- *Electronic data collection systems:* According to JIEDDO officials, JIEDDO has funded the development and support of approximately 70 electronic data collection and analysis tools that overlap to some degree because they include capabilities to collect, analyze, and store data to help the warfighter combat the IED threat. Although JIEDDO recently reported that it could not verify total funding for its information technology investments,[5] GAO determined through a review of DOD financial records that the department has expended at least $184 million collectively on information technology development for its data collection and analysis tools.

  According to JIEDDO officials, JIEDDO is aware of the redundancy within these electronic tools. In April 2011, the JIEDDO Deputy Director for Information Management raised the issue of redundancy in JIEDDO's information technology systems, including its counter-IED data collection and analysis systems and tools. Consequently, since April 2011, JIEDDO has worked to eliminate overlapping information technology capabilities where feasible, including among the approximately 70 analytical tools JIEDDO has funded and developed for use in countering IED networks. For example, on July 1, 2011, JIEDDO discontinued funding for one of these initiatives—Tripwire Analytical Capability—citing as reasons the initiative's limited purpose, high cost, and duplicative capabilities.

  However, in making its decision to discontinue the Tripwire Analytical Capability, yet continue operating the other data collection and analysis tools, JIEDDO had not compared and quantified all of the potential options to streamline or consolidate these tools to create a single, collective system that includes extracting data on counter-IED efforts across DOD. As a result, JIEDDO cannot be certain it is pursuing the most advantageous approach for collecting, analyzing, storing, and using available data for combating the IED threat. Further, although JIEDDO has discontinued funding the Tripwire Analytical Capability, the Defense Intelligence Agency is continuing to develop the tool for its own use, resulting in the potential for DOD-wide duplication between the Tripwire Analytical Capability and JIEDDO's other data collection and analysis tools.

These above three examples of potential duplication are based on GAO's examination of selected efforts identified during its review of DOD's progress in developing a comprehensive DOD-wide counter-IED database. However, given the continued absence of a database and a process to identify and reduce duplication in DOD's counter-IED efforts, the potential exists for additional cases of duplication.

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[5]Joint Improvised Explosive Device Defeat Organization Office of Internal Review, *Joint Improvised Explosive Device Defeat Organization: Information Technology Investment Management,* Report of Audit 2011-07-002 (September 6, 2011).

Actions Needed and Potential Financial or Other Benefits

To improve visibility of its collective counter-IED expenditures and investments, GAO has in prior years recommended that DOD develop a database of all department-wide counter-IED efforts. However, after expending billions of dollars on developing counter-IED capabilities, DOD has not made progress in establishing such a database. Consequently, GAO recommended in February 2012 that DOD should

- develop an implementation plan, including a detailed timeline with milestones to help achieve this goal; and

- develop a process to use this database once it is established to identify and reduce duplication, overlap, and fragmentation among its counter-IED initiatives.

It is essential that DOD follow-through in implementing GAO's recommendations to address the risk of duplication in its multibillion-dollar counter-IED expenditures and investments. Given that JIEDDO and other DOD organizations have spent billions of dollars on counter-IED efforts, cost savings could be significant should DOD focus on reducing duplication across its counter-IED efforts.

Agency Comments and GAO's Evaluation

GAO provided a draft of its February 2012 report to DOD for review and comment. DOD agreed with GAO's recommendation to develop an implementation plan for the establishment of DOD's counter- IED database. The department did not agree with the recommendation to develop a means to identify and reduce any duplication, overlap, and fragmentation among counter-IED initiatives, stating that it had existing processes to facilitate coordination and collaboration with the military services and across DOD, which would address this recommendation. GAO agrees that existing DOD processes such as JIEDDO's Capabilities Development Process and DOD's Senior Integration Group prioritization process can be helpful in coordinating DOD's counter-IED efforts. However, the effectiveness of these processes has been limited given that they did not prevent the instances of potential duplication GAO identified. For example, in the case of DOD's directed energy counter-IED efforts where DOD has collectively expended $104 million, the processes cited by DOD in its response did not identify and resolve the potential duplication present in these efforts. As a result the commander of U.S. Central Command, as mentioned previously, protested in writing to DOD officials about potential duplication of efforts. Without a process to use DOD's counter-IED database, once it is developed, DOD will continue to lack assurance that it is identifying and addressing instances of potential duplication before making significant investments. In finalizing its February 2012 report, GAO modified the wording of the recommendation to clarify the intent that DOD establish a process to use its counter-IED data base once it is established.

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 JIEDDO databases on counter-IED efforts and interviewed DOD, military service, and JIEDDO officials to determine the degree of comprehensive visibility regarding DOD's counter-IED efforts. GAO identified and evaluated examples of potential duplication using information from interviews with DOD officials and data and documentation collected that evidenced similar capabilities and objectives among two or more counter-IED efforts.

Related GAO Products

Warfighter Support: DOD Needs Strategic Outcome-Related Goals and Visibility Over Its Counter-IED Efforts. GAO-12-280. Washington, D.C.: February 22, 2012.

Warfighter Support: DOD's Urgent Needs Processes Need a More Comprehensive Approach and Evaluation for Potential Consolidation. GAO-11-273. Washington, D.C.: March 1, 2011.

Warfighter Support: Actions Needed to Improve Visibility and Coordination of DOD's Counter-Improvised Explosive Device Efforts. GAO-10-95. Washington, D.C.: October 29, 2009.

Warfighter Support: Challenges Confronting DOD's Ability to Coordinate and Oversee Its Counter-Improvised Explosive Devices Efforts. GAO-10-186T. Washington, D.C.: October 29, 2009.

Defense Management: More Transparency Needed over the Financial and Human Capital Operations of the Joint Improvised Explosive Device Defeat Organization. GAO-08-342. Washington, D.C.: March 6, 2008.

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5. Defense Language and Culture Training

The Department of Defense 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.

Why This Area Is Important

Due to changes in the global security environment and operational experiences such as those in Afghanistan and Iraq, the Department of Defense (DOD) has emphasized the importance of developing language skills and knowledge of foreign cultures within its forces to meet the needs of current and future military operations. Traditionally, DOD has focused on its professional communities of linguists and regional experts to ensure that it has the language and culture capabilities it needs. In recent years, the department has identified the need to build these capabilities within the general purpose forces and has spent considerable time and resources to establish language- and culture-related plans, organizations, and activities.[1]

Specifically, DOD has invested millions of dollars to provide language and culture training to thousands of servicemembers, including those deploying to ongoing operations. For example, GAO estimated that DOD invested about $266 million for fiscal years 2005 through 2011 to provide general purpose forces with training support, such as classroom instruction, computer-based training, and training aids. Since 2009, GAO has reported on management challenges that DOD faces in developing language and culture capabilities, indicating that opportunities exist for DOD to approach its language and culture training efforts more efficiently.

What GAO Found

As GAO reported in May 2011, language and culture training within DOD is not provided through a single department- or servicewide program, but rather multiple DOD organizations oversee the development and acquisition of language and culture training and related products and deliver training. However, GAO has found that the department lacks an approach for integrating these efforts, which has contributed to some fragmentation of service training efforts and overlap and potential duplication in some of the language and culture training products acquired by the services.

To establish organizational responsibility for language- and culture-related efforts, DOD has established the Defense Language Office and designated Senior Language Authorities within the Office of the Secretary

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[1]General purpose forces are the regular armed forces of a country, other than nuclear forces and special operations forces, that are organized, trained, and equipped to perform a broad range of missions across the range of military operations.

GAO-12-342SP Duplication, Overlap, and Fragmentation

of Defense, the Joint Staff, and the military services.[2] Each military service has a dedicated organization that provides culture and, in some cases, language training to its respective forces, while the Defense Language Institute Foreign Language Center also provides language training to each of the services' forces. GAO also reported that the Office of the Secretary of Defense had not yet established internal mechanisms to assist the department in reaching consensus with the military services and other DOD entities on training priorities, synchronize the development of service- and departmentwide plans with the budget process, and guide efforts to monitor progress.

In the absence of an integrated approach, GAO found that DOD has not approached its language and culture training efforts in an efficient manner. In particular, DOD and the military services have not yet reached agreement on the common language and cultural skills that general purpose forces need to acquire. Without such an agreement, each military service has developed an individualized approach for language and culture training that varies in the amount, depth, and breadth of training. Moreover, DOD did not have a process to coordinate training requirements for ongoing operations, and therefore multiple organizations independently established varying language and culture training requirements. As a result, the services have expended considerable time and resources adjusting their language and culture training plans.

