre-vetted list for one of their programs. In contrast, officials from the Administration for Community Living reported that 20 percent of its recipients had previously received funds from the agency.
- The amount of funds for individual designated projects ranges from \$15,000 to \$76 million. Four projects are for more than \$20 million. The state with the most projects is California (89 projects), while projects in Missouri received the most funds (about \$176 million).

Department of Health and Human Services: Distribution of Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions



Sources: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; and information provided by the Department of Health and Human Services; Map Resources (map). | GAO-23-105897

Who within the agency will be responsible for identifying and monitoring these funds?

HHS officials told us the HHS Office of the Assistant Secretary for Financial Resources identified the funds by reviewing the list of projects included in the joint explanatory statement accompanying the Consolidated Appropriations Act, 2022. These officials also said the five individual agencies are responsible for distributing and monitoring funds for each project.

The five agencies have different offices monitoring the funds. Indian Health Service officials said sanitation officials from the relevant area office, as well as headquarters staff, would oversee the agency’s projects, which are all related to sanitation. Officials

from the other four agencies told us that a combination of their agency’s program offices and grants management offices would monitor the funds.

How does the agency intend to ensure recipients are ready to receive and are able to use these funds?

Officials from four of the five HHS agencies—Administration for Children and Families, Administration for Community Living, Health Resources and Services Administration, and Substance Abuse and Mental Health Services Administration—said that designated recipients would need to submit an application for these funds in order to receive the funds. These four agencies plan to review the applications to assess risk, such as whether the recipients have the ability to receive and spend funds. The Indian Health Service is not requiring recipients to submit an application. Specifically:

- Officials from the four agencies that will receive designated recipients’ applications said they would primarily use HHS’s standard department-wide protocols for assessing risk, including reviewing each recipient’s financial stability, quality of management systems, and performance history to determine if the recipient is able to receive and spend funds. These agencies also plan to check exclusion records in the System for Award Management, through which entities must register to receive federal funds. The officials indicated that they would work with recipients to address any concerns about financial stability found during the risk assessment process.
- Indian Health Service officials said applications are not required because the agency has already vetted the projects. These officials also told us the agency would either manage sanitation projects on behalf of a tribal government or organization, or a tribal government or organization would elect to manage a project itself and receive the funds directly from the Indian Health Service.

How does the agency intend to ensure these funds are spent properly?

Officials from all five HHS agencies plan to use their regular processes for monitoring grants or projects to ensure recipients spend these funds properly and to prevent fraud, waste, and abuse. Each agency plans to require recipients to provide regular reports on their progress towards achieving their project goals and on project expenditures. In addition, to increase transparency, HHS officials said that they track and maintain separate data on these projects as part of their public reporting of government spending data.

Indian Health Service officials also told us they have additional processes as part of their routine monitoring for certain awarded funds. The agency requires tribal governments or organizations that have opted for the agency’s assistance with managing sanitation projects to send invoices in order to request reimbursement for expenditures. The agency reviews the invoices before distributing funds to the tribal governments or organizations. For tribal governments or organizations that have a self-governance compact—and thus are managing the projects themselves—the Indian Health Service defers to the tribal governments or organizations to manage projects as they see fit, according to Indian Health Service officials.

When does the agency expect recipients will have access to these funds, and when might the funds be spent?

As of September 13, 2022, officials from all five agencies told us they have either obligated all funds or plan to obligate funds by the end of September 2022. The agencies will disburse funds through noncompetitive grants, with some variation in the expected dates by which recipients must spend funds.

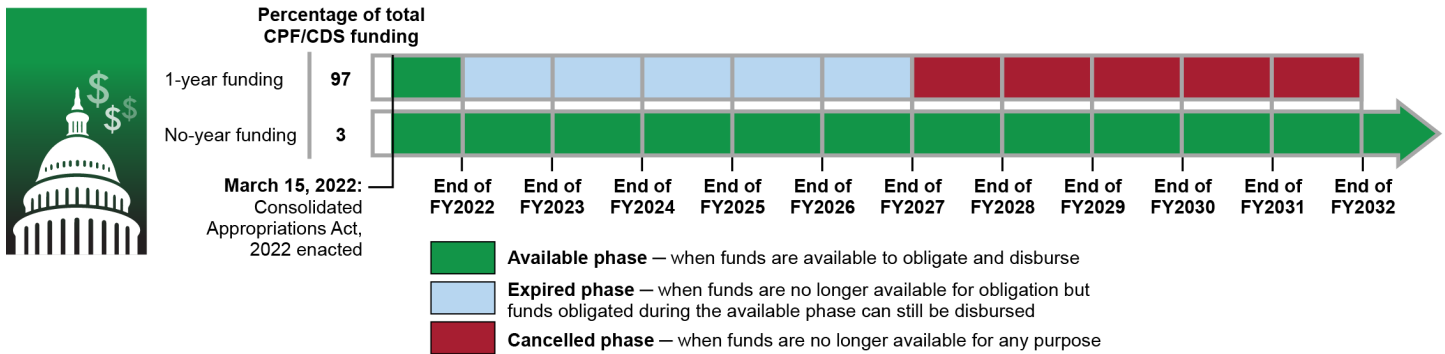
- **Obligation of funds.** Officials from the Administration for Children and Families told us that all of the agency’s funds had been obligated by early September 2022, while officials from the other four agencies expected to obligate the funds to recipients or projects by the end of September 2022.
- **Spending of funds.** Indian Health Service officials said construction projects take about 4 years to complete but that it could take longer to spend these funds because the projects supported by the funds are complex and are not yet ready to start. The funds appropriated to the Indian Health Service are no-year

