

Number of Initiatives That Foster Green Building in the Nonfederal Sector, by Federal Agency

Agency	Number of initiatives
HUD	29
EPA	18
Energy	17
U.S. Department of Agriculture	8
Department of the Treasury	8
Department of Transportation	5
National Institute of Standards and Technology	3
Department of Education	2
Small Business Administration	2
Department of Defense	1
Department of Health and Human Services	1
Total	94

Source: GAO analysis of agency information and questionnaire responses.

According to GAO's analysis of agency questionnaire responses, the 94 initiatives GAO identified share the broad goal of fostering green building. Specifically:

- All of the initiatives foster at least one of six green building elements GAO identified (see table below). Three-quarters of the initiatives foster more than one element, and 21 initiatives across seven agencies foster all six elements.

Federal Initiatives Fostering Green Building Elements in the Nonfederal Sector

Green building element	Number of initiatives fostering each element
Energy conservation or efficiency	83
Indoor environmental quality	60
Water conservation or efficiency	51
Integrated design (collaborative planning at all stages of a building's life)	48
Sustainable siting or location	43
Environmental impact of materials	39

Source: GAO analysis of questionnaire responses.

Note: Numbers total more than 94 because many initiatives foster more than one element.

In addition, GAO identified similarities among these federal initiatives that indicate potential overlap:

- Many initiatives provide similar types of assistance, mostly through grants (47 initiatives) and technical assistance (45 initiatives) but also through other types of assistance, such as loans (9 initiatives), tax credits (5 initiatives), and tax deductions (3 initiatives).

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- Agencies reported that they expect the initiatives to directly benefit many of the same types of recipients, such as individual property owners or renters (55 initiatives), local governments (49 initiatives), businesses (47 initiatives), nonprofit organizations (45 initiatives), and state governments (42 initiatives).

The 94 initiatives may vary greatly in the scale of their funding. GAO requested funding information for all initiatives, but the information agencies provided was incomplete and unreliable for the purposes of describing the size of green building initiatives. Agency officials stated that many of the initiatives are part of broader programs and, as such, the agencies do not track green building funds separately from other program activities, even for initiatives that have as a component the direct fostering of green building. As a result, GAO did not report funding information for the initiatives in its November 2011 report.

About one-third of the 94 initiatives GAO identified have goals and performance measures specific to green building and about two-thirds do not; therefore, the results of most initiatives and their related investments in green building are unknown. Agency officials reported various reasons for not having goals and measures, such as challenges in gathering reliable performance data. As GAO previously reported, leading organizations commonly define clear goals and related outcomes, measure performance to gauge progress, and use performance information to assess the results of their efforts and the related investment.¹ Achieving results for the nation increasingly requires that federal agencies work together to identify ways to deliver results more efficiently and in a way that is consistent with their multiple demands and limited resources.² Agencies and programs working collaboratively can often achieve more public value than when they work in isolation.

GAO identified some instances in which agencies have begun to collaborate to assess results. For example, under the Partnership for Sustainable Communities, the Department of Transportation, EPA, and HUD plan to adopt a common set of performance measures for HUD's Community Challenge Planning Grants Program, which makes funds available to state and local governments and other entities to promote affordable communities through green building, among other activities. Furthermore, Energy chairs the Interagency Energy Management Task Force, which includes 10 of the 11 agencies implementing the 94 initiatives GAO identified. Since 1988, this task force has served as the interagency group for collaborating on green building in the federal sector, measuring progress, and acting as a forum for addressing challenges to green building

¹GAO, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, GAO/IGGD-96-118 (Washington, D.C.: June 1996).

²GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct. 21, 2005).

and developing common solutions for the federal sector. However, GAO did not identify a governmentwide effort to collaborate on green building issues, including shared goals and common performance measures, for the nonfederal sector that is comparable to the task force's efforts for the federal sector. Without such an effort, agencies with green building initiatives for the nonfederal sector may be missing opportunities to, among other things, identify the potential for inefficient or costly duplication, overlap, or fragmentation across these initiatives, and to reach agreement on governmentwide goals and measures for assessing the overall progress of their efforts to foster green building in the nonfederal sector.

Actions Needed and Potential Financial or Other Benefits

Without comprehensive information about each individual initiative's progress toward fostering green building, and without collaboration across federal agencies to establish green building goals and ways to measure progress, Congress, agency heads, and the public have incomplete information about the results of individual and overall federal efforts to foster green building in the nonfederal sector and the efficiency of these efforts. Governmentwide collaboration to identify performance information could, among other things, help inform efforts to evaluate the potential for inefficient or costly duplication and overlap across the more than 90 federal initiatives—implemented by 11 agencies—to foster green building in the nonfederal sector. To help assess the results of investments in individual federal initiatives to foster green building in the nonfederal sector, as well as their combined results, GAO recommended in November 2011 that the Secretaries of Energy and HUD as well as the Administrator of EPA

- lead an effort with other agencies that are implementing green building initiatives to collaborate on identifying performance information, such as shared goals and common performance measures, for green building initiatives for the nonfederal sector.

Such an effort could help identify opportunities for enhancing efficiency and reducing costs to administer these initiatives.

Agency Comments and GAO's Evaluation

GAO provided a draft of its November 2011 report for review and comment to the U.S. Department of Agriculture, the Department of Defense, the Department of Education, Energy, the Department of Health and Human Services, HUD, the Department of Transportation as well as EPA, the Department of the Treasury's Internal Revenue Service, the National Institute of Standards and Technology, and the Small Business Administration. Energy, HUD, and EPA agreed with the recommendation. HUD, the U.S. Department of Agriculture, the Department of Defense, the Department of Education, the Department of Transportation, the Internal Revenue Service, and the Small Business Administration provided concurrence or technical comments which were incorporated as appropriate. The Department of Health and Human Services and the National Institute of Standards and Technology did not provide comments on this issue. 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 the report listed in the related GAO product section. Appendix III lists the initiatives GAO identified that may have similar or overlapping objectives, provide similar services or be fragmented across government missions. Overlap and fragmentation may not lead to actual duplication, and some degree of overlap and duplication may be justified.

Related GAO Product

Green Building: Federal Initiatives for the Nonfederal Sector Could Benefit from More Interagency Collaboration. GAO-12-79. Washington, D.C.: November 2, 2011.

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27. Social Security Benefit Coordination

Benefit offsets for related programs help reduce the potential for overlapping payments but pose administrative challenges.

Why This Area Is Important

Social Security provides old age benefits to millions of Americans, forming the foundation of retirement income. However, Social Security is more than a retirement program: it also provides benefits to survivors and other dependents, as well as to disabled workers. In 2011, over 60 million Americans received \$770 billion in Social Security benefits. While Social Security provides benefits to many different groups, and beneficiaries may receive benefits from more than one social safety net program, Social Security's design helps reduce overlap with other programs. The Social Security programs are subject to several provisions that offset benefits for individuals who receive both Social Security benefits and similar benefits under another program.¹ However, ensuring that these provisions offset benefits appropriately and accurately can pose administrative challenges.

As GAO reported in March 2011, the Social Security Administration (SSA) needed accurate information from state and local governments on retirees who receive pensions from employment not covered under Social Security to fairly and accurately apply two public pension offsets—the Government Pension Offset, which generally applies to spouse and survivor benefits, and the Windfall Elimination Provision, which applies to retired and disabled worker benefits. GAO continues to believe that it is important to apply the Government Pension Offset and Windfall Elimination Provision consistently and equitably and reiterates its earlier recommendation that Congress consider giving the Internal Revenue Service the authority to collect the information that SSA needs on government pension income to administer the Government Pension Offset and Windfall Elimination Provision accurately and fairly. In this report, we focus on other offsets—workers' compensation offsets.

¹For some of these programs, the calculation of the offset is not a significant issue. Supplemental Security Income (SSI) provides financial assistance to eligible individuals who are age 65 or older, blind or disabled, and who have limited income and resources. While SSI provides benefits to individuals with disabilities, the Disability Insurance (DI) program, also administered by SSA, uses the same definition of disability as SSI. SSI is a means-tested program, and the amount of the DI benefit is considered as income when determining whether an individual with a disability also qualifies for SSI. While individuals who receive SSI and DI have their SSI benefit offset based on the amount of their DI benefit, the appropriate offset calculation is not an issue since SSA administers both programs. Social Security also allows a person to receive both SSI and Temporary Assistance for Needy Families payments, but Temporary Assistance for Needy Families benefits are also considered income for SSI purposes, and will reduce the SSI payment. Other assistance received, such as from the Supplemental Nutrition Assistance Program and home energy assistance, is not considered income for SSI and thus does not offset the amount of the benefit received.