In addition, the military services have not fully coordinated efforts to develop and acquire language and culture training products. As a result, the services have acquired overlapping and potentially duplicative products, such as reference materials containing country- or region-specific cultural information and computer software or web-based training programs that can be used within a distributed learning training environment.[3] GAO previously reported that when assessing delivery options for training, agencies may achieve economies of scale and avoid duplication of effort by taking advantage of existing training content, such as sharable online courseware.[4] However, GAO found that departmentwide working groups existed but had not been formally designated with the responsibility to develop training products that can be

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[2]The Defense Language Office, within the Office of the Under Secretary of Defense for Personnel and Readiness, provides strategic direction and programmatic oversight to the DOD components, including the services and combatant commands, on present and future requirements related to language, as well as on regional and cultural proficiency. The office's director reports to the Deputy Assistance Secretary of Defense for Readiness, who has been designated as the DOD Senior Language Authority.

[3]DOD defines distributed learning as structured learning mediated with technology that does not require the physical presence of the instructor. Distributed learning models can be used in combination with other forms of instruction or it can be used to create wholly virtual classrooms.

[4]GAO, Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government, GAO-04-546G (Washington, D.C.: March 2004).

used by more than one service. In practice, while GAO found some individual examples where the services had coordinated efforts to develop or contract for similar language and culture training products, in most cases they did not take steps to coordinate these types of efforts.

To illustrate, GAO analyzed 18 DOD language and culture training products and found that the content overlapped to some extent with at least one other training product. While all of the products are intended for use by the services' general purpose forces, there is some variance in the amount of language and cultural information contained within each product type. The following describes instances in which DOD might have increased training costs by developing or acquiring overlapping and potentially duplicative training products:

- *Cultural reference materials.* Three of four services (the Air Force, Army, and Marine Corps) have used contractors to develop reference materials, such as "field guides" and "smart books" at a cost of about $1.6 million that contained similar general and country-specific cultural content. In addition, the Defense Language Institute Foreign Language Center has invested about $15 million to develop two products—"Countries in Perspective" and "Cultural Orientations"—that also offer country-specific cultural information, including some of the same countries addressed by the services' products.

- *Distributed learning products for culture training.* According to service officials, DOD obligated about $15 million on contracts within the period of fiscal year 2008 through fiscal year 2010 for three computer software or web-based distributed learning culture training products (for the Air Force, the Army, and the U.S. Joint Forces Command) that provided overlapping cultural content and similar learning objectives. For example, each of the products contained training modules for Afghanistan with learning objectives focused on behaviors to show respect and steps to avoid gender taboos. The same subcontractor developed the Air Force's and the Army's products, and the products generally did not contain information that was unique to the services' primary roles and missions. At the same time, the Joint Staff was also developing another product that provides similar content as the Air Force and Army products.

- *Distributed learning products for foreign language training.* The military services (the Air Force, Army, Marine Corps, and Navy) and the Defense Language Institute Foreign Language Center estimated costs totaling about $63 million within the period of fiscal year 2005 through fiscal year 2011 to develop and acquire multiple computer software or web-based distributed learning foreign language products that offered some overlapping foreign languages. For Afghan languages, DOD invested in at least five products that were intended to build basic foreign language skills or specific language skills needed to perform military tasks.

Actions Needed and Potential Financial or Other Benefits

DOD has taken positive steps, but has not fully addressed the recommendations that GAO has made since 2009 regarding management challenges that can cause inefficiencies in DOD efforts to develop language and culture capabilities. For example, in February 2011, DOD published the *Department of Defense Strategic Plan for Language Skills, Regional Expertise, and Cultural Capabilities (2011-2016)*, but it still needs to take additional action. GAO recommended in May 2011 that the Office of the Under Secretary of Defense for Personnel and Readiness

- establish a clearly defined planning process with mechanisms, such as procedures and milestones, for reaching consensus with the military departments; coordinating and reviewing approval of updates to plans; synchronizing the development of plans with the budget process; monitoring the implementation of initiatives, and reporting progress, on a periodic basis, toward the achievement of established goals.

Further, DOD published a September 2010 training strategy that called for eliminating unnecessary redundancy and duplication and leveraging the investments of stakeholders with similar interests to include identifying opportunities for shared use across DOD entities.[5] In one case, GAO identified actions that the Army and Marine Corps took to achieve efficiencies and save costs by reducing the number of contracts for language training products. DOD could also take steps to achieve greater efficiencies and maximize the use of resources by identifying and reducing any unnecessary overlap and duplication in language and culture training products. Specifically, the Office of the Under Secretary of Defense for Personnel and Readiness and the military services should

- designate organizational responsibility and a supporting process to inventory and evaluate existing language and culture products and plans for additional investments, eliminate any unnecessary overlap and duplication, and adjust resources accordingly.

- take steps to coordinate efforts to contract for future language and culture training products where possible and collaborate on the development of new products that support co-use by more than one military service.

Because multiple DOD organizations have responsibilities for planning and developing language- and culture-related training, and budget and cost information is not captured in a centralized manner, determining definitive costs in this area is challenging. GAO was able to determine that DOD is spending millions of dollars to develop and acquire language and culture training products and deliver related training, but cannot quantify the actual cost of the overlap within the language and culture training products GAO identified due to these data limitations. However,

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[5]Department of Defense, *Strategic Plan for the Next Generation of Training for the Department of Defense* (Sept. 23, 2010).

based on the level of investments that GAO could determine that DOD is making, it appears that DOD has opportunities to achieve significant cost savings if it implements the actions outlined above.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to DOD for review and comment. DOD provided technical comments, which were incorporated as appropriate. DOD officials generally agreed with the facts and findings of the analysis. Specifically, officials recognized that coordination is important and noted that DOD entities have, in some specific cases, collaborated on the development of language and culture training products. The officials agreed that departmentwide coordination efforts could be improved and noted that GAO's analysis would be useful in targeting specific areas for improvement. DOD officials also noted that a certain degree of overlap among training products can serve to prevent gaps and accommodate the differing missions and training needs of the military services. However, DOD officials recognized that, to avoid duplication and maximize available resources, the department needs to evaluate its existing language and culture training products and plans for future investments to ensure that limited resources are being utilized on quality products. GAO recognizes that some overlap in training products may be warranted to meet the unique mission needs of the military services, but by establishing an integrated approach, the department would be better positioned to reach consensus with the military services on the language and culture skills needed by general purpose forces as well as the content of related training products. Such an approach would also assist the department in evaluating the overlap in existing language and culture training products and eliminating any unnecessary duplication. As part of its routine audit work, GAO will track the extent to which progress has been made to address the identified actions and report to Congress.

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 as well as additional work GAO conducted. GAO examined language and culture training investments for general purpose forces; missions, roles, and responsibilities among key DOD organizations involved in language and culture training; and the content of language and culture training products. GAO reviewed key documents, such as directives and training programs of instruction; analyzed language and culture products used to train general purpose forces; and interviewed relevant DOD and service officials. GAO obtained and analyzed budgetary and contracting information, where available, for language and culture training support provided to DOD's general purpose forces. For example, GAO estimated the costs for this training for fiscal years 2005 through 2011.

Related GAO Products

Language and Culture Training: Opportunities Exist to Improve Visibility and Sustainment of Knowledge and Skills in Army and Marine Corps General Purpose Forces. GAO-12-50. Washington. D.C.: October 31, 2011.

Military Training: Actions Needed to Improve Planning and Coordination of Army and Marine Corps Language and Culture Training. GAO-11-456. Washington, D.C.: May 26, 2011.

Military Training: Continued Actions Needed to Guide DOD's Efforts to Improve Language Skills and Regional Proficiency. GAO-10-879T. Washington, D.C.: June 29, 2010.

Military Training: DOD Needs a Strategic Plan and Better Inventory and Requirements Data to Guide Development of Language Skills and Regional Proficiency. GAO-09-568. Washington, D.C.: June 19, 2009.

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6. Stabilization, Reconstruction, and Humanitarian Assistance Efforts

Improving the Department of Defense's evaluations of stabilization, reconstruction, and humanitarian assistance efforts, and addressing coordination challenges with the Department of State and the U.S. Agency for International Development, could reduce overlapping efforts and result in the more efficient use of taxpayer dollars.

