

GAO

Testimony

Before the Subcommittee on Legislative
Branch, Committee on Appropriations,
U.S. Senate

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**FISCAL YEAR 2012
BUDGET REQUEST**

**U.S. Government
Accountability Office**

Statement of Gene L. Dodaro
Comptroller General of the United States



GAO

Accountability * Integrity * Reliability

Mr. Chairman, Ranking Member Hoeven, and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the U.S. Government Accountability Office's (GAO) budget request for fiscal year 2012. I want to thank the subcommittee for its continued support of GAO. We very much appreciate the confidence you have shown in our efforts to help support the Congress in carrying out its constitutional responsibilities and to help improve government performance and accountability for the benefit of the American people.

With this committee's support, in fiscal year 2010, GAO provided assistance to every standing congressional committee and 70 percent of their subcommittees. Our work yielded significant results across the government, including financial benefits of \$49.9 billion—a return on investment of \$87 for every dollar invested in GAO. In addition, we documented over 1,300 other benefits resulting from our work that helped improve services to the public, promote improved management throughout government and change laws, such as the Improper Payments Elimination and Recovery Act of 2010.¹

Recently, we issued two major reports that underscore GAO's continuing value in helping Congress and the Administration reduce costs and improve government, particularly in a time of reduced resources.

- First, just last week on March 1, 2011, we detailed 81 opportunities to reduce duplication, overlap, or fragmentation.² These opportunities span a range of federal government mission areas such as agriculture, defense, economic development, energy, general government, health, homeland security, international affairs, and social services. Within and across these missions, our report touches on hundreds of federal programs, affecting virtually all major federal departments and agencies. By reducing or eliminating unnecessary duplication, overlap, or fragmentation and by addressing the other cost-saving and revenue-enhancing

¹ GAO-11-2SP, United States Government Accountability Office Performance and Accountability Report Fiscal Year 2010, and GAO-11-3SP, Summary of GAO's Performance and Financial Information Fiscal Year 2010.

² GAO-11-318SP, Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars and Enhance Revenue.

opportunities contained in the report, the federal government could save tens of billions of tax dollars annually and help agencies provide more efficient and effective services.

- Second, our High Risk update issued on February 17, 2011 identified 30 federal areas and programs at risk of fraud, waste, abuse, and mismanagement, and those in need of broad-based transformation. Solutions to high-risk problems offer the potential to save billions of dollars, dramatically improve service to the public, and strengthen confidence and trust in the performance and accountability of the U. S. Government.³

Looking ahead to fiscal year 2012, GAO is acutely aware of our dual responsibilities in a time of fiscal austerity. First, the Congress has rightly come to rely upon GAO to help identify billions of dollars in cost-saving opportunities to tighten federal budgets or to point out revenue enhancement opportunities. We know our mission becomes ever more critical when the nation faces difficult financial times. But second, GAO must also ensure it meets this responsibility while implementing all possible cost savings in its own operations without diminishing our traditionally high-quality work that lays the foundation for critical decision-making and oversight by the Congress.

Accordingly, we are seeking only to maintain our fiscal year 2010 funding level of \$556.8 million in fiscal year 2012 and plan to maintain our current authorized staffing levels. While operating at this funding level with no increase poses challenges, GAO is committed to reducing our own costs as much as possible in order to absorb the additional demands and increasing costs of the coming year without additional resources. Our budget request attempts to balance tradeoffs and assumes that we will be able to manage at reduced funding levels, and try to maintain our staffing levels to provide insightful analyses on the most important priorities for congressional oversight and decision making.

However, if GAO's funding is reduced below the requested level, more drastic measures would be needed, such as reductions in our staff capacity, which would result in increased delays in responding to

³ Our 2011 High-Risk List is included in Appendix I.

congressional requests, limit our ability to provide timely responses to support congressional oversight, and reduce the number of requests that we could complete.

GAO Efforts Help the Congress Address Domestic and International Challenges

GAO stands ready to serve the Congress and the American people at this historically critical juncture and is uniquely positioned to help address our nation's challenges and identify opportunities. Pressures to reduce the federal deficit following an economic recovery will mean a greater need for analyses of programs and their effectiveness, as well as a reduction in improper federal payments and closing the gap between taxes owed and paid.