What GAO Found

The Social Security program's workers' compensation offsets reduce the potential for overlapping payments to beneficiaries who also receive workers' compensation benefits. However, the lack of reliable information on receipt of workers' compensation can result in these offset provisions not being administered fairly or equitably. Adequately addressing this issue offers the potential for cost savings by reducing overpayments.

Workers' compensation consists of a complex array of programs that provide benefits to persons injured while working or who suffer occupational diseases. Employers provide workers' compensation insurance for their employees and report work-related injuries to the state workers' compensation agency. Although workers' compensation programs exist in all states, the programs are not federally mandated, administered, or regulated.² Workers' compensation beneficiaries may also be eligible for federal program benefits, such as Social Security Disability Insurance (DI) and Supplemental Security Income (SSI). For these other programs, the law often limits access or reduces benefits for those receiving workers' compensation. For example, if a person receives both DI and workers' compensation benefits, and together these benefits exceed 80 percent of the injured worker's average current earnings, SSA generally reduces the DI benefit.³

In a prior report, GAO found that SSA's administration of the workers' compensation offset provision continued to be undermined by the lack of reliable information identifying the receipt of workers' compensation benefits by DI beneficiaries, causing payment errors.⁴ No national reporting system identifies workers' compensation beneficiaries. Instead, SSA largely relies on applicants and beneficiaries to report their receipt of workers' compensation benefits and any changes that occur in the benefit amounts—an approach that makes it very difficult for SSA to make accurate benefit payments. GAO recommended that the Commissioner of Social Security and the Administrator of the Centers for Medicare & Medicaid Services test the extent to which sharing information that identifies persons who are or may be receiving workers' compensation

²See GAO-01-367 for more information. Also, workers' compensation benefits are generally exempt from federal income taxes, so the IRS does not have any data on receipt of workers' compensation benefits.

³This offset was enacted in response to concern about individuals receiving excessive benefits as a result of receiving DI and workers' compensation benefits concurrently. An exception to the offset was made, however, for such individuals if they resided in states whose laws already reduce their workers' compensation benefits (making a reduction in DI benefits unnecessary). Such state provisions are referred to as reverse offsets, and in these cases, SSA does not offset the DI benefit if it recognizes the state provision. The reverse offset exception only applies to state provisions that were in effect on February 18, 1981.

⁴In February 2011, the SSA Office of Inspector General found payment errors and estimated there were about \$4 million in payments with errors resulting in underpayments and about \$3.8 million in payments with errors resulting in overpayments related to the workers' compensation offset.

benefits improves the accuracy of their benefit payment.⁵ GAO also recommended that SSA officials meet with representatives from the workers' compensation insurance industry to determine whether a viable voluntary reporting process could be established that would provide the government with information that periodically identifies workers' compensation beneficiaries. In response, SSA met with the Centers for Medicare & Medicaid Services and representatives of the workers' compensation insurance industry. Since these meetings, SSA has been able to do some data sharing with states, but on a very limited basis due to systems limitations. Additionally, the workers' compensation insurance data held by privately-owned organizations is not available. Therefore, GAO continues to believe that this problem should be addressed.

For federal workers, the Federal Employees' Compensation Act (FECA) program provides wage loss compensation and payments for medical treatment to those federal employees who are injured in the performance of their federal duties.⁶ A claimant can receive both FECA and SSA retirement benefits, although the claimant's FECA wage-loss-compensation payment is to be reduced by the amount of SSA retirement benefits attributable to federal service. Similarly, a claimant can receive both FECA and SSA disability benefits, although in such cases SSA is required to reduce the level of disability benefits it pays if the combined benefits exceed a certain amount.

As GAO reported in February 2008, the FECA program is vulnerable to improper payments. Some overpayments occur because Labor's Office of Workers' Compensation Programs (OWCP), which administers the program, does not regularly verify whether claimants are receiving SSA retirement benefits, for which FECA benefits are to be reduced. GAO recommended that OWCP take steps to ensure that wage-loss-compensation payments for claimants covered by the federal retirement system are appropriately reduced by the amount of their SSA benefits that are attributable to their federal service. In response to our recommendation, OWCP reported that it has implemented an automated request to be sent to SSA when a claimant reaches retirement eligibility age to identify cases in which FECA payments should be reduced due to the receipt of Social Security retirement benefits. If this system functions as planned, it has the potential to reduce overpayments. Further, in October 2010, the SSA Office of Inspector General found that improper payments resulted when recipients' FECA compensation was not

⁵Prior to July 2001, the Centers for Medicare & Medicaid Services was known as the Health Care Financing Administration. Throughout this report, we refer to the agency as Centers for Medicare & Medicaid Services, even when describing initiatives taken prior to its name change.

⁶5 U.S.C. § 8101 et seq.

recorded or accounted for in the calculation of their DI and SSI benefits.⁷ The Office of Inspector General projected that there were approximately \$43 million in estimated DI overpayments and approximately \$603,140 in SSI overpayments, based on a sample of beneficiaries who received FECA compensation any time from June 2002 to April 2010.

Actions Needed and Potential Financial or Other Benefits

In response to prior recommendations, SSA has taken steps to explore the possibilities of sharing information with states and the workers' compensation insurance industry to identify persons who might be receiving workers' compensation benefits. While some information sharing has taken place, GAO continues to believe that additional opportunities exist to share information. While obtaining information from states is difficult, these efforts may help identify workers' compensation beneficiaries so that benefits can be appropriately and accurately offset.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to the Department of Labor and the Social Security Administration for review and comment. Labor did not provide comments. SSA provided technical comments, which were incorporated as appropriate. As part of their comments, SSA indicated that as recently as 2011, they submitted draft legislation to Congress to require state and local governments, and any other entities that administer workers compensation and private disability plans, to provide SSA with information on payments to individuals under such plans.

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 audit work GAO conducted.

Related GAO Products

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.

Supplemental Security Income: Progress Made in Detecting and Recovering Overpayments, but Management Attention Should Continue. GAO-02-849. Washington, D.C.: September 16, 2002.

SSA Disability: Enhanced Procedures and Guidance Could Improve service and Reduce Overpayments to Concurrent Beneficiaries. GAO-02-802. Washington, D.C.: September 5, 2002.

⁷Social Security Administration, Office of Inspector General, *Federal Employees Receiving Both Federal Employees' Compensation Act and Disability Insurance Payments*, A-15-09-19008 (Baltimore, Md.: Oct. 14, 2010).

Workers' Compensation: Action Needed to Reduce Payment Errors in SSA Disability and Other Programs. GAO-01-367. Washington, D.C.: May 4, 2001.

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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.

Why This Area Is Important

The federal government has played a major role in supporting housing since the 1930s. It funds programs that assist homebuyers, renters, and state and local governments. The goals of these efforts include encouraging homeownership and providing affordable rental housing for low-income families. Millions of Americans have benefited, whether by taking out a federally guaranteed mortgage, deducting mortgage interest or real estate taxes from income, or receiving a rental subsidy. In fiscal year 2010, the federal government incurred about \$170 billion for obligations for housing-related programs and estimated revenue forgone for tax expenditures.¹ Tax expenditures represent \$132 billion (about 78 percent) and may be viewed as spending programs channeled through the tax system because they are federal revenue forgone due to exclusions, credits, deductions, deferrals, and preferential rates.²

In the current housing crisis, support for homeownership has expanded dramatically with nearly all mortgage originations having direct or indirect federal support. The Department of the Treasury (Treasury) and the Board of Governors of the Federal Reserve System (Federal Reserve) together invested more than \$1.67 trillion in Fannie Mae and Freddie Mac, the government-sponsored enterprises, which issue and guarantee mortgage-backed securities. Specifically, Treasury purchased about \$221 billion of mortgage-backed securities issued by Fannie Mae and Freddie Mac and about \$183 billion of senior preferred stock, and the Federal Reserve purchased \$1.27 trillion in the debt and securities of Fannie Mae and Freddie Mac. The ultimate costs of these efforts are not yet known. The federal role also expanded through programs such as the Home Affordable Modification Program and the First-Time Homebuyer Credit.

¹The total does not include other types of emergency assistance. For loan programs, these obligations represent the expected credit subsidy costs for loan commitments made in fiscal year 2010. These estimates are revised in subsequent years and the ultimate cost will not be known until the loans mature. The amount of obligations we reported for fiscal year 2010 may include funds appropriated in the American Recovery and Reinvestment Act of 2009.

²Summing tax expenditure estimates does not take into account interactions between individual provisions. This total also does not include the exclusion of imputed net rental income. Imputed net rental income is the amount that owner-occupiers would have paid to rent a home, less nondeductible costs such as depreciation and maintenance expense. It is not subject to tax. The Department of the Treasury lists the exclusion of imputed net rental income as a tax expenditure and estimated the expenditure at \$41 billion for fiscal year 2010. However, the Joint Committee on Taxation does not list the exclusion as a tax expenditure because it views measuring and taxing net imputed rental income as administratively infeasible.

