



Highlights of GAO-04-510T, testimony before the Committee on Environment and Public Works, U.S. Senate

Why GAO Did This Study

The Environmental Protection Agency (EPA) has long faced problems managing its grants, which constitute over one-half of the agency's annual budget, or about \$4 billion. EPA uses grants to implement its programs to protect human health and the environment and awards grants to thousands of recipients, including state and local governments, tribes, universities, and nonprofit organizations. EPA's ability to efficiently and effectively accomplish its mission largely depends on how well it manages its grants resources.

This testimony, based on GAO's August 2003 report *Grants Management: EPA Needs to Strengthen Efforts to Address Persistent Challenges*, GAO-03-846, focuses on the (1) major challenges EPA faces in managing its grants and how it has addressed these challenges in the past, and (2) extent to which EPA's recently issued policies and grants management plan address these challenges.

What GAO Recommends

GAO made recommendations to the Administrator of EPA to strengthen the agency's efforts to address persistent challenges in effectively managing its grants. EPA agreed with GAO's recommendations and is in the process of implementing them as part of its 5-year grants management plan.

www.gao.gov/cgi-bin/getrpt?GAO-04-510T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact John B. Stephenson at (202) 512-3841 or stephensonj@gao.gov.

March 3, 2004

GRANTS MANAGEMENT

EPA Needs to Strengthen Efforts to Address Management Challenges

What GAO Found

EPA continues to face four key grants management challenges, despite past efforts to address them. These challenges are (1) selecting the most qualified grants applicants, (2) effectively overseeing grantees, (3) measuring the results of grants, and (4) effectively managing grant staff and resources. In the past, EPA has taken a series of actions to address these challenges by, among other things, issuing policies on competition and oversight, conducting training for project officers and nonprofit organizations, and developing a new data system for grants management. However, these actions had mixed results because of the complexity of the problems, weaknesses in design and implementation, and insufficient management attention.

EPA's recently issued policies and a 5-year grants management plan to address longstanding management problems show promise, but these policies and plan require strengthening, enhanced accountability, and sustained commitment to succeed. EPA's September 2002 competition policy should improve EPA's ability to select the most qualified applicants by requiring competition for more grants. However, effective implementation of the policy will require a major cultural shift for EPA managers and staff because the competitive process will require significant planning and take more time than awarding grants noncompetitively. EPA's December 2002 oversight policy makes important improvements in oversight, but it does not enable EPA to identify systemic problems in grants management. For example, the policy does not incorporate a statistical approach to selecting grantees for review so that EPA can project the results of the reviews to all EPA grantees.

Issued in April 2003, EPA's 5-year grants management plan does offer, for the first time, a comprehensive road map with objectives, goals, and milestones for addressing grants management challenges. However, in implementing the plan, EPA faces challenges in holding all managers and staff accountable for successfully fulfilling their grants management responsibilities. Without this accountability, EPA cannot ensure the sustained commitment needed for the plan's success. While EPA has begun implementing actions in the plan, GAO believes that, given EPA's historically uneven performance in addressing its grants challenges, congressional oversight is important to ensure that EPA's Administrator, managers, and staff implement the plan in a sustained, coordinated fashion to meet the plan's ambitious targets and time frames.