



Highlights of [GAO-04-983T](#), testimony before the Subcommittee on Water Resources and Environment, Committee on Transportation and Infrastructure, House of Representatives

## Why GAO Did This Study

The Environmental Protection Agency (EPA) has faced persistent challenges in managing its grants, which constitute over one-half of the agency's budget, or about \$4 billion annually. These challenges include achieving and measuring environmental results from grant funding. It is easier to measure grant activities (outputs) than the environmental results of those activities (outcomes), which may occur years after the grant was completed. In 2003, EPA issued a 5-year strategic plan for managing grants that set out goals, including identifying and achieving environmental outcomes.

This testimony describes persistent problems EPA has faced in addressing grants' environmental results and the extent to which EPA has made progress in addressing problems in achieving environmental results from its grants. It summarizes and updates two reports GAO issued on EPA's grant management in August 2003 and March 2004.

[www.gao.gov/cgi-bin/getrpt?GAO-04-983T](http://www.gao.gov/cgi-bin/getrpt?GAO-04-983T).

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](mailto:stephensonj@gao.gov).

## GRANTS MANAGEMENT

# EPA Continues to Have Problems Linking Grants to Environmental Results

## What GAO Found

EPA's problems in identifying and achieving environmental results from its grants persist. The agency is still not consistently ensuring that grants awarded are clearly linked to environmental outcomes in grant workplans, according to GAO's analysis and EPA's internal reviews. For example, EPA's 2003 internal reviews found that less than one-third of grant workplans reviewed—the document that lays out how the grantee will use the funding—identified anticipated environmental outcomes. Not surprisingly, given the lack of outcomes in grant workplans, the Office of Management and Budget's recent review of 10 EPA grant programs found that 8 of the grant programs reviewed were not demonstrating results. Furthermore, not every EPA program office has yet developed environmental measures for their grant programs.

EPA's progress in addressing problems in achieving environmental results from grants to this point has been slower and more limited than planned. While EPA had planned to issue an outcome policy—a critical ingredient to progress on this front—in 2003, the policy's issuance has been delayed to the fall of 2004, and will not become effective until January 2005. In the meantime, EPA has issued a limited, interim policy that requires program offices to link grants to EPA's strategic goals, but does not link grants to environmental outcomes. Furthermore, as a result of the delay in issuing an outcome policy, EPA officials do not expect to meet the 5-year plan's first-year target for the goal's performance measure. The forthcoming draft policy we reviewed appears to be moving EPA in the right direction for addressing environmental outcomes from its grants. For example, the draft policy emphasizes environmental results throughout the grant life cycle—awards, monitoring, and reporting. Consistent and effective implementation of the policy will, however, be a major challenge. Successful implementation will require extensive training of agency personnel and broad based education of literally thousands of grantees.