



April 2014

2014 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits

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April 8, 2014

Congressional Addressees

The federal government faces an unsustainable fiscal path.¹ Changing this path will likely require difficult fiscal policy decisions to alter both long-term federal spending and revenue. Yet, in the near-term, executive branch agencies and Congress can act to improve the efficiency and effectiveness of government programs and activities. Opportunities to take action exist in areas where federal programs or activities are fragmented, overlapping, or duplicative. To highlight these opportunities, GAO is statutorily mandated to identify and report annually to Congress on federal programs, agencies, offices, and initiatives—either within departments or government-wide—that have duplicative goals or activities.² In addition, we identify additional opportunities to achieve greater efficiency and effectiveness that result in cost savings or enhanced revenue collection.

In our first three annual reports issued from 2011 through 2013, we presented 162 areas where opportunities existed for executive branch agencies or Congress to reduce, eliminate, or better manage fragmentation, overlap, or duplication; achieve cost savings; or enhance revenue.³ Figure 1 outlines the definitions we use for fragmentation, overlap, and duplication for this work. In these first three reports, we identified approximately 380 actions that executive branch agencies and Congress could take to address the opportunities for greater efficiency and effectiveness that we identified.

¹See GAO, *The Federal Government's Long-Term Fiscal Outlook, Spring 2013 Update*, [GAO-13-481SP](#) (Washington, D.C.: Apr. 11, 2013), Congressional Budget Office, *The 2013 Long-Term Budget Outlook* (Washington, D.C.: September 2013), and Congressional Research Service, *Reducing the Budget Deficit: The President's Fiscal Commission and Other Initiatives*, (Washington, D.C.: June 8, 2011).

²Pub. L. No. 111-139, § 21, 124 Stat. 29 (2010), 31 U.S.C. § 712 Note. See appendix I for the list of congressional addressees for this work.

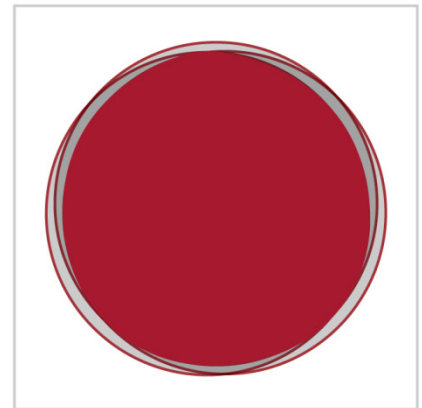
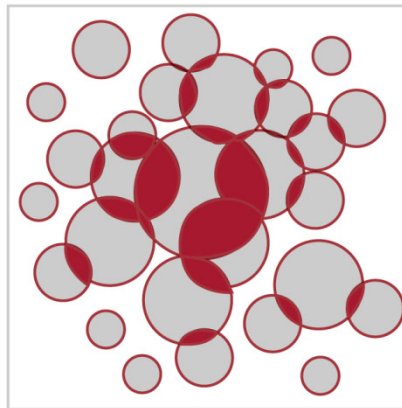
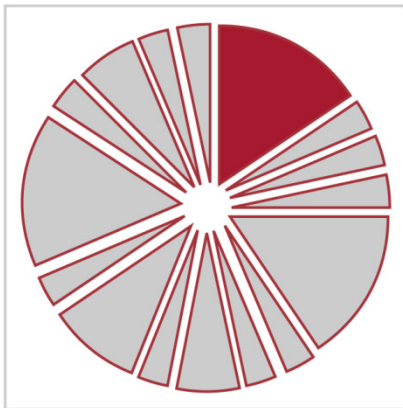
³GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, [GAO-11-318SP](#) (Washington, D.C.: Mar. 1, 2011), *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, [GAO-12-342SP](#) (Washington, D.C.: Feb. 28, 2012), and *2013 Annual Report: Actions Needed to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-13-279SP](#) (Washington, D.C.: Apr. 9, 2013).

Figure 1: Definitions of Fragmentation, Overlap, and Duplication

Fragmentation refers to those circumstances in which more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need and opportunities exist to improve service delivery.

Overlap occurs when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries.

Duplication occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries.



Source: GAO.

This report is our fourth in the series, and it identifies additional areas where a broad range of federal agencies may be able to achieve greater efficiency or effectiveness. For each area, we suggest actions that the executive branch or Congress could take to reduce, eliminate, or better manage fragmentation, overlap, or duplication, or achieve other financial benefits. In addition to identifying new areas, we have continued to monitor the progress executive branch agencies and Congress have made in addressing the areas we previously identified. With the release of this report, we are also updating *GAO's Action Tracker*, a publicly accessible website containing the status of actions suggested in this series of reports. The website will allow executive branch agencies, Congress, and the public to track the progress the government is making in addressing the issues we have identified.

Section I of this report presents new areas in which we found evidence that fragmentation, overlap, or duplication exists among federal programs or activities. Although it may be appropriate for multiple agencies or entities to be involved in the same programmatic or policy area due to the nature or magnitude of the federal effort, the instances of fragmentation,

overlap, or duplication we describe in Section I occur in areas where multiple programs and activities may be creating inefficiencies. Section II describes new areas where the federal government may achieve cost savings or enhance revenue collections. This report is based upon work GAO previously conducted in accordance with generally accepted government auditing standards. See appendix II for more information on our scope and methodology.

New Opportunities to Improve Efficiency and Effectiveness Identified across the Federal Government

In this report, we present 64 actions that the executive branch and Congress could take to improve efficiency and effectiveness across 26 areas that span a broad range of government missions and functions. We suggest 19 actions to address 11 new areas in which we found evidence of fragmentation, overlap, or duplication in government missions such as defense, health, income security, information technology, and international affairs. In addition, we present 45 opportunities for executive branch agencies or Congress to take actions to reduce the cost of government operations or enhance revenue collections for the Treasury across 15 areas of government.

19 Suggested Actions to Address New Evidence of Fragmentation, Overlap, or Duplication in 11 Areas

We consider programs or activities to be fragmented when more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need, which may result in inefficiencies in how the government delivers services. We identified fragmentation in multiple programs we reviewed, including the following:

- *Contracting for Defense Health Care Professionals:* The Department of Defense (DOD) does not have a consolidated agency-wide strategy to contract for health care professionals, resulting in a contracting approach that is largely fragmented. Although some of the military departments have attempted to consolidate their health care staffing requirements through joint-use contracts, such contracts only accounted for approximately 8 percent of the \$1.14 billion in obligations for health care professionals in fiscal year 2011.⁴ Moreover, in May 2013 we identified several instances in which numerous task orders were awarded by a single military department for the same type of health care professional in the same area or

⁴A joint-use contract is a contract used by more than one military department or used at joint military facilities.

facility. For example, we identified 24 separate task orders for contracted medical assistants at the same military treatment facility. By not consolidating its requirements, this facility missed the opportunity to achieve potential cost savings and other efficiencies. To reduce fragmentation and achieve greater efficiencies, DOD should develop a consolidated agency-wide strategy to contract for health care professionals.

- *Interoperable Radio Communications Systems:* The Departments of Justice, Homeland Security, and the Treasury have decided to independently modernize their own wireless communications systems rather than pursuing a joint development project. As a result, their communications systems, which represent hundreds of millions of dollars in investment, may not be interoperable and may not enable the most effective response to natural disasters, criminal activities, and domestic terrorism. Collaboration on a joint communications solution has not been successful because the departments could not agree on a common outcome or purpose. They have not established a collaborative governance structure with a process for decision making and resolving disputes, and they have not developed a joint strategy for moving forward. A coordinated communications approach could improve effectiveness and help the federal government realize potential savings.

Fragmentation can also be a harbinger for overlap or duplication. Overlap occurs when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. We found overlap among federal programs or initiatives in a variety of areas, including the following:

- *Disability and Unemployment Benefits:* We found that 117,000 individuals received concurrent cash benefit payments, in fiscal year 2010, from the Disability Insurance and Unemployment Insurance programs totaling more than \$850 million because current law does not preclude the receipt of overlapping benefits. Individuals may be eligible for benefit payments from both Disability Insurance and Unemployment Insurance due to differences in the eligibility requirements; however, in such cases, the federal government is replacing a portion of lost earnings not once, but twice. The President's Fiscal Year 2015 Budget submission proposes to eliminate these overlapping benefits, and during the 113th Congress, bills have been introduced in both the U.S. House of Representatives and the Senate containing language to reduce Disability Insurance payments to individuals for the months they collect Unemployment

Insurance benefits. According to the Congressional Budget Office (CBO), this action could save \$1.2 billion over 10 years in the Social Security Disability Insurance program. Congress should consider passing legislation to offset Disability Insurance benefit payments for any Unemployment Insurance benefit payments received in the same period.

- *Minority AIDS Initiative:* We found that 10 different agencies and offices within the Department of Health and Human Services (HHS) are providing assistance through multiple funding streams and programs designed to address the impact of human immunodeficiency virus (HIV) and acquired immunodeficiency syndrome (AIDS) on racial and ethnic minorities. In addition, we found that the grantees funded through this fragmented system are providing overlapping services, meaning that the grantees are providing similar services to similar populations. The fragmented nature of the funding has often required grantees to manage grants from several sources. Consequently, grantees must complete multiple similar administrative requirements, increasing administrative costs for those grantees and deterring others from applying for grants to serve racial and ethnic minorities with HIV/AIDS. To address the identified fragmentation and overlap, HHS should consolidate the disparate funding streams and seek legislation as necessary to achieve a consolidated approach.

In other aspects of our work, we found evidence of duplication, which occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries. Examples of duplicative, or potentially duplicative, federal efforts include the following:

- *POW/MIA Mission:* We found that the roles and responsibilities among eight DOD organizations that account for persons missing in military conflicts are not clearly articulated in existing DOD directives or instructions. Disagreements over roles and responsibilities have led to discord and lack of collaboration among the entities that account for missing persons and have impeded DOD's ability to establish a community-wide plan for achieving the mandated goal of providing funds, personnel, and other resources to account for 200 missing persons a year by 2015.

In addition, lack of clear roles and responsibilities may lead to duplicative efforts. For example, two of DOD's laboratories have employees with responsibilities for analyzing equipment and artifacts

that may be associated with a specific missing person, such as pieces of uniforms and parachutes, but the memorandum of agreement governing work between these two entities does not establish clear roles and responsibilities. As a result, we found that one laboratory had requested duplicate analyses by referring cases that had already been resolved to another laboratory for analysis and reporting. In another example, we found that two different organizations conduct investigations for missing persons from World War II in Europe and have asserted operational responsibilities for performing these investigations. To avoid such duplicative or potentially duplicative efforts, DOD should help unify the community's fragmented organizational structure and provide a more centralized chain of command, among other things.

- *Defense Satellite Control Operations:* We reported in April 2013 that DOD has increasingly deployed dedicated satellite control operations networks as opposed to shared networks that support multiple kinds of satellites. For example, at one Air Force base in 2013, eight separate control centers operated 10 satellite programs. While dedicated networks can offer some benefits to programs, they can also be more costly to maintain and have led to a fragmented, and potentially duplicative, approach that requires more infrastructure and personnel to manage when compared to shared networks.

While opportunities exist to improve DOD satellite control operations, we identified certain barriers that hinder DOD's ability to increase the use of shared networks, such as the inability to quantify all spending on satellite ground control operations and the absence of DOD-wide guidance or plan that supports the implementation of alternative methods for performing satellite control operations. These barriers also have hindered DOD's ability to achieve optimal satellite control systems that would result in cost savings in this area. To address the duplication and inefficiencies that arise from dedicated satellite control operations networks, DOD should take actions to improve its ability to identify and then assess the appropriateness of a shared versus dedicated satellite control system.

45 New Actions to Reduce Costs or Enhance Revenues Identified in 15 Areas

We suggest 45 actions that the executive branch and Congress can take to reduce the cost of government operations and enhance revenue collections for the Treasury in 15 new areas. Examples of these actions include rescinding unused funds, ensuring that only intended program participants receive benefits, improving data to identify potential efficiencies, conducting comprehensive analyses of program options, enhancing taxpayer services, and increasing tax revenue collections.

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- *Rescinding unused funds:* Congress may wish to consider rescinding all or part of the remaining credit subsidy appropriations to the Advanced Technology Vehicles Manufacturing (ATVM) loan program, unless the Department of Energy (DOE) can demonstrate demand for new ATVM loans and viable applications. We reported in March 2013 that DOE last issued a loan under this program in March 2011 and was not actively considering any applications for the remaining \$4.2 billion in credit subsidy appropriations under the ATVM loan program. Also, most applicants and manufacturers we had spoken to indicated that the costs of participating outweigh the benefits to their companies and that problems with other DOE programs have tarnished the ATVM loan program, which may have led to a deficit of applicants. Since our March 2013 report, DOE has received one application seeking approximately \$200 million.

DOE recently stated that it has begun new outreach efforts to potential applicants that will increase awareness and interest in the program and lead to additional applications in 2014. However, DOE has not further demonstrated a demand for ATVM loans, such as new applications that meet all the program eligibility requirements and involve amounts sufficient to justify retaining the remaining credit subsidy appropriations, nor has it explained how it plans to address challenges cited by previous applicants including a burdensome review process. Determining whether program funds will be used is important, particularly in a constrained fiscal environment, as unused appropriations could be rescinded or directed toward other government priorities.

- *Ensuring only intended participants receive benefits:* To ensure that only those in financial need are granted Department of Veterans Affairs' (VA) pension benefits, Congress should consider passing legislation that would establish a look-back review and penalty period for claimants who transfer assets for less than fair market value prior to applying for pension benefits. According to the Congressional Budget Office, taking this action could reduce VA's direct spending by an average of about \$4 million annually. VA's pension program is intended to provide economic benefits to wartime veterans with financial need. It is available to low-income wartime veterans who are age 65 and older or who are under age 65 but are permanently and totally disabled as a result of conditions unrelated to their military service.

In other means-tested programs like Medicaid, a look-back review is conducted to determine if the applicant transferred assets for less than fair market value prior to applying. Individuals who transfer assets for less than fair market value during the months prior to applying may be denied eligibility for the benefit for a period of time, known as the penalty period. We found that despite being a means-tested program, the VA pension program permitted claimants to transfer assets and reduce their net worth prior to applying for pension benefits.

- *Improving data to identify potential efficiencies:* To more fully understand the strengths and risks of foreclosure mitigation actions and help homeowners avoid preventable foreclosures, the Federal Housing Administration (FHA), VA, and the Department of Agriculture (USDA) should periodically analyze the effectiveness and long-term costs and benefits of their foreclosure mitigation strategies and actions. Taking this action could potentially save taxpayers millions of dollars on an annual and recurring basis.⁵ Specifically, agencies should use analysis results to re-evaluate their mitigation approaches and provide additional guidance to servicers to effectively target mitigation actions. Further, if FHA, VA, and USDA do not maintain data needed to consider this information, they should require servicers to provide the information.

In our review of agencies' foreclosure mitigation efforts, we found that FHA, VA, and USDA had not incorporated analyses of long-term costs into their foreclosure loss-mitigation efforts. Evaluating the costs of various loan modification actions would enable agencies to more effectively help borrowers keep their homes and protect taxpayers' interests. For example, we estimated that if changes to FHA's loss mitigation program reduced claims related to defaults by 1 percent, FHA could save about \$176 million annually.

- *Conducting comprehensive analyses of program options:* To help DOD ensure that the geographic combatant commands are properly sized and resourced to meet their assigned missions, DOD should take actions to improve the transparency of the commands' authorized manpower, assigned personnel, and mission- and

⁵Since 2009, FHA, VA, and USDA—which collectively insured or guaranteed about \$248 billion in single-family home mortgages in fiscal year 2012—have expanded their foreclosure mitigation efforts to help homeowners avoid preventable foreclosures.

headquarters-support costs and to help meet its Africa-related missions at substantially reduced cost. In May 2013, we found four primary weaknesses in DOD's management of combatant command resources that challenge the department's ability to make informed decisions about command size and efficient use of resources. Furthermore, in September 2013, we reported that DOD could potentially achieve cost savings of tens of millions of dollars or more annually by considering options to move the location of U.S. Africa Command's headquarters from overseas to the United States and that DOD's decision to maintain the headquarters for the U.S. Africa Command in Germany was not well-supported by DOD's analysis.

- *Enhancing online taxpayer services:* To improve services to taxpayers and encourage greater tax law compliance, the Commissioner of the Internal Revenue Service (IRS) should take actions designed to improve interactive web services provided to taxpayers. In its 2012 online strategy document, IRS estimated that enhancing online services, such as providing taxpayers with the ability to access account information, would produce hundreds of millions of dollars through improved operational efficiencies. In April 2013, we reported that IRS does not offer dynamic account access, which is the ability for users to make account changes after confirming their identity online.

Other federal and state taxing authorities provide a broader range of online services to their customers, including dynamic interactive account access. For example, the Social Security Administration allows users to start or change direct deposit benefit payments online. The New York and California state tax agencies provide dynamic account access allowing taxpayers to view tax account balances and recent payments, to respond to notices, and to edit addresses. Such advancements to IRS online services would improve service to taxpayers and encourage greater tax law compliance.

- *Increasing tax revenue collections:* We identify three actions that the federal government should take to increase tax revenue collections by hundreds of millions of dollars over a 5-year period by denying certain privileges or payments to individuals with delinquent federal tax debt. For example, Congress should consider enabling and requiring the Secretary of State to screen and prevent individuals who owe federal taxes from receiving passports. We found that in fiscal year 2008, passports were issued to about 16 million individuals; of these, over 1 percent collectively owed over \$5.8 billion in unpaid federal taxes as of September 30, 2008. According to a 2012 CBO estimate, the

federal government can save about \$500 million over a 5-year period on the revocation or denial of passports in case of certain federal tax delinquencies.

The Commissioner of the IRS should explore further opportunities to enhance the collection of unpaid federal taxes from Medicaid providers. For example, IRS should seek legislation to modify existing law to allow for more efficient collection of outstanding tax debts from Medicaid providers. In July 2012, we found that a small percentage of Medicaid providers that had about \$791 million of unpaid federal taxes during fiscal year 2009 received a total of about \$6.6 billion in Medicaid reimbursements in the year. Current federal law does not allow the recovery of reimbursement payments to Medicaid providers because they are not considered federal payments. We also reported that IRS could have collected between \$22 million and \$330 million from Medicaid providers with unpaid taxes in three states (New York, Texas, and Florida) in 2009 if it had been authorized to recoup reimbursement payments.

Among eight other actions directed to the Commissioner of the IRS to enhance tax revenue collection, we recommend that the Commissioner conduct an analysis designed to measure the extent of continued offshore tax evasion and take appropriate action based on the analysis. As of February 2014, IRS's four offshore voluntary disclosure programs, which offered incentives for taxpayers to disclose their offshore accounts and pay delinquent taxes, interest, and penalties, have resulted in more than 43,000 disclosures by taxpayers and over \$6 billion in revenue collected. However, based on reviews of IRS data, in March 2013, we reported that IRS may be missing attempts by taxpayers to circumvent the programs, because we identified more than 200,000 instances where it appeared that taxpayers with unreported foreign accounts may have chosen not to participate in one of IRS's offshore programs.

Executive Branch and Congress Continue to Make Progress in Addressing Previously Identified Issues

In addition to the new actions identified for this report, we have continued to monitor the progress that executive branch agencies and Congress have made in addressing the issues we identified in our last three reports. In these reports, we identified approximately 380 actions that the executive branch and Congress could take to reduce, eliminate, or better manage fragmentation, overlap, or duplication or achieve other potential financial benefits.⁶

Congress and Executive Branch Agencies Have Addressed Several Previously Identified Actions

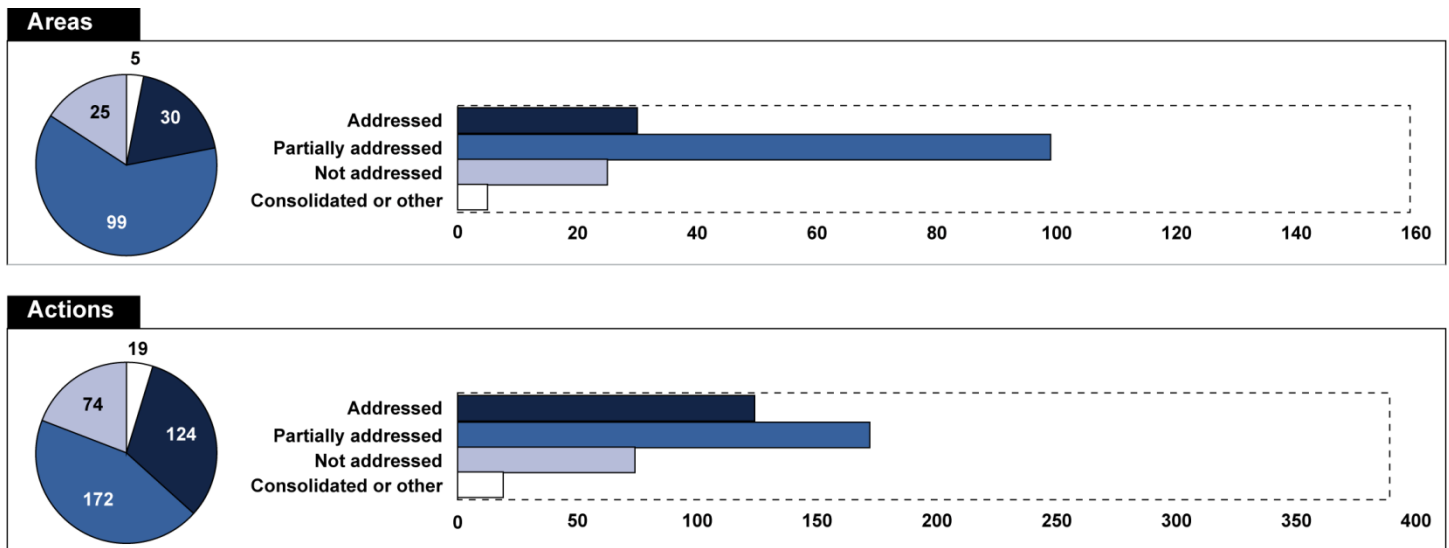
We evaluated progress by determining an overall assessment rating for each area and an individual assessment rating for each action within an area (see fig. 2). We found that the executive branch agencies and Congress have generally made progress in addressing the 162 areas we previously identified. In total, as of March 6, 2014, the date we completed our audit work, 30 of the 162 areas (19 percent) were addressed, 99 (61 percent) were partially addressed, and 25 (15 percent) were not addressed.⁷ We also found that, of the approximately 380 actions needed in these areas, 124 (32 percent) were addressed, 172 (44 percent) were partially addressed, and 74 (19 percent) were not addressed.⁸

⁶An additional 19 actions we identified in 2011 and 2012 were not assessed this year due to additional audit work or other information we considered, and we have categorized those actions as “consolidated or other.”

⁷In assessing overall progress for an area, we determined that an area was “addressed” if all actions in that area were addressed; “partially addressed” if at least one action needed in that area showed some progress toward implementation but not all actions were addressed; and “not addressed” if none of the actions needed in that area was addressed or partially addressed. In addition, four areas reported in 2011 and one area reported in 2012 were not assessed this year due to additional audit work or other information we considered, and we have categorized those areas as “consolidated or other.”

⁸In assessing actions suggested for Congress, we applied the following criteria: “addressed” means relevant legislation has been enacted and addresses all aspects of the action needed; “partially addressed” means a relevant bill has passed a committee, the House of Representatives, or the Senate, or relevant legislation has been enacted but only addressed part of the action needed; and “not addressed” means a bill may have been introduced but did not pass out of a committee, or no relevant legislation has been introduced. In assessing actions suggested for the executive branch, we applied the following criteria: “addressed” means implementation of the action needed has been completed; “partially addressed” means the action needed is in development, or started but not yet completed; and “not addressed” means the administration, the agencies, or both have made minimal or no progress toward implementing the action needed.

Figure 2: Assessment of 2011, 2012, and 2013 Areas and Actions Needed, as of March 6, 2014



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Source: GAO.

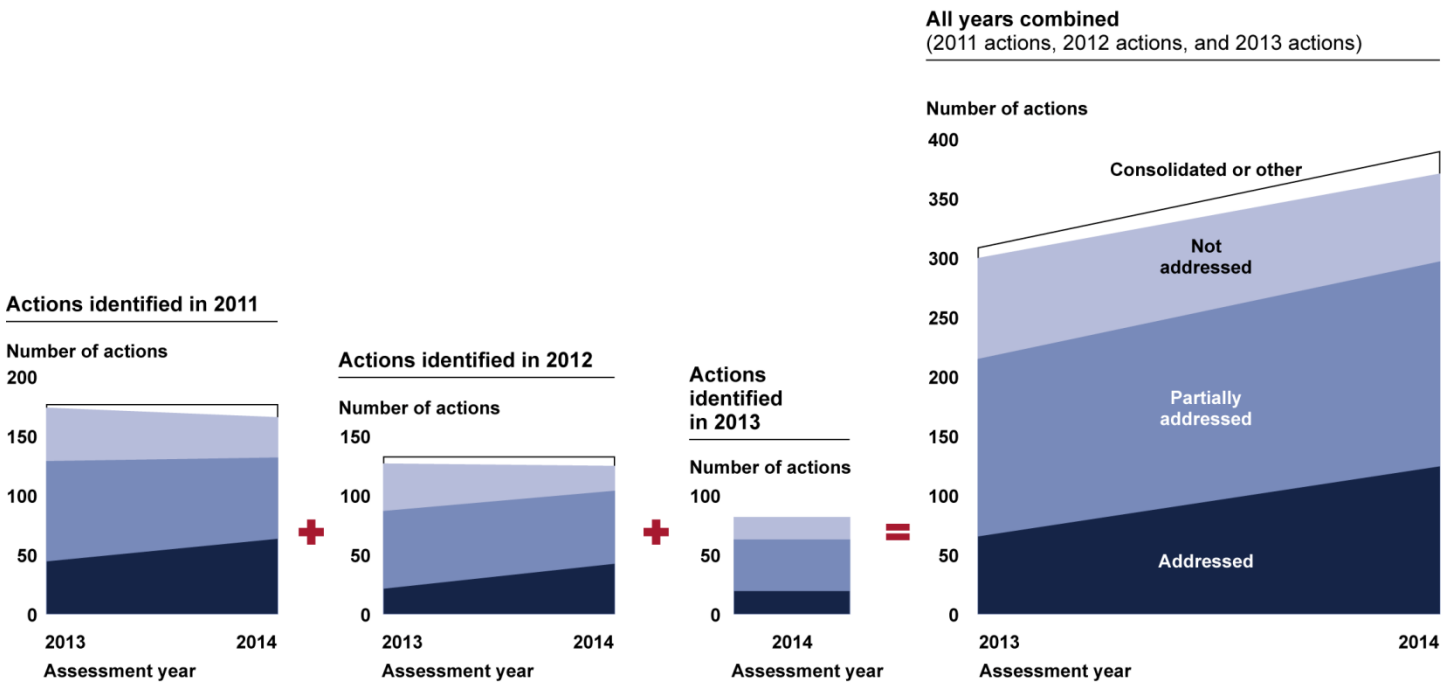
Note: In assessing overall progress for an area, we determined that an area was “addressed” if all actions in that area were addressed; “partially addressed” if at least one action needed in that area showed some progress toward implementation but not all actions were addressed; and “not addressed” if none of the actions needed in that area was addressed or partially addressed.

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Actions and areas assessed as “consolidated or other” were not assessed this year due to additional work or other information we considered. Additionally, we did not provide an overall assessment for two areas reported in 2011 and one area reported in 2012 because we added new actions to those areas that have not yet been assessed.

Congress and executive branch agencies have made progress toward addressing our identified actions, as shown in figure 3. An additional 59 actions have been assessed as addressed over the past year. These addressed actions include 19 actions identified in 2011, 21 actions identified in 2012, and 19 actions identified in 2013.

Figure 3: Progress in Addressing 2011, 2012, and 2013 Actions as of the 2013 and 2014 Annual Reports



Source: GAO analysis.

Note: In assessing actions suggested for Congress, we applied the following criteria: “addressed” means relevant legislation has been enacted and addresses all aspects of the action needed; “partially addressed” means a relevant bill has passed a committee, the House of Representatives, or the Senate, or relevant legislation has been enacted but only addressed part of the action needed; and “not addressed” means a bill may have been introduced but did not pass out of a committee, or no relevant legislation has been introduced. In assessing actions suggested for the executive branch, we applied the following criteria: “addressed” means implementation of the action needed has been completed; “partially addressed” means the action needed is in development, or started but not yet completed; and “not addressed” means the administration, the agencies, or both have made minimal or no progress toward implementing the action needed. Actions assessed as “consolidated or other” were not assessed this year due to additional work or other information we considered. Additionally, 2013 actions were not assessed in 2013 since that was the year that the actions were identified.

The following examples illustrate the progress that has been made over the past year:

- **Farm Program Payments:** In our 2011 annual report, we stated that Congress could save up to \$5 billion annually by reducing or eliminating direct payments. Direct payments are fixed annual payments to farmers based on a farm’s history of crop production. Farmers received them regardless of whether they grew crops and even in years of record income. The Agricultural Act of 2014 eliminated direct payments and should save approximately \$4.9 billion

annually from fiscal year 2015 through fiscal year 2023, according to CBO.⁹

- *Passenger Aviation Security Fees:* In our 2012 annual report, we presented options for adjusting the Transportation Security Administration's (TSA) passenger security fee—a uniform fee on passengers of U.S. and foreign air carriers originating at airports in the United States—to offset billions of dollars in civil aviation security costs. The Bipartisan Budget Act of 2013, enacted December 26, 2013, modifies the passenger security fee from its current per enplanement structure (\$2.50 per enplanement with a maximum one-way-trip fee of \$5.00) to a structure that increases the passenger security fee to a flat \$5.60 per one-way-trip, effective July 1, 2014.¹⁰ Pursuant to the act, collections under this modified fee structure will contribute to deficit reduction as well as to offsetting TSA's aviation security costs.¹¹

Specifically, the act identifies \$12.6 billion in fee collections that, over a 10-year period beginning in fiscal year 2014 and continuing through fiscal year 2023, will contribute to deficit reduction.¹² Fees collected beyond those identified for deficit reduction are available, consistent with existing law, to offset TSA's aviation security costs. According to the House of Representatives and Senate Committees on the Budget, and notwithstanding amounts dedicated for deficit reduction, collections under the modified fee structure will offset about 43

⁹In February 2014, CBO estimated the reduction in spending to be about \$4.5 billion annually from 2015 through 2023. However, according to a CBO representative, this amount included an assumption that automatic spending cuts, known as sequestration, continued indefinitely into the future. The Bipartisan Budget Act of 2013 established new discretionary spending limits that reduced the level of automatic spending reductions for 2014 and 2015. Pub. L. No. 113-67, 127 Stat. 1165 (2013). Without sequestration, CBO estimated the elimination of direct payments would save approximately \$4.9 billion annually from 2015 through 2023.

¹⁰See Pub. L. No. 113-67, § 601(b), 127 Stat. at 1187 (amending 49 U.S.C. § 44940(c)).

¹¹In addition, the first \$250 million in fees collected each fiscal year are, consistent with existing law, to be deposited in the Aviation Security Capital Fund for use in supporting aviation security-related airport capital improvement projects or for other purposes specified in statute. See 49 U.S.C. §§ 44923(h), 44940(i).

¹²See 49 U.S.C. § 44940(i) (identifying, among other things, the specific amount to be credited as offsetting receipts and deposited in the general fund of the Treasury each fiscal year, 2014 through 2023).

percent of aviation security costs, compared to the approximately 30 percent currently offset under the existing fee structure.¹³

- *Combat Uniforms:* In our 2013 annual report, we noted that DOD employed a fragmented approach for acquiring combat uniforms and could improve efficiency, better protect servicemembers, and realize cost savings through increased collaboration among the military services. Over the past year DOD and Congress addressed all three actions that we identified. In September 2013, DOD developed and issued guidance on joint criteria that will help to ensure that future service-specific uniforms will provide equivalent levels of performance and protection.

A provision in the National Defense Authorization Act for Fiscal Year 2014 established as policy that the Secretary of Defense will eliminate the development and fielding of service-specific combat and camouflage utility uniforms in order to adopt and field common uniforms for specific environments to be used by all members of the armed forces. Subject to certain exceptions, the provision also prohibits the military departments from adopting new pattern designs or uniform fabrics unless they will be adopted by all services or the uniform is already in use by another service.¹⁴ In addition, DOD must issue implementing guidance requiring the military departments to, among other things, ensure that new uniforms meet commanders of combatant command's geographic and operational requirements and continually work together to assess and develop new uniform technologies to improve warfighter survivability.¹⁵

We estimate that executive branch and congressional efforts to address these and other actions from fiscal year 2011 through fiscal year 2013 have resulted in over \$10 billion in realized cost savings to date, and projections of these efforts have estimated that billions of dollars more in

¹³In addition to the passenger security fee, TSA also currently imposes a fee on air carriers—the Aviation Security Infrastructure Fee—to further offset the costs of aviation security. See 49 U.S.C. § 44940(a)(2). Pursuant to the Bipartisan Budget Act, TSA's authority to collect this fee will expire effective October 1, 2014. See Pub. L. No. 113-67, § 601(a), 127 Stat. at 1187.

¹⁴See Pub. L. No. 113-66, § 352(a), (b) (2013).

¹⁵See Pub. L. No. 113-66, § 352(f).

savings will accrue over the next ten years.¹⁶ Table 1 highlights addressed actions that result in or lead to cost savings or enhanced revenues. In addition to these addressed actions, implementing our other suggested actions could result in tens of billions of dollars more in cost savings and enhanced revenues.

Table 1: Selected Addressed Actions with Associated Cost Savings and Enhanced Revenues

Annual report	Addressed actions
2011	Domestic Ethanol Production (Area 13): Congress allowed the Volumetric Ethanol Excise Tax Credit to expire at the end of 2011, which eliminated duplicative federal efforts directed at increasing domestic ethanol production and reduced revenue losses by \$4.5 billion in fiscal year 2012 and \$6.1 billion in fiscal year 2013.
2011	Farm Program Payments (Area 35): The Agricultural Act of 2014 eliminated direct payments to farmers and should save approximately \$4.9 billion annually from fiscal year 2015 through fiscal year 2023, according to CBO.
2011	Baggage Screening Systems (Area 78): The Transportation Security Administration estimates that the agency saved a cumulative \$104.5 million in personnel costs from fiscal years 2011 through 2013 from its efforts to replace or modify older checked baggage screening systems with more efficient in-line systems, as GAO suggested.
2012	Air Force Food Service (Area 33): In 2011, the Air Force issued a memorandum to the Major Commands directing a review of existing food service contracts. As a result, the Air Force reviewed and renegotiated the food service contracts at eight installations for a total savings of over \$2.5 million per year . In addition, according to Air Force officials, all food service contracts were validated again during fiscal year 2012 for additional savings of over \$2.2 million per year . Air Force officials said that the Air Force will review contracts annually for areas where costs can be reduced.
2012	Overseas Defense Posture (Area 37): The United States Forces Korea conducted a series of consultations with the military services to evaluate the costs and benefits associated with tour normalization, as GAO suggested, and decided not to move forward with the full tour normalization initiative because it was not affordable. DOD's decision to not move forward with this initiative resulted in a cost avoidance of \$3.1 billion from fiscal years 2012 through 2016.
2012	Auto Recovery Office (Area 39): The Department of Labor did not systematically track, measure, or assess the Auto Recovery Office's assistance to auto communities, and the office is going through an orderly wind-down in fiscal year 2014, thereby saving up to \$1.2 million per year.

¹⁶Our estimate of about \$10.7 billion in realized savings to date includes savings from the Domestic Ethanol Production, Baggage Screening Systems, and Air Force Food Service areas. It does not include projected savings, revenue enhancements, or cost avoidances from the Farm Program Payments, Overseas Defense Posture, Auto Recovery Office, or Passenger Aviation Security Fees areas because those financial benefits have not yet been fully realized.

Annual report**Addressed actions**

2012

Passenger Aviation Security Fees (Area 48): The Bipartisan Budget Act of 2013 modifies the passenger security fee from its current per enplanement structure (\$2.50 per enplanement with a maximum one-way-trip fee of \$5.00) to a structure that increases the passenger security fee to a flat \$5.60 per one-way-trip, effective July 1, 2014.^a Pursuant to the act, collections under this modified fee structure will contribute to deficit reduction as well as to offsetting TSA's aviation security costs.^b Specifically, the act identifies **\$12.6 billion** in fee collections that, over a 10-year period beginning in fiscal year 2014 and continuing through fiscal year 2023, will contribute to deficit reduction.^c Fees collected beyond those identified for deficit reduction are available, consistent with existing law, to offset TSA's aviation security costs. According to the House of Representatives and Senate Committees on the Budget, and notwithstanding amounts dedicated for deficit reduction, collections under the modified fee structure will offset about 43 percent of aviation security costs, compared to the approximate 30 percent currently offset under the existing fee structure.^d

Source: GAO.

^aSee Pub. L. No. 113-67, § 601(b), 127 Stat. at 1187 (2013), amending 49 U.S.C. § 44940(c).

^bIn addition, the first \$250 million in fees collected each fiscal year are, consistent with existing law, to be deposited in the Aviation Security Capital Fund for use in supporting aviation security-related airport capital improvement projects or for other purposes specified in statute. See 49 U.S.C. §§ 44923(h), 44940(i).

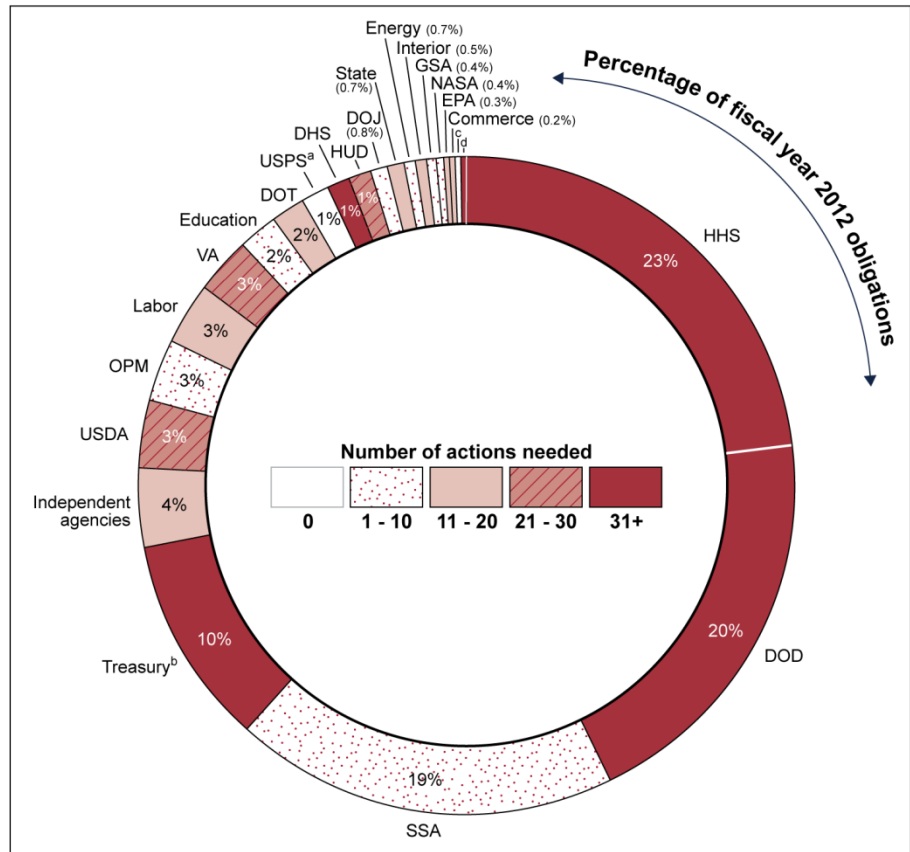
^cSee 49 U.S.C. § 44940(i) (identifying, among other things, the specific amount to be credited as offsetting receipts and deposited in the general fund of the Treasury each fiscal year, 2014 through 2023).

^dIn addition to the passenger security fee, TSA also currently imposes a fee on air carriers—the Aviation Security Infrastructure Fee—to further offset the costs of aviation security. See 49 U.S.C. § 44940(a)(2). Pursuant to the Bipartisan Budget Act, TSA's authority to collect this fee will expire effective October 1, 2014. See Pub. L. No. 113-67, § 601(a), 127 Stat. at 1187 (2013).

Identified Actions Span the Federal Government

The 188 areas and approximately 440 actions that we identified from 2011 to 2014 span a wide range of activities and programs and touch virtually all major federal departments and agencies. Specifically, the reports collectively identify opportunities to reduce, eliminate, or better manage fragmentation, overlap, and duplication or achieve other financial benefits within all 15 cabinet-level executive departments and at least 17 other federal entities. As figure 4 shows, many of our actions are directed to those departments and agencies that make up a majority of federal obligations. For example, we have directed 108 actions to DOD, 49 actions to HHS, and 65 actions to Treasury, which, combined, represented 53 percent of federal obligations in fiscal year 2012.

Figure 4: Fiscal Year 2012 Obligations and Number of Actions by Agency



Source: GAO.

Notes: Individual actions needed are counted multiple times, when they are directed to more than one federal department or agency. Percentages are rounded to the nearest whole percent for items greater than 1 percent.

^aU.S. Postal Service obligations are primarily funded by postal revenues, although the U.S. Postal Service receives minimal appropriations for overseas voting and mail for the blind. Additionally, the U.S. Postal Service has a maximum \$15 billion in borrowing authority.

^bTreasury's percentage of fiscal year 2012 obligations includes interest on the national debt.

^cThe judicial branch represented 0.2 percent of federal obligations in fiscal year 2012.

^dActions have also been directed to agencies and other federal entities that each represented less than 0.2 percent of federal obligations in fiscal year 2012.

To help maintain attention on these issues, in 2013, we released [GAO's Action Tracker](#), a publicly accessible, online website of the areas and actions presented in this series of annual reports. *GAO's Action Tracker* includes progress updates and assessments of the actions we have suggested for Congress and executive branch agencies. Going forward,

GAO's *Action Tracker* will continue to report progress on the 188 areas and approximately 440 suggested actions presented in our 2011, 2012, 2013, and 2014 annual reports. We plan to add areas and suggested actions identified and future reports to *GAO's Action Tracker* and periodically update the status of all identified areas and activities.

Sustained Leadership Attention Is Critical to Advancing and Maintaining Progress on Suggested Actions

Although Congress and executive branch agencies have made notable progress toward addressing the actions we have identified, further steps are needed to fully address the remaining actions, as shown in table 2. More specifically, 64 percent of actions directed to Congress and 63 percent of actions directed to executive branch agencies identified in 2011, 2012, and 2013 remain partially addressed or not addressed.

Table 2: Status of 2011, 2012, and 2013 Actions Directed to Congress and the Executive Branch, as of March 6, 2014

Status	Congress ^a		Executive branch ^b	
	Number of actions	Percentage	Number of actions	Percentage
Addressed	18	27%	106	33%
Partially addressed	11	17	161	50
Not addressed	31	47	43	13
Consolidated or other	6	9	13	4

Source: GAO.

Note: In assessing actions suggested for Congress, we applied the following criteria: "addressed" means relevant legislation has been enacted and addresses all aspects of the action needed; "partially addressed" means a relevant bill has passed a committee, the House of Representatives, or the Senate, or relevant legislation has been enacted but only addressed part of the action needed; and "not addressed" means a bill may have been introduced but did not pass out of a committee, or no relevant legislation has been introduced. In assessing actions suggested for the executive branch, we applied the following criteria: "addressed" means implementation of the action needed has been completed; "partially addressed" means the action needed is in development, or started but not yet completed; and "not addressed" means the administration, the agencies, or both have made minimal or no progress toward implementing the action needed. Actions assessed as "consolidated or other" were not assessed this year due to additional work or other information we considered.

^aCongress took steps that fully addressed one action and partially addressed another action directed to executive branch agencies.

^bExecutive branch agencies took steps that addressed three actions directed to Congress.

Sustaining momentum and making significant progress on our suggested actions for reducing, eliminating, or better managing fragmentation, overlap, or duplication or achieving other potential financial benefits cannot occur without demonstrated commitment by executive branch leaders and continued oversight by Congress. A number of the issues

that we have identified are complex, and implementing many of the actions will take time and sustained leadership. As our work has shown, committed leadership is needed to overcome the many barriers to working across agency boundaries, such as agencies' concerns about protecting jurisdiction over missions and control over resources or incompatible procedures, processes, data, and computer systems.¹⁷ However, securing the leadership support necessary to address issues that span multiple agencies can be particularly challenging and can take time. For example, 37 percent of our prior fragmentation, overlap, and duplication actions directed to one agency are now addressed. In contrast, 26 percent of prior fragmentation, overlap, and duplication actions directed to more than one agency are now fully addressed.

Sustained leadership commitment at executive branch agencies and within Congress has contributed to meaningful progress in some areas. For example, DOD leadership attention has led to significant progress toward addressing several suggested actions, including integrating department-wide intelligence, surveillance, and reconnaissance investment decisions to avoid unnecessary redundancies and realigning and establishing a new agency to oversee and begin consolidating common military health care functions. In particular, in 2011 we reported that the responsibilities and authorities for DOD's military health system were distributed among several organizations within DOD with no central command authority or single entity accountable for reducing costs and achieving efficiencies. In part in response to our recommendation that DOD assess alternatives for restructuring the military health care governance structure, DOD assessed alternatives and, in October 2013, established the new Defense Health Agency, which it anticipates will achieve greater system integration and increase accountability for health outcomes and costs.

Without sustained leadership attention, the executive branch and Congress may miss opportunities to improve the efficiency and effectiveness of government programs and activities at a time when

¹⁷In addition, we have previously identified key practices that can help federal agencies enhance and sustain their collaborative efforts along with key features to consider as they implement collaborative mechanisms and work to address these actions. See GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005) and *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

federal resources are constrained. For example, in March 2012, we recommended that HHS cancel the Medicare Advantage (MA) Quality Bonus Payment Demonstration given that most of the bonuses would be paid to plans with average performance and that the demonstration's design precludes a credible evaluation of its effectiveness.¹⁸ However, because all MA contracts for the demonstration's last year, 2014, are now in place, canceling the demonstration is no longer possible. By continuing the demonstration, HHS missed an opportunity to achieve significant cost savings in 2014—approximately \$2 billion, based on GAO's analysis of estimates by actuaries at the Centers for Medicare & Medicaid Services (CMS).

Although the executive branch agencies and Congress have made some progress in addressing some suggested actions, many other actions require leadership attention to ensure that they are fully addressed. Without increased or renewed leadership focus, agencies may miss opportunities to improve the efficiency and effectiveness of their programs and save taxpayers' dollars. The following are examples of areas where additional leadership attention could potentially promote progress:

- *Information Technology:* Several significant actions remain to be addressed in the area of information technology, many of which require agencies to work together to improve systems. For example, progress by DOD and VA to put in place key management capabilities to jointly improve their electronic health records systems has slowed over the past year, and the departments have continued to pursue separate modernization efforts. In February 2014, we reported that DOD and VA abandoned their plans to develop a single, integrated electronic health record system for both departments and based their decision to do so on the assertion that pursuing separate systems would be less expensive and faster. However, we found that they had not developed cost and schedule analyses that compared the departments' separate efforts, as well as an effort to make the two systems interoperable, with estimates for the original single system approach to support this assertion. Through continued duplication of these efforts, the departments may be incurring higher-than-

¹⁸We reported that the demonstration's design precluded a credible evaluation of its effectiveness because it lacked a comparison group needed to isolate the demonstration's effects, and because the demonstration's bonus payments are based largely on plan performance that predates the demonstration.

necessary system development and operation costs and missing opportunities to support higher-quality health care for servicemembers and veterans.

- *Medicaid Program:* Both Congress and the administration have demonstrated commitment to making the fiscal and program integrity of Medicaid a priority, but sustained oversight is necessary to fully address many of the actions we have identified. In 2013, CMS took steps to reduce duplication in reviewing and auditing states' Medicaid claims, resulting in cost savings for the Medicaid Integrity Program and more efficiently using resources.

However, several of our previously identified actions relating to Medicaid financing have not been fully addressed. In 2011, we recommended that CMS take steps to improve oversight of certain high-risk Medicaid supplemental payments—known as non-disproportionate-share-hospital, or non-DSH, payments—that are above and beyond regular Medicaid payments states make to providers, and are often made to hospitals and other providers who, for example, serve high-cost Medicaid beneficiaries. These payments have increased significantly in recent years and, unlike other supplemental payments, non-DSH payments are not required under federal law, do not have a specified statutory or regulatory purpose, and are not subject to firm dollar limits at the facility or state level.

CMS had stated that it had no plans to impose reporting and auditing requirements that we recommended on states because, in its view, legislation had been crucial to implementing similar requirements for other payments. Therefore, in 2012, we suggested that Congress require CMS to improve state reporting, clarify permissible methods of calculating, and require states to submit annual audits of these supplemental payments. We noted that doing so could save hundreds of millions, or billions, of dollars. CMS took some initial steps to improve guidance to states, but further efforts by CMS and Congress could improve oversight of these payments and potentially result in financial savings to Medicaid.

- *DOD Joint Basing:* In our 2013 annual report, we noted that by adopting a more rigorous and comprehensive department-wide approach to managing the implementation of joint basing, DOD may be able to achieve millions of dollars of cost savings and efficiencies. We also found that DOD leadership had not provided clear direction to joint basing officials on achieving the cost savings and efficiency goals of joint basing. Therefore, we recommended that DOD develop and

implement a plan that provides measurable goals linked to achieving savings and efficiencies at the joint bases and provide guidance to the joint bases that directs them to identify opportunities for cost savings and efficiencies.

DOD disagreed with this recommendation and stated that senior DOD leaders had decided against savings targets because of the complexity involved in establishing the joint bases. DOD also stated that no action is required because the joint bases were increasingly meeting installation service standards with resources below planned levels. However, because DOD does not have a method to determine if these reductions in installation support costs are a result of joint basing initiatives rather than due to department-wide budget cuts, it is not clear to what extent DOD has saved money specifically from joint basing initiatives. As of March 6, 2014, DOD had taken no action to implement this recommendation. Without a plan that outlines measurable goals, DOD will continue to miss opportunities to achieve cost savings associated with joint basing.

- *Environmental Labs:* In 2012, we reported that the Environmental Protection Agency's (EPA) 37 laboratories operated under the direction of 15 different senior officials using 15 different organizational and management structures. We attributed EPA's uncoordinated approach in part to the lack of a top science official with the responsibility or authority to coordinate, oversee, and make management decisions regarding major scientific activities—including the work of all 37 laboratories—throughout the agency and recommended that EPA establish a top-level science official with such authority. As of March 6, 2014, EPA had taken steps toward establishing a top-level science official with some responsibility to coordinate and oversee the laboratories, but it had not given this official the authority to make management decisions regarding scientific activities for the laboratories. Without doing so, the laboratories' activities will likely remain fragmented and largely uncoordinated.

By providing sustained leadership attention, executive branch agencies and Congress could improve the efficiency and effectiveness of federal programs. As we have previously reported, addressing the issues identified in our annual reports could lead to tens of billions of dollars of savings annually. Table 3 highlights selected opportunities that could result in cost savings or enhanced revenues.

Table 3: Selected Areas with Associated Cost-Savings and Revenue-Enhancement Opportunities in 2011 – 2013 Annual Reports

Annual report	Areas identified
2011	Enterprise Architecture (Area 14): Well-defined and implemented enterprise architectures in federal agencies can lead to consolidation and reuse of shared services and elimination of antiquated and redundant mission operations, which can result in significant cost savings. For example, the Department of the Interior demonstrated that it had used enterprise architecture to modernize agency information technology operations and avoid costs through enterprise software license agreements and hardware procurement consolidation, resulting in financial savings of at least \$80 million . In addition, Health and Human Services will achieve savings and cost avoidance of over \$150 million between fiscal years 2011 to 2015 by leveraging its enterprise architecture to improve its telecommunications infrastructure.
2011	Federal Data Centers (Area 15): Consolidating federal data centers provides an opportunity to improve government efficiency and achieve cost savings of up to \$3 billion over 10 years.
2011	Oil and Gas Resources (Area 45): Improved management of federal oil and gas resources could result in approximately \$2 billion in additional revenue over 10 years .
2011	Social Security Offsets (Area 80): Social Security needs data on pensions from noncovered earnings to better enforce offsets and ensure benefit fairness, which could result in an estimated \$2.4 billion to \$2.9 billion in savings over 10 years.
2012	Medicare and Medicaid Fraud Detection Systems (Area 46): The Centers for Medicare & Medicaid Services need to ensure widespread use of its fraud detection systems to better position itself to determine and measure progress toward achieving the \$21 billion in financial benefits that the agency projected as a result of implementing these systems.
2012	Immigration Inspection Fee (Area 49): The air and sea passenger immigration inspection user fee should be reviewed and adjusted to fully recover the cost of the air and sea passenger immigration inspection activities conducted by the Department of Homeland Security's U.S. Immigration and Customs Enforcement and U.S. Customs and Border Protection rather than using general fund appropriations; In 2012 this could have resulted in a reduction of about \$175 million in appropriated funds used for inspection services.
2012	Domestic Disaster Assistance (Area 51): The Federal Emergency Management Agency (FEMA) could reduce the costs to the federal government related to major disasters declared by the President by updating the principal indicator on which disaster funding decisions are based and better measuring a state's capacity to respond without federal assistance. For fiscal years 2004 through 2011, had FEMA adjusted the indicator for increases in inflation or personal income since 1986, fewer jurisdictions would have met the eligibility criteria for federal assistance and federal costs could have been as much as \$3.59 billion lower.
2013	Agricultural Quarantine Inspection Fees (Area 18): The United States Department of Agriculture's Animal and Plant Health Inspection Service could have achieved as much as \$325 million in savings (based on fiscal year 2011 data, as reported in GAO's March 2013 report) by more fully aligning fees with program costs; although the savings would be recurring, the amount would depend on the cost-collections gap in a given fiscal year and would result in a reduced reliance on U.S. Customs and Border Protection's annual Salaries and Expenses appropriations used for agricultural inspection services.
2013	Crop Insurance (Area 19): To achieve up to \$1.2 billion per year in cost savings in the crop insurance program, Congress could consider limiting the subsidy for premiums that an individual farmer can receive each year, reducing the subsidy for all or high-income farmers participating in the program, or some combination of limiting and reducing these subsidies.
2013	Checked Baggage Screening (Area 28): By reviewing the appropriateness of the federal cost share the Transportation Security Administration applies to agreements financing airport facility modification projects related to the installation of checked baggage screening systems, the Transportation Security Administration could, if a reduced cost share was deemed appropriate, achieve cost efficiencies of up to \$300 million by 2030 and be positioned to install a greater number of optimal baggage screening systems than it currently anticipates.