appropriations and will therefore remain available to the agency until expended.

Officials from the other agencies said the time it takes to spend funds depends on the project period. Officials from three agencies—the Administration for Children and Families, Administration for Community Living, and Substance Abuse and Mental Health Services—told us the project period would be 1 year, and that each recipient would have about 1 year from the start date of a project period to spend the funds. Recipients of non-construction grants from the Health Resources and Services Administration will also have a 1-year project period and therefore about 1 year from the start of the project period to spend the funds. Recipients of construction grants from the agency will have a 3-year project period and therefore 3 years to spend the funds. All funds appropriated to these four agencies are 1-year appropriations, therefore the agencies have until the end of fiscal year 2027 to fully disburse the funds to the designated recipients identified in the Consolidated Appropriations Act, 2022.

For more information on the time availability of these funds, see [GAO-22-105467](#).

Department of Health and Human Services: Appropriations Life Cycle for Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending (CPF/CDS) Provisions



Source: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; 31 U.S.C. § 1552; and information provided by the Department of Health and Human Services. | GAO-23-105897

Note: The Administration for Children and Families, Administration for Community Living, Health Resources and Services Administration, and Substance Abuse and Mental Health Services Administration all received 1-year appropriations for CPF/CDS provisions. Although these agencies have until fiscal year 2027 to fully disburse funds, officials from these agencies expect designated recipients to spend funds sooner based on established project periods. For more information about the obligation and expenditure of these funds, see [GAO-22-105467](#).

What risks and challenges may the agency face distributing and monitoring these funds?

Officials from the Health Resources and Services Administration and Substance Abuse and Mental Health Administration did not identify concerns with distributing and monitoring the funds, but other agencies cited challenges related to staff capacity, among other things. Of the five agencies, only the Health Resources and Services Administration received additional funding to assist with administrative costs, which could support its efforts to monitor these funds.

- Officials from the Administration for Children and Families and the Administration for Community Living told us they are currently able to provide adequate monitoring but would be strained to monitor funds if the number of projects increases in future years. Officials from the Administration for Community Living stated that a significant number of the recipients of their agency’s funds have limited or no experience in applying for and receiving federal funding. This has required more time than typical from agency staff to provide technical assistance and support.
- Administration for Community Living officials also said that administrative costs, such as a per-project cost associated with the grant management systems they use, pose a challenge to monitoring the funds. The officials stated that the agency receives funds for its regular program administration costs, such as monthly costs of maintaining grants in accounting and payment management systems, but such funds have not kept up with inflation. The officials said that if the number of projects increases in the future, the amount available to cover the agency’s administrative

costs would be insufficient. Agency officials told us they have previously used funds from other appropriations available for this purpose to cover these costs during periods of large increases in grants.

- The Indian Health Service currently has a 30 percent vacancy rate among engineers, who are typically involved in planning, designing, and managing sanitation projects, making the timely completion of such projects a challenge, according to Indian Health Service officials we interviewed. Officials indicated that the Indian Health Service is centralizing its recruiting efforts to help fill these vacancies and plans to use social networking sites to raise awareness about open positions. In addition, Indian Health Service officials said its annual appropriations includes funding to support filling these positions.

Why GAO did this study

The joint explanatory statement accompanying the Consolidated Appropriations Act, 2022 includes a provision for us to review agencies' implementation of Community Project Funding/Congressionally Directed Spending. In addition to issuing this and other reports in this series, we will follow and review agencies' efforts to distribute, monitor, and audit these funds by sampling agencies and recipients, and examining whether funds were spent as intended.

Agency comments

We provided HHS with a draft of this report. HHS provided technical comments, which we incorporated as appropriate.

GAO Contact

For more information, contact Michelle Rosenberg at (202) 512-7114 or rosenbergm@gao.gov.

Staff Acknowledgments: Will Hadley (Assistant Director), Matthew Green (Analyst in Charge), Dhara Patel (Senior Analyst), and Jennie Apter (Communications Analyst).

This work of the United States may include copyrighted material, details at <https://www.gao.gov/copyright>.

We conducted this performance audit from March 2022 to October 2022 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.

Source (cover photo): Pond5.

(105897)