However, fiscal and budget realities call into question continued maintenance of 160 different efforts with similar goals and sometimes parallel delivery systems.

What GAO Found

Twenty different entities administer 160 programs, tax expenditures, and other tools GAO identified that supported homeownership and rental housing in fiscal year 2010 (see fig. below).³ For example, 39 programs, tax expenditures, and other tools provide assistance for buying, selling, or financing a home, such as the single-family guaranteed loan program of the Department of Housing and Urban Development's (HUD) Federal Housing Administration (FHA); the Department of Agriculture's (USDA) Rural Housing Service (RHS); and the Department of Veterans Affairs and the capital gains exclusion on home sales administered by Treasury's Internal Revenue Service (IRS). Eight programs and tax expenditures provide assistance for rental property owners, such as separate project-based rental assistance programs provided by HUD and RHS and accelerated depreciation on rental housing administered by the IRS. Program overlap can occur when agencies and programs address the same or similar needs or target similar populations, and can result in fragmentation.

³See appendix III for the list of programs, tax expenditures, and other tools that supported homeownership and rental housing in fiscal year 2010 and their related budgetary information. Many of these programs/activities incurred no obligations in fiscal year 2010 for a number of reasons, such as the program/activity was not part of the federal budget or was inactive during the year.

Housing Activities/Programs by Purpose and Agency in Fiscal Year 2010

Primary purpose of activity ^a	Number of activities/programs	Agency/Entity																
		HUD	Treas/IRS	USDA	FHLB	VA	Regulators	NRC	FFIEC	CFPB	FCS	Fannie	Freddie	FarmerM	Interior	Labor	FHFA	FCA
Assistance for buying, selling, or financing a home	39	●	●	●	●	●												
Supports housing and other activities	30	●	●	●	●		●											
Assistance for financing rental housing	25	●	●	●	●													
Emergency assistance to housing market or current homeowner	16	●	●				● ^b											
Regulatory requirements	10	●					●	●	●									
Increase availability of mortgage loans	9	●	●		●					●	●	●	●					
Assistance for homeowners	9		●	●		●										●		
Assistance for rental property owners	8	●	●	●														
Rental assistance for tenants	6	●		●												●		
Operation/management of rental housing	6	●		●														
Regulator of Government-Sponsored Enterprises	2																●	●

- CFPB = Consumer Financial Protection Bureau
- Fannie = Fannie Mae
- FarmerM = Federal Agricultural Mortgage Corporation (Farmer Mac)
- FCA = Farm Credit Administration
- FCS = Farm Credit System
- FFIEC = Federal Financial Institutions Examination Council
- FHFA = Federal Housing Finance Agency
- FHLB = Federal Home Loan Banks
- Freddie = Freddie Mac
- HUD = Department of Housing and Urban Development
- Interior = Department of Interior/Bureau of Indian Affairs
- Labor = Department of Labor
- NRC = Neighborhood Reinvestment Corporation
- Regulators = Financial federal regulators include the Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, and National Credit Union Administration
- Treas/IRS = Treasury/Internal Revenue Service
- USDA = Department of Agriculture
- VA = Department of Veterans Affairs

Source: GAO
^aSome activities may have multiple purposes.
^bActivities undertaken only by the Federal Reserve, not other regulators.

As GAO reported in September 2000, overlap exists between products offered and markets served by USDA's RHS, HUD, and others, and GAO questioned the need for maintaining separate programs for rural areas. GAO recommended that Congress consider requiring USDA and HUD to examine the benefits and costs of merging programs and cited RHS's and FHA's single-family guaranteed loan and multifamily portfolio management programs. In response, USDA noted that such a merger could be detrimental and result in rural areas losing a federal voice. In addition, HUD noted that without legislative changes, any efforts to merge the programs likely would result in a more cumbersome delivery system. The House Committee on Financial Services held hearings in 2011 considering a proposal that would move management of rural housing programs to HUD.

GAO's ongoing work has shown increased evidence that some RHS and FHA programs can be consolidated. For instance, RHS relies on more in-

house staff to oversee its single-family and multifamily loan portfolio of about \$93 billion than HUD relies on to manage its single-family and multifamily loan portfolio of more than \$1 trillion, largely because of differences in delivery structures. RHS has a decentralized structure of about 500 field offices that was set up to interact directly with borrowers. RHS relies on over 1,600 full-time equivalent staff to process and service its direct single-family loans and grants. Since GAO's 2000 report, the trend away from labor-intensive direct loans to guaranteed loans has accelerated. While RHS limits its direct loans to low-income households and its guaranteed loans to moderate-income households, FHA has no income limits and does not offer a comparable direct loan program. HUD operates about 80 field offices and primarily interacts through lenders, nonprofits, and other intermediaries. RHS and FHA programs both utilize FHA-approved lenders and underwriting processes based on FHA's scorecard—an automated tool that evaluates new mortgage loans. RHS has about 530 full-time equivalent staff to process its single-family guaranteed loans. FHA relies on lenders to process its loans. Although FHA insures far more mortgages than RHS guarantees, FHA has just over 1,000 full-time equivalent staff to oversee lenders and appraisers and contractors that manage foreclosed properties—costs for overseeing and disposing of such properties, were \$887 million in 2010. In contrast, RHS's costs for foreclosed property management are lower because RHS requires lenders to dispose of foreclosed properties. While the number of RHS field offices decreased by about 40 percent since 2000, its decentralized field structure continues to reflect the era in which it was established—the 1930s, when geographic boundaries greatly limited communication and transportation. These limitations have diminished and HUD programs can be used in all areas of the country.

Additionally, the two agencies offer examples of overlap in products offered (mortgage credit and rental assistance), functions performed (portfolio management and preservation), and geographic areas served. For instance, RHS and HUD guarantee single-family and multifamily loans, and offer rental subsidies using similar income eligibility criteria. Also, both agencies have been working to maintain and preserve existing multifamily portfolios. Although RHS may offer its products only in rural areas, it is not always the insurer of choice in those areas. For example, in fiscal year 2009 FHA insured over eight times as many single-family loans in economically distressed rural counties as RHS guaranteed. And, many RHS loan guarantees financed properties near urban areas—56 percent of single-family guarantees made in fiscal year 2009 were in metropolitan counties.

As shown in the figure above, Treasury and IRS provide numerous types of housing assistance through tax expenditures. Although often necessary to meet federal priorities, some tax expenditures can contribute to mission fragmentation and program overlap that, in turn, can create service gaps, additional costs, and the potential for duplication. For example, to qualify for a historic preservation tax credit, rehabilitation must preserve historic character, which may conflict with states' efforts to produce energy-efficient, low-income properties with tax credits, and could increase project costs. Furthermore, inadequate or missing data

and difficulties in quantifying the benefits of some tax expenditures can impede studies of their efficiency, effectiveness, and equity.

Data represent a key challenge, as the data necessary to assess who benefits from tax expenditures is not always collected on tax returns unless IRS needs the information or collection was legislatively mandated. For example, although IRS collects some data on the mortgage interest deduction (the single-largest, housing-related tax expenditure), the data may not contribute to analyses of its effectiveness. Studies by the Joint Committee on Taxation and others differ as to the extent to which the mortgage interest deduction increases homeownership. Some studies suggest that the deduction increases homeownership, while others suggest that the deduction increases the price of housing (and higher prices are negatively associated with homeownership rates). Furthermore, some analyses emphasize the need for additional data to more effectively assess the impact of proposed modifications to the mortgage interest deduction on homeownership.

GAO recommended in September 2005 that the Office of Management and Budget (OMB) use information on outlay programs and tax expenditures to recommend to the President and Congress the most effective methods for accomplishing federal objectives. GAO concluded that better targeting by Congress and the executive branch of all federal spending and subsidy programs could save resources and increase economic efficiency. As discussed later, OMB disagreed with GAO's 2005 recommendations.

Actions Needed and Potential Financial or Other Benefits

HUD and RHS have shared beneficial practices. For example, RHS collaborated with HUD on restructuring multifamily mortgages, underwriting guaranteed loans, and making properties more energy-efficient. In 2010, the White House's Domestic Policy Council established a Rental Policy Working Group to better coordinate among HUD, USDA, and Treasury. The agencies have been aligning rules for rental programs, will examine homeownership programs, and expect to accept each other's inspections and forms for housing programs. In 2011, the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity developed draft legislation and hosted hearings in May and September on a proposal to move management of rural housing programs from USDA to HUD. At the May hearing, while some industry experts said the consolidation plan merited further discussion, others stated the proposal could negatively affect USDA's efforts to deliver its other rural development programs. In September, the RHS Administrator testified that while she believed RHS and HUD shared an important commitment to meeting the housing needs of rural America, she opposed the draft legislation. She believed that RHS housing services uniquely served rural communities by working in "synergy" with other rural development programs.