Annual report	Areas identified
2013	Tobacco Taxes (Area 31): Federal revenue losses were as much as \$615 million to \$1.1 billion between April 2009 and 2011 because manufacturers and consumers substituted higher-taxed smoking tobacco products with similar lower-taxed products. To address future revenue losses, Congress should consider modifying tobacco tax rates to eliminate significant tax differentials between similar products.

Source: GAO.

Better Data and a Focus on Outcomes Are Essential to Improving Efficiency and Effectiveness

Addressing fragmentation, overlap, and duplication within the federal government is challenging. Even with sustained leadership, these are difficult issues to address because they may require agencies and Congress to re-examine within and across various mission areas the fundamental structure, operation, funding, and performance of a number of long-standing federal programs or activities with entrenched constituencies. As we have previously reported, these challenges are compounded by a lack of reliable budget and performance information and a comprehensive list of federal programs.

In particular, we have found that federal budget information is often not available or sufficiently reliable to identify the level of funding provided to programs or activities, making it difficult to assess and address potential duplication. In our prior annual reports, we have reported instances where agencies could not isolate budgetary information for some programs because the data were aggregated at higher levels. For example, in 2012, we reported that agencies were not able to provide complete and reliable funding information on many of the 94 nonfederal sector green building initiatives; according to agency officials, many of the initiatives are part of broader programs and, as such, the agencies do not track green building funds separately from other activities.

Without knowing the full cost of implementing programs, it is difficult for executive branch agencies or Congress to gauge the magnitude of the federal commitment to a particular area of activity or the extent to which associated federal programs are effectively and efficiently achieving shared goals. Moreover, the lack of reliable, detailed budget information makes it difficult to estimate the cost savings that could be achieved should Congress or agencies take certain actions to address identified fragmentation, overlap, and duplication. Absent this information, Congress and agencies cannot make fully informed decisions on how federal resources should be allocated and the potential budget trade-offs.

In addition, we have called attention to the need for improved and regular performance information. The regular collection and review of

performance information, both within and among federal agencies, could also help executive branch agencies and Congress determine whether the return on federal investment is adequate and make informed decisions about future resource allocations. However, as we previously noted, our annual reports on fragmentation, overlap, and duplication highlight several instances in which executive branch agencies do not collect necessary performance data.

For example, in our 2013 annual report, we reported that VA and DOD did not require that all of their health care collaboration sites—locations where the departments share health resources—develop and use performance measures to assess their effectiveness and efficiency, including any cost savings achieved from their collaborative efforts. We noted that without comprehensive measures, the agencies lack information that could help decision makers assess all collaboration sites' overall progress in meeting the departments' shared goals, identify areas for improvement, and make more informed decisions. Performance measurement, because of its ongoing nature, can serve as an early warning system to management and a vehicle for improving accountability to the public. To help ensure that their performance information will be both useful and used by decision makers, agencies must consider the differing information needs of various users—including those in Congress.

We have also noted that the lack of a comprehensive list, or inventory, of all federal programs makes it more difficult for executive branch agencies and Congress to determine whether proposed or existing programs are duplicative. The GPRA Modernization Act of 2010 (GPRAMA) requires the Office of Management and Budget (OMB) to compile and make publicly available a comprehensive list of all federal programs identified by agencies, and to include the purposes of each program, how it contributes to the agency's mission, and recent funding information.¹⁹ OMB began implementing this provision by directing 24 large federal agencies to develop and publish inventories of their programs in May 2013.

¹⁹Pub. L. No. 111-352, 124 Stat. 3866 (2011). The acronym "GPRA" in the act's title refers to the Government Performance and Results Act of 1993, Pub. L. No. 103-62, 107 Stat. 285 (1993).

Our preliminary review of these initial inventories identified concerns about the usefulness of the information being developed and the extent to which it might be able to assist executive branch and congressional efforts to identify and address fragmentation, overlap, and duplication. OMB's guidance for developing the inventories provided agencies with flexibility to define their programs by such factors as outcomes, customers, products/services, organizational structure, and budget structure. As a result, agencies took various approaches to define their programs. Many used their budget structure while others used different approaches, such as identifying programs by related outcomes or customer focus. The variation in definitions across agencies limits comparability among similar programs.

OMB also identified 12 different program types (e.g., block grants, regulatory, credit) for agencies to assign to their programs to enable sorting in the future; however, the list of program types does not include tax expenditures, which represent a substantial federal commitment.²⁰ In addition, OMB does not yet have definitive plans on when this effort will be expanded beyond the current 24 agencies to cover all other agencies and programs. We plan to further explore these issues and report later this spring on potential ways that the federal program inventory might be improved going forward.

Despite these challenges, effective implementation of the framework originally put into place by GPRA and significantly enhanced by GPRAMA could help clarify desired outcomes, address program performance spanning multiple organizations, and facilitate future actions to reduce, eliminate, or better manage fragmentation, overlap, and duplication. In particular, GPRAMA establishes a framework aimed at taking a more crosscutting and integrated approach to focusing on results and improving government performance.

²⁰Tax expenditures are reductions in a taxpayer's tax liability that are the result of special exemptions and exclusions from taxation, deductions, credits, deferrals of tax liability, or preferential tax rates. If the Department of the Treasury estimates are summed, an estimated \$1 trillion in revenue was forgone from the 169 tax expenditures reported for fiscal year 2012, nearly the same as discretionary spending that year. Since 1994, we have recommended greater scrutiny of tax expenditures, as periodic reviews could help determine how well specific tax expenditures work to achieve their goals and how their benefits and costs compare to those of spending programs with similar goals. For more information, see our key issues page on tax expenditures at http://www.gao.gov/key_issues/tax_expenditures.

As we have previously reported, many of the critical outcomes our nation seeks to achieve require the contribution of more than one federal agency, level of government, or organization. Moreover, as our annual reports on fragmentation, overlap, and duplication have shown, in many cases a range of federal programs and activities—such as grants, regulations, and tax expenditures—spanning multiple agencies contribute to an outcome. Against this backdrop of complexity, executive branch agencies and Congress need to be able to review and compare the effectiveness of various strategies used to achieve outcomes, in terms of both implementation and impact.

In one example of how GPRAMA could help facilitate a more crosscutting approach focused on results, the act requires OMB to coordinate with executive branch agencies to establish crosscutting priority goals and to develop a federal government performance plan that defines the level of performance needed to achieve them. In March 2014, OMB released an updated list of cross-agency priority goals and plans to track progress in achieving these goals on a quarterly basis on Performance.gov.²¹ The crosscutting approach required by the act will provide a much needed basis for more fully integrating a wide array of federal activities as well as a cohesive perspective on the long-term goals of the federal government that is focused on priority policy areas. It could also be a valuable tool for re-examining existing programs government-wide and for considering proposals for new programs.

In addition, OMB's 2013 guidance implementing GPRAMA directs agencies, beginning in 2014, to conduct annual reviews of progress towards strategic objectives—the outcomes or impacts the agency is intending to achieve.²² Agency leaders are responsible for assessing progress on each strategic objective established in the agency's strategic plan. Effective implementation could help identify and address fragmentation, overlap, and duplication issues because as part of the

²¹The cross-agency priority goals address the following areas: (1) cybersecurity; (2) climate change; (3) insider threat and security clearance; (4) job-creating investment; (5) infrastructure permitting modernization; (6) science, technology, engineering, and mathematics education; (7) servicemembers and veterans mental health; (8) customer service; (9) smarter information technology delivery; (10) strategic sourcing; (11) shared services; (12) benchmark and improve mission-support operations; (13) open data; (14) lab-to-market; and (15) people and culture.

²²OMB, Circular No. A-11, *Performance Plans, Performance Reviews, and Annual Program Performance Reports* (July 2013).

strategic reviews, agencies are to identify the various organizations, programs, regulations, tax expenditures, policies, and other activities that contribute to each objective both within and outside the agency.

Where progress in achieving an objective is lagging, the reviews are intended to identify strategies for improvement, such as strengthening collaboration to better address crosscutting challenges. If successfully implemented in a way that is open, inclusive, and transparent—to Congress, delivery partners, and a full range of stakeholders—this approach could help decision makers assess the relative contributions of various programs that contribute to a given objective. Successful strategic reviews could also help decision makers identify and assess the interplay of public policy tools that are being used, to ensure that those tools are effective and mutually reinforcing, and results are being efficiently achieved.

Finally, we are developing a framework to help executive branch agencies and Congress work through issues of fragmentation, overlap, and duplication. The framework is intended to provide federal leaders a roadmap to help them identify and address fragmentation, overlap, and duplication among existing or proposed programs and assess possible solutions. For example, the framework will outline the types of information needed and present a range of policy options available to address identified fragmentation, overlap, and duplication. We plan to issue the framework later this year.

This report was prepared under the coordination of Orice Williams Brown, Managing Director, Financial Markets and Community Investment, who may be reached at (202) 512-8678 or williamso@gao.gov, and A. Nicole Clowers, Director, Financial Markets and Community Investment, who may be reached at (202) 512-8678 or clowersa@gao.gov. Specific questions about individual issues may be directed to the area contact listed at the end of each summary.



Gene L. Dodaro
Comptroller General of the United States

Abbreviations

AFRICOM	U.S. Africa Command
AFSCN	Air Force Satellite Control Network
AIDS	acquired immunodeficiency syndrome
AMC	Army Materiel Command
ATVM	Advanced Technology Vehicles Manufacturing
AWPS	Army Workload and Performance System
CAA	Combating Autism Act of 2006
CAP	Compliance Assurance Process
CDC	Centers for Disease Control and Prevention
CIO	chief information officer
CMS	Centers for Medicare & Medicaid Services
CBO	Congressional Budget Office
CPC	Countries of Particular Concern
CPO	Cash Product Office
DHA	Defense Health Agency
DHS	Department of Homeland Security
DI	Disability Insurance
DOD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOL	Department of Labor
DPMO	Defense Prisoner of War/Missing Personnel Office
DSH	disproportionate-share-hospital
EISA	Energy Independence and Security Act
EPA	Environmental Protection Agency
FAR	Federal Acquisition Regulation
FECA	Federal Employees' Compensation Act
FEMA	Federal Emergency Management Agency
FHA	Federal Housing Administration
GPRA	Government Performance and Results Act of 1993
GPRAMA	GPRA Modernization Act of 2010
GSA	General Services Administration
HHS	Department of Health and Human Services
HIV	human immunodeficiency virus
HRSA	Health Resources and Services Administration
HUD	Department of Housing and Urban Development
IACC	Interagency Autism Coordinating Committee
IRS	Internal Revenue Service
IT	information technology
JPAC	Joint Prisoner of War/Missing in Action Accounting Command
JPME	Joint Professional Military Education
LMP	Logistics Modernization Program
MA	Medicare Advantage
MAI	Minority AIDS Initiative
NDNH	National Directory of New Hires
NIH	National Institutes of Health
NSF	National Science Foundation
OARC	Office of Autism Research Coordination

ODNI	Office of the Director of National Intelligence
OHAIDP	Office of HIV/AIDS and Infectious Disease Policy
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PACOM	U.S. Pacific Command
POW/MIA	Prisoner of War/Missing in Action
QW	quarterly wage
REO	real estate-owned
RHS	Rural Housing Service
SSA	Social Security Administration
SMAIF	Secretary's MAI Fund
TSA	Transportation Security Administration
UI	Unemployment Insurance
USAID	U.S. Agency for International Development
USCIRF	United States Commission for International Religious Freedom
USDA	Department of Agriculture
VA	Department of Veterans Affairs

Report at a Glance

Section I of this report presents 11 areas in which we found evidence of fragmentation, overlap, or duplication among federal government programs.

Table 1: Fragmentation, Overlap, and Duplication Areas Identified in This Report

Mission	Areas Identified	Page
Defense	1. Army Workforce Planning: To address potential overlap between two Army information systems that support workforce planning for weapon system maintenance, manufacturing, and other industrial operations, the Army should increase leadership attention to the issue and establish a fully developed and documented approach for completing a timely assessment of unnecessary overlap, which could lead to millions of dollars in annual savings.	36
	2. Contracting for Defense Health Care Professionals: The Department of Defense should develop a consolidated agency-wide strategy to contract for health care professionals to reduce fragmentation and achieve greater efficiencies.	41
	3. Defense Satellite Control Operations: Increased use of shared satellite control networks and leading practices within the Department of Defense could reduce fragmentation and potential duplication associated with dedicated systems, resulting in millions of dollars in savings annually.	45
	4. Defense Studies and Analysis Research: To address fragmentation in the processes used across the department to request studies and analysis research and limit the potential for overlap and duplication in research activities, the Department of Defense should establish a mechanism that requires the military services and other departmental offices to formally coordinate their annual research requests.	52
	5. POW/MIA Mission: The Department of Defense should minimize overlapping and duplicative efforts by examining options to reduce fragmentation and clarify guidance on roles and responsibilities among the eight organizations that account for missing persons and improve the effectiveness of the mission.	60
Health	6. Federal Autism Research: Because much of the \$1.2 billion that federal agencies spent on autism research from fiscal years 2008 through 2012 had the potential to be duplicative, the Interagency Autism Coordinating Committee and federal agencies should improve coordination and monitoring of autism research to help avoid unnecessary duplication.	68
	7. Minority AIDS Initiative: Consolidating the fragmented funding of the Department of Health and Human Services' Minority AIDS Initiative into core HIV/AIDS funding would likely reduce grantees' administrative burden and help the agency more efficiently and effectively provide services to minority populations who are disproportionately affected by HIV/AIDS, with the approximately \$3 billion used for this purpose. In addition to fragmentation, we found that the services provided by Minority AIDS Initiative grantees overlapped with those provided by core HIV/AIDS grantees and were provided to similar populations; this overlap increases the administrative costs associated with participating in the programs.	75
Income security	8. Disability and Unemployment Benefits: Congress should consider passing legislation to prevent individuals from collecting both full Disability Insurance benefits and Unemployment Insurance benefits that cover the same period, which could save \$1.2 billion over 10 years in the Social Security Disability Insurance program according to the Congressional Budget Office.	81
	9. Federal Employees' Compensation and Unemployment Benefits: Changes to enhance the sharing of compensation and wage information between state and federal agencies could improve the Department of Labor's ability to identify potentially improper payments, including inappropriately overlapping payments from the Federal Employees' Compensation Act program and the Unemployment Insurance program administered by the states.	84
Information technology	10. Interoperable Radio Communications Systems: Better collaboration among agencies that rely on radio communications solutions for mission-critical operations would help to address fragmentation in their approach to improving the interoperability of radio communications systems and has the potential to achieve savings.	89

International affairs	11. International Religious Freedom: To promote international religious freedom more effectively, the Department of State and the U.S. Commission on International Religious Freedom should define how they are to interact in their efforts; the lack of defined roles has at times created tensions with foreign government officials.	95
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Section II of this report summarizes 15 additional opportunities for agencies or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collections for the Treasury.

Table 2: Cost Savings and Revenue Enhancement Opportunities Identified in This Report

Mission	Areas Identified	Page
Defense	12. Combatant Command Headquarters Costs: The Department of Defense could potentially achieve tens of millions or more in cost savings annually if it (1) more systematically evaluates the sizing and resourcing of its combatant commands and (2) conducts a more comprehensive analysis of options for the location of U.S. Africa Command’s headquarters.	100
Energy	13. Advanced Technology Vehicles Manufacturing Loan Program: Unless the Department of Energy can demonstrate demand for new Advanced Technology Vehicles Manufacturing loans and viable applications, Congress may wish to consider rescinding all or part of the remaining \$4.2 billion in credit subsidy appropriations.	108
General government	14. Coin Inventory Management: The Federal Reserve should develop a process to assess factors influencing coin management costs and identify practices that could potentially lead to millions of dollars in revenue enhancement.	112
	15. Collection of Unpaid Federal Taxes: The federal government can increase tax revenue collections by hundreds of millions of dollars over a 5-year time period by identifying and taking actions to limit issuance of passports to applicants, levy payments to Medicaid providers, or identify security-clearance applicants with unpaid federal taxes.	115
	16. Federal Real Property Ownership and Leasing: The General Services Administration could potentially achieve millions of dollars in savings by using capital-planning best practices to create a long-term strategy for targeted ownership investments to replace some high-value leases.	122
	17. Online Taxpayer Services: The Internal Revenue Service could potentially realize hundreds of millions of dollars in cost savings and increased revenues by enhancing its online services, which would improve service to taxpayers and encourage greater tax law compliance.	128
	18. Real Estate-Owned Properties: Improvements to the Department of Housing and Urban Development’s Federal Housing Administration’s disposition and oversight practices for foreclosed properties could produce increased sales proceeds and savings from maintenance and other expenses from holding properties totaling hundreds of millions of dollars per year.	132
	19. Reverse Auctions in Government Contracting Including Commercial Items: Due to increasing government use of reverse auctions—with over \$1 billion awarded in contracts in fiscal year 2012—additional guidance may help maximize opportunities to increase competition and improve the accuracy of estimated cost savings.	139
	20. Tax Policies and Enforcement: The Internal Revenue Service can realize cost savings and increase revenue by, among other things, identifying continued offshore tax evasion and evaluating whether the agency’s streamlined corporate audit process is meeting its goals.	143
Health	21. Medicaid Demonstration Waivers: Federal spending on Medicaid demonstrations could be reduced by billions of dollars if the Department of Health and Human Services were required to improve the process for reviewing, approving, and making transparent the basis for spending limits approved for Medicaid demonstrations. GAO’s work between 2002 and 2013 has shown that HHS approved several demonstrations without ensuring that they would be budget neutral to the federal government.	149
Income security	22. Disability Insurance: The Social Security Administration could prevent significant potential cash benefit overpayments in the Disability Insurance program by obtaining more-timely earnings data to identify beneficiaries’ work activity that is beyond program limits and suspend benefits	154

	appropriately.	
	23. Veterans' and Survivors' Benefits: The Department of Veterans Affairs' direct spending could be reduced—by an average of about \$4 million annually, according to the Congressional Budget Office—if new statutory provisions were enacted, namely, a look-back review and penalty period for claimants who transfer assets for less than fair market value prior to applying for pension benefits that are available to low-income wartime veterans who are at least 65 years old or have disabilities unrelated to their military service. This action would help to ensure that only those in financial need receive benefits and make the program more consistent with other federal programs for low-income individuals.	159
Information technology	24. Information Technology Investment Portfolio Management: The Office of Management and Budget and multiple agencies could help the federal government realize billions of dollars in savings by taking steps to better implement PortfolioStat, a process to help agencies manage their information technology investments.	163
Social services	25. Better Data to Mitigate Foreclosures: The Department of Housing and Urban Development's Federal Housing Administration and the Departments of Veterans Affairs and Agriculture could improve outcomes and better manage the costs associated with foreclosure mitigation efforts with additional data collection and analysis, potentially saving taxpayers millions of dollars on an annual and recurring basis.	171
	26. Housing Choice Vouchers Rent Reform: By improving data collection and analysis efforts under the Moving to Work demonstration program, the Department of Housing and Urban Development would provide Congress with information to determine which rent reform option should be implemented program-wide and thereby potentially reduce program funding by millions of dollars or extend housing assistance to additional low-income households or some combination of these outcomes.	176

Table 3: Appendixes	
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Section I: Areas in Which GAO Has Identified Fragmentation, Overlap, or Duplication

This section presents 11 areas in which we found evidence of fragmentation, overlap, or duplication among federal government programs.

1. Army Workforce Planning

To address potential overlap between two Army information systems that support workforce planning for weapon system maintenance, manufacturing, and other industrial operations, the Army should increase leadership attention to the issue and establish a fully developed and documented approach for completing a timely assessment of unnecessary overlap, which could lead to millions of dollars in annual savings.

Why This Area Is Important

Both the Army Workload and Performance System (AWPS) and the Logistics Modernization Program (LMP) are information systems that support various industrial operations within the Army Materiel Command (AMC).¹ The Army has spent over \$90 million on AWPS from its inception in 1996 through fiscal year 2013 and plans to spend approximately \$35.6 million to maintain the system between fiscal years 2014 and 2018. AWPS was developed to address systemic deficiencies in the Army's civilian manpower requirements determination process.² The system produces management reports and decision support tools intended to assist the Army in linking its industrial workload demands to its workforce requirements at AMC industrial sites. To produce management reports, AWPS relies primarily on data from LMP.

LMP, an enterprise resource planning system that supports AMC industrial operations, was deployed to industrial sites during three phases beginning in 2003. LMP was developed to replace two major AMC legacy information systems—the Commodity Command Standard System and the Standard Depot System. By providing a single source of data and integrated decision-making tools, LMP was expected to increase efficiencies in AMC operations, such as buying and managing spare and repair parts and conducting depot-level maintenance. The Army spent approximately \$1.4 billion on LMP through fiscal year 2012, and its total life-cycle cost from fiscal years 2000 through 2026 is expected to be more than \$4 billion. Development for a major upgrade to LMP is currently under way.

What GAO Found

The Army has begun to assess whether unnecessary overlap exists between AWPS and LMP and has begun its assessment by initiating data

¹AMC is the Army's principal provider of materiel readiness—technology, acquisition support, materiel development, logistics power projection, and sustainment—to Army forces. AMC oversees Army industrial activities, such as maintenance depots and manufacturing arsenals, that overhaul, modernize, upgrade, and produce weapons systems.

²The Army Audit Agency reported in 1992 and 1994 that the Army did not know its workload and thus could neither justify personnel needs and budgets nor improve productivity and efficiency. The Army subsequently determined that it had a material weakness, under the Federal Managers' Financial Integrity Act, with determining institutional personnel requirements without an analysis of the workload. AWPS was part of the Army's plans for addressing this material weakness.

collection and analysis efforts. However, its overall progress—including the development of a business case analysis—has been limited, due primarily to the absence of senior-level leadership involvement and attention and the lack of a fully developed and documented approach for conducting the assessment, including an established milestone for completing it. GAO has found that overlap among government programs or activities can lead to unnecessary duplication and can result in unnecessary costs and less efficient and effective services.³

GAO reported in February 2014 that the AMC Commanding General and Deputy Commanding General directed in December 2012 that a plan be developed to "sunset," or retire, AWPS and transition its functionality to another system, such as LMP. According to officials, AMC initiated this effort as a result of feedback provided by industrial sites indicating that overlap existed between LMP and AWPS. In response, a project team was established within AMC and started meeting in February 2013.⁴ The project team is determining the extent to which software functionality currently provided by AWPS could be provided by LMP—either through LMP's existing functionality or through the expansion of functionality in the planned major upgrade of LMP. Also included in the assessment is the use of locally developed tools that some industrial sites have developed on their own to carry out AWPS functions. Project team members told GAO that their efforts could result in a recommendation to reduce AWPS usage or eliminate the system.

GAO also reported in February 2014 that the project team (1) identified specific actions that were needed to complete the assessment, such as holding a design workshop to determine what AWPS functionality can be provided by LMP or another tool, and developing a business case analysis; (2) received a demonstration on the current functionality provided by AWPS and LMP; and (3) conducted a survey of Army personnel with an AWPS account to collect information on how they use the system. GAO reviewed consolidated survey responses from 7 of 15 AMC sites collected by the project team and found there was potential for some overlap between AWPS and LMP. Army officials plan to conduct further analysis of the survey responses. GAO's February 2014 findings are consistent with its past work, which has also shown the potential for overlap between the AWPS and LMP systems.

³See GAO, *Government Operations: Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, [GAO-11-318SP](#) (Washington, D.C.: Mar. 1, 2011).

⁴According to the draft charter for the project team, the team was tasked to prepare a plan to sunset AWPS but the functionality of the system must remain available to users. The AWPS project team's efforts will include determining the feasibility of implementing AWPS requirements into an existing enterprise resource planning tool, determining budgetary needs and legislative change requirements, and identifying a funding source.

Although the project team has made progress in some areas, its overall progress has been limited. For example, the project team's charter to guide its operations remains incomplete, team meetings have not been held regularly, milestones for some key actions—such as developing a business case analysis—have not been established, and some milestones for other actions have been missed. Progress on the Army's assessment of AWPS has been limited due to the absence of senior-level leadership attention and involvement. The project team leader works in the AMC personnel office and has provided management from that office with updates on the team's progress; however, other team members work in other AMC offices and do not officially report to either the team leader or the personnel office. Team members cited this existing leadership structure as a factor contributing to the team's limited progress. Project team members stated that other than an update provided in June 2013 to an AMC committee overseeing LMP implementation, no senior-level AMC manager or committee has requested an update on the team's progress in conducting its assessment. Best practices have shown that sustained leadership attention and involvement can help organizations make lasting changes and achieve positive results. In addition, these best practices indicate that a strong and stable team responsible for managing change is also essential to ensure that the effort receives the attention it needs to be sustained and successful.⁵

Additionally, the team's progress has been limited due to the lack of a fully developed and documented approach, including an established milestone for completing the assessment. GAO reported in February 2014 that the project team had not fully developed and documented its assessment approach. In addition, neither the original December 2012 tasking nor the project team itself had established a completion date for the assessment. Standards for Internal Controls call for proper documentation of evaluation processes.⁶ In addition, GAO's prior work on best practices for project schedules has shown that a well-planned schedule—with milestones for completing activities—is a fundamental management tool that can help government programs use public funds effectively by specifying when work will be performed in the future and measuring program performance against an approved plan.⁷

The absence of senior-level AMC leadership involvement and attention, as well as the lack of a fully developed and documented approach for conducting the assessment, including an established milestone for completing it, increases the risk that the Army will not complete its efforts

⁵GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: July 2, 2003).

⁶GAO, *Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: Aug. 2001).

⁷GAO, *GAO Schedule Assessment Guide: Best Practices for Project Schedules*, [GAO-12-120G](#) (Washington, D.C.: May 2012).

to identify and eliminate potentially unnecessary overlap between AWPS and LMP.

Actions Needed and Potential Financial or Other Benefits

To complete the Army's assessment of potential unnecessary overlap between AWPS and LMP and to ensure that a sound business decision is made on how to most cost-effectively provide AWPS functionality, GAO recommended in February 2014 that the Secretary of the Army direct the Commanding General, AMC, take the following two actions:

- Identify a senior-level AMC manager or committee to provide increased leadership involvement and attention of the project team's efforts, to include ensuring that a strong and stable team exists for managing change.
- Establish a fully developed and documented approach for the team's assessment, including a milestone for completing it.

Timely and effective actions on these recommendations should improve the Army's ability to support industrial operations in the most efficient and cost-effective manner by minimizing unnecessary overlap between these two information systems. Furthermore, implementation of these recommendations may enable the Army to avoid spending millions of dollars annually on AWPS.

Agency Comments and GAO's Evaluation

GAO requested comments from the Army on the February 2014 report on which this analysis is based, but none were provided. In addition, GAO provided a draft of this report section to the Army for review and comment. The Army did not provide comments on this issue.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section. GAO reviewed prior GAO reports that discuss AWPS and LMP and that outline best practices to effectively manage change, achieve positive results, and establish project schedules. GAO also met with officials from AMC headquarters and the AWPS program management office to discuss the efforts of the AMC project team in the assessment of potential overlap. GAO obtained and analyzed documentation, including survey responses from AWPS users, related to these efforts. GAO reviewed some aspects of the project team's methodology for conducting its assessment—such as preliminary data collection efforts—but did not evaluate other aspects because the Army had not yet fully developed and documented them at the time of GAO's February 2014 review.

Table 1 in appendix IV lists the programs GAO identified that might have opportunities for cost savings.

Related GAO Products

Army Workload and Performance System: Actions Needed to Sustain Progress on the Army's Assessment of Potential Overlap with Logistics Modernization Program. [GAO-14-266](#). Washington, D.C.: Feb. 28, 2014.

Defense Logistics: Army Should Track Financial Benefits Realized from its Logistics Modernization Program. [GAO-14-51](#). Washington, D.C.: Nov. 13, 2013.

Defense Logistics: Oversight and a Coordinated Strategy Needed to Implement the Army Workload and Performance System. [GAO-11-566R](#). Washington, D.C.: July 14, 2011.

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2. Contracting for Defense Health Care Professionals

The Department of Defense should develop a consolidated agency-wide strategy to contract for health care professionals to reduce fragmentation and achieve greater efficiencies.

Why This Area Is Important

The Department of Defense (DOD) operates a large and complex health care system that employs more than 150,000 military, civilian, and contract personnel working in military hospitals and clinics, commonly referred to as military treatment facilities. Each military department operates its own facilities, and each generally contracts separately for health care professionals such as nurses, family practice doctors, and medical assistants to supplement care provided within these facilities. In fiscal year 2011, DOD spent about \$1.14 billion contracting for health care professionals.¹

What GAO Found

DOD does not have a consolidated agency-wide strategy to contract for health care professionals, resulting in a contracting approach that is largely fragmented. In the absence of a DOD-wide strategy, the military departments have attempted to consolidate some health care staffing requirements, but these efforts have been limited. For example, according to DOD data, joint-use contracts among military departments accounted for approximately 8 percent of the \$1.14 billion in obligations for health care professionals in fiscal year 2011.² Other efforts have involved actions within the departments, such as using contracts for health care professionals awarded to multiple health care staffing companies, to consolidate intraservice staffing requirements. These contracts, known as multiple-award contracts, are generally set up in the Army and Navy by U.S. geographical region and by provider type to meet the requirements of more than one facility.³ For example, the Army and the Navy each have regional multiple-award contracts for nurses, and one in each region for doctors. In 2012, the Navy had six multiple-award contracts on the West Coast and five on the East Coast, involving many types of health care professionals. In contrast, the Air Force uses multiple-award contracts that are set up nationally to be used by all of its military treatment facilities

¹Fiscal year 2011 was the latest year for which complete data were available when GAO began its review.

²DOD has not estimated the amount of savings achieved via these joint-use contracts because the data are not readily available to calculate savings.

³A joint-use contract is a multiple award contract used by more than one military department or used at joint military facilities and a multiple-award contract is an indefinite-delivery, indefinite-quantity contract that is awarded to two or more sources under the same solicitation. Section 16.504(c) of the Federal Acquisition Regulation provides requirements and guidance on the award and use of multiple-award contracts.

for many types of health care professionals.⁴ The Army awarded national contracts for health care professionals in fiscal year 2003, but officials said this approach was unsuccessful because not enough companies were able to compete to provide health care staffing services on a national scale. DOD officials stated that multiple award contracts have facilitated the streamlining of acquisitions and the standardization of contract requirements, which saves time and contract administration costs.

Although each of the military departments has been using multiple-award contracts to acquire the services of health care professionals, the potential remains for consolidation of task orders issued under these contracts.⁵ For example, in May 2013, GAO identified several instances where numerous task orders were awarded by a single military department for the same type of provider in the same area or facility, such as 24 task orders in fiscal year 2011 for medical assistants, 16 separate task orders for licensed practical nurses, 8 for clinical psychologists, and 6 for family practitioners—all at the same military treatment facility.

Over the last decade, various DOD groups as well as GAO have recommended that DOD take steps toward a more consolidated strategy, including a DOD Inspector General report on reducing duplication and fragmentation in medical services contracts, and a DOD-wide council which was tasked to develop a strategy for sourcing key health care labor categories.⁶ But DOD still does not have an agency-wide acquisition strategy to consolidate these types of requirements. Such a strategy would involve a shift away from numerous individual procurements to a broader aggregate approach, reduce fragmentation, and could provide cost savings. In March 2011, GAO reported on opportunities to reduce duplication, overlap, and fragmentation in government programs and noted that consolidating common administrative, management, and clinical functions within the Military Health System could increase efficiencies and significantly reduce costs, but that DOD had taken only limited actions in this area. Further, as GAO reported in 2013, DOD does not collect and maintain standardized data on health care professionals, which hampers efforts to develop a joint and strategic approach to contracting for health care professionals. For example, labor categories are not standardized across DOD. Also, DOD's 2007 Task Force report on the Future of Military Health Care concluded that there were significant issues with the Military Health System cost accounting that affect the correct calculation of unit costs, specifically characterizing the data as

⁴In fiscal year 2011, Army obligations for health care professionals totaled \$286 million, Navy fiscal year 2011 obligations totaled \$293 million, and Air Force fiscal year obligations totaled \$454 million.

⁵A task order is an order for services placed against an existing contract.

⁶DOD Inspector General, *Acquisition: Direct Care Medical Services Contracts*, D-2004-094 (Arlington, Va.: June 2004).

unreliable.⁷ DOD and military department officials who spoke with GAO confirmed this assessment during GAO's 2013 review.

Each military department continues to take a fragmented approach to contracting for medical professionals without considering the collective needs of the Military Health System. On October 1, 2013, DOD established a new Defense Health Agency (DHA) to assume management responsibility of numerous functions of its medical health care system, including some contracting functions.⁸ While DOD is moving forward incrementally with its plans to transform the Military Health System structure and set up the Defense Health Agency, decisions about contracting for health care staffing requirements remain outstanding. Prior to the establishment of DHA, DOD created a medical services contracting subworking group, which, according to DOD officials, is in the process of examining issues related to contracting for health care professionals. As of March 2014, the group had not completed its work. As a part of the medical governance restructuring, DOD has an opportunity to revisit the need for a DOD-wide strategic sourcing strategy with both near-term and long-term dimensions, including reliable and detailed agency-wide data. Without such a strategy, the Military Health System may be missing opportunities to contract for health care professionals in the most cost-effective manner.

Actions Needed and Potential Financial or Other Benefits

GAO recommended in May 2013 that the Secretary of Defense take the following action:

- Develop and implement a DOD-wide strategy to contract for health care professionals. The strategy should identify specific responsible organizations and time frames, and should consist of both near-term and long-term components. In the near term, and to enable DOD to assess the efficacy and impact of such a strategy, DOD should identify a category of health care professionals or a multiservice market to pilot an approach to consolidating health care staffing requirements. Over the longer term, such a strategy should include an analysis of spending based on reliable and detailed agency-wide data, and should enable DOD to identify opportunities to consolidate requirements and reduce costs.

Due to the lack of reliable and detailed agency-wide data, it is not possible to estimate the extent of potential cost savings associated with DOD-wide contracting for health care professionals.

⁷DOD, *Task Force Report on the Future of Military Health Care*, December 2007.

⁸For additional information on DOD's plans to reform its Military Health System, see GAO, *Defense Health Care Reform: Additional Implementation Details Would Increase Transparency of DOD's Plans and Enhance Accountability*, [GAO-14-49](#) (Washington, D.C.: Nov. 6, 2013).

Agency Comments and GAO's Evaluation

In commenting on the May 2013 report on which this analysis is based, DOD concurred with GAO's recommendation. The department agreed that it is at an opportune time to revisit a Military Health System strategic sourcing strategy due to the organizational transformation that is occurring in the formation of the new Defense Health Agency. DOD stated that a Shared Services Contracting subworking group would include GAO's findings and recommendation in their comprehensive review of contracting strategies, governance, and processes.

GAO provided a draft of this report section to DOD for review and comment. DOD did not provide comments on this issue.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from products listed in the related GAO products section. To address health care contracting practices, GAO analyzed data obtained from the Federal Procurement Data System-Next Generation on medical services contracts funded in fiscal year 2011, the latest year for which complete data were available when GAO began its review. To assess the consolidation of health care staffing requirements, GAO obtained data from the military departments on the number and dollar value of contracts for health care professionals. GAO also interviewed and obtained documentation from officials within organizations in each military department responsible for contracting for professional health care services, as well as 11 military treatment facilities and DOD's TRICARE Management Activity.

Table 2 in Appendix IV lists the programs GAO identified that might have similar or overlapping objectives, provide similar services, or be fragmented across government missions. Overlap and fragmentation might not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

Defense Health Care: Department of Defense Needs a Strategic Approach to Contracting for Health Care Professionals. [GAO-13-322](#). Washington, D.C.: May 28, 2013.

Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue. [GAO-11-318SP](#). Washington, D.C.: March 1, 2011.

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3. Defense Satellite Control Operations

Increased use of shared satellite control networks and leading practices within the Department of Defense could reduce fragmentation and potential duplication associated with dedicated systems, resulting in millions of dollars in savings annually.

Why This Area Is Important

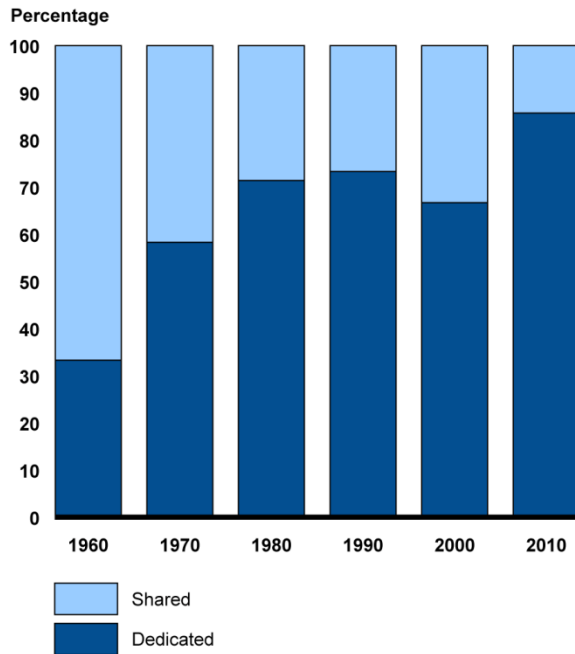
The Department of Defense (DOD) uses both shared and dedicated satellite control networks located around the world to manage the nation's defense satellites—satellites worth at least \$13.7 billion. Satellite control networks are used to track and monitor the health of a satellite and to command it to ensure it performs its mission.¹ A shared control network can support several satellite systems and is able to share its antennas and software among different kinds of satellites. In contrast, a dedicated control network can operate only a single satellite system, and its assets are generally not shared with other satellite systems. Over the past 50 years, and especially in the last decade, DOD's decision to increasingly deploy dedicated satellite control networks in lieu of integrating them into a larger shared satellite control network reflects more of a preference by satellite program managers than a need. DOD is currently operating at least a dozen dedicated satellite control networks that typically do not share assets or personnel with other dedicated or shared networks. While dedicated networks offer advantages to the specific satellite systems they serve, shared networks offer potential advantages DOD-wide in leveraging hardware, software, and personnel.

What GAO Found

As GAO reported in April 2013, DOD satellite control networks are fragmented and potentially duplicative, yet DOD continues to increasingly deploy dedicated satellite control operations networks as opposed to shared systems that support multiple kinds of satellites. Dedicated networks can offer some benefits to programs, including potential reduced risks, e.g., ensuring continuous contact with a satellite, and greater customization for a particular program's needs. However, they can also be more costly to maintain and have led to a fragmented, and potentially duplicative, approach that requires more infrastructure and personnel to manage than shared ground operations. The figure below shows that DOD's share of satellite programs using dedicated networks has increased since 1960.

¹Satellite control operations essentially consist of (1) tracking—determining the satellite's location based on position and range measurements to receive commands from the ground, (2) telemetry—collecting health and status reports that are transmitted from the satellite to the ground, and (3) commanding—transmitting signals from the ground to the satellite to control satellite subsystems.

Proportions of Satellite Programs Using Shared or Dedicated Infrastructure by Decade since 1960



Source: GAO analysis of DOD study.

DOD's use of dedicated networks has resulted in fragmented and potentially duplicative operations and inefficiencies across its satellite control operations. For example, one Air Force base has 10 satellite programs operated by eight separate control centers. Further, the Air Force alone funded about \$2.1 billion in fiscal year 2011 on satellite operations.² As of February 2013, Air Force officials stated that the Air Force had not worked to move its current dedicated operations to a shared satellite control network, which could better leverage investments. DOD officials recognize the value of reducing fragmented and potentially duplicative operations, and stated that they are working on a path forward.

Regarding DOD's largest shared satellite control network, the Air Force Satellite Control Network (AFSCN), DOD has described this network, originally fielded in 1959, as fragmented and lacking standardization and interoperability. The AFSCN provides support for launch, command, and control of various space programs managed primarily by DOD and other national security space organizations. For example, DOD's Defense Satellite Communications System, a communications satellite, is supported by the AFSCN. The Air Force has budgeted approximately \$400 million to sustain the AFSCN at its current level of capability over

²This total includes Research, Development, Test, and Evaluation; Operation and Maintenance (O&M); Personnel; and, Other Procurement funds. Air Force officials could provide only 1 fiscal year of funding for satellite operations.

the next 5 years to extend the network's life by replacing obsolete equipment. However, these efforts do not apply a decade of research recommending more significant improvements that would increase the AFSCN capabilities and interoperability. In May 1999, GAO reported that DOD, including the AFSCN, had made minimal progress in integrating and improving its satellite control operations capabilities in accordance with the then-existing national space policy.³ More recently, in 2008, the Commander of the Air Force Space Command issued a memorandum describing the need for increased satellite control operations efficiencies, improved interoperability, and consolidated functions. Despite these recommendations, which were made over the course of almost two decades, no department-wide long-term plan currently exists for modernizing DOD's Air Force Satellite Control Network and any future shared satellite control services and capabilities.

In addition to finding fragmented and potentially duplicative systems, we also found DOD has not adopted practices that could vastly increase the efficiency of its networks. Commercial satellite companies incorporate varying degrees of interoperability, automation, and other practices into their satellite control operations networks to decrease program costs and increase efficiencies. While commercial satellites and DOD satellites can differ greatly in their missions, and to some extent may differ in their need for information security, basic satellite control operations functions of most of these satellites are generally the same. Air Force satellite control officials have stated that some or all of the following practices from the commercial sector could be applied to many DOD satellite programs, resulting in increased efficiencies and reduced costs.

- *Interoperability*: Interoperable satellite control operations networks allow a single operator to control multiple satellites from one terminal with one software interface, regardless of the satellite's age or manufacturer.
- *Automation*: Use of automation for routine functions, such as downloading telemetry data, allows companies to reduce the number of operators, which may reduce the risk of human errors.
- *Commercial-off-the-shelf products*: Commercial-off-the-shelf products are less expensive than custom products and easier to replace when needed, and they can be tailored to meet each company's or user's needs.
- *Hybrid network*: A hybrid network arrangement allows a company to augment its ground network of antennas and control stations by

³The current policy (National Space Policy of the United States of America [June 28, 2010]) does not specifically direct DOD to integrate and improve its satellite control operations.

leasing antenna time on another company's network.⁴ Using preexisting antennas from other providers, according to one company we spoke with, is typically less costly than building and maintaining all of the ground assets they use.

While opportunities exist to improve DOD satellite control operations, certain barriers hinder DOD's ability to increase the use of shared networks or incorporate trusted practices, including the following:

- DOD is unable to quantify all spending on satellite ground control operations across DOD programs. The lack of cost data means that DOD cannot perform a cost-benefit analysis to determine the proper mix of shared and dedicated networks and whether the potential benefits of individual programs using dedicated networks outweigh the potential drawbacks of continued or increased systemic fragmentation and inefficiency.
- Satellite programs are not required to present a business case for proceeding with a dedicated or shared network, or to validate their network's requirements.⁵ Without the requirement to weigh potential trade-offs in performance with potential reductions in cost, DOD cannot strategically determine if its current options of shared and dedicated networks are the best option or whether other options, such as hybrid networks, might be better suited to meet its satellite control operational needs.
- There is no DOD-wide guidance or long-term plan that directs or supports the implementation of alternative methods for performing satellite control operations. DOD's current array of satellite control networks favors dedicated systems that have been largely shaped by past practices and complicates DOD's ability to effectively implement improvements across its varied satellite control operations.

These barriers have hindered DOD's ability to achieve optimal satellite control systems that would result in cost savings in this area. At the moment, DOD also lacks the incentive to change its current practices, in part because it does not know the total cost associated with its satellite control operations.

⁴Currently, the Universal Space Network is the only U.S. company that operates a satellite control network as a leased, pay-as-you-go arrangement for customers.

⁵While business case analyses are required for milestone B certification of major defense acquisition programs, which is approval to enter system development, there is not a specific requirement or policy to analyze whether or not to use a shared satellite control operations network. 10 U.S.C. § 2366b(a); Interim DOD Instruction 5000.02, Operation of the Defense Acquisition System, Encl. 1, Table 2 (Nov.25, 2013). Major defense acquisition programs are those estimated by DOD to require an eventual total expenditure for research, development, test, and evaluation of more than \$480 million, or for procurement of more than \$2.79 billion, including all planned increments or spirals, in fiscal year 2014 constant dollars.

Actions Needed and Potential Financial or Other Benefits

To better facilitate the conduct of satellite control operations and accountability for the estimated millions of dollars in satellite control investments, and to reduce fragmentation, GAO recommended in April 2013 that the Secretary of Defense take the following two actions:

- Conduct an analysis at the beginning of a new satellite acquisition to determine a business case for proceeding with either a shared or a dedicated satellite control system, to include its associated ground antenna network. The analysis should include a comparison of total dedicated network costs to the incremental cost of integrating onto a shared network to determine applicable cost savings and efficiencies.
- Develop a department-wide long-term plan for modernizing DOD's Air Force Satellite Control Network and any future shared satellite control services and capabilities. This plan should identify methods that can capture or estimate satellite control costs as well as authorities that can be given to the program managers to give them the flexibility needed to ensure ground systems are built to a common network when the business case analysis shows doing so to be beneficial. This plan should also identify which trusted practices from the commercial sector, if any, can improve DOD satellite control operations in the near and long terms and, as appropriate, develop a plan of action for implementing them.

Estimating the extent of potential cost savings is difficult because of the lack of both cost data and analysis completed by the Air Force. Furthermore, DOD lacks the information to determine the extent and appropriateness of pursuing a shared satellite control operations network, which would be necessary in order to estimate cost savings. However, GAO's analysis of cost savings for which data are available suggests that savings could be in the millions or hundreds of millions of dollars annually. GAO's two recommendations are intended to improve DOD's ability to identify and then assess the appropriateness of a shared versus dedicated satellite control system, the feasibility of incorporating commercial practices in current and future satellite programs for increased efficiencies and cost reductions, and to focus these decisions on developing a long-term plan for all systems.

Agency Comments and GAO's Evaluation

In commenting on the April 2013 report on which this analysis is based, DOD concurred with GAO's two recommendations. DOD further stated that it will work with the military services to identify resources to initiate a comprehensive Satellite Operations Enterprise Architectural Analysis to provide a foundation for defining requirements for new satellite program acquisitions with the objective to reduce duplication, foster consolidation, and improve interoperability.

Subsequent to GAO's 2013 report, the President signed into law the National Defense Authorization Act for Fiscal Year 2014 on December 26, 2013 which includes GAO's recommendations on the conduct of DOD's satellite control operations. Specifically, section 822 of the Act directs DOD to:

-
- perform a cost benefit analysis for any new or follow-on satellite system using a dedicated ground control system instead of a shared ground control system; and,
 - develop a DOD-wide long-term plan for satellite ground control systems, to include the Air Force Satellite Control Network.⁶

GAO provided a draft of this report section to DOD for review and comment. On February 10, 2014, the Director of Cyber and Space Programs, within the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics stated that the DOD will comply with the enacted law.

How GAO Conducted Its Work

The information contained in this analysis is based on GAO's April 2013 report in the related GAO products section and additional work GAO conducted. To assess the status of modernization efforts and the costs associated with current and planned upgrades and sustainment efforts for the AFSCN, GAO analyzed budget documents and program documentation to determine how the Air Force defined and was proceeding with its modernization efforts for the AFSCN. To determine which commercial practices could benefit the Air Force's satellite control operations, GAO selected a nongeneralizable sample of 13 commercial companies that are known in the space community to operate satellites and have knowledge of satellite control operations and based on their satellite constellation size, orbits, and capabilities. To identify any potential barriers to DOD of implementing these commercial practices, GAO analyzed documentation such as DOD and other government studies on the organization of satellite control operations, and interviewed DOD and commercial officials. GAO used the information to assess any barriers affecting the funding, cost, schedule, and performance of satellite control operations.

Related GAO Products

Satellite Control: Long-Term Planning and Adoption of Commercial Practices Could Improve DOD's Operations. [GAO-13-315](#). Washington, D.C.: April 18, 2013.

Space Acquisitions: DOD Faces Challenges in Fully Realizing Benefits of Satellite Acquisition Improvements. [GAO-12-563T](#). Washington, D.C.: March 21, 2012.

Space Acquisitions: Development and Oversight Challenges in Delivering Improved Space Situational Awareness Capabilities. [GAO-11-545](#). Washington, D.C.: May 27, 2011.

⁶ Pub. L. No. 113-66, § 822 (2013).

Space Acquisitions: DOD Delivering New Generations of Satellites, but Space System Acquisition Challenges Remain. [GAO-11-590T](#). Washington, D.C.: May 11, 2011.

Satellite Control Systems: Opportunity for DOD to Implement Space Policy and Integrate Capabilities. [GAO/NSIAD-99-81](#). Washington, D.C.: May 17, 1999.

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4. Defense Studies and Analysis Research

To address fragmentation in the processes used across the department to request studies and analysis research and limit the potential for overlap and duplication in research activities, the Department of Defense should establish a mechanism that requires the military services and other departmental offices to formally coordinate their annual research requests.

Why This Area Is Important

The Department of Defense (DOD) funds several types of research. This includes studies and analysis research, which DOD characterizes as research conducted in support of policy development, decision making, and alternative approaches on issues of importance to the DOD community. Various organizations conduct studies and analysis research for DOD. For example, DOD's colleges and universities throughout the country provide academic instruction in Joint Professional Military Education (JPME) and also conduct studies and analysis research at specifically dedicated research institutions.¹ In fiscal year 2013, DOD provided \$40.6 million in funding to these JPME research institutions for their operations, including their research activities. Additionally, other DOD-funded research organizations, such as Federally Funded Research and Development Centers, conduct studies and analysis research for DOD.²

In a March 2014 report, GAO identified a total of 34 organizations—20 JPME research institutions and 14 other DOD-funded organizations—that conduct studies and analysis research to support the annual research requirements of the military services or other departmental offices. Managing and coordinating the studies and analysis research requests sent to these multiple research organizations represents one of the challenges DOD faces in reducing potential overlap and duplication in studies and analysis research activities.

¹DOD relies on joint professional military education (JPME), a subset of professional military education, to educate servicemembers throughout their careers, broaden their knowledge, improve performance during joint assignments, and foster collaboration across the military services. DOD's colleges and universities that provide JPME certification include the Army War College, Army Command and General Staff College, Naval War College, Air University, Marine Corps University, and the National Defense University. In its March 2014 report, GAO focused on research institutions affiliated with DOD colleges and universities that provide JPME certification, which GAO referred to as JPME research institutions. GAO included in the scope of its review research institutions that conduct research as a primary mission and have dedicated personnel to do so.

²GAO is categorizing Federally Funded Research and Development Centers, service-affiliated research organizations such as the Center for Army Analysis, and DOD's Regional Centers for Security Studies that conduct studies and analysis research as "other DOD-funded research organizations." The scope of GAO's March 2014 review included analyzing financial information for JPME research institutions, but GAO did not collect financial information from all DOD-funded organizations that conduct studies and analysis research. Therefore, GAO is not reporting financial information for other DOD-funded research organizations.

What GAO Found

GAO reported in March 2014 that DOD uses separate processes to request studies and analysis research and does not formally coordinate requests for research conducted by multiple JPME research institutions and other DOD-funded research organizations, even though many of these organizations have missions to conduct work in similar topic areas. This fragmentation occurs in the absence of a DOD requirement for the military services and other departmental offices to coordinate on research requests and formal mechanisms to facilitate such coordination, thereby exposing DOD to the risk of potential overlap and duplication of studies and analysis research. The figure below summarizes the results of GAO's analysis of similarities in research topic areas for the 20 JPME research institutions and 14 other DOD-funded research organizations, according to 23 areas of concentration.³ A check mark indicates a research institution's mission statement identified that category is a topic area in which it conducts research.⁴

³The topic areas represent 23 broad categories of research activities and are based on the general topic areas in which JPME research institutions and other DOD-funded research organizations categorize their research.

⁴GAO's March 2014 report focused on assessing the similarities of research organizations as opposed to individual research projects. Therefore, GAO did not review the content of individual research projects and their respective methodologies or assess the extent to which individual research projects and their findings overlapped or were duplicative with other research projects.

Similarities in Research Topic Areas for 34 Research Organizations, According to Mission Statements

		Africa	Asia	Civilian-military issues and irregular warfare	Cyber	Energy and environment	Europe	Force structure and operational issues	Historical	Intelligence	Leadership and ethics	Legal	Logistics	Middle East	Nuclear and weapons of mass destruction	Personnel and weapons	Resource management	Strategy, policy, and doctrine	Technology, policy, and systems	War gaming	Western Hemisphere
National Defense University	CCO	✓		✓									✓				✓				
	CSR	✓	✓	✓		✓							✓	✓			✓				
	CSCMA		✓											✓							
	CSWMD													✓							
	CRRC			✓									✓								
	CTNSP			✓												✓	✓	✓			
	CTSS						✓										✓	✓			
Air University	AFRI																✓				
	AFCPC													✓							
	CSAT																✓	✓			
Naval War College	SRD		✓	✓	✓	✓							✓	✓			✓				✓
	CMSI		✓																		
	ILD									✓							✓				
	SSG						✓										✓				
Marine Corps University	HD							✓													
	MES		✓					✓					✓								
	TRG														✓						
Army War College	SSI		✓		✓	✓	✓		✓				✓	✓			✓				
	CSI							✓		✓					✓		✓				
ACGSC^a	CAL														✓		✓				
	CSI							✓							✓		✓				
Other DOD-funded	RAND PAF						✓								✓		✓		✓		
	RAND NDRI			✓			✓		✓						✓		✓		✓		
	RAND Arroyo						✓								✓		✓		✓		
	CNA						✓								✓		✓		✓		
	IDA						✓								✓		✓		✓		
	Marshall Center			✓		✓							✓	✓			✓		✓		
	NESA	✓	✓										✓	✓			✓		✓		
	Perry Center			✓													✓		✓		✓
	ACSS	✓		✓													✓		✓		
	NPS: CI				✓																
	NPS: MOVES						✓								✓				✓		✓
	NPS: CIRPAS				✓														✓		✓
	CAA						✓					✓				✓	✓	✓		✓	
	TRAC						✓					✓			✓	✓	✓	✓		✓	

Source: GAO analysis of DOD documentation.