Why This Area Is Important

The Department of Defense (DOD), Department of State (State), and the U.S. Agency for International Development (USAID) have been heavily involved in stabilization and reconstruction efforts in both wartime and peacetime environments to re-establish security, strengthen governance, rebuild infrastructure, and improve social and economic well-being in foreign countries. These efforts have cost the U.S. government a substantial amount of money—about $72 billion since 2002 for programs to secure, stabilize, and develop Afghanistan, and about $62 billion since 2003 for relief and reconstruction in Iraq. DOD's role in stabilization and reconstruction efforts has increased, with several new programs emerging in recent years, including the Commander's Emergency Response Program (CERP), DOD's Task Force for Business and Stability Operations, and the Afghanistan Infrastructure Fund. DOD's efforts are often similar in nature to State and USAID efforts, and thus interagency coordination is critical for avoiding unnecessary overlap, wasted resources, or fragmentation.

What GAO Found

DOD has been conducting stabilization and reconstruction efforts that are similar to those of USAID and State; and the three agencies face challenges in project evaluation and information sharing which, if not addressed, could result in the potential for unnecessary overlap, wasted resources, and a fragmented approach to U.S. assistance efforts.

As the table below illustrates, DOD has expanded its programs over the past several years. In fiscal year 2011, Congress made available a total of $950 million for CERP, DOD's Task Force for Business and Stability Operations, and the Afghanistan Infrastructure Fund. State and USAID have also pursued a variety of efforts to help rebuild Afghanistan, including projects to construct roads, develop water and electrical infrastructure, and build the capacity of its government. In Iraq, State and USAID projects have involved education, health, water and sanitation facilities, and building the capacity of the Iraqi ministries. Outside of Iraq and Afghanistan, funding for DOD's peacetime humanitarian assistance efforts has also increased.

Program (Key agencies involved)	Description	Estimated program funding
Commander's Emergency Response Program (CERP) (DOD)	This program began in 2003 and has enabled commanders to respond to urgent humanitarian relief and reconstruction needs in Iraq, Afghanistan, and the Philippines. It has evolved in terms of project cost and complexity. Projects include new construction or rehabilitation of existing infrastructure, ranging from small scale projects like water wells to dormitories and roads. DOD uses some CERP funds to increase agricultural production with projects focused on irrigation systems, wells, and ditches; canal cleanup; and water sanitation.	At least $7.9 billion made available for FYs 2004-2011
Security and Stabilization Assistance Program (also known as the Section 1207 Program) (DOD, State)	Created in 2006, this program authorized DOD to transfer funds to State for nonmilitary assistance related to stabilization, reconstruction, and security. Activities could include removing unexploded ordnance or reforming extremist educational programs. The authority for the program expired in 2010, but Congress authorized a similar program for DOD and State in fiscal year 2012, called the Global Security Contingency Fund.	Over $350 million provided by DOD to State for FYs 2006-2009; at least $250 million made available in FY 2012 for the new fund
Task Force for Business and Stability Operations (DOD)	Established in June 2006, the Task Force supports economic stabilization efforts, first in Iraq and now in Afghanistan. Activities include developing businesses, creating jobs, and attracting foreign investment in sectors such as agriculture, energy, banking and finance, and communications and technology.	$828 million made available to the Task Force for FYs 2007-2012
Afghanistan Infrastructure Fund (DOD, State)	Established in 2011, the fund supports a joint DOD/State program for high-priority, large-scale infrastructure projects that support the U.S. military-civilian effort in Afghanistan.	$800 million for FYs 2011-2013
Peacetime Humanitarian Assistance Programs (DOD)	DOD's two key programs are the Overseas Humanitarian, Disaster, and Civic Aid-funded humanitarian assistance program and the Humanitarian and Civic Assistance program. Activities, which are typically performed outside of war or disaster environments, include renovating schools and hospitals, drilling wells, providing basic health care, and providing training to prepare for natural disasters. From fiscal years 2005 through 2010 DOD obligated about $328.4 million to support the Overseas Humanitarian, Disaster, and Civic Aid-funded humanitarian assistance program, which represented an increase in obligations of about 60 percent over the time period (figures in constant FY 2011 dollars).	$383 million obligated for FYs 2005-2010 outside of Iraq and Afghanistan

Source: GAO analysis of data from DOD, the Special Inspector General for Afghanistan, relevant legislation, and GAO's prior work.

Note: While direct comparison among dollar figures cannot be made, the table is intended to highlight examples of various programs and estimated funding associated with them.

In some cases, especially during the early stages of a wartime environment, it may be advantageous for DOD to conduct stabilization and reconstruction efforts because it can provide its own security. However, questions have been raised as to DOD's role in performing some of these efforts given that DOD efforts can overlap with those of State and USAID. For example, officials in State, USAID, and DOD have questioned whether DOD's Task Force for Business and Stability Operations, which has funded economic stabilization efforts in Iraq and Afghanistan, should continue to reside in DOD or be transitioned to another federal agency, such as USAID, whose role includes providing economic, development, and disaster response assistance around the world in support of U.S. foreign policy and development goals. In 2011, Congress directed that State, USAID, and DOD jointly develop a plan to

transition the Task Force's activities in Afghanistan to State, with a focus on potentially transitioning activities to USAID. To that end, DOD has requested that an outside organization conduct a study that would develop, describe, and assess organizational options for a continued Task Force for Business and Stability Operations for the U.S. government in Afghanistan through 2014 and beyond. According to the Task Force director, as of January 2012, the transition plan was still being developed and will incorporate the results of the outside study, which is due to be completed in February 2012.

As GAO reported in February 2012, some DOD humanitarian assistance efforts outside of Iraq and Afghanistan potentially overlap with those of State and USAID in areas such as health care, infrastructure, disaster preparation, and education. For example, both DOD and USAID have provided basic medical care in Yemen, built schools and education facilities in Azerbaijan, and upgraded and rehabilitated water wells in Pakistan. GAO found that it can be difficult to determine whether DOD's projects necessarily or unnecessarily overlap with those of the other agencies and suggested that Congress consider the role of DOD in providing humanitarian assistance and clarify the relevant legislation of DOD's largest humanitarian assistance program, taking into account the roles and similar types of efforts performed by the civilian agencies.[1]

In addition to potentially overlapping efforts, GAO also found that DOD, State, and USAID face challenges in monitoring and evaluating stabilization, reconstruction, and humanitarian assistance efforts—which makes it difficult to determine whether projects are effective at meeting their goals. According to *Standards for Internal Control in the Federal Government*,[2] U.S. agencies should monitor and assess the quality of performance over time, and GAO has reported that key practices for enhancing interagency collaboration include developing mechanisms to monitor, evaluate, and report on the results of collaborative programs.[3] However, several challenges exist with monitoring and evaluation, including:

- As GAO reported in July 2011, DOD's Task Force for Business and Stability Operations had not developed written guidance, including monitoring and evaluation processes, to be used by its personnel in managing Task Force projects. According to the Task Force director, program management guidance was issued in January 2012 to address this issue. While this is a positive step, until the guidance is

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[1]DOD's largest humanitarian assistance program is the Overseas Humanitarian, Disaster, and Civic Aid-funded humanitarian assistance program.

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

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

fully implemented, it is unknown whether improvements will be made to DOD's project monitoring and evaluation.

- As GAO reported in February 2012, DOD was not consistently evaluating its peacetime humanitarian assistance efforts to determine whether they were meeting their intended goals. Specifically, GAO estimated that DOD had not completed 90 percent of evaluations required 1 year after projects were completed, and had also not conducted about half of the evaluations required after 30 days for those programs. GAO also found that DOD had not assessed its evaluation process or requirements to determine whether changes were needed to employ a more risk-based evaluation approach in order to strategically allocate resources.

Another theme that has emerged from GAO's work relates to challenges the agencies face in sharing information with each other about their respective efforts. Information sharing is a critical tool in national security, but GAO's work has shown several instances of fragmented information sharing among DOD, State, and USAID that could lead to poor coordination, wasted resources, and potentially duplicative efforts. For example:

- As GAO reported in November 2010, USAID had not fully implemented a centralized database to provide information on all U.S. government development projects in Afghanistan—a challenge that is still not fully resolved. Thus, U.S. agencies lacked access to project data from other agencies, including DOD, that could contribute to better project planning, eliminate potential overlap, and allow agencies to leverage each other's resources more effectively.