GAO recommended in September 2000 that Congress consider requiring USDA and HUD to examine the benefits and costs of merging those programs that serve similar markets and provide similar products.

Further, GAO noted that as a first step, the Congress could consider requiring RHS and HUD to explore merging their single-family insured lending programs and multifamily portfolio management programs, taking advantage of the best practices of each and ensuring that targeted populations are not adversely affected.

The agencies have been working to align certain requirements of the various multifamily housing programs. In addition, in February 2011, the Administration reported to Congress that it would establish a task force to evaluate the potential for coordinating or consolidating the housing loan programs at HUD, USDA, and VA. According to HUD, a benchmarking effort associated with the task force was recently begun. GAO's ongoing work considers options for consolidating these programs and GAO expects to make additional recommendations.

GAO recommended in September 2005 and reiterated in March 2011 that coordinated reviews of tax expenditures with related spending programs could help policymakers reduce overlap and inconsistencies and direct scarce resources to the most-effective or least-costly methods to deliver federal support. Coordinated reviews of support of housing, which consists of tax expenditures and federal programs and regulations, could be useful. Specifically, GAO recommended in September 2005 and March 2011 that the Director of OMB, in consultation with the Secretary of the Treasury should

- develop and implement a framework for conducting performance reviews of tax expenditures. This includes (1) outlining leadership responsibilities and coordination among agencies with related responsibilities; (2) setting a review schedule; (3) identifying review methods and ways to address the lack of credible tax expenditure information; and (4) identifying resources needed for tax expenditure reviews; and
- require that tax expenditures be included in executive branch budget and performance review processes.

OMB, citing methodological and conceptual issues, disagreed with GAO's 2005 recommendations. To date, OMB has not used its budget and performance review processes to systematically review tax expenditures and promote integrated reviews of related tax and spending programs. However, in its fiscal year 2012 budget guidance, OMB instructed agencies, where appropriate, to analyze how to better integrate tax and spending policies with similar objectives and goals. The GPRA

Modernization Act of 2010 also envisions such an approach for selected crosscutting areas.⁴ Such analysis could help identify redundancies.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to USDA, HUD, Department of Veterans Affairs, Treasury, the Internal Revenue Service, OMB, Federal Housing Finance Agency, Federal Reserve, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Consumer Financial Protection Bureau, Federal Financial Institutions Examination Council, and the Farm Credit Administration for review and comment. The Department of Veterans Affairs and the Consumer Financial Protection Bureau provided no comments. All other agencies provided technical comments, which were incorporated as appropriate. USDA reiterated the position that its rural agencies and programs, including the delivery system, serve a unique purpose and are vital to the rural communities they serve. In addition, USDA noted its recent efforts to streamline and improve the effectiveness of federal programs that serve rural communities, as part of the agency's involvement in the President's Rural Council. OMB stated that it agrees that savings might be achieved from the partial consolidation of guaranteed loan programs across agencies, but noted that any savings may be limited because USDA's decentralized field offices support more than loan guarantee programs. OMB also indicated that they will identify tax expenditures which support the achievement of a limited number of cross-agency priority goals along with the fiscal year 2013 President's Budget, as required by the GPRA Modernization Act of 2010.

How GAO Conducted Its Work

The information in this submission is based on findings from the products listed in the related GAO products section and additional work GAO conducted. GAO reviewed prior reports as well as collected and analyzed preliminary information from housing industry, USDA, and HUD officials, on examples of overlap or fragmentation in products offered, functions performed, and geographic areas served by various federal housing programs. GAO developed a catalog of direct spending programs, tax expenditures, and other activities used by federal agencies and financial regulators to support rental housing and homeownership, and identified what is known about the purpose, cost, eligibility, and populations served. GAO reviewed the Catalog of Federal Domestic Assistance, agency program documentation, and previous studies by the Congressional Research Service, Congressional Budget Office, and other housing

⁴The GPRA Modernization Act of 2010 established a new, crosscutting, and integrated framework for achieving results and improving government performance. It requires OMB to coordinate with agencies to establish outcome-oriented goals covering a limited number of crosscutting policy areas and to develop a governmentwide performance plan for making progress toward achieving those goals. The executive branch and Congress could use this process to identify and address program areas where strengthened interagency coordination is needed to better achieve results as well as areas of fragmentation, overlap, and duplication.

groups, and interviewed agency officials. GAO also reviewed the fiscal year 2012 President's Budget, agencies' budget justification, the Joint Committee on Taxation's estimates of tax expenditures, and a compendium of tax expenditures prepared by the Congressional Research Service to obtain information on obligations, full-time equivalents, credit subsidy costs, administrative costs, and revenue loss estimates incurred by the federal government in administering housing programs. 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

Federal Housing Administration: Improvements Needed in Risk Assessment and Human Capital Management. GAO-12-15. Washington, D.C.: November 7, 2011.

Tax Administration: Expanded Information Reporting Could Help IRS Address Compliance Challenges with Forgiven Mortgage Debt. GAO-10-997. Washington, D.C.: August 31, 2010.

Home Mortgage Interest Deduction: Despite Challenges Presented by Complex Tax Rules, IRS Could Enhance Enforcement and Guidance. GAO-09-769. Washington, D.C.: July 29, 2009.

Real Estate Tax Deduction: Taxpayers Face Challenges in Determining What Qualifies; Better Information Could Improve Compliance. GAO-09-521. Washington, D.C.: May 13, 2009.

Government Performance and Accountability: Tax Expenditures Represent a Substantial Federal Commitment and Need to Be Reexamined. GAO-05-690. Washington, D.C.: September 23, 2005.

Rural Housing Service: Overview of Program Issues. GAO-05-382T. Washington, D.C.: March 10, 2005.

Elderly Housing: Federal Housing Programs That Offer Assistance for the Elderly. GAO-05-174. Washington, D.C.: February 14, 2005.

Rural Housing: Changing the Definition of Rural Could Improve Eligibility Determinations. GAO-05-110. Washington, D.C.: December 3, 2004.

Rural Housing Service: Opportunities to Improve Management. GAO-03-911T. Washington, D.C.: June 19, 2003.

Rural Housing: Options for Optimizing the Federal Role in Rural Housing Development. GAO/RCED-00-241. Washington, D.C.: September 15, 2000.

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29. Early Learning and Child Care

The Departments of Education and Health and Human Services 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.

Why This Area Is Important

Millions of children under the age of 5 participate each year in federally funded preschool and other early learning programs or receive federally supported child care in a range of settings. Federal programs that funded early learning and child care as an explicit purpose received at least \$13.3 billion in federal funding in fiscal year 2010.¹ Research supports the importance of providing high-quality early learning experiences during children's formative years.² Furthermore, as GAO reported in May 2010, research indicates that having reliable, high-quality child care is also critical to sustaining parents' ability to work. Federal support for early learning and child care developed over time to meet emerging needs. However, GAO previously reported that multiple federal agencies administer this important investment through numerous programs. This is perhaps a consequence of the different historical origins of early learning and child care programs, creating fragmentation of efforts, some overlap of goals or activities, and potential confusion among families and other program users.

What GAO Found

The federal investment in early learning and child care is fragmented in that it is administered through 45 programs that provide or may support related services to children from birth through age 5, as well as five tax provisions that subsidize private expenditures in this area.³ The programs are concentrated within the Departments of Education (Education) and Health and Human Services (HHS)—the principal administrators of the federal government's early learning and child care programs—but are also administered by the Departments of Agriculture, the Interior, Justice,

¹Fiscal year 2010 is the latest date for which actual obligations have been reported, and funding data for two programs were not reported in budget justifications but obtained from federal agencies. This figure includes funding for the 12 programs GAO identified as having an explicit purpose of providing early learning or child care for children. It does not include federal programs with other purposes that permit the use of funds for early learning and child care as an allowable activity or that provide supporting services such as food and nutrition. For example, the figure does not include funding for two multipurpose block grants—the Social Services Block Grant and Temporary Assistance for Needy Families (TANF)—or for Title I Grants to Local Educational Agencies.

²J. Shonkoff and D. Phillips, Eds, *From Neurons to Neighborhoods: The Science of Early Childhood Development* (Washington, D.C.: National Academy Press, 2000).

³In identifying these programs, the criteria GAO used were that these programs (1) fund or support early education or child care services, (2) are provided to children under age 5, and (3) deliver services in an educational or child care setting.