Notes: Abbreviations are as follows: Center for Complex Operations (CCO); Center for Strategic Research (CSR); Center for the Study of Chinese Military Affairs (CSCMA); Center for the Study of Weapons of Mass Destruction (CSWMD); Conflict Records Research Center (CRRC); Center for Technology and National Security Policy (CTNSP); Center for Transatlantic Security Studies (CTSS); Air Force Research Institute, Air Force Counterproliferation Center (AFCPC); Center for Strategy and Technology (CSAT); Strategic Research Department (SRD); China Maritime Studies Institute (CMSI); International Law Department (ILD); Strategic Studies Group (SSG); History Department (HD); Middle East Studies (MES); Translational Research Group at Center for Advanced Operational Culture Learning (TRG); Strategic Studies Institute (SSI); Center for Army Leadership (CAL); Combat Studies Institute (CSI); RAND Project Air Force (RAND PAF); RAND National Defense Research Institute (RAND NDRI); RAND Arroyo; Center for Naval Analyses (CNA); Institute for Defense Analyses (IDA); George C. Marshall European Center for Security Studies (Marshall Center); Near East South Asia Center for Strategic Studies (NESA); William J. Perry Center for Hemispheric Defense Studies (Perry Center); Africa Center for Strategic Studies (ACSS); Naval Postgraduate School Cebrowski Institute for Information and Innovation (NPS: CI); Naval Postgraduate School Modeling, Virtual Environments and Simulation Institute (NPS: MOVES); Naval Postgraduate School Center for Interdisciplinary

Remotely-Piloted Aircraft Studies (NPS: CIRPAS); Center for Army Analysis (CAA); U.S. Army Training and Doctrine Command Analysis Center (TRAC).

The results do not include the following three areas of concentration: (1) Public affairs and communication', (2) Other; and (3) Unable to code. "Public affairs and communication" is not included because GAO did not code a mission statement into that area of concentration. "Other" and "Unable to code" were not included because these are not areas of concentration intended to show similarity. Rather, "Other" is intended for project titles or mission statements that do not fit into the other areas of concentration, and "Unable to code" is used for methodological purposes to categorize incomplete information.

⁹Army Command and General Staff College.

In its March 2014 report, GAO identified several separate processes used by JPME research institutions or DOD offices to manage requests for studies and analysis research. For example, JPME research institutions individually manage their own research activities. At these institutions, researchers have the discretion to determine on their own whether research has been or is being conducted on a given topic. Officials representing JPME research institutions reported that while it is not a requirement, they may contact other subject matter experts or conduct literature reviews to understand the existing research on a topic as part of the research process to determine whether similar work is being conducted at another JPME research institution. These officials also stated that they may review completed research projects that are contained in the Defense Technical Information Center database to see whether DOD has funded past studies.⁵ However, that database does not contain information on ongoing research efforts and GAO was unable to identify any other formal mechanism for sharing information on ongoing studies and analysis research activities within DOD.

Within the Office of the Secretary of Defense, multiple offices generate requests annually for studies and analysis research, but these research requests are determined based on individual offices' research requirements and are not formally coordinated with other departmental offices. For example, research requests for the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics are managed at the Office of the Secretary of Defense Studies and Federally Funded Research and Development Center Management office. Officials with this office explained that they do not formally coordinate with other DOD offices to determine whether they are funding similar research requests.

Similarly, the military departments' processes for requesting studies and analysis research are based on their individual research needs. While the military departments have their own respective internal processes for requesting studies and analysis research, absent a DOD requirement to

⁵The Defense Technical Information Center manages an online database that makes past DOD-funded research studies available to the research community to enable future researchers to understand the purpose, scope, approach, results or outcomes, and conclusions or recommendations of prior work before undertaking new studies.

do so, these processes are not used to coordinate research requests among the military departments or with other DOD offices. For example:

- According to a senior Air Force official, the Air Staff's Analyses, Assessments and Lessons Learned directorate is responsible for collecting annual research requests from across the Air Force and for ensuring that the contracted studies are not duplicative. However, according to this official, the directorate generally does not formally coordinate with offices outside the Air Force on annual research requests.
- The Army Study Program Management Office within Headquarters, Department of the Army, issues an annual call for research requests from Army commands, and in turn funds the research requests according to Army priorities. A senior Army official in this office reported that its process is focused on reviewing Army-specific research requests and does not include other DOD offices that request or conduct studies and analysis research.
- The Navy's annual research requests are administered through the Office of the Chief of Naval Operations, which compiles and prioritizes research needs identified from across the Navy. According to an official in this office, the Navy generally does not coordinate with other DOD-funded research organizations or JPME research institutions with regard to these annual research requests.

DOD officials within the studies and analysis research community reported that there are benefits to the department's decentralized approach to requesting studies and analysis research. For example, one official said decentralization generates creativity and diversity of thought in DOD's studies and analysis community, which can prove useful in informing DOD decision makers. However, officials also reported there are risks with DOD's current approach. For example, officials reported that limited coordination among the multiple offices that request studies and analysis research puts DOD at risk for funding overlapping research activities and that the current approach also makes it difficult for DOD to have a complete picture of how much money is being spent on studies and analysis research.

In contrast to how it manages requests for studies and analysis research, DOD has established mechanisms to coordinate science and technology-specific research efforts across multiple departmental offices engaged in similar missions.⁶ Specifically, the science and technology research community has executive committees to facilitate coordination. A senior

⁶According to testimony in April 2013 by the Acting Assistant Secretary of Defense for Defense Research & Engineering, science and technology research is funded to mitigate new or emerging capabilities that could degrade U.S. capabilities, enable new or extended capabilities in existing military systems, and develop new concepts and technologies through science and engineering applications to military problems.

official responsible for coordinating DOD's science and technology research efforts explained that the executive committees do not require additional resources. Rather, these committees are intended to bring together the multiple departmental offices that sponsor research to share existing annual research plans and provide opportunities to leverage resources in a fiscally constrained environment.

This practice is consistent with GAO's work on results-oriented management practices, which states establishing a means to operate across organizational boundaries helps enhance and sustain coordination.⁷ Furthermore, organizations involved in similar missions should coordinate and share relevant information to avoid unnecessary duplication of work.⁸

GAO's March 2014 report recognizes that there are notable differences among research organizations with seemingly similar missions and that there may be benefits to DOD's current approach to requesting studies and analysis research. Nonetheless, GAO concluded that DOD could improve coordination of studies and analysis research requests to better ensure that its resources are used efficiently at its JPME research institutions and other DOD-funded research organizations in support of department-wide priorities. In particular, the absence of a mechanism for bridging DOD's multiple processes for managing requests for studies and analysis research exposes DOD to the risk of potential overlap and duplication of studies and analysis research. Furthermore, making information on department-wide annual research requests available to JPME research institutions would provide the institutions with an opportunity to further understand department-wide research needs and align some of the institutions' research with DOD's strategic priorities.

Actions Needed and Potential Financial or Other Benefits

To improve the coordination of requests for studies and analysis research within the department and to reduce the risk of potential overlap and duplication in research activities, GAO recommended in March 2014 that the Secretary of Defense take the following action:

- establish and implement a departmental mechanism that requires leadership from the military services and departmental offices responsible for managing requests for studies and analysis research to coordinate their annual research requests and ongoing research efforts.

⁷GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

⁸GAO, *Interagency Collaboration: Key Issues for Congressional Oversight of National Security Strategies, Organizations, Workforce, and Information Sharing*, [GAO-09-904SP](#) (Washington, D.C.: Sept. 25, 2009).

GAO conducted the work underlying this analysis in response to the National Defense Authorization Act for Fiscal Year 2013.⁹ In conducting its work, GAO reviewed the number, funding, and size of JPME research institutions as well as the extent to which DOD assesses JPME research institution performance and coordinates research requests of these and other DOD-funded research organizations. To address its research objectives and meet the reporting date specified by the law, GAO collected financial information from JPME research institutions and not from other organizations that DOD funds to conduct studies and analysis research. Moreover, GAO analyzed the missions of JPME research institutions and other DOD-funded research organizations, but not the costs or content of individual research projects and their respective methodologies. Therefore, GAO is unable to estimate the financial benefits associated with this action. However, implementation of this recommendation would help DOD ensure that its resources are used efficiently in support of department-wide research priorities and reduce the risk of requesting potentially overlapping studies and analysis research.

Agency Comments and GAO's Evaluation

In commenting on the March 2014 report on which this analysis is based, DOD stated that the department agreed with GAO's recommendation. DOD noted that to improve coordination of research requests, the department plans to establish a Studies and Analysis Executive Committee by the end of fiscal year 2014 with regional and topical "communities of interest." The committee will be a combined effort organized through the Office of the Under Secretary of Defense for Policy and the Assistant Secretary of Defense for Research and Engineering, with other representation from the JPME and PME community, as appropriate. GAO believes the department's plan is an important first step that, if effectively implemented, will establish a framework for promoting the efficient use of DOD's resources by allowing DOD to share information on department-wide research priorities and reducing the risk of requesting potentially overlapping studies and analysis research.

GAO provided a draft of this report section to DOD for review and comment. DOD provided no additional comments on this issue.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO product section. GAO assessed similarities among the 20 JPME research institutions and 14 other DOD-funded research organizations by categorizing research organizations' mission statements into topical areas of concentration. GAO gathered DOD documentation and canvassed knowledgeable DOD officials in

⁹Pub. L. No. 112-239, § 547(b) (2013).

offices responsible for requesting research, such as the military departments, studies and analysis research program managers, and the Office of the Secretary of Defense, including the offices of the Under Secretary of Defense for Acquisition, Technology and Logistics and the Under Secretary of Defense for Policy. These steps enabled GAO to determine the processes for requesting and coordinating studies and analysis research from JPME institutions and other DOD-funded research organizations.

Table 3 in appendix IV lists JPME research institutions GAO identified that might have similar or overlapping objectives, provide similar services, or be fragmented across government missions. Overlap and fragmentation might not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Product

Joint Professional Military Education: Opportunities Exist for Greater Oversight and Coordination of Associated Research Institutions.
[GAO-14-216](#). Washington, D.C.: March 10, 2014.

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5. POW/MIA Mission

The Department of Defense should minimize overlapping and duplicative efforts by examining options to reduce fragmentation and clarify guidance on roles and responsibilities among the eight organizations that account for missing persons and improve the effectiveness of the mission.

Why This Area Is Important

The Department of Defense (DOD) reports that more than 83,000 persons remain missing from past conflicts in World War II, Korea, Vietnam, the Cold War, and the Persian Gulf. Since the early 1970s, DOD has accounted for approximately 1,910 persons, and it identified an average of 72 persons annually in the decade ending 2012. DOD policy calls for the department to implement timely and effective policy and procedures to enhance personnel accounting operations, determine and accurately report the status of those who are unaccounted for, and provide current information to appropriate family members.¹

The missing persons accounting community within DOD includes eight organizations that report through different lines of authority.² Two key organizations are the Defense Prisoner of War/Missing Personnel Office (DPMO), whose Director reports to the Under Secretary of Defense for Policy; and the Joint Prisoner of War/Missing in Action Accounting Command (JPAC), which reports to the Commander of the U.S. Pacific Command (PACOM). Other organizations in the community include the Armed Forces DNA Identification Laboratory, which is part of an organization reporting to the Army Surgeon General; the Life Sciences Equipment Laboratory, which is part of the Air Force; and the four service casualty offices.

These organizations collectively obligated about \$132 million for this mission in fiscal year 2012. DOD has programmed additional funds from fiscal years 2012 through 2016 in order to meet the congressionally mandated goal to provide funds, personnel, and resources to increase significantly the capability and capacity to account for missing persons, so

¹DOD Directive 2310.07E, *Personnel Accounting—Losses Due to Hostile Acts* (Nov. 10, 2003, certified current as of Aug. 21, 2007).

²Section 1509 of Title 10 of the United States Code defines the organizations in DOD's Prisoner of War/Missing in Action accounting community. These organizations are: the Defense Prisoners of War/Missing in Action Office, the Joint Prisoner of War/Missing in Action Accounting Command, the Armed Forces DNA Identification Laboratory, Life Sciences Equipment Laboratory, and the casualty and mortuary affairs offices of the military departments, including the Army service casualty office, the Navy service casualty office, and the Air Force service casualty office. The statute also provides that other elements meeting certain criteria are also included in the accounting community, and other organizations, such as the Office of the Under Secretary of Defense for Intelligence and the State Department, that are not officially part of the accounting community also have roles and responsibilities in this area.

that the accounting community has sufficient resources to ensure that at least 200 missing persons are accounted for annually by fiscal year 2015.

What GAO Found

In a July 2013 report, GAO found that the missing persons accounting community is at risk of performing overlapping and duplicative efforts due to a lack of clarity in its members' roles and responsibilities and a fragmented organizational structure, which have impeded efforts to establish clear plans to meet the community's mission.

The roles and responsibilities of the various members of the missing persons accounting community are not clearly articulated in existing DOD directives or instructions. GAO's prior work has shown the need for collaborating agencies to work together to define and agree on their roles and responsibilities.³ It has also shown that overarching plans can help agencies better align their activities, processes, and resources to collaborate effectively to accomplish a commonly defined outcome.⁴ Disagreements over roles and responsibilities where the guidance is broad or vague enough to support different interpretations have led to discord, lack of collaboration, and friction among the community's members, particularly between DPMO and JPAC. Moreover, discord among these organizations has impeded DOD's ability to establish a community-wide plan for achieving the mandated goal of providing funds, personnel, and other resources to increase capability and capacity to account for 200 missing persons a year by 2015. Further, a fragmented organizational structure exacerbates these weaknesses. In part, because the missing persons mission cuts across many operational and functional boundaries within DOD, no single entity currently has overarching responsibility for community-wide personnel and resources. As a result, potentially overlapping and duplicative efforts among accounting community members exist in the following four key areas: (1) equipment and artifact identification and analysis; (2) research and analysis; (3) investigations; and (4) family outreach and external communications.

Equipment and Artifact Identification and Analysis

Both JPAC's Central Identification Laboratory and the Air Force Life Sciences Equipment Laboratory have the ability to analyze life support equipment and both employ staff members who have responsibilities for equipment and artifact identification and analysis.⁵ JPAC and the Air

³GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012).

⁴GAO, *Interagency Collaboration: Key Issues for Congressional Oversight of National Security Strategies, Organizations, Workforce, and Information Sharing*, [GAO-09-904SP](#) (Washington D.C.: Sept. 25, 2009).

⁵The Life Sciences Equipment Laboratory works with equipment that may be associated with a specific servicemember, such as pieces of uniforms and parachutes, and remnants from airplane ejection seats. The analysis of this equipment is particularly important when there is no biological material from which to make an identification.

Force Life Sciences Equipment Laboratory disagree about the Life Sciences Equipment Laboratory's roles and responsibilities for equipment and artifact identification and analysis, and relevant DOD and Pacific Command guidance does not specify or differentiate the roles and responsibilities for the two labs in this area.⁶ A memorandum of agreement governing work between JPAC and the Life Sciences Equipment Laboratory was negotiated in 2004, but this agreement does not establish clear roles and responsibilities.

As a result of this lack of clarity, the interactions between JPAC's Central Identification Laboratory and the Life Sciences Equipment Laboratory have been inefficient. For example, GAO found in July 2013 that about half of the cases that JPAC's Central Identification Laboratory sent to the Life Sciences Equipment Laboratory for analysis in 2011 and 2012 had already been resolved. JPAC officials stated that the Life Sciences Equipment Laboratory's current operational support serves as unnecessary overlap, and that JPAC's life support investigators are able to produce reports that are adequate to support an identification. In contrast, Life Sciences Equipment Laboratory officials stated that their capabilities are complementary to those of JPAC, and they noted that JPAC's field analysis reports do not have the same level of detail as their own laboratory analyses. Until DOD guidance is revised to more clearly define JPAC's and the Life Sciences Equipment Laboratory's responsibilities, these interactions between the two organizations may not fully utilize each organization's capability and capacity to achieve the mission.

Research and Analysis

DPMO's research and analytical capabilities to perform research and analysis of missing persons overlap with the capabilities of JPAC, and DOD guidance is unclear regarding the responsibilities of the two organizations. DOD Directive 2310.07E states that the responsibilities of the Director of DPMO include overseeing archival research; standardizing procedures for methodology and prioritization; conducting national and international archival research; and coordinating with JPAC, which also conducts archival research, to improve efficiency and prevent duplication of effort. However, neither the directive nor the October 2003 PACOM transition plan that established JPAC clearly delineates JPAC's responsibilities with regard to research.

DPMO and JPAC officials both told GAO that the absence of defined responsibilities in the areas of research and analysis has been a source of disagreements between the two organizations, slowing progress in this

⁶DOD Directive 2310.07E, *Personnel Accounting—Losses Due to Hostile Acts* (Nov. 10, 2003, certified current as of Aug. 21, 2007) and U.S. Pacific Command, Permanent Order 03-01, *Joint Prisoner of War (POW)/Missing in Action (MIA) Accounting Command* (Oct. 1, 2003). This order provided guidance to establish JPAC by merging the Joint Task Force-Full Accounting and the United States Army Central Identification Laboratory Hawaii.

area and not using resources in an efficient manner. Until DOD clarifies and differentiates between DPMO's and JPAC's respective research and analysis responsibilities, the two organizations will continue to have overlapping capabilities and functions, and disagreements are likely to continue, thus potentially diminishing DOD's missing persons capabilities.

Investigations

DPMO's and JPAC's responsibilities to perform investigations overlap, and DOD guidance is unclear with respect to defining investigation responsibilities for these two organizations.⁷ For example, both DPMO and JPAC conduct investigations for missing persons from World War II in Europe and have asserted operational responsibilities for performing these investigations. Although DPMO and JPAC officials told GAO that the disagreement between DPMO and JPAC regarding investigation responsibilities had been resolved, and that DPMO will be conducting investigations for World War II cases outside of PACOM's area of responsibility, this resolution has not yet been documented. Until DOD clarifies and differentiates between DPMO's and JPAC's respective investigation responsibilities and documents this clarification, the two organizations will continue to have overlapping functions, and disagreements may continue, thus impeding efforts to perform investigations.

Family Outreach and External Communications

DPMO and JPAC have overlapping responsibilities for family outreach and external communication. DOD provides some limited guidance regarding family outreach and external communication roles and responsibilities for DPMO and the service casualty offices, but provides no guidance on JPAC's roles and responsibilities in this area.⁸ To carry out its family outreach and external communication responsibilities, DPMO organizes periodic updates and annual government briefings to keep family members informed. JPAC's 2010 annual report notes that JPAC conducts some family outreach activities by hosting numerous private tours for family members and providing operational briefings at nine family update events. Service casualty office officials told GAO that their offices serve as the primary liaison for families. They coordinate the

⁷DOD Directive 2310.07E states that the Deputy Assistant Secretary of Defense for Prisoner of War/Missing Personnel Affairs—a position that is held by the Director of DPMO—shall exercise policy, control, and oversight within DOD for the entire process of accounting for missing persons, but it does not mention what role, if any, DPMO should play in performing investigations. Further, the directive does not describe JPAC's investigation responsibilities. In addition, JPAC's 2013 operational plan states that JPAC conducts worldwide investigation, recovery, and laboratory operations to identify missing personnel from past conflicts in order to support DOD's personnel accounting mission, and that JPAC's functions include field investigations.

⁸DOD Directive 5110.10, *Defense Prisoner of War/Missing Personnel Office (DPMO)* (Sept. 21, 2005). DOD Instruction 1300.18, *DOD Personnel Casualty Matters, Policies, and Procedures* (Jan. 8, 2008, incorporating change Aug. 14, 2009).

briefings for the families concerning case status and developments through the regularly scheduled updates and annual government briefings organized by DPMO, as well as notify family members when an identification is made. None of the family organizations with which GAO spoke raised concerns about DOD's having several organizations involved with family outreach and external communications. However, according to DOD officials, without clear guidance regarding the roles and responsibilities for each organization, there is potential for inconsistent communication of information to family members and external parties.

Community-wide Planning

The accounting community's initial response to 2009 direction from the Deputy Secretary of Defense to build the capability and capacity to account for 200 persons a year by 2015 was characterized by disputes and lack of coordination, and was illustrated by the development of competing proposed plans by DPMO and JPAC. Since then, the accounting community has begun drafting a community-wide plan to meet the accounting-for goal, but as of February 2014 this plan had not been completed, due in part to disputes among community members. According to both DPMO and JPAC officials, the areas of disagreement are primarily between JPAC and DPMO and included topics such as the division of research and analysis responsibilities between DPMO and JPAC, determination of the appropriate levels of effort for each of the various conflicts, and agreement on a policy to address lower priority cases that have been on JPAC's list of potential recovery sites for a long time. Without a community-wide plan, members have had varied success in building the capability and capacity to meet the 200 persons goal by 2015.

Fragmented Organizational Structure

The accounting community has a fragmented organizational structure, with each accounting community organization reporting under a different line of authority, and this structure exacerbates weaknesses in the program. GAO reported in July 2013 that, based on a questionnaire administered by GAO to representatives from each DOD accounting community organization, a majority of accounting community and DOD stakeholder organizations believed that an alternative organizational structure for the accounting community would be more effective than the present structure. For example, GAO found that 12 of the 13 survey respondents who answered the question ranked an option with a more centralized chain of command as the most effective of possible options in enabling the accounting community to achieve its mission.

Actions Needed and Potential Financial or Other Benefits

To help minimize unnecessary overlap and disagreement within the missing persons accounting community, in July 2013 GAO recommended that the Secretary of Defense take the following four actions:

- Direct the Secretary of the Air Force and direct the Commander, U.S. Pacific Command, to negotiate a new memorandum of agreement between the Life Sciences Equipment Laboratory and JPAC. The

memorandum should specify which conflicts' artifacts JPAC should send to the Life Sciences Equipment Laboratory for analysis, the type of artifacts to be sent, and the priorities according to which the Life Sciences Equipment Laboratory should analyze resolved cases.

- Direct the Office of the Under Secretary of Defense (Policy) to revise DOD Directive 2310.07E and finalize and issue the new, related DOD instruction to supplement this directive. Clarification of roles and responsibilities should be made particularly with respect to the following four functions: equipment and artifact identification and analysis; research and analysis; investigations; and family outreach and external communications.
- Finalize the community-wide plan to develop the increased capability and capacity required by statute, with the support and participation of all community members. The initiatives and resources of all members of the accounting community should be integrated within the community-wide plan.
- Examine options for reorganizing the accounting community, and as part of that examination, consider alternative organizational options that would help unify the community's fragmented organizational structure and provide a more centralized chain of command.

The precise potential financial benefits of implementing these actions are not clear because determining them would require DOD to have already examined options for alternative organizations, which we recommended as a needed step toward minimizing unnecessary overlap and duplication. However, taking these actions will aid DOD's efforts to meet its congressionally mandated goal of significantly increasing the capability and capacity to account for missing persons.

Agency Comments and GAO's Evaluation

In written comments to GAO's July 2013 report, DOD largely concurred with GAO's recommendations. In addition, in December 2013, the National Defense Authorization Act for Fiscal Year 2014 required the Secretary of Defense to consider our recommendations in preparing a report to Congress on the organizational structure of the POW/MIA accounting community by June 2014. According to DOD, on February 20, 2014, the Secretary of Defense directed the Acting Undersecretary of Defense for Policy to provide him a plan within 30 days that would clarify changes needed to consolidate relevant department assets into a single organization with oversight and accountability for the entire mission of accounting for missing personnel. In addition the Secretary directed that the plan propose ways to increase the number of identifications, improve transparency for families, and expand a case file system for missing personnel. If completed, these actions will enable DOD to address some of the issues of overlap that were raised in the GAO report.

GAO provided a draft of this report section to the Department of Defense for review and comment. DOD provided technical comments and GAO incorporated them as appropriate.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the July 2013 report listed in the related GAO products section. GAO analyzed relevant statutes and DOD directives, instructions, memorandums of agreement, standard operating procedures, and other guidance and documentation to identify potential areas of duplication, unnecessary overlap, or fragmentation among the activities of the accounting community members. GAO interviewed officials from all of the missing persons accounting community organizations, as well as officials from top-level leadership offices and other stakeholder organizations, to discuss the areas where roles and responsibilities were vague or overlapping and discussed potential benefits and drawbacks of the lack of clarity in roles and responsibilities and associated areas of overlapping responsibilities for DOD's missing persons accounting mission. In addition, GAO administered a questionnaire to the universe of 17 accounting community member organizations and several DOD stakeholder organizations identified within the scope of this engagement regarding their views on alternative options for organizing the accounting community. We received a total of 14 responses out of the 17 questionnaires distributed, and followed up with all of the nonrespondents. The Defense Intelligence Agency and DOD's Office of Cost Assessment and Program Evaluation did not provide responses to our questionnaire. In addition, JPAC officials told us that their response reflected input from JPAC's Central Identification Laboratory. All of the accounting community organizations submitted survey responses. We qualitatively analyzed the open-ended responses and quantitatively analyzed the closed-ended responses from the questionnaires to identify trends in responses and gain insight into the accounting community organizations' and DOD stakeholders' views on the issues identified in the questionnaire.

Table 4 in appendix IV lists the agency responsibilities among the missing persons accounting community GAO identified that might have similar or overlapping objectives, provide similar services, or be fragmented across government missions. Overlap and fragmentation might not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

DOD'S POW/MIA Mission: Top-Level Leadership Attention Needed to Resolve Longstanding Challenges in Accounting for Missing Persons from Past Conflicts. [GAO-13-619](#). Washington, D.C.: July 17, 2013.

DOD'S POW/MIA Mission: Capability and Capacity to Account for Missing Persons Undermined by Leadership Weaknesses and Fragmented Organizational Structure. [GAO-13-810T](#). Washington, D.C.: August 1, 2013.

Contact Information

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6. Federal Autism Research

Because much of the \$1.2 billion that federal agencies spent on autism research from fiscal years 2008 through 2012 had the potential to be duplicative, the Interagency Autism Coordinating Committee and federal agencies should improve coordination and monitoring of autism research to help avoid unnecessary duplication.

Why This Area Is Important

Autism is an important public health concern, according to the Centers for Disease Control and Prevention (CDC)—an agency within the Department of Health and Human Services (HHS).¹ CDC estimates suggest that the prevalence of autism is increasing, and that at least 1 in 88 children in the United States have been identified as having autism.² From fiscal year 2008 through fiscal year 2012, 11 federal agencies spent a combined total of approximately \$1.2 billion on autism research. These agencies are the Department of Defense (DOD), Department of Education (Education), Environmental Protection Agency (EPA), National Science Foundation (NSF), and 7 agencies within HHS: Administration for Children and Families, Agency for Healthcare Research and Quality (AHRQ), CDC, Centers for Medicare & Medicaid Services, Health Resources and Services Administration, National Institutes of Health (NIH), and Substance Abuse and Mental Health Services Administration (SAMHSA).³

Having multiple agencies involved in autism research can be advantageous, as agencies may be able to tailor programs to suit their specific missions and needs. However, it is important that agencies monitor federal autism efforts and coordinate similar actions to maximize their effectiveness and efficiency and avoid duplication.

¹Autism is a complex developmental disorder that begins during early childhood, characterized by impaired social interactions, problems with verbal and nonverbal communication, and repetitive behaviors, or by severely limited activities and interests. What is commonly known as autism is a group of disorders known as autism spectrum disorder that can range from mild to more severe in their symptoms. In this report, the term “autism” is used to refer to autism spectrum disorder as defined in the fourth edition of the *Diagnostic and Statistical Manual of Mental Disorders*, which was effective during the time period covered by GAO’s review. American Psychiatric Association, *Diagnostic and Statistical Manual of Mental Disorders*, 4th Edition, Text Revision (DSM-IV-TR) (Arlington, VA: American Psychiatric Association, 2000).

²According to CDC, it is unclear how much of this increase is due to a broader definition of autism, improvements in diagnosis, or an actual increase in the number of people with autism. CDC believes that the increase in the prevalence of autism is likely due to a combination of these factors.

³DOD’s fiscal year 2012 appropriation for its medical research programs, including autism, was available for obligation through the end of fiscal year 2013—September 30, 2013. At the time of GAO’s review, DOD had not submitted data on its fiscal year 2012 research projects. As a result, GAO’s report does not include data on DOD’s fiscal year 2012 autism research.

Most of the agencies that fund autism research, with the exception of EPA, NSF, and SAMHSA, are members of the Interagency Autism Coordinating Committee (IACC)—a federal advisory committee composed of federal and nonfederal members. Among other things, the Combating Autism Act of 2006 (CAA) required the IACC to coordinate all autism activities within HHS and monitor federal activities related to autism across the federal government.⁴ To accomplish this charge, the IACC holds meetings and has issued several reports. These reports include a strategic plan for autism research—which the CAA requires the IACC to develop and annually update—that is organized into 7 research areas that contain specific short- and long-term research objectives.⁵ At the time of GAO’s review, the most recent strategic plan contained 78 objectives—for example, an objective to complete at least three randomized controlled trials on medications targeting core symptoms in people with autism and an objective to initiate studies on at least 10 environmental factors identified as potential causes of autism.

The IACC also issues an annual *Autism Spectrum Disorder Research Portfolio Analysis Report*. This report is organized by the same 7 research areas and includes information on research projects funded by federal and nonfederal entities related to autism, including budget information, for a single fiscal year.⁶ The IACC also has a companion database to its portfolio analysis—referred to as the web tool—which allows users to view and search projects included in the portfolio analysis. The Office of Autism Research Coordination (OARC), within NIH, provides administrative support to the IACC, such as collecting data from federal agencies to be used in reports published by the IACC.

What GAO Found

In November 2013, GAO determined that of the 1,206 autism research projects funded by federal agencies from fiscal years 2008 through 2012, 84 percent—1,018 projects—had the potential to be duplicative, because the projects were categorized to the same strategic plan objectives or research areas.⁷ GAO found that each of the 11 federal agencies that funded autism research during this period funded at least 1 autism research project in the same strategic plan objective as another agency. In many instances, 3 or more agencies funded research projects under

⁴Pub. L. No. 109-416, § 3, 120 Stat. 2821, 2827 (2006). The IACC and other autism activities authorized under the CAA were reauthorized through fiscal year 2014 under the Combating Autism Reauthorization Act of 2011. Pub. L. No. 112-32, 125 Stat. 361 (2011).

⁵The 7 research areas are diagnosis, biology, causes, treatment and interventions, services, lifespan issues, and infrastructure and surveillance. The IACC considers all objectives within the infrastructure and surveillance research area to be both short- and long-term objectives.

⁶At the time of GAO’s review, the most recent portfolio analysis was published in July 2012 and contained information on research funded in 2010.

⁷Thirty-one projects could not be assessed for potential duplication. GAO’s findings suggest potential, not actual duplication.

the same objective. For example, 5 agencies awarded approximately \$15.2 million for 20 autism research projects related to 1 objective. This objective was to test methods to improve dissemination, implementation, and sustainability of evidence-based interventions, services, and supports in diverse community settings. Four agencies awarded approximately \$4.1 million for 8 autism research projects to develop at least 2 individualized community-based interventions to improve quality-of-life or health outcomes for the spectrum of adults with autism. Funding autism research on the same topic may be appropriate and necessary—for example, for purposes of replicating or corroborating results—but in some instances, funding similar autism research may lead to unnecessary duplication and inefficient use of funds. The objectives, which represent broad and complex areas of research, are useful to identify the potential for unnecessary duplication and such identification can effectively lead to further review by the funding agencies to ensure funds are carefully spent. Agencies can review specific project information to confirm whether projects associated with an objective are, for example, necessary to replicate prior research results. This type of analysis would help provide assurance that agencies are not wasting federal resources due to duplication of effort. Further, such an analysis could help identify research needs—such as research that is needed to complement or follow-up prior research or research that requires further corroboration—and move autism research forward in a coordinated manner.

GAO concluded in November 2013 that the IACC may have missed opportunities to coordinate federal autism activities and reduce the risk of duplication of effort and resources. Although the CAA requires the IACC to coordinate HHS autism activities and monitor federal autism activities, OARC officials stated that the prevention of duplication among individual projects in agency portfolios is not specified in the CAA as one of the IACC's statutory responsibilities and therefore is not a focus of the IACC. OARC officials stated that it was up to the individual federal agencies to use the information contained in the IACC's strategic plan and portfolio analysis and the related web tool to prevent duplication. OARC officials acknowledged that the IACC could choose to use data from the portfolio analysis as the basis for specific recommendations regarding areas where interagency coordination could be increased, but to date this has not occurred. OARC officials stated that they do not consider it to be their responsibility to review the data that they collect on behalf of the IACC for duplication or for coordination opportunities. Instead, they said that they fulfill their role in assisting the IACC in its cross-agency coordination activities in other ways, such as by facilitating interagency communication and gathering information.

Additionally, GAO found that, apart from participation on the IACC, instances of agencies coordinating were limited. GAO also found that agencies did not have robust or routine procedures for monitoring federal autism activities. While 5 of the 10 agencies with which GAO spoke stated that they monitored federal autism activities by searching databases or websites, these searches were narrowly focused or undefined, and some agencies lacked formal policies or procedures for

staff to follow. For example, some agencies conducted federal database searches to ensure that a principle investigator was not receiving funding from another agency for the same project; however, these searches would not identify whether agencies were funding similar projects led by different principal investigators.⁸ Several agency officials also stated that they rely on their peer reviewers, other experts, and project officers to have knowledge of the current autism research environment. Per federal internal control standards, agencies should establish a means of communicating with, and obtaining information from, other agencies.⁹ Such communication is important to maximize the effectiveness and efficiency of the federal autism investment and minimize the potential for inefficient use of federal resources due to unnecessary duplication.

Actions Needed and Potential Financial or Other Benefits

To enhance the IACC's efforts to coordinate HHS autism activities and monitor all federal autism activities, in November 2013 GAO recommended that the Secretary of Health and Human Services should direct the IACC and NIH, in support of the IACC, to take the following action:

- identify projects through its monitoring of federal autism activities—including OARC's annual collection of data for the portfolio analysis and the IACC's annual process to update the strategic plan—that may result in unnecessary duplication and thus may be candidates for consolidation or elimination, and identify potential coordination opportunities among agencies.

To promote better coordination among federal agencies that fund autism research and avoid the potential for unnecessary duplication before research projects are funded, GAO also recommended in November 2013 that the Secretary of Health and Human Services, the Secretary of Defense, the Secretary of Education, and the Director of NSF each take action to:

⁸Principal investigators are typically individuals designated by the applicant organization, such as a university, to have the appropriate level of authority and responsibility to direct the project or program to be supported by the award. NIH officials also stated that, before awarding funding, NIH program and grants management staff are to ensure that there is no budgetary, scientific, or commitment overlap by reviewing documentation of "other support" identified by the applicant (which includes all financial resources, whether federal, nonfederal, commercial or organizational, available in direct support of an individual's research endeavors, including, but not limited to, research grants, cooperative agreements, contracts, or organizational awards, but not training awards, prizes, or gifts). Officials from AHRQ, DOD, Education, and NSF also told us they rely on similar disclosure from applicants.

⁹See federal internal control standard for information and communications. GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

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- determine methods for identifying and monitoring the autism research conducted by other agencies, including by taking full advantage of monitoring data the IACC develops and makes available.

Because GAO identified the potential for duplication in autism research, rather than actual duplication, the costs of any actual duplication could not be determined. However, given that 11 federal agencies spent a combined total of approximately \$1.2 billion on autism research from fiscal years 2008 through 2012, and that multiple agencies have funded autism research related to the same objectives, the federal government may realize financial benefits from taking the actions GAO describes related to improved coordination and monitoring. Such actions could help avoid unnecessary duplication of autism research. They may also help identify potential opportunities for further coordination, since agencies can only coordinate with each other when they are aware of relevant research or other activities. Ultimately, improvement in coordination and monitoring related to autism research would help ensure that scarce federal resources are used as efficiently as possible.

Agency Comments and GAO's Evaluation

Comments from DOD, Education, HHS, and NSF on the November 2013 report on which this analysis is based varied. HHS did not concur with GAO's recommendation that it should take action to identify projects that may result in unnecessary duplication, as such an analysis would not provide the detail needed to determine actual duplication. GAO agreed that further analysis would be needed to identify actual duplication, but maintained that the identification of such projects would be worthwhile as it could effectively lead to further review by the funding agencies. GAO also questioned the purpose of using federal resources to collect data, if the data are not then carefully examined to ensure federal funds are being used appropriately.

DOD concurred with the recommendation to improve coordination among federal agencies. While the comments from Education, HHS, and NSF suggested that these agencies view the opportunity to enhance the coordination of federal autism research activities positively, they also expressed concern with certain of the report's conclusions.

Education, HHS, and NSF did not agree with GAO's conclusion that the majority of autism research projects had the potential to be duplicative. The agencies stated that strategic plan objectives and research areas are broad; and therefore, projects categorized under the same objective cannot be fairly judged as potentially duplicative without more substantial exposition. GAO agreed that more information on the specific projects funded within each objective would need to be assessed in order to determine actual duplication. However, the fact that research is categorized to the same objectives suggests that there may be duplicative projects being funded. GAO did not find any information during the course of its work that Education, HHS, or NSF had reviewed the autism research projects to ensure that they were not unnecessarily duplicative. Specific project information should routinely be compared to

ensure that projects associated with an objective are, for example, complementary or necessary to replicate prior research results. This type of analysis would help provide assurance that agencies are not wasting federal resources due to duplication of effort. Further, such an analysis could help identify research needs—such as research that requires further corroboration—and move autism research forward in a coordinated manner.

Additionally, two agencies—HHS and NSF—included comments suggesting that they were concerned about the report’s conclusion that the coordination and monitoring of federal autism activities were limited. Both agencies’ comments included information on their coordination and monitoring activities. GAO stated that, while important, these agencies’ activities were not sufficiently comprehensive and were limited in that they only looked to identify duplicative projects led by the same principal investigator. The agencies’ activities did not identify project applications led by another principal investigator that may be unnecessarily duplicative of a project that has already been federally funded—a project with the same purpose, strategies, and target population that is not necessary to, for example, corroborate or replicate prior research results.

GAO provided a draft of this report section to DOD, Education, HHS, and NSF for review and comment. HHS and NSF provided written comments. NSF provided similar comments to those that it provided on the November 2013 report on which this analysis is based. HHS, on behalf of NIH, also offered comments that were similar to those it made in response to GAO’s November 2013 report. In addition, HHS stated that NIH program officials use a database for detection of duplication of scientific content across applications to help identify similar projects led by either the same or different investigators. Although the use of this database may be helpful, HHS did not provide information indicating that NIH has policies in place that ensure that program officials actually search this database on key terms to identify similar research led by different principal investigators before awarding each research grant, and information referencing the use of this database for this purpose was not provided during the course of GAO’s 11 month review. NIH’s written policy states only that NIH will not accept similar grant applications with essentially the same research focus from the same applicant. Finally, in its comments on this report, HHS stated that, while the data collected for the portfolio analysis is not reviewed by the IACC to prevent duplication, the collection of the data is still beneficial as it can be used to evaluate progress on the IACC strategic plan and to identify gaps in autism research.

GAO agrees that these are important uses of the data. Measuring progress is a key aspect of successful strategic planning. However, GAO believes that, while such uses are beneficial, these uses are not a substitute for actively searching for unnecessarily duplicative research. Using the data to help prevent duplication is an important step in ensuring scarce federal resources are used as effectively and efficiently as

possible. Both NSF and HHS provided technical comments, which GAO incorporated as appropriate.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the product listed in the related GAO products section. GAO identified autism research projects funded by 11 agencies between fiscal years 2008 through 2012 (table 4 in appendix IV lists the number of projects GAO identified, by agency). GAO determined whether research was potentially duplicative by identifying projects that were categorized to the same strategic plan objectives, or in the case of projects that were not categorized to a specific objective, were categorized to the same strategic plan research areas. To assess the extent to which the IACC and agencies coordinate and monitor federal autism activities, GAO reviewed IACC documents. GAO also interviewed OARC officials, officials from 10 federal agencies—8 of which were federal IACC members and 2 of which were not IACC members but funded autism-related research between fiscal years 2008 and 2012—and select nonfederal IACC members. GAO assessed the IACC's and agencies' coordination and monitoring activities against criteria established by GAO's prior work, including key practices for interagency coordination and collaboration and internal control standards related to communicating with external entities, including other agencies, and measuring progress on organizational efforts, such as those established through strategic plans.¹⁰

Table 5 in appendix IV lists the agencies funding autism research GAO identified that might have similar or overlapping objectives, provide similar services, or be fragmented across government missions. Overlap and fragmentation might not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Product

Federal Autism Activities: Better Data and More Coordination Needed to Help Avoid the Potential for Unnecessary Duplication. [GAO-14-16](#). Washington, D.C.: November 20, 2013.

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¹⁰See, for example, GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, [GAO-12-1022](#) (Washington, D.C.: Sept. 27, 2012); GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005); and [GAO/AIMD-00-21.3.1](#).

7. Minority AIDS Initiative

Consolidating the fragmented funding of the Department of Health and Human Services' Minority AIDS Initiative into core HIV/AIDS funding would likely reduce grantees' administrative burden and help the agency more efficiently and effectively provide services to minority populations who are disproportionately affected by HIV/AIDS, with the approximately \$3 billion used for this purpose. In addition to fragmentation, we found that the services provided by Minority AIDS Initiative grantees overlapped with those provided by core HIV/AIDS grantees and were provided to similar populations; this overlap increases the administrative costs associated with participating in the programs.

Why This Area Is Important

The Department of Health and Human Services (HHS) provides funding under numerous grant programs to address the needs of individuals affected by the human immunodeficiency virus (HIV) and acquired immunodeficiency syndrome (AIDS) in the United States. The Minority AIDS Initiative (MAI) was established in 1998 in response to growing concern about the impact of HIV/AIDS on racial and ethnic minorities in the United States. The Health Resources and Services Administration's (HRSA) MAI program was codified into law as part of the 2006 reauthorization of the Ryan White Comprehensive AIDS Resources Emergency Act of 1990 (CARE Act), which was enacted to address the treatment needs of uninsured and underinsured persons living with HIV/AIDS.¹ Other HHS agencies and offices carry out MAI grant programs separate from the statutory MAI program that HRSA implements under the CARE Act. Congress has not enacted specific appropriations provisions applicable to all of these agencies' and offices' MAI grant programs. As a result, where a specific appropriation is absent, HHS exercises discretion in allocating this funding to numerous agencies and offices to implement separate MAI grant programs, which may be influenced by any applicable committee report language accompanying their annual appropriations acts.

According to data from the Centers for Disease Control and Prevention (CDC), racial and ethnic minorities in the United States have been disproportionately affected by AIDS, representing 72 percent of new HIV infections and 74 percent of all AIDS diagnoses in 2011. HHS awards MAI grants to provide services for communities disproportionately affected

¹Pub. L. No. 101-381, 104 Stat. 576 (1990), codified, as amended, at 42 U.S.C. §§ 300ff through 300ff-121. The 1990 CARE Act added title XXVI to the Public Health Service Act. Unless otherwise indicated, references to the CARE Act refer to current title XXVI. The CARE Act programs have been reauthorized by the Ryan White CARE Act Amendments of 1996 (Pub. L. No. 104-146, 110 Stat. 1346 (1996)), the Ryan White CARE Act Amendments of 2000 (Pub. L. No. 106-345, 114 Stat. 1319 (2000)), the Ryan White HIV/AIDS Treatment Modernization Act of 2006 (Pub. L. No. 109-415, 120 Stat. 2767 (2006)), and the Ryan White HIV/AIDS Treatment Extension Act of 2009 (Pub. L. No. 111-87, 123 Stat. 2885 (2009)).

by HIV/AIDS.² MAI grantees include health departments, state and local governments, tribal governments, community health centers, hospitals and medical centers, community-based organizations, colleges and universities, AIDS Education and Training Centers, and national HIV/AIDS organizations such as the National Minority AIDS Council.³ In fiscal year 2011, 10 agencies and offices within HHS allocated a total of \$416.5 million to MAI programs.

In addition to MAI funds, two agencies within HHS—HRSA and CDC—administer grant programs that provide core HIV/AIDS funding for HIV/AIDS services to all qualifying individuals affected by HIV/AIDS.⁴ HRSA awards core HIV/AIDS grants pursuant to the CARE Act. CDC awards core HIV/AIDS grants for prevention programs, research and evaluation, surveillance, and policy development to reduce the impact of HIV/AIDS. In fiscal year 2011, CDC's and HRSA's combined budget for core HIV/AIDS funding was \$2.76 billion. Similar to MAI grants, core HIV/AIDS grants are awarded to health departments, state governments, community health centers, hospitals, community-based organizations, universities, and AIDS Education and Training Centers. Many grantees are awarded both MAI and core HIV/AIDS grants.

What GAO Found

In November 2013, GAO reported that MAI and core HIV/AIDS funding is fragmented across numerous agencies and offices in HHS and that all grantees provide similar services to respond to the same national need. Ten different HHS agencies and offices awarded HIV/AIDS grants through multiple funding streams. In fiscal year 2011, 56 percent (596) of the 1,067 MAI grantees received several HIV/AIDS grants, including at least one MAI grant and one core HIV/AIDS grant. For these 596 grantees, the average MAI grant was \$391,225, while the average core HIV/AIDS grant was \$3,823,102.

In addition to fragmentation, GAO found that the services provided by MAI grantees overlapped, meaning that they were similar to those provided by grantees awarded HRSA's and CDC's core HIV/AIDS funding and that those services were being provided to similar populations. GAO found that MAI grantees were providing mostly support services with their MAI grants, similar to the types of support services grantees provided with core HIV/AIDS funding from CDC and HRSA. These support

²In addition to grants, some agencies may have awarded MAI funding to recipients through other mechanisms such as cooperative agreements, contracts, or interagency agreements. GAO treated all recipients as "grantees" regardless of the funding mechanism by which they received their funds.

³Sixteen AIDS Education and Training Centers provide HIV/AIDS education to health professionals such as nurses and physicians.

⁴We use the term "core funding" to refer to those funding programs administered by CDC and HRSA that are intended to provide services to all qualifying individuals affected by HIV/AIDS, as opposed to HHS's Minority AIDS Initiative's targeted funding programs.

services included community outreach and education for the purpose of recruiting and retaining clients to HIV/AIDS services; client assistance, which included care coordination, case management, or referrals to care; and staff or provider training such as training to keep providers informed about HIV-related clinical service guidelines. The demographic information available from HHS agencies and offices, while limited, suggested that the majority of those served with both MAI and core HIV/AIDS grants are racial and ethnic minorities. This is consistent with the current distribution of HIV/AIDS in the United States.

GAO's work on duplication and fragmentation has found that the presence of fragmentation can lead to instances of overlap and duplication among government agencies or programs that have similar goals or activities.⁵ Similarly, the National HIV/AIDS Strategy of 2010 noted the issue of multiple funding streams as one that could complicate the coordination of HIV/AIDS programs. The Strategy stated that "HIV service providers often receive funding from multiple sources with different grant application processes and funding schedules, and varied reporting requirements."⁶ GAO also has identified approaches that agencies can take to improve efficiency, such as streamlining or consolidating management or operational processes to make them more cost-effective.⁷

The fragmented nature of MAI and core HIV/AIDS funding has caused administrative challenges for grantees by often forcing grantees to manage grants from several sources. These funding sources required them to complete multiple administrative requirements. For example, the city of Chicago received nine grants from HHS to provide HIV/AIDS services, including six MAI grants and three core HIV/AIDS grants. Each of these grants has administrative requirements, such as application and reporting requirements, associated with it. As a result, Chicago is required to submit a report or application for one of its HIV/AIDS grants in most months of the year and in some months, they are required to produce multiple submissions. While some of the specific services Chicago provided with the nine grants varied, all of the grants were used to provide HIV/AIDS treatment or prevention services to residents of the city of Chicago. Other cities with a similar array of grants include Philadelphia, San Francisco, Los Angeles, and New York City. Such overlap in

⁵Fragmentation occurs when one or more federal agencies or agency organizations are involved in the same broad area of national need and opportunities exist to improve service delivery. Overlap occurs when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. Duplication occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries. See GAO, *2013 Annual Report: Actions Needed to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-13-279SP](#) (Washington, D.C.: April 2013).

⁶The White House, *National HIV/AIDS Strategy for the United States*, July 2010, p.42.

⁷[GAO-13-279SP](#), 3.

reporting requirements increases the administrative costs associated with participating in the programs.

Because of the administrative requirements associated with managing multiple HIV/AIDS grants, some grantees decided not to apply for MAI grants. In fiscal year 2011, according to information provided by HRSA, 37 percent of state grantees chose not to apply for MAI grants. Some grantees that chose not to apply were states with sizeable minority populations. HRSA officials stated that several grantees reported that their reasons for not applying for MAI funds were that the small size of MAI grants did not provide enough funding to implement a program and justify the additional administrative requirements. The fragmented nature of the MAI and core HIV/AIDS funding and the accompanying administrative requirements could discourage some grantees from applying for this funding and divert resources from providing HIV/AIDS services.

Actions Needed and Potential Financial or Other Benefits

In order to reduce the administrative costs associated with a fragmented MAI grant structure that diminishes the effective use of HHS's limited HIV/AIDS funding, and to enhance services to minority populations, GAO recommended in November 2013 that HHS should take the following two actions:

- consolidate disparate MAI funding streams into core funding during its budget request and allocation process, and
- seek legislation to amend the CARE Act or other provisions of law, as necessary, to achieve a consolidated approach.

Implementation of these recommendations would help the government more efficiently and effectively provide HIV/AIDS services to minority populations who are disproportionately affected by HIV/AIDS. GAO did not conduct an analysis of the benefits of consolidating MAI and core HIV/AIDS funding, but consolidating these programs would likely increase the efficiency of the provision of HIV/AIDS services to minority populations with the approximately \$3 billion used for this purpose.

Agency Comments and GAO's Evaluation

In commenting on GAO's November 2013 report, on which this analysis is based, HHS stated that GAO's recommendations align with the National HIV/AIDS Strategy and federal program accountability goals, but also stated that any restructuring of its HIV/AIDS funding approach must ensure continued responsiveness to minorities who are disproportionately affected by HIV/AIDS. HHS said it welcomed an expanded discussion of strategies to more efficiently administer MAI, reduce duplicative requirements for grantees, and more effectively administer HIV/AIDS funding streams. HHS also described some of its efforts to make its program more efficient, responsive, and accountable since the release of the National HIV/AIDS Strategy in July 2010.

HHS noted in its comments that it has several things to consider before it moves to restructure its HIV/AIDS core funding streams and consolidate MAI within core funding streams. HHS also noted that grantees' administrative challenges are important, but aren't the only consideration in assessing the merits of funding streams and the programs they produce. For example, HHS noted that any restructuring of core HIV/AIDS funding must ensure that HHS continues to be responsive to the needs of communities and populations disproportionately impacted by the HIV/AIDS epidemic.

GAO provided a draft of this report section to HHS for its review and comment. HHS provided its comments in an email received on February 27, 2014. HHS stated that it concurred with the facts presented but, in contrast to its comments on the 2013 report, disagreed with the characterization of "fragmentation, overlap and duplication" in describing the administration of MAI and its impact on the jurisdictions that receive HIV/AIDS funding. HHS also stated that it does not support consolidation of MAI into core funding at this time. GAO maintains that the findings in this report support consolidation of the disparate MAI funding streams into core funding to achieve administrative savings, and, as HHS noted in its comments on the 2013 report, align with the National HIV/AIDS Strategy and federal program accountability goals.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the product in the related GAO product section. To examine the types of services provided by MAI grantees, GAO reviewed services reported in fiscal year 2011 MAI grantee annual reports from a generalizable sample of 100 grantees. GAO reviewed grant administrative requirements, including application and reporting requirements for MAI and core HIV/AIDS grants in the generalizable sample. GAO also obtained, reviewed, and analyzed the core HIV/AIDS grant amounts that MAI grantees in the sample were awarded in order to understand the total amount of HIV/AIDS funding that MAI grantees received. GAO then compared the core HIV/AIDS grant amounts to their MAI grant amounts. To determine core HIV/AIDS grant amounts, GAO used CDC and HRSA funding data in addition to publicly available funding data. GAO interviewed all 10 HHS agencies and offices that awarded MAI grants in fiscal year 2011 and staff from six stakeholder organizations, including national HIV/AIDS organizations that represent MAI grantees, to obtain their perspectives on MAI. GAO also reviewed the available demographic data on the race and ethnicity of clients served with MAI grants.

Table 6 in appendix IV lists the agencies GAO identified that might have similar or overlapping objectives, provide similar services, or be fragmented across government missions. Overlap and fragmentation might not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Product

Minority AIDS Initiative: Consolidation of Fragmented HIV/AIDS Funding Could Reduce Administrative Challenges. [GAO-14-84](#). Washington, D.C.: November 22, 2013.

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8. Disability and Unemployment Benefits.

Congress should consider passing legislation to prevent individuals from collecting both full Disability Insurance benefits and Unemployment Insurance benefits that cover the same period, which could save \$1.2 billion over 10 years in the Social Security Disability Insurance program according to the Congressional Budget Office.

Why This Area Is Important

Disability Insurance (DI) and Unemployment Insurance (UI) provide important safety nets for U.S. workers who have lost their income. DI, administered by the Social Security Administration (SSA), is the nation's largest cash-assistance program for workers with disabilities. DI benefits replace lost wages due to a disability that prevents work. Benefit amounts are determined based on an individual's earnings history. In fiscal year 2010, more than 10 million beneficiaries received DI cash benefits totaling \$121.6 billion. DI benefits are paid from the Federal Disability Insurance Trust Fund, and are financed by payroll taxes paid by covered workers and their employers, on the basis of each worker's earnings history.

The Department of Labor (DOL) oversees the federal-state UI program, which replaces wages when someone who is able to work loses a job through no fault of his or her own. States establish the amount of UI benefits based on the worker's covered employment. UI benefits and administrative costs are financed primarily by taxes levied on employers paid into a federal Unemployment Trust Fund set aside for this purpose. In addition, federal law provides for extending the duration of UI benefits in periods of high and rising unemployment. In fiscal year 2010, 11.3 million beneficiaries received UI cash benefits totaling \$156 billion, \$93 billion of which was paid by the federal government.¹ Both the UI and DI trust funds face serious fiscal sustainability challenges, prompting the need to examine opportunities for potential cost savings.

