

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2013

THURSDAY, MARCH 15, 2012

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:35 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Ben Nelson (chairman) presiding.
Present: Senators Nelson and Hoeven.

GOVERNMENT ACCOUNTABILITY OFFICE

STATEMENT OF GENE L. DODARO, COMPTROLLER GENERAL

OPENING STATEMENT OF SENATOR BEN NELSON

Senator NELSON. I know that my friend and co-chair, Ranking Member Senator Hoeven, is on his way. I think I just got through the reporters a little faster than he did.

You know, we complain when there are no votes, when we're not doing anything. And when votes are scheduled, they get in the way of the rest of our business. So it's one of those things. You can't win when you're losing.

But I appreciate everybody being here, and we'll wait just a few minutes, because I know my ranking member is on his way.

Since both Senator Hoeven and I have already had the pleasure and the opportunity to visit with our witnesses today, and I know there won't be any surprises, maybe I can start with some opening remarks. And then when Senator Hoeven arrives, we will give him an opportunity as well.

The subcommittee will come to order. And good afternoon, everyone, and welcome. We meet this afternoon to take testimony on the fiscal year 2013 budget request for the Government Accountability Office (GAO), the Government Printing Office (GPO), and the Congressional Budget Office (CBO).

I want to welcome our witnesses today. We've had the pleasure and the opportunity to visit privately earlier. And so we now have this opportunity to do so publicly as well: Gene L. Dodaro, the Comptroller General; Davita Vance-Cooks, who is Acting Public Printer; and Douglas W. Elmendorf, Ph.D., Director of the CBO.

This is our second hearing of the year and on the fiscal year 2013 budget requests for the agencies of the legislative branch. I'd like to start off today by commending our witnesses, particularly the GPO who submitted a budget request reflecting a freeze at the fiscal year 2012 enacted level and for submitting budget requests that reflect the tight fiscal constraints under which the Federal Government must continue to operate well into the future.

Unfortunately, given the budgetary battles ahead of us, any growth in budgets very well may be too much growth. But we need to hear from each of our witnesses as to what the actual needs are

for any increased funding for fiscal year 2013, so that we're fully informed when the tough funding decisions are made later this year.

And, of course, with that upbeat message, we look forward to hearing from each of you this afternoon and to discussing your budget requests.

Mr. Dodaro, this year GAO is requesting a total of \$526.2 million in appropriated funding, an increase of \$15 million or 2.9 percent more than the fiscal year 2012 enacted level. I know that still puts you under fiscal year 2010.

This increased funding level would support an additional 64 full-time equivalents (FTEs) more than the current level of 2,982, which is the lowest number of FTEs since the 1930s.

Is that accurate? I do not remember what you told me in the office.

And I look forward to hearing the specifics of this request in light of the requested increase in FTEs, immediately following participation in the Voluntary Separation Initiative Payment (VSIP) program, and particularly given that the Library of Congress (LOC) and the GPO also participated in the VSIP program, but are not asking for FTE increases in fiscal year 2013.

Ms. Vance-Cooks, this is your first time appearing before this subcommittee, so you don't have to be nervous or anything like that. And I know you have some very big shoes to fill since the departure of Mr. Boarman. He served GPO with distinction, particularly given the tight fiscal restraints, and we appreciate his service.

GPO continues to serve its citizens with efficiency and excellence, no matter how few resources we throw your way. And GPO has set the standard that others need to follow when it comes to finding savings and implementing cost-cutting initiatives, even though some of the challenges may be different in the agencies. But we hope that you'll continue to lead by example as we work toward funding fiscal year 2013. And congratulations on your appointment, and welcome.

GPO is requesting a total of \$126.25 million, the same level of funding as provided in fiscal year 2012. I understand that in fiscal year 2013, GPO has to undertake printing a new edition of the United States Code, in addition to all of the other regularly scheduled printing activities, yet you're not asking for increased funding to pay for this additional requirement. And we understand and appreciate very much your holding that line.

Dr. Elmendorf, it's always good to see you. CBO is requesting \$44.6 million in fiscal year 2013, an increase of roughly \$850,000, or 1.9 percent more than the current year. I look forward to discussing the particulars of your budget in just a few minutes.