Labor, Housing and Urban Development (HUD), the General Services Administration (GSA), and the Appalachian Regional Commission. Some of these programs overlap in that they have similar goals for children under the age of 5 and are targeted to similar groups of children. For example, five programs, administered by Education and HHS, provide school readiness services to low-income children, and programs in both Education and the Interior provide funding for early learning services for Indian children.

Among the 45 programs, 12 have an explicit program purpose of providing early learning or child care services.⁴ GAO reported in January 2000 that although individual programs may differ in the exact services provided, the distinction between early learning and child care has blurred over time as policymakers seek to make educationally enriching care available to young children. As seen in the table below, all 12 programs serve children under the age of 5, and some also serve older children; however, they vary in targeted child population. Furthermore, they vary substantially in funding levels. For example, 9 of the 12 programs obligated less than \$500 million each in fiscal year 2010, while the largest program, Head Start, obligated \$7.2 billion in that year.⁵

Purposes and Targeted Populations of Federal Programs That Have Early Learning or Child Care as an Explicit Program Purpose

Program name by federal agency	Explicit program purpose		Specific child population targets			
	Early learning services	Child care services	Age group		Other population limits	
			Children under 5 primarily	Larger age group, including children under 5	Low income children	Children with disabilities
Department of Education						
Child Care Access Means Parents in School		•		•	•	•
Indian Education-Grants to Local Educational Agencies	•			•		•
Race to the Top – Early Learning Challenge	•		•		•	

⁴GAO considers a program as having an explicit early learning or child care purpose when the program objectives in the Catalog of Federal Domestic Assistance or other agency documents refer to early learning or child care.

⁵This figure excludes American Recovery and Reinvestment Act of 2009 funds. Pub. L. No. 111-5. See appendix III for information on fiscal year 2010 program obligations for early learning and child care programs.

Program name by federal agency	Explicit program purpose		Specific child population targets				
	Early learning services	Child care services	Age group		Other population limits		
			Children under 5 primarily	Larger age group, including children under 5	Low-income children	Children with disabilities	Other targeted populations
Special Education-Grants for Infants and Families	•		•			•	•
Special Education-Preschool Grants	•		•			•	
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	•			•			•
Striving Readers Comprehensive Literacy	•			•		•	
Department of Health and Human Services							
Child Care and Development Block Grant ^a		•		•		•	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund ^a		•		•		•	
Head Start	•		•			•	•
Department of the Interior							
Indian Child and Family Education (FACE)	•		•				•
General Services Administration							
The General Services Administration's Child Care Program		•	•				•

Source: GAO analysis of Catalog of Federal Domestic Assistance and federal agency program information.

Note: All programs included in this table are those for which early learning or child care is explicitly described as a program purpose, according to GAO's analysis of Catalog of Federal Domestic Assistance and other agency information. It does not include additional programs that either support early learning or child care or that allow such services. All programs GAO identified are listed in appendix III.

^aIn combination, Child Care and Development Block Grant funds and Child Care Mandatory and Matching Funds are referred to as the Child Care and Development Fund.

However, the majority of the 45 programs GAO identified do not have the explicit purpose of delivering early learning or child care services, but rather permit use of funds for this purpose or provide supportive services to facilitate such care.

- Some programs are multipurpose block grants for which early learning or child care is not a primary purpose but which are nevertheless known to provide significant funding for child care. For example, the Temporary Assistance for Needy Families block grant accounted for \$3.5 billion in child care funding in fiscal year 2009.
- Other programs may allow funds to be used for early learning or child care, but these are not among their primary goals and such uses do not typically represent a significant portion of available program funds. For example, the Department of Justice has one program to help victims of violence that can provide child care as a short-term, ancillary service, and Title I Grants to Local Educational Agencies, an Education grant, spent about 2 percent of total obligations on early education programs in fiscal year 2009.
- Some programs provide supportive services that can facilitate early learning or child care. For example, the Department of Agriculture has four programs whose primary purpose is to provide food and nutrition services to mostly school-age low-income children, though preschool children also receive program services in some cases.⁶

In addition to these federally funded programs, five federal tax provisions support early education and care by forgoing tax revenue to subsidize the private purchase of child care services. Some tax provisions are for families and some are for employers that provide child care at the workplace. These five tax expenditures accounted for at least \$3.1 billion of forgone tax revenue for the U.S. Treasury in fiscal year 2010.⁷ The revenue that the government forgoes through tax expenditures can be viewed as spending channeled through the tax system, contributing to mission fragmentation and program overlap. As GAO previously reported in September 2005, coordinated reviews of tax expenditures and related programs may reduce fragmentation and overlap.⁸ While it may be possible for some families to receive benefits through both tax provisions

⁶GAO has described the fragmentation and overlap of these and other nutrition assistance programs in *Domestic Food Assistance: Complex System Benefits Millions, but Additional Efforts Could Address Potential Inefficiency and Overlap among Smaller Programs*, GAO-10-346 (Washington, D.C.: Apr. 15, 2010).

⁷Two of the five tax expenditures—Exclusion Of Benefits Provided Under Cafeteria Plans and Exclusion of Income Earned by Voluntary Employees Beneficiary Associations—include revenue used for health care and other benefits besides child care.

⁸In September 2005, GAO recommended that the Office of Management and Budget (OMB), in consultation with the Secretary of the Treasury, develop and implement a framework to review tax expenditures. In March 2011, GAO reported that OMB, in its fiscal year 2012 budget guidance, instructed agencies, where appropriate, to analyze how to better integrate tax and spending policies that have similar goals and objectives. See *Government Performance and Accountability: Tax Expenditures Represent a Substantial Federal Commitment and Need to Be Reexamined*, GAO-05-690 (Washington, D.C.: Sept. 23, 2005), and *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

and federal early learning and child care programs in a particular year, many families eligible to participate in federal programs may not have tax liabilities due to their low incomes and would not benefit from these tax provisions.⁹

Although some programs fund similar types of services for similar populations, differing program structures, eligibility requirements, and data limitations create obstacles to assessing whether actual duplication exists among these programs.

- Programs are differently structured, administered, and regulated. For example, the two largest programs—funded under Head Start and the Child Care and Development Fund (CCDF)—differ significantly in their structure.¹⁰ Head Start was created in part to support children's early development by offering comprehensive, community-based services to meet multiple needs and, as such, provides federal grants directly to community-based public and private service providers. CCDF, created under welfare reform, helps states reduce dependence on public assistance by subsidizing child care to support parents' involvement in the workforce and provides grants to states, which they in turn generally provide as subgrants to counties or other local entities for distribution to parents.
- The nature of eligibility requirements also differs among programs, even for similar subgroups of children, such as those from low-income families. For example, Head Start serves primarily low-income children under the age of 5 whose families have incomes at or below the official federal poverty guidelines, while CCDF funds services to children under age 13 whose parents are working or in school and who may earn up to 85 percent of state median income.
- For some programs, relevant programmatic information is sometimes not readily available. For example, Education and HHS officials were unable to provide GAO with information on the number of children served for several programs. As GAO previously reported in 2005 and September 2011, HHS did not collect data on working families who receive child care assistance directly funded by TANF, and GAO suggested that Congress may wish to require this data collection.

⁹These tax provisions primarily benefit families with higher incomes than those eligible for CCDF or Head Start. For example, more than half of the beneficiaries of the Child and Dependent Care Tax Credit earned incomes of at least \$50,000 annually in fiscal year 2009. In contrast, the Child Care and Development Fund generally limits eligibility to families at or below 200 percent of the federal poverty guidelines (that is, about \$37,000 or less for a family of 3 in 2011), and Head Start eligibility is closer to 100 percent of the poverty guidelines.

¹⁰Preliminary fiscal year 2009 data are the latest available for number of children served under CCDF.

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- Inadequate or missing data, as well as difficulties quantifying the benefits of some tax expenditures, can make it difficult to study the efficiency of these expenditures.¹¹

To the extent that programs in different agencies have similarities, fragmentation and program overlap can create an environment in which programs may not serve children and families as efficiently and effectively as possible. The existence of multiple programs can also create added administrative costs, such as costs associated with determining eligibility and meeting varied reporting requirements. However, despite some overlap in program purposes and targets, it is likely that service gaps exist, since these programs generally are not designed as entitlements that serve all eligible children. For example, as GAO previously reported in May 2010, about one-third or fewer of potentially eligible children received child care subsidies from CCDF, Temporary Assistance for Needy Families, and the Social Services Block Grant between fiscal years 2004 and 2007, according to GAO's review of several HHS estimates. HHS has identified improving program access and quality as high-priority performance goals for both Head Start and child care programs.