What GAO Found

In July 2012, GAO reported that in fiscal year 2010, 117,000 individuals received concurrent cash benefit payments from the DI and UI programs of more than \$850 million, which can occur because current law does not preclude the receipt of overlapping benefits. The 117,000 individuals GAO identified as receiving concurrent DI and UI benefits represented less than 1 percent of the total beneficiaries of both programs, but the cash benefits they received totaled over \$281 million from DI and more than \$575 million from UI in fiscal year 2010. These benefits represented less than one-quarter of 1 percent and less than one-half of 1 percent of

¹The federal portion is funded through a combination of payroll taxes and appropriated funds. Total benefits funded by the federal government vary depending on the level of claims filed.

the total benefits provided through the DI and UI programs in fiscal year 2010, respectively. One individual received over \$62,000 in overlapping benefits in a year. The average weekly UI benefit was \$299 in December 2010. The weekly maximum UI benefit in January 2011 for households without dependent benefits ranged from \$133 (Puerto Rico) to \$625 (Massachusetts).

Individuals may be eligible for concurrent cash benefit payments from both DI and UI due to differences in program eligibility requirements. Specifically, some individuals may have a disability under federal law but still be eligible for UI because they are able and available for work under state law. Further, the DI program allows disabled beneficiaries to work for up to 1 year while still receiving DI benefits in order to help them test their ability to return to the workforce. Work during this year can make the individual also eligible for UI benefits if they lose their job through no fault of their own. For DI beneficiaries receiving UI benefits, the federal government is replacing a portion of their lost earnings not once, but twice.

GAO reported in July 2012 that although DI and UI generally provide separate services to separate populations—and thus are not overlapping programs—the concurrent cash benefit payments for individuals eligible for both programs are an overlapping benefit, as both replace lost earnings. GAO recommended that SSA and DOL evaluate this overlap and request congressional authority to eliminate it as appropriate. During the 113th Congress, several bills were introduced in both the U.S. House of Representatives and the Senate to eliminate concurrent DI and UI cash benefits; as of February 2014, none of these bills had passed.² The Congressional Budget Office estimated that such a provision would save \$1.2 billion over 10 years from fiscal year 2014 through 2023. In addition the President's fiscal year 2015 budget identifies the concurrent receipt of DI and UI benefits as a loophole and includes a provision to close it.

Actions Needed and Potential Financial or Other Benefits

Given that several bills have subsequently been introduced in Congress to address the identified issues, GAO suggests that Congress should consider:

- passing legislation to require SSA to offset DI benefits for any UI benefits received in the same period.

CBO estimated that changing this law to prevent individuals from collecting full disability benefits and unemployment benefits that cover the same period of time will save \$1.2 billion over 10 years.

²See H.R. 1502, 113th Cong. (2013); H.R. 3885, 113th Cong. (2014); S. 1099, 113th Cong. (2013); S.AMDT. 2631, 113th Cong. (2014); S. 1931, 113th Cong. (2014).

Agency Comments and GAO's Evaluation

In commenting on the July 2012 report on which this analysis is based, DOL and SSA agreed with GAO's recommendation that DOL work with SSA to evaluate overlapping DI and UI benefits, take appropriate action for any payments determined to be improper, and assess whether cost savings or other benefits might be achieved by reducing or eliminating overlapping DI and UI cash benefit payments. DOL and SSA have been working together to determine what information is available to assist in this analysis. As of February 2014 they were finalizing a report addressing GAO's recommendations.

GAO provided a draft of this report section to DOL and SSA. DOL did not provide comments on this issue. SSA provided written comments. In their comments SSA stated that under existing regulations, they do not have the authority to reduce or withhold DI benefits due to the receipt of UI benefits. SSA also stated that their fiscal year 2014 budget included a legislative proposal to reduce or eliminate an individual's DI benefit in any month in which he or she also receives a State or Federal unemployment benefit. Further, this proposal would eliminate dual benefit payments covering the same period a beneficiary is out of the workforce, while still providing a base level of income support.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the product listed in the related GAO products section. GAO matched the National Directory of New Hires (NDNH) unemployment files with extracts of SSA disability files of DI beneficiaries as of December 2010. To determine the subset of recipients who received DI and UI benefits at the same time during fiscal year 2010, GAO identified individuals who received DI benefits in all 3 months of the quarter for which they received UI benefits. For example, to be considered in receipt of overlapping DI and UI benefits under GAO's criteria, an individual must have records in SSA disability files indicating the monthly receipt of DI benefits in January, February, and March of 2010, and must also have records in the NDNH indicating the quarterly receipt of UI benefits in the corresponding quarter of fiscal year 2010, which is the second quarter of fiscal year 2010. Using this methodology, GAO identified 117,000 individuals who received concurrent cash benefit payments from the DI and UI programs. Table 7 in appendix IV lists the programs GAO identified that might have similar or overlapping objectives, provide similar services, or be fragmented across government missions. Overlap and fragmentation might not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Product

Income Security: Overlapping Disability and Unemployment Benefits Should be Evaluated for Potential Savings. [GAO-12-764](#). Washington, D.C.: July 31, 2012.

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9. Federal Employees' Compensation and Unemployment Benefits

Changes to enhance the sharing of compensation and wage information between state and federal agencies could improve the Department of Labor's ability to identify potentially improper payments, including inappropriately overlapping payments from the Federal Employees' Compensation Act program and the Unemployment Insurance program administered by the states.

Why This Area Is Important

The Federal Employees' Compensation Act (FECA) program provides workers' compensation coverage to approximately 2.8 million federal and postal employees for work-related injuries and illnesses. Benefits include wage-loss benefits, medical benefits, vocational-rehabilitation benefits, and survivors' benefits. In fiscal year 2012, the FECA program made more than \$2.1 billion in wage-loss compensation payments to claimants. The program, administered by Department of Labor (DOL), provides benefits to federal employees who sustain injuries or illnesses while performing their federal duties. For those claims that are approved, employing agencies reimburse DOL for payments made to their employees, while DOL bears most of the program's administrative costs. GAO and federal agencies' Offices of the Inspector General have identified programmatic deficiencies at some employing departments and at DOL that may make the program vulnerable to fraud and abuse.¹ For example, in a January 2012 report, GAO identified potential vulnerabilities in the FECA program's design and controls both within employing agencies and at DOL that could increase the risk for fraud, and also identified promising practices that could help to reduce that risk.

Under a separate program, the Unemployment Insurance (UI) program, federal and state governments temporarily and partially replace the lost earnings of those who become unemployed through no fault of their own. To be eligible for UI benefits, unemployed workers must meet eligibility requirements established by state laws that conform to federal law, including that they have worked recently, are involuntarily unemployed, and are able and available for work. Whereas federal statutes and DOL regulations provide broad guidelines on UI eligibility, the specific provisions of UI eligibility are determined by each state. In fiscal year 2012, over \$90 billion was spent in unemployment insurance benefits.

¹For example, see Office of the Inspector General, Social Security Administration, *Federal Employees Receiving Both Federal Employees' Compensation Act and Disability Insurance Payments*, A-15-09-19008 (October 2010), and U.S. Department of Labor, Office of Inspector General—Office of Audit, *Mechanisms Used to Identify Changes in Eligibility Are Inadequate at the FECA District Office in Jacksonville, Florida*, 04-07-004-04-431 (Washington, D.C.: Sept. 28, 2007).

While the FECA and UI programs generally serve separate populations and provide separate services, some individuals may be eligible for both programs, and the concurrent cash benefit payments made to such individuals are an overlapping service for the replacement of their lost earnings, which may or may not be allowable under UI program requirements. For instance, some individuals may have a disability under federal law but still be able and available for work under state law, and thus would be eligible to receive concurrent UI and FECA benefits. However, other claimants, especially those receiving compensation for total disability, may not be eligible to receive both types of payments because their disability may render them unable and unavailable to work.² In some states, claimants receiving FECA benefits are required to disclose their FECA income to the state when applying for UI benefits. Failure to disclose this information or failure of states to identify FECA income may result in improper UI payments.

What GAO Found

In April 2013, GAO identified examples of claimants receiving overlapping FECA and UI benefits, which may be allowable under certain circumstances but could also be potentially improper payments. GAO identified 50 individuals who received concurrent FECA compensation and UI benefits of at least \$5,000 each between July 2009 and June 2010 in the five selected states that GAO reviewed.³ Specifically, GAO's review of a nongeneralizable sample of 19 individual cases identified claimants who received overlapping UI and FECA benefits totaling over \$1.3 million from January 2008 to June 2012. Of these 19 cases, GAO identified nine claimants who potentially committed fraud or improperly obtained UI benefits because they did not properly disclose their FECA benefits to the state on their UI applications, as required by some states.⁴ In addition, four claimants who resided in states that require UI payments to be offset by FECA payments received more income from the combined UI and FECA benefits than they would have received from their federal salary alone. At least two of these claimants were former FECA claimants who attempted to return to the federal agency to perform work within their medical restrictions. However, the claimants were subsequently discharged because they did not meet the federal agency requirements for continuing employment, at which point they resumed collecting FECA benefits. Accordingly, although these claimants were entitled to their

²Temporary total disability is defined as the inability to return to the position held at the time of injury or earn equivalent wages, or perform other gainful employment, because of the work-related injury. An individual who is partially disabled is not able to return to the position held at the time of injury or earn equivalent wages, but is not totally disabled for all gainful employment.

³GAO reviewed files from California, Florida, Maryland, New York, and Virginia. This nonprobability sample is not representative of all states or FECA recipients.

⁴GAO subsequently referred potential fraud cases to DOL's Office of the Inspector General to investigate, as appropriate.

FECA benefits, they also applied for and received UI benefits that were not offset by their respective states.⁵

In April 2013, GAO reported that DOL lacks a process to share the necessary data with states to help the states determine whether FECA claimants may be improperly receiving overlapping benefits. Specifically, DOL does not systematically report information on claimants receiving FECA benefits to states, which would help states identify overlapping FECA and UI payments as well as UI payments that might need to be offset. Accordingly, states currently must rely on obtaining this information either directly from the UI applicant or from the UI applicant's recent employers. DOL is not required to, and thus does not, report FECA payments to the National Directory of New Hires (NDNH), which is a primary mechanism that most states use to verify employee wage levels.⁶ Were DOL to report FECA payments to this database, states would more easily be able to identify such payments in their review, which could help reduce the risk of improper overlapping payments.

GAO also reported in April 2013 that DOL does not have statutory authority to directly access private or public wage data that are reported to both the Social Security Administration (SSA) and the NDNH databases. DOL therefore relies heavily on claimants' self-reporting of earnings to identify potential fraud. Data validation, such as data-sharing agreements between federal agencies, is a key preventive control identified in GAO's framework for fraud prevention, detection, and prosecution.⁷ Reliance on self-reported data is a vulnerability within the FECA program. For example, GAO compared FECA data with quarterly wage (QW) data from five selected states and randomly selected 32 FECA case files for an in-depth review in a separate analysis in the April 2013 report. Of these 32 FECA cases, eight FECA claimants had significantly underreported employment wages in comparison with the wages reported in the state's QW reports for the same period. DOL has proposed legislative reforms to FECA that would enhance the agency's ability to assist FECA beneficiaries and also enhance program oversight. As part of this reform, DOL sought authority to match SSA wage data directly with FECA files. Having access to wage data sources would allow DOL to verify claimants' self-reported employment income and better position the agency to identify potential fraud. As of February 2014, DOL did not have the statutory ability to directly access the NDNH or SSA wage data. However, the President's Fiscal Year 2015 Budget does

⁵Although claimants are entitled to UI benefits, certain states require the offset of UI benefits against certain workers' compensation payments, including FECA.

⁶NDNH was established as a depository for wage reporting that, among other things, enables state child-support agencies to be more effective in enforcing child-support orders.

⁷See GAO, *Individual Disaster Assistance Programs: Framework for Fraud Prevention, Detection, and Prosecution*, [GAO-06-954T](#) (Washington, D.C.: July 12, 2006).

propose legislation that would authorize DOL to cross-match FECA records with Social Security records to reduce improper payments.

Actions Needed and Potential Financial or Other Benefits

To help identify whether claimants are inappropriately receiving overlapping UI and FECA payments, GAO recommended in April 2013 that the Secretary of Labor take the following action:

- assess the feasibility of developing a cost-effective mechanism to share FECA compensation information with states, such as reporting information to NDNH.

To help verify claimants' reported income and help ensure the proper payment of benefits, GAO also suggested in April 2013 that Congress should consider taking the following action:

- grant DOL the additional authority to access wage data.

According to the extent of potentially fraudulent or improper payments GAO identified, the federal government could realize significant benefits from implementing these actions. A cost-effective mechanism to share FECA compensation information with states to help identify whether claimants are inappropriately receiving overlapping UI and FECA payments could help determine the extent to which improper payments or potential fraud is occurring. In addition, DOL's access to wage data sources would allow DOL to verify claimants' self-reported employment income and better position the agency to identify potential fraud. Although GAO was able to identify instances of potentially fraudulent or improper payments, each individual case requires a detailed file review, and such findings cannot be generalized to other FECA claimants who also received quarterly wages. For these reasons, GAO cannot quantify the total amount of such payments

Agency Comments and GAO's Evaluation

In commenting on the April 2013 report on which this analysis is based, DOL agreed with the recommendation to assess the feasibility of developing a cost-effective mechanism to share FECA compensation information with the states, such as reporting information to NDNH, to help identify whether claimants are inappropriately receiving overlapping UI and FECA payments. DOL stated that it would undertake a review to determine whether such data sharing and reporting are feasible. GAO provided a draft of this report section to DOL for review and comment. DOL did not provide comments on this issue.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the April 2013 report listed in the related GAO products section. For that work, GAO matched QW and unemployment files from five selected states (California, Florida, Maryland, New York, and Virginia) with FECA payment files for the period of July 2009 to June 2010.⁸ GAO identified 530 individuals who received concurrent FECA compensation payments and wages of at least \$5,000 between July 2009 and June 2010. In addition, GAO identified 50 individuals who received concurrent FECA compensation and UI benefits of at least \$5,000 each during the same period. GAO randomly selected up to seven recipients from each state for an in-depth review, for a total of 32 QW and 19 UI cases, respectively. The specific findings from the selected cases cannot be generalized to other, or all, FECA claimants who also received quarterly wages or UI benefits. GAO also reviewed DOL's policies, guidelines, and procedures for managing claims.

Table 8 in appendix IV lists the programs GAO identified that might have similar or overlapping objectives, provide similar services, or be fragmented across government missions. Overlap and fragmentation might not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Products

Federal Employees' Compensation Act: Case Examples Illustrate Vulnerabilities That Could Result in Improper Payments or Overlapping Benefits. [GAO-13-386](#). Washington, D.C.: April 3, 2013.

Federal Employees' Compensation Act: Status of Previously Identified Management Challenges. [GAO-12-508R](#). Washington, D.C.: March 21, 2012.

Federal Employees' Compensation Act: Preliminary Observations on Fraud-Prevention Controls. [GAO-12-402](#). Washington, D.C.: January 25, 2012.

Federal Workers' Compensation: Better Data and Management Strategies Would Strengthen Efforts to Prevent and Address Improper Payments. [GAO-08-284](#). Washington, D.C.: February 26, 2008.

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⁸The specific states were selected because of (1) the size of the census population within the state and, in part, (2) the proximity to the Washington, D.C., metropolitan area. This nonprobability sample is not representative of all states or FECA recipients.

10. Interoperable Radio Communications Systems

Better collaboration among agencies that rely on radio communications solutions for mission-critical operations would help to address fragmentation in their approach to improving the interoperability of radio communications systems and has the potential to achieve savings.

Why This Area Is Important

Tragic events, such as the terrorist attacks on September 11, 2001, and Hurricane Katrina, have highlighted the importance of having effective radio communications systems for law enforcement and public safety agencies, including federal agencies with such responsibilities. In order to effectively respond to events such as natural disasters, criminal activities, and domestic terrorism, law enforcement and public safety agencies need reliable systems that enable communication with their counterparts in other disciplines and jurisdictions. For fiscal year 2012, the Office of Management and Budget reported that the federal government spent approximately \$587 million on information technology investments where the primary business function was to provide voice communications capabilities.

The Integrated Wireless Network was intended to be a collaborative effort among the Departments of Justice (DOJ), Homeland Security (DHS), and the Treasury (Treasury) to provide secure, seamless, interoperable, and reliable nationwide wireless communication in support of federal agencies and officers engaged in law enforcement, protective services, homeland defense, and disaster response missions. This initiative began in 2001 and was originally estimated to cost approximately \$5 billion. However, GAO reported in December 2008 that the departments were no longer pursuing the Integrated Wireless Network as a joint development project and had begun independently modernizing their own wireless communications systems.

Additionally, the Middle Class Tax Relief and Job Creation Act of 2012 provides that up to \$7 billion be used to, among other purposes, fund the building, deployment, and operation of a nationwide public safety broadband network.¹ This network is intended to provide a secure, reliable, and dedicated interoperable network for emergency responders to communicate during an emergency. However, GAO reported in February 2012 that while such a network would likely enhance interoperability by enabling accessibility of video and data applications

¹See Pub. L. No. 112-96, 126 Stat. 156 (2012). Section 6413 of the act establishes a Public Safety Trust Fund and sets out the priorities in which the fund is to be used to make payments and deposits. Among the priorities is the deposit into the Network Construction Fund (established by section 6206) for purposes including the development of the nationwide public safety broadband network.

that could improve incident response, it would not support mission-critical voice capabilities for perhaps 10 years or more.²

What GAO Found

GAO reported in December 2008 that DOJ, DHS, and Treasury had decided to independently modernize their own wireless communications systems rather than continuing to pursue the Integrated Wireless Network as a joint development project. While DOJ and Treasury (and later DHS) collaborated on a pilot demonstration of the Integrated Wireless Network in the Seattle/Blaine area that continues to provide service to multiple agencies, the departments determined that this specific system design could not be implemented on a nationwide scale, and they have not acted collaboratively to identify an alternative approach for a jointly coordinated communications solution. In lieu of a joint solution, DOJ decided to implement a nationwide network for its component agencies, and DHS and its components decided to pursue numerous independent solutions.

GAO reported in December 2008 that a primary reason why the collaboration on this joint communications solution had not been successful was that the departments did not effectively employ key cross-agency collaboration practices. Specifically, they could not agree on a common outcome or purpose to overcome their differences in missions, cultures, and established ways of doing business; they had not established a collaborative governance structure with a process for decision making and resolving disputes; and they had not developed a joint strategy for moving forward. While DHS considered improving radio communications at the nation's borders to be a major priority, DOJ's priorities were in other areas. Program officials from both departments acknowledged that these differing priorities led to an inability to resolve conflicts. For example, both DOJ and DHS stated that making joint decisions in their original partnership depended on reaching consensus among the departments, and when consensus could not be reached, progress on the Integrated Wireless Network stalled. As a result, they established several initiatives aimed at high-level coordination, none of which are focused on developing a joint communications solution.

Since 2008, DHS, DOJ, and Treasury have continued to focus on their own communications initiatives. While some of these initiatives are being coordinated across the departments, none are focused on developing a joint communications solution. Specifically,

- DHS reported that it has a joint technology laboratory with DOJ that is intended for, among other things, the development of interoperable radio solutions; however, its key efforts have been focused on acquiring and implementing radio communications systems to enable

²For public safety, mission-critical voice communications must meet a high standard for reliability, redundancy, capacity, and flexibility, as determined by the National Public Safety Telecommunications Council.

interoperable communications within DHS and not among other departments. For example, DHS's Customs and Border Protection has continued developing and implementing a nationwide radio communications network intended to improve and update radio communications for its own officers and agents.

In 2011, DHS directed an executive committee to create a joint wireless program management office that coordinates wireless communications activities across the department. However, a November 2012 DHS Office of Inspector General report found that DHS did not establish an effective governing structure for achieving Department-wide interoperability.³ Specifically, the report stated that, although DHS had created working groups, committees, and offices to explore Department-wide communication issues, including interoperability; none had the authority to implement and enforce their recommendations.

Additionally, an August 2013 DHS Office of Inspector General report found that DHS needs to better manage its 20 different radio communications networks (which have a reported value of more than \$1 billion) across the department in order to more efficiently utilize its resources, reduce duplicative efforts, and more strategically invest in modernizing aging networks.⁴ In February 2014, DHS reported that it had made progress in improving the management and oversight of its radio communications. For example, DHS officials reported that they had drafted a DHS Communications Interoperability Plan, which is intended to provide guidance to interoperability projects on topics such as governance, technical solutions, and training.

- According to a January 2012 DOJ Office of the Inspector General report, the department was planning to continue to develop an independent nationwide radio communications system (also referred to as DOJ's Integrated Wireless Network). According to the Office of the Inspector General's report, \$356 million had been spent on this system.⁵ As part of DOJ's efforts, it established a network in the National Capital Region in 2009. In December 2013, DOJ reported that it meets with representatives from Treasury, DHS, and the Department of the Interior to ensure that the National Capital Region network meets their needs.

In February 2014, DOJ reported additional examples of its efforts to improve the interoperability of radio communications systems. For

³DHS, *DHS' Oversight of Interoperable Communications*, OIG-13-06 (Washington, D.C.: Nov. 2, 2012).

⁴DHS, *DHS Needs to Manage Its Radio Communication Program Better*, OIG-13-113 (Washington, D.C.: Aug. 29, 2013).

⁵DOJ, *Audit of the Department of Justice's Implementation of the Integrated Wireless Network*, Audit Report 12-10 (Washington, D.C.: January 2012).

example, DOJ reported that its Federal Interoperability Program provides federal law enforcement and crisis response agencies with the ability to communicate with key local authorities in metropolitan areas that are deemed most likely targets for an attack or event. However, as of February 2014, DOJ's primary efforts continue to revolve around establishing a land mobile radio network for its department—independent of other federal agencies' efforts. Officials reported that in regions where law enforcement missions require collaboration with other federal agencies, they consider those agencies' radio communications requirements, and sharing agreements are developed at the local level.

- As of September 2013, Treasury reported that it was coordinating with DHS and DOJ, had retired its agency-specific radio communications systems in the areas where the Integrated Wireless Network had been deployed, and was complying with radio communications interoperability standards where the Integrated Wireless Network had not been deployed.

Additionally, in February 2014, Treasury reported, among other things, that it participates in the Federal Partnership for Interoperable Communications whose goals include identifying and enhancing wireless communications interoperability capabilities within the federal government and coordinating these efforts with state and local interoperability programs. However, the department had at least five additional radio communications solutions that it was independently developing or maintaining. Treasury reported that some of the existing solutions would be maintained because those systems only require coverage around a single facility and they use a different radio spectrum than radio systems that provide larger coverage areas. Treasury did not provide the costs associated with all of these systems.

While collaboration on a joint solution is critical for success, this joint solution need not be based on a single nationwide network, such as an extension of the original Integrated Wireless Network design. It could also consist of a mutually agreed-upon strategy for developing separate but interoperable networks and systems that incorporate lessons learned from past efforts. In December 2008, GAO suggested that Congress consider requiring that DOJ, DHS, and Treasury employ key cross-agency collaboration practices to develop a joint radio communications solution. Implementation of these practices is critical to sustaining a successful interagency project. As of March 2014, Congress has yet to require DHS, DOJ, and Treasury to collaborate on the development and implementation of a joint radio communications solution.

Actions Needed and Potential Financial or Other Benefits

In the absence of a solution that currently delivers interoperable mission-critical voice communication capabilities to federal, state, and local emergency response officials, GAO continues to believe, as suggested in December 2008, that Congress should consider requiring DHS, DOJ, and Treasury to collaborate on the development and implementation of a joint

radio communications solution that specifically requires the departments to establish an effective governance structure that includes a formal process for making decisions and resolving disputes, define and articulate a common outcome for this joint effort, and develop a joint strategy for improving radio communications.

While GAO is unable to quantify the cost savings of a joint radio communications solution, a coordinated approach provides the opportunity for potential savings on the reportedly nearly \$600 million spent annually by the federal government on voice communications technologies.

Agency Comments and GAO's Evaluation

In commenting on a draft of our 2008 report, DOJ and DHS disagreed with GAO's findings and conclusions. DOJ stated, among other things, that its business environment was not conducive to a single mobile radio solution, and that such an approach was no longer feasible or cost-effective. DHS also stated, among other things, that GAO's report was focused on mandating that the three agencies have one radio communications solution and that it implied that any other option would result in a stovepipe of non-interoperable communications systems. GAO disagreed with these comments, stating that a single common project or system was not necessarily the best solution, and that it did not advocate such a system as the best solution. GAO added that although a joint solution could be based on a single nationwide network, such as an extension of the original Integrated Wireless Network design, it could also be, for example, a mutually agreed-upon strategy for developing separate but interoperable networks and systems.

GAO provided a draft of this report section to DHS, DOJ, and Treasury for review and comment. In emails received in February 2014, all three of the departments provided written comments. The departments also provided technical comments, which were incorporated as appropriate.

DHS and DOJ did not agree with our overall findings and conclusions. Specifically, DOJ and DHS commented that collaboration alone would not necessarily solve interoperability problems and reduce costs. Further, DHS added that, if done right, more collaborative actions likely would add to the overall cost, rather than reduce it. GAO recognizes that efforts beyond collaboration are required and that technical challenges to improving the interoperability of radio communications systems exist. However, past collaboration between agencies has shown that agencies can improve radio communications interoperability and reduce costs. For example, as stated by DOJ and Treasury officials, collaboration among agencies on the Integrated Wireless Network deployed in the National Capital Region has improved the interoperability of radio communications systems that access this network. Additionally, DHS's United States Coast Guard stated that it saved costs by sharing a telecommunications tower with DOJ's Federal Bureau of Investigation. GAO continues to believe that successful collaboration on a joint solution—whether that solution is the Integrated Wireless Network or an alternative approach—is

necessary to promote efficient use of resources, reduce duplicative efforts, and encourage interoperability.

DHS and DOJ also stated that it is currently both technically infeasible and more expensive to create a single system that meets multiple agencies' requirements. However, GAO did not advocate that a single common project or system was necessarily the best solution. As previously reported, although a joint solution could be based on a single nationwide network, it could also be a mutually agreed-upon strategy for developing separate but interoperable networks and systems.

In comments from Treasury, the department reported that additional DHS participation on the Integrated Wireless Network would be welcomed because DHS would be able to provide valuable spectrum resources.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO reports section as well as additional work conducted by GAO and the DHS Office of Inspector General. To update the information from these reports, GAO followed up with each of the departments (DHS, DOJ, and Treasury) to identify (1) wireless communications systems that were being developed, modernized, or maintained across the department; (2) efforts to consolidate communications systems across the department; and (3) efforts under way to ensure interoperable mobile communications within each department as well as with other federal, state, and local agents, and first responders.

Related GAO Products

Emergency Communications: Various Challenges Likely to Slow Implementation of a Public Safety Broadband Network. [GAO-12-343](#). Washington, D. C.: February 22, 2012.

Radio Communications: Congressional Action Needed to Ensure Agencies Collaborate to Develop a Joint Solution. [GAO-09-133](#). Washington, D. C.: December 12, 2008.

Contact Information

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11. International Religious Freedom

To promote international religious freedom more effectively, the Department of State and the U.S. Commission on International Religious Freedom should define how they are to interact in their efforts; the lack of defined roles has at times created tensions with foreign government officials.

Why This Area Is Important

Congress passed the International Religious Freedom Act of 1998 as amended to promote international religious freedom because of concerns about increasing restrictions on religious rights around the world.¹ The act established two entities that are to cooperate and work on behalf of international religious freedom: (1) The Office of International Religious Freedom within the Department of State (State) and (2) the U.S. Commission on International Religious Freedom (Commission). The act describes the following roles for each entity; however, the act did not prescribe how the two entities should interact or coordinate their activities.

- The Office of International Religious Freedom, headed by an Ambassador-at-Large (Ambassador), is to promote international religious freedom. The act establishes the Ambassador as an ex-officio member of the Commission and states that the Ambassador is to consider the Commission's advice in making policy recommendations.
- The Commission is to review the facts and circumstances of violations of religious freedom and recommend policy actions to the President, Secretary of State, and Congress. In addition, a 1999 amendment to the act directs the Commission to effectively and freely cooperate with State.

To promote religious freedom, the Office of International Religious Freedom hosts events, develops religious-freedom-related programs, and publishes an annual report on the status of religious freedom in each foreign country. The Office of International Religious Freedom and the Ambassador also provide a list of recommended Countries of Particular Concern (CPC)—those countries they believe exhibit “systematic, ongoing, egregious” violations of religious freedom—to the Secretary of State, who then makes the CPC designations.² The Commission

¹See International Religious Freedom Act of 1998, Pub. L. No. 105-292 (1998), as amended by later acts such as A Bill to Amend the International Religious Freedom Act of 1998 to Provide Additional Administrative Authorities to the United States Commission on International Religious Freedom, and to Make Technical Corrections to the Act, and for other purposes, Pub. L. No. 106-55 (1999); and the United States Commission on International Religious Freedom Reform and Reauthorization Act of 2011, Pub. L. No. 112-75 (2011).

²The act assigned the responsibility for making CPC designations to the President, and the President delegated this responsibility to the Secretary of State in 1999.

publishes an annual report that discusses the 20 to 30 countries that the Commission considers the worst violators of religious freedom and presents policy recommendations to the U.S. government. Both entities meet with foreign government officials to discuss the religious freedom situation in the country.

What GAO Found

In March 2013, GAO reported that although the act, as amended, directs State and the Commission to cooperate, they have not defined how they should interact. In interviews with GAO, some of the former and current commissioners and all three Ambassadors—two former and one present at the time of the review—expressed different ideas about the role of the Ambassador and the degree to which the Ambassador should participate on the Commission.³ As a result, the level of interaction between the Ambassador and the Commission has varied greatly over the years. Former State and Commission officials said that both entities considerably decreased their official communication over the years, in part because of disagreement over how they should work together. In addition, commissioners and Ambassadors said that interaction at the staff level varied over time, although staff tried to maintain some informal collaboration. One former commissioner noted that when the Ambassador's position was vacant for 2-½ years, the Commission's contact with State was primarily at the staff level.

The three Ambassadors and a few commissioners reported that not defining how the two entities should interact has sometimes led to tensions with foreign-government officials. For example, in its 2012 report, the Commission recommended that the Secretary of State designate Turkey as CPC. Because the Ambassador was not regularly attending Commission meetings at the time, State officials learned of the commissioners' intent shortly before the Commission published its report. State officials explained that Turkey did not warrant the designation, as it had taken steps to improve religious freedom, but the Commission proceeded with its recommendation. According to Turkish officials, the Commission's report contradicted State's annual report on religious freedom and was therefore "null and void." State officials told GAO that they had to resolve the resulting tensions with the Turkish government.

Furthermore, all three Ambassadors cited instances when the Commission's approach with foreign-government officials created bilateral tensions. For example, one Ambassador recounted helping to bring a delegation of high-level Laotian officials to the United States to tour, meet with government officials and religious communities, and view examples of religious freedom.⁴ According to the Ambassador, when the delegation

³The most recent Ambassador-at-Large for Religious Freedom resigned October 17, 2013.

⁴At the time of the Laotian delegation, the first Ambassador had left State and was President of the Institute for Global Engagement.

returned, they freed 34 of 37 people imprisoned for their religious beliefs. The Ambassador told us that as a result, he had judged that Laos was making progress in instituting some real changes in the area of religious freedom; however, the Commission recommended Laos for CPC designation shortly thereafter. The Ambassador said that the Commission's recommendation almost ruined State's diplomatic efforts to address religious freedom in Laos.

In another example, in 2005, another Ambassador negotiated an action plan with the Vietnamese government including actions that, if taken by the government, could support its case for removal from the CPC list. According to State officials, Vietnam took the necessary steps and the Secretary of State removed the country's CPC designation in 2006. However, when the Commission visited Vietnam later that year, according to State and Vietnamese officials, their conduct offended the Vietnamese officials in high-level meetings. State officials said that this was damaging to some of the progress made with Vietnamese officials and necessitated efforts to repair the U.S. relationship with Vietnam.

As these examples illustrate, the lack of definition regarding how State and the Commission are to interact has sometimes created foreign policy tensions that State has had to mitigate. These tensions have resulted, in part, from the fact that the Ambassadors and the Commission have not defined the Ambassador's role as an ex-officio member of the Commission. Agreeing on roles and responsibilities is a key practice that can enhance interagency collaboration.⁵ Thus, guidance that would clarify (1) the Ambassador's role as an ex officio member of the Commission and (2) how State and the Commission are to cooperate would strengthen each entity's unique contribution to promoting international religious freedom. It would also help ensure that the U.S. government presents a more consistent foreign policy message with respect to religious freedom.

Actions Needed and Potential Financial or Other Benefits

To enhance U.S. efforts to promote international religious freedom, GAO recommended in its March 2013 report that the Secretary of State and the Chair of the Commission

- jointly define how State and the Commission should interact in their efforts to promote international religious freedom, paying particular attention to defining the ex-officio role of the Ambassador-at-Large for International Religious Freedom as a nonvoting Commission member.

GAO believes that there are long-term foreign policy benefits to implementing this recommendation such as strengthening each entity's unique contribution to promoting international religious freedom, and

⁵See GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

ensuring that the U.S. government presents a more consistent foreign policy message with respect to religious freedom. GAO could not estimate the potential financial benefits of taking these actions because the foreign policy tensions that result from the lack of defined roles cannot be measured in terms of financial benefits.

Agency Comments and GAO's Evaluation

In commenting on the March 2013 report on which this analysis is based, both State and the Commission agreed with GAO's recommendation and expressed willingness to take action.

GAO provided a draft of this report section to State and the Commission for review and comment. State provided no additional comments. According to the Commission, it is working with State to address GAO's recommendation.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from products listed in the related GAO product section. For that work, GAO analyzed documents from State and the Commission, including State cables and the Commission's press releases, editorials, and annual reports. GAO met with officials from State and the Commission, including all three Ambassadors—two former and one present—and all of the current and approximately half of the former commissioners. GAO also interviewed State and foreign-government officials in Afghanistan, Indonesia, Turkey, Uzbekistan, and Vietnam, as well as non-governmental organization officials in the United States and abroad who have worked closely with both entities. The five countries GAO selected for fieldwork met at least two of the following criteria: (1) Department of State had funded an international religious freedom program in the country; (2) the country was on the Commission's watch list; (3) the Commission had recommended designating the country, or State has designated it, as a Country of Particular Concern; and (4) the Ambassador or the Commission had visited the country in the past 3 years.

Table 9 in appendix IV lists the agencies GAO identified that might be fragmented across government missions. Overlap and fragmentation might not necessarily lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Product

International Religious Freedom Act: State Department and Commission Are Implementing Responsibilities but Need to Improve Interaction.
[GAO-13-196](#). Washington, D.C.: March 26, 2013.

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Section II: Areas in Which GAO Has Identified Other Cost Savings or Revenue Enhancement Opportunities

This section summarizes 15 additional opportunities for agencies or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collections for the Treasury.

12. Combatant Command Headquarters Costs

The Department of Defense could potentially achieve tens of millions or more in cost savings annually if it (1) more systematically evaluates the sizing and resourcing of its combatant commands and (2) conducts a more comprehensive analysis of options for the location of U.S. Africa Command's headquarters.

Why This Area Is Important

To perform a variety of missions around the world, the Department of Defense (DOD) operates six geographic combatant commands that have thousands of headquarters personnel who assist in coordinating the department's military operations in combating transnational terrorism, building foreign partner nations' military capabilities, and conducting international disaster-relief efforts and noncombatant evacuations.¹ Each geographic combatant command has military service component commands assigned to it and may include subordinate unified commands and joint task forces. Each of the units assigned to the combatant commands also has staff to support the combatant commands in conducting their operational missions. By fiscal year 2012, mission and headquarters-support costs² at five of DOD's geographic commands³ and their supporting components had grown to almost \$1.7 billion: \$1.1 billion for the combatant commands' headquarters and about \$604 million for the service component command headquarters that support the combatant commands.⁴

What GAO Found

In May and September of 2013, GAO published reports that identified ways in which DOD could save millions of dollars by appropriately sizing and resourcing its combatant commands and by relocating one of the combatant commands' headquarters to the United States. GAO also made several recommendations suggesting ways in which DOD could

¹DOD has nine combatant commands, each with an assigned geographic region or assigned function. The six geographic commands, which have defined areas of operation and have a distinct regional military focus, are U.S. Africa Command, U.S. Central Command, U.S. European Command, U.S. Northern Command, U.S. Pacific Command, and U.S. Southern Command. The three functional commands, which have unique capabilities and operate worldwide, are U.S. Special Operations Command, U.S. Strategic Command, and U.S. Transportation Command.

²Mission and headquarters-support costs reflect the costs for civilian personnel and contract services, among other costs for operations and maintenance. This does not include the costs associated with military personnel basic pay and allowances and other military personnel costs.

³GAO did not include U.S. Central Command and its service component commands in its May 2013 review due to their responsibilities to support military operations in Iraq and Afghanistan during the past several years.

⁴Mission and headquarters-support costs in this report section are in constant fiscal year 2012 dollars. Costs were adjusted for inflation using the deflator for DOD total obligation authority by appropriation title-operation and maintenance, excluding the defense health program.

improve the data it collects to enable DOD to make better management decisions and fully justify decisions to better ensure that resources are properly matched to the department's priorities.

In May 2013, GAO found that the number of authorized military and civilian positions and the cost of mission and headquarters-support had grown considerably over the past decade at the five DOD regional combatant commands GAO reviewed.⁵ This growth was driven by the establishment of U.S. Northern Command in fiscal year 2003 to focus on homeland defense and U.S. Africa Command in fiscal year 2008 to focus on the African continent. GAO's analysis of the five commands found that authorized military and civilian positions increased by about 50 percent from fiscal years 2001 through 2012, from 6,800 to more than 10,100. From fiscal years 2008 through 2012, the number of positions at the separate Army, Air Force, Marine Corps, and Navy component commands that support each combatant command had also increased by more than 30 percent.⁶ Mission and headquarters-support costs for the five geographic commands more than doubled from fiscal years 2007 through 2012, to about \$1.7 billion: \$1.1 billion for the geographic commands and another \$604 million for the supporting commands in fiscal year 2012.

DOD has taken some steps to manage the combatant commands' resources, such as establishing baselines for the number of major DOD headquarters activity positions⁷ at each geographic and functional combatant command and reducing personnel and consolidating joint task forces at several commands to better align available resources with current missions. However, GAO found four primary weaknesses in DOD's management of combatant command resources that challenge the department's ability to make informed decisions. As a result, DOD cannot

⁵For purposes of this report section, authorized positions refer to military and civilian positions that have been approved by DOD components for funding for a specific fiscal year.

⁶The increases in authorized military and civilian positions do not include contractor personnel. Because the availability of data on the number of contractor personnel varied across the combatant commands and their corresponding service components, data were not available to calculate changes in contractor personnel over time. According to DOD officials, the combatant commands were not required by DOD to maintain historical data on the number of contractor personnel. DOD has outlined its approach to account for contractors, but does not expect to fully account for contractors' manpower until fiscal year 2016.

⁷DOD identifies major headquarters activities as those headquarters (and the direct support integral to their operation) whose primary mission is to manage or command the programs and operations of DOD and its components, and their major military units, organizations, or agencies. See Department of Defense, Instruction 5100.73, *Major DOD Headquarters Activities* (Dec. 1, 2007) (incorporating change of June 12, 2012). GAO's prior work has found that DOD's major headquarters activity data are not always complete and reliable; see GAO, *Defense Headquarters: Further Efforts to Examine Resource Needs and Improve Data Could Provide Additional Opportunities for Cost Savings*, [GAO-12-345](#) (Washington, D.C.: March 21, 2012).

be assured that the commands are properly sized to meet their assigned missions or that the commands can identify opportunities to carry out those missions more efficiently.

- First, DOD has not periodically evaluated the commands' authorized positions to ensure that they are still needed to meet the commands' assigned missions. Chairman of the Joint Chiefs of Staff Instruction 1001.01A, *Joint Manpower and Personnel Program*, outlines a process for determining and validating joint manpower requirements at the commands, but focuses on requests for additional positions or nominal changes in authorized positions rather than a review of the commands' existing size and structure.⁸
- Second, the combatant commands are inconsistent in their use of the existing personnel management systems to identify and track their total assigned personnel.⁹ DOD identified the Electronic Joint Manpower and Personnel System as the system of record to manage manpower and personnel; however, GAO found differences across the commands in how they use the system to manage assigned personnel.
- Third, DOD lacks visibility and oversight over the size and structure of the service component commands' authorized manpower and number of assigned personnel that would enable it to determine whether some functions at the combatant commands duplicate functions performed by service component command personnel. Joint Publication 1-0, *Joint Personnel Support*, identifies the importance of having reliable data on all personnel within a geographic combatant command's area of responsibility for visibility of personnel and for effective planning.¹⁰ Further, GAO's previous work on human capital management has highlighted the need for agencies to have valid, reliable data and be aware of the size of their workforce; its deployment across the organization; and the knowledge, skills, and abilities needed for the agency to pursue its mission.¹¹
- Fourth, DOD's annual budget documents do not provide transparency into the resources directed to each combatant command to enable congressional oversight. Volume 2A, chapter 1 of DOD's *Financial Management Regulation 7000.14-R*, states that the military departments must ensure adequate visibility over the resources of

⁸See Chairman of the Joint Chiefs of Staff Instruction 1001.01A, *Joint Manpower and Personnel Program* (Oct. 1, 2010).

⁹For purposes of this report section, assigned personnel refers to military and civilian personnel assigned to fill authorized or temporary positions and other personnel performing contract services.

¹⁰See Joint Chiefs of Staff, Joint Pub. 1-0, *Joint Personnel Support* (Oct. 24, 2011).

¹¹GAO, *A Model of Strategic Human Capital Management*, [GAO-02-373SP](#) (Washington, D.C.: Mar. 15, 2002).

combatant command-directed missions and other costs for each operation and maintenance-funded command.¹² Further, according to *Standards for Internal Control in the Federal Government*, reliable financial reporting, including reports on budget execution, financial statements, and other reports for internal and external use, is important for determining whether agencies' objectives are achieved.¹³ The military departments' budget documents identify the overall authorized military positions, civilian and contractor full-time equivalents, and mission and headquarters-support funding to support the combatant commands but do not provide these details by command.

In a second report, published in September 2013, GAO found that DOD's decision to maintain the headquarters for the U.S. Africa Command (AFRICOM) in Germany was not well-supported by DOD's analysis. When AFRICOM was created in October 2007, DOD temporarily located its headquarters in Stuttgart, Germany, with the intent of selecting a permanent location at a later date. However, in 2013, DOD decided to keep AFRICOM headquarters in Germany because the commander had determined that the operational benefits of staying in Stuttgart, which is closer to Africa, outweighed the benefits of moving to the United States.

GAO's review found that this decision was not supported by a comprehensive and well-documented analysis that balanced the operational benefits and costs of the options available to DOD. DOD's 2012 study that accompanied the decision did not fully explain the decisions that were made to forego a savings of between \$60 million and \$70 million annually that would result from moving the headquarters to the United States. For example, DOD's 2012 study of potential locations listed several factors to be considered when determining where to place a combatant command headquarters, ranking two of these factors—access to the area of responsibility and access to service components—as critical. However, little support exists showing how these factors were weighted relative to each other or to the other factors. Moreover, the study described how a small headquarters element deployed in AFRICOM's area of responsibility might mitigate operational concerns about AFRICOM's headquarters being further from Africa if it were moved to the United States, but the study was silent about why this mitigation plan was not deemed a satisfactory option.

In discussions with GAO, officials from the U.S. Central and Southern Commands—both of which are located in Florida—stated that they had successfully overcome any negative effects of having a headquarters in the United States by maintaining a presence in their areas of operation.

¹²See Department of Defense, *Financial Management Regulation* 7000.14-R, Volume 2A, Chapter 1, General Information (October 2008).

¹³GAO, *Standards for Internal Control in the Federal Government*, [GAO/AMID-00-21.3.1](#) (Washington, D.C.: November 1999).

However, neither the analysis nor the letter announcing the decision to retain AFRICOM headquarters in Stuttgart explains why operational factors outweighed the possibility of saving about \$60 million to \$70 million annually by moving the headquarters to the United States. Moreover, the study estimated that such a move may create up to 4,300 jobs, with several hundred million dollars a year in local economic impacts, but, according to DOD officials, this was not factored into the decision.

Since GAO issued its September 2013 report, DOD has begun taking actions to increase the efficiency at its combatant commands while enabling them to continue to meet their missions. In July 2013, the Deputy Secretary of Defense announced in a memorandum¹⁴ to DOD components, including the combatant commands, that the Secretary of Defense had directed a 20 percent cut in management headquarters spending throughout DOD to include the combatant commands and service component commands. The memorandum stated that, while the 20 percent cut applies to budget dollars, organizations would also strive for a goal of 20 percent reduction in the number of authorized civilian positions. The memorandum stated that senior managers should ensure that cuts are made aggressively and as soon as possible, both to eliminate uncertainty for DOD employees and contractors and to maximize savings.

The Deputy Secretary indicated that, generally, these cuts should be roughly proportional by year—with about one-fifth of the 20 percent cut in fiscal year 2015, another fifth in fiscal year 2016, and so on until fiscal year 2019. In addition, the memorandum called on DOD organizations to strive for a 20 percent reduction in authorized military positions within headquarters staffs. In December 2013, DOD announced that the military services, combatant commands, and other headquarters organizations within the department were finalizing their reviews and plan to meet these reductions and that the department would submit the results of these reviews as part of the fiscal year 2015 President's budget request. Released in March 2014, the budget stated that DOD's efforts to reduce management headquarters staffs will result in savings of \$5.3 billion through fiscal year 2019.

Actions Needed and Potential Financial or Other Benefits

To help ensure that the geographic combatant commands are properly sized and resourced to meet their assigned missions and to improve the transparency of the commands' authorized manpower, assigned personnel, and mission and headquarters-support costs, GAO recommended in May 2013 that the Secretary of Defense take the following four actions:

¹⁴Deputy Secretary of Defense Memorandum, *20% Headquarters Reductions* (July 31, 2013).

-
- conduct a comprehensive, periodic evaluation of whether the combatant commands are sized and structured to efficiently meet assigned missions;
 - require the combatant commands to consistently identify, manage, and track all personnel, including those in the service component commands, in DOD's personnel management system;
 - develop a process to gather information on authorized positions and assigned personnel at the service component commands; and
 - require information be provided in the budget documents submitted to Congress that detail the resources directed to each combatant command.

To help enable the department to meet its Africa-related missions at substantially reduced costs, GAO recommended in September 2013 that the Secretary of Defense conduct a more comprehensive and well-documented analysis of options for the permanent placement of the headquarters for AFRICOM, including documentation explaining how operational benefits are weighed against the costs.

DOD may realize potential cost savings and efficiencies by taking the actions GAO recommended to help improve management and oversight of combatant command resources. As noted earlier, in July 2013 the Deputy Secretary of Defense indicated in a memorandum that DOD will be making a 20 percent reduction to management headquarters spending over 5 years. The memorandum also called on DOD organizations to strive for a goal of 20 percent reductions to authorized military and civilian staffs. While the Deputy Secretary of Defense's memorandum indicated that DOD will seek to reduce headquarters resources by 20 percent, the memorandum did not identify the starting point for the budgetary and staff reductions, which makes it difficult to determine the extent of reductions made. However, based on GAO's work examining the trends in geographic combatant command resources, GAO estimates that DOD could achieve up to \$340 million in savings if the 20 percent reduction was applied to the \$1.7 billion DOD used to operate and support the combatant and supporting commands in fiscal year 2012. If DOD also reduced the almost 10,700 authorized military positions GAO found were supporting the combatant and supporting commands' headquarters, the department could reassign military personnel to other duties or realize additional savings in military personnel costs. In addition, based on GAO's work examining DOD's decisions regarding the location of AFRICOM's headquarters, DOD's estimates indicate that it could save \$60 million to \$70 million per year if the headquarters were relocated to the United States. Over 5 years, this would result in savings of \$300 million to \$350 million.

Agency Comments and GAO's Evaluation

In commenting on GAO's May 2013 report on which this analysis is based, DOD agreed with three of GAO's four recommendations and disagreed with one. DOD concurred that the Secretary of Defense should track all personnel, implement a formal process to gather information on manpower, and require that more complete data be submitted to

Congress on positions and funding for the commands. DOD disagreed with GAO's recommendation to require a comprehensive, periodic evaluation of whether the size and structure of the combatant commands efficiently meet assigned missions, stating that the combatant commands had already been reduced during previous budget reviews. GAO's May 2013 report acknowledged and described several of the actions DOD has taken to manage growth at its combatant commands. However, GAO continues to maintain that these actions do not constitute a comprehensive, periodic review because DOD's actions have not included all authorized positions at the combatant commands.

In commenting on the September 2013 GAO report on which this analysis is based, DOD partially concurred with GAO's recommendation, stating that the decision to keep AFRICOM headquarters in Germany was based primarily on military judgment, but that the department will perform additional analysis of the location of the headquarters if the Secretary of Defense deems it necessary. GAO recognizes that military judgment can be difficult to quantify, but maintains that the department should conduct an analysis to provide a more complete explanation of how operational benefits and costs are weighed in the decision, especially in light of the considerable cost savings and benefits to the U.S. economy DOD could be foregoing.

GAO provided a draft of this report section to DOD for review and comment. DOD reviewed the report section and did not provide comments on this issue.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the reports listed in the related GAO products section. For its May 2013 report, GAO obtained and analyzed data on combatant command resources, to include authorized positions and mission and headquarters-support costs, for five regional combatant commands and their service component commands, excluding the U.S. Central Command. GAO also interviewed officials regarding the commands' staffing and personnel policies and procedures for reported resources. For its September 2013 report, GAO analyzed documents provided by and interviewed officials from the Office of the Secretary of Defense; the Joint Staff; and AFRICOM and other combatant commands. We calculated the estimated savings for the reductions based on our findings from our previous work, as described above. Table 10 in appendix IV lists the commands GAO identified that might have opportunities for costs savings or revenue enhancement.

Related GAO Products

Defense Headquarters: DOD Needs to Reassess Options for Permanent Location of U.S. Africa Command. [GAO-13-646](#). Washington, D.C.: September 9, 2013.

Defense Headquarters: DOD Needs to Periodically Review and Improve Visibility of Combatant Commands' Resources. [GAO-13-293](#).
Washington, D.C.: May 15, 2013.

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13. Advanced Technology Vehicles Manufacturing Loan Program

Unless the Department of Energy can demonstrate demand for new Advanced Technology Vehicles Manufacturing loans and viable applications, Congress may wish to consider rescinding all or part of the remaining \$4.2 billion in credit subsidy appropriations.

Why This Area Is Important

Faced with concerns over the nation's reliance on imported oil, volatile energy costs, and greenhouse gas emissions, federal policymakers have established several programs and appropriated billions of dollars to promote advanced energy technologies to help meet our nation's energy needs. In December 2007, Congress passed the Energy Independence and Security Act (EISA), which made the nation's corporate average fuel economy standards more stringent by requiring significant increases by 2020 in the fuel economy of newly manufactured passenger vehicles being sold in the United States. In addition, EISA authorized the Advanced Technology Vehicles Manufacturing (ATVM) loan program to provide up to \$25 billion in loans (loan authority) for projects to produce more fuel-efficient passenger vehicles and their components. The fiscal year 2009 continuing resolution appropriated \$7.5 billion to the Department of Energy (DOE) to support the program's direct loans to manufacturers of passenger vehicles and their components by paying the credit subsidy costs of the loans. Credit subsidy costs represent the estimated net long-term cost of extending or guaranteeing credit, in present value terms, over the entire period the loans are outstanding (not including administrative costs).

Of the \$7.5 billion in appropriations, DOE has used \$3.3 billion to cover credit subsidy costs for five ATVM loans worth \$8.4 billion. This leaves \$4.2 billion in credit subsidy appropriations and \$16.6 billion in loan authority remaining, as shown in the table below. The program accepts applications on a rolling, ongoing basis. DOE closed on its most recent ATVM loan in March 2011. The credit subsidy appropriations and loan authority for the ATVM loan program do not expire.

ATVM Loan Program Remaining Appropriations and Loan Authority

	Provided	Remaining
Credit subsidy appropriations	\$7.5 billion	\$4.2 billion
Loan authority	\$25 billion	\$16.6 billion

Source: GAO analysis of DOE information.

What GAO Found

GAO reported in March 2013 that DOE was not actively considering any applications for using the remaining \$4.2 billion in credit subsidy appropriations or \$16.6 billion in loan authority available under the ATVM loan program. DOE considered the seven ATVM loan program

applications it had at that time, requesting a total of \$1.48 billion, to be inactive for reasons including insufficient project equity or technology that was not ready. Since GAO's March 2013 report, DOE has received one additional application, which seeks a loan of approximately \$200 million. However, according to DOE officials in November 2013, the application remained in the initial phase of DOE's review because the application—which was received in July 2013—was not complete. In commenting on this report section in February 2014, DOE said that it has moved the application to the due diligence phase of review.¹

Many of the applications previously received by DOE did not meet all the project, technical, and financial eligibility requirements of the program. To be eligible for loans, projects must (1) meet the fuel economy and emissions requirements set forth in the definition of an advanced technology vehicle or be designed for a specific advanced technology vehicle; (2) be designed or manufactured in the United States; and (3) meet federal prevailing wage requirements. Applicants must also meet technical and financial eligibility requirements. Manufacturers must meet sufficient fleet fuel economy standards or make qualifying components, and be financially viable without the receipt of additional federal funding for the proposed project. In November 2013, DOE officials told us that the department planned to conduct renewed outreach to component manufacturers regarding the program requirements and application process. In commenting on this report section in February 2014, DOE said that the agency has conducted this outreach and, as a result, has recently received several expressions of interest from potential applicants.

GAO also reported in March 2013 that most ATVM loan program applicants and other auto manufacturers GAO spoke with noted that there remains a need to promote advanced technology for increasing fuel economy. However, in many cases they said that, as the program is currently implemented by DOE, the costs of participating outweigh the benefits to their companies. Most applicants and manufacturers we spoke to cited lengthy and burdensome application and review processes or restrictive loan and reporting requirements as challenges. In addition, most applicants and manufacturers noted that problems with the Solyndra default and other DOE programs have tarnished the ATVM loan program.² According to these applicants and manufacturers, the negative publicity makes DOE more risk-averse or makes companies wary of being associated with government support.

¹During the due diligence phase, DOE performs a detailed examination of the project's technical, financial, legal, and other qualifications and negotiates the terms of the loan with the applicant.

²Solyndra, a solar panel manufacturer and the first recipient of a DOE loan guarantee under the Title XVII Loan Guarantee Program, declared bankruptcy in September 2011.

