



Highlights of [GAO-10-966](#), a report to the Republican Leader, U.S. Senate

## Why GAO Did This Study

The American Recovery and Reinvestment Act of 2009 (Recovery Act) has provided about \$6 billion in grants for three Department of Housing and Urban Development (HUD) programs that fund housing or community development. As of March 31, 2010, HUD's Capital Fund awarded nearly \$3 billion in grants to 3,134 public housing agencies, the Community Development Block Grant-Recovery (CDBG-R) awarded about \$1 billion to 1,167 recipients, and the Tax Credit Assistance Program (TCAP) awarded \$2.25 billion to 52 state housing finance agencies.

The act requires recipients to report specific information on fund use. Recipients began reporting in October 2009. This information is publicly available on [Recovery.gov](#), the official Recovery Act Web site.

As requested, for these three HUD programs, the report (1) examines what information recipients are required to report as a part of their descriptions of funded projects, and (2) assesses the extent to which descriptions of a representative sample of 219 grants in [Recovery.gov](#) are transparent in providing a basic understanding of grant activities and expected outcomes. GAO reviewed requirements for reporting in the act and Office of Management and Budget (OMB) and HUD guidance. Information on the nature and scope of projects is available in appendixes to this report.

View [GAO-10-966](#) or [key components](#). For more information, contact Mathew J. Scire at (202) 512-8678 or [sciremj@gao.gov](mailto:sciremj@gao.gov).

## RECOVERY ACT

### Opportunities Exist to Increase the Public's Understanding of Recipient Reporting on HUD Programs

#### What GAO Found

This report focuses on the extent to which descriptions of grants found on [Recovery.gov](#) foster a basic understanding of funded activities and expected outcomes. [Recovery.gov](#) was designed to track large sums of Recovery Act funds that are being disbursed to thousands of recipients, while also making these efforts more transparent to the public than previous efforts have been. Implementing this system was an extensive undertaking across the federal government and represents a step forward in federal spending transparency.

The Recovery Act requires recipients to report specific information about funded projects and activities, including the total amount of Recovery Act funds received, associated obligations and expenditures, and a detailed list of the projects and activities funded. For each project or activity, the detailed list must include its name, description, and completion status. To facilitate implementation of the Recovery Act, OMB created governmentwide guidance, including memorandums and a data dictionary. While some OMB guidance reiterates that recipients list all projects and activities funded, its implementing instructions advise recipients to summarize. OMB officials have stated that its broad guidance could not address unique program characteristics effectively and anticipated that agencies would provide more specific guidance. HUD issued limited program-specific guidance, which largely restated the requirements in OMB's data dictionary. The reporting guidance generally advised recipients to summarize or use standard, suggested language. OMB and HUD guidance also did not consistently clarify key terms, such as "project" or "primary place of performance." Some grant recipients followed OMB and HUD guidance, which instructed them to report broad, summary information rather than information on specific projects and activities, as specified in the act. Because the reporting guidance provided did not advise recipients to report details for each project or activity funded or clarify key terms, recipients may have interpreted the guidance differently and reported information inconsistently for similar types of programs.

GAO estimated that, for the three selected programs—the Capital Fund, CDBG-R, and TCAP—22 percent of grant descriptions available for the reporting quarter ending March 31, 2010, had reasonably clear and specific information on the attributes GAO evaluated—purpose, scope, location, award amount, nature, expected outcomes or outputs, and status—for the grant and for the projects and activities funded through the grant (see table on next page). Another estimated 55 percent partially met that criteria because the descriptions had at least some information on the attributes evaluated, but to some extent this information was missing, nonspecific, or unclear for the grant, the projects and activities funded through the grant, or both. An estimated 23 percent of the grant descriptions did not meet the criteria. They generally lacked information on these attributes or provided information that was unclear or overly technical for the grant, the projects and activities funded through the grant, or both. GAO found that HUD's databases contained information to improve the descriptions on how funds were used in 85 percent of the grants we reviewed that partially met or did not meet the criteria.