Coordinating the administration and evaluation of early learning and child care programs can help mitigate the effects of program fragmentation and overlap and potentially help bridge service gaps; however, there is currently no federal interagency workgroup that coordinates early learning and child care efforts across all federal agencies with such programs. Education and HHS have numerous coordinating initiatives and agreements with each other, within their departments, and in support of state and local coordination. For example, Education and HHS formed an interagency policy board in August 2010 whose goals included improving the quality and effectiveness of Education and HHS early learning programs; increasing the coordination of research, technical assistance and data systems; and, in an advisory role, maximizing resources. In 2009, HHS established an executive-level liaison office to coordinate interagency efforts, and Education proposed establishing a similar coordination office in 2011. Education and HHS have also collaborated in jointly administering the Race to the Top - Early Learning Challenge. In addition, the two departments have supported early learning and child care coordination at the state and local levels, such as through State Advisory Councils on Early Childhood Education and Care and other early childhood programs.¹² HHS has also established workgroups and

¹¹As GAO noted in earlier work, tax returns generally do not collect information necessary to assess how often a tax expenditure is used and by whom unless the IRS needs the information or collection is legislatively mandated. See GAO-05-690.

¹²The Improving Head Start for School Readiness Act of 2007 required the governor of each state to designate or establish State Advisory Councils, and funds provided under the American Recovery and Reinvestment Act of 2009 were used to support them. Pub. L. No. 110-134, § 11(b) (codified at 42 U.S.C. § 9837b(b)(1)(A)) and Pub. L. No. 111-5, 123 Stat. 115, 178.

collaborative efforts with several other individual federal departments, such as Agriculture, Defense, and HUD, to increase the availability and quality of child care or for other goals. However, these workgroups do not bring multiple agencies together, and GSA, the Departments of the Interior, Justice, Labor, and the Appalachian Regional Commission also have programs with some child care component that are not part of broader cross-agency initiatives but could likely benefit from the expertise of Education and HHS.

The GPRA Modernization Act of 2010 (GPRAMA) could serve as a vehicle for furthering interdepartmental coordination of early learning and child care. The Act established a new, cross-cutting, and integrated framework for achieving results and improving government performance.¹³ Among other things, each agency is to identify the various federal organizations and activities—both within and external to the agency—that contribute to its goals, and describe how the agency is working with other agencies to achieve its goals as well as any relevant crosscutting goals. The executive branch and Congress could use this process to identify and address program areas where strengthened interagency coordination is needed to better achieve results as well as areas of fragmentation, overlap and duplication.

Actions Needed and Potential Financial or Other Benefits

As the principal administrators of the federal government's early learning and child care programs, and consistent with Education's and HHS's identification of early learning access and quality as priorities, the Secretaries of Education and HHS should

- deepen and extend their ongoing coordination efforts by including all the federal agencies that provide or support early learning or child care services in an inter-departmental workgroup that focuses on this population.

Using the GPRAMA framework, workgroup goals could include mitigating the effects of program fragmentation (for example, through simplifying children's access to these services), identifying and managing service gaps, meeting data requirements for the coordinated operation and evaluation of these programs, and identifying and minimizing any unwarranted overlap. These efforts could also provide a vehicle to conduct a coordinated analysis of child care tax expenditures and program spending.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to Education, HHS, and OMB. HHS provided written comments. Education and OMB, as well as HHS, provided technical comments, which were incorporated as appropriate.

¹³ Pub. L. No. 111-352 (2011).

All three agencies agreed on the importance of further coordination of the federal programs supporting early learning and child care. Education explicitly agreed with GAO's recommended action and identified an existing interagency workgroup as a means of coordinating early learning and child care services. This group currently focuses primarily on services for youth from early to late adolescence. HHS acknowledged but did not explicitly agree or disagree with the specific action GAO recommended, while OMB questioned the need for a new interagency working group and the efficiency of including agencies whose programs are not explicitly designed to deliver early learning or child care services. GAO believes that agencies with some, but not extensive, investment in early learning or child care might benefit greatly from such inclusion to reduce any effects of fragmentation. Extending interagency coordination could be efficiently accomplished through an existing workgroup on early learning and child care, for example, by establishing a subcommittee with representation from the additional agencies. GAO has modified the recommended action to clarify that inclusion of these additional agencies does not necessarily entail establishing a new federal interagency workgroup.

HHS also highlighted information on its ongoing coordination efforts and noted concerns with the report's treatment of specific issues. Specifically, HHS stated that the report did not fully explore how program services may be complementary rather than duplicative, take into account that many states jointly administer flexible funding streams to provide services to children and families, or adequately explain the distinction between federally funded early learning and child care programs and federally funded programs that permit the use of funds for the provision of child care. As noted in this report, the complexity of the current service delivery system, combined with data limitations, form significant obstacles to assessing the extent to which services are complementary or duplicative. GAO's report acknowledges the role that states play in coordinating these programs but, as HHS's comments indicate, the extent to which states coordinate the administration of early learning and child care funding streams can and does vary. Moreover, the federal government also has an important role in program administration, necessitating a federal role in coordination. Further, GAO clearly distinguished between programs that have an explicit purpose to provide these services, like CCDF and Head Start, and those that permit the use of funds for these services or that provide supportive services to facilitate such care; however, it remains important to note that some of the latter group, such as Temporary Assistance for Needy Families nonetheless provide significant funding for child care.

OMB recommended that GAO remove two programs from the list of programs with an explicit early learning or child care purpose; however, GAO did not change the program list because the programs met GAO's criteria.

As part of its routine audit work, GAO will monitor the progress agencies make in addressing this needed action and report to Congress. All written comments are reprinted in appendix IV.

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 searched the Catalog of Federal Domestic Assistance to identify federal early learning and child care programs; obtained supplementary information from Education, HHS, and other agencies; and reviewed previous GAO reports on early learning and child care.¹⁴ GAO did not conduct a separate legal review to identify and analyze relevant programs. In its work, GAO identified 45 early learning and child care programs that met its criteria for analysis: those that (1) fund or support early education or child care services; (2) are provided to children under age 5; and (3) deliver services in an educational or child care setting. GAO also identified a subset of 12 programs with early learning and child care as an explicit program purpose. GAO determined that the Catalog of Federal Domestic Assistance was sufficiently reliable for GAO's purposes by confirming with federal agency officials that the programs identified met GAO's criteria and obtaining information from agencies about any additional programs for GAO consideration. GAO searched the Congressional Research Service's 2010 *Tax Expenditures: Compendium of Background Material on Individual Provisions* to identify five tax expenditures that met similar criteria for early learning and child care.¹⁵ GAO obtained and analyzed descriptions of Education and HHS coordination efforts for early learning and child care programs, but assessing the effectiveness of these two particular agencies' coordination efforts was beyond the scope of this study. 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. Appendix III also lists related tax expenditures.

¹⁴See the related GAO products section.

¹⁵Those that (1) fund or support early education or child care services, (2) are obtained on behalf of children under 5, and (3) forgo taxes that can be used to purchase child care services occurring in an educational or child care setting.

Related GAO Products

Temporary Assistance for Needy Families: Update on Families Served and Work Participation. GAO-11-880T. Washington, D.C.: September 8, 2011.

Human Services Programs: Opportunities to Reduce Inefficiencies. GAO-11-531T. Washington, D.C.: April 5, 2011.

Federal Education Funding: Overview of K-12 and Early Childhood Education Programs. GAO-10-51. Washington, D.C.: January 27, 2010.

Child Care: Multiple Factors Could Have Contributed to the Recent Decline in the Number of Children Whose Families Receive Subsidies. GAO-10-344. Washington, D.C.: May 5, 2010.

Human Service Programs: Demonstration Projects Could Identify Ways to Simplify Policies and Facilitate Technology Enhancements to Reduce Administrative Costs. GAO-06-942. Washington, D.C.: September 19, 2006.

Child Care: Additional Information Is Needed on Working Families Receiving Subsidies. GAO-05-667. Washington, D.C.: June 29, 2005.

GAO Update on the Number of Prekindergarten Care and Education Programs. GAO-05-678R. Washington, D.C.: June 2, 2005.

Head Start and Even Start: Greater Collaboration Needed on Measures of Adult Education and Literacy. GAO-02-348. Washington, D.C.: March 29, 2002.

Early Education and Care: Overlap Indicates Need to Assess Crosscutting Programs. GAO/HEHS-00-78. Washington, D.C.: April 28, 2000.

Early Childhood Programs: Characteristics Affect the Availability of School Readiness Information. GAO/HEHS-00-38. Washington, D.C.: February 28, 2000.

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30. Employment for People with Disabilities

Better coordination among 50 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.