Congressional demand for GAO services remains high as evidenced by our workload. We expect that trend to continue as a result of the pressures on federal finances and our economy. For example, we will be working to produce future annual reports outlining duplication, overlap and fragmentation as well as opportunities to reduce costs and enhance revenue. Additionally, the Wall Street Reform Act contained 44 new statutory requirements or authorities for GAO assistance, including audits related to the Federal Reserve.

Our past performance is evidence of the critical role our dedicated staff play in helping the Congress and the American people better understand issues, both as they arise and over the long term. For example, in fiscal year 2010, GAO issue-area experts testified 192 times before the Congress on a wide range of issues, ranging from air cargo, border and cyber security issues and the Department of Defense's planning for the drawdown of U.S. forces from Iraq to the Medicare prescription drug program, processing of disability claims and funding for broad band services.⁴

GAO's strategic plan for serving the Congress and the nation, highlights the broad scope of our efforts to help the Congress respond to domestic and international challenges, such as

- threats confronting U.S. national security interests;
- fiscal sustainability and debt challenges;

⁴ A list of selected issues on which GAO staff testified before Congress during fiscal year 2010 is included as Appendix II.

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- economic recovery and restored job growth; and
 - advances in science, technology, engineering, and mathematics.

GAO seeks not only to help position the government to better manage risks that could compromise the nation's security, health, and solvency, but also to identify opportunities for managing government resources wisely for a more sustainable future.

Our Strategic Plan covers the following goals and objectives.

Goal 1: Help the Congress Address Current and Emerging Challenges to the Well-being and Financial Security of the American People

- Financing and Programs to Serve the Health Needs of an Aging and Diverse Population
- Lifelong Learning to Enhance U.S. Competitiveness
- Benefits and Protections for Workers, Families, and Children
- Financial Security for an Aging Population
- A Responsive, Fair, and Effective System of Justice
- Viable Communities
- A Stable Financial System and Consumer Protection
- Responsible Stewardship of Natural Resources and the Environment
- A Viable, Efficient, Safe, and Accessible National Infrastructure

Goal 2: Help the Congress Respond to Changing Security Threats and the Challenges of Global Interdependence

- Protect and Secure the Homeland from Threats and Disasters
- Ensure Military Capabilities and Readiness
- Advance and Protect U.S. Foreign Policy Interests
- Respond to the Impact of Global Market Forces on U.S. Economic and Security Interests

Goal 3: Help Transform the Federal Government to Address National Challenges

- Analyze the Government's Fiscal Position and Opportunities to Strengthen Approaches to Address the Current and Projected Fiscal Gap
- Identify Fraud, Waste, and Abuse

-
- Support Congressional Oversight of Major Management Challenges and Program Risks

Our Strategic Plan framework is included in Appendix IV.

Constrained Fiscal Year 2012 Budget Request

Our requested funding level of \$556.8 million will allow us to try to support a staffing level of 3,220 FTEs to provide insightful analysis on the most important priorities for congressional oversight and decision making. We will continue to outreach to the Congress to understand and set priorities to ensure that we focus on the most important issues for congressional oversight.

Although operating under a flat budget for 3 years provides significant operational challenges, we have carefully considered our resource requirements and made tradeoffs to ensure that we try to maintain our staff capacity within our current funding level to allow us to provide the Congress with high-quality, timely, and objective analyses of government programs, operations and finances—information that the Congress needs to make policy choices, ensure transparency and accountability, and protect the taxpayer.

However, since 80 percent of our budget covers staff compensation and benefits, our flexibility to control costs without diminishing our staff capacity is limited. Without additional funding in fiscal year 2013 and beyond, we would need to reduce our staff capacity which would increase the delay in starting work on congressional requests, limit our ability to provide timely responses and analyses to support congressional oversight, and reduce the number of requests that we could undertake.