- As GAO reported in February 2012, DOD, State, and USAID had various initiatives under way to improve information sharing on humanitarian and development assistance efforts outside of Iraq and Afghanistan but that no framework, such as a common database, existed to enable agencies to readily access information on each other's efforts to help them leverage these efforts and to avoid unnecessary overlap. The agencies agreed, stating that they are or will be engaging each other to determine how best to develop a common information-sharing mechanism.

Without enhancements to information sharing, agencies do not have full visibility over each other's efforts, which could lead to "stove-piped" agency planning, potential for overlap, and an inefficient use of resources. Moreover, improved information sharing could identify opportunities for synergy and avoid potential duplication among agencies.

Actions Needed and Potential Financial or Other Benefits

Stabilization, reconstruction, and humanitarian assistance efforts have the potential to provide tangible benefits to foreign populations and advance U.S. interests. While the agencies have taken steps to address some of GAO's recommendations, additional actions are still needed to improve information sharing and project evaluations.

USAID, along with DOD and other relevant agencies still need information on all U.S. government development projects in Afghanistan. Progress has been made, but further effort is needed to ensure that information is accessible and used by all U.S. government agencies involved in U.S.-funded development projects in the country.

As GAO recommended in February 2012, the Secretaries of Defense and State as well as the Administrator of USAID should

- jointly develop a framework, such as a common database, to formalize their information sharing on humanitarian or development assistance efforts outside of wartime or disaster environments.

As GAO recommended in February 2012, the Secretary of DOD should also

- employ a risk-based approach to review and modify its humanitarian assistance project evaluation requirements to measure the long-term effects of the projects.

Congress may wish to consider DOD's role in conducting peacetime humanitarian assistance efforts. As GAO recommended in February 2012, Congress should

- consider amending the legislation that supports the Overseas Humanitarian, Disaster, and Civic Aid-funded humanitarian assistance program—DOD's largest humanitarian assistance program—to more specifically define DOD's role in humanitarian assistance, taking into account the roles and similar types of efforts performed by the civilian agencies.

Addressing these issues could lead to a more efficient use of the billions of dollars devoted to U.S. stabilization and reconstruction efforts abroad.

Agency Comments and GAO's Evaluation

GAO provided a draft of its November 2010 report to DOD and USAID and its February 2012 report to DOD, State, and USAID for review and comment. DOD and USAID generally agreed with GAO's November 2010 recommendations to improve planning and coordination of water sector projects in Afghanistan, with DOD noting that a centralized U.S. government database for U.S. development efforts in Afghanistan, if designed to allow easy data access and sharing among partners, would make a positive contribution. GAO notes that progress has been made in designating a database since GAO's report was issued but that the agencies need to ensure that the database is accessible and used by all

U.S. government agencies involved in U.S.-funded development projects in Afghanistan.

DOD generally agreed with GAO's February 2012 recommendations to review and modification project evaluation requirements for its peacetime humanitarian assistance efforts to measure long-term effects and ensure compliance with the requirements. DOD noted that it is developing an appropriate method to encourage compliance with the new project evaluation requirements. However, as noted earlier, DOD acknowledged that the absence of project evaluation data will require that it take at least a year to collect data in order to formulate a significant and reliable risk-based approach to project evaluations requirements.

DOD, State, and USAID agreed with GAO's February 2012 recommendation that they should jointly develop a framework to formalizing their information sharing on peacetime humanitarian and development assistance efforts. DOD stated that it will engage State and USAID to determine what mechanisms could be used to enhance information sharing among the agencies. State noted that it is currently in discussions with DOD and USAID about broadening one particular information-sharing mechanism it uses to include DOD efforts, and USAID said that it will continue to explore opportunities to share information with the other agencies. As part of its routine audit work, GAO will track agency actions to address the extent to which progress has been made to address the identified actions and report to Congress.

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 generally analyzed agency documentation and interviewed cognizant agency officials. For example, GAO interviewed DOD and USAID officials, including Army units that had returned from Afghanistan about the type of management and oversight that exists for CERP. GAO analyzed documents and interviewed officials in Washington, D.C., Afghanistan, and Iraq as appropriate. GAO analyzed funding, project evaluations, and other program data and documents, and interviewed officials at DOD, State, USAID, nongovernmental organizations, and U.S. embassies.

Related GAO Products

Humanitarian and Development Assistance: Project Evaluations and Better Information Sharing Needed to Manage the Military's Efforts. GAO-12-359. Washington, D.C., February 8, 2012.

Afghanistan's Donor Dependence. GAO-11-948R. Washington, D.C., September 20, 2011.

DOD Task Force for Business and Stability Operations: Actions Needed to Establish Project Management Guidelines and Enhance Information Sharing. GAO-11-715. Washington, D.C.: July 29, 2011.

Afghanistan: Actions Needed to Improve Accountability of U.S. Assistance to Afghanistan Government. GAO-11-710. Washington, D.C.: July 20, 2011.

Afghanistan Development: U.S. Efforts to Support Afghan Water Sector Increasing, but Improvements Needed in Planning and Coordination. GAO-11-138. Washington, D.C.: November 15, 2010.

International Security: DOD and State Need to Improve Sustainment Planning and Monitoring and Evaluation for Section 1206 and 1207 Assistance Programs. GAO-10-431. Washington, D.C.: April 15, 2010.

Military Operations: Actions Needed to Improve Oversight and Interagency Coordination for the Commander's Emergency Response Program in Afghanistan. GAO-09-615. Washington, D.C.: May 18, 2009.

Interagency Collaboration: Key Issues for Congressional Oversight of National Security Strategies, Organizations, Workforce, and Information Sharing. GAO-09-904SP. Washington, D.C. September 25, 2009.

Military Operations: Actions Needed to Better Guide Project Selection for Commander's Emergency Response Program and Improve Oversight in Iraq. GAO-08-736R. Washington, D.C.: June 23, 2008.

Contact Information

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7. Support for Entrepreneurs

Overlap and fragmentation among the economic development programs that support entrepreneurial efforts require OMB and other agencies to better evaluate the programs and explore opportunities for program restructuring, which may include consolidation, within and across agencies.

Why This Area Is Important

Economic development programs that effectively provide assistance to entrepreneurs may help businesses develop and expand, and thus contribute to the nation's economic growth. The Departments of Commerce (Commerce), Housing and Urban Development (HUD), and Agriculture (USDA), and the Small Business Administration (SBA) administer 53 such programs that focus on supporting entrepreneurs.[1] These programs, which typically fund a variety of activities in addition to supporting entrepreneurs, spent an estimated $2.6 billion in enacted appropriations on economic development efforts in fiscal year 2010.[2]

As GAO reported in March and May 2011, the majority of the economic development programs had missions related to supporting entrepreneurs. Programs with overlapping missions can result in inefficiencies, such as requiring recipients to fill out applications to multiple agencies with varying program requirements, as well as compromising the government's ability to effectively provide the desired service and meet the shared goals of the programs. While collaboration is one way to overcome overlap among agencies when providing similar services, opportunities for program restructuring, which include consolidation, may also exist. GAO has ongoing work that will be issued later this year to continue examining issues beyond those identified in the March and May 2011 reports. This document reports GAO's findings to date.

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[1]The number of programs administered by Commerce, HUD, SBA, and USDA that were identified in GAO-11-477R as supporting entrepreneurial efforts decreased from 54 to 53 because Commerce merged its Minority Business Opportunity Center program and Minority Business Enterprise Center program into one program that is now called Minority Business Center. In addition, two of the original Commerce programs identified in GAO's March and May 2011 reports—Community Trade Adjustment Assistance and Research and Evaluation—have been replaced with two other Commerce programs—Trade Adjustment Assistance for Firms and the Economic Development-Support for Planning Organizations—because one of the original programs had temporary funding and the other original program was misclassified as an economic development program. The two new Commerce programs that have been added should have been included in the March and May 2011 reports, according to Commerce officials. See appendix III for a list of the 53 programs GAO is currently reviewing that support entrepreneurs and their 2010 enacted appropriations.

[2]GAO excluded the portion of the Community Development Block Grant funding that HUD reported is not used to support economic development. The total enacted appropriations for these 53 programs was about $5.6 billion for fiscal year 2010.