Why This Area Is Important

Nearly one in five people in the United States has a disability.¹ In fiscal year 2010, the federal government obligated at least \$3.5 billion in employment supports to help this population become more self-sufficient. Even so, in December 2011, the unemployment rate for people with disabilities was 13.5 percent, higher than the rate for people without disabilities (8.1 percent). Research has shown that people with disabilities may face multiple barriers to employment, including poor health or functioning; inadequate skills or training; lack of accessible workplaces or accommodations; and discrimination. Over the years, many programs across the federal government, including within the Departments of Education; Health and Human Services; Labor; and Veterans Affairs and other agencies, have been created or have evolved to address these barriers.

For 15 years, GAO has reported on the need for better coordination among all disability programs to mitigate fragmentation, overlap, and potential for duplication. As GAO reported in September 1996, programs helping people with disabilities were not working together efficiently, and people with disabilities may have been receiving duplicate services or facing service gaps due to lack of coordination. Over a decade later, in May 2008, GAO and others recommended establishing a coordinating entity—perhaps under the leadership of the executive branch—to develop a federal strategy to integrate services and support for individuals with disabilities. To date, no coordinating entity has been established, and this lack of coordination was a factor in federal disability programs remaining on GAO's high-risk list in February 2011.

What GAO Found

GAO identified 50 programs that, in fiscal year 2010, supported employment for people with disabilities and found that these programs were fragmented and often provided similar services to similar populations.² Among these programs, GAO included six programs that

¹U.S. Census Bureau, *Americans with Disabilities: 2005*. (Washington, D.C.: December 2008). Data come from the Survey of Income and Program Participation, June – September 2005.

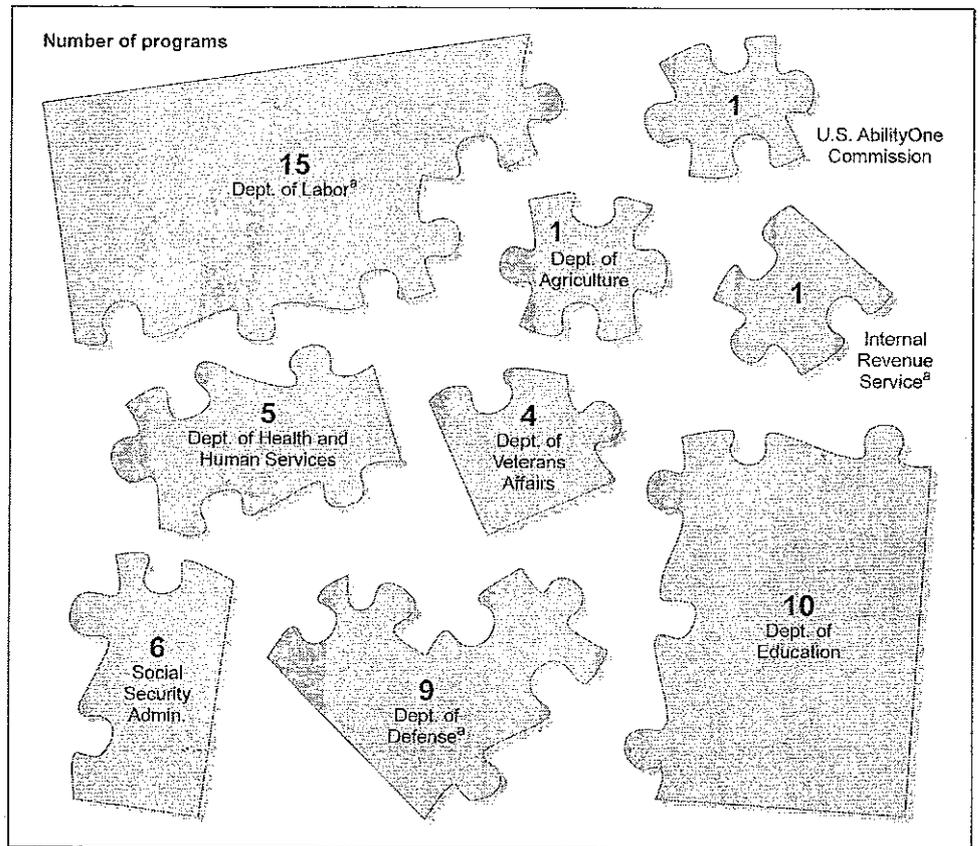
²In commenting on a draft of this section, a Department of Defense official requested that GAO add two programs that he believed to be within the scope of this review. GAO has added the two programs to the list in appendix III. GAO will pursue additional information on these programs for a final report on employment support for people with disabilities, to be issued later in 2012.

were eliminated or are slated to end by the end of fiscal year 2012.³ The 50 programs were administered by nine federal agencies and were overseen by even more congressional committees (see figure below).⁴ More than half (30) of these programs served only people with disabilities, while the other programs served a broader population but provided special consideration or gave priority in service to people with disabilities or their employers. The definitions of disability that programs used varied, and 20 percent of programs reported having no specific definition of disability. Fragmented programs that do not coordinate effectively could waste scarce funds, confuse and frustrate program beneficiaries, and limit the overall effectiveness of the federal effort.

³Specifically, five programs—two of which were demonstration studies of limited duration—had ended by December 2011 and agency officials expected one more to sunset by the end of fiscal year 2012. The Department of Education’s fiscal year 2012 budget request proposed eliminating or consolidating an additional three programs into its Vocational Rehabilitation State Grants program in order to reduce duplication of effort and administrative costs, streamline program administration at the federal and local levels, and improve efficiency and accountability. However, funds were appropriated for all three programs in fiscal year 2012. GAO did not include or review programs that may have been created or revised after fiscal year 2010.

⁴Programs that serve wounded, ill, or injured servicemembers were included within the scope of analysis.

Programs Supporting Employment for People with Disabilities, in Fiscal Year 2010, Were Fragmented across Nine Federal Agencies



Source: GAO analysis.

^aThe Department of Labor jointly administers the Workforce Recruitment Program with the Department of Defense and the Work Opportunity Tax Credit with the Internal Revenue Service. These programs are therefore included under both the Department of Labor and each of their respective agencies in the above graphic.

Many of the 50 programs GAO identified overlapped in that they provided similar employment services to similar populations. GAO surveyed the programs and found that they provided a range of services, from employment counseling and job search assistance to tax credits for employers who hire people with disabilities. Overlap was the greatest in programs serving two distinct population groups—veterans and servicemembers; and students and young adults. GAO identified 18 programs that limited eligibility to veterans and servicemembers, 6 that limited eligibility to students and young adults, and 14 programs that did not limit eligibility to any particular population and were potentially available to individuals in these groups. For example, as shown in the table, officials at five of the six youth programs reported that they provided employment counseling, assessment, and case management. At the same time, any youth could have received these services from nine other programs that did not limit eligibility to a particular population.

Programs Providing Similar Employment Services to Similar Populations, in Fiscal Year 2010

	Programs that limited eligibility to service-members, veterans, and/or their families (18 total)	Programs that limited eligibility to students, transition age youth, and/or young adults (6 total) ^a	Programs that limited eligibility to other populations or disabilities (12 total) ^b	Programs that served all people with disabilities (14 total)	Total programs offering each service (50 total)
Employment-related information dissemination	17	5	10	10	42
Employment counseling, assessment, and case management	15	5	10	9	39
Job readiness skills	16	5	9	8	38
Job search or job placement activities	15	5	9	8	37
Job recruitment and referrals	15	5	9	7	36
Assistive technology and workplace accommodations	12	4	10	10	36
Job development	14	4	9	7	34
Job retention training	13	4	9	7	33
Support and services to employers of people with disabilities	13	3	8	8	32
On-the-job training	10	4	9	7	30
Occupational or vocational training	11	3	8	6	28
Work experience	12	5	6	4	27
Entrepreneurship training and support	10	3	7	6	26
Vocational rehabilitation	10	1	9	5	25
Supported employment	9	1	8	6	24
Assistance in earning a high school diploma or its equivalent	6	5	5	6	22
Remedial academic, English language skills, or basic adult literacy	6	4	5	4	19
Tax expenditures related to workers with disabilities	2	0	0	0	2

Source: GAO survey of federal programs that support employment for people with disabilities.

^aAlthough the Job Corps program is generally limited to youth, eligible people with disabilities can participate in the program at any age. Therefore, GAO included the Job Corps program in the category, "programs that served all people with disabilities."

^bSome programs within this category limited eligibility to similar populations, such as recipients of Social Security Disability Insurance and Supplemental Security Income, while others were unique in limiting eligibility to certain populations. For example, one program in this category limited eligibility to Native Americans, another limited eligibility to people who are blind, and a third limited eligibility to people with disabilities and their families engaged in production agriculture.