PREPARED STATEMENT

When my colleague gets here, we'll ask for his opening remarks. But in the meantime, I'd like to call on Mr. Dodaro for your opening statement, followed by Ms. Vance-Cooks and Dr. Elmendorf.

And as we always try to be careful in the amount of time that we put in for opening statements, if you could hold your time to somewhere around 5 minutes, that would be desirable.

[The statement follows:]

PREPARED STATEMENT OF SENATOR BEN NELSON

Good afternoon everyone and welcome.

We meet this afternoon to take testimony on the fiscal year 2013 budget requests for the Government Accountability Office (GAO); the Government Printing Office (GPO); and the Congressional Budget Office (CBO).

I want to welcome our witnesses today:

—Gene L. Dodaro, Comptroller General;

—Davita Vance-Cooks, Acting Public Printer; and

—Douglas W. Elmendorf, Ph.D., Director of the CBO.

I want to also welcome my Ranking Member Senator Hoeven.

This is our second hearing of the year on the fiscal year 2013 budget requests for the agencies of the legislative branch. I would like to start off by commending our witnesses today—particularly GPO who submitted a budget request reflecting a freeze at the fiscal year 2012 enacted level—for submitting budget requests that reflect the tight fiscal constraints under which the Federal Government must continue to operate. Unfortunately, given the budgetary battles ahead of us, any growth in budgets very well may be too much growth. However, we should certainly hear from our witnesses as to what their needs for increased funding are for fiscal year 2013 so we are fully informed when tough funding decisions are made later this year. And with that upbeat message, we look forward to hearing from each of you this afternoon and to discussing your budget requests.

Mr. Dodaro, this year GAO is requesting a total of \$526.2 million in appropriated funding—an increase of \$15 million, or 2.9 percent, more than the fiscal year 2012 enacted level. This increased funding level would support an additional 64 full-time equivalents (FTE); more than the current level of 2,982. I look forward to hearing the specifics of this request—specifically in light of the requested increase in FTEs immediately following participation in the Voluntary Separation Incentive Payment (VSIP) program—particularly given that the Library of Congress and GPO also participated in the VSIP program, but are not asking for FTE increases in fiscal year 2013.

Ms. Vance-Cooks, this is your first time appearing before this subcommittee, and you have some very big shoes to fill since the departure of Mr. Boarman. He served GPO with distinction, particularly given the tight fiscal constraints. GPO continues to serve its clients with efficiency and excellence no matter how few resources we throw your way. GPO has set the standard that others should follow when it comes to finding savings and implementing cost-cutting initiatives, and we hope you will continue to lead by example as we work toward funding fiscal year 2013. Congratulations on your appointment and welcome.

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Dr. Elmendorf, it's good to see you again. CBO is requesting \$44.6 million in fiscal year 2013, an increase of roughly \$850,000 or 1.9 percent more than the current year. I look forward to discussing the particulars of your budget in just a few minutes.

Senator NELSON. Mr. Dodaro.

SUMMARY STATEMENT OF GENE L. DODARO

Mr. DODARO. Thank you very much, Mr. Chairman. It's a pleasure to be here today.

I'd also like to take this occasion, on the announcement of your retirement, to publicly thank you for the support that you've given GAO over the years in this position and other positions. It's been a pleasure to work with you, and I extend to you my best wishes.

Senator NELSON. Thank you very much. I appreciate that.

Mr. DODARO. With regard to our request, as the auditor of the financial statements of the Federal Government, we're acutely aware of the seriousness of the Federal Government's financial situation, both in the short term and the long term. And accordingly,

we've been working with reduced funding levels and working hard to do our part.

MANAGING WITH CONSTRAINED RESOURCES

Over this past year, we've absorbed a reduction of \$45 million, or more than 8 percent, in our appropriation. We've done it primarily through two ways.

One is to drive down the administrative costs of our operations, and that's occurred to the tune of more than 18 percent. We've deferred and eliminated some investments. We've reduced the amount of contractor support in a number of different areas. And we've taken a number of other initiatives to move in that direction.