GAO Maintains Effective Workforce Relations

We could not have achieved our level of performance without the hard work and dedication of our professional, diverse, and multidisciplinary staff. Recognizing that GAO's accomplishments are a direct result of our dedicated workforce, we continuously strive to maintain a work environment that promotes employee well-being and productivity. We are also proud of the results from our 2010 annual employee feedback survey, which indicate that employee satisfaction continues to increase and that we continue to make progress toward our goal to create a more inclusive work environment. In 2010, GAO was once again rated second on the list of the "Best Places to Work" in the federal government by the Partnership for Public Service.

GAO regularly seeks and values the input we receive from our employee organizations. Recently, we reached tentative agreement with GAO's Employees Organization, IFPTE, Local 1921, on a master contract that has since been ratified by its members and is pending legal review. We are also working with our Employee Advisory Council and the Diversity Advisory Council on a range of issues.

Concluding Remarks

I believe that you will find our prudent budget request is fiscally responsible and essential to ensure that we can maintain our capacity to assist the Congress in this challenging period in our nation's history.

We have a proven track record of helping the Congress evaluate critical issues of national importance and improving the transparency and accountability of our national government. Our new strategic plan for serving the Congress through fiscal year 2015 provides the framework for reporting on progress toward our institutional goals.

We remain committed to providing accurate, objective, nonpartisan, and constructive information to the Congress to help it conduct effective oversight and fulfill its constitutional responsibilities. I appreciate, as always, your careful consideration of our submission and look forward to discussing our proposal with you.

Mr. Chairman, Ranking Member Hoeven, Members of the Subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you or other members of the subcommittee might have.

Appendix I: GAO's 2011 High-Risk List

Strengthening the Foundation for Efficiency and Effectiveness

- Management of Federal Oil and Gas Resources (**New**)
- Modernizing the Outdated U.S. Financial Regulatory System
- Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability
- Funding the Nation's Surface Transportation System
- Strategic Human Capital Management
- Managing Federal Real Property

Transforming DOD Program Management

- DOD Approach to Business Transformation
- DOD Business Systems Modernization
- DOD Support Infrastructure Management
- DOD Financial Management
- DOD Supply Chain Management
- DOD Weapon Systems Acquisition

Ensuring Public Safety and Security

- Implementing and Transforming the Department of Homeland Security
- Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland
- Protecting the Federal Government's Information Systems and the Nation's Cyber Critical Infrastructures
- Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests
- Revamping Federal Oversight of Food Safety
- Protecting Public Health through Enhanced Oversight of Medical Products
- Transforming EPA's Process for Assessing and Controlling Toxic Chemicals

Managing Federal Contracting More Effectively

- DOD Contract Management
- DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management
- NASA Acquisition Management
- Management of Interagency Contracting

Assessing the Efficiency and Effectiveness of Tax Law Administration

- Enforcement of Tax Laws
- IRS Business Systems Modernization

Modernizing and Safeguarding Insurance and Benefit Programs

- Improving and Modernizing Federal Disability Programs
- Pension Benefit Guaranty Corporation Insurance Programs
- Medicare Program
- Medicaid Program
- National Flood Insurance Program

Appendix II: Selected Testimony Topics, Fiscal Year 2010

Selected Testimony Topics • Fiscal Year 2010

Goal 1: Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People

- Unemployment Insurance Trust Funds
- Social Security Disability
- Underfunded Pension Plans
- Proprietary Schools
- Medicare High-Cost Drugs
- Toxic Substance Abuses Disease Registry
- Concussions in High School Athletes
- Children's Access to Medicaid Dental Services
- Corporate Crime
- DOJ's Civil Rights Division Enforcement Efforts
- Community Emergency Preparedness
- Fannie Mae & Freddie Mac
- Interior's Oversight of Oil & Gas
- Clean Water Act Enforcement Efforts
- U.S. Postal Service Financial Viability
- Federal Facilities Security
- High Speed Rail Projects
- Commercial Aviation Consumer Fees

Goal 2: Respond to Changing Security Threats and the Challenges of Global Interdependence