What GAO Found

Based on a review of the missions and other related program information for these 53 programs, GAO determined that these programs overlap based not only on their shared purpose of serving entrepreneurs but also on the type of assistance they offer. The programs generally can be grouped according to at least one of three types of assistance that address different entrepreneurial needs: help obtaining (1) technical assistance, (2) financial assistance, and (3) government contracts. Many of the programs can provide more than one type of assistance, and most focus on technical and/or financial assistance:[3]

- Technical assistance: Thirty-six programs distributed across the four agencies provide technical assistance, including business training and counseling and research and development support.

- Financial assistance: Thirty-three programs distributed across the four agencies support entrepreneurs through financial assistance in the form of grants and loans.

- Government contracting assistance: Seven programs distributed between two of the four agencies support entrepreneurs by helping them qualify for federal procurement opportunities.

The table below illustrates overlap among programs that provide entrepreneurial assistance in terms of the type of assistance they provide. For example, 13 programs across 3 of the agencies provide financial assistance only. SBA and USDA both have 5 programs that only provide financial assistance, while HUD has 3.

53 Programs That Support Entrepreneurs, by Type of Assistance, as of September 30, 2011[a]

	HUD	SBA	USDA	Commerce	Total[b]
Technical assistance only	2	6	5	4	17
Financial assistance only	3	5	5		13
Technical and financial assistance only	7	3	4	2	16
Government contracting assistance only		2			2
Technical and government contracting only		1			1
Financial and government contracting only		2			2
Technical, financial, and government contracting assistance				2	2
Total	12	19	14	8	53

Source: GAO analysis of information provided by Commerce, HUD, USDA, and SBA.

[3]SBA administers the two programs that solely provide entrepreneurs with assistance in obtaining government contracts: the HUBZone program, which supports small businesses located in economically distressed areas, and the Procurement Assistance to Small Businesses program, which serves small businesses located in any area.

GAO-12-342SP Duplication, Overlap, and Fragmentation

Much of the overlap and fragmentation among these 53 programs is concentrated among programs that support economically distressed and disadvantaged areas and programs that assist disadvantaged and small businesses. As the figure below shows, of the 36 programs that provide technical assistance (that is, programs that either provide only technical assistance or those that provide technical assistance in addition to financial and government contracting assistance),

- Commerce's Economic Development/Technical Assistance program and SBA's 7(j) Technical Assistance program are among the 33 programs that assist businesses located in economically distressed areas.[4]

- HUD's Hispanic Serving Institutions Assisting Communities and USDA's Rural Business Opportunity Grants programs are among the 23 that can assist businesses operating in areas that are disadvantaged,[5]

- SBA's Small Business Development Centers and Commerce's Minority Business Centers are among the 27 programs that support disadvantaged businesses,[6] and

- USDA's Rural Business Enterprise Grant program and SBA's 8(a) program are among the 32 programs that serve small businesses.

Overlap and fragmentation are also evident among programs that provide more specific forms of assistance. For example, technical assistance programs that provide business training and counseling include SBA's Small Business Development Centers, Women's Business Centers, SCORE (formerly, Senior Core of Retired Executives) programs; Commerce's Minority Business Centers program; and USDA's Rural Business Enterprise Grants program. In addition, many of these

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[4]GAO characterizes economically distressed areas as those communities with high concentrations of low- and moderate-income families and high rates of unemployment and/or underemployment.

[5]GAO characterizes disadvantaged communities include as those with concentrations of minority populations, among other factors.

[6]GAO characterizes disadvantaged businesses as those owned by women, minority groups and veterans, among other factors.

economic development programs also operate in both urban and rural areas.[7]

Programs That Provide Technical and Financial Assistance, by Type of Business and Community Served, as of September 30, 2011
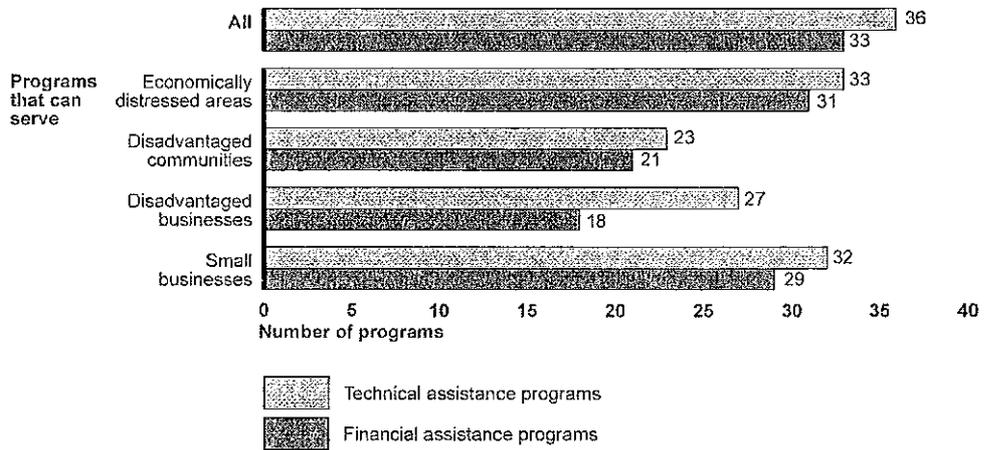
Source: GAO analysis.

Note: Some of the programs may not have received funding in fiscal year 2011.

The number of programs that support entrepreneurs—53—and the overlap among these programs raise questions about whether a fragmented system is the most effective way to support entrepreneurs. By exploring alternatives, agencies may be able to determine whether there are more efficient ways to continue to serve the unique needs of entrepreneurs, including consolidating various programs. In ongoing work, GAO plans to examine the extent of potential duplication among these programs.

In addition, in order to effectively evaluate and oversee the services being provided, Congress and the agencies need meaningful performance information such as evaluation studies and performance measures. This information is needed to help decision makers identify ways to make more informed decisions about allocating increasingly scarce resources among overlapping programs. Specifically, performance measures can provide information on an agency's progress toward meeting certain program and agencywide strategic goals, expressed as measurable performance standards. For example, while some of the financial assistance programs track measures that include number of businesses assisted and dollar value of loans obtained, they could begin to track measures like defaults, prepayments, and number of loans in good standing to better report how businesses fare after they participate in

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[7]The definition of rural varies among these programs, but according to USDA—the agency that administers many of the economic development programs that serve rural areas—the term "rural" typically covers areas with population limits ranging from less than 2,500 to 50,000.

these programs. In contrast, program evaluations are systematic ways to assess a broader range of information on program performance. As a result, evaluation studies can help identify which programs are effective or not, explain why goals were not met and identify strategies for meeting unmet goals, and estimate what would have occurred in the absence of the program.

Based on preliminary results, GAO found that while most (45) of the 53 economic development programs that support entrepreneurs have reasonable performance measures and tend to meet their annual performance goals, few evaluation studies have been completed and little evaluative information exists to assess programs' effectiveness. For 39 of the 53 programs, the four agencies have either never conducted a performance evaluation or have conducted only one in the past decade. For example, while SBA has conducted recent periodic reviews of 3 of its 10 programs that provide technical assistance, the agency has not reviewed its other 9 financial assistance and government contracting programs on any regular basis.[8] Moreover, Commerce, HUD, and USDA have not routinely conducted program evaluations for the majority of their economic development programs.

Without results from program evaluations and performance measurement data, agencies lack the ability to measure the overall impact of these programs, and decision makers lack information that could help them to identify programs that could be better structured and improve the efficiency with which the government provides these services. Moreover, the federal government has recently required the Office of Management and Budget (OMB) to coordinate with agencies to ensure that they better track the results of their programs. Specifically, the GPRA Modernization Act of 2010 (GPRAMA) requires OMB to work with agencies to, among other things, develop outcome-oriented goals for certain crosscutting policy areas and report annually on how these goals will be achieved.[9] Other GPRAMA requirements could lead to improved coordination and collaboration among agencies. For instance, GPRAMA requires each agency to identify the various organizations and program activities—both within and external to the agency—that contribute to each agency's goals. In ongoing work, GAO plans to determine reasons why the agencies (1) do not conduct more routine evaluations of these programs and (2) have not established and do not track performance measures for 8 of the 53 programs. In addition, GAO plans to determine the ongoing and planned efforts of OMB and the agencies to address the provisions contained in GPRAMA.

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[8]SBA administers a total of 19 programs that support entrepreneurs. Six of its programs provide technical assistance only, 5 provide financial assistance only, 2 provide only contracting assistance, 3 can provide both technical and financial assistance, 1 provides technical and government contracting assistance, and 2 provide financial and government contracting assistance.