Determining whether funds will be used is important, particularly in a constrained fiscal environment, as unused appropriations could be rescinded or go toward other government priorities. Although the ATVM loan program accepts applications on an ongoing basis, DOE officials said in March 2013 that DOE is not likely to use all the remaining ATVM loan program authority given the current eligibility requirements.

Actions Needed and Potential Financial or Other Benefits

Unless DOE can demonstrate a demand for new ATVM loans and viable applications, Congress may wish to consider

- rescinding all or part of the remaining \$4.2 billion in credit subsidy appropriations.

Agency Comments and GAO's Evaluation

In commenting on the March 2013 report on which this analysis is based, DOE generally agreed with GAO's findings. DOE also provided technical comments that were incorporated, as appropriate. GAO provided a draft of this report section to DOE for review and comment. DOE provided written comments, including updated information on the status of the program, which was incorporated as appropriate. In its comments, DOE strongly disagreed with GAO's suggested action. DOE asserted that its new outreach efforts to potential applicants, such as meetings and presentations with senior management at component manufacturers, will increase awareness and interest in the program and lead to additional applications in 2014. DOE also commented that market trends toward fuel-efficient technologies and constrained manufacturing capacity will encourage automotive manufacturers to seek additional sources of capital in the United States.

Although DOE said that it has received several expressions of interest from potential applicants since November 2013, DOE has not received any new applications. Additionally, DOE did not comment on how it planned to address challenges cited by previous applicants, including lengthy and burdensome application and review processes. Although the expressions of interest by potential applicants are encouraging, GAO maintains that all or part of the remaining \$4.2 billion in credit subsidy appropriations should be considered for rescission because DOE has not further demonstrated a demand for ATVM loans, such as new applications that meet all the project, technical, and financial eligibility requirements of the program and involve amounts sufficient to justify retaining the remaining credit subsidy appropriations.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from products listed in the related GAO products section and additional work GAO conducted. For the March 2013 report, GAO reviewed DOE documents and interviewed five ATVM loan program applicants and other auto manufacturers. We selected applicants and auto manufacturers based on their eligibility to apply, ensuring that we included current, former, and prospective applicants. In addition, in November 2013, GAO

interviewed DOE officials to obtain updated information on the status of the ATVM loan program.

Table 11 in appendix IV lists the programs GAO identified that might have opportunities for cost savings.

Related GAO Products

Department of Energy: Status of Loan Programs. [GAO-13-331R](#). Washington, D.C.: March 15, 2013.

Department of Energy: Advanced Technology Vehicle Loan Program Implementation Is Under Way, but Enhanced Technical Oversight and Performance Measures Are Needed. [GAO-11-145](#). Washington, D.C.: February 28, 2011.

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14. Coin Inventory Management

The Federal Reserve should develop a process to assess factors influencing coin management costs and identify practices that could potentially lead to millions of dollars in revenue enhancement.

Why This Area Is Important

Efficiently managing the nation's inventory of circulating coins helps to ensure that the coin supply meets the public's demand while avoiding unnecessary costs. The Federal Reserve System is composed of an independent government agency—the Board of Governors (Board)—and 12 regional Federal Reserve Banks (Reserve Banks). The Reserve Banks carry out a variety of functions for the Federal Reserve, including ensuring that coins and notes are available in quantities sufficient to meet the public's needs by managing coins held in inventory and ordering new coins from the U.S. Mint. The 12 Reserve Banks provide coins and notes to depository institutions (e.g., commercial banks, federal savings associations, and credit unions), among other responsibilities. The Federal Reserve System's Cash Product Office (CPO) manages the Reserve Banks' coin inventory from a national perspective, working closely with the Reserve Banks. Since 2009, on behalf of the Reserve Banks, the Federal Reserve has taken steps to standardize its management of the circulating coin inventory from a national perspective.

The Board and Reserve Banks are self-funded entities that engage in a variety of activities that generate revenue, such as earnings from lending to financial institutions. The costs of operating the Federal Reserve System are deducted from these revenues and the remaining amount is transferred to the General Fund of the U.S. Treasury (General Fund). In 2012, the Federal Reserve System transferred \$88.4 billion to the General Fund. Federal Reserve System revenues contribute to total U.S. government revenues, and therefore, if coin-inventory management can become more efficient, more of its revenue could potentially be transferred to the General Fund.

What GAO Found

In 2012, Reserve Bank costs related to coin management were approximately \$62 million.¹ To monitor costs related to coin and note management, CPO officials said they review currency management costs—which include costs related to both coins and notes—at the national level because individual Reserve Banks may vary in their accounting for operational costs related to coins and notes. In October 2013, GAO found that from 2008 through 2012 total annual Reserve Bank currency management costs increased by 23 percent at the national level.

¹Coin management includes the CPO's administration, coin handling, and interbank coin transfer costs. Reserve Bank costs related to coin management include, for example, support costs (e.g. utilities and information technology) and direct costs (e.g., personnel and equipment).

While cost information for coins and notes is available separately, CPO does not separately monitor coin management costs. Looking specifically at coin management costs, GAO's analysis indicates that coin management costs increased by 69 percent from 2008 through 2012. CPO officials attributed the increase in coin management costs to support costs, which increased by 80 percent during that period (approximately \$19.6 million from 2008 to 2012). Support costs include utilities, facilities, and information technology as well as other local and national support services such as CPO's services. According to CPO officials, direct costs—which include personnel and equipment—represent their primary measure of Reserve Bank coin management costs. GAO found that direct costs for coin management increased by 45 percent during this period, about \$5 million across the 28 Reserve Bank offices.

Although Reserve Bank coin management costs have risen since 2008, CPO has not taken steps to systematically assess factors influencing direct and support costs related to coin management and assess whether opportunities exist to isolate elements of their coin inventory management that could lead to cost savings or greater efficiencies across the Reserve Banks. In October 2013, GAO also found that the rates of increasing coin management costs differ across Reserve Banks. Using data provided by CPO on individual Reserve Banks' costs, from 2008 through 2012, coin management costs increased for all Reserve Banks, with the increases ranging from a low of 36 percent to a high of 116 percent. The Federal Reserve's 2012-2015 strategic plan includes an objective to use financial resources efficiently and effectively.² In addition, according to a professional association that provides guidance on internal controls, as part of the internal control process, management should ensure that operations, such as managing an inventory, are efficient and cost-effective, and this process includes monitoring costs and using this information to make operational adjustments.³ Without taking steps to identify and share cost-effective coin management practices across Reserve Banks, the Federal Reserve may be missing opportunities to support more efficient and effective use of Reserve Bank resources. In addition, more efficient management of the coin inventory may enhance revenues and contribute additional funds to the General Fund.

²Federal Reserve, *Strategic Framework 2012-15* (2013).

³Committee of Sponsoring Organizations of the Treadway Commission (COSO), *Internal Control—Integrated Framework* (1992). COSO is a joint initiative of five professional associations dedicated to providing thought leadership through the development of frameworks and guidance on enterprise risk management, internal control, and fraud deterrence.

Actions Needed and Potential Financial or Other Benefits

GAO recommended in October 2013 that the Board of Governors of the Federal Reserve System should direct the Cash Product Office to

- develop a process to assess the factors that have influenced increasing coin management costs and differences in costs across Reserve Banks and a process to use this information to identify practices that could lead to revenue enhancement.

Taking these actions may help the Federal Reserve identify ways to improve the cost-effectiveness of its coin management, potentially increasing the revenues that are available for the Federal Reserve System to transfer to the General Fund. Estimating the extent of potential increased revenues requires the Federal Reserve System to assess specific coin management practices at each Reserve Bank.

Agency Comments and GAO's Evaluation

We provided a draft of [GAO-14-110](#) to the Chairman of the Board of Governors of the Federal Reserve System and the Secretary of the Treasury for review and comment. In written comments, the Board generally agreed with the report's recommendations. Treasury had no comments.

GAO provided a draft of this report section to the Chairman of the Board of Governors of the Federal Reserve System and the U.S. Mint for review and comment. The Board provided written comments and noted that the CPO has agreed to define a new metric that measures the productivity of Reserve Bank coin operations and will enable them to monitor coin costs and identify cost variations across Reserve Banks. The U.S. Mint did not provide comments on this issue.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from [GAO-14-110](#). GAO reviewed documentation and interviewed officials from the Board, Reserve Banks, CPO, and U.S. Mint. In addition, GAO obtained and analyzed Reserve Bank currency management cost data from 2008 through 2012. Table 12 in appendix IV lists the programs GAO identified that might have opportunities for cost savings.

Related GAO Products

U.S. Currency: Coin Inventory Management Needs Better Performance Information. [GAO-14-110](#). Washington, D.C.: October 28, 2013.

U.S. Coins: The Federal Reserve Banks Are Fulfilling Coin Demand, but Optimal Inventory Ranges Are Undefined. [GAO-08-401](#). Washington, D.C.: March 21, 2008.

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15. Collection of Unpaid Federal Taxes

The federal government can increase tax revenue collections by hundreds of millions of dollars over a 5-year time period by identifying and taking actions to limit issuance of passports to applicants, levy payments to Medicaid providers, or identify security-clearance applicants with unpaid federal taxes.

Why This Area Is Important

In January 2012, the Internal Revenue Service (IRS) estimated that it had a net tax gap of \$385 billion. IRS's enforcement of the tax laws promotes voluntary compliance by giving all taxpayers a sense that others are paying their fair share. Notwithstanding IRS's activities, the net tax gap remains large. Accordingly, tax-law administration is on GAO's high-risk list.¹

What GAO Found

GAO has identified several areas where the federal government can enhance its collection efforts by taking action to limit issuance of passports to applicants, levy payments to Medicaid providers, or identify security clearance applicants with unpaid federal taxes. Taking such actions could increase tax revenues by hundreds of millions of dollars over a 5-year time period. These actions are outlined below.

- **Limit issuance of passports to applicants with delinquent federal tax debt.** Federal law permits the Secretary of State to deny or revoke the issuance of passports in certain circumstances, such as for delinquent child-support obligations. Under the Department of State's (State) Passport Denial Program, the names of noncustodial parents certified by a state as having arrearages exceeding \$2,500 are submitted by the Department of Health and Human Services to State, which denies them U.S. passports upon application or use of a passport service until the debt is satisfied. Similar legislation applied to federal tax debts could generate substantial collections of known unpaid federal taxes and increase tax compliance for millions of Americans holding passports. In March 2011, GAO reported that State issued passports to about 16 million individuals during fiscal year 2008; of these, over 224,000 individuals (over 1 percent) collectively owed over \$5.8 billion in unpaid federal taxes as of September 30, 2008.² In September of 2013, the House introduced a bill that would authorize State to deny the issuance of a passport or revoke a passport of any individual who has a delinquent tax debt over \$50,000.³ As of February 2014, no action had been taken on the bill since its introduction.

¹See GAO, *High-Risk Series: An Update*, [GAO-13-283](#) (Washington, D.C.: Feb. 14, 2013).

²Tax debts less than \$100 per individual were excluded from this analysis.

³Savings, Accountability, Value, and Efficiency II Act, H.R. 3146, 113th Cong. (2013).

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- **Continuous levy of Medicaid reimbursements.** A portion of the tax gap is owed by individuals and businesses receiving payments from the federal and state governments, including Medicaid providers.⁴ In July 2012, GAO reported that about 7,000 Medicaid providers, about 5.6 percent of those paid during fiscal year 2009, had about \$791 million of unpaid federal taxes. These 7,000 Medicaid providers received a total of about \$6.6 billion in Medicaid reimbursements during 2009 (including American Recovery and Reinvestment Act of 2009 funds). The amount of unpaid federal taxes owed by 40 of these individual providers ranged from approximately \$100,000 to over \$6 million, per provider. Current federal law does not allow the continuous levy (seizure) of Medicaid payments because Medicaid payments are not considered federal payments. In July 2012, GAO reported that IRS could have collected between \$22 million and \$330 million from Medicaid providers in three states (New York, Texas, and Florida) in 2009 if it had been authorized to use a continuous levy process. In contrast, this process has been used to collect unpaid federal tax debts on Medicare payments. Several bills introduced in Congress in April and July of 2013 would allow the continuous levy of Medicaid reimbursements, but none had become law as of February 2014.
 - **Identification of delinquent federal tax debts through the security clearance process.** Federal law does not expressly prohibit an individual with unpaid federal taxes from being granted a security clearance; however, delinquent tax debt does pose a potential vulnerability that must be considered in making a broader determination of whether an applicant should be granted a security clearance. Additionally, federal agencies generally do not routinely monitor individuals to identify delinquent tax debt accrued subsequent to the clearance approval. Further, there is no process to detect unpaid federal tax debts accrued after an individual has been favorably adjudicated unless the debt is self-reported, reported by a security manager due to garnishment of wages, or discovered during a clearance renewal or upgrade.⁵ Given that individuals who hold security clearances are reinvestigated every 10 years for secret clearances and every 5 years for top-secret clearances, if an individual accrues tax debt after a security clearance is granted, the unpaid federal tax debt may not be detected for up to 5 to 10 years.

In September 2013, GAO reported that about 8,400 of the 240,000 employees and contractors of civilian executive-branch agencies who had a federal security clearance or who were approved for secret and top-secret clearances owed approximately \$85 million in unpaid

⁴Medicaid is a federal-state partnership that finances health care for certain low-income individuals, including children, families, the aged, and the disabled.

⁵Individuals who have been found favorably adjudicated for a clearance have been deemed eligible for a clearance by their adjudicating agency.

federal taxes, as of June 2012.⁶ According to IRS data, about 4,200 of these 8,400 individuals with tax debt had a repayment plan with the IRS to pay back their debt as of June 30, 2012. The tax debt owed by those on a repayment plan was approximately \$35 million. GAO's analysis also found that 6,300 individuals (approximately 76 percent of the 8,400 that owed tax debt) accrued their tax debt after approval of the security clearance.

GAO previously reported that federal law does not permit IRS to disclose taxpayer information, including unpaid federal taxes, to federal officials without consent from taxpayer.⁷ As noted in GAO's September 2013 report, federal agencies may obtain information on federal tax debts directly from IRS if the applicant provides consent. However, obtaining consent waivers is a manual process and thus it is not conducive to the large-scale detection of unpaid federal taxes owed by security-clearance applicants. Additionally, the consent waiver generally provides limited visibility into an applicant's overall tax-debt status because the form requires the requesting agency to identify the specific time periods for which it is requesting disclosure, and, as such, the agency may not obtain the complete tax-debt history of the individual nor would it be of use during the duration of time between reinvestigations.

In September 2013, GAO reported that additional mechanisms that provide large-scale, routine detection of federal debt could improve the ability of federal agencies to identify individuals who owe federal debts, including federal taxes. Agencies could explore whether mechanisms could be developed that allowed them to perform routine, automated checks to determine whether individuals have unpaid federal debts, without compromising statutory tax privacy protections. If developing such a mechanism proved impractical, GAO reported that the Office of the Director of National Intelligence (ODNI) could determine whether seeking an exception to federal privacy law to allow for such checks is advisable. Enhancing federal investigative agencies' access to federal debt information, including federal taxes, for the purpose of both investigating and adjudicating security-clearance applicants, as well as ongoing monitoring of current clearance holders' tax-debt status, would better position agencies to make fully informed decisions about eligibility for security clearances.

⁶Individuals included in the study do not include known employees and contractors of the Department of Defense and intelligence agencies. The study only includes those individuals who had a favorable adjudication decision made from April 1, 2006, through December 31, 2011.

⁷See GAO, *Medicaid: Providers in Three States with Unpaid Federal Taxes Received over \$6 Billion in Medicaid Reimbursements*, [GAO-12-857](#) (Washington, D.C.: July 27, 2012).

Actions Needed and Potential Financial or Other Benefits

GAO suggested actions to increase tax revenue collections by identifying and taking action to limit issuance of passports to applicants, levy payments to Medicaid providers, or identify security-clearance applicants with unpaid federal taxes in three reports issued in March 2011, July 2012, and September 2013, respectively. Specifically, GAO suggested that Congress may wish to consider taking the following action:

- Enable and require the Secretary of State to screen and prevent individuals who owe federal taxes from receiving passports, to include establishing criteria for specific categories of passport holders and waivers as appropriate. To do this, Congress may wish to ask the Secretary of State and Commissioner of Internal Revenue to jointly study policy and practical issues and develop options for further consideration, including developing appropriate criteria and safeguards.

In addition, GAO recommended that the Commissioner of the Internal Revenue Service take the following action:

- Explore further opportunities to enhance the collection of unpaid federal taxes from Medicaid providers. This includes conducting a cost-benefit analysis of the implementation of a continuous levy program and expanded use of levies against providers with large Medicaid payments and significant unpaid federal taxes. Where appropriate, IRS should seek legislation to modify existing law to allow for more efficient collection of outstanding tax debts from Medicaid providers.

Finally, GAO recommended that the Director of National Intelligence, in consultation with the Office of Personnel Management (OPM) and the Department of the Treasury, should take the following action:

- Evaluate the feasibility of federal agencies routinely obtaining federal debt information from the Department of the Treasury, or a similar automated mechanism that includes federal taxes, for the purposes of investigating and adjudicating clearance applicants, as well as for ongoing monitoring of current clearance holders' tax-debt status. If this is found to be impractical, ODNI should consider whether an exception to federal privacy law is advisable and, if so, develop a legislative proposal, in consultation with Congress, to authorize access to tax-debt information.

These actions can increase tax revenue collections by more than \$500 million over a 5-year period by identifying and taking action to deny benefits or levy payments to passport applicants, Medicaid providers, and security-clearance applicants who owe federal taxes. For example, according to a 2012 Congressional Budget Office estimate, the federal government can save about \$500 million over a 5-year period on the revocation or denial of passports in cases of certain federal tax delinquencies.

Agency Comments and GAO's Evaluation

In commenting on the September 2013, July 2012, and March 2011 reports, the cognizant federal agencies either agreed with GAO's recommendations or did not provide any written comments, as follows

- IRS, the Department of State, and the Department of the Treasury did not comment on the findings in GAO's March 2011 report on passport issuance to increase collection of unpaid taxes. The Department of State provided technical comments, which were incorporated into the March 2011 report as appropriate.

In commenting on the July 2012 report on unpaid tax debt among Medicaid providers, IRS concurred with GAO's recommendation to explore opportunities to enhance the collection of unpaid federal taxes from Medicaid providers, but noted that previous efforts have revealed significant operational challenges. Similarly, the Centers for Medicare & Medicaid Services (CMS) noted that the structure of the Medicaid program (wherein the federal government does not have a direct relationship with providers or pay them directly) provides a programmatic basis for excluding Medicaid from the levy program, and may result in significant challenges to the implementation of an automated levy. CMS further noted that any potential legislation related to the collection of outstanding tax debts from Medicaid providers may affect the basic structure of the Medicaid program. CMS noted, however, that it is prepared to coordinate with IRS in exploring opportunities to enhance levy collections from Medicaid providers. GAO recognizes the challenges expressed by IRS and CMS. However, given that GAO found over \$6 billion of payments made to tax-delinquent Medicaid providers in three states, a more rigorous review of the potential costs and financial benefits of implementing enhanced continuous and other levies of Medicaid payments is warranted.

- ODNI agreed with the recommendation in the September 2013 report to evaluate the feasibility of federal agencies routinely obtaining delinquent federal debt information for the purposes of investigating and adjudicating clearance applicants, as well as for ongoing monitoring of current clearance holders' tax-debt status. ODNI stated that it is collaborating with representatives from the Treasury Offset Department at the Department of the Treasury regarding the use of its automated record process to identify delinquent federal tax debt for purposes of investigating, adjudicating, and monitoring security clearance holders and applicants.

GAO provided a draft of this report section to IRS, the Department of Health and Human Services (HHS), ODNI, State, and OPM for review and comment.

- In an e-mail dated February 21, 2014, a Program Manager with IRS's Office of Legislative Affairs provided updates on the agency's efforts to address two of the three recommendations listed above. Specifically, the Program Manager stated that the recommendation regarding the screening and preventing of individuals who owe federal

taxes from receiving passports would require a legislative change. According to the Program Manager, 26 U.S.C. § 6103 prohibits the IRS from disclosing return and return information and there is no exception to disclose such information to State for the purpose of limiting passport issuance.

Regarding the recommendation regarding exploring further opportunities to enhance the collection of unpaid federal taxes from Medicaid providers, the Program Manager stated that the agency issued interim guidance to address the one-time notice of levy to state Medicaid agencies. IRS has planned meetings with the Bureau of the Fiscal Service about adding state Medicaid payments to a continuous levy program. These discussions are in the initial stages and IRS does not expect a resolution to the issue in the near term because the discussions with the reciprocal states are in the preliminary stages. While IRS's action is a short-term solution for our recommendation of a one-time notice levy, GAO maintains that a long-term solution to integrate Medicaid payments into a continuous levy process is still necessary. The Program Manager did not comment on the recommendation related to obtaining federal debt information.

- In an e-mail dated February 20, 2014, an Oversight Analyst with HHS's Office of the Assistant Secretary for Legislation stated that CMS continues to engage with the Department of the Treasury in exploring the feasibility of expanding the Treasury Offset Program to Medicaid.
- In an e-mail received on February 7, 2014, a policy coordinator with the ODNI Office of Legislative Affairs commented on the security clearance recommendation and provided technical comments, which were incorporated as appropriate. The policy coordinator stated that ODNI is collaborating with representatives from the Department of the Treasury regarding the use of their automated record process to identify delinquent federal tax debt for purposes of investigating, adjudicating, and monitoring security-clearance holders and applicants.
- State and OPM did not provide comments on this issue.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products in the related GAO products section. For all three reports, the estimated amount of unpaid federal taxes is likely understated because it excludes individuals who have not filed tax returns or who underreported income, among other reasons. Specifically,

- For the March 2011 report, GAO obtained and analyzed IRS tax-debt data as of September 30, 2008, and obtained and analyzed data on passport recipients from the Department of State for fiscal year 2008. GAO matched the list of passport recipients with IRS tax debts using Social Security numbers.

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- For the July 2012 report, GAO compared Medicaid reimbursement information from three states to known IRS tax debts as of September 30, 2009. These states were among those that received the largest portion of American Recovery and Reinvestment Act Medicaid funding. GAO also obtained federal tax-debt data from IRS as of September 30, 2011. Using the taxpayer identification number as a unique identifier, GAO electronically matched IRS's tax-debt data to the population of Medicaid providers. GAO's analysis determined the magnitude of known unpaid federal taxes owed by 2009 Medicaid providers in only New York, Texas, and Florida and cannot be generalized to other states or time periods.
 - For the September 2013 report, GAO obtained and analyzed OPM data on individuals eligible for a secret or top-secret security clearance due to a favorable adjudication, either during an initial investigation or a reinvestigation, from April 1, 2006, through December 31, 2011. GAO also obtained and analyzed IRS tax-debt data as of June 30, 2012. GAO matched the list of individuals eligible for a security clearance with IRS tax debt data as of June 30, 2012, using the Social Security number.⁸ To determine to what extent federal agencies have mechanisms to detect unpaid tax debt during the security-clearance approval process, such as investigative and adjudication mechanisms, GAO also reviewed relevant laws and regulations and interviewed officials from ODNI, the Department of the Treasury, and OPM

Related GAO Products

Security Clearances: Additional Mechanisms May Aid Federal Tax-Debt Detection. [GAO-13-733](#). Washington, D.C.: September 10, 2013.

Medicaid: Providers in Three States with Unpaid Federal Taxes Received over \$6 Billion in Medicaid Reimbursements. [GAO-12-857](#). Washington, D.C.: July 27, 2012.

Federal Tax Collection: Potential for Using Passport Issuance to Increase Collection of Unpaid Taxes. [GAO-11-272](#). Washington, D.C.: March 10, 2011.

Contact Information

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⁸GAO's final estimate of tax debt does include some debt that is covered under an active IRS installment plan or is beyond normal statutory time limits for debt collection.

16. Federal Real Property Ownership and Leasing

The General Services Administration could potentially achieve millions of dollars in savings by using capital-planning best practices to create a long-term strategy for targeted ownership investments to replace some high-value leases.

Why This Area Is Important

In fiscal year 2012, the General Services Administration (GSA) received approximately \$5.2 billion in new obligational authority¹ to provide 193 million square feet of rental space to federal agencies in privately owned buildings in cases where federally owned space was not available. GAO's work has shown that building ownership often costs less than leasing, especially for long-term space needs. However, GSA relies heavily on costly operating leases to meet new long-term needs because it typically lacks the upfront funding needed to purchase buildings or space. Overreliance on costly leasing is one reason that federal real property has remained on GAO's high-risk list.²

For leases with a net annual rent above a threshold—\$2.79 million in fiscal year 2012—GSA is required to submit a prospectus, or proposal, to the House and Senate authorizing committees for their review and approval. The prospectus is to provide basic information on the proposed lease—including the purpose, location, and cost—to assist Congress in overseeing GSA's management of its real property portfolio. As of November 2012, prospectus-level, or high-value leases, represented only about 3 percent of the total number of GSA leases, but made up about one-third of its leased portfolio in terms of cost and size.

What GAO Found

GAO reported in September 2013 that GSA's capital planning approach lacks transparency and a strategic focus that could support more informed decision making related to its high-value leases. GSA officials stated that for most high-value leases, federal ownership would be more cost-effective over the long term, but GSA did not have the funding

¹The primary means of financing the operating and capital costs associated with federal space is the Federal Buildings Fund, a revolving fund financed by rents received from other agencies and authorized and established by the Public Buildings Act Amendments of 1972. Pub. L. No. 92-312 (1972). The Federal Buildings Fund is administered by GSA. Congress exercises control over the Federal Buildings Fund through the appropriations process that sets annual limits—called obligational authority—on how much of the fund can be obligated for various activities. GSA, as an executive branch agency, requests obligational authority from Congress as part of the annual President's Budget Request. In annual appropriations legislation, Congress provides obligational authority to GSA to incur obligations and make expenditures from the Federal Buildings Fund in five categories of activities, including rental of space, which funds leases of privately owned space or buildings for federal agencies.

²GAO, *High-Risk Series: An Update*, [GAO-13-283](#) (Washington, D.C., February 2013).

available to pursue ownership solutions. However, GAO found that GSA does not follow leading capital-planning practices as identified by GAO's *Executive Guide* and the Office of Management and Budget's (OMB) *Capital Programming Guide* involving evaluating alternatives, prioritizing projects, and planning for long-term capital needs.³ The resulting lack of information on the long-term consequences of high-value leases, including costs and risks, could inadvertently contribute to the federal government's overspending on long-term space needs. For example:

- **Evaluating alternatives:** GSA's lease prospectuses do not discuss the length of time the space is needed or alternative approaches to meeting this need—which are key to understanding whether leasing or owning would be more cost-effective. Twenty-seven of the 218 leases in our review had prospectuses that contained an alternatives analysis of the comparative costs of leasing versus owning over 30 years. These analyses showed potential savings of over \$866 million if the spaces were owned rather than leased. The remaining 191 leases in our review did not contain an alternatives analysis, which are currently not required by GSA or OMB in light of the lack of capital funding for acquisitions and construction. As a result, decision makers did not have information on whether there were more cost-effective options.

With regards to alternatives analysis, GAO also found that nine ongoing high-value leases did not go through the prospectus process, in most cases either because GSA mistakenly did not provide a prospectus for the lease (3 leases) or because the lease started below the prospectus threshold, but over time grew in size and cost to surpass the prospectus threshold (4 leases). The lack of a prospectus on these leases further limits the transparency of the prospectus process in providing decision makers information on the full scope of GSA's high-value leased portfolio—information that could be used to analyze the extent to which leasing is the best alternative in these cases. Although these nine high-value leases have been in effect for several years, it is nonetheless important that information on them be submitted to the appropriate committees to maintain GSA's accountability to Congress in this area and allow the committees to exercise their oversight responsibility.

- **Prioritizing projects:** GSA has not systematically prioritized which space needs currently being met through high-value leases would be most beneficial to move to federally-owned solutions. GSA's current capital plan does not prioritize all of its proposed capital projects in the same list—instead ranking courthouse and land port-of-entry projects in their own list—making it difficult to compare GSA's prioritization of

³GAO, *Executive Guide: Leading Practices in Capital Decision-Making*, [GAO/AIMD-99-32](#) (Washington, D.C.: December 1998), and OMB, *Capital Programming Guide*, Supplement to Office of Management and Budget *Circular A-11*, Part 7: Planning, Budgeting, and Acquisition of Capital Assets (June 2006).

projects across its portfolio. In addition, GSA's current capital plan does not clearly explain why projects selected are the best alternative. Moreover, GSA does not have a documented analysis of which, if any, of its high-value leases should be targeted for ownership and how such ownership might compare cost-wise to other capital projects it has included in its capital plan or budget request.

By adopting leading practices for capital decision making in managing its high-value lease portfolio, such as evaluating alternatives and prioritizing projects, GSA could help the government potentially save millions of dollars by working to convert costly leases to ownership. GAO's case studies at 12 locations illustrated how a lack of these practices has resulted in high-value leases in cases where ownership could have potentially been considered. For example, one high-value lease for the Environmental Protection Agency in Seattle is for space in a building the agency has occupied for over 40 years. Another high-value lease is for the Department of State's diplomatic security bureau in Virginia. The department invested at least \$80 million in security upgrades into a facility that GSA leased for 10 years. When an agency makes a significant investment into a leased facility, there is a risk that when the lease expires, the agency may have to move and reinvest time and money into replicating the investment in a different facility—or the lessor may ask for a higher rent in the next lease knowing that any competitor will have to incorporate the costs of replicating the investment into its offer.

The current lack of alternatives analysis and other critical information in the lease prospectuses—such as a description of the length of time that an agency estimates it will need the space, an historical account of how long the agency has been in the particular building it is occupying at the time of the prospectus, and any major investments the agency will have to make to the leased space to meet its mission—limits decision makers' ability to assess the costs of continuing to handle long-term needs through leasing rather than ownership. Moreover, cases in which high-value leases lack a prospectus further reduce the transparency of GSA's full portfolio.

Finally, even with this additional information in the prospectuses, Congress would still be considering each leasing action separately. GSA lacks analysis of the effect of these long-term leases on its portfolio in line with capital-planning principles and it therefore cannot share this information with Congress, for example, by incorporating proposals for those space needs currently housed in high-value leases for which it would be most beneficial to transfer to an ownership solution into its capital plan. To strategically manage these leases, it is important to consider them in the context of GSA's entire real property portfolio.

Actions Needed and Potential Financial or Other Benefits

To enhance transparency and allow for more informed decision making related to the appropriate role of leasing in GSA's real property portfolio, GAO recommended in September 2013 that the Administrator of GSA take the following three actions:

- Include in the lease prospectus a description of the length of time that an agency estimates it will need the space, an historical account of how long the agency has been in the particular building it is occupying at the time of the prospectus, and any major investments the agency will have to make to the leased space to meet its mission. For those spaces for which the agency has a long-term projected need, also include an appropriate form of cost-to-lease versus cost-to-own alternatives analysis to facilitate the evaluation of these alternatives.
- Report to the appropriate congressional committees any leases above the prospectus threshold that did not follow the congressional prospectus process.
- Develop and use criteria to rank and prioritize potential long-term ownership solutions to current high-value leases among other capital investments. Use this ranking to create a long-term, cross-agency strategy that facilitates consideration of targeted investments in ownership.

GSA could potentially save millions of dollars by improving its capital planning through incorporating a strategy for targeted investment into ownership solutions for some space needs that are currently in high-value leases. Such a strategy could help GSA work with OMB and Congress to make available more funds for the upfront costs of renovating, constructing, or acquiring a building in cases in which these alternatives present a significant potential for cost savings.

Agency Comments and GAO's Evaluation

In its comments on the 2013 report, GSA stated that it agreed with the recommendations, and would take action to implement them. GSA also commented that it had concerns about some of the information GAO recommended be provided in prospectuses. For example, GSA stated that some information may not be included in prospectuses due to requirements of GSA's competitive real estate procurement process. In GAO's response to the agency comments, GAO agreed that GSA must adhere to the requirements of its competitive procurement process in carrying out the prospectus process but stated that the additional information GAO recommended be incorporated into prospectuses, even if it was modified to some degree to ensure adherence to GSA's competitive procurement process, would provide valuable information to Congress that could help inform its decisionmaking in this area.

GAO provided a draft of this report section to GSA for review and comment. In contrast to its comments on the 2013 report, in an email received on January 30, 2014, an official from the audit liaison's office stated that GSA only partially agreed with the report's first and second

recommendation and fully agreed with the third recommendation. Regarding the first recommendation, GSA stated that it does not always know all of the information GAO recommended be included in the prospectuses—for example, it may not know how long an agency will need the space or which building an agency will occupy, which could affect the level of investment an agency may need to make in the space to meet its mission. Even so, GSA stated that to implement this recommendation, it plans to include in lease prospectuses the recommended information in cases where this information is known, such as a cost-to-lease versus cost-to-own analysis for long-term projected space needs. While acknowledging that there may be cases in which GSA does not know all of the information GAO recommended be included in prospectuses, GAO maintains that GSA should include as much of this information as possible, in order to provide valuable information to Congress that could help inform its decision making in this area.

Regarding the second recommendation, GSA stated that it only partially agreed with the recommendation because in most cases, the leases GAO identified as being above the prospectus threshold did not have nor were required to have a prospectus at lease inception, as the net annual rent did not exceed the prospectus threshold until subsequent expansion took place. GSA therefore stated that to implement the recommendation, it will inform the appropriate congressional committees of the three prospectus-level leases that did not follow the proper procedures because the net annual rent exceeded the threshold even at lease inception. Further, GSA said it will enhance its internal controls to reduce instances of such leases (where net annual rent exceeds the threshold at inception) not going through the proper process. However, GAO maintains that GSA should inform appropriate congressional committees about any leases above the prospectus threshold even if the leases reached the threshold after lease inception. This information, along with additional information in the prospectuses and the cross-agency strategy that GAO recommended, could significantly increase the extent to which congressional decisionmakers have critical, transparent information needed to strategically manage GSA's real property portfolio. GSA itself recognizes the need to share such information with its authorizing committees, stating in its leasing guidance that its relationship with its authorizing committees is "paramount" and that "as a matter of comity" it will honor the expectations of the authorizing committees.⁴ For these additional reasons, GAO continues to recommend that GSA inform the committees of those leases that exceed the prospectus threshold but did not go through the prospectus process, whether that occurred before or after inception.

⁴GSA, *PBS Leasing Desk Guide*, 2011.

Regarding the third recommendation, GSA continues to agree with GAO and said it will develop and implement criteria to prioritize space needs to determine the most beneficial capital investment solutions.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products in the related GAO products section. GAO reviewed GSA data for all 218 active high-value leases as of November 2012 and selected 12 leases for case studies based on expiration dates, locations, and tenant agencies. GAO interviewed officials from GSA, tenant agencies, lessors, and other private sector officials with experience leasing to GSA.

Table 13 in appendix IV lists the programs GAO identified that might have opportunities for cost savings.

Related GAO Products

Federal Real Property: Greater Transparency and Strategic Focus Needed for High-Value GSA Leases, [GAO-13-744](#). Washington, D.C., September 19, 2013.

Federal Buildings Fund: Improved Transparency and Long-term Plan Needed to Clarify Capital Funding Priorities. [GAO-12-646](#). Washington, D.C.: July 12, 2012.

Federal Real Property: Strategy Needed to Address Agencies' Longstanding Reliance on Costly Leasing. [GAO-08-197](#). Washington, D.C.: January 24, 2008.

Contact Information

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17. Online Taxpayer Services

The Internal Revenue Service could potentially realize hundreds of millions of dollars in cost savings and increased revenues by enhancing its online services, which would improve service to taxpayers and encourage greater tax law compliance.

Why This Area Is Important

The Internal Revenue Service's (IRS) website is a low-cost method for providing service to millions of taxpayers. Taxpayers visited IRS's website over 375 million times during 2012 to obtain tax-related information, download forms, and check on the status of a refund, among other things. Further, taxpayers benefit from online services because they can research large amounts of tax guidance, access the services 24 hours a day, and avoid waiting in a queue to speak to a telephone representative. In addition, the Department of the Treasury has cited enhancing IRS.gov with additional online services as part of its plan to achieve its priority goals of improving service to taxpayers and increasing compliance with tax laws.

In December 2011, GAO reported that IRS could realize substantial savings by transferring taxpayers away from costly telephone interactions and recommended that IRS finalize a more comprehensive plan for its website. In its 2012 online strategy document, IRS also stated that investing in online services could produce benefits for the taxpayer and IRS. For example, IRS reported that operational efficiencies, such as reducing telephone service, could result in savings of hundreds of millions of dollars.

What GAO Found

In April 2013, GAO found that static web pages such as general information and forms constituted the majority of www.IRS.gov, with over 110,000 web pages and downloadable documents. The website included some basic interactive tools, such as providing a locator for its sites staffed by volunteers and allowing taxpayers to order a transcript of a prior year return. These interactive tools allow users to perform routine tasks online and, in some cases, obtain personalized information.

IRS, however, does not offer dynamic account access, which is the ability for users to make account changes after confirming their identity online. Other federal and state taxing authorities provide a broader range of online services to their customers, including dynamic interactive account access. For example, the Social Security Administration allows users to start or change direct deposit benefit payments online. The New York and California state tax agencies provide dynamic account access allowing taxpayers to view tax account balances and recent payments, to respond to notices, and to edit addresses. The IRS Oversight Board, National Taxpayer Advocate, and Electronic Tax Administration Advisory Committee have all recently made recommendations that IRS should provide taxpayers with online access to their accounts.

To improve its website, IRS has been simultaneously focusing on multiple short-term projects to deliver additional basic interactive tools, as well as longer-term efforts to invest in infrastructure such as more secure internet portals for accessing information. However, IRS does not have a long-term strategy for enhancing its website that explains how its ongoing and new efforts fit together. Strategic plans should contain the goals and objectives of a program along with measures of performance so that an agency can be held accountable. Further, IRS is following some but not all fundamental elements for a website strategy as described on www.howto.gov—a federal website designed to be a resource to help improve how agencies communicate and interact with customers and use innovative tools and technologies to improve service—and in other guidance. For example,

- IRS reviews other organizations' interactive tool designs, but has not used leading practices to inform its priorities for web enhancement.
- IRS's business cases that support the decisions to implement new interactive tools are missing key information, such as costs and benefits, and are not being used to set priorities. Further, IRS does not have overall cost estimates or enough detail on goals, deliverables, future online services, and time frames to be able to assess progress.
- IRS is not consistently conducting security risk assessments when implementing interactive tools. Further, IRS's investments in upgrading security and developing authentication capabilities are not linked to a long-term strategy.

While IRS's efforts to date have already benefited taxpayers and hold the promise of additional benefits in the future, without a long-term strategy it will be difficult for Congress and other decision makers to understand the costs and the benefits associated with assisting customers using interactive online services. Further, because some of the costs being incurred today are for infrastructure to enhance security and authenticate taxpayers' identities, it is even more important that a strategy explain the long-term benefits.

Actions Needed and Potential Financial or Other Benefits

GAO made multiple recommendations to improve interactive web services in a report issued in April 2013. Specifically, GAO recommended that the Acting Commissioner of the Internal Revenue Service should direct appropriate officials to take the following four actions:

- Develop a long-term strategy to improve web services provided to taxpayers, in accordance with www.Howto.gov and other federal guidance outlined in GAO's April 2013 report.
- Study leading practices of other organizations to understand how web improvement strategies were developed and new services prioritized.

-
- Develop business cases for all new online services, describing the potential benefits and costs of the project, and use them to prioritize future projects.
 - Review risk mitigation plans for interactive tools to ensure all risks are addressed and link investments in security to the long-term plan.

In its 2012 online strategy document, IRS estimated that enhancing online services, such as providing taxpayers with the ability to access account information, will produce hundreds of millions of dollars through improved operational efficiencies. Improvements in all of these areas would help IRS develop a strategic plan that would provide the information that managers and Congress need for improving website services to taxpayers.

Agency Comments and GAO's Evaluation

In commenting on GAO's April 2013 report on which this analysis is based, IRS neither agreed nor disagreed with the recommendation to develop a long-term strategy in accordance with federal guidance. Rather, IRS stated it has a long-term strategy to improve online services and would make improvements to the plan as appropriate. As of February 2014, officials from IRS's Office of Online Services told us that a long-term online strategy for improving web services will be completed in February 2015 and include the fundamental elements. IRS agreed with the recommendation to study leading practices of other organizations for website strategies. IRS partially agreed with the recommendation to develop business cases for all new online services. Specifically, IRS stated that it will continue to develop business cases, including potential benefits and costs, for all new online services and use them to help prioritize future projects. However, GAO maintains that the benefit and cost information in the business cases lacked enough information to be useful for setting priorities. Additionally, IRS agreed with the recommendation to review risk mitigation plans for interactive tools to ensure all risks are addressed and investments in security are in its long-term plan.

GAO provided a draft of this report section to IRS for review and comment. IRS provided oral comments in response to GAO's recommendations to improve interactive web services. The IRS Director of the Office of Online Services agreed that improvements to its interactive web services could result in cost savings, increase revenue, and importantly, improved services to taxpayers. The IRS Director of the Office of Online Services said the agency has made significant progress in implementing our recommendations, which will be integrated into its long-term strategy that is projected to be complete in February 2015. For example, IRS reported that it contracted with a third party to conduct an assessment of select IRS web services and compared them with industry best practices from multiple other organizations to understand how web improvement strategies were developed.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products in the related GAO products section. GAO analyzed agency documents, including the IRS Online Strategy dated September 2012, business cases, and plans to authenticate taxpayer identities for new interactive tools. GAO also compared IRS's documents with relevant guidance. GAO interviewed officials from IRS and other parties.

Related GAO Products

2013 Tax Filing Season: IRS Needs to Do More to Address the Growing Imbalance between the Demand for Services and Resources. [GAO-14-133](#). Washington, D.C.: December 18, 2013.

IRS Website: Long-Term Strategy Needed to Improve Interactive Services. [GAO-13-435](#). Washington, D.C.: April 16, 2013.

2012 Tax Filing: IRS Faces Challenges Providing Service to Taxpayers and Could Collect Balances Due More Effectively. [GAO-13-156](#). Washington, D.C.: December 18, 2012.

2011 Tax Filing: Processing Gains, but Taxpayer Assistance Could Be Enhanced by More Self-Service Tools. [GAO-12-176](#). Washington, D.C.: December 15, 2011.

Contact Information

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18. Real Estate-Owned Properties

Improvements to the Department of Housing and Urban Development's Federal Housing Administration's disposition and oversight practices for foreclosed properties could produce increased sales proceeds and savings from maintenance and other expenses from holding properties totaling hundreds of millions of dollars per year.

Why This Area Is Important

In recent years, the Federal Housing Administration (FHA), within the Department of Housing and Urban Development (HUD), has faced fiscal challenges, as has the rest of the mortgage insurance industry. Since 2009, the insurance fund under which FHA insures almost all of its single-family mortgages has not met minimum statutory capital requirements. Also, declining balances in the insurance fund's capital reserve account and higher than expected claims on loans insured before 2010 have resulted in FHA requiring additional funds to have sufficient resources for all future insurance claims on its existing portfolio. The federal role in housing finance remains on GAO's high-risk list in part because of these difficulties and because FHA's portfolio of insured mortgages has continued to grow.¹

With mortgage foreclosures at historic levels in recent years, FHA is faced with disposing of a high volume of foreclosed properties—known as real estate-owned (REO) properties—that it acquires after the foreclosure process is completed on a defaulted FHA-insured loan.² As GAO reported in June 2013, FHA disposed of more than 400,000 REO properties from January 2007 through June 2012.³ Other federally related entities that operate housing finance programs—including the Department of Veterans Affairs' (VA) Loan Guaranty Service, as well as the two government-sponsored housing enterprises, Fannie Mae and Freddie Mac—also have experienced increasing numbers of REO properties in recent years. All of these entities seek to sell or otherwise dispose of their REO properties in order to recover some portion of the loss on the original failed loans.

REO properties generally must be maintained, repaired when appropriate, evaluated to determine an appropriate selling price, and marketed for sale. Conducting these activities effectively can help ensure that FHA maximizes returns and minimizes maintenance and other holding costs. Achieving higher recoveries on REO property sales and

¹GAO, *High-Risk Series: An Update*, [GAO-13-283](#) (Washington, D.C.: February 2013).

²FHA and other federally related entities acquire REO properties from mortgage servicers when borrowers default on insured or guaranteed mortgage loans and no third party purchases the property at the foreclosure sale.

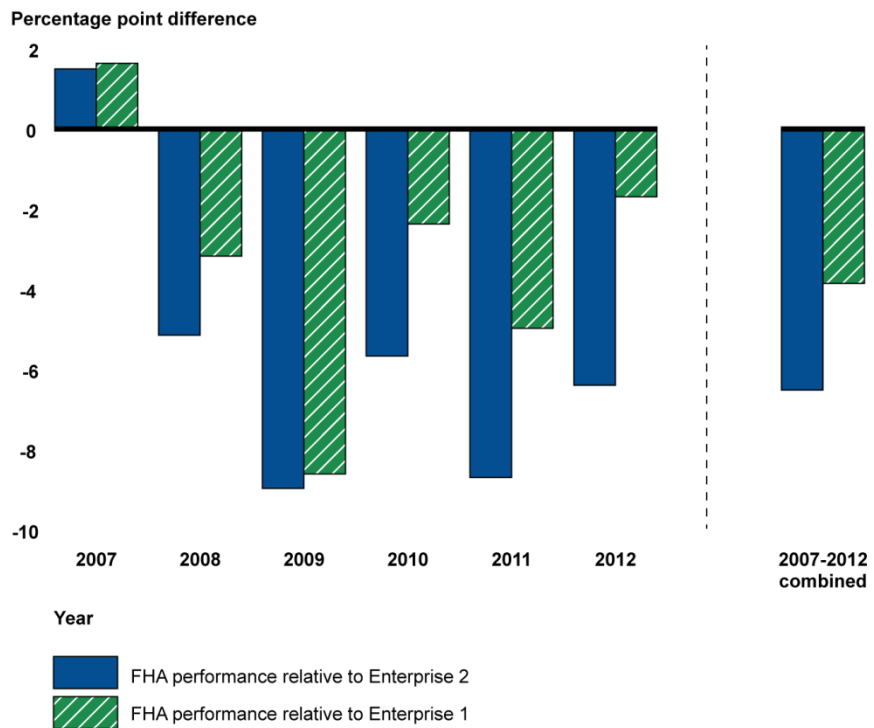
³Since the period covered in our analysis, FHA disposed of 131,700 properties from July 2012 through August 2013.

lower maintenance and other costs related to properties after foreclosure sale generally would have positive effects on the financial condition of the insurance fund.

What GAO Found

GAO reported in June 2013 that FHA’s performance in selling its REO properties lagged behind the performance of both Fannie Mae and Freddie Mac (the enterprises). Its combined 2007-2012 returns, measured by the net execution rate (net sales proceeds divided by independently assessed property values), were about 4 to 6 percentage points below the enterprises’ returns (see fig.).

FHA’s Aggregate Net Execution Rate Relative to the Enterprises’ Rates for REO Dispositions, January 2007 through June 2012



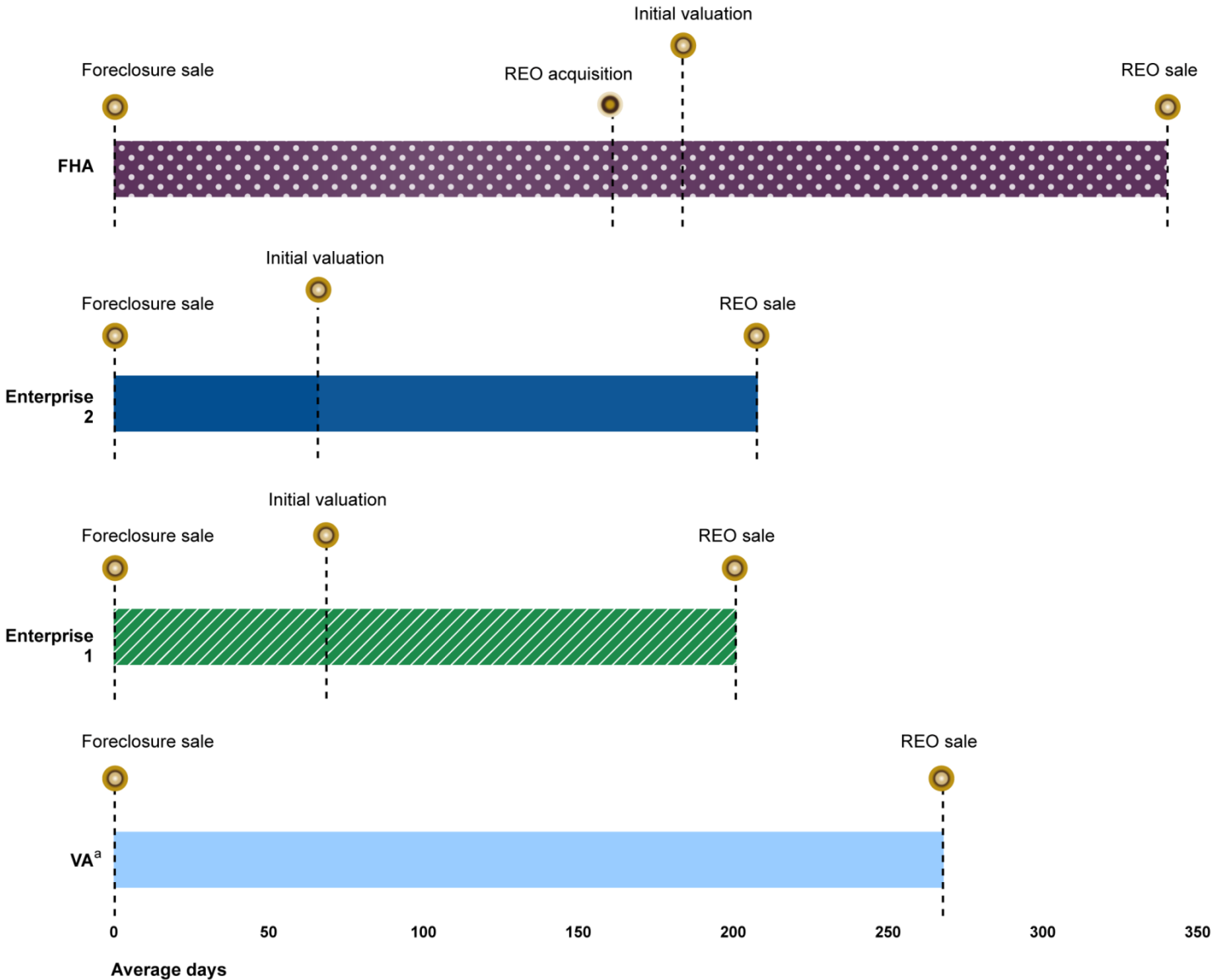
Sources: GAO analysis of FHA, Fannie Mae, and Freddie Mac data.

Note: The year 2012 represents data from January 1, 2012, through June 30, 2012. The figures that GAO reports for execution rates are aggregate calculations for individual years and the entire period rather than averages of the execution rates for individual property dispositions. The results are not controlled for the effects of property characteristics. These calculations did not include all dispositions for each entity because of missing values for certain data elements. VA did not have the property-level data available that are necessary to calculate net execution rates.

Differences in combined returns between FHA and the enterprises persisted even after controlling for certain differences in their properties’ characteristics (e.g., value, location, and local market conditions).

Further, while the enterprises took an average of around 200 days after foreclosure to dispose of REO properties, FHA took about 340 days—more than 60 percent longer (see fig.). FHA also took longer than VA.

Average Disposition Timelines by Entity for REO Dispositions, January 2008 through June 2012 (All Years Combined)



Sources: FHA, Fannie Mae, Freddie Mac, and VA data.

Notes: The enterprises generally acquire REO properties within 24 hours of foreclosure sales, and VA generally acquires properties within 15 days. The REO sale date represents the closing date of the REO sale. The results are not controlled for the effects of property characteristics. The calculations did not include all dispositions for each entity because of missing values for certain data elements.

^aVA did not have data available for its REO properties' initial valuation dates.

A similar pattern persisted even after controlling for certain property differences. In the first half of 2012, FHA's disposition returns and timelines generally improved relative to the enterprises' returns and timelines.

For FHA, unlike the others, a significant part of the time between the foreclosure sale and the REO sale is taken by loan servicers who must complete certain activities before conveying title to FHA. GAO originally reported in April 2002 and noted again in its June 2013 report that while other government entities maintain unified custody of foreclosed

properties and are responsible for maintaining the properties from the time of foreclosure sale until the properties are sold, FHA divides property custody between its mortgage servicers and REO contractors, which operate largely independently of one another. This divided approach to property custody in the post-foreclosure sale period could delay the initiation of critical steps necessary to sell REO properties quickly.

In June 2013, GAO reported that if FHA's execution rate and disposition time frame had equaled those of the enterprises in 2011, it could have increased its proceeds from the sale of REO properties by as much as \$400 million and decreased the costs it incurs while holding these properties—which can include items such as taxes, homeowners' association fees, and maintenance costs—by up to \$600 million for the year.

FHA and the enterprises used similar strategies to dispose of their REO properties, but FHA did not use some practices that the enterprises and private mortgage servicers used that may have the potential to improve its sales performance. For example, FHA did not repair its properties to increase their marketability, something both enterprises did. And unlike the enterprises, FHA did not incorporate information from multiple sources in setting list prices or consistently take into account market conditions when reducing prices. Instead, it relied on one appraisal in setting initial prices and often reduced the prices by set amounts.

In addition, FHA's oversight of the contractors that it used to maintain and dispose of REO properties had weaknesses, and FHA did not use some of the oversight tools other entities used that might prove effective. First, government internal control standards require complete, updated policies and procedures to guide program oversight. As of June 2013, FHA had not updated its REO disposition handbook since 1994, even though the agency implemented a different program and contractor structure in 2010. In the absence of a central source of updated guidance, GAO and FHA internal auditors found inconsistencies in both contractor activities and staff oversight across FHA's four regional offices that oversee REO activities. Second, FHA had not implemented a uniform system for evaluating contractor performance. For instance, FHA had yet to implement a proposed version of the type of scorecard that the enterprises used to assess differences in contractor performance. Further, FHA aimed to inspect 2 to 6 percent of its REO properties annually, although other entities with REO properties required more inspections, with some reporting inspecting between 25 and 35 percent monthly. Finally, FHA had not taken steps to ensure that the listing brokers marketing its REO properties were located close enough to the properties to have adequate knowledge of local markets. Without implementing more effective activities to evaluate contractor performance and ensure compliance with program requirements, FHA's REO properties may continue to remain on the market longer and sell for lower prices than properties held by the enterprises.