**Estimated Extent to Which Grant Descriptions Met the Transparency Criteria, by Program**

	Number of awards	Met	Partially met	Did not meet
Capital Fund	2,835	15%	61%	24%
CDBG-R	1,123	40	40	20
TCAP	51	2	76	22
<b>Total</b>	<b>4,009</b>	<b>22%</b>	<b>55%</b>	<b>23%</b>

Source: GAO.

Note: Percentages in the table and those stated below are estimates based on a random sample and, therefore, have associated sampling error.

The limited degree to which grant descriptions met the criteria on specific projects and activities likely is partly due to reporting guidance that does not consistently reflect Recovery Act requirements and does not provide clear instructions on what constitutes a “project” or how to identify “primary place of performance.” By not providing such guidance, HUD is missing an opportunity to help recipients more clearly describe discrete, funded work and where it took place.

Additionally, GAO found that many TCAP project locations appeared to be incorrectly posted on Recovery.gov. HUD verified that recipients had reported correct locations. GAO referred the matter to the Recovery Accountability and Transparency Board, which is, among other things, responsible for maintaining the Web site. After conducting its review, the Board concluded that a file configuration error was responsible for the incorrect information on project location. The error, which was not limited to TCAP projects, affected 20,255 out of the 126,556 reports on its Web site. According to the Board, it has corrected this problem, and the location information currently posted on the Web site should accurately capture what recipients reported.

Other factors that may have contributed to less transparency in reporting include the structure of the information system into which recipients report (FederalReporting.gov), which is generally not designed to capture project-level data and which has character limits on fields that capture narrative information, and HUD’s data quality reviews, which do not focus on the helpfulness to the public of information in narrative descriptions. Without HUD routinely assessing these narratives, some recipients may continue to submit descriptions that do not foster a basic understanding of grant activities and expected outcomes.

HUD’s Web site and other publicly available sources contain information on projects and activities but GAO found that grant descriptions do not include references

or links to them. As a result, the public generally cannot use Recovery.gov as the sole source of detailed information about projects and activities that the HUD grants funded. Without HUD encouraging recipients to incorporate such links in their descriptions, recipients may miss an opportunity to leverage available information and share it with the public on Recovery.gov.

**GAO Recommendations to Improve the Transparency of Descriptions of Grants**

The administration faced an extensive undertaking in simultaneously delivering large sums of Recovery Act funds to communities while also seeking to provide an unprecedented level of transparency. Although recipient reporting under the act represents a step forward in federal spending transparency, opportunities exist to advance the transparency goals of the act and improve the quality of information reported on Recovery.gov. In prior work, GAO recommended that OMB further public understanding of how and where Recovery Act funds are being spent and expected results. In this report, GAO recommends that the HUD Secretary, taking into account the desire for increasing public understanding of how Recovery funds are used and concerns over the cost of reporting, (1) provide clarification of OMB FederalReporting.gov guidance so that it better conveys the Recovery Act requirement for recipients to report key information for the specific projects and activities funded, and to define key terms for each program; (2) consider options for reviewing the content of narrative descriptions submitted by recipients into FederalReporting.gov in a targeted manner to ensure that recipients have entered clear and complete information about funded projects and activities; and (3) encourage recipients to leverage other sources of information using links to relevant Web sites. In commenting on a draft of this report, HUD expressed concerns that GAO employed transparency criteria that were independent of guidance that federal agencies had received from OMB and that GAO did not fully recognize the success of recipient reporting under the Recovery Act. As discussed in the report, a key objective of GAO’s work was to determine whether information reported on Recovery.gov fostered public awareness of the uses of Recovery Act funds. To do this, GAO assessed the extent to which descriptions of grants found on Recovery.gov provided reasonably clear and specific information on attributes that either were explicitly stated or inherent in the Recovery Act and OMB guidance. GAO revised the report to further recognize the role that HUD played in achieving a high response rate by recipients within a short period of time. HUD and the Recovery Board provided technical comments, which GAO incorporated as appropriate.