[9]Pub. L. No. 111-352 (2011).

Actions Needed and Potential Financial or Other Benefits

Based on ongoing work, GAO expects to recommend the following:

Congress may wish to consider

- ways to tie funding more closely to a program's demonstrated effectiveness. One way to increase accountability and elevate the importance of program evaluation activities is to tie these factors to funding decisions. Therefore, Congress may want to consider requiring agencies to provide greater support for funding requests and requiring information on demonstrated results of program effectiveness.

Agencies should

- improve program evaluation and performance metrics. In order to identify options to better structure these programs for the Congress to consider, SBA, Commerce, HUD, and USDA should conduct program evaluations and collect data on performance measures.

OMB and the agencies should

- explore opportunities to restructure programs through means such as consolidation, elimination, and collaborative mechanisms, both within and across agencies. As OMB works with the agencies to identify programmatic areas that should be better coordinated and tracked, the agencies should look for ways to consolidate programs or opportunities for greater collaboration. In addition, to better ensure the most efficient and effective delivery method for federal assistance to entrepreneurs, SBA, Commerce, HUD, and USDA should individually, and collectively, explore options for restructuring programs that target particular types of businesses or communities and report the results of their efforts to the Congress.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report to OMB, Commerce, HUD, SBA, and USDA for review and comment. Commerce and HUD provided written comments. OMB, HUD, SBA, and USDA provided technical comments, which were incorporated where appropriate. All written comments are reprinted in appendix IV.

OMB stated that the Administration has taken a number of steps to increase coordination among economic and entrepreneurial development programs, provide better service to businesses seeking federal services, and improve performance evaluation. For example, OMB stated that a new website will be publicly launched for entrepreneurs and business owners in February 2012 named BusinessUSA; the website is intended to provide a virtual one-stop shop for small businesses and enable them to access the wide array of federal programs and services available to them

across the government regardless of where they are located. According to OMB, BusinessUSA, while still in its early stages, will help remedy many of the coordination and fragmentation issues identified in the GAO report. OMB also stated that the President has proposed to consolidate the federal government's primary business and trade agencies and programs into a new more efficient agency that will promote competitiveness, exports and American business. OMB noted that more than half of the programs identified in GAO's recent report on duplication in federal economic development programs would be consolidated into the new department under the Administration's proposal, and the new department would more fundamentally address the issues raised in GAO's report. As GAO continues work in this area, it plans to further monitor and assess OMB's efforts to work with Commerce, HUD, USDA, and SBA to increase coordination among economic development programs, provide better service to businesses under the programs, and improve program evaluation.

Commerce stated that prior GAO reports have focused on the types of investments made without considering the goals of each program, and GAO may be incorrectly identifying duplication where none exists as a result. For this report, GAO examined the missions, goals, services provided, and targeted beneficiaries and areas for 53 programs that fund entrepreneurial assistance. GAO's report states that these programs overlap based not only on their shared purpose of serving entrepreneurs but also on the type of assistance they offer; it does not state that duplication exists among these programs. As GAO continues its work, GAO plans to examine the extent of potential duplication among these overlapping programs. Commerce also stated that GAO's report presents premature actions needed and that the report does not recognize the significant advances that Commerce's Economic Development Agency has made to improve program evaluation with the development of a performance management improvement logic model. GAO recognizes the action that the Economic Development Agency has taken to develop its new performance management model. However, because the Economic Development Agency has not completely designed its new model or provided sufficient information to explain how results of program evaluations will be included in the model, this action does not change GAO's findings. In this report, GAO identified areas of concern related to the extent that Commerce, HUD, SBA, and USDA conduct performance evaluations for their economic development programs. Recent legislation also requires OMB to work with agencies to ensure that they better track the results of their programs. GAO believes that the actions needed presented in this report are consistent with its findings and recent legislation. As GAO continues work in this area, it also plans to further monitor and assess the efforts the four agencies undertake to improve program evaluation and performance metrics.

HUD's Deputy Assistant Secretary for Grant Programs stated that GAO should reduce the number of economic development programs identified as being administered by HUD. First, she recommended that five of the Community Development Block Grant (CDBG) programs be identified as

one CDBG program. She noted that the five programs may have separate Catalog of Federal Domestic Assistance numbers, but the programs are funded from a single source within HUD's annual appropriation, the economic development activities CDBG grantees carry out under the five programs are all subject to the same statutory and regulatory requirements, and CDBG grantees generally cannot obtain assistance under more than one of the five programs. Because GAO relies on the executive branch's definition of these programs, which separates them into five distinct programs, we disagree that the five programs should be identified as one CDBG program. The Catalog of Federal Domestic Assistance defines federal programs based on legal authority, administering office, funding, purpose, benefits, and beneficiaries; also, the catalog may define a program separately regardless of whether it is identified as a separate program by statute or regulation. While GAO would be receptive to actions the executive branch may take to better define programs, using the Catalog of Federal Domestic Assistance GAO initially identified 80 federal programs administered by Commerce, SBA, USDA, and HUD that can fund economic development activities. For this report, GAO focused its analysis on 53 of these programs across the four agencies that support entrepreneurial efforts, including the five programs HUD noted. Second, the Deputy Assistant Secretary recommended that GAO delete the Brownfields Economic Development Initiative (BEDI) as one of HUD's active programs that can fund economic development activities. She noted that HUD did not request funding nor did Congress appropriate funding for the BEDI program in fiscal years 2011 and 2012.[10] She further noted that HUD will continue to administer existing BEDI grants, but the department is unlikely to request program funding for fiscal year 2013. She added that the activities authorized under the BEDI program can be funded under other CDBG programs. GAO disagrees that the BEDI program should be removed from the list of HUD programs because the department is actively administering grants under the program.

USDA stated that GAO's report does not emphasize the significant difference in agencies and programs. For example, USDA stated its Rural Business Service administers programs that are unique and not duplicative because of the agency's mission to provide assistance to businesses in rural communities. USDA acknowledged that other agencies' programs may provide assistance to businesses in rural areas, but the Rural Business Service's programs are focused in these areas. USDA also stated that the Rural Business Service delivers its programs through an expansive field structure of state and local offices. According

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[10]The BEDI program received $17.5 million in enacted appropriations for fiscal year 2010, which is the fiscal year funding data that GAO is currently reporting for the 53 programs that support entrepreneurs. In addition, while a number of programs that GAO is reviewing received $0 during fiscal year 2010, they are still considered to be active programs by the executive branch. In addition, these active programs could receive funding in the future (see appendix III).

to USDA, federal agencies such as SBA do not utilize a similar field structure to deliver programs. As previously noted, GAO's report does not state that duplication exists among the 53 economic development programs that support entrepreneurial efforts; it states that overlap and fragmentation are evident based on GAO's review of the missions and other related program information for these programs. For example, GAO's report states that USDA administers many of the economic development programs that serve rural areas. However, GAO also determined that there was overlap because other agencies' economic development programs can provide assistance to entrepreneurs in rural areas. GAO plans to examine the extent of potential duplication in GAO's ongoing work.

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 that will be published as a separate product in 2012. GAO focused its analysis on the 53 economic development programs at Commerce, HUD, USDA, and SBA that fund entrepreneurial assistance because these programs appeared to overlap the most. GAO examined the extent to which the federal government's efforts to support entrepreneurs overlap among these numerous, fragmented programs by examining their missions, goals, services provided, and targeted beneficiaries and areas. GAO also collected information on performance measures that the agencies collect to track the performance of each of the 53 programs, and any evaluation studies conducted or commissioned by the agencies evaluating the effectiveness of these programs. This process included meeting with agency officials to corroborate the publicly available information. GAO also determined the reasonableness of the performance measures by assessing each measure against agency strategic goals and specific program missions to determine the extent to which they are aligned. GAO plans to issue a report evaluating (1) the support that the programs provide to entrepreneurs, and the types of information available on this support; (2) the extent to which federal agencies collaborate on the provision of counseling, training, and related services to entrepreneurs; and (3) the extent to which programs that support entrepreneurs overlap or are fragmented, the extent to which these programs have met their performance goals, and the information that is available on their effectiveness.

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

Related Products

Efficiency and Effectiveness of Fragmented Economic Development Programs Are Unclear. GAO-11-477R. Washington, D.C.: May 19, 2011.

List of Selected Federal Programs That Have Similar or Overlapping Objectives, Provide Similar Services, or Are Fragmented Across Government Missions. GAO-11-474R. Washington, D.C.: March 18, 2011.