Actions Needed and Potential Financial or Other Benefits

To increase the potential for higher financial returns from FHA's disposition of REO properties, GAO recommended in June 2013 that the Secretary of HUD direct the Commissioner of FHA to take the following two actions:

- identify and implement changes in current disposition practices that could improve disposition outcomes, including requiring the use of additional information when setting initial and subsequent listing prices and considering repairs that could increase net proceeds, and
- make changes to improve its oversight of the REO disposition program, including updating and maintaining comprehensive guidance on REO policies and procedures, implementing a scorecard to monitor contractor performance, increasing in-person property inspections, and ensuring that listing brokers are appropriately located.

In addition, to provide for the most effective acquisition and sale of REO properties, GAO recommended in April 2002 that the Secretary of HUD establish unified property custody as a priority for FHA and determine and implement the optimal method for establishing unified property custody, including seeking additional statutory authority if necessary. GAO's June 2013 report again noted that taking this action could assist the agency in achieving financial benefits.

FHA may realize financial benefits of hundreds of millions of dollars by implementing these recommendations. For example, if FHA had performed as well as the enterprises in disposing of REO property in 2011, it could have potentially increased sales proceeds and reduced maintenance and other holding costs by a total of as much as \$1 billion, resulting in higher financial returns to the insurance fund.

Agency Comments and GAO's Evaluation

In commenting on the June 2013 report on which this analysis is based, HUD agreed with GAO's recommendations. HUD also identified actions that it has taken or planned to take in response to GAO's recommendations. For example, HUD wrote that it is conducting trial programs using multiple valuations to set initial list prices and conducting limited repairs of certain properties to analyze their effect on net proceeds, and that it will implement several actions to improve oversight of the program. HUD estimated that it would complete actions in response to most of the recommendations by June 30, 2014.

In contrast to HUD's comments on the June 2013 report, a communication to Congress from the FHA Commissioner in September 2013 raised several reasons why the agency could not likely achieve the additional sales proceeds and reduced holding costs that GAO's analysis had projected. These included that FHA takes possession of properties at a later time after the foreclosure sale than the enterprises do, that it would still incur most of the costs regardless of when it takes possession, and that the location of its properties result in lower net proceeds. However,

GAO found that if HUD changed its processes to shorten the overall time it takes to dispose of REO properties, it could achieve higher net proceeds and incur lower overall costs. In addition, because GAO controlled for differences in property characteristics of each of the entities' REO inventories and because appraised values take into account property conditions and local market factors, GAO continues to maintain that implementing the various actions it recommended could reduce costs and improve marketing results.

In response to GAO's 2002 recommendation to establish unified property custody, HUD subsequently determined that it would not be advisable for the agency to establish unified property custody as an objective for the agency, and it did not implement the recommendation. The analysis in GAO's June 2013 report once again highlights the need for FHA to consider whether the potential benefits from unified property custody, such as shorter REO disposition timelines and lower holding costs, outweigh any costs and challenges associated with acquiring REO properties from servicers closer to the foreclosure sale date. If FHA obtained custody of REO properties sooner after the foreclosure completion, it would have more control over disposition outcomes, could possibly realize cost savings, and could limit any potential negative effects from distressed properties remaining unsold for longer than is necessary.

GAO provided a draft of this report section to HUD for review and comment. In an email received on February 10, 2014, a coordinator from FHA's Office of the Comptroller provided comments from the Office of Economic Affairs within HUD's Policy Development and Research Office that also cited reasons why HUD would not likely be able to achieve the additional proceeds and costs savings GAO projected. These reasons included differences in the locations and value of HUD's properties. GAO continues to believe that HUD could achieve these savings since GAO's analysis incorporated differences in property locations and values.

The email also noted that GAO did not assess whether it could achieve better REO returns by employing alternative disposition means other than selling properties individually and that GAO had not provided evidence that undertaking repairs of more properties would increase returns. However, GAO's June 2013 report recommended that HUD identify and implement changes in current practices or requirements that could improve REO disposition outcomes and identified several specific areas for accomplishing this goal. Considering the benefits and costs of alternative disposition models relative to traditional REO dispositions would be a worthwhile goal consistent with this recommendation and GAO continues to maintain that implementing the recommendations in that report—which HUD already has agreed to do—would likely improve HUD's returns on any properties it continues to sell individually. Finally, GAO found that the enterprises repaired more properties than FHA and experienced higher returns on these properties, and reported that HUD had begun a small pilot project in 2011 to assess the impact of repairs on its properties' marketability. As a result, GAO reaffirms its

recommendation that HUD conduct the analysis necessary to determine whether repairing certain of its properties would increase the amount of net proceeds from its REO sales.

How GAO Conducted Its Work

The information contained in this analysis is based on the reports in the related GAO products section. To assess the effectiveness of FHA's REO property dispositions, GAO analyzed disposition data from FHA and the other federally related entities, including all REO properties disposed of from January 2007 through June 2012. GAO created regression models to assess the extent of differences between FHA's performance and that of the two enterprises after accounting for some differences in the characteristics of the properties they acquired. To determine how FHA and the other entities oversaw the contractors that managed and disposed of their REO properties, GAO reviewed program regulations, requirements, and policies and interviewed staff from these entities as well as from some private sector mortgage servicers that also acquired and disposed of REO properties.

Table 14 in appendix IV lists the program GAO identified that might have opportunities for cost savings or revenue enhancement.

Related GAO Products

Federal Housing Administration: Improving Disposition and Oversight Practices May Increase Returns on Foreclosed Property Sales. [GAO-13-542](#). Washington, D.C.: June 20, 2013.

Single-Family Housing: Opportunities to Improve Federal Foreclosure and Property Sale Processes. [GAO-02-305](#). Washington, D.C.: April 17, 2002.

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19. Reverse Auctions in Government Contracting Including Commercial Items

Due to increasing government use of reverse auctions—with over \$1 billion awarded in contracts in fiscal year 2012—additional guidance may help maximize opportunities to increase competition and improve the accuracy of estimated cost savings.

Why This Area Is Important

As opposed to a traditional auction, where buyers bid prices up to win an item, in a reverse auction, sellers bid prices down in an online forum to win a government contract. In recent years, federal agencies have been using reverse auctions as a tool to reduce the price they pay for certain types of items, such as information technology (IT) products and medical equipment. In theory, a reverse auction leverages competition, enabling agencies to obtain lower prices and reduce acquisition costs. Since GAO reported in 2004 that the US Postal Service was using reverse auctions, other government agencies have increasingly used this tool, and the Office of Federal Procurement Policy, among others, has explored the benefits of its use.¹

What GAO Found

In December 2013, GAO found that the Departments of the Army, Homeland Security, the Interior, and Veterans Affairs (which together accounted for about 70 percent of fiscal year 2012 reverse auctions) have steadily increased their use of reverse auctions in volume and dollars. From fiscal years 2008 to 2012, the number of reverse auctions for these agencies almost tripled—from 7,193 to 19,688—and resulted in about \$828 million in fiscal year 2012 contract awards.² While there is no requirement to limit reverse auctions to commercial items, agencies generally used them to acquire commercial products and services—primarily for IT products and the lease or rental of equipment.

GAO found that competition and savings—two of the key benefits of reverse auctions cited by the agencies—were not always being maximized. Both had been limited because not all reverse auctions involved interactive bidding, where vendors bid against each other to drive prices lower. GAO found that over one-third of fiscal year 2012 reverse auctions had no interactive bidding. These included situations where only one vendor submitted one or multiple bids and where multiple vendors submitted only one bid each. GAO also found that the agencies

¹GAO, *Postal Service: Progress in Implementing Supply Chain Management Initiatives*, [GAO-04-540](#) (Washington D.C.: May 17, 2004) and *Federal Contracting: OMB's Acquisition Savings Initiative Had Results, but Improvements Needed*, [GAO-12-57](#) (Washington D.C.: Nov. 15, 2011).

²GAO, *Reverse Auctions: Guidance Is Needed to Maximize Competition and Achieve Cost Savings*, [GAO-14-108](#) (Washington D.C.: Dec. 9, 2013).

paid a company that provided the reverse auction services \$3.9 million in fees for these auctions. The company charged a variable fee up to 3 percent of the winning bid and not to exceed \$10,000. However, GAO also found that agencies were not aware of the fees they were paying.

The company that ran almost all of the government's fiscal year 2012 auctions estimated savings of more than \$98 million for the four agencies. But GAO questioned the accuracy of these savings estimates, which are based on the difference between the government's independent cost estimate and the amount of the winning bid. GAO found that the government's cost estimate may be set too low or too high, which may affect the accuracy of calculated savings.

The Federal Acquisition Regulation (FAR), which is the primary document for publishing uniform policies and procedures related to federal acquisitions, does not specifically address reverse auctions. In addition, there is no governmentwide guidance addressing reverse auctions, including how and when they should be used, the roles and responsibilities of the contracting officers, and what agencies should do if there is no interactive bidding during an auction. Without comprehensive guidance, agencies may be limited in their ability to maximize the potential benefits of reverse auctions.

Actions Needed and Potential Financial or Other Benefits

In December 2013 GAO recommended that the Director of the Office of Management and Budget should:

- take steps to amend the FAR to address agencies' use of reverse auctions, and
- issue government-wide guidance advising agencies to collect and analyze data on the level of interactive bidding and, where applicable, fees paid, to determine the cost effectiveness of using reverse auctions, and disseminating best practices from agencies on their use of reverse auctions related to maximizing competition and savings.

Agencies' use of reverse auctions is increasing, and without guidance on the effective use of reverse auctions, agencies may be limited in their ability to achieve the full potential of cost savings. Moreover, due to the lack of reliable and detailed agency-wide data, it is not possible to estimate the extent of potential cost savings associated with the use of reverse auctions in contracting for products and services.

Agency Comments and GAO's Evaluation

In commenting on the December 2013 report on which this analysis is based, the Office of Management and Budget generally agreed with GAO's recommendations, noting that FAR coverage should be considered and that, before taking concrete steps to amend the FAR, officials would discuss GAO's findings and conclusions with the FAR and Chief Acquisition Officers Councils.

GAO provided a draft of this report section to OMB for review and comment. In an e-mail received on February 3, 2014, the Office of Federal Procurement Policy (OFPP) within OMB generally agreed with GAO's recommendation to issue guidance regarding the use of reverse auctions in federal acquisitions. Current FAR coverage is being considered in discussions with the FAR and Chief Acquisition Officers Councils.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from products listed in the related GAO products section. To address agencies' use of reverse auctions, GAO identified the agencies that used the greatest number of reverse auctions in fiscal year 2012. However, because the federal agencies did not maintain the level of detailed information needed for the review, GAO obtained reverse auction data from the contractor that provided reverse auction services. GAO used these data to (1) confirm that the Departments of Army, Homeland Security, the Interior, and Veterans Affairs were primary users of reverse auctions; (2) determine the types of products and services acquired by these agencies; (3) compute the fees charged by the reverse auction service provider; and (4) analyze the savings. GAO also reviewed and analyzed government-wide and agency policies and guidance, where available, related to the use of reverse auctions. GAO also discussed the use of reverse auctions with government acquisition officials, including agency contracting officers, small business and competition officials, and officials from the Office of Management and Budget's Office of Federal Procurement Policy. GAO also spoke with organizations representing government contractors to obtain their positions on the federal government's use of reverse auctions. To understand how contracting officers conducted market research, determined government estimates, and made source selections, GAO selected a random sample of 119 contract files for acquisitions that used reverse auctions in fiscal year 2012 and reviewed the contract files from the selected agencies. Using the same sample, GAO compared the data obtained from the reverse auction service provider with the information contained in the contract files and determined that the data were sufficiently reliable for the purposes of this review.

Related GAO Products

Reverse Auctions: Guidance Is Needed to Maximize Competition and Achieve Cost Savings. [GAO-14-108](#). Washington D.C.: December 9, 2013.

Federal Contracting: OMB's Acquisition Savings Initiative Had Results, but Improvements Needed. [GAO-12-57](#). Washington D.C.: November 15, 2011.

Postal Service: Progress in Implementing Supply Chain Management Initiatives. [GAO-04-540](#). Washington D.C.: May 17, 2004.

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20. Tax Policies and Enforcement

The Internal Revenue Service can realize cost savings and increase revenue by, among other things, identifying continued offshore tax evasion and evaluating whether the agency's streamlined corporate audit process is meeting its goals.

Why This Area Is Important

The Internal Revenue Service (IRS) has estimated that the gross tax gap—the difference between taxes owed and taxes paid on time—was \$450 billion for tax year 2006 (the most recent year for which data were available). IRS estimated that it would eventually recover about \$65 billion of this amount through late payments and enforcement actions, leaving a net tax gap of \$385 billion. Because the net tax gap is so large and the effectiveness of various new IRS enforcement initiatives largely remains to be determined, tax law enforcement is on GAO's high-risk list.¹ The nation's long-term fiscal challenges heighten the importance of reducing the tax gap.

What GAO Found

In a series of reports in 2013, GAO identified several areas where IRS can further improve its programs and collect additional tax revenue, reduce its costs, and facilitate voluntary compliance. These improvements include the following.

Identifying Continued Offshore Tax Evasion

As of February 2014, IRS's four offshore voluntary disclosure programs, which offered incentives for taxpayers to disclose their offshore accounts and pay delinquent taxes, interest, and penalties, have resulted in more than 43,000 disclosures by taxpayers and over \$6 billion in revenue collected.² However, based on reviews of IRS data, in March 2013, GAO reported that IRS may be missing attempts by taxpayers to circumvent the programs. GAO identified more than 200,000 instances where it appeared that taxpayers with unreported foreign accounts may have chosen not to participate in one of IRS's offshore programs.

One technique identified, called a quiet disclosure, involved taxpayers filing amended tax returns for some or all of the tax years covered by an offshore program, and reporting the income from the previously unreported accounts. These taxpayers would generally pay taxes and

¹GAO, *High-Risk Series: An Update*, [GAO-13-283](#) (Washington, D.C.: Feb. 14, 2013).

²The programs are the 2003 Offshore Voluntary Compliance Initiative, 2009 Offshore Voluntary Disclosure Program, 2011 Offshore Voluntary Disclosure Initiative, and 2012 Offshore Voluntary Disclosure Program. The 2012 program remains open. Generally, the offshore programs offer participating taxpayers a lower penalty than they could have been subject to if IRS had discovered their offshore account outside of the program, and no risk of criminal prosecution, if eligible taxpayers fully disclosed their previously unreported offshore accounts, and paid taxes due plus interest and penalties.

interest on the previously unreported income and possibly accuracy-related or delinquency penalties, but would avoid the higher offshore penalty.³ Another technique involved declaring existing offshore accounts, which could have been open for years, as new when filing a current-year tax return. Unlike a quiet disclosure, these taxpayers would only pay tax on the current-year offshore income. If additional research by IRS confirms that taxpayers are circumventing its offshore programs using either of these techniques, pursuing those taxpayers could result in significant additional revenue.

In addition, GAO found that IRS missed opportunities to better target taxpayers with offshore accounts. Examples include the following: (1) the 2009 offshore voluntary disclosure program application did not ask taxpayers how they learned of the program, and (2) IRS has not targeted outreach efforts about offshore account reporting requirements to recent immigrants. Using such information could promote voluntary compliance, help IRS better target noncompliant taxpayers bolster overall fairness of the program, and increase taxes collected.

Evaluating Whether IRS's Streamlined Corporate Audit Process Is Meeting Its Goals

In August 2013, GAO reported on the potential major benefits to taxpayers and IRS of the Compliance Assurance Process (CAP) whereby IRS examiners and participating large corporations work to reach agreement on how to report tax issues before their tax returns are filed. IRS initiated CAP as a pilot program in 2005 with the goals of saving IRS time and resources while ensuring compliance, reducing taxpayer burden, and increasing certainty on tax amounts owed. IRS officials decided to make the program permanent in 2011 and to start expanding the program in 2013 based on a desire to meet these goals, such as generating IRS resource savings, and on positive feedback from taxpayers and IRS staff. However, although CAP started 8 years ago, IRS has not evaluated CAP's effectiveness, tracked its progress against goals, or assessed whether CAP should be expanded and if so, to what extent.

Also, because IRS does not have a system to track resource savings, it does not know the amount of resources saved through CAP nor does it have a plan for reallocating saved resources. CAP is an ambitious effort to improve tax audits of large corporations and holds the promise of significant benefits to participating corporations and IRS. However, without a CAP-wide assessment to validate such benefits, support for CAP, both inside and outside IRS, could wane.

³ For the 2009 program, the standard offshore penalty was 20 percent of the highest aggregate account balance during the calendar years that correspond to the tax years covered by the program. The penalty increased in future programs.

Improving Examinations by Adopting Research Program Procedures

IRS conducts examinations for two purposes: research and operations. In May 2013, GAO reported significant differences in the procedures for examinations (i.e., audits) IRS conducted for research purposes compared to regular, operational examinations.

The first step in either type of examination is classification, where IRS classifiers screen tax returns to select issues that merit an examination. One difference between research and operational examinations is that IRS classifiers see the entire tax return when classifying returns for research examinations. By contrast, operational classifiers only see portions of a return.⁴ Examiners told GAO that transcribing more lines from paper returns and having access to all the lines of electronic returns would improve classification decisions and reduce the risk of compliant taxpayers being needlessly audited. Another difference is that research examiners have more specific guidance on how to save case files electronically than operational examiners. Clarifying the key files to be saved electronically by updating operational training and guidance regarding electronic case files could minimize costs and make file sharing more efficient by reducing storage costs and processing time. For example, IRS said electronic case files could save time in processing more than 100,000 audit reconsiderations that IRS works on each year by making it easier for examiners to search the old files and identify what previous examiners concluded.⁵ IRS officials also have said that savings on handling costs is one of the benefits of added electronic documentation. IRS must place hundreds of thousands of field examination case files into storage at a federal records center each year. IRS said that it spends about \$5 to \$9 for each document it recalls from federal record centers. The money IRS spends on recalling documents may be saved through greater use of electronic files. In addition, having electronic case files facilitates the ability for examiners to share their work with colleagues and reduces the chances that files will get lost.

⁴IRS limits what operational classifiers see to those lines that are transcribed if a tax return is filed on paper. These limits apply even for electronic returns.

⁵An audit reconsideration is the administrative process IRS uses to reevaluate prior audits where IRS assessed additional tax and it remains unpaid, or a tax credit was reversed. If the taxpayer disagrees with the original determination, the taxpayer must provide information not previously considered during the original examination. It is also the process IRS uses when the taxpayer contests a Substitute for Return (i.e., a return that IRS generates when a taxpayer does not file) determination by filing an original delinquent return.

Using More Standardized Notes and Reducing Redundancy to Gain Efficiencies in Installment Agreement Case Processing

In December 2013, GAO found that some IRS staff had developed extensive sets of prewritten, standardized case notes that allowed them to quickly update a taxpayer's account regarding their installment agreements (which allow taxpayers to pay their tax debt in scheduled payments). GAO also found that IRS staff were handwriting case notes on paper copies of the agreements and then typing those same notes into IRS's computers. More automation and less redundant data entry could reduce resource needs. In fiscal year 2012, IRS used 1,800 full time equivalent staff to approve 3.2 million new installment agreements and collected almost \$10 billion from them. With the large volume of installment agreements, efficiency gains matter to handle increased service demands with limited resources.

Actions Needed and Potential Financial or Other Benefits

GAO made multiple recommendations to reduce the tax gap and improve taxpayer service in four reports issued in March, May, August, and December of 2013. Specifically, GAO recommended that the Commissioner of the IRS take the following eight actions:

- Explore options for employing a methodology for identifying and pursuing potential quiet disclosures to provide more assurance that actual quiet disclosures are not being missed and then implement the best option.
- Conduct an analysis designed to measure the extent to which taxpayers are reporting existing foreign accounts and circumventing some of the taxes, interest, and penalties that would otherwise be owed, and take appropriate action based on the analysis.
- Use data gained from offshore programs to identify and educate populations of taxpayers that might not be aware of their tax obligations related to offshore income filing requirements.
- Obtain information that can help IRS test offshore program promotion strategies and identify new ones by adding a question to current and future programs to determine how participants found out about the program.
- Develop an evaluation plan for the Compliance Assurance Process that can track progress against the goals and determine whether and how much to expand CAP.
- Track savings including from CAP overall and develop a plan for reinvesting any savings.
- Find ways to transcribe and use additional data from paper-filed tax forms that are not currently transcribed and make the data available to examiners and clarify examiner guidance on saving case files.
- Adopt a set of standardized account entries and eliminate unnecessary redundancy when entering installment agreement account data.

IRS could generate cost savings by applying more rigorous analyses, expanding use of electronic filing, and achieving program efficiencies. These actions could generate cost savings. Furthermore, IRS could increase revenue collections through better enforcement of tax laws and services designed to facilitate voluntary compliance, such as through identifying continued offshore tax evasion. GAO was not able to estimate the amount of savings or collections from these actions in part because IRS does not collect data needed to do so.

Agency Comments and GAO's Evaluation

In commenting on the four reports issued in March, May, August, and December of 2013 on which these analyses are based, IRS agreed with six of the eight recommendations presented, but did not state whether it agreed or disagreed with two. For those six it agreed with, IRS said it is taking action to address them. For example, in its response to GAO's recommendation to explore options for employing a methodology for identifying and pursuing potential quiet disclosures, IRS responded that they are taking steps to implement our recommendation and address any identified noncompliance, as warranted.

IRS did not agree or disagree with two of GAO's recommendations, but acknowledged related actions it is taking to address them. First, in response to GAO's recommendation that IRS find ways to transcribe and use additional data from paper-filed tax forms and clarify examiner guidance on saving case files, the agency agreed to study the possibility of increasing data transcription, and clarify its policy on when case files should be saved electronically, among other actions. Second, in response to GAO's recommendation that IRS adopt a set of standardized account entries and eliminate redundancy when entering installment agreement account data, IRS acknowledged that standardized account entries can sometimes lead to increased efficiencies and lower costs, and taxpayers and IRS can benefit by the elimination of redundancy in its processes. IRS stated that it will explore whether the introduction of standardized account entries into the installment agreement process will yield increased efficiencies and lower costs, and will evaluate whether there are unnecessary redundancies in its current processes that can be eliminated without adversely affecting tax administration.

GAO provided a draft of this report section to IRS for review and comment. IRS provided comments in response to GAO's recommendations regarding offshore tax evasion and the evaluation of the agency's corporate audit process. In regards to the actions needed to identify continued offshore tax evasion, IRS said it will continue to take corrective actions in response to the agreed-upon recommendations GAO's March 2013 report. In regards to the actions needed to evaluate IRS's streamlined corporate audit process, IRS said it is continuing to pursue corrective actions and plans to provide a response to each action by June 30, 2014. IRS did not provide comments on GAO's other recommendations presented in this report section.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products in the related GAO products section. GAO analyzed agency documents and interviewed officials from the Department of the Treasury, IRS, and other parties. GAO analyzed budget data from IRS and related budget documents. GAO also analyzed relevant federal laws, regulations, and procedures.

Related GAO Products

Offshore Tax Evasion: IRS Has Collected Billions of Dollars, but May be Missing Continued Evasion. [GAO-13-318](#). Washington, D.C.: March 27, 2013.

Tax Administration: IRS Could Improve Examinations by Adopting Certain Research Program Practices. [GAO-13-480](#). Washington, D.C.: May 24, 2013.

Corporate Tax Compliance: IRS Should Determine Whether Its Streamlined Corporate Audit Process Is Meeting Its Goals. [GAO-13-662](#). Washington, D.C.: August 22, 2013.

2013 Tax Filing Season: IRS Needs to Do More to Address the Growing Imbalance between the Demand for Services and Resources. [GAO-14-133](#). Washington, D.C.: December 18, 2013.

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21. Medicaid Demonstration Waivers

Federal spending on Medicaid demonstrations could be reduced by billions of dollars if the Department of Health and Human Services were required to improve the process for reviewing, approving, and making transparent the basis for spending limits approved for Medicaid demonstrations. GAO's work between 2002 and 2013 has shown that HHS approved several demonstrations without ensuring that they would be budget neutral to the federal government.

Why This Area Is Important

The Medicaid program—an over \$400 billion a year joint federal-state program that finances health care coverage for low-income individuals— involves significant and growing expenditures for the federal government and states. Under section 1115 of the Social Security Act, the Secretary of Health and Human Services may waive certain federal Medicaid requirements and allow costs that would not otherwise be covered for experimental, pilot, or demonstration projects that are likely to promote Medicaid objectives. These demonstrations also allow states to test and evaluate new approaches for delivering Medicaid services. In fiscal year 2013, \$70 billion in federal funds, or about one-fourth of the \$265 billion in federal Medicaid outlays for that year, were spent under section 1115 demonstrations. In FY 2011, 10 states spent more than half of their total federal Medicaid expenditures for section 1115 demonstrations.

Under the Department of Health and Human Services (HHS) policy, section 1115 Medicaid demonstrations should be budget neutral to the federal government; that is, the federal government should spend no more under a state's demonstration than it would have spent without the demonstration. Once approved, each demonstration operates under a negotiated budget neutrality agreement that places a limit on federal Medicaid spending over the life of the demonstration. Demonstration spending limits are based on states' estimated costs of continuing their Medicaid programs. According to HHS policy, spending limits should be calculated by estimating future costs of baseline spending—actual Medicaid costs typically from the most recently completed fiscal year— using a benchmark growth rate, which is the lower of the state-specific historical growth rates for a recent 5-year historical period, or estimates of nationwide Medicaid growth. The higher the demonstration spending limits, the more federal funds states are able to receive. HHS's process for setting spending limits allows for adjustments to the benchmark policy to reflect documented anomalies in the historical data that would not result in accurate projections.

In four reports issued between 2002 and 2013, GAO reviewed spending limits of different demonstrations approved during a recent time period. GAO raised concerns about HHS's process for ensuring that demonstrations would be budget neutral to the federal government. Since 2003, Medicaid has been on GAO's list of high-risk programs, in part because of concerns about inadequate fiscal oversight including oversight of section 1115 Medicaid demonstrations.

What GAO Found

Between 2002 and 2013, GAO reviewed several states' approved comprehensive demonstrations and found that HHS had not ensured that all of the demonstrations would be budget neutral. During this period, HHS approved spending limits that, among other concerns, were based on assumptions of cost growth that exceeded benchmark growth rates. Although HHS's process allows for adjustments to benchmark growth rates, GAO found that adjustments made by states and allowed by HHS were not clear or well supported. GAO estimated that HHS's approved spending limits could potentially increase the federal government's fiscal liability by billions of dollars more than it would have been without the demonstrations.

In its most recent report on Medicaid demonstration waivers, issued in June 2013, GAO found that concerns continued. For 4 of 10 states reviewed, HHS approved spending limits that were based on assumptions of cost growth that were higher than its benchmark rates, and that, in some cases, included costs the states had never incurred in the estimates of base year spending. GAO also found limited support and documentation for the use of higher-than-benchmark growth rates HHS approved. If HHS had held the four demonstrations' spending to levels suggested by its policy, spending limits would have been tens of billions of dollars lower. For example, for two states with demonstrations approved through 2016, GAO found that approved spending limits were not based on valid methods.

- One state's approved spending limit for 2011-2016 was based on outdated information on spending—1982 data were projected forward to represent baseline spending and state-specific historical spending growth for a recent time period. Had baseline expenditures and benchmark growth rates been based on recent expenditure data that were available, the 5-year spending limit would have totaled about \$26 billion less and the federal share of this reduction would have been about \$18 billion.
- Another state's approved spending limit for 2011-2016 included hypothetical costs in the state's estimate of its baseline spending, that is, costs the state had not incurred were included in the base year spending estimate. These costs represented higher payment amounts that the state could have paid providers during the base year, but did not actually pay. For example, the state base year included costs based on the state hypothetically paying hospitals the maximum amount allowed under federal law, although the state had not paid the maximum amount. GAO estimated that had the state included only actual expenditures as indicated by HHS's policy, the 5-year spending limit would have totaled about \$4.6 billion less and the federal share of this reduction would have been about \$3 billion.

In this report GAO noted that the Secretary of Health and Human Services had disagreed with earlier recommendations to improve the process for reviewing and approving spending under Medicaid

demonstrations. Therefore, GAO elevated this matter for consideration by Congress.

Actions Needed and Potential Financial or Other Benefits

GAO has recommended actions by Congress and the Secretary of Health and Human Services to better ensure Medicaid demonstrations do not increase federal costs:

- Because the Secretary of Health and Human Services disagreed with GAO's recommendations to improve the demonstration review process in its prior reports, in January 2008, GAO suggested that Congress consider acting on our findings. In particular, GAO suggested increased attention to fiscal responsibility in the approval of section 1115 Medicaid demonstrations by requiring the Secretary to improve the demonstration review process, through steps such as improving the review criteria, better ensuring that valid methods are used to demonstrate budget neutrality, and documenting and making clear the basis for the approved limits.
- In June 2013, GAO recommended that the Secretary of Health and Human Services reconsider spending limits for the two state demonstrations, and make appropriate adjustments to spending limits for the remaining years of each demonstration.

Estimating the extent of potential cost savings by ensuring that valid methods are used to establish spending limits for Medicaid demonstrations is difficult. The amount of cost savings depends on how much spending has already occurred under the two demonstrations approved through 2016 and whether the two states will ultimately spend up to their approved spending limits. Additional cost savings in the future would depend on the number of states seeking demonstrations in the future, and the extent to which proposed demonstration spending limits include hypothetical costs in baseline spending and use of growth rates that are greater than benchmarks without clear support for doing so. However, based on GAO estimates—up to \$21 billion for two states' recent demonstrations that GAO reviewed—spending limit reductions resulting from improved budget neutrality methods could be in the billions of dollars.

Agency Comments and GAO's Evaluation

In commenting on a draft of the June 2013 report on which this analysis is based, HHS stated that its methods were valid and that it followed its budget neutrality policy. The agency also disagreed with the recommendation that it should make adjustments to the spending limits for two states as suggested by GAO, stating that the adjustments and costs it used were justified. After reviewing HHS's response to the June 2013 report, GAO determined at that time that its recommendations were warranted because HHS did not provide additional support or clarification for existing spending limit calculations. For example, HHS did not respond to GAO's finding that one state's spending limit included about \$4 billion

dollars in costs that the state could have paid but did not actually pay prior to the demonstration.

GAO provided a draft of this report section to HHS for review and comment. In an email received on February 20, 2014 the HHS agency liaison stated that HHS continues to follow its policy of using the best available data when establishing spending limits and uses sound fiscal methods that are applied consistently and transparently to all demonstrations reviewed. In addition, HHS cited other agency oversight actions, such as review of renewals and amendments to existing demonstrations, after demonstrations are approved and spending limits established. GAO maintains that HHS's actions for overseeing approved demonstrations does not lessen the need for establishing sound spending limits, and continues to recommend that HHS reconsider and make appropriate spending limits adjustments for the remaining years of each demonstration.

As GAO suggested in a 2008 report and reiterated in the 2013 report, the Congress should consider requiring the Secretary to improve the Section 1115 Medicaid demonstration review process.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products in the related GAO products section. To assess the extent to which HHS's budget neutrality policy and process provide assurance that federal costs will not potentially increase over what they would have been in the absence of the demonstration, GAO reviewed HHS's policy and interviewed agency officials. GAO also reviewed documentation for selected new comprehensive demonstrations and budget neutrality analyses prepared by the states and submitted to HHS. GAO compared the spending limits approved by HHS with GAO's estimates of the spending limits following HHS's policy.¹

Table 15 in appendix IV lists the programs GAO identified that might have opportunities for cost savings.

Related GAO Products

Medicaid Demonstration Waivers: Approval Process Raises Cost Concerns and Lacks Transparency. [GAO-13-384](#). Washington, D.C.: June 25, 2013.

¹GAO calculated its estimate of the spending limits in accordance with HHS's policy by using the most recent year of expenditures provided by the state for the base year, and the lower of either the state's historical average cost growth rate or the estimate of the Medicaid national growth rate developed by the Centers for Medicare & Medicaid Services actuary. See GAO's June 2013 report for more information on the estimates.

Medicaid Demonstration Waivers: Recent HHS Approvals Continue to Raise Cost and Oversight Concerns. [GAO-08-87](#). Washington, D.C.: January 31, 2008.

Medicaid Waivers: HHS Approvals of Pharmacy Plus Demonstrations Continue to Raise Cost and Oversight Concerns. [GAO-04-480](#). Washington, D.C.: June 30, 2004.

Medicaid and SCHIP: Recent HHS Approvals of Demonstration Waiver Projects Raise Concerns. [GAO-02-817](#). Washington, D.C.: July 12, 2002.

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22. Disability Insurance

The Social Security Administration could prevent significant potential cash benefit overpayments in the Disability Insurance program by obtaining more-timely earnings data to identify beneficiaries' work activity that is beyond program limits and suspend benefits appropriately.

Why This Area Is Important

The Disability Insurance (DI) program is the nation's largest cash assistance program for workers with disabilities. In fiscal year 2011, more than 10 million DI beneficiaries received cash benefits exceeding \$128 billion, and the program is poised to grow further as the baby-boom generation ages. Total government spending on DI beneficiaries is substantially higher when including the costs of Medicare benefits, which cost about \$80 billion in 2011 for DI beneficiaries. DI benefits are paid by the DI trust fund. The DI trust fund is a separate account in the United States Treasury. A fixed proportion of the taxes received under the Federal Insurance Contributions Act and the Self-Employment Contributions Act are deposited in the fund.

The Social Security Board of Trustees projects that the DI trust fund will be exhausted in 2016, and notes that changes designed to improve the financial status of the DI program are needed soon. Although program statutes and regulations allow limited work activity, some work activity (e.g., exceeding earnings limits for over 12 months) may indicate beneficiaries are not disabled and therefore not entitled to DI benefits. Consequently, the Social Security Administration (SSA) might overpay beneficiaries if the agency does not detect disqualifying work activity and suspend benefits appropriately.

What GAO Found

In August 2013, based on an analysis of SSA data on individuals who were DI beneficiaries and earnings data from the National Directory of New Hires (NDNH), GAO estimated that SSA made \$1.29 billion in total potential overpayments to about 36,000 individuals as of January 2013.¹ These DI beneficiaries represent an estimated 0.4 percent of all primary DI beneficiaries as of December 2010, the date GAO began this analysis. The total number of individuals who received overpayments and the total amount of overpayments made to those individuals cannot be determined without detailed case investigations by SSA.

GAO estimated DI program overpayments on the basis of work activity performed by two populations of individuals. The first population received

¹GAO's estimate is within a 95 percent level of confidence, based upon reviews from random samples of the identified populations. The estimate has a margin of error of plus or minus \$352 million, meaning the actual amount of payments that were potentially improper could be as low as \$936 million and as high as \$1.64 billion. This estimate is based on individuals who were DI beneficiaries as of December 2010.

potential overpayments due to work activity during the DI program's mandatory 5-month waiting period—a statutory program requirement to help ensure that SSA does not pay benefits to individuals who do not have long-term disabilities. Prior to receiving benefits, individuals must complete a 5-month waiting period, in which the individual cannot exceed a certain level of earnings, known as substantial gainful activity, during any month in order to be eligible for DI benefits. The second population received potential overpayments due to work activity beyond the program's trial work period. The trial work period consists of up to 9 months in which a DI beneficiary may work without affecting his or her benefits. It allows beneficiaries to test their ability to return to work while continuing to receive DI benefits. However, beneficiaries whose earnings consistently exceed program limits after completing a trial work period are generally no longer entitled to benefits, and any benefit payments they receive after a subsequent 3-month grace period could be an overpayment.

To illustrate the circumstances in which SSA made potential DI overpayments, GAO reviewed case files for a nongeneralizable selection of six individuals—three who received potential overpayments for at least 3 years, and three who worked during their waiting period. For the three individuals who worked beyond their trial work period, GAO found that SSA had identified and established overpayments based on their work activity. However, at the time of GAO's review, SSA had not identified potentially disqualifying work activity for the three individuals who worked during their waiting period. SSA officials told GAO that they plan to conduct follow-up work on these cases based on the information GAO provided during the review. As of February 18, 2014, SSA reported that it has completed its review of one of these cases and continues to research the other 2. For the case it has completed SSA also determined the beneficiary was in overpayment status, but calculated a lower overpayment amount than GAO's estimate.

To determine if beneficiaries are working above the level of substantial gainful activity, SSA conducts work-related continuing disability reviews.² While these reviews can be prompted by several events, most are generated by SSA's enforcement operation. This process involves periodic data matches between SSA's disability beneficiary file and Internal Revenue Service earnings data. The enforcement operation generates alerts for cases that exceed specified earnings thresholds, which are then forwarded to SSA's processing centers and field offices for additional development by staff.³ Additional events that may trigger a

²20 C.F.R. §§ 404.1589 – 1590.

³SSA generally uses six times the monthly SGA amount, or \$6,000 in 2010, as the annual earnings cutoff. In fiscal year 2010, the enforcement operation identified approximately 2 million records of which more than 531,000 were sent to SSA's processing centers and field offices for review. The remaining records did not meet SSA's criteria for conducting an enforcement work continuing disability review. For more information on the results of the enforcement operation for fiscal years 2008 to 2010, see [GAO-11-724](#).

work-related continuing disability review include reports from state vocational-rehabilitation agencies, reports from other federal agencies, and anonymous tips. Finally, DI beneficiaries are required to report increases to their earnings to SSA and may do so by visiting an SSA field office or calling the agency's toll-free number.

While SSA uses its enforcement operation to generate alerts for potentially disqualifying earnings, the agency's enforcement operation does not generate alerts for earnings that occur in all months of the waiting period, which allows potentially disqualifying work activity to remain undetected. Specifically, in August 2013, GAO reported that SSA's enforcement operation will not generate an alert for earnings during the waiting period if the earnings occur in a year when the beneficiary does not receive a benefit payment. For example, in one of the three nongeneralizable cases that GAO reviewed from the wait period overpayment population, benefits began to be paid in January 2010, and the waiting period was the last 5 months of 2009. SSA's enforcement operation did not generate an alert for the work activity during the last 5 months of 2009 because no benefits were paid in 2009. GAO obtained earnings records from these individuals' employers that show they worked continually both during and after their waiting periods at a level of work that would normally result in a denial of benefits.

SSA officials stated that modifying its enforcement operation to detect waiting period earnings in a year when the beneficiary does not receive a benefit payment could be costly, but the agency has not assessed the costs of doing so. To the extent that it is cost-effective and feasible, establishing a mechanism to detect earnings during all months of the waiting period would strengthen SSA's enforcement operation. Reductions in overpayments to disability beneficiaries could mean savings for the Social Security Administration's Disability Insurance trust fund, which is expected to be exhausted by 2016. In this context, it becomes critical to strengthen DI enforcement operations so as to prevent overpayments and help safeguard the DI trust fund.

Actions Needed and Potential Financial or Other Benefits

To improve SSA's ability to detect and prevent potential DI cash benefit overpayments due to work activity during the 5-month waiting period, in August 2013, GAO recommended that the Commissioner of Social Security:

- assess the costs and feasibility of establishing a mechanism to detect potentially disqualifying earnings during all months of the waiting period, including those months of earnings that the agency's enforcement operation does not currently detect, and implement this mechanism, to the extent that an analysis determines it is cost-effective and feasible.

Estimating the total amount of overpayments is not possible without SSA conducting a detailed investigation of each case. Our work indicates that SSA's inability to identify work activity during the waiting period may result

in large overpayments to beneficiaries who are ineligible for benefits. Assessing the costs and savings associated with establishing a mechanism to identify work activity during all months of the waiting period would help SSA to determine whether establishing such a mechanism would be cost-effective and feasible. To the extent that it is determined to be cost-effective and feasible, implementing a mechanism to identify work activity performed during all months of the waiting period, including those that occur in a year when benefits were not paid, may help provide SSA greater assurance that DI beneficiaries are eligible to receive benefits and safeguard SSA's DI trust fund.

Agency Comments and GAO's Evaluation

In commenting on the August 2013 report on which this analysis is based, SSA concurred with the recommendation. However, SSA raised concerns about GAO's methodology and asserted that GAO's inability to replicate the process SSA uses to make substantial gainful activity determinations may lead to substantial overstatement of GAO's estimate of potential overpayments. For example, SSA noted that GAO's review does not consider certain work-related program features, such as unsuccessful work attempts. As mentioned in the report, SSA's process for determining substantial gainful activity and its policies for determining whether individuals remain entitled to benefits despite potentially disqualifying work activity involve a consideration of all the facts and circumstances surrounding a case, including medical data that doctors and hospitals were not required to share with GAO for purposes of this audit. As such, GAO's objective was to estimate the extent to which individuals received DI benefit payments that were potentially overpaid due to their work activity. To do this, GAO used wage data from the NDNH to identify two populations of individuals with earnings beyond program limits; GAO then drew a random, generalizable sample of individuals from each population. GAO then obtained wage information from their employers and compared it to DI program information from SSA to develop estimates of potential overpayments. Thus, GAO continues to maintain that the methodology applied using available data leads to valid estimates of potential overpayments due to beneficiaries' work activity.

GAO provided a draft of this report section to SSA for review and comment. SSA provided written comments. In their written comments SSA continued to express concerns about GAO's methodology for the study. As previously mentioned GAO continues to maintain that the methodology applied using available data leads to valid estimates of potential overpayments due to beneficiaries' work activity.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the August 2013 report listed in the related GAO products section. To determine the extent to which individuals received DI overpayments due to work activity, GAO compared NDNH quarterly wage data with DI beneficiary files from SSA's Master Beneficiary Record, which is an electronic record containing information on DI beneficiaries' entitlement

status and benefit payments, among other information. To identify potential overpayments and to develop data for estimates of potential overpayments in each population, GAO drew random, generalizable samples of individuals from those whose earnings on the NDNH were beyond program limits and compared wages from their employers to DI program data.

To illustrate the circumstances in which SSA made potential DI overpayments, GAO reviewed case files for a nongeneralizable selection of six individuals—three who worked during their waiting period, and three who received potential overpayments for at least 3 years. Because GAO selected a small number of individuals for further review, these examples cannot be generalized to the population of individuals receiving potential DI benefit overpayments. Finally, GAO examined SSA's mechanisms to detect potentially disqualifying work activity and compared them with *Standards for Internal Control in the Federal Government*. Table 16 in appendix IV lists the programs GAO identified that might have opportunities for cost savings.

Related GAO Products

Disability Insurance: Work Activity Indicates Certain Social Security Disability Insurance Payments Were Potentially Improper. [GAO-13-635](#). Washington, D.C.: August 15, 2013.

Social Security Administration: Long-Term Strategy Needed to Address Key Management Challenges. [GAO-13-459](#). Washington, D.C.: May 29, 2013.

Social Security Administration: Preliminary Observations on Key Management Challenges. [GAO-13-545T](#). Washington, D.C.: April 26, 2013.

Disability Insurance: SSA Can Improve Efforts to Detect, Prevent, and Recover Overpayments. [GAO-11-724](#). Washington, D.C.: July 27, 2011.

Disability Insurance: SSA Should Strengthen Its Efforts to Detect and Prevent Overpayments. [GAO-04-929](#). Washington, D.C.: September 10, 2004.

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23. Veterans' and Survivors' Benefits

The Department of Veterans Affairs' direct spending could be reduced—by an average of about \$4 million annually, according to the Congressional Budget Office—if new statutory provisions were enacted, namely, a look-back review and penalty period for claimants who transfer assets for less than fair market value prior to applying for pension benefits that are available to low-income wartime veterans who are at least 65 years old or have disabilities unrelated to their military service. This action would help to ensure that only those in financial need receive benefits and make the program more consistent with other federal programs for low-income individuals.

Why This Area Is Important

The Department of Veterans Affairs' (VA) pension program is intended to provide economic benefits to wartime veterans with financial need. It is available to low-income wartime veterans who are age 65 and older or who are under age 65 but are permanently and totally disabled as a result of conditions unrelated to their military service. Surviving spouses and dependent children may also be eligible for these benefits. In fiscal year 2012, VA provided about \$4.9 billion in pension benefits to about 518,000 recipients (314,000 veterans and 204,000 survivors). About two-thirds of recipients were over age 65.

VA's pension program is means tested and, therefore, to qualify for pension benefits, claimants' countable income must not exceed annual pension limits that are set by statute. In assessing financial eligibility for benefits, VA also considers net worth or the total value of claimants' assets, such as bank accounts, stocks, bonds, mutual funds, and any property other than the claimant's dwelling, a reasonable lot area, a vehicle, and personal belongings.¹ VA's policy manual specifically states that the pension program is not intended to protect substantial assets or preserve an estate for a beneficiary's heirs, and the department's procedures manual requires claims processors to formally review the eligibility of claimants with assets worth over \$80,000. However, the relevant statute does not define thresholds on the value of a claimant's assets.²

What GAO Found

In its May 2012 report, GAO found that despite being a means-tested program, VA's pension program permitted claimants to transfer assets and reduce their net worth prior to applying for pension benefits. Federal

¹See 38 C.F.R. § 3.275. VA also assesses the net worth of the veteran's spouse to determine financial eligibility.

²The relevant statute states that a veteran's pension shall be denied "when the corpus of the estate of the veteran or, if the veteran has a spouse, the corpus of the estates of the veteran and of the veteran's spouse is such that under all the circumstances, including consideration of the annual income of the veteran, the veteran's spouse, and the veteran's children, it is reasonable that some part of the corpus of such estates be consumed for the veteran's maintenance." 38 U.S.C. § 1522(a).

regulations state that for the purpose of evaluating financial eligibility for VA pension benefits, assets gifted to someone who does not reside in the claimant's household will reduce the claimant's net worth if all rights of ownership and control of the assets have been relinquished.³ As a result, prior to applying for VA pension benefits, claimants can transfer excess assets to someone outside their household to meet the financial eligibility criteria and be approved, as long as they no longer retain ownership or control of the assets.⁴ For example, GAO identified a case involving a pension recipient who transferred more than \$1 million in assets into an irrevocable trust less than 3 months prior to applying for these benefits.⁵ VA was aware of the asset transfer when this pension claim was approved and did not count the trust as part of the claimant's net worth. However, this practice is inconsistent with the pension program's goal of supporting those with financial need and undermines the integrity of the program.

In contrast, for Medicaid—another means-tested program—federal law explicitly restricts eligibility for coverage for long-term care for certain individuals who transfer assets for less than fair market value prior to applying.⁶ As a result, when an individual applies for Medicaid coverage for long-term care, states conduct a look-back review to determine if the applicant transferred assets for less than fair market value prior to applying. Individuals who transfer assets for less than fair market value during the 60 months prior to applying may be denied eligibility for long-term care coverage for a period of time, known as the penalty period.⁷ For example, gifting assets within 5 years of applying for Medicaid would generally be considered a transfer of assets at less than fair market value and therefore trigger a penalty period. Also, under Social Security's Supplemental Security Income program, claimants who transfer assets for less than fair market value prior to applying may become ineligible for these benefits for up to 36 months.⁸

According to VA, the agency supports controls that would prevent the transfer of assets for less than fair market value. Such controls are

³38 C.F.R. § 3.276(b).

⁴Assets gifted to a family member in the pension claimant's household do not reduce the claimant's net worth.

⁵An irrevocable trust is one that cannot be terminated by the individual who set up the trust once it is created. Black's Law Dictionary (8th ed. 2004).

⁶42 U.S.C. § 1396p(c). An asset transfer at less than fair market value would occur when the claimant gifts or sells a resource and receives in return an amount that is less than the value of the resource on the open market at the time of the transfer.

⁷Certain asset transfers are exempt from Medicaid penalty provisions, such as a home transferred to an individual's spouse or disabled child, or when the state determines that the penalty would result in undue hardship. 42 U.S.C. § 1396p(c).

⁸42 U.S.C. § 1382b(c)(1)(A).

consistent with VA's policy that states that the pension program is not intended to protect substantial assets or preserve an estate for a beneficiary's heirs. Consequently, in response to our 2012 report, the agency stated that it had been working to develop regulations addressing the effects of asset transfers on eligibility for program benefits.

In May 2012, GAO recommended that Congress consider establishing a look-back and penalty period, similar to other means-tested programs. Since this report, various bills have been introduced, but not enacted, that would provide stronger controls for the VA pension program. In the 112th Congress, bills were introduced in both the U.S. House of Representatives and the Senate that included language addressing the eligibility status of claimants who transfer assets at less than fair market value prior to applying for VA pension benefits.⁹ However, neither bill was enacted. More recently, during the 113th Congress, H.R. 2189 passed in the House of Representatives containing language to establish a 3-year look-back and penalty period for the VA pension program.¹⁰ Such controls would help ensure that pension benefits are extended exclusively to veterans and survivors with a financial need.

Actions Needed and Potential Financial or Other Benefits

To ensure that only those in financial need are granted VA pension benefits, GAO recommended in May 2012 that Congress consider establishing a look-back and penalty period similar to other means-tested programs. While various legislative proposals that would establish the needed controls have been introduced, such as H.R. 2189, legislation has not yet been enacted. Until legislation is enacted that would establish a look-back and penalty period, VA cannot ensure that benefits are extended to only veterans and survivors with a financial need. The Congressional Budget Office estimates that enacting a look-back and penalty period will decrease direct spending by an average of about \$4 million per year. Therefore, GAO suggests that Congress should consider the following action:

- pass legislation that would establish a look-back and penalty period for claimants who transfer assets for less than fair market value prior to applying for pension benefits.

Agency Comments and GAO's Evaluation

In commenting on the May 2012 report on which this analysis is based, VA noted that the pension program lacks statutory provisions addressing the effects of asset transfers on eligibility for program benefits. Despite this limitation, VA nonetheless reported that it is working to develop regulations that would address this issue but noted that such regulations would be subject to challenge in the U.S. Court of Appeals for the Federal

⁹See H.R. 6171, 112th Cong. (2012); S. 3270, 112th Cong. (2012).

¹⁰See H.R. 2189, 113th Cong. (2013). This bill has been referred to the Senate Committee on Veterans' Affairs.

Circuit.¹¹ Further, during a congressional hearing on the report's findings, VA expressed support for the need to address this issue through statute or regulations, and acknowledged that while VA knows such asset transfers have occurred, the department does not know the extent of this practice.

GAO provided a draft of this report section to the Department of Veterans Affairs for review and comment. The department did not provide comments on this report section.

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products listed in the related GAO products section and additional work GAO conducted. GAO reviewed VA's Fiscal Year 2014 Budget Submission and the Congressional Budget Office's Cost Estimate for H.R. 2189, which included a cost savings estimate associated with implementing an asset look-back for VA disability pensions.

Table 17 in appendix IV lists the programs GAO identified that might have opportunities for cost savings.

Related GAO Product

Veterans' Pension Benefits: Improvements Needed to Ensure Only Qualified Veterans and Survivors Receive Benefits. [GAO-12-540](#). Washington, D.C.: May 15, 2012.

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¹¹Proposed regulations have not yet been promulgated in the Federal Register.

24. Information Technology Investment Portfolio Management

The Office of Management and Budget and multiple agencies could help the federal government realize billions of dollars in savings by taking steps to better implement PortfolioStat, a process to help agencies manage their information technology investments.

Why This Area Is Important

Federal agencies expect to spend at least \$82 billion in fiscal year 2014 to meet their increasing demand for information technology (IT). In recent years, GAO and the Office of Management and Budget (OMB) have highlighted a number of potentially duplicative, wasteful, low-value IT investments. For example, in September 2011 GAO reported that there were hundreds of IT investments providing similar functions across the federal government, including 781 supply chain management investments (659 at the Department of Defense and 122 at other agencies) and 661 human resource management investments (363 at the Department of Defense and 298 at other agencies).

More recently, in February 2012 GAO reported on efforts at the Departments of Defense, Energy, and Homeland Security to identify duplicative IT investments. Specifically, GAO noted that although these departments use various investment review processes to identify duplicative investments, 37 of GAO's sample of 810 investments were potentially duplicative at the Departments of Defense and Energy. These investments accounted for \$1.2 billion in spending for fiscal years 2007 through 2012. It is important that federal agencies avoid investments that are determined to be duplicative whenever possible in order to ensure the most efficient use of resources.

In March 2012, OMB launched an initiative, referred to as PortfolioStat, to maximize the return on IT investments across the government's portfolio. PortfolioStat is designed to assist agencies in assessing the current maturity of their IT investment management process, making decisions on eliminating duplicative investments, and moving to shared solutions (such as cloud computing) within and across agencies. According to OMB, PortfolioStat has the potential to save the government \$2.53 billion through fiscal year 2015.¹

What GAO Found

In November 2013, GAO reported that while the 26 federal agencies required to participate in PortfolioStat had made progress in implementing

¹Cloud computing is an emerging form of delivering computing services via networks with the potential to provide IT services more quickly and at a lower cost. Cloud computing provides users with on-demand access to a shared and scalable pool of computing resources with minimal management effort or service provider interaction.

OMB's initiative, shortcomings in their implementation of key requirements could undermine the savings the PortfolioStat effort is expected to achieve:

- Twelve agencies could not ensure the completeness of their commodity IT baseline, either because they did not identify a process for this task or faced challenges in collecting complete information.² Until agencies develop a complete commodity IT baseline, they may not have sufficient information to identify additional consolidation opportunities that could yield considerable cost savings or avoidance.
- Thirteen agencies reported that they still had not completed the migration of two commodity IT areas —such as enterprise IT systems and IT infrastructure—to a shared service as of August 2013, even though they reported to OMB that these efforts would be completed by December 2012. These agencies reported several reasons for this, including delays in establishing contracts with vendors due to the current budget situation, and delays due to technical challenges. Continuing to report progress on the status of these migration efforts will increase the likelihood that they will be completed and that estimated savings will be realized.
- Six agencies reported limitations in their chief information officer's (CIO) authority to review and approve the entire portfolio.³ These responses indicate that several CIOs still do not exercise the authority needed to review and approve the entire IT portfolio, consistent with OMB guidance. Although OMB has issued guidance and required agencies to report on actions taken to implement it, these steps have not been sufficient to ensure that agency Chief Operating Officers address the issue of CIO authority at their respective agencies. As a result, agencies are hindered in addressing certain responsibilities set out in the Clinger-Cohen Act of 1996, which established the position of CIO to advise and assist agency heads in managing IT investments.⁴ These limitations may prevent CIOs from having the

²OMB required agencies establish a commodity IT baseline which included the number of systems and fiscal year 2011 obligations for those systems providing 13 types of commodity IT services. OMB has defined these 13 types of commodity IT investments in three broad categories: (1) enterprise IT systems (including e-mail; identity and access management; IT security; web hosting, infrastructure, and content; and collaboration tools); (2) IT infrastructure (including desktop systems, mainframes and servers, mobile devices, and telecommunications); and (3) business systems (including financial management, grants-related federal financial assistance, grants-related transfer to state and local governments, and human resources management systems).

