June 2013

CONGRESSIONALLY CHARTERED ORGANIZATIONS

Key Principles for Leveraging Nonfederal Resources

GAO Highlights

Highlights of GAO-13-549, a report to Congressional Committees

Why GAO Did This Study

Through congressional charters, Congress has created independent organizations which receive support from federal and nonfederal sources. These organizations, known as CCOs, are authorized to receive and retain financial and nonfinancial resources from nonfederal partners to help meet their core mission and goals. In 2012, GAO was directed to study CCOs. To determine whether selected CCOs offer lessons learned to facilitate the leveraging of nonfederal resources, GAO studied (1) factors, if any, that facilitated selected CCOs' ability to partner with the nonfederal sector and (2) key principles to better leverage resources through nonfederal partners. To do this, GAO reviewed relevant federal laws, regulations, and policies; analyzed relevant legal authorities, agency documents, and prior GAO reports; conducted site visits to the four CCOs; and reviewed literature on partnerships. GAO compiled key principles, discussed and validated them with subject matter specialists and the four CCOs, and incorporated their feedback, as appropriate.

What GAO Recommends

To provide more complete information about CCOs' fiscal position and strategies for leveraging resources from and strengthening relationships with nonfederal partners, congressional committees should consider requiring that the CCOs under their jurisdiction report on their total nonfederal funds—including a breakdown of the amounts and uses—in their annual budget requests. All of the CCOs GAO studied generally agreed with the report's findings and provided technical comments, which GAO incorporated, as appropriate.

View GAO-13-549. For more information, contact Susan J. Irving, Director for Federal Budget Analysis, at (202) 512-6806 or irvings@gao.gov.

What GAO Found

Four factors facilitated the ability of the U.S. Holocaust Memorial Museum, National Gallery of Art, Presidio Trust, and Smithsonian Institution to leverage nonfederal resources: (1) unique legal authorities and management flexibilities; (2) benefits received from these congressionally chartered organizations' (CCO) federal status; (3) governing boards that provided management and oversight; and (4) informal networks that enabled CCOs to share lessons. A critical flexibility is the ability to accept gifts and solicit private donations, but the CCOs in this study are not required to, and did not always provide, a complete picture of nonfederal resources to Congress. The federal budget process is the primary means by which the President and Congress select among competing demands for federal funds; as such, it is essential that budget information be comprehensive and clear. While Congress does not direct the CCOs' use of nonfederal funds, consistent and timely information about CCOs' total resources could provide important context for understanding both the relative tradeoffs among funding decisions and the implications of such decisions.

GAO compiled six key principles to guide CCOs' management decisions about leveraging resources through nonfederal partners.

1. Make partnering decisions in line with mission. Organizations that leverage partnering arrangements have clear, well-articulated missions; strategic goals to achieve them; and a defined process for assessing whether partnering arrangements complement their missions and goals.

2. Ensure top leadership support for partnering arrangements. Top leadership support is critical to successfully pursuing and engaging partners. The tone at the top—management's philosophy and operating style—sets the stage for how the organization will make management decisions related to partnering.

3. Assess and manage risks. Partnering decisions should reflect both the likely risk and the organization's tolerance for risk in partnering. Incorporating risk assessment and risk management practices into partnering decisions can help ensure that the organization recognizes and is prepared to manage explicit risks (e.g., financial and physical) and implicit risks (e.g., reputational).

4. Select complementary partners and appropriate projects. Partners should bring complementary resources, skills, and financial capacities to the relationship. A systematic approach helps to identify projects that are well-suited for partnering opportunities and helps to achieve an organization's mission.

5. Manage partnering arrangements. Partnering arrangements are relationships that should be managed actively. Formalizing collaborations between the partners, including documenting dispute resolution processes, can enable productive partner interactions. Further, it is important to have the staff with the right skills and experience to manage these opportunities.

6. Evaluate partnering arrangements. Information about how well existing partnering arrangements leverage nonfederal resources could inform decisions about continuing arrangements or entering into new ones. Gathering this information also presents an opportunity to evaluate progress toward a project's intended goals.