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

Small Business Administration: Additional Guidance on Documenting Credit Elsewhere Decisions Could Improve 7(a) Program Oversight. GAO-09-228. Washington, D.C.: February 12, 2009.

Small Business Administration: Additional Actions Are Needed to Certify and Monitor HUBZone Businesses and Assess Program Results. GAO-08-643. Washington, D.C.: June 17, 2008.

Small Business Administration: Additional Measures Needed to Assess 7(a) Loan Program's Performance. GAO-07-769. Washington, D.C.: July 13, 2007.

Rural Economic Development: More Assurance Is Needed That Grant Funding Information Is Accurately Reported. GAO-06-294. Washington, D.C.: February 24, 2006.

Economic Development Administration: Remediation Activities Account for a Small Percentage of Total Brownfield Grant Funding. GAO-06-7. Washington, D.C.: October 27, 2005.

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8. Surface Freight Transportation

Fragmented federal programs and funding structures are not maximizing the efficient movement of freight.

Why This Area Is Important

The movement of freight is critical to the economy and the livelihood of Americans who rely on freight transportation for food, clothing, and other essential commodities. Freight shipments move predominantly over vast networks of highways, railroads, and waterways and often are transported by more than one mode before reaching their final destination. System performance is essential for the timely transportation of freight from its sources and manufacturers to the customer. Congress authorized around $43 billion in fiscal year 2010 for Department of Transportation programs that can benefit surface freight transportation.[1] However, the Department of Transportation is just one of many stakeholders that are involved in freight movement—all with complex and varied roles, but none are responsible for the entire system. Federal funds in the form of grants, loans, and tax incentives are provided to state and local governments and the private sector, all of whom play major roles in ensuring freight mobility. Specifically, public sector transportation agencies at the federal, state, and local levels have a significant role in developing and managing some modes of the freight transportation system—such as highways and waterways—while private sector entities—such as railroads—finance and manage their own infrastructure. According to the Department of Transportation, in 2007, the surface freight transportation system, which crosses multiple surface modes, connected an estimated 8 million businesses and 116 million households moving $12 trillion in goods. Federal leadership can help assure that projects that facilitate movement of freight, which can be high-cost and cross jurisdictional lines, are undertaken.

While freight transportation has some issues that are similar to the surface transportation issues that GAO identified in its first annual report to Congress on federal programs with duplicative goals or activities,[2] inefficiencies affecting freight transportation such as poor roads and the lack of intermodal connections can impact the nation's economy. Freight volumes are closely linked to the gross domestic product—increases in freight shipments closely coincide with economic growth. However, freight vehicles often compete with non-freight vehicles, such as on the U.S. highway system, which consists of mixed-use facilities where passenger and freight vehicles operate in the same stream of traffic on the same facilities. Systems that cannot adequately accommodate both freight and

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[1] An unknown amount of the funding went to projects that benefit freight. These programs have broad eligibility and may be used for a variety of types of projects that benefit freight to greater or lesser degrees.

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

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non-freight vehicles can become congested, leading to delays in freight movements, lost revenues, and increased carbon emissions—all of which can increase transportation costs and, consequently, the price of goods, hurting businesses that rely on freight transportation infrastructure.

What GAO Found

As GAO previously reported, federal goals in surface transportation are numerous and roles are unclear, and the federal government does not maximize opportunities to promote the efficient movement of freight, despite a clear federal interest, the billions of dollars provided, and the importance of freight transportation to the national economy. There is currently no separate federal freight transportation program, only a loose collection of many freight-related programs that are embedded in a larger surface transportation program aimed at supporting both passenger and freight mobility. This fragmented structure makes it difficult to determine the types of freight projects that are funded and their impact on overall freight mobility. As GAO reported in January 2008, the need for the federal government to reassess its role and strategy in funding, selecting, and evaluating transportation investments, including those for freight transportation.

Department of Transportation administrations that have a role in freight transportation include the Federal Highway Administration, Federal Railroad Administration, Federal Motor Carrier Safety Administration, and the Maritime Administration (see table below). There also is an Office of Freight Management and Operations within the Federal Highway Administration that administers programs, develops policies, and undertakes research that promotes freight movement across the nation and its borders. However, the office does not coordinate federal actions related to freight mobility, specifically. In addition, the U.S. Army Corps of Engineers in the Department of Defense is responsible for planning, constructing, operating, and maintaining the nation's waterways. Department of Transportation administrations also coordinate freight issues with other federal agencies including the Department of Commerce, Department of Homeland Security, and Environmental Protection Agency. The various federal agencies and modal administrations play key roles in planning, designing, constructing, maintaining, and regulating freight transportation. GAO could not determine the total amount spent on freight transportation projects because it is not separately tracked from other transportation investments. According to Federal Highway Administration officials, isolating freight transportation expenditures is not possible at this time because the vast majority of the nation's highway system is used by both passenger and freight vehicles, and most highway projects benefit both.

Number of Department of Transportation Programs GAO Identified That Provide Funding for Freight Surface Transportation Infrastructure

Department of Transportation administration	Number of programs identified
Federal Highway Administration	48
Federal Motor Carrier Safety Administration	2
Federal Railroad Administration	2
Maritime Administration	2
Office of the Secretary of Transportation	1

Source: GAO analysis of Department of Transportation information.

These programs' structures for funding freight transportation projects include

- grants (such as the National Highway System program, which funds projects that benefit both freight and passenger travel and, since 2009, the Transportation Investment Generating Economic Recovery—TIGER—programs, which use a criteria-based, competitive process to fund projects serving national and regional priorities);

- loans (such as the Railroad Rehabilitation and Improvement Financing program, which directs federal loans and loan guarantees to finance the development of railroads); and

- tax credits (such as the exemption from federal taxes on interest earned from state and local government bonds for general transportation purposes and tax credits for certain expenditures on railroad track maintenance, which can create incentives for the investment of private sector funds on transportation improvements).

These programs are administered by different agencies and modal administrations with different missions, oversight, and funding requirements; do not necessarily coordinate with each other; and at times may overlap. As a result, funds have not always been allocated based on need or condition of the infrastructure carrying freight. For instance, highway funds are distributed to states through formulas that are not linked to performance or need. Examples of programs that may overlap include loan programs such as the Federal Railroad Administration's Railroad Rehabilitation and Improvement Financing Program and the Federal Highway Administration's Transportation Infrastructure Finance and Innovation Act Program. Both may be used for freight rail facilities and infrastructure. Additionally, certain state and local governments issue tax-exempt bonds for financing infrastructure projects.

Although the current federal structure of loans, tax credits, and grants (including formula grants and congressionally directed funds) is beneficial, opportunities may exist to return greater national public and private benefits. Furthermore, intermodal considerations may not be evaluated in considering beneficial freight solutions for a given corridor, which may result in funding projects across multiple modes without regard for how each works toward meeting a common goal. Current law

generally ties transportation funding to a single mode, limiting the ability of state and local transportation planning agencies to use federal funds for intermodal projects. Further, Department of Transportation administrations and state and local transportation agencies are organized by mode—reflecting the structure of funding programs—resulting in an organizational structure that the department's own assessments acknowledge can impede intermodal coordination. In addition, collaboration between the public and private sectors can also be challenging; for example, private-sector interests in airport, rail, and freight (such as freight shippers and carriers) have historically not participated in the regional planning process.

The federal government's fragmented approach also has resulted in a situation where the users of each freight mode are not equally bearing the costs those modes impose on society. When looking at the three categories of social costs borne by freight transportation services—private costs (labor, equipment, and fuel), public costs (paid out of government budgets and can be funded through taxes and fees), and "external" costs (congestion, accidents, health, and environmental impacts), GAO reported in January 2011 that freight trucking costs that were not passed on to consumers of that service were at least 6 times greater than rail costs, and at least 9 times greater than waterways costs. Therefore, public and private investment choices may be distorted, and there may be misallocation of scarce government resources to one mode over another.

Constrained freight mobility could have negative economic, environmental, and health implications. Because of the growth in freight and passenger demand, there has been an increase in truck and rail congestion that is particularly pronounced in major urban areas that contain important freight hubs such as ports, airports, border crossings, and rail yards. Congestion results in increased delays, carbon emissions, and fuel and labor costs, among other things.