³OMB's survey did not specifically require agencies to disclose limitations their CIOs might have in their ability to exercise the authorities and responsibilities provided by law and OMB guidance. Thus it is not clear whether all those who have such limitations reported them or whether those who reported limitations disclosed all of them.

⁴See Pub. L. No. 104-106, Div. E, 110 Stat. 186, 679 (1996); Pub.L. No. 104-208, 110 Stat. 3009, 3009-393 (1996); 40 U.S.C §11101, et seq.

visibility into agencies' IT portfolio that is needed to successfully implement the PortfolioStat initiative.

In addition, GAO reported in November 2013 that while OMB was working to improve its oversight of federal agencies' implementation of PortfolioStat through additional guidance, these efforts could be strengthened in order to address weaknesses GAO identified in the implementation of the initiative. In particular, OMB's 2013 guidance does not require agencies to document how they verified their commodity IT baseline data or disclose any limitations of these data or to report on the completion of their two 2012 migration efforts. Without such requirements, it will be more difficult for OMB to hold agencies accountable for identifying and achieving potential cost savings. In addition, while OMB's memorandum has indicated that agencies must now report on how their policies, procedures, and CIO authorities are consistent with OMB Memorandum 11-29, "Chief Information Officer Authorities," OMB's prior guidance and reporting requirements have not been sufficient to address the implementation of CIO authority at all agencies.⁵ OMB's 2013 PortfolioStat guidance also does not require agencies to disclose any limitations CIOs might have in their ability to exercise their authority. Until CIOs are able to exercise their full authority, they will be limited in their ability to implement PortfolioStat and other initiatives to improve IT management.

Furthermore, OMB's overall estimate of the number of opportunities and cost savings from PortfolioStat is underreported. According to OMB, agencies reported a total of 98 consolidation opportunities and \$2.53 billion in planned cost savings and avoidance for fiscal years 2013 through 2015. However, among other things, OMB's estimates do not include the Departments of Defense and Justice because these agencies did not report their plans in the template OMB was using to compile its overall estimate. GAO's analysis of data collected from the 26 agencies, including the Departments of Defense and Justice, shows that they are reporting 204 opportunities and at least \$5.8 billion in savings through fiscal year 2015, at least \$3.3 billion more than the number initially reported by OMB.⁶ While OMB acknowledged that the \$2.53 billion in planned cost savings and avoidance was underreported when it issued the estimate, it did not disclose that the Departments of Defense and Justice's estimates were not included in its total. Until OMB discloses any limitations or qualifications to the data it reports on the agencies'

⁵OMB M-11-29 states that CIOs must be empowered by the agency head to have authority over IT governance, commodity IT systems, information security, and IT program management in order to drive efficiencies.

⁶Subsequent to its report of agencies' planned consolidation initiatives and associated savings, OMB issued the 2013 PortfolioStat memorandum requiring agencies to submit an updated list of consolidation initiatives and estimated cost savings and avoidance by May 15, 2013. Some agencies reported to GAO that the information provided in this submission has changed from what they reported in 2012.

consolidation efforts and associated savings and avoidance, the public and other stakeholders may lack crucial information needed to understand the current status of PortfolioStat and agency progress in meeting the goals of the initiative.

Finally, GAO previously reported that the public reporting of agencies' data, such as IT investment data showing assessments of actual performance against cost and schedule targets, allows OMB, other oversight bodies, and the general public to hold the agencies accountable for results and progress.⁷ While OMB officials have stated that they intend to make agency-reported data and the best practices identified for the PortfolioStat effort publicly available, they have not yet decided specifically which information they will report. Until OMB publicly reports data agencies submit on their commodity IT consolidation efforts, including planned and actual cost savings, it will be more difficult for stakeholders, including Congress and the public, to monitor agencies' progress and hold them accountable for reducing duplication and achieving cost savings.

Actions Needed and Potential Financial or Other Benefits

In November 2013, GAO made the following two recommendations to multiple agencies to improve their implementation of PortfolioStat requirements.

- The Secretaries of Agriculture, Commerce, Defense, Housing and Urban Development, the Interior, and Labor, and the agency heads of the Environmental Protection Agency, U.S. Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, Social Security Administration, and U.S. Agency for International Development should develop a complete commodity IT baseline.
- The Secretaries of Defense, Housing and Urban Development, the Interior, Labor, State, Transportation, and Veterans Affairs, and the agency heads of the Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, Office of Personnel Management, Social Security Administration, and U.S. Agency for International Development should report on the agencies' progress in consolidating remaining migration efforts to a shared service as part of the OMB integrated data collection quarterly reporting until the efforts are completed.

In addition, to help ensure the success of the PortfolioStat initiative, GAO recommended in November 2013 that the Director of OMB direct the Federal Chief Information Officer to take the following five actions:

⁷GAO, *Information Technology: OMB's Dashboard Has Increased Transparency and Oversight, but Improvements Needed*, [GAO-10-701](#) (Washington, D.C.: July 16, 2010).

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- require that agencies (1) state what actions have been taken to ensure the completeness of their commodity IT baseline information and (2) identify any limitation with this information as part of integrated data collection quarterly reporting;
 - require agencies to report on the progress of their two consolidation efforts that were to be completed by December 2012 as part of the integrated data collection quarterly reporting;
 - require agencies to fully disclose limitations their CIOs might have in exercising the authorities and responsibilities provided by law and OMB's guidance, with particular attention to the Departments of Health and Human Services and State; the National Aeronautics and Space Administration; the Office of Personnel Management; and the U.S. Agency for International Development, which reported specific limitations with the CIOs' authority;
 - disclose the limitations of any data reported (or disclose the parameters and assumptions of these data) on the agencies' consolidation efforts and associated savings and cost avoidance; and
 - improve transparency of and accountability for PortfolioStat by publicly disclosing planned and actual data consolidation efforts and related cost savings by agency.

Taking these actions will provide greater assurance that agencies will realize the nearly \$6 billion dollars in savings they estimated they will achieve through fiscal year 2015.

Agency Comments and GAO's Evaluation

In commenting on a draft of the November 2013 report on which this submission is based, 10 agencies (Agriculture, Commerce, General Services Administration, Housing and Urban Development, Interior, National Aeronautics and Space Administration, U.S. Nuclear Regulatory Commission, Office of Personnel Management, State, and Veterans Affairs) generally agreed with the recommendations directed to them, 4 (Defense, Environmental Protection Agency, Social Security Administration, and OMB) either partially agreed or disagreed with the recommendations directed to them, and 4 (Labor, Small Business Administration, Transportation, and U.S. Agency for International Development) stated they had no comments. However, GAO continued to believe that the recommendations to the agencies that partially agreed or disagreed were valid.

In particular, Defense partially concurred with the recommendation to develop a complete commodity baseline, stating that the department has efforts under way to further refine the baseline. In addition, both the Environmental Protection Agency and the Social Security Administration disagreed with our recommendation to develop a complete commodity IT baseline, stating they had already submitted one. However, GAO found that neither agency had a process in place to ensure the completeness of the information and therefore could not be assured that their data were complete.

Lastly, OMB disagreed with the recommendations to (1) disclose the limitations of any data reported on agency consolidation efforts and (2) improve transparency and accountability for PortfolioStat by disclosing consolidation efforts and related cost savings by agency. Regarding the first recommendation, OMB stated it had disclosed some limitations. However, OMB did not disclose that information from the departments of Defense and Justice was not included in the consolidation estimates reported, which, considering the scope of Defense's efforts in this area (at least \$3.2 billion), is a major gap. For the second recommendation, OMB stated that it performs work to ensure accountability and transparency but that some details of agency efforts are deliberative or procurement sensitive and it would therefore not be appropriate to disclose them. While OMB currently reports realized savings by agency on a quarterly basis, these savings are not measured against planned savings. Doing this would greatly enhance Congress's insight into agencies' progress and hold them accountable for reducing duplication and achieving planned cost savings and would not require reporting deliberative or procurement-sensitive information. Therefore, we stand by all recommendations made to these agencies and OMB.

GAO provided a draft of this report section to the following 18 agencies: OMB, the Departments of Agriculture, Commerce, Defense, Housing and Urban Development, Interior, Labor, State, Transportation, Veterans Affairs; the Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, U.S. Nuclear Regulatory Commission, Office of Personnel Management, Small Business Administration, Social Security Administration, and U.S. Agency for International Development. One agency (U.S. Nuclear Regulatory Commission) agreed with the report section. Four agencies commented on efforts to address our recommendations. Specifically, Environmental Protection Agency reported actions underway and plans to address our recommendations. Housing and Urban Development referenced its December 2013 response to the report in which it agreed with the recommendations made and stated that the department's next PortfolioStat update to OMB was scheduled for February 2014. The Small Business Administration stated that it was working to better identify, control, record, and audit their commodity IT baseline. The Social Security Administration stated that the agency now requires commodity IT and associated costs to be identified and reported as part of its IT budget. In addition, the agency anticipates completing its consolidation of geospatial architecture by September 2014. Ten agencies (Agriculture, Commerce, Defense, General Services Administration, Interior, Labor, Office of Personnel Management, State, U.S. Agency for International Development, and Veterans Affairs) stated they had no comments. Two agencies (National Aeronautics and Space Administration and Transportation) had technical comments which we incorporated as appropriate. OMB did not provide comments on this issue.

How GAO Conducted Its Work

The information contained in this analysis is based on the November 2013 report in the related GAO products section. GAO obtained documentation from the 26 agencies that were required to comply with OMB's memorandum for implementing the PortfolioStat initiative and compared it to the memorandum's requirements and supporting guidance.⁸ In addition, GAO obtained a briefing book which OMB provided to the agencies that, among other things, summarized the agencies' commodity IT baseline data. GAO assessed the reliability of OMB's reporting of these data through interviews with OMB officials regarding their processes for compiling the briefing books and used the briefing books to describe the federal investment in commodity IT at the time of the 2012 PortfolioStat.

GAO also assessed the reliability of agencies' commodity IT baseline data by reviewing the processes agencies described they had in place to ensure that all investments were captured in the baseline. GAO identified issues with the reliability of the agencies' commodity IT baseline data and highlighted these issues throughout the November 2013 report, as appropriate. GAO compiled the list of commodity IT opportunities and the total estimated savings or cost avoidance that agencies identified using the cost target templates agencies provided to OMB in September 2012 and the action plans the Departments of Defense and Justice provided to OMB in August 2012.⁹

GAO also reviewed OMB's guidance for the 2013 PortfolioStat and interviewed OMB's PortfolioStat Lead regarding plans for improving the PortfolioStat process. In addition, GAO analyzed the information obtained from federal agencies against the requirements in the 2013 guidance and the information obtained from OMB staff to determine whether OMB's plans for improving PortfolioStat addressed the implementation issues identified in the report. Table 18 in appendix IV lists the programs GAO identified that might have opportunities for cost savings.

Related GAO Products

GAO, *Information Technology: Additional OMB and Agency Actions Are Needed to Achieve Portfolio Savings*. [GAO-14-65](#). Washington, D.C.: November 6, 2013.

⁸The 26 agencies are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs; the Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Archives and Records Administration, National Science Foundation, Office of Personnel Management, Small Business Administration, Social Security Administration, U.S. Agency for International Development, U.S. Army Corps of Engineers, and the U.S. Nuclear Regulatory Commission.

⁹We used the action plans for the Departments of Defense and Justice because they did not provide information on the number of opportunities or potential cost savings in the cost target templates required by OMB

GAO, *Information Technology: Departments of Defense and Energy Need to Address Potentially Duplicative Investments*. [GAO-12-241](#). Washington, D.C.: February 17, 2012.

GAO, *Information Technology: OMB Needs to Improve Its Guidance on IT Investments*. [GAO-11-826](#). Washington, D.C.: September 29, 2011.

GAO, *Information Technology: OMB's Dashboard Has Increased Transparency and Oversight, but Improvements Needed*. [GAO-10-701](#). Washington, D.C.: July 16, 2010.

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25. Better Data to Mitigate Foreclosures

The Department of Housing and Urban Development's Federal Housing Administration and the Departments of Veterans Affairs and Agriculture could improve outcomes and better manage the costs associated with foreclosure mitigation efforts with additional data collection and analysis, potentially saving taxpayers millions of dollars on an annual and recurring basis.

Why This Area Is Important

Foreclosures have remained a key hurdle to recovery from the U.S. economic slowdown. To help homeowners avoid preventable foreclosures, the Department of the Treasury (Treasury) allocated \$29.9 billion for its Home Affordable Modification Program and other programs under the Making Home Affordable Program. The goal of the Home Affordable Modification Program is to help struggling borrowers stay in their homes by reducing their monthly mortgage payment to a more affordable amount. Since 2009, the Federal Housing Administration (FHA) and the Departments of Veterans Affairs (VA) and Agriculture (USDA)—which collectively insured or guaranteed about \$248 billion in single-family home mortgages in fiscal year 2012—also expanded their foreclosure mitigation efforts. Evaluating the costs of various loan modification actions enables agencies to more effectively help borrowers keep their homes and protect taxpayers' interests.

Research on the effectiveness of these efforts, however, has been limited, and the relationships between particular mitigation actions and loan and borrower characteristics on keeping loans current are not well understood. Information on the outcome of foreclosure mitigation efforts is central to helping ensure that these efforts efficiently and effectively preserve homeownership, prevent avoidable foreclosures, protect home values, and reduce taxpayers' costs.

What GAO Found

As noted in GAO's June 2012 report, three of the six agencies reviewed had not incorporated analyses of long-term costs into their loss mitigation efforts. Treasury, Fannie Mae, and Freddie Mac analyzed the performance of modified loans and considered loan and borrower characteristics to better understand the long-term costs of various loan modification actions taken under its program. In contrast, GAO found that FHA had not updated its analysis of loan performance and long-term costs to reflect changes to its loss and foreclosure mitigation activities since 1996. In addition, FHA officials said that they had not assessed the extent to which individual servicers considered long-term costs in making decisions about which mitigation options to offer to borrowers. FHA collected limited data on loan and borrower characteristics at the time of a mitigation action, but not key information—such as borrower income and expenses—that could be analyzed to help identify which action would be most appropriate for the borrower and for minimizing losses to the federal government. More recently, FHA began to calculate redefault rates (becoming 90 days or more delinquent) for specific loss mitigation actions and planned to examine these data in the future.

USDA and VA also had not incorporated analyses of long-term costs into their loss mitigation efforts. USDA collected loan-level data from servicers on loan performance and type of action taken and separately collected data on certain loan and borrower characteristics, but had not matched or analyzed these separate data sets. Although VA collected some information about the performance of modified loans and modified loan characteristics, it had not analyzed its portfolio to understand differences in performance based on type of mitigation actions or for loan and borrower characteristics. VA also had not evaluated servicer-provided data on loan performance and other mitigation actions to determine redefault rates or used servicer-reported information on loan and borrower characteristics to determine the optimal change in monthly payment amounts for future modifications.

GAO's analysis of loan-level data purchased from a private vendor identified certain loan and borrower characteristics that reduced the redefault rate after being modified. When controlling for observable borrower and loan characteristics, large reductions in monthly mortgage payments (specifically, reductions of 30-49 percent) resulted in lower 6-month redefault rates. But reductions in monthly payments of 50 percent or more did not result in further improvement in the 6-month redefault rate.

Because FHA did not analyze the performance of mitigation activities by loan and borrower characteristics and VA and USDA did not analyze these activities by type of mitigation action or loan and borrower characteristics, the agencies had a limited understanding of the ultimate costs and effectiveness of their foreclosure mitigation efforts. If the agencies better understood the performance and ultimate costs of each mitigation action, they could change the order in which mitigation options were offered or adjust their eligibility requirements to both improve the likelihood of borrower success and reduce losses. Conducting more comprehensive analyses could help ensure that federal foreclosure mitigation efforts are as effective as possible while limiting long-term costs.

Actions Needed and Potential Financial or Other Benefits

Generally, federal agencies are responsible for helping ensure that foreclosure mitigation efforts reduce taxpayers' costs. To more fully understand the strengths and risks of foreclosure mitigation actions and protect taxpayers from absorbing avoidable losses, GAO recommended in June 2012 that FHA, VA, and USDA periodically analyze the effectiveness and long-term costs and benefits of their mitigation strategies and actions. These analyses should consider (1) the redefault rates associated with each type of mitigation action and (2) the impact that loan and borrower characteristics have on the performance of different actions. The agencies should use analysis results to reevaluate their mitigation approaches and provide additional guidance to servicers to effectively target mitigation actions. If FHA, VA, and USDA do not maintain data needed to consider this information, they should require servicers to provide the information.

Estimating definitive cost savings in this area is challenging because such savings will depend on the extent to which the agencies use the analyses to reduce their losses associated with mitigation efforts. However, modest reductions in claims that would be associated with improvements to FHA's, VA's, and USDA's loss mitigation efforts could achieve millions of dollars in savings. For example, in fiscal year 2012, FHA paid more than \$17 billion in claims related to defaults. If changes to FHA's loss mitigation program reduced claims related to defaults by 1 percent, potential costs savings would equal about \$176 million.¹ Given the size of the residential loan programs of VA and USDA, the potential cost savings would be smaller than for FHA.

Agency Comments and GAO's Evaluation

In commenting on the June 2012 report on which this analysis is based, FHA, VA, and USDA either agreed or generally concurred with GAO's recommendations to consider (1) the redefault rates associated with each type of mitigation action and (2) the impact that loan and borrower characteristics have on the performance of different actions and subsequently have begun to take actions to implement GAO's recommendation, as follows.

- FHA agreed and, in November 2012, revised the types of mitigation actions and manner in which the actions are offered, and according to the FHA Commissioner's July 2013 congressional testimony, the changes FHA has made to its loss mitigation efforts are reducing losses. FHA officials have begun to evaluate the effectiveness of these changes.
- VA concurred, and in May 2013, VA officials stated they would begin analyzing redefault rates associated with each type of mitigation action. In addition, VA would begin analyzing loan and borrower characteristics to determine their impact on the performance of different mitigation actions. VA will use these analyses to inform its mitigation efforts and guidance to servicers.
- USDA generally concurred and, in September 2013, USDA officials indicated that they had secured the funding needed to build the data-gathering and analysis capability necessary to start implementing GAO's recommendation. Specifically, the Under Secretary provided \$1.5 million to enhance the existing Data Interface Exchange, improving both data capture (more data elements) and data frequency (monthly rather than quarterly). The agency expects that the new capabilities will be fully operational by September 30, 2015.

¹This estimate is based on our review of various loan performance and cost information, including redefault rates for FHA and non-FHA modified loans, FHA's historical loss mitigation expenses, and FHA's reported claim losses.

GAO provided a draft of this report section to FHA, VA, and USDA for review and comment. In emails received on February 10 and 7, 2014, FHA's Special Projects Coordinator and Audit Liaison Officer and USDA's GAO Liaison, respectively, stated that their agencies did not have any comments on this issue. In an email received on February 6, 2014, VA's GAO Liaison indicated that VA continued to have action ongoing in response to our recommendation.

How GAO Conducted Its Work

The information contained in this analysis is based on the June 2012 report in the related GAO products section. To examine opportunities to enhance the effectiveness of current foreclosure mitigation efforts, GAO identified and reviewed the goals of federal foreclosure mitigation efforts as well as statutes, requirements, and guidance associated with these efforts. To describe the costs associated with the mitigation actions, GAO obtained summary data from Treasury, FHA, VA, and USDA. GAO did not independently confirm the accuracy of the summary data obtained, but took steps to ensure that the data used were sufficiently reliable for our purposes, such as interviewing officials familiar with the data. GAO also obtained viewpoints from a range of housing market participants and observers. For example, GAO met with officials from Treasury, FHA, VA, and USDA, to understand their foreclosure mitigation efforts, and representatives of housing market trade associations and consumer advocacy groups. Furthermore, GAO conducted an econometric analysis of redefault among modified loans by analyzing a sample of loan-level data purchased from a private vendor as well as loan-level data obtained from Treasury on Home Affordable Modification Program loans. GAO took steps to ensure that the data used were sufficiently reliable for our purposes.

Table 19 in appendix IV lists the programs GAO identified that might have opportunities for cost savings.

Related GAO Products

Troubled Asset Relief Program: Further Actions Needed to Enhance Assessments and Transparency of Housing Programs. [GAO-12-783](#). July 19, 2012.

Foreclosure Mitigation: Agencies Could Improve Effectiveness of Federal Efforts with Additional Data Collection and Analysis. [GAO-12-296](#). June 28, 2012.

Federal Housing Administration: Risks to the Mutual Mortgage Insurance Fund and the Agency's Operations. [GAO-12-277T](#). December 1, 2011.

Troubled Asset Relief Program: Treasury Continues to Face Implementation Challenges and Data Weaknesses in Its Making Home Affordable Program. [GAO-11-288](#). March 17, 2011.

Troubled Asset Relief Program: Actions Needed by Treasury to Address Challenges in Implementing Making Home Affordable Programs.
[GAO-11-338T](#). March 2, 2011.

Contact Information

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26. Housing Choice Vouchers Rent Reform

By improving data collection and analysis efforts under the Moving to Work demonstration program, the Department of Housing and Urban Development would provide Congress with information to determine which rent reform option should be implemented program-wide and thereby potentially reduce program funding by millions of dollars or extend housing assistance to additional low-income households or some combination of these outcomes.

Why This Area Is Important

The Department of Housing and Urban Development's (HUD) Housing Choice Voucher (voucher) program is the largest among HUD's rental housing assistance programs. Under the program, HUD pays subsidies to landlords to help eligible households rent units (apartments or houses) on the private market. Annually, from fiscal years 2003 through 2010, the voucher program helped provide affordable rental housing to approximately 2 million households.

To be eligible for voucher assistance, in general, households must have very low incomes—not exceeding 50 percent of the area median income, as determined by HUD.¹ Under the voucher program, an assisted household pays 30 percent of its monthly adjusted income in rent; the remainder of the rent is paid through a HUD-subsidized “voucher,” which generally is equal to the difference between (1) the lesser of the unit's gross rent (generally, rent plus utilities) or a local “payment standard” and (2) the household's payment. The payment standard is set between 90 and 110 percent of the HUD-determined fair market rent for the locality, which generally equals the 40th percentile of market rents (including utilities) renters who recently moved paid for standard-quality units.

In 2011, approximately 2,400 state and local housing agencies administered the voucher program on HUD's behalf. Housing agencies are responsible for inspecting units, ensuring that rents are reasonable, determining households' eligibility, calculating and periodically redetermining households' incomes and rental payments, and making subsidy payments to landlords. In addition, housing agencies perform basic program functions, such as establishing and maintaining a waiting list, processing tenant moves, conducting landlord and tenant outreach, and reporting to HUD. HUD disburses appropriated funds to housing agencies for subsidy payments to landlords and administrative expenses.

¹Under the Quality Housing and Work Responsibility Act of 1998 (P.L. 105-276), at least 75 percent of new voucher program participants must have extremely low incomes—not exceeding 30 percent of the area median income. See 42 U.S.C. 1437n (b)(1).

Some housing agencies that administer vouchers can participate in HUD's Moving to Work (MTW) demonstration program.² The MTW program has three statutory purposes: to reduce costs and achieve greater cost-effectiveness in federal housing expenditures, to give families with children incentives to obtain employment and become self-sufficient, and to increase housing choices for low-income families. The program gives participating housing agencies the flexibility to design and test innovative strategies for providing and administering housing assistance in their communities. Rent reform (that is, changes in the way households' payments toward rent are calculated) is one of the strategies housing agencies can implement under the MTW program. Currently, 39 housing agencies are authorized to participate in MTW.

What GAO Found

In March 2012, using 2010 HUD data, GAO found that rent reform could yield substantial reductions in program funding from between approximately \$11 million to \$1.8 billion, or allow housing agencies to serve from approximately 1,400 to 287,000 additional households, if Congress were to maintain program funding levels (see table below). To develop these estimates, GAO primarily considered reforms certain housing agencies have already implemented under the MTW program, including requiring households to pay (1) higher minimum rents, (2) 35 percent of their adjusted income in rent, (3) 30 percent of their gross income in rent, or (4) a percentage of the applicable fair market rent.³ The estimates demonstrate the potential magnitude of reductions in program funding or additional households that would be served if these variations of MTW agencies' rent reforms were expanded to all housing agencies that administer vouchers.

²Congress authorized the Moving to Work demonstration program in the Omnibus Consolidated Rescissions and Appropriations Act of 1996. Pub. L. No. 104-134, 110 Stat. 1321, 1321-281 (1996).

³A rent structure based on gross income would eliminate the deductions and exclusions to income that households currently may claim. Laws and HUD regulations provide 44 different income exclusions and deductions: (1) HUD regulations cite 20 income sources to be excluded when determining households' eligibility for assistance and calculating tenant rents. See 24 C.F.R. § 5.609. (2) Under various statutes, 19 other income sources qualify as exclusions. (3) In addition, program administrators (housing agencies) must apply 5 income deductions, which reduce the amount of income that can be considered in calculating tenant rents. See 24 C.F.R. § 5.611. Once program administrators have collected information from households on income and applicable exclusions and deductions, HUD policy requires that they independently verify this information ("third-party" verification). After verifying households' income information, program administrators must compute the amounts the households will pay in rent. See 24 C.F.R. § 5.628.

Estimated Annual Effect of Selected Rent Reform Options on Program Funding or Number of Additional Voucher-Assisted Households Served

Reform option	Estimated annual reduction in program funding ^a	OR	Estimated additional households served
Increase minimum rents to ^b			
\$50	\$11 million		1,400
\$75	\$67 million		8,600
\$100	\$124 million		16,000
\$150	\$318 million		43,000
\$200	\$602 million		85,000
\$250	\$1.1 billion		167,000
\$300	\$1.8 billion		287,000
Require households to pay ^c			
35 percent of adjusted income in rent	\$1.1 billion		164,000
30 percent of gross income in rent	\$513 million		76,000
35 percent of the fair market rent ^d	\$927 million		136,000

Source: GAO analysis of Department of Housing and Urban Development data.

^aThese estimates illustrate the relative effects of the options if fully implemented in 1 year. Actual implementation of such options likely would be done gradually, and not all of the funding reductions or additional households served would be realized in the first year.

^bGAO assumed that all households paid the greater of the minimum rent or 30 percent of adjusted income. GAO's minimum rent calculations did not take into account any payment households received for utility assistance.

^cFor the adjusted and gross income options, GAO did not impose a minimum rent requirement.

^dFor this option, GAO evaluated the effect of requiring households to pay 12, 15, 20, 30, and 35 percent of the fair market rent and no minimum rent. Only the 35 percent option resulted in reductions in program funding or additional households served on an annual basis—all other percentages resulted in funding increases and fewer households served.

In addition to estimating the reductions in program funding that could result from each of these rent reform options, GAO considered each option in terms of its effect on assisted households and other program objectives, including (1) changes in the rent paid by assisted households, (2) household attrition rates, (3) HUD's goals of encouraging households to move to the neighborhoods of their choice (mobility) and discouraging households from choosing communities that have higher levels of poverty (deconcentration), (4) incentives to seek work, (5) program administration, and (6) housing agency and industry support. While each of these options has advantages over the current rent structure in that they could reduce program funding or create administrative efficiencies, each also involves trade-offs. Specifically, under each rent reform option, some households would have to pay more in rent than they currently pay (see table below).

Estimated Number and Percentage of Voucher-Assisted Households for Which Rents Would Increase and the Average Monthly Increase, by Rent Reform Option

	Number of households experiencing an increase in their monthly payment ^a	Percentage of households experiencing an increase in their monthly payment	Mean change in monthly payment of affected households
Minimum rent			
\$50	36,000	2	\$31
\$75	207,000	11	\$27
\$100	256,000	13	\$45
\$150	358,000	19	\$75
\$200	698,000	36	\$71
\$250	1,012,000	52	\$92
\$300	1,225,000	63	\$122
Household rent formula			
35% of adjusted income	1,751,000	92	\$50
30% of gross income	1,662,000	86	\$27
35% of fair market rent ^b	1,172,000	61	\$155

Source: GAO analysis of Department of Housing and Urban Development data.

^aTo estimate the effect of each rent reform option on the number of households affected and their monthly payments, GAO analyzed household characteristics and rent data as of December 2010.

^bUnder this option, approximately 755,000 households would experience an average decrease of \$139 in their monthly payments.

In addition, these rent reform options may have other implications for assisted households and other program objectives:

- **Household attrition:** Under each rent reform option GAO evaluated, a small number of households might lose their subsidies—that is, their subsidy payments would be reduced to zero because their new, higher rental payments would fully cover the gross rent. For example, under the option where households pay 35 percent of their adjusted income in rent, we estimated that approximately 1.8 percent of households would lose their subsidies.⁴ Further, other affected households might leave the program because they would have to pay more in rent and would no longer choose to participate in the program.
- **HUD’s deconcentration and mobility efforts:** Rent structures that decrease the amount of subsidy households receive may discourage HUD’s deconcentration efforts, as well as household mobility. With smaller subsidies, households (especially those with lower incomes) may not have the means to move from neighborhoods of

⁴In addition, under all other rent reform scenarios, less than 0.5 percent of households would lose their subsidies.

concentrated poverty to those with a diversity of people and opportunities, which may have higher rents.

- Work incentives: Rent structures that do not take into account household income may do more to encourage assisted households to find and retain employment. Under the current rent structure, households generally pay 30 percent of their income toward rent and those with no reported income generally do not pay rent—HUD’s subsidy covers the gross rent. Consequently, some have argued that these households have a disincentive to seek employment or increase their earnings because for every additional \$100 they earn on a monthly basis, they will pay \$30 more in rent.
- Program administration: Moving toward a rent structure either based on fair market rents or gross income would introduce significant administrative efficiencies into the program and could allow housing agencies to further reduce improper payments from administrator (housing agency) error or tenants’ underreporting of income. As GAO found in February 2005, the complexity of the current income and rent determination policies was of major concern to HUD and program administrator errors in calculating rents significantly contributed to the level of improper payments at that time.⁵
- Housing agency and industry support: Nearly all of the housing agencies GAO contacted said that they supported some type of rent reform—among the most popular options were increasing minimum rents and increasing tenant rental payments to 35 percent of adjusted income. Despite this, some housing advocates have voiced concern about rent reform. For example, one advocate suggested that rent reform would put HUD-assisted households at risk of having significant rent burdens.

Program data and other information that could be used to assess the actual effects of these trade-offs were not available. Consequently, GAO’s March 2012 analysis was limited to estimating reductions in program funds and additional households served if certain rent reform options were implemented.

As a demonstration program, MTW is intended to identify actual reductions in program funding and effects on assisted households and other program goals resulting from rent reform efforts similar to those GAO examined in March 2012. However, in April 2012, GAO found that HUD lacked the data and performance indicators needed to assess the impact of activities implemented under the MTW program, including rent

⁵Improper rental assistance payments include subsidy over- and underpayments resulting from program administrator errors (that is, a housing agency’s failure to properly apply income exclusions and deductions and correctly determine income, rent, and subsidy levels). HUD has taken steps to reduce improper payments in the voucher program. According to HUD reports, the department has reduced gross improper payments by almost 60 percent, from \$1.1 billion in fiscal year 2000 to \$440 million in fiscal year 2009.

reform. The GPRA (Government Performance and Results Act) Modernization Act (GPRAMA) and federal internal control standards require that agencies establish performance indicators for program activities in order to demonstrate program results.⁶ Further, GAO found that the shortage of performance data and indicators had hindered HUD's ability to comprehensively evaluate the MTW program, including systematically identifying lessons learned. As GAO reported, one of the goals of the MTW program is to identify successful approaches that can be applied to housing agencies nationwide.

Actions Needed and Potential Financial or Other Benefits

In April 2012, GAO made several recommendations to HUD, including the following three actions, to improve its analysis of the implications of activities implemented under the MTW program:

- develop and implement a plan for quantitatively assessing the effectiveness of similar activities and the program as a whole, including the identification of standard performance data, as needed;
- establish performance indicators for the MTW program as a whole; and
- create a process to systematically identify lessons learned to enhance the department's ability to identify MTW practices that could be applied more broadly.

With standard data and performance indicators, HUD would be well equipped to assess the actual effects of rent reform and the implications of extending it to all housing agencies that participate in the voucher program. Such analysis would provide Congress with information to determine which rent reform option should be implemented program-wide and thereby potentially reduce program funding by millions of dollars or extend housing assistance to additional low-income households or some combination of these outcomes.

Agency Comments and GAO's Evaluation

In its response to GAO's April 2012 report, HUD

- Agreed that quantitatively assessing the effectiveness of similar activities was an important step but noted the difficulties associated with assessing the effectiveness of the MTW program as a whole.
- Disagreed with GAO's recommendation that the department develop performance indicators for the MTW program. The department said that developing program-wide performance measures could be difficult and might be contrary to the nature of the demonstration. In March 2014, HUD further clarified that the department is working with

⁶Pub. L. No. 111-352, 124 Stat. 3866 (2011) and GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

MTW housing agencies to develop programwide indicators based on standard metrics.

- Agreed that it should proactively identify lessons learned.

Since GAO's April 2012 report, HUD has revised the reporting requirements for MTW housing agencies. The Office of Management and Budget approved these requirements in May 2013. The new requirements state that MTW agencies are to report standard metrics and report outcome information on the effects of MTW policy changes on residents. HUD also developed a standard format to allow aggregation and analysis of data across agencies for similar activities. HUD noted that one purpose of the revised reporting requirements was to identify promising practices learned through the MTW demonstration. In addition, HUD required the four new housing agencies that were admitted into the MTW program since April 2012 to implement and study rent reform activities through partnerships with local universities and a research organization. However, until more complete information on the MTW program's effectiveness is available and HUD implements a plan to assess program outcomes and lessons learned, it will be difficult for Congress to know whether extending rent reform or other activities to all housing agencies that administer vouchers would be beneficial.

In its response to GAO's March 2012 report, HUD did not comment on the rent reform options discussed but stated that the report provided an accurate assessment of the program and its current outcomes.

GAO provided a draft of this report section to HUD for review and comment and HUD provided written comments. In its comments, HUD said that in December 2011 the Office of Policy Development and Research issued a request for proposal for a rent demonstration. As GAO reported in March 2012, according to the request, the demonstration will test alternatives to the current rent structure using a random assignment experimental model and most likely would be undertaken at select MTW housing agencies because these agencies already have the authority to request waivers of voucher program laws and regulations. In its comments HUD also noted that it had published an evaluation of the MTW program in 2010.⁷ However, this evaluation found that the effects of many MTW activities could not be conclusively identified because of the variety of and differences in the activities and metrics that MTW housing agencies were implementing. GAO's April 2012 report made a similar finding noting that program design and a lack of standard performance data and indicators have hindered program evaluation efforts.

⁷HUD, Office of Public and Indian Housing and Office of Policy Development and Research, *Moving to Work: Interim Policy Applications and the Future of the Demonstration*, a report to Congress (Washington, D.C.: 2010).

How GAO Conducted Its Work

The information contained in this analysis is based on findings from the products in the related GAO products section. For its April 2012 report, GAO reviewed MTW housing agencies' annual reports and compared HUD's guidance for MTW housing agencies on the type of performance information they should report with the GPRAMA. GAO also reviewed evaluations of the MTW program and summarized the challenges that HUD and others have faced in conducting such evaluations, and assessed HUD's efforts to identify lessons learned from the MTW program. Finally, GAO interviewed HUD officials, officials from a sample of seven MTW housing agencies, research organizations, affordable housing advocates, and organizations that advocate on behalf of residents of federally subsidized housing.

For its March 2012 report, GAO analyzed program data that HUD prepared using information derived from multiple HUD systems to determine how much housing agencies' expenditures changed and the factors that have affected costs in the voucher program from 2003 to 2011. To identify additional steps that could be taken to limit cost growth in the voucher program and more effectively provide decent, safe, and affordable housing, GAO identified and reviewed relevant legislation, draft legislation, and studies. Using data from HUD's Public and Indian Housing Information System on household characteristics, income, and rents, GAO evaluated the cost and policy implications of three types of programmatic reform options for the voucher program: increasing minimum rents, changing the percentage of income tenants pay toward rent, and requiring tenants to pay a percentage of fair market rent. In identifying and assessing these programmatic reform options, GAO considered variations of reforms certain MTW housing agencies have implemented, and reviewed proposals included in draft legislation and in HUD, Congressional Budget Office, and housing industry group reports. Finally, GAO interviewed HUD officials and consulted with an academic and officials from various housing groups. GAO also contacted or visited 93 local housing agencies selected generally based on the number of vouchers administered.

Table 20 in appendix IV lists the federal programs or activities GAO identified in this submission.

Related GAO Products

Moving to Work Demonstration: Opportunities Exist to Improve Information and Monitoring. [GAO-12-490](#). Washington, D.C.: April 19, 2012.

Housing Choice Vouchers: Options Exist to Increase Program Efficiencies. [GAO-12-300](#). Washington, D.C.: March 19, 2012.

HUD Rental Assistance: Progress and Challenges in Measuring and Reducing Improper Rent Subsidies. [GAO-05-244](#). Washington, D.C.: Feb. 18, 2005.

Contact Information

For additional information about this area, contact Daniel Garcia-Diaz at (202) 512-8678 or garciadiazd@gao.gov.

Appendix I: List of Congressional Addressees

The Honorable Barbara A. Mikulski
Chairman

The Honorable Richard C. Shelby
Vice Chairman
Committee on Appropriations
United States Senate

The Honorable Patty Murray
Chairman

The Honorable Jeff Sessions
Ranking Member
Committee on the Budget
United States Senate

The Honorable Thomas R. Carper
Chairman

The Honorable Tom Coburn, M.D.
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate

The Honorable Harold Rogers
Chairman

The Honorable Nita M. Lowey
Ranking Member
Committee on Appropriations
House of Representatives

The Honorable Paul Ryan
Chairman

The Honorable Chris Van Hollen
Ranking Member
Committee on the Budget
House of Representatives

The Honorable Darrell Issa
Chairman

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Claire McCaskill
United States Senate

The Honorable Mark R. Warner
United States Senate

Appendix II: Objectives, Scope, and Methodology

Section 21 of Public Law 111-139, enacted in February 2010, requires GAO to conduct routine investigations to identify federal programs, agencies, offices, and initiatives with duplicative goals and activities within departments and governmentwide. This provision also requires GAO to report annually to Congress on its findings, including the cost of such duplication, and recommendations for consolidation and elimination to reduce duplication and specific rescissions (legislation canceling previously enacted budget authority) that Congress may wish to consider.¹ As agreed with the key congressional committees, our objectives in this report are to (1) identify what potentially significant areas of fragmentation, overlap, and duplication as well as opportunities for cost savings and enhanced revenues exist across the federal government; and (2) identify what options, if any, exist to address fragmentation, overlap, and duplication in these areas and take advantage of opportunities for cost savings and enhanced revenues.

For the purposes of our analysis, we used the term "fragmentation" to refer to those circumstances in which more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need and there may be opportunities to improve how the government delivers these services. We used the term "overlap" when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. We considered "duplication" to occur when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries.² This report presents 11 areas of fragmentation, overlap, or duplication where greater efficiencies or effectiveness in providing government services may be achievable. We also highlighted 15 other opportunities for potential cost saving or revenue enhancements.

GAO's Approach

Over the course of our 2011 through 2013 annual reports we conducted a systematic and practical examination across the federal government to provide reasonable coverage for areas of potential fragmentation, overlap, and duplication government-wide.³ We continue to consider a

¹This is the first year in which we propose a rescission. See area 24, Advanced Technology Vehicles Manufacturing Loan Program.

²We recognize that there could be instances where some degree of program fragmentation, overlap, and duplication, may be warranted due to the nature or magnitude of the federal effort.

³See [GAO-13-279SP](#).

variety of factors to determine whether such potential instances or opportunities identified in our routine audit work warrant inclusion in this annual report. Such factors included, but were not limited to, the extent of potential cost savings, opportunities for enhanced program efficiency or effectiveness, the degree to which multiple programs may be fragmented, overlapping, or duplicative, whether issues had been identified by GAO or external sources, and the level of coordination among agency programs.

Each issue area contained in Sections I and II of this report lists any respective GAO reports and publications upon which it is based. Those prior GAO reports contain more detailed information on our supporting work and methodologies. For issues that update prior GAO work, we provide additional information on the methodologies used in that update in the section entitled “How GAO Conducted Its Work” of each issue area.

Identifying Actions

To identify what actions, if any, exist to address fragmentation, overlap, and duplication and take advantage of opportunities for cost savings and enhanced revenues, we reviewed and updated prior GAO work and recommendations to identify what additional actions agencies may need to take and Congress may wish to consider. For example, we used a variety of prior GAO work identifying leading practices that could help agencies address challenges associated with interagency coordination and collaboration and evaluating performance and results achieving efficiencies.⁴

To identify the potential financial and other benefits that might result from actions addressing fragmentation, overlap, or duplication, we collected and analyzed data on costs and potential savings to the extent it was available. Estimating the benefits that could result from eliminating unnecessary fragmentation, overlap, or duplication was not possible in some cases because information about the extent of duplication among certain programs was not available. Further, the financial benefits that can be achieved from eliminating duplication, overlap, or fragmentation were not always quantifiable in advance of congressional and executive branch decision making, and needed information was not readily available on, among other things, program performance, the level of funding devoted to overlapping programs, or the implementation costs and time frames that might be associated with program consolidations or terminations.

When possible, we also included tables in appendix IV that provide a detailed listing of federally-funded program names and associated budgetary information. While there is no standard definition for what

⁴GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005) and *Managing for Results: A Guide for Using the GPRA Modernization Act to Help Inform Congressional Decision Making*, [GAO-12-621SP](#) (Washington, D.C.: June 15, 2012).

constitutes a program, they may include grants, tax expenditures, centers, loans, funds, and other types of assistance. A wide variety of budgetary information may be used to convey the federal commitment to these programs. When available, we collected obligations information for fiscal year 2012 for reporting across issue areas. In some instances, obligations data were not available, but we were able to report other budgetary information, such as appropriations. In other issue areas, we did not report any budgetary information, because such information was either not available or sufficiently reliable. For example, some agencies could not isolate budgetary information for some programs, because the data were aggregated at higher levels.

We assessed the reliability of any computer-processed data that materially affected our findings, including cost savings and revenue enhancement estimates. The steps that GAO takes to assess the reliability of data vary but are chosen to accomplish the auditing requirement that the data be sufficiently reliable given the purposes it is used for in our products. GAO analysts review published documentation about the data system and Inspector General or other reviews of the data. GAO may interview agency or outside officials to better understand system controls and to assure ourselves that we understand how the data are produced and any limitations associated with the data. GAO may also electronically test the data to see if values in the data conform to agency testimony and documentation regarding valid values, or compare data to source documents. In addition to these steps GAO often compares data with other sources as a way to corroborate our findings. Per GAO policy, when data do not materially affect findings and are presented for background purposes only, we may not have assessed the reliability depending upon the context in which the data are presented.

Assessing Status of Areas and Actions

To examine the extent to which the legislative and executive branches have made progress in implementing the 162 areas we have reported on in previous annual reports on fragmentation, overlap, and duplication, we reviewed relevant legislation and documents such as budgets, policies, strategic and implementation plans, guidance, and other information related to the approximately 380 actions included in these previous reports. We also analyzed, to the extent possible, whether or not financial or other benefits have been attained, and included this information as appropriate. In addition, we discussed the implementation status of the areas with officials at the relevant agencies.

Using the legislation and documentation collected from agencies, GAO analysts and specialists working on defense, domestic, and international areas assessed progress for each of the approximately 380 actions within their areas of expertise. A core group of GAO staff examined all assessments to ensure consistent and systematic application of the criteria, and made adjustments, as appropriate.

We used the following criteria in assessing the status of areas and actions.⁵

- We determined that an area was “addressed” if all actions in that area were addressed; “partially addressed” if at least one action needed in that area showed some progress toward implementation but not all actions were addressed; and “not addressed” if none of the actions needed in that area were addressed or partially addressed.
- In assessing legislative branch actions, we applied the following criteria: “addressed” means relevant legislation is enacted and addresses all aspects of the action needed; “partially addressed” means a relevant bill has passed a committee, the House of Representatives, or the Senate, or relevant legislation has been enacted but only addressed part of the action needed; and “not addressed” means a bill may have been introduced but did not pass out of a committee, or no relevant legislation has been introduced.
- In assessing executive branch actions we applied the following criteria: “addressed” means implementation of the action needed has been completed; “partially addressed” means the action needed is in development, started but not yet completed; and “not addressed” means the administration, the agencies, or both have made minimal or no progress toward implementing the action needed.

GAO provided drafts of these assessments to the agencies involved for their technical comments and incorporated these comments, as appropriate. In providing the drafts to the agencies for review, we communicated that we would use an as of date of March 6, 2014, for all assessments. In addition to summarizing any comments received on our assessments, we incorporated a summary of comments on the prior GAO work upon which each issue area is based. Consistent with GAO policy, we are not reprinting copies of agencies’ comment letters with this report, as the work included is based predominantly on previously issued GAO reports. Copies of agency comment letters associated with previous reports can be found in those reports, if applicable.

This report is based upon work GAO previously conducted 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






⁵Based on subsequent audit work that we conducted, 4 areas reported in 2011, 1 area reported in 2012, and 19 actions were not assessed this year, and we have categorized those areas and actions as “consolidated or other.” These areas and actions have either been consolidated, redirected from a Congressional to an executive branch action, or revised to reflect updated information or data that we obtained. We also added new actions to two areas reported in 2011 and one area reported in 2012 based on new work. The status of these areas and actions has not yet been assessed.

provides a reasonable basis for our findings and conclusions based on our audit objectives.













Appendix III: Areas Identified in 2011 – 2014 Annual Reports, by Mission












This enclosure presents a summary of the areas we identified in our 2011 – 2014 annual reports. It also includes our assessment of the overall progress made in each of the 162 areas that we identified in our 2011, 2012, and 2013 annual reports¹ in which Congress and the executive branch could take actions to reduce or eliminate potential fragmentation, overlap, and duplication or achieve other potential financial benefits. We have not yet made any assessments of progress for its 2014 areas. Table 1 presents our assessment of the overall progress made in implementing the actions needed in the areas related to fragmentation, overlap, or duplication. Table 2 presents our assessment of the overall progress made in implementing the actions needed in the areas related to cost savings or revenue enhancement.














Table 1: GAO Identified Areas of Fragmentation, Overlap, and Duplication in 2011 – 2014 Annual Reports

Mission	Annual Report	Areas identified	Overall assessment
Agriculture	2011	Area 1: Fragmented food safety system has caused inconsistent oversight ineffective coordination, and inefficient use of resources.	
	2012	Area 1: Protection of Food and Agriculture : Centrally coordinated oversight is needed to ensure more than nine federal agencies effectively and efficiently implement the nation's fragmented policy to defend the food and agriculture systems against potential terrorist attacks and major disasters.	
	2013	Area 1: Catfish Inspection : Repealing provisions of the 2008 Farm Bill that assigned U.S. Department of Agriculture's (USDA) Food Safety and Inspection Service responsibility for examining and inspecting catfish and for creating a catfish inspection program would avoid duplication of federal programs and save taxpayers millions of dollars annually without affecting the safety of catfish intended for human consumption.	
Defense	2011	Area 2: Realigning the Department of Defense's (DOD) military medical command structures and consolidating common functions could increase efficiency and result in projected savings ranging from \$281 million to \$460 million annually.	
	2011	Area 3: Opportunities exist for consolidation and increased efficiencies to maximize response to warfighter urgent needs .	













¹GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, [GAO-11-318SP](#) (Washington, D.C.: Mar. 1, 2011); GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap, and Fragmentation, Achieve Savings, and Enhance Revenue*, [GAO-12-342SP](#) (Washington, D.C.: Feb. 28, 2012); and GAO, *2013 Annual Report: Actions Needed to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, [GAO-13-279SP](#) (Washington, D.C.: Apr 9, 2013).
















Mission	Annual Report	Areas identified	Overall assessment
	2011	Area 4: Opportunities exist to avoid unnecessary redundancies and improve the coordination of counter-improvised explosive device efforts .	
	2011	Area 5: Opportunities exist to avoid unnecessary redundancies and maximize the efficient use of intelligence, surveillance, and reconnaissance capabilities.	
	2011	Area 6: A departmentwide acquisition strategy could reduce DOD's risk of costly duplication in purchasing Tactical Wheeled Vehicles .	
	2011	Area 7: Improved joint oversight of DOD's prepositioning programs for equipment and supplies may reduce unnecessary duplication.	
	2011	Area 8: DOD's business systems modernization: opportunities exist for optimizing business operations and systems.	
	2012	Area 2: Electronic Warfare : Identifying opportunities to consolidate DOD airborne electronic attack programs could reduce overlap in the department's multiple efforts to develop new capabilities and improve the department's return on its multibillion-dollar acquisition investments.	
	2012	Area 3: Unmanned Aircraft Systems : Ineffective acquisition practices and collaboration efforts in the DOD unmanned aircraft systems portfolio creates overlap and the potential for duplication among a number of current programs and systems.	
	2012	Area 4: Counter-Improvised Explosive Device Efforts : DOD continues to risk duplication in its multibillion-dollar counter Improvised Explosive Device efforts because it does not have a comprehensive database of its projects and initiatives	
	2012	Area 5: Defense Language and Culture Training : DOD needs a more integrated approach to reduce fragmentation in training approaches and overlap in the content of training products acquired by the military services and other organizations.	
	2012	Area 6: Stabilization, Reconstruction, and Humanitarian Assistance Efforts : Improving the DOD's evaluations of stabilization, reconstruction, and humanitarian assistance efforts, and addressing coordination challenges with the Department of State (State) and the U.S. Agency for International Development (USAID), could reduce overlapping efforts and result in the more efficient use of taxpayer dollars.	
	2013	Area 2: Combat Uniforms : DOD's fragmented approach to developing and acquiring uniforms could be more efficient, better protect servicemembers, and result in up to \$82 million in development and acquisition cost savings through increased collaboration among the military services.	
	2013	Area 3: Defense Foreign Language Support Contracts : DOD should explore opportunities to gain additional efficiencies in contracts for foreign language support, which is estimated to cost more than \$1 billion annually, by addressing fragmentation in the department's acquisition.	
	2014	Area 1: Army Workforce Planning : To address potential overlap between two Army information systems that support workforce planning for weapon system maintenance, manufacturing, and other industrial operations, the Army should increase leadership attention to the issue and establish a fully developed and documented approach for completing a timely assessment of unnecessary overlap, which could lead to millions of dollars in annual savings.	a
	2014	Area 2: Contracting for Defense Health Care Professionals : DOD should develop a consolidated agency-wide strategy to contract for health care professionals to reduce fragmentation and achieve greater efficiencies.	a
	2014	Area 3: Defense Satellite Control Operations : Increased use of shared satellite control networks and leading practices within DOD could reduce fragmentation and potential duplication associated with dedicated systems, resulting in millions of dollars in savings annually.	a

Mission	Annual Report	Areas identified	Overall assessment
	2014	Area 4: Defense Studies and Analysis Research: To address fragmentation in the processes used across the department to request studies and analysis research and limit the potential for overlap and duplication in research activities, DOD should establish a mechanism that requires the military services and other departmental offices to formally coordinate their annual research requests.	a
	2014	Area 5: POW/MIA Mission: DOD should minimize overlapping and duplicative efforts by examining options to reduce fragmentation and clarify guidance on roles and responsibilities among the eight organizations that account for missing persons and improve the effectiveness of the mission.	a
Economic Development	2011	Area 9: The efficiency and effectiveness of fragmented economic development programs are unclear.	
	2011	Area 10: The federal approach to surface transportation is fragmented, lacks clear goals, and is not accountable for results.	
	2011	Area 11: Fragmented federal efforts to meet water needs in the U.S.-Mexico border region have resulted in an administrative burden, redundant activities, and an overall inefficient use of resources.	Consolidated or Other
	2012	Area 7: Support for Entrepreneurs: Overlap and fragmentation among the economic development programs that support entrepreneurial efforts require the Office of Management and Budget (OMB) and other agencies to better evaluate the programs and explore opportunities for program restructuring, which may include consolidation, within and across agencies.	
	2012	Area 8: Surface Freight Transportation: Fragmented federal programs and funding structures are not maximizing the efficient movement of freight.	
Energy	2011	Area 12: Resolving conflicting requirements could more effectively achieve federal fleet energy goals .	
	2011	Area 13: Addressing duplicative federal efforts directed at increasing domestic ethanol production could reduce revenue losses by more than \$5.7 billion annually.	
	2012	Area 9: Department of Energy Contractor Support Costs: The Department of Energy (DOE) should assess whether further opportunities could be taken to streamline support functions, estimated to cost over \$5 billion, at its contractor-managed laboratory and nuclear production and testing sites, in light of contractors' historically fragmented approach to providing these functions.	
	2012	Area 10: Nuclear Nonproliferation: Comprehensive review needed to address strategic planning limitations and potential fragmentation and overlap concerns among programs combating nuclear smuggling overseas.	
	2013	Area 4: Renewable Energy Initiatives: Federal support for wind and solar energy, biofuels, and other renewable energy sources, which has been estimated at several billion dollars per year, is fragmented because 23 agencies implemented hundreds of renewable energy initiatives in fiscal year 2010—the latest year for which GAO developed these original data. Further, the DOE and USDA could take additional actions—to the extent possible within their statutory authority—to help ensure effective use of financial support from several wind initiatives, which GAO found provided duplicative support that may not have been needed in all cases for projects to be built.	
General government	2011	Area 14: Enterprise architectures: key mechanisms for identifying potential overlap and duplication.	
	2011	Area 15: Consolidating federal data centers provides opportunity to improve government efficiency.	