Second, because more than 80 percent of our costs are personnel costs, we've had to absorb that reduction by not replacing people. In addition to attrition about 40 or so people left this past year due to the voluntary early retirement initiative. This was necessary in the short run in order to avoid furloughs or layoffs of other people.

I was concerned about furloughs and our ability to support the Congress. Our goal was to maximize our support to the Congress and minimize the effect on GAO people. We achieved that, I believe, through this year.

RESTORING CAPACITY TO SERVE THE CONGRESS

Unfortunately, in doing that, our staffing level is now, as you mentioned, at the lowest level since 1935. We will have less than 3,000 people by the end of this year. The staffing request is with an eye toward building the future capacity of GAO in order to have the knowledgeable and skilled workforce that we need in order to serve the Congress, including every standing committee and about 70 percent of the subcommittees.

There are a lot of difficult issues ahead. We, like a lot of Federal agencies and people in the private sector, are going to be affected by the retirement of the baby boom generation. Forty percent of our senior executives, for example, are already eligible to retire. We've noticed an uptick in retirements over the past couple of years.

So, we need to get prepared for the future. That's why we're asking for a 2.9-percent increase. It's primarily for staffing and to build the workforce of the future for GAO to serve the Congress and the country.

We think that the Congress needs our services, particularly now in light of the serious financial situation. The investment in GAO pays handsome dividends.

In the last year, for example, we returned financial benefits of \$81 for every \$1 invested in GAO. We think that this investment in the GAO is prudent. It will pay dividends in the short run and the long term, and it will better position GAO to provide the support to the Congress.

Our mission and the reason we exist is to support the Congress in carrying out its constitutional responsibilities. Given the fiscal, security, and economic challenges the Congress faces a wide array of difficult decisions going forward. I believe GAO can make even more important contributions to helping the Congress make in-

formed decisions to help reduce the costs of the Federal Government and enhance revenues.

We had a chance to talk a little bit about the tax gap, which now stands, in the latest Internal Revenue Service estimate, at \$385 billion. According to last year's estimate, there were about \$115 billion in improper payments made. In addition, there are a number of other areas where we can make greater contributions to help the Congress not only deal with difficult decisions, but make our Government more efficient and more effective and better serve the American public.

PREPARED STATEMENT

I know you'll give careful consideration, as always, to our request. I appreciate the opportunity to be here today and look forward to answering questions at the appropriate time. Thank you.
[The statement follows:]

PREPARED STATEMENT OF GENE L. DODARO

Mr. Chairman, Ranking Member Hoeven, and members of the subcommittee: I appreciate the opportunity to be here today to discuss the Government Accountability Office's (GAO) budget request for fiscal year 2013. 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.

GAO is requesting an appropriation of \$526.2 million for fiscal year 2013 to support a staffing level of 3,100. This funding level represents a modest increase of 2.9-percent more than fiscal year 2012, and is 5.4-percent less than our fiscal year 2010 level. The majority of the requested increase represents the first step in rebuilding our staff capacity to a level that will enable us to optimize the benefits we yield for the Congress and the Nation.

We have carefully reviewed every aspect of our operations from a zero base to identify opportunities to reduce costs without sacrificing the quality of our work and preserving our ability to assist the Congress in addressing the most important priorities facing the Nation. However, given that staff costs now represent about 81 percent of our budget and the deep reductions already taken in our infrastructure programs, reducing the size of our workforce could not be avoided. By the end of fiscal year 2012, for the first time in more than 75 years, GAO's staffing level will drop to less than 3,000 staff, resulting in a net reduction of 11 percent in our staff capacity, or 365 people, in only a 2-year period.

Given the current size and scope of the Federal Government and the demand for our services, this staffing reduction will result in missed opportunities for us to identify ways to save money and generate revenue at a time when the country needs us most. I am also very concerned about maintaining our highly skilled workforce by both replacing departing staff and adding more highly skilled talent to address succession planning challenges and skill gaps. The cost to restore our staff capacity would be more than offset by billions of dollars in savings and other efficiencies resulting from GAO's work.