Some programs that provided similar services to similar populations had a greater potential for duplication than others. For example, the Department of Labor's Disabled Veterans' Outreach Program and the Local Veterans' Employment Representatives program both reported that they provided job search and placement services to veterans with disabilities, among other similar services. Labor officials said that the veterans' employment representatives were intended to reach out to employers and the disabled veterans' outreach specialists were intended to work with job seekers. However, as GAO reported in May 2007, staff

often performed the same roles in one-stop career centers and, in some cases, the roles were carried out by the same staff member. A recent law gave states the flexibility—subject to the approval of the Secretary of Labor—to consolidate these two programs in order to promote more efficient provision of services.⁵

In contrast, some overlapping programs have meaningful differences in their specific eligibility criteria or program design that could reduce their potential for duplication. For example, the Department of Labor's YouthBuild program provides disadvantaged youth with education and employment skills necessary in high-demand occupations, such as construction trades; whereas the Workforce Recruitment Program for College Students with Disabilities places college students and recent graduates with disabilities in jobs and internships with primarily federal employers. In addition, while GAO identified two employment-related tax expenditures that affect veterans, the programs' approaches differed. The Work Opportunity Tax Credit provides a tax credit to employers who hire individuals from target groups, including disabled veterans, while VA's Compensated Work Therapy program exempts disabled veterans from paying federal taxes on income earned through the program. Finally, certain programs that provide similar services may have less potential for duplication because they may not have the capacity to serve all who apply. For instance, officials from seven programs reported a waiting list for their services.

Better coordination or streamlining of agency roles and responsibilities may address fragmentation and potential duplication or unmet needs, but officials that GAO surveyed reported limited coordination among the 50 programs. GAO asked respondents to indicate whether their program coordinated with any of the other programs surveyed. In 8 percent of cases, two programs mutually reported coordinating. However, in most cases, respondents either reported not coordinating or inconsistently reported coordinating with other programs. For example, although the Department of Education's Vocational Rehabilitation Services program reported coordinating with the Department of Health and Human Services' Medicaid 1915(c) Home and Community Based Services Waiver program and the Department of Labor's Disabled Veterans' Outreach Program, only one of these two programs—the waiver program—reported coordinating with the Vocational Rehabilitation Services program. GAO plans to conduct additional work on the extent of coordination among selected programs as part of a more detailed report on programs that support employment for people with disabilities.

As GAO reported in October 2006, interagency collaboration can be enhanced when agencies work toward a common goal, establish complementary strategies for achieving that goal, and use common

⁵VOW to Hire Heroes Act of 2011, Pub. L. No. 112-56, § 241(c), 125 Stat. 712, 728.

performance measures when appropriate.⁶ Although 82 percent (41) of the 50 programs tracked at least one employment-related outcome measure, the measures varied across programs. Twenty-two programs reported that they did not track or monitor any outcome measures specifically for people with disabilities—mostly those that did not limit eligibility to this population. Only six programs monitored whether they helped reduce participants' reliance on federal cash benefits. In August 2007, experts at a GAO forum recommended that the federal government establish a set of program outcome indicators to measure the success of federal disability programs. An important consideration in developing such measures is the challenge of comparing outcomes while accounting for variations in the type and severity of participants' disabilities.

Actions Needed and Potential Financial or Other Benefits

The federal government spends several billion dollars each year to help people with disabilities retain or obtain employment, a relatively small sum compared to the amount the government spends on providing cash benefits and other assistance to this population. Despite this federal investment, the unemployment rate among people with disabilities remains relatively high and very few Social Security disability beneficiaries earn enough to terminate federal cash assistance. While a low return-to-work rate among Social Security disability beneficiaries is not necessarily surprising, given that eligibility for the program is based on the inability to work, some beneficiaries can and do work. Even small shifts in the employment rate of disability beneficiaries could mean substantial savings to the federal government, which is particularly significant since the Social Security Administration's Disability Insurance trust fund is expected to be exhausted by 2018. In this context, the number of programs providing similar employment services to people with disabilities raises questions about the efficiency and effectiveness of the current structure of federal disability programs. In its February 2011 high-risk update, GAO reported that an overall federal strategy and governmentwide coordination among programs is needed to align disability policies, services, and supports. At the same time, the GPRA Modernization Act of 2010 (GPRAMA) established a new, cross-cutting, and integrated framework for achieving results and improving government performance.⁷ It requires the Office of Management and Budget (OMB) to coordinate with agencies to establish outcome-oriented goals covering a limited number of crosscutting policy areas and to develop a governmentwide performance plan for making progress toward achieving those goals.

⁶GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct. 21, 2005).

⁷Pub. L. No. 111-352, 124 Stat. 3866 (2011).

Consistent with that effort, to improve performance through greater coordination among the many federal programs that support employment for people with disabilities, OMB should

- consider establishing measurable, governmentwide goals for employment of people with disabilities. Given the number of federal agencies and approaches involved in supporting employment for people with disabilities, governmentwide goals could help spur greater coordination and more efficient and economical service delivery in overlapping program areas. To determine whether these goals are being met, agencies should establish related measures and indicators and collect additional data to inform these measures.

Establishing governmentwide goals and measures for employment of people with disabilities is a critical first step in developing an overall federal strategy to align disability policy, services, and supports—a recommendation GAO first made to Congress in May 2008.

It is difficult to recommend specific areas for cost savings or streamlining because there are, at present, limited data available to determine which programs are achieving positive outcomes for people with disabilities in the most cost-effective way. Nevertheless, to achieve the greatest efficiency and effectiveness, OMB should

- continue to work with executive agencies that administer overlapping programs to determine whether program consolidation might result in administrative savings and more effective and efficient delivery of services. Executive agencies should seek any necessary statutory authority to consolidate programs if there would be sufficient savings to merit such an action.

Agency Comments and GAO's Evaluation

GAO provided a draft of this report section to OMB and the nine federal agencies that administer the programs within the scope of this report for review and comment. The Departments of Education and Veterans' Affairs (VA) had no comments. The Departments of Agriculture (USDA), Defense (DOD), Labor, Health and Human Services (HHS); the Internal Revenue Service; OMB; the Social Security Administration (SSA); and the U.S. AbilityOne Commission provided technical comments, which were incorporated or summarized and discussed below, as appropriate. Labor provided written comments. All written comments are reprinted in appendix IV.

In response to GAO's recommendations, OMB noted that, in fiscal year 2012, the Administration's Domestic Policy Council will conduct an internal review of ways to improve the effectiveness of disability programs through better coordination and alignment of priorities and strategies. The Council will work with agencies to explore how they can achieve better results for people with disabilities through sharing data and defining shared objectives, among other activities. GAO supports such efforts to improve coordination among programs, and looks forward to the results of

the review with respect to setting governmentwide goals for people with disabilities and identifying opportunities for more efficient and effective delivery of services to this population.

In addition, OMB noted that the current administration has set governmentwide goals for employment and inclusion of people with disabilities in the federal government. Specifically, in 2010, the President issued an executive order stating that the federal government should be a model for the employment of people with disabilities and reaffirming a goal set in 2000 to hire 100,000 individuals with disabilities over 5 years.⁸ The President issued another executive order in 2011 that resulted in the Office of Personnel Management's Government-wide Diversity and Inclusion Strategic Plan.⁹

OMB also highlighted some specific ongoing or planned efforts to improve employment for people with disabilities. For example, OMB noted that Labor issued a proposed rule to strengthen affirmative action requirements for federal contractors and subcontractors, and that SSA has set a goal of assisting 118,000 Disability Insurance and Supplemental Security Income (SSI) beneficiaries obtain employment in 2012 through the Ticket to Work program. In addition, OMB noted that the Promoting Readiness of Minors in SSI (PROMISE) program will involve several federal agencies to test interventions to improve outcomes—including employment outcomes—for children with disabilities and their families.

In their comments, both Labor and HHS expressed concern that GAO found fragmentation and/or duplication without providing a more detailed explanation of its findings. GAO did not find duplication, but rather, found fragmentation and overlap among programs providing employment support for people with disabilities that suggests the need to look more closely at the potential for unnecessary duplication. GAO stated that some programs have a greater potential for duplication than others, and provided some examples. GAO plans to issue a more detailed report on fragmentation, overlap, and the potential for duplication among programs that support employment for people with disabilities in 2012.

Labor asserted that GAO's findings implied that one agency or program could address the needs of all people with disabilities. GAO agrees with Labor that people with disabilities have varied needs that may not adequately be served by one program alone. However, GAO still recommends that OMB and the agencies continue to work together to determine whether consolidating some overlapping programs might result in either cost savings or address service gaps through more efficient delivery of services. Labor also pointed out that several of the programs included in the scope of GAO's study were not created specifically to

⁸Exec. Order No. 13,548, 75 Fed. Reg. 45,039 (July 30, 2010).

⁹Exec. Order No. 13,583, 76 Fed. Reg. 52,847 (Aug. 23, 2011).