Mission	Annual Report	Areas identified	Overall assessment
	2011	Area 16: Collecting improved data on interagency contracting to minimize duplication could help the government leverage its vast buying power.	
	2011	Area 17: Periodic reviews could help ineffective tax expenditures and redundancies in related tax and spending programs, potentially reducing revenue losses by billions of dollars.	
	2012	Area 11: Personnel Background Investigations : The Office of Management and Budget (OMB) should take action to prevent agencies from making potentially duplicative investments in electronic case management and adjudication systems.	
	2012	Area 12: Cybersecurity Human Capital : Governmentwide initiatives to enhance cybersecurity workforce in the federal government need better structure, planning, guidance, and coordination to reduce duplication.	
	2012	Area 13: Spectrum Management : Enhanced coordination of federal agencies' efforts to manage radio frequency spectrum and an examination of incentive mechanisms to foster more efficient spectrum use may aid regulators' attempts to jointly respond to competing demands for spectrum while identifying valuable spectrum that could be auctioned for commercial use, thereby generating revenues for the U.S. Department of Treasury (Treasury).	
Health	2011	Area 18: Opportunities exist for DOD and the U.S. Department of Veterans Affairs (VA) to jointly modernize their electronic health records systems .	
	2011	Area 19: VA and DOD need to control drug costs and increase joint contracting wherever it is cost-effective.	
	2011	Area 20: The U.S. Department of Health and Human Services (HHS) needs an overall strategy to better integrate nationwide public health information systems .	
	2012	Area 14: Health Research Funding : The National Institutes of Health (NIH), DOD, and VA can improve sharing of information to help avoid the potential for unnecessary duplication.	
	2012	Area 15: Military and Veterans Health Care : DOD and VA need to improve integration across care coordination and case management programs to reduce duplication and better assist servicemembers, veterans, and their families.	
	2013	Area 5: Joint Veterans and Defense Health Care Services : The Departments of Veterans Affairs and Defense should enhance their collaboration to reduce costs, overlap, and potential duplication in the delivery of health care services.	
	2013	Area 6: Medicaid Program Integrity : The Centers for Medicare & Medicaid Services needs to take steps to eliminate duplication and increase efficiency in two Medicaid Integrity Program activities—provider audits and the collection of state program integrity data.	
	2014	Area 6: Federal Autism Research : Because much of the \$1.2 billion that federal agencies spent on autism research from fiscal years 2008 through 2012 had the potential to be duplicative, the Interagency Autism Coordinating Committee and federal agencies should improve coordination and monitoring of autism research to help avoid unnecessary duplication.	a
	2014	Area 7: Minority AIDS Initiative : Consolidating the fragmented funding of the Department of Health and Human Services' Minority AIDS Initiative into core HIV/AIDS funding would likely reduce grantees' administrative burden and help the agency more efficiently and effectively provide services to minority populations who are disproportionately affected by HIV/AIDS, with the approximately \$3 billion used for this purpose. In addition to fragmentation, we found that the services provided by Minority AIDS Initiative grantees overlapped with those provided by core HIV/AIDS grantees and were provided to similar populations; this overlap increases the administrative costs associated with participating in the programs.	a
Homeland security/ law enforcement	2011	Area 21: Strategic oversight mechanisms could help integrate fragmented interagency efforts to defend against biological threats .	

Mission	Annual Report	Areas identified	Overall assessment
	2011	Area 22: DHS oversight could help eliminate potential duplicating efforts of interagency forums in securing the northern border .	
	2011	Area 23: The Department of Justice (DOJ) plans actions to reduce overlap in explosives investigations , but monitoring is needed to ensure successful implementation.	
	2011	Area 24: The Transportation Security Administration's (TSA) security assessments on commercial trucking companies overlap with those of another agency, but efforts are under way to address the overlap.	
	2011	Area 25: DHS could streamline mechanisms for sharing security-related information with public transit agencies to help address overlapping information.	
	2011	Area 26: The Federal Emergency Management Agency (FEMA) needs to improve its oversight of grants and establish a framework for assessing capabilities to identify gaps and prioritize investments.	
	2012	Area 16: Department of Justice Grants : The Department of Justice could improve how it targets nearly \$3.9 billion to reduce the risk of potential unnecessary duplication across the more than 11,000 grant awards it makes annually.	
	2012	Area 17: Homeland Security Grants : DHS needs better project information and coordination among four overlapping grant programs.	
	2012	Area 18: Federal Facility Risk Assessments : Agencies are making duplicate payments for facility risk assessments by completing their own assessments, while also paying DHS for assessments that the department is not performing.	
	2013	Area 7: Department of Homeland Security Research and Development : Better policies and guidance for defining, overseeing, and coordinating research and development investments and activities would help DHS address fragmentation, overlap, and potential unnecessary duplication.	
	2013	Area 8: Field-Based Information Sharing : To help reduce inefficiencies resulting from overlap in analytical and investigative support activities, DOJ and DHS and the Office of National Drug Control Policy could improve coordination among five types of field-based information sharing entities that may collect, process, analyze, or disseminate information in support of law enforcement and counterterrorism-related efforts—Joint Terrorism Task Forces, Field Intelligence Groups, Regional Information Sharing Systems centers, state and major urban area fusion centers, and High Intensity Drug Trafficking Areas Investigative Support Centers.	
	2013	Area 9: Justice and Treasury Asset Forfeiture : Conducting a study to evaluate the feasibility of consolidating DOJ's and Treasury's multimillion dollar asset forfeiture activities could help the departments identify the extent to which consolidation of potentially duplicative activities would help increase the efficiency and effectiveness of the programs and achieve cost savings.	
Income Security	2014	Area 8: Disability and Unemployment Benefits : Congress should consider passing legislation to prevent individuals from collecting both full Disability Insurance benefits and Unemployment Insurance benefits that cover the same period, which could save \$1.2 billion over 10 years in the Social Security Disability Insurance program according to the Congressional Budget Office.	^a
	2014	Area 9: Federal Employees' Compensation and Unemployment Benefits : Changes to enhance the sharing of compensation and wage information between state and federal agencies could improve the Department of Labor's ability to identify potentially improper payments, including inappropriately overlapping payments from the Federal Employees' Compensation Act program and the Unemployment Insurance program administered by the states.	^a
Information technology	2012	Area 19: Information Technology Investment Management : The Office of Management and Budget and the Departments Defense and Energy need to address potentially duplicative information technology investments to avoid investing in unnecessary systems.	

Mission	Annual Report	Areas identified	Overall assessment
	2013	Area 10: Dissemination of Technical Research Reports: Congress should consider whether the fee-based model under which the National Technical Information Service currently operates for disseminating technical information is still viable or appropriate, given that many of the reports overlap with similar information available from the issuing organizations or other sources for free.	
	2013	Area 11: Geospatial Investments: Better coordination among federal agencies that collect, maintain, and use geospatial information could help reduce duplication of geospatial investments and provide the opportunity for potential savings of millions of dollars.	
	2014	Area 10: Interoperable Radio Communications Systems: Better collaboration among agencies that rely on radio communications solutions for mission-critical operations would help to address fragmentation in their approach to improving the interoperability of radio communications systems and has the potential to achieve savings.	a
International affairs	2011	Area 27: Lack of information sharing could create the potential for duplication of efforts between U.S. agencies involved in development efforts in Afghanistan.	
	2011	Area 28: Despite restructuring, overlapping roles and functions still exist at State's Arms Control and Nonproliferation Bureaus.	
	2012	Area 20: Overseas Administrative Services: U.S. government agencies could lower the administrative cost of their operations overseas by increasing participation in the International Cooperative Administrative Support Services system and by reducing reliance on American officials overseas to provide these services.	
	2012	Area 21: Training to Identify Fraudulent Travel Documents: Establishing a formal coordination mechanism could help reduce duplicative activities among seven different entities that are involved in training foreign officials to identify fraudulent travel documents.	
	2013	Area 12: Export Promotion: Enhanced collaboration between the Small Business Administration (SBA) and two other agencies could help to limit overlapping export-related services for small businesses.	
	2013	Area 13: International Broadcasting: The Broadcasting Board of Governors—with a budget of \$752 million in fiscal year 2012—has recognized the need to reduce overlap and reallocate limited resources to broadcasts that will have the greatest impact, but the agency could do more to achieve this goal, such as systematically considering overlap of language services in its annual language services review.	
	2014	Area 11: International Religious Freedom: To promote international religious freedom more effectively, the Department of State and the U.S. Commission on International Religious Freedom should define how they are to interact in their efforts; the lack of defined roles has at times created tensions with foreign government officials.	a
Science and the environment	2012	Area 22: Coordination of Space System Organizations: Fragmented leadership has led to program challenges and potential duplication in developing multibillion-dollar space systems.	
	2012	Area 23: Space Launch Contract Costs: Increased collaboration between the Department of Defense and the National Aeronautics and Space Administration could reduce launch contracting duplication.	
	2012	Area 24: Diesel Emissions: Fourteen grant and loan programs at DOE, Department of Transportation (DOT), and the Environmental Protection Agency (EPA), and three tax expenditures fund activities that have the effect of reducing mobile source diesel emissions; enhanced collaboration and performance measurement could improve these fragmented and overlapping programs.	
	2012	Area 25: Environmental Laboratories: EPA needs to revise its overall approach to managing its 37 laboratories to address potential overlap and fragmentation and more fully leverage its limited resources.	

Mission	Annual Report	Areas identified	Overall assessment
	2012	Area 26: Green Building: To evaluate the potential for overlap or fragmentation among federal green building initiatives, the Department of Housing and Urban Development (HUD), DOE, and EPA should lead other federal agencies in collaborating on assessing their investments in more than 90 initiatives to foster green building in the nonfederal sector.	
	2013	Area 14: Rural Water Infrastructure: Additional coordination by the EPA and the USDA could help three water and wastewater infrastructure programs with combined funding of about \$4.3 billion avoid potentially duplicative application requirements, as well as associated costs and time developing engineering reports and environmental analyses.	
Social services	2011	Area 29: Actions needed to reduce administrative overlap among domestic food assistance programs.	
	2011	Area 30: Better coordination of federal homelessness programs may minimize fragmentation and overlap.	
	2011	Area 31: Further steps needed to improve cost-effectiveness and enhance services for transportation-disadvantaged persons .	
	2012	Area 27: Social Security Benefit Coordination: Benefit offsets for related programs help reduce the potential for overlapping payments but pose administrative challenges.	
	2012	Area 28: Housing Assistance: Examining the benefits and costs of housing programs and tax expenditures that address the same or similar populations or areas, and potentially consolidating them, could help mitigate overlap and fragmentation and decrease costs.	
	2013	Area 15: Drug Abuse Prevention and Treatment Programs: More fully assessing the extent of overlap and potential duplication across the fragmented 76 federal drug abuse prevention and treatment programs and identifying opportunities for increased coordination, including those programs where no coordination has occurred, would better position the Office of National Drug Control Policy to better leverage resources and increase efficiencies.	
Training, employment, and education	2011	Area 32: Multiple employment and training programs: providing information on colocating services and consolidating administrative structures could promote efficiencies.	
	2011	Area 33: Teacher quality: proliferation of programs complicates federal efforts to invest dollars effectively.	
	2011	Area 34: Fragmentation of financial literacy efforts makes coordination essential.	
	2012	Area 29: Early Learning and Child Care: The Departments of Education and Health and Human Services (HHS) should extend their coordination efforts to other federal agencies with early learning and child care programs to mitigate the effects of program fragmentation, simplify children's access to these services, collect the data necessary to coordinate operation of these programs, and identify and minimize any unwarranted overlap and potential duplication.	
	2012	Area 30: Employment for People with Disabilities: Better coordination among 45 programs in nine federal agencies that support employment for people with disabilities could help mitigate program fragmentation and overlap, and reduce the potential for duplication or other inefficiencies.	
	2012	Area 31: Science, Technology, Engineering, and Mathematics Education: Strategic planning is needed to better manage overlapping programs across multiple agencies.	
	2012	Area 32: Financial Literacy: Overlap among financial literacy activities makes coordination and clarification of roles and responsibilities essential, and suggests potential benefits of consolidation.	

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Mission	Annual Report	Areas identified	Overall assessment
	2013	Area 16: Higher Education Assistance: Federal agencies providing assistance for higher education should better coordinate to improve program administration and help reduce fragmentation.	
	2013	Area 17: Veterans' Employment and Training: The Departments of Labor, Veterans Affairs, and Defense need to better coordinate the employment services each provides to veterans, and Labor needs to better target the Disabled Veterans' Outreach Program so that it does not overlap with other programs.	

Source: GAO analysis.








^aAs of April 8, 2014, we have not assessed the 2014 areas identified. Additionally, we added new actions that have not yet been assessed to 2012 Area 32 and, therefore, did not provide an overall assessment for that area.

Legend:

- = Addressed, meaning all actions needed in that area were addressed.
- ◐ = Partially addressed, meaning at least one action needed in that area showed some progress toward implementation, but not all actions were addressed.
- = Not addressed, meaning none of the actions needed in that area were addressed.











Consolidated or other = actions were not assessed this year.










Table 2: GAO Identified Areas of Cost-Savings and Revenue-Enhancement Opportunities in 2011 – 2014 Annual Reports











Mission	Annual Report	Areas identified	Overall assessment
Agriculture	2011	Area 35: Reducing some farm program direct payments could result in savings from \$800 million over 10 years to up to \$5 billion annually.	
	2013	Area 18: Agricultural Quarantine Inspection Fees: USDA's Animal and Plant Health Inspection Service could have achieved as much as \$325 million in savings (based on fiscal year 2011 data, as reported in GAO's March 2013 report) by more fully aligning fees with program costs; although the savings would be recurring, the amount would depend on the cost-collections gap in a given fiscal year and would result in a reduced reliance on U.S. Customs and Border Protection's annual Salaries and Expenses appropriations used for agricultural inspection services.	
	2013	Area 19: Crop Insurance: To achieve up to \$1.2 billion per year in cost savings in the Federal Crop Insurance program, Congress could consider limiting the subsidy for premiums that an individual farmer can receive each year, reducing the subsidy for all or high-income farmers participating in the program, or some combination of limiting and reducing these subsidies.	
Defense	2011	Area 36: DOD should assess costs and benefits of overseas military presence options before committing to costly personnel realignments and construction plans, thereby possibly saving billions of dollars.	
	2011	Area 37: Total compensation approach is needed to manage significant growth in military personnel costs.	
	2011	Area 38: Employing best management practices could help DOD save money on its weapon systems acquisition programs.	
	2011	Area 39: More efficient management could limit future costs of DOD's spare parts inventory.	

Mission	Annual Report	Areas identified	Overall assessment
	2011	Area 40: More comprehensive and complete cost data can help DOD improve the cost-effectiveness of sustaining weapons systems .	
	2011	Area 41: Improved corrosion prevention and control practices could help DOD avoid billions in unnecessary costs over time.	Consolidated or Other
	2012	Area 33: Air Force Food Service : The Air Force has opportunities to achieve millions of dollars in cost savings annually by reviewing and renegotiating food service contracts, where appropriate, to better align with the needs of installations.	
	2012	Area 34: Defense Headquarters : DOD should review and identify further opportunities for consolidating or reducing the size of headquarters organizations.	
	2012	Area 35: Defense Real Property : Ensuring the receipt of fair market value for leasing underused real property and monitoring administrative costs could help the military services' enhanced use lease programs realize intended financial benefits.	
	2012	Area 36: Military Health Care Costs : To help achieve significant projected cost savings and other performance goals, DOD needs to complete, implement, and monitor detailed plans for each of its approved health care initiatives.	
	2012	Area 37: Overseas Defense Posture : DOD could reduce costs of its Pacific region presence by developing comprehensive cost information and re-examining alternatives to planned initiatives.	
	2012	Area 38: Navy's Information Technology Enterprise Network : Better informed decisions are needed to ensure a more cost-effective acquisition approach for the U.S. Navy's Next Generation Enterprise Network.	
	2013	Area 20: Joint Basing : DOD needs an implementation plan to guide joint bases to achieve millions of dollars in cost savings and efficiencies anticipated from combining support services at 26 installations located close to one another.	
	2014	Area 12: Combatant Command Headquarters Costs : The Department of Defense could potentially achieve tens of millions or more in cost savings annually if it (1) more systematically evaluates the sizing and resourcing of its combatant commands and (2) conducts a more comprehensive analysis of options for the location of U.S. Africa Command's headquarters.	a
Economic development	2011	Area 42: Revising the essential air service program could improve efficiency.	
	2011	Area 43: Improved design and management of the universal service fund as it expands to support broadband could help avoid cost increases for consumers.	
	2011	Area 44: The U.S. Army Corps of Engineers should provide Congress with project-level information on unobligated balances.	
	2012	Area 39: Auto Recovery Office : Unless the Secretary of Labor can demonstrate how the Auto Recovery Office has uniquely assisted auto communities, Congress may wish to consider prohibiting the Department of Labor from spending any of its appropriations on the Auto Recovery Office and instead require that the department direct the funds to other federal programs that provide funding directly to affected communities.	
Energy	2011	Area 45: Improved management of federal oil and gas resources could result in approximately \$2 billion over 10 years.	
	2012	Area 40: Excess Uranium Inventories : Marketing the Department of Energy's excess uranium could provide billions in revenue for the government.	
	2013	Area 21: Department of Energy's Isotope Program : Assessing the value of isotopes to customers, and other factors such as prices of alternatives, may show that the Department of Energy could increase prices for isotopes that it sells to commercial customers to create cost savings by generating additional revenue.	
	2014	Area 13: Advanced Technology Vehicles Manufacturing Loan Program : Unless the Department of Energy can demonstrate demand for new Advanced Technology Vehicles Manufacturing loans and viable applicants, Congress may wish to consider rescinding all or part of the remaining \$4.2 billion in credit subsidy appropriations.	a

Mission	Annual Report	Areas identified	Overall assessment
General government	2011	Area 46: Efforts to address governmentwide improper payments could result in significant costs savings.	
	2011	Area 47: Promoting competition for the over \$500 billion in federal contracts could potentially save billions of dollars over time.	
	2011	Area 48: Applying strategic sourcing best practices throughout the federal procurement system could save billions of dollars annually.	Consolidated or Other
	2011	Area 49: Adherence to new guidance on award fee contracts could improve agencies' use of award fees to produce savings.	
	2011	Area 50: Agencies aimed to save at least \$3 billion by the end of fiscal year 2012 through the continued disposal of unneded federal real property .	a
	2011	Area 51: Improved cost analysis used for making federal facility ownership and leasing decisions could save millions of dollars.	Consolidated or Other
	2011	Area 52: The Office of Management and Budget's IT Dashboard reportedly has already resulted in savings and can further help identify opportunities to invest more efficiently in information technology.	
	2011	Area 53: Increasing electronic filing of individual income tax returns could reduce IRS's processing costs and increase revenues by hundreds of millions of dollars.	
	2011	Area 54: Using return on investment information to better target IRS enforcement could reduce the tax gap; for example, a 1 percent reduction would increase tax revenues by \$3.8 billion.	
	2011	Area 55: Better management of tax debt collection may resolve cases faster with lower IRS costs and increase debt collected.	
	2011	Area 56: Broadening IRS's authority to correct simple tax return errors could facilitate correct tax payments and help IRS avoid costly, burdensome audits.	
	2011	Area 57: Enhancing mortgage interest information reporting could improve tax compliance.	
	2011	Area 58: More information on the types and uses of canceled debt could help IRS limit revenue losses of forgiven mortgage debt .	
	2011	Area 59: Better information and outreach could help increase revenues by tens or hundreds of millions of dollars annually by addressing overstated real estate tax deductions .	
	2011	Area 60: Revisions to content and use of Form 1098-T could help IRS enforce higher education requirements and increase revenues.	
	2011	Area 61: Many options could improve the tax compliance of sole proprietors and begin to reduce their \$68 billion portion of the tax gap.	
	2011	Area 62: IRS could find additional businesses not filing tax returns by using third-party data, which show such businesses have billions of dollars in sales.	
	2011	Area 63: Congress and IRS can help S corporations and their shareholders be more tax compliant, potentially increasing tax revenues by hundreds of millions of dollars each year.	
	2011	Area 64: IRS needs an agencywide approach for addressing tax evasion among the at least 1 million networks of businesses and related entities.	
	2011	Area 65: Opportunities exist to improve the targeting of the \$6 billion research tax credit and reduce forgone revenue.	
2011	Area 66: Converting the new markets tax credit to a grant program may increase program efficiency and significantly reduce the \$3.8 billion 5 years revenue cost of the program.		

Mission	Annual Report	Areas identified	Overall assessment
	2011	Area 67: Limiting the tax-exempt status of certain governmental bonds could yield revenue.	
	2011	Area 68: Adjusting civil tax penalties for inflation potentially could increase revenues by tens of millions of dollars per year, not counting any revenues that may result from maintaining the penalties' deterrent effect.	
	2011	Area 69: IRS may be able to systematically identify nonresident aliens reporting unallowed tax deductions or credits.	
	2011	Area 70: Tracking undisbursed balances in expired grant accounts could facilitate the reallocation of scarce resources or the return of funding to the Treasury.	
	2012	Area 41: General Services Administration Schedules Contracts Fee Rates: Re-evaluating fee rates on the General Services Administration's Multiple Award Schedules contracts could result in significant cost savings governmentwide.	
	2012	Area 42: U.S. Currency: Legislation replacing the \$1 note with a \$1 coin would provide a significant financial benefit to the government over time.	Consolidated or Other
	2012	Area 43: Federal User Fees: Regularly reviewing federal user fees and charges can help the Congress and federal agencies identify opportunities to address inconsistent federal funding approaches and enhance user financing, thereby reducing reliance on general fund appropriations.	
	2012	Area 44: Internal Revenue Service Enforcement Efforts: Enhancing the Internal Revenue Service's enforcement and service capabilities can help reduce the gap between taxes owed and paid by collecting billions in tax revenue and facilitating voluntary compliance.	
	2013	Area 22: Additional Opportunities to Improve Internal Revenue Service Enforcement of Tax Laws: The Internal Revenue Service can realize cost savings and increase revenue collections by billions of dollars by, among other things, using more rigorous analyses to better allocate enforcement and other resources.	
	2013	Area 23: Agencies Use of Strategic Sourcing: Selected agencies could better leverage their buying power and achieve additional savings by directing more procurement spending to existing strategically sourced contracts and further expanding strategic sourcing practices to their highest spending procurement categories—savings of one percent from selected agencies' procurement spending alone would equate to over \$4 billion.	
	2013	Area 24: Opportunities to Help Reduce Government Satellite Program Costs: Government agencies could achieve considerable cost savings on some missions by leveraging commercial spacecraft through innovative mechanisms such as hosted payload arrangements and sharing launch vehicle costs. Selected agencies have reported saving hundreds of millions of dollars to date from using these innovative mechanisms.	
	2014	Area 14: Coin Inventory Management: The Federal Reserve should develop a process to assess factors influencing coin management costs and identify practices that could potentially lead to millions of dollars in revenue enhancement.	a
	2014	Area 15: Collection of Unpaid Federal Taxes: The federal government can increase tax revenue collections by hundreds of millions of dollars over a 5-year time period by identifying and taking actions to limit issuance of passports to applicants, levy payments to Medicaid providers, or identify security-clearance applicants with unpaid federal taxes.	a
	2014	Area 16: Federal Real Property Ownership and Leasing: The General Services Administration could potentially achieve millions of dollars in savings by using capital-planning best practices to create a long-term strategy for targeted ownership investments to replace some high-value leases.	a
	2014	Area 17: Online Taxpayer Services: The Internal Revenue Service could potentially realize hundreds of millions of dollars in cost savings and increased revenues by enhancing its online services, which would improve service to taxpayers and encourage greater tax law compliance.	a

Mission	Annual Report	Areas identified	Overall assessment
	2014	Area 18: Real Estate-Owned Properties: Improvements to the Department of Housing and Urban Development's Federal Housing Administration's disposition and oversight practices for foreclosed properties could produce increased sales proceeds and savings from maintenance and other expenses from holding properties totaling hundreds of millions of dollars per year.	a
	2014	Area 19: Reverse Auctions in Government Contracting Including Commercial Items: Due to increasing government use of reverse auctions—with over \$1 billion awarded in contracts in fiscal year 2012—additional guidance may help maximize opportunities to increase competition and improve the accuracy of estimated cost savings.	a
	2014	Area 20: Tax Policies and Enforcement: The Internal Revenue Service can realize cost savings and increase revenue by, among other things, identifying continued offshore tax evasion and evaluating whether the agency's streamlined corporate audit process is meeting its goals.	a
Health	2011	Area 71: Preventing billions in Medicaid improper payments requires sustained attention and action by CMS.	
	2011	Area 72: Federal oversight over Medicaid supplemental payments needs improvement, which could lead to substantial cost savings.	
	2011	Area 73: Better targeting of Medicare's claims review could reduce improper payments .	
	2011	Area 74: Potential savings in Medicare's payment for health care .	
	2012	Area 45: Medicare Advantage Payment: The Centers for Medicare & Medicaid Services could achieve billions of dollars in additional savings by better adjusting for differences between Medicare Advantage plans and traditional Medicare providers in the reporting of beneficiary diagnoses.	
	2012	Area 46: Medicare and Medicaid Fraud Detection Systems: The Centers for Medicare & Medicaid Services needs to ensure widespread use of technology to help detect and recover billions of dollars of improper payments of claims and better position itself to determine and measure financial and other benefits of its systems.	
	2013	Area 25: Medicare Prepayment Controls: More widespread use of prepayment edits could reduce improper payments and achieve other cost savings for the Medicare program, as well as provide more consistent coverage nationwide.	
	2013	Area 26: Medicaid Supplemental Payments: To improve the transparency of and accountability for certain high-risk Medicaid payments that annually total tens of billions of dollars, Congress should consider requiring the Centers for Medicare & Medicaid Services to take steps that would facilitate the agency's ability to oversee these payments, including identifying payments that are not used for Medicaid purposes or are otherwise inconsistent with Medicaid payment principles, which could lead to cost savings. GAO's analysis of providers for which data are available suggests that savings could be in the hundreds of millions, or billions, of dollars.	
	2013	Area 27: Medicare Advantage Quality Bonus Payment Demonstration: Rather than implementing the Medicare Advantage quality bonus payment program specifically established by law, the Centers for Medicare & Medicaid Services is testing an alternative bonus payment structure under a broad demonstration authority through a 3-year demonstration that has design flaws, raises legal concerns, and is estimated to cost over \$8 billion; about \$2 billion could be saved if it were canceled for its last year, 2014.	
	2014	Area 21: Medicaid Demonstration Waivers: Federal spending on Medicaid demonstrations could be reduced by billions of dollars if the Department of Health and Human Services (HHS) were required to improve the process for reviewing, approving, and making transparent the basis for spending limits approved for Medicaid demonstrations. GAO's work between 2002 and 2013 has shown that HHS approved several demonstrations without ensuring that they would be budget neutral to the federal government.	a

Mission	Annual Report	Areas identified	Overall assessment
Homeland security/ law enforcement	2011	Areas 75 and 76: DHS's management of acquisitions could be strengthened to reduce cost overruns and schedule and performance shortfalls.	
	2011	Area 77: Validation of TSA's behavior-based screening program is needed to justify future funding.	a
	2011	Area 78: More efficient baggage screening systems could result in about \$470 million in reduced TSA personnel costs over the next 5 years.	
	2011	Area 79: Clarifying availability of certain customs fee collections could produce a one-time savings of \$640 million.	
	2012	Area 47: Border Security : Delaying proposed investments for future acquisitions of border surveillance technology until the Department of Homeland Security better defines and measures benefits and estimates life-cycle costs could help ensure the most effective use of future program funding.	
	2012	Area 48: Passenger Aviation Security Fees : Options for adjusting the passenger aviation security fee could further offset billions of dollars in civil aviation security costs.	
	2012	Area 49: Immigration Inspection Fee : The air passenger immigration inspection user fee should be reviewed and adjusted to fully recover the cost of the air passenger immigration inspection activities conducted by the Department of Homeland Security's U.S. Immigration and Customs Enforcement and U.S. Customs and Border Protection rather than using general fund appropriations.	
	2013	Area 28: Checked Baggage Screening : By reviewing the appropriateness of the federal cost share the Transportation Security Administration applies to agreements financing airport facility modification projects related to the installation of checked baggage screening systems, the Transportation Security Administration could, if a reduced cost share was deemed appropriate, achieve cost efficiencies and be positioned to install a greater number of optimal baggage screening systems than it currently anticipates.	
Income security	2011	Area 80: Social Security needs data on pensions from noncovered earnings to better enforce offsets and ensure benefit fairness, resulting in estimated \$2.4-\$2.9 billion savings over 10 years.	
	2014	Area 22: Disability Insurance : The Social Security Administration could prevent significant potential cash benefit overpayments in the Disability Insurance program by obtaining more-timely earnings data to identify beneficiaries' work activity that is beyond program limits and suspend benefits appropriately.	a
	2014	Area 23: Veterans' and Survivors' Benefits : The Department of Veterans Affairs' direct spending could be reduced—by an average of about \$4 million annually, according to the Congressional Budget Office—if new statutory provisions were enacted, namely, a look-back review and penalty period for claimants who transfer assets for less than fair market value prior to applying for pension benefits that are available to low-income wartime veterans who are at least 65 years old or have disabilities unrelated to their military service. This action would help to ensure that only those in financial need receive benefits and make the program more consistent with other federal programs for low-income individuals.	a
Information technology	2013	Area 29: Cloud Computing : Better planning of cloud-based computing solutions provides an opportunity for potential savings of millions of dollars.	
	2013	Area 30: Information Technology Operations and Maintenance : Strengthening oversight of key federal agencies' major information technology investments in operations and maintenance provides opportunity for savings on billions in information technology investments.	
	2014	Area 24: Information Technology Investment Portfolio Management : The Office of Management and Budget and multiple agencies could help the federal government realize billions of dollars in savings by taking steps to better implement PortfolioStat, a process to help agencies manage their information technology investments.	a

Mission	Annual Report	Areas identified	Overall assessment
International affairs	2011	Area 81: Congress could pursue several options to improve collection of antidumping and countervailing duties .	○
	2012	Area 50: Iraq Security Funding : When considering new funding requests to train and equip Iraqi security forces, Congress should consider the government of Iraq's financial resources, which afford it the ability to contribute more toward the cost of Iraq's security.	●
	2013	Area 31: Tobacco Taxes : Federal revenue losses were as much as \$615 million to \$1.1 billion between April 2009 and 2011 because manufacturers and consumers substituted higher-taxed smoking tobacco products with similar lower-taxed products. To address future revenue losses, Congress should consider modifying tobacco tax rates to eliminate significant tax differentials between similar products.	○
Social Services	2012	Area 51: Domestic Disaster Assistance : The Federal Emergency Management Agency could reduce the costs to the federal government related to major disasters declared by the President by updating the principal indicator on which disaster funding decisions are based and better measuring a state's capacity to respond without federal assistance.	○
	2014	Area 25: Better Data to Mitigate Foreclosures : The Department of Housing and Urban Development's Federal Housing Administration and the Departments of Veterans Affairs and Agriculture could improve outcomes and better manage the costs associated with foreclosure mitigation efforts with additional data collection and analysis, potentially saving taxpayers millions of dollars on an annual and recurring basis.	a
	2014	Area 26: Housing Choice Vouchers Rent Reform : By improving data collection and analysis efforts under the Moving to Work demonstration program, the Department of Housing and Urban Development would provide Congress with information to determine which rent reform option should be implemented program-wide and thereby potentially reduce program funding by millions of dollars or extend housing assistance to additional low-income households or some combination of these outcomes.	a

Source: GAO.

^aAs of April 8, 2014, we have not assessed the 2014 areas identified. Additionally, we added new actions that have not yet been assessed to 2011 Area 50 and 2011 Area 77 and, therefore, did not provide an overall assessment for those areas.

Legend:

- = Addressed, meaning all actions needed in that area were addressed.
- ◐ = Partially addressed, meaning at least one action needed in that area showed some progress toward implementation, but not all actions were addressed.
- = Not addressed, meaning none of the actions needed in that area were addressed.

Consolidated or other = actions were not assessed this year.

Appendix IV: Lists of Programs Identified

This appendix includes lists of federal programs or other activities related to issue areas in this report, and their obligations data, where such information was available. In some cases, we did not report budgetary information because it was either not available or sufficiently reliable. For some issue areas, agencies were not able to readily provide programmatic information needed to determine whether and to what extent programs are actually duplicative. Additionally, in some instances of fragmentation, overlap, or duplication, it may be appropriate for multiple agencies or entities to be involved in the same programmatic or policy area due to the nature or magnitude of the federal effort.

Table 1: Army Workforce Planning: List of Programs and Related Budgetary Information

Agency or subagency	Program name	Program description	Fiscal year 2013 program costs ^a
Army	Army Workload and Performance System	Information system that produces management reports and decision support tools intended to assist the Army in linking its industrial workload demands to its workforce requirements.	\$7,900,000
Army	Logistics Modernization Program	Enterprise resource planning system that supports operations conducted at the Army's industrial sites. It is the primary source of data for the Army Workload and Performance System.	345,600,000

Source: GAO analysis of Army data.

^aAccording to the Army, the Army Workload and Performance System costs are actual costs, and the Logistics Modernization Program costs are estimated costs.

Table 2: Contracting for Defense Health Care Professionals: Program and Related Budgetary Information

Agency	Program name	Program description	Fiscal year 2011 ^a obligation
Department of Defense (DOD)	Obligations for Contract Health Care Professionals	Obligations on service contracts for health care professionals to supplement the care provided in military treatment facilities in the United States.	\$1.14 billion

Source: GAO analysis of Department of Defense data.

^aFiscal year 2011 was the latest year for which complete data were available when GAO began its review.

Table 3: Defense Studies and Analysis Research: List of Joint Professional Military Education (JPME) Research Institutions and Related Budgetary Information

College or university	Associated research institution	Funding fiscal year 2013 ^a
National Defense University	Center for Complex Operations	\$16,827,000
	Center for Strategic Research	
	Center for Study of Chinese Military Affairs	
	Center for Study of Weapons of Mass Destruction	
	Center for Technology & National Security Policy	
	Conflict Records Research Center	
	Center for Transatlantic Security Studies ^b	
Air University	Air Force Research Institute	\$4,298,000
	Center for Strategy and Technology	
	Air Force Counterproliferation Center	
Naval War College	Strategic Research Department	\$6,752,000
	China Maritime Studies Institute	
	International Law Department	
	Strategic Studies Group	

College or university	Associated research institution	Funding fiscal year 2013 ^a
Marine Corps University	History Division	\$3,724,000
	Middle East Studies	
	Center for Advanced Operational Culture Learning Translational Research Group	
Army War College	Strategic Studies Institute	\$3,515,000
Army Command & General Staff College	Center for Army Leadership	\$5,440,000
	Combat Studies Institute	

Source: GAO analysis of Department of Defense data.

Note: "JPME Research institutions" refers to those affiliated with service and joint colleges and universities. These research institutions support the professional military education mission at their associated colleges and universities in addition to conducting research. The scope of GAO's March 2014 review did not include collecting financial information from all organizations which conduct studies and analysis research. Therefore, GAO is not reporting financial information for other Department of Defense-funded research organizations.

^aJPME research institutions receive funding through their colleges and universities and other departmental offices for their operations, which include research activities. Specifically, this funding includes direct funding from their respective military service, reimbursements from other departmental offices, or in some instances, monetary gifts from their associated college or university. Nominal dollars, unadjusted for inflation.

^bNational Defense University's Center for Transatlantic Security Studies was disestablished in September 2012.

Table 4: POW/MIA Mission: Agency Responsibilities and Related Budgetary Information

Organization	Responsibilities	Fiscal year 2012 obligations ^a
Defense Prisoner of War/Missing Personnel Office	Within the Office of the Under Secretary of Defense, leads the national effort to account for personnel who are missing as a result of hostile action Defense Prisoner of War/Missing Personnel Office (DPMO) is responsible for, among other things, overseeing archival research and rendering final analytic judgments as to what constitutes fullest possible accounting for each case by identifying possibilities for future action, or determining when no further pursuit is possible.	\$20,339,000
Joint Prisoner of War/ Missing in Action Accounting Command	Reports to U.S. Pacific Command. Responsible for conducting field operations in support of achieving the missing persons accounting mission.	97,864,000
Armed Forces DNA Identification Laboratory	Reports to the Army Surgeon General. Conducts DNA analyses of missing persons remains from past military conflicts and maintains the past conflict accounting family reference sample database, to include processing of all DNA references.	10,682,000 ^b
Life Sciences Equipment Laboratory	Part of the Air Force Materiel Command. Analyzes and identifies life science equipment-related artifacts that have been recovered and may potentially be related to missing persons cases.	188,000
Army service casualty office	Army's primary liaison for families concerning missing persons recovery and accounting, including gathering family DNA reference samples, coordinating responses to family inquiries and concerns, and maintaining family contact information. Assists families and helps explain the methods used to account for their missing loved ones.	2,082,000
Navy service casualty office	Navy's primary liaison for families concerning missing persons recovery and accounting. including gathering family DNA reference samples, coordinating responses to family inquiries and concerns, and maintaining family contact information. . Assists families and helps explain the methods used to account for their missing loved ones.	536,000

Organization	Responsibilities	Fiscal year 2012 obligations ^a
Marine Corps service casualty office	Marine Corps' primary liaison for families concerning missing persons recovery and accounting, including gathering family DNA reference samples, coordinating responses to family inquiries and concerns, and maintaining family contact information. Assists families and helps explain the methods used to account for their missing loved ones.	83,000
Air Force service casualty office	Air Force's primary liaison for families concerning missing persons recovery and accounting, including gathering family DNA reference samples, coordinating responses to family inquiries and concerns, and maintaining family contact information. Assists families and helps explain the methods used to account for their missing loved ones.	244,000
Total		\$132,018,000

Source: GAO analysis of accounting community organizations' funding data.

Note: Many DOD organizations, collectively known as the missing persons accounting community, have a role in accounting for the missing. Section 1509 of Title 10 of the United States Code defines the members of DOD's Prisoner of War/Missing in Action accounting community, who are assigned roles by statute or by DOD directives and instructions. See 10 U.S.C. §§ 1501(a) and 1509(b)(2); DOD Directive 5110.10, Defense Prisoner of War/Missing Personnel Office (Sept. 21, 2005); and DOD Directive 2310.07E, Personnel Accounting—Losses Due to Hostile Acts (Nov. 10, 2003, certified current as of Aug. 21, 2007). While many of these organizations have responsibilities outside of the missing persons accounting mission, only their roles for this mission are described here. In addition to these members of the missing persons accounting community, other organizations play a role in the missing persons accounting process, including the Office of the Under Secretary of Defense for Personnel and Readiness, the Chairman of the Joint Chiefs of Staff, the Office of the Under Secretary of Defense for Intelligence, and the State Department. In addition, family and veterans organizations serve as constituency groups to the accounting community.

^aThese amounts do not include indirect costs, such as the personnel costs for the service casualty offices or associated with the augmentees used for recovery missions, airlift costs, and funeral expenses associated with burials. An augmentee is an individual placed to meet unfunded, temporary manpower requirements.

^bThe Armed Forces DNA Identification Laboratory obligation amounts do not include additional funding from the Defense Health Program, biometrics partners, or grants for other mission sets.

Table 5: Federal Autism Research: List of Agencies and Related Budgetary Information

Federal agency	Number of autism research projects 2008-20012	Funds awarded for projects fiscal years 2008-2012
Administration for Children and Families	1	\$100,000
Agency for Healthcare Research and Quality	5	6,987,860
Centers for Disease Control and Prevention	42	77,290,758
Centers for Medicare & Medicaid Services	4	883,846
Department of Defense ^a	64	25,954,015
Department of Education	55	48,671,086
Environmental Protection Agency	1	2,271,501
Health Resources and Services Administration	38	44,724,023
National Institutes of Health	964	960,507,499
National Science Foundation	31	15,076,379
Substance Abuse and Mental Health Services Administration	1	450,000

Source: GAO analysis of data from federal agencies that funded autism research.

^aThe number of autism research projects and funds awarded for the Department of Defense do not include its projects and funding for fiscal year 2012.

Table 6: Minority AIDS Initiative: List of Agencies and Related Budgetary Information

Agency	Funding stream	Agency use of funding stream	Fiscal year 2012 funding
Health Resources and Services Administration (HRSA)	HRSA Minority AIDS Initiative (MAI)	Awarded grants for outpatient medical care, mental health and oral health services, local pharmacy assistance, substance abuse treatment, outreach, case management, early intervention services, treatment adherence, health education/risk reduction, nutritional services, specialty care, pediatric care, women's health, access to clinical trials, technical assistance, training, and education.	\$151,500,000
HRSA	Secretary's MAI Fund (SMAIF) ^a	Awarded grants for outreach to minority populations and training to HIV providers, contracts promoting linkages to care for HIV/AIDS clients, and cooperative agreements to support networks of HIV care by enhancing primary medical care.	\$4,500,000
Centers for Disease Control and Prevention (CDC)	CDC MAI	Awarded grants for capacity building, evaluation, HIV prevention, demonstration projects, and research activities to individuals disproportionately affected by HIV/AIDS.	\$93,592,000
CDC	SMAIF	Awarded grants for capacity building, evaluation, HIV prevention, surveillance, demonstration projects, and research efforts.	\$16,897,890
Substance and Mental Health Services Administration (SAMHSA)	SAMHSA MAI	Awarded grants for enhanced and expanded the provision of effective, culturally competent HIV/AIDS-related mental health, HIV testing and outreach services; reentry programs hepatitis education; technical assistance; behavioral health, and substance abuse treatment services in minority communities for persons living with HIV/AIDS.	\$117,223,515
SAMHSA	SMAIF	Awarded grants to expand the capacity for providers to deliver rapid HIV testing, counseling and referrals to care; provide training and technical assistance HIV outreach and awareness, as well as provide HIV testing on college campuses and universities.	\$3,399,996
Indian Health Service	SMAIF	Awarded grants for HIV screening services, capacity building, and access to care services, online HIV training for clinicians, HIV screening services, and behavioral interventions for tribal communities.	\$3,990,000
Office of Adolescent Health	SMAIF	Awarded a grant for management of a resource center website and technical assistance. The Office of Adolescent Health also developed a web-based Resource Center focused on HIV/AIDS prevention among adolescents; synthesized existing and emerging research as resources for adolescent HIV prevention; and served as resource for capacity-building for program staff and communities to implement HIV/AIDS prevention for adolescents.	\$200,000
Office of HIV/AIDS and Infectious Disease Policy (OHAIDP)	SMAIF	Awarded grants for technical assistance, education, and outreach via AIDS.gov. OHAIDP also awarded grants for outreach, education, technical assistance, HIV testing, and capacity building for the Minority Serving Institutions HIV/AIDS Prevention Demonstration Initiative. Funds were used for the National HIV testing mobilization campaign, and to coordinate for the National HIV/AIDS Strategy.	\$3,385,000

Agency	Funding stream	Agency use of funding stream	Fiscal year 2012 funding
Office of Minority Health	SMAIF	Awarded grants for capacity building, technical assistance, health promotion and education, access to testing and care, counseling, peer education, and links to social and support services.	\$4,800,000
Office of Population Affairs	SMAIF	Awarded grants to health departments, community health centers, Planned Parenthood, as well as other organizations including non-profits, universities, hospitals, faith-based organizations, tribal health centers, and free-standing family planning organizations for the provision of expanded HIV testing, prevention education, and referrals to care.	\$6,800,000
Office of Women's Health	SMAIF	Awarded contracts and cooperative agreements for HIV prevention and education services to women living in the United States Virgin Islands, Puerto Rico, and Native American women, as well as women sexually involved with an incarcerated or recently released partner. Additionally, the Office of Women's Health awarded grants for outreach and education services and events including the National HIV/AIDS Awareness Day and the Young Women's Mobilization project.	\$4,100,000
Regional Health Administrators	SMAIF	Awarded a contract to provide capacity building services.	\$1,900,000

Source: GAO analysis of HRSA, CDC, SAMHSA, OAH and OHAIDP data.

^aMAI funds administered by the Department of Health and Human Services' Office of the Secretary, referred to as the Secretary's MAI Fund, are distributed by to HRSA, CDC, SAMHSA, and seven other HHS agencies and offices. These agencies and offices, in turn, award SMAIF grants. In fiscal year 2011, the Office of the Secretary received a \$52.8 million appropriation for SMAIF which OHAIDP distributed.

Table 7: Disability and Unemployment Benefits: List of Federal Programs and Related Budgetary Information

Agency	Program name	Program description	Fiscal year 2012 benefit disbursements
Social Security Administration	Disability Insurance	Disability Insurance provides benefits to replace lost earnings for eligible workers who have qualifying disabilities, and their eligible family members.	\$136,925,000,000
Department of Labor	Unemployment Insurance	Unemployment Insurance provides temporary cash benefits to eligible workers who are able to work but remain involuntarily unemployed.	90,430,000,000

Sources: GAO analysis of Social Security Administration and Department of Labor data.

Table 8: Federal Employees' Compensation and Unemployment Benefits: List of Programs and Related Budgetary Information

Agency	Program name	Program description	Fiscal year 2012 benefit disbursements
Department of Labor			
Office of Workers' Compensation Programs	Federal Employees' Compensation Act (FECA) program	The FECA program provides monetary and medical benefits to Federal workers who sustain work-related injury or disease.	\$2,677,000,000

Agency	Program name	Program description	Fiscal year 2012 benefit disbursements
Employment and Training Administration	Unemployment Insurance	Unemployment Insurance provides temporary cash benefits to eligible workers who are able to work but remain involuntarily unemployed.	90,430,000,000

Source: GAO analysis of Department of Labor data.

Table 9: International Religious Freedom: List of Federal Entities

Federal entity	Responsibilities outlined in International Religious Freedom Act of 1998, as amended ^a
The Department of State Office of International Religious Freedom	The Ambassador-at-Large for International Religious Freedom is the head of the Office, and the Act outlines the Ambassador's four primary responsibilities: (1) promote religious freedom, (2) serve as a principal adviser to the President and Secretary of State on religious freedom issues abroad, (3) represent the U.S. government diplomatically in matters relevant to religious freedom abroad, and (4) report on the status of international religious freedom annually. ^b
United States Commission for International Religious Freedom (USCIRF)	The Act outlines two primary responsibilities for USCIRF: (1) review the facts and circumstances of violations of religious freedom and (2) make policy recommendations to the President, Secretary of State, and Congress with respect to these matters. In addition, the Act requires the Commission to issue an annual report setting forth its recommendations for U.S. policy options based on its evaluation of the facts and circumstances presented in State's annual report and of information from other sources where appropriate. The Act also authorizes USCIRF to hold hearings, conduct travel, and secure information from any federal agency as necessary to carry out its duties.

Source: GAO analysis of the International Religious Freedom Act of 1998, as amended.

^aSee International Religious Freedom Act of 1998, Pub. L. No. 105-292 (1998), as amended by later acts such as A Bill to Amend the International Religious Freedom Act of 1998 to Provide Additional Administrative Authorities to the United States Commission on International Religious Freedom, and to Make Technical Corrections to the Act, and for other purposes, Pub. L. No. 106-55 (1999) and the United States Commission on International Religious Freedom Reform and Reauthorization Act of 2011, Pub. L. No. 112-75 (2011).

^bAlthough the Act directs that the Ambassador is the head of the Office, it does not explicitly outline responsibilities for the Office. State officials said that the primary responsibilities of the Office mirror those established for the Ambassador.

Table 10: Combatant Command Headquarters Costs: List of Command Types and Related Budgetary Information

Department of Defense command type	Fiscal year 2012 mission and headquarters- support costs ^a
Geographic Combatant Commands	\$ 1,100,000,000
Service Component Commands	600,000,000
Total	1,700,000,000

Source: GAO analysis of Department of Defense data.

Note: The data reflect mission and headquarters-support costs at U.S. Africa Command, U.S. European Command, U.S. Northern Command, U.S. Pacific Command, and U.S. Southern Command and their supporting service component commands. It excludes U.S. Central Command and its service component commands. Numbers may reflect rounding.

^aMission and headquarters-support costs reflect the costs for civilian personnel and contract services, among other costs for operations and maintenance. This does not include the costs associated with military personnel basic pay and allowances and other military personnel costs. Mission and headquarters support costs in this report section are in constant fiscal year 2012 dollars. Costs were

adjusted for inflation using the deflator for DOD total obligation authority by appropriation title-operation and maintenance, excluding the defense health program.

Table 11: Advanced Technology Vehicles Manufacturing Loan Program: Program and Related Budgetary Information

Agency	Program name	Program description	Remaining credit subsidy appropriations
Department of Energy	Advanced Technology Vehicles Manufacturing loan program	Provides loans to manufacturers for projects to produce more fuel-efficient passenger vehicles and their components.	\$4,200,000,000

Source: GAO analysis of Department of Energy data.

Table 12: Coin Inventory Management: List of Agencies and Related Budgetary Information

Federal program	Program activity	Description	Program costs fiscal year 2012
Federal Reserve System: Reserve Banks	Coin management	Coin management includes the Cash Product Office's administration, coin handling, and interbank coin transfer costs. ^a	\$62,000,000

Source: GAO analysis of Federal Reserve information.

Note: The Federal Reserve System's Reserve Banks are self-funded entities that engage in a variety of activities that generate revenue, such as earnings from lending to financial institutions. The costs of operating the Federal Reserve System are deducted from these revenues and the remaining amount is transferred to the General Fund of the U.S. Treasury (General Fund). The Cash Product Office manages the Reserve Bank's coin inventory from a national perspective.

^aThese costs are indirect costs to the government because the Federal Reserve incurs the costs and the amounts it remits to the U.S. Treasury are less the costs related to coins. Reserve Bank costs related to coin management include, for example, support costs (e.g., utilities and information technology) and direct costs (e.g., personnel and equipment).

Table 13: Federal Real Property Ownership and Leasing: Program and Related Budgetary Information

Agency	Program name	Program description	Fiscal year 2012 obligational authority to lease space in privately-owned buildings ^a
General Services Administration (GSA)	Real property leasing	GSA leases space for federal agencies in privately-owned buildings where federally-owned space is not available.	\$5,210,198,000

Source: GAO analysis of GSA data.

^aThe primary means of financing the operating and capital costs associated with federal space is the Federal Buildings Fund, a revolving fund financed by rents received from other agencies and authorized and established by the Public Buildings Act Amendments of 1972. Pub. L. No. 92-312 (1972). The Federal Buildings Fund is administered by GSA. Congress exercises control over the Federal Buildings Fund through the appropriations process that sets annual limits—called obligational authority—on how much of the fund can be obligated for various activities. GSA, as an executive branch agency, requests obligational authority from Congress as part of the annual President's Budget Request. In annual appropriations legislation, Congress provides obligational authority to GSA to incur obligations and make expenditures from the Federal Buildings Fund in five categories of activities, including rental of space, which funds leases of privately owned space or buildings for federal agencies.

Table 14: Real Estate-Owned Properties: List of Agencies and Appraised Value of Real Estate-Owned Dispositions

Agency and subagency	Description of subagency's role in real estate-owned process	Total appraised value of FHA's 2011 real estate-owned dispositions
Housing and Urban Development		
Federal Housing Administration (FHA)	Manages and disposes of real estate-owned properties resulting from foreclosure on homes with mortgages insured through its Mutual Mortgage Insurance Fund.	\$9,125,000,000

Source: GAO analysis of FHA data.

Table 15: Medicaid Demonstration Waivers: Program and Related Budgetary Information

Agency	Program name	Program description	Fiscal year 2013 federal expenditure
Department of Health and Human Services	Medicaid Demonstration Waivers	Demonstration projects that are likely to promote Medicaid objectives.	\$70,000,000,000

Source: Centers for Medicare & Medicaid Services.

Table 16: Disability Insurance: Program and Related Budgetary Information

Agency	Program name	Program description	Fiscal year 2012 benefit disbursements
Social Security Administration	Disability Insurance	Disability Insurance provides benefits to replace lost earnings for eligible workers who have qualifying disabilities, and their eligible family members.	\$136,925,000,000

Source: Social Security Administration.

Table 17: Veterans' and Survivors' Benefits: Program and Related Budgetary Information

Agency	Program name	Program description	Fiscal Year 2012 obligation
Department of Veterans Affairs	Pensions	Provides cash benefits to bring veterans' total income, including other retirement or Social Security income, to a level set by Congress.	\$4,892,758,000

Source: GAO analysis of Department of Veterans Affairs data.

Table 18: Information Technology Investment Portfolio Management: List of Agencies Required to Implement PortfolioStat

Federal agency
U.S. Agency for International Development
U.S. Army Corps of Engineers
U.S. Department of Agriculture
Department of Commerce

Federal agency

Department of Defense

Department of Education

Department of Energy

Department of Health and Human Services

Department of Homeland Security

Department of Housing and Urban Development

Department of the Interior

Department of Justice

Department of Labor

Department of State

Department of Transportation

Department of the Treasury

Department of Veterans Affairs

Environmental Protection Agency

General Services Administration

National Aeronautics and Space Administration

National Archives and Records Administration

National Science Foundation

U.S. Nuclear Regulatory Commission

Office of Personnel Management

Small Business Administration

Social Security Administration

Source: Office of Management and Budget.

Table 19: Better Data to Mitigate Foreclosures: List of Programs and Related Budgetary Information

Agency or subagency	Program	Program Description	Fiscal year 2012 commitments ^a
Housing and Urban Development			
Federal Housing Administration (FHA)	Mutual Mortgage Insurance, Single Family, Guaranteed Loans	FHA provides mortgage insurance to private lenders against losses from borrower defaults on mortgages that meet FHA requirements.	\$160,500,000,000
Agriculture			
Rural Housing Service (RHS)	502 Single Family Guaranteed loans	RHS provides loan guarantees to private lenders against losses from borrower defaults on mortgages that meet RHS requirements.	24,000,000,000
Veterans Affairs			
Veterans Benefits Administration	Housing Guaranteed Loans	Veterans Benefits Administration provides 's loan guarantees to private lenders against losses from borrower defaults on mortgages that meet VA requirements.	63,941,043,000

Source: GAO analysis of the Fiscal Year 2013 Federal Credit Supplement of the Budget of the U.S. Government.

^aCommitments are defined as an agency's administrative reservation of funds in anticipation of obligating those funds. These commitments are then used by the agency to make loan guarantees under specified conditions.

Table 20: Housing Choice Vouchers Rent Reform: List of Federal Programs and Related Budgetary Information

Agency or subagency	Program name	Program description	Fiscal year 2012 obligation
Department of Housing and Urban Development	Housing Choice Voucher Program	The Housing Choice Voucher program subsidizes private-market rents for low-income households.	\$18,316,054,000
	Moving to Work Demonstration Program	The Moving to Work demonstration program gives participating housing agencies the flexibility to design and test innovative strategies for providing and administering housing assistance in their communities.	N/A ^a

Source: GAO analysis of Department of Housing and Urban Development data.

^aThe agencies participating in the Moving to Work demonstration program do not receive special funding allocations. Rather, they receive funds from multiple HUD programs, including Housing Choice Vouchers.

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