- Financial Markets Regulation
- National Flood Insurance Program
- Climate Change
- Alien Smuggling Along U.S. Southwest Border
- Aviation Security Advanced Imaging Technology
- Terrorist Watchlist Screening
- Combating Nuclear Smuggling
- Iran Sanctions
- Counternarcotics and Anticrime Efforts in Mexico
- Global Food Security
- Intellectual Property Enforcement Efforts
- Afghanistan Security Force Capacity
- DOD Military and Civilian Employee Compensation
- Warfighter Contract Support
- Joint Strike Fighter Challenges

Goal 3: Help Transform the Federal Government to Address National Challenges

- Defense Space Acquisitions
- Military Language Skills
- Interagency Collaboration for National Security Interagency Contracting Strategies
- NASA Management and Program Challenges
- Balancing the Government-to-Contractor Workforce
- Iraq and Afghanistan Contract and Grant Management
- Recovery Act Oversight
- First Time Homebuyer Tax Credit
- Equal Employment Opportunity at DHS
- 2010 Census Management Challenges
- U.S. Government Financial Statements
- DHS Financial Management Systems Consolidation
- Protecting Federal Information Systems
- Environmental Satellites
- Debt Settlement Risks to Consumers
- Service Disabled Veteran-Owned Small Business Program Fraud Prevention
- HEAD START Program Fraud
- Defense Contract Audit Agency Vulnerabilities

Source: GAO.

Appendix III: How GAO Assisted the Nation, Fiscal Year 2010

How GAO Assisted the Nation • Fiscal Year 2010

Goal 1: *Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People*

- Identified ways for HHS to strengthen inspections of ambulatory surgical centers leading to a fourfold increase in the proportion of centers found to have deficient practices
- Appointed 49 experts and stakeholders to 3 organizations created in new health care legislation
- Recommended food safety improvements that the Congress included in legislation for USDA's school lunch program
- Facilitated expedited claims process for Labor's black lung benefits program
- Increased EPA focus on environmental threats to children's health
- Identified factors to consider in restructuring Fannie Mae and Freddie Mac
- Proposed changes to improve control of toxic chemicals in consumer products
- Identified hidden fees for air travel that should be disclosed to consumers

Goal 2: *Respond to Changing Security Threats and the Challenges of Global Interdependence*

- Led FEMA to begin developing a strategic plan to improve the national public alert and warning system
- Exposed weaknesses in TSA's behavior-based identification of high-risk air passengers
- Recommended changes that FEMA implemented to better plan for national emergency response capabilities
- Informed DHS's top-level review of weaknesses and risks in the multibillion dollar Secure Border Initiative
- Contributed to a more robust missile defense acquisition policy
- Encouraged reforms in the United Nations' procurement, internal oversight, and employment processes
- Provided insight to the Congress that led to expanding U.S. sanctions against Iran
- Informed development of a framework to reform the U.S. export control system

Goal 3: *Help Transform the Federal Government to Address National Challenges*

- Informed IRS's decision to extend regulation of paid tax preparers, including requiring them to obtain an identifying number and be tested for competency
- Exposed Energy Star as a self-certification program by obtaining certification for bogus products which led DOE and EPA to adopt improvements in their approval process
- Led GSA to strengthen requirements due to improper spending on premium class government travel
- Surfaced weaknesses in VA outpatient scheduling IT systems
- Developed a methodology adopted by the Congress to efficiently target billions of dollars in Medicaid assistance through the Recovery Act
- Assessed IT risks for the 2010 Census to ensure successful execution
- Profiled selected DHS investments in a 2-page format to provide the Congress with a new, easy reference on acquisition oversight, planning, and execution

Goal 4: *Maximize the value of GAO by enabling quality, timely service to the Congress and Being a leading practices federal agency*

- Implemented leading practices to attract a more diverse workforce and foster an inclusive work environment
- Leveraged technology to facilitate business process improvements in financial and administrative IT systems
- Improved access to our products with a new mobile Web site for users of small screen devices and a new electronic product format
- Collaborated with international accountability organizations to enhance their audit guidelines by incorporating private sector international auditing standards
- Led development of a strategic plan for the international accountability community

Source: GAO.

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GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

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