Since the expiration of the last surface transportation authorization in 2009, Congress has funded transportation programs through a series of temporary extensions; the most recent will expire on March 31, 2012. Comprehensive legislative action has not been taken to fundamentally reexamine the nation's surface transportation policies; however, several legislative committees have approved bills to reauthorize and reform surface transportation programs. For example, the Senate Environment and Public Works Committee approved a bill on November 9, 2011 reauthorizing the highway portion of the surface transportation program.[3] This bill contains measures to increase accountability for results by entities receiving federal funds and consolidate federal programs. In addition, the House Transportation and Infrastructure Committee approved a bill on February 2, 2012 that includes consolidating or

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[3]S. 1813, 112th Cong. (2011).

eliminating a number of programs.[4] When we completed our work for this report, floor action was pending in the Senate. GAO is evaluating the extent to which ongoing legislative actions better define federal roles and goals, incorporate accountability for results, emphasize return on federal investment, and ensure fiscal sustainability.

Actions Needed and Potential Financial or Other Benefits

Although there is a clear federal interest in freight transportation, there is no strategy or clearly defined federal role in freight transportation or mechanism to implement the strategy, complete with defined national and regional transportation priorities, to achieve the highest return on federal investments. As noted, federal funding for freight-related infrastructure is based on discrete programs' objectives, not on a national freight policy, and it is currently not possible to identify program costs associated with only freight. Further, the Department of Transportation does not have a national freight strategy to guide its different operating administrations' freight programs. In addition, oversight and funding requirements by the different modal administrations can make it difficult for planners to develop and implement intermodal freight projects which could result in more efficient freight movement.

In recent years, GAO has recommended or proposed for congressional consideration the following actions. The Department of Transportation has agreed to consider the following recommendations, but they have yet to be implemented, in large part because the authorization for surface transportation programs expired in 2009, and existing programs subsequently have been funded through temporary extensions.

GAO recommended in June 2007 that the Secretary of Transportation

- direct one operating administration or office—such as the Federal Highway Administration's Office of Freight Management and Operations—to take the lead in coordinating intermodal activities for freight at the federal level by improving collaboration among operating administrations and the availability of intermodal guidance and resources.

GAO recommended in January 2008 that the Secretary of Transportation

- develop with Congress and public and private stakeholders a comprehensive national strategy to transform the federal government's involvement in freight transportation projects, including defining federal and nonfederal stakeholder roles and using new or existing federal funding sources and mechanisms to support a targeted, efficient, and sustainable federal role.

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[4]H.R. 7, 112th Cong. (2012).

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GAO proposed in February 2009 that Congress, in considering the reauthorization of federal surface transportation programs,

- consider defining the federal role in surface transportation in accordance with national and regional transportation priorities, implementing a criteria-based, competitive project selection process, and working with the Secretary of Transportation to develop enhancements to ensure the highest return on federal investments.

Congressional reauthorization of transportation programs presents an opportunity to address GAO recommendations and matters for congressional consideration that have not been implemented. By promoting and coordinating solutions across jurisdictional lines, the federal government could increase the effectiveness of localities, states, and regional governments and planning organizations in overcoming freight-related challenges.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to the Department of Transportation for review and comment. The Department of Transportation provided technical comments, which were incorporated as appropriate. Department officials informed GAO that the department is working with Congress to address prior GAO recommendations as part of efforts to reauthorize the federal surface transportation programs.

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

Related GAO Products

Surface Transportation: Competitive Grant Programs Could Benefit from Increased Performance Focus and Better Documentation of Key Decisions. GAO-11-234. Washington, D.C.: March 30, 2011.

Surface Freight Transportation: A Comparison of the Costs of Road, Rail, and Waterways Freight Shipments That Are Not Passed on to Consumers. GAO-11-134. Washington, D.C.: January 26, 2011.

Surface Transportation: Clear Federal Role and Criteria-Based Selection Process Could Improve Three National and Regional Infrastructure Programs. GAO-09-219. Washington, D.C.: February 6, 2009.

Freight Transportation: National Policy and Strategies Can Help Improve Freight Mobility. GAO-08-287. Washington, D.C.: January 7, 2008.

Intermodal Transportation: DOT Could Take Further Actions to Address Intermodal Barriers. GAO-07-718. Washington, D.C.: June 20, 2007.

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9. Department of Energy Contractor Support Costs

The Department of Energy 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.

Why This Area Is Important

The Department of Energy (Energy) spends 90 percent of its annual budget—which totaled $27 billion for fiscal year 2011—on the contractors that carry out its diverse missions and operate its sites nationwide. These management and operating contractors—which include corporations, universities, and others—also provide sites' support functions such as procuring needed goods and services; recruiting and hiring workers; managing health and retirement benefits; and maintaining facilities and infrastructure. GAO reviewed support functions at the 7 national laboratory and nuclear production and testing sites overseen by the National Nuclear Security Administration (NNSA)[1] and the 10 national laboratories overseen by the Office of Science. The total annual cost of support functions at NNSA and Office of Science sites increased from about $5.0 billion in fiscal year 2007 to about $5.5 billion (nominal) in fiscal year 2009.[2] Previously, GAO has recommended that Energy take actions to manage cost growth in certain support functions and related costs. Since that time, however, some of these costs have continued to grow.

What GAO Found

Because each site has historically had its own unique contractor—as part of Energy's longstanding model for research and nuclear weapons production—the sites have also differed in how support functions are organized and carried out. This decentralized, or fragmented, approach has sometimes led to inefficiencies in support functions. For example, sites have long procured goods and services independently of each other, sometimes buying from the same vendors in an uncoordinated manner and limiting Energy's ability to leverage sites' buying power. Similarly, Energy's fragmented approach to prioritizing and funding upgrades to

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[1]Congress created NNSA as a semi-autonomous agency within the Department of Energy in 1999 (Title 32 of the National Defense Authorization Act for Fiscal Year 2000, Pub. L. No. 106-65, § 3201 et seq.).

[2]Over the same period, the sites' total annual support function costs increased from about $5.0 billion to about $5.3 billion in constant 2007 dollars. As discussed in GAO's January 2012 report, Energy sites' support costs for more recent years are not fully known, because Energy changed its data collection approach in 2010 to improve the quality of its cost data. Also, Energy has not yet fully implemented a quality control process for these more recent data but intends to do so in fiscal year 2012.

sites' aging facilities and infrastructures has made it difficult to leverage the resources needed to modernize its facilities. For example, some facilities cannot support vibration-free environments or other requirements of modern research tools.

As GAO reported in January 2012, Energy and contractors at its 17 NNSA and Office of Science sites have been carrying out a variety of efforts, since 2007, to streamline and reduce the costs of sites' support functions. For example:

- In 2007, NNSA began operating a central Supply Chain Management Center to reduce fragmentation in procurement and better leverage purchasing power across its seven sites. This center applies "strategic sourcing" techniques, aggregating and analyzing NNSA sites' procurement spending data to identify opportunities to coordinate sites' purchases and negotiate better prices for goods and services. One such analysis revealed that the sites were purchasing most of their laboratory supplies and equipment from the same set of 38 vendors through individual contracts negotiated by each site. The center was able to negotiate a single contract for all the sites, saving an estimated $22 million, or 17 percent, over the contract's 3-year term, according to a center official.

- Also that year, the Office of Science adopted a less fragmented approach to upgrading facilities and infrastructure at its 10 national laboratories by using a centrally managed process to prioritize funding for modernizing the sites' facilities. According to Office of Science officials, this approach has helped tie modernization efforts more closely to mission needs, while lowering the costs and shortening the lead times for upgrading facilities at sites.

In addition, GAO found that contractors at sites have undertaken their own streamlining and cost-reduction efforts, ranging from automating hiring, training, or other human resources activities to reducing employee health care and pension costs. As GAO reported in September 2011, while not all site-led efforts were aimed at reducing inefficiencies of Energy's fragmented approach, some of the efforts appeared to incorporate key practices for streamlining and improving the efficiency of federal programs and functions identified.

While these efforts have been made, there are additional opportunities to streamline support functions. For example:

- In an August 2010 memorandum, the Deputy Secretary of Energy called for expanding Energy's use of strategic sourcing and cited NNSA's Supply Chain Management Center, with its centralized approach to procuring goods and services for NNSA sites, as a possible model for leveraging Energy's and sites' buying power.

- NNSA is considering whether to consolidate certain support services, such as payroll and finance, at all seven NNSA sites. In a March 2011