Through productive discussions with our managers, Union, Employee Advisory Council, Diversity Advisory Council, and our staff, GAO has significantly reduced spending throughout the agency in areas ranging from human resources to travel to information technology (IT) to achieve a \$45 million or 8.1-percent funding reduction since fiscal year 2010. But, now we seek your support to begin a multiyear effort to rebuild our workforce to ultimately achieve a target full-time equivalent (FTE) staffing level of 3,250. We believe this is the optimal level within the current environment to most effectively serve the Congress and produce a high return on the investment in GAO. It would be our goal to return to this FTE staffing level in future year funding requests.

GAO is unique in our audit and evaluation capacity to support the Congress by performing original research, providing technical assistance, and conducting analyses to help the Congress make informed decisions across all segments of the Federal budget resulting in tangible results and enhanced oversight needed to address the seriousness of the Government's fiscal condition. In order for us to be most effective,

tive, GAO needs to be of a size commensurate with the current and emerging challenges facing the Federal Government and the seriousness of its fiscal outlook. We are extremely limited in our ability to target additional reductions without adversely impacting our capacity to support the Congress in reducing costs and improving Government during this critical period.

THE GOVERNMENT ACCOUNTABILITY OFFICE SUPPORTS CONGRESSIONAL
DECISIONMAKING, SAVES RESOURCES AND HELPS IMPROVE GOVERNMENT

GAO's work directly contributes to improvements in a broad array of Federal programs affecting Americans everywhere and remains one of the best investments across the Federal Government. With this subcommittee's support, in fiscal year 2011 GAO provided assistance to every standing congressional committee and about 70 percent of their subcommittees. GAO issues hundreds of products annually in response to congressional requests and mandates. Actions taken related to our findings and recommendations yielded significant results across the Government, including financial benefits of \$45.7 billion to reduce Government expenditures, reallocate funds to more productive areas, or increase revenues. These benefits produced a return on investment of \$81 for every \$1 invested in GAO.

In fiscal year 2011, our work also contributed to more than 1,300 improvements in Government operations that helped to change laws, improve services to the public, and promote sound management throughout Government. About 32 percent of these benefits were in the area of public safety and security, such as homeland security and justice programs and critical technologies. Another 40 percent were related to improvements in business processes and management, such as improved oversight of Federal oil and gas resources and detection of fraud, waste, and abuse.¹

GAO senior officials testified 174 times before the Congress on an array of complex issues including military and veterans disability systems, U.S. Postal Service fiscal sustainability, defense/weapons systems, and Medicare and Medicaid fraud, waste, and abuse.² Fifty-seven of these hearings were related to high-risk areas and programs highlighted in GAO's biennial high-risk report.³ GAO's high-risk program calls attention to opportunities for cost savings and improvements in Federal agency and program management that 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. In fiscal year 2011, our work also included several products mandated under the Dodd-Frank Wall Street Reform Act on mortgages, securities markets, financial institutions, the Federal Reserve, and consumer protection. Additionally, our work included many other products related to healthcare related reforms.

As the Congress and the administration debate ways to improve the Federal Government's long-term fiscal outlook, our mission becomes ever more critical to help identify billions of dollars in cost-saving opportunities to tighten Federal budgets and identify revenue-enhancement opportunities. GAO seeks both to help position the Government to better manage risks that could compromise the Nation's security, health, and solvency, and to identify opportunities for managing Government resources wisely for a more sustainable future. GAO will continue to provide high-quality, high-value, and independent support to the Congress in ways that generate material benefits to the Nation.

GAO's strategic plan for serving the Congress and the Nation, 2010–2015, highlights the broad scope of our efforts to help the institution of the Congress respond to domestic and international challenges,⁴ such as:

- addressing current and emerging challenges to the well-being and financial security of the American people;
- responding to changing security threats and the challenges of global interdependence;
- helping transform the Federal Government to address national challenges; and
- maximizing the value of GAO by enabling quality, timely service to the Congress and being a leading practices Federal agency.

¹ A list of selected issues on which the Government Accountability Office assisted the Nation in fiscal year 2011 is included as Appendix I.

² A list of selected issues on which the Government Accountability Office staff testified before the Congress during fiscal year 2011 is included as Appendix II.

³ Our High-Risk List is included in Appendix III.

⁴ Our Strategic Plan Framework is included in Appendix IV.

ACTIONS TAKEN TO REDUCE OPERATIONAL COSTS

Since fiscal year 2010, GAO has significantly reduced spending throughout the agency. Our fiscal year 2012 funding level is \$45 million or 8.1-percent less than fiscal year 2010. We streamlined operations and reduced costs through staffing reductions, voluntary retirements, voluntary separation incentives, and extremely limited hiring to only replace critical vacancies; reducing staff retention programs, such as student loan repayments and incentive awards; and reducing or deferring investments in IT, facilities, and other support services. Since fiscal year 2010, we have reduced engagement support costs, such as travel and external specialized expertise by more than 20 percent, and reduced infrastructure support costs, such as IT and administrative support services by more than 18 percent.

In addition, we are continuing to explore other opportunities to reduce our infrastructure costs, provide staff more flexibility and increase our effectiveness and efficiency, such as streamlining our engagement-management process; expanding our telework policies; reducing our physical footprint both in headquarters and in our field offices; exploring office-sharing; expanding our video-conference capability; and attracting an additional tenant in headquarters to increase revenue. While we may only see limited financial benefits in fiscal year 2012, each of these initiatives provides the opportunity to generate significant long-term financial benefits to GAO that will help reduce our operating costs and enable us to maximize our effectiveness. For example, we have identified 31 recommendations for engagement-management improvements; some of which can be implemented quickly, while others require additional study to determine the best approach for implementation. When implemented, these recommendations will allow us to streamline and standardize our processes to achieve greater efficiency in our work without sacrificing quality, increase our responsiveness to the Congress, and deliver products to the Congress and the public more effectively and efficiently.

We are also consulting continuously with congressional committees to assure that our work is focused on their highest priorities. Additionally, we continue to work with committees to amend or repeal statutory mandates for GAO studies that have outlived their usefulness or do not represent the best use of GAO's resources given current congressional priorities.

FISCAL YEAR 2013 BUDGET REQUEST WOULD HELP RESTORE ESSENTIAL CAPACITY

Our budget request seeks to partially restore funding to allow GAO to begin a multiyear effort to rebuild our workforce by hiring to replace departing staff to enable us to optimize the benefits we yield for the Congress and the Nation, bolster staff recruitment and retention programs, such as student loan repayments and incentive awards, and replace end-of-life technology to ensure our technology is current and remains on par with other Federal agencies.

For the first time in more than 75 years, GAO's staffing level will drop to less than 3,000 in fiscal year 2012, resulting in a net reduction of 11 percent in our staff capacity in only a 2-year period. Further, we project losing an additional 190 people in fiscal year 2013 based on historical trends. We also have a significant number of retirement eligible senior executive staff (about 40 percent), supervisory analysts (25 percent), and analysts (12 percent). We depend on a talented and diverse, high-performing, knowledge-based workforce to carry out our mission to support the Congress. This reduction in staff capacity is limiting our ability to support the Congress during this critical period when the unique insights that GAO provides are an essential element of congressional analysis and decisionmaking. It is imperative that we begin to replenish our workforce to both replace departing staff and add more highly skilled talent to address succession planning challenges and skill gaps. We have been and will continue to reach out to our congressional clients to ensure they help focus our work on the highest-priority areas to obtain the maximum benefit in this resource constrained environment.

Our fiscal year 2013 budget request seeks to partially restore essential funding for staff recognition and benefits programs and critical investments eliminated or deferred due to budget constraints. Reductions in staff recognition and benefits programs jeopardize our ability to attract and retain staff when other organizations with whom we compete for human resources may offer these benefits. These tools are also essential to recognize and motivate our high-performing workforce. Moreover, all but the most critical investments in areas such as facilities and IT have been eliminated. Continued deferral of needed investments in our systems and building will ultimately diminish our productivity and effectiveness, likely lead to more costly repairs, and affect our ability to exchange data with other Federal entities.

We are also requesting authority to use \$24.3 million in offsetting collections from rental income and program and financial audits. In addition, we estimate about \$4.7 million will be available from reimbursements of programs and financial audits to help offset our costs.

If GAO's funding is reduced less than the requested level, additional reductions in our staffing level will be inevitable which would adversely affect our ability to produce results that can help deal with the Federal Government's fiscal challenges and provide timely, insightful analysis on congressional priorities and challenges facing the Nation. As a knowledge-based organization, about 81 percent of GAO's fiscal year 2013 budget is allocated for human capital costs—a slight increase from the previous year as a result of mandatory cost increases, the proposed increase in staffing, and deep reductions made in agency operations and infrastructure. We are extremely limited in our ability to target additional reductions in infrastructure-support costs beyond what has already been taken in order to meet the basic operations of the agency.

POSITIVE RESULTS FROM EXTERNAL ORGANIZATIONS

In regard to our internal operations, in fiscal year 2011 we received a clean opinion on our system of quality control for both our financial and performance audits from an external peer review conducted by a team of auditors from our counterparts at national audit institutions, and received an unqualified opinion on our financial statements from independent auditors. The Association of Government Accountants awarded us its Certificate of Excellence in Accountability Reporting for our Fiscal Year 2010 Performance and Accountability Report. We also received a "Best-in-Class" award for a concise, well-written, and highly readable "Summary of GAO's Performance and Financial Information" for fiscal year 2010.

GAO was also once again recognized as one of the Best Places to Work. The annual survey conducted by the Partnership for Public Service identified GAO as number three in its rankings for all large organizations across the entire Federal Government. Washingtonian magazine selected GAO as one of the best places to work in the private and public sectors in Washington, DC, in its annual rankings.

CONCLUDING REMARKS

Fiscal year 2011 was a very active and challenging time for GAO. We succeeded at performing our mission, responding to mandates, and accomplishing many of our goals while operating under budget and staffing constraints. We could not have achieved this level of performance without the outstanding efforts of our professional, diverse, and multidisciplinary staff. We also maintained our productive working relationship with the GAO Employees Organization, International Federation of Professional and Technical Engineers (IFPTE) which represents GAO's analyst staff and began implementing our first master collective bargaining agreement. On February 8, 2012, GAO's Administrative Professional and Support Staff voted in favor of having the IFPTE serve as their exclusive representative. GAO's Visual Communications Analysts and Lead Communications Analysts also voted to be included in the analysts' bargaining unit. In addition, we continue to work closely with the Employee Advisory Council and the Diversity Advisory Council on a range of issues.

Fiscal years 2012 and 2013 bring more challenges with responsibilities to further assess and report on Government programs and financial regulatory reform efforts, among many other pressing issues. Our budget request has been carefully developed to represent the level of resources we need to continue effectively serving the important needs of the Congress by providing quality products in a timely fashion and to identify high opportunity areas for both eliminating waste as well as enhancing revenue across the Federal Government.

I believe that you will find our budget request fiscally responsible and essential to ensure that we can maintain our capacity to assist the Congress and produce results for the American people. 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.

Mr. Chairman, Ranking Member Hoeven, members of the subcommittee, this concludes my prepared statement. I appreciate, as always, your careful consideration of our submission and look forward to discussing our proposal with you.

APPENDIX I: HOW THE GOVERNMENT ACCOUNTABILITY OFFICE ASSISTED THE NATION,
FISCAL YEAR 2011

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

Identified savings of \$3.7 billion by reducing unneeded payments to Medicare Advantage plans.

Identified the need for the Department of Health and Human Services to finalize guidance on how antivirals would be used during a pandemic.

Identified opportunities for cost savings and reduced risk to the Government in a series of reports on undefinitized contracts, use of blanket purchase agreements where discounts were not sought, and cost reimbursement contracts.

Improved consistency and compatibility of healthcare associated infection data.

Led the Social Security Administration to improve oversight of its Ticket-to-Work program.

Identified opportunities to enhance investigation of online child pornography.

Recommended ways to strengthen the Federal Reserve's management of emergency assistance to stabilize financial markets.

Developed a series of assessments of emerging technologies with important implications for the Nation.

Found regulatory weaknesses in Environmental Protection Agency's water-based lead testing and treatment program.

Informed improvements in air passenger rights to compensation for mishandled baggage.

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

Encouraged enhanced desktop computer security to protect sensitive information, which 22 Federal agencies implemented.

Identified progress and remaining work to implement homeland security missions at the Department of Homeland Security 10 years after 9/11.

Led the Department of Homeland Security to scale back the flawed advanced radiation detector program—avoiding costs of \$1.2 billion.

Identified challenges and recommended improvements in the Department of Defense's expanding cybersecurity mission.

Surfaced potential costs and risks of contract transition during drawdown from Iraq, resulting in benefits of \$77.5 million.

Led Department of Defense to restructure the Joint Strike Fighter program—Department of Defense's most costly and ambitious acquisition.

Improved monitoring and evaluation of the Departments of State and Labor and United States Agency for International Development projects to combat human trafficking.

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

Provided timely information on the debt limit and budget controls to help address the long-term fiscal challenge.

Helped eliminate the Advanced Earned Income Tax Credit, avoiding \$569 million in costs.

Suggested that the Congress extend the statute of limitations for examinations involving offshore financial activity.

Recommended that Office of Management and Budget establish realistic milestones for full implementation of the infrastructure needed to best use the electronic authentication capabilities of personal identify verification cards.

Identified 227,700 tax delinquents receiving Federal benefits to explore ways to increase collection of unpaid taxes.

Found ways to incorporate required data into Centers for Medicare and Medicaid systems to better detect improper payments.

Issued updated Government auditing standards to reflect recent developments in the accountability profession.

Recommended improvements to planning and implementation of Federal data center consolidation at 24 Federal agencies.

SOURCE: GAO.

APPENDIX II: SELECTED TESTIMONY TOPICS, FISCAL YEAR 2011

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

Safety of medical devices	Mortgage foreclosures regulatory oversight
Departments of Defense and Veterans Affairs Care Coordination Program	Oversight of residential appraisals
Department of Veterans Affairs prevention of sexual assaults	Troubled Asset Relief Program
State oversight of private health insurance rates	Interior's major management challenges
Potential overlap and duplication in Government programs	Federal oil and gas restructuring
Incapacitated adults	Improvements needed for safe drinking water
Federal workers' compensation	Food and agriculture emergency preparedness
Military and veterans disability system	Airport and Airway Trust Funds
Oversight of Department of Defense tuition assistance program	Traffic and vehicle safety
Securities lending in 401(k) plans	Use of American Recovery and Reinvestment Act transportation funds
Pension Benefit Guaranty Corporation management	Unneeded owned and leased Federal facilities
Financial literacy	Department of Veterans Affairs real property realignment
	Needed U.S. Postal Service legislation

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

Department of Homeland Security 10 years after 9/11	Diplomatic security training challenges
Electronic employment eligibility verification	Department of Defense space acquisitions
Aviation security behavior detection program	Missile defense transparency and accountability
Maritime security U.S. counterpiracy action plan	Department of Defense cost overruns
Cross-border currency smuggling	Joint Strike Fighter Program restructuring
Assessing national preparedness capabilities	Coast Guard Deepwater Program
Visa overstay enforcement	Army's ground force modernization
Combatting nuclear smuggling	Littoral combat ship acquisition strategies
Flood insurance reform	Contract oversight of non-United States vendors in Afghanistan
Efforts to address terrorist safe havens	Addressing urgent warfighter needs
Antidumping and countervailing duties	Personnel security clearance process

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

Oversight and accountability of Federal grants	Information technology investment oversight
Reducing improper payments	Department of Veterans Affairs information technology
Fiscal year 2010 U.S. Government financial statements	Federal information technology spending
Department of Defense financial management challenges	Unfunded Mandates Reform Act requirements
Medicare and Medicaid fraud, waste, and abuse	Budget enforcement mechanisms
Fraud prevention in Service-disabled veteran-owned small business program	2010 census lessons learned
Fraud prevention in the Small Business Administration's 8(a) program	Value added taxes
Tax delinquent American Recovery and Reinvestment Act contractors	Tax system complexity and taxpayer compliance
Protecting Federal information systems	Government Performance and Results Modernization Act of 2010 implementation

SOURCE: GAO.

APPENDIX III: GOVERNMENT ACCOUNTABILITY OFFICE'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 Department of Defense Program Management

Department of Defense Approach to business transformation.
Department of Defense Business systems modernization.
Department of Defense Support infrastructure management.
Department of Defense Financial management.
Department of Defense Supply chain management.
Department of Defense 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.

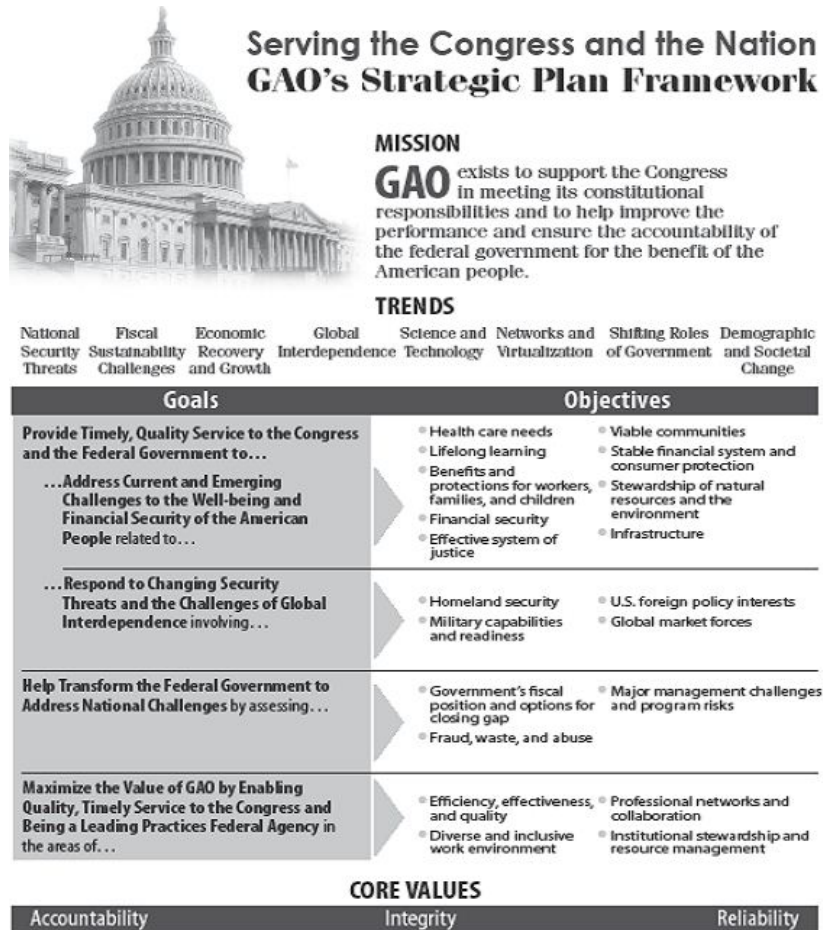
Transforming Environmental Protection Agency's Process for Assessing and Controlling Toxic Chemicals

Managing Federal contracting more effectively;
Department of Defense contract management;
Department of Energy's contract management for the National Nuclear Security Administration and Office of Environmental Management;
National Aeronautics and Space Administration acquisition management;
Management of interagency contracting;
Assessing the efficiency and effectiveness of tax law administration;
Enforcement of tax laws; and
Internal Revenue Service 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 IV: GOVERNMENT ACCOUNTABILITY OFFICE'S STRATEGIC PLAN FRAMEWORK



Senator NELSON. Thank you, Mr. Dodaro.

And my ranking member is here, we'll certainly call on him for any opening remarks he might like to make.

STATEMENT OF SENATOR JOHN HOEVEN

Senator HOEVEN. Thank you, Mr. Chairman. Good to be here with you. I apologize for being late. We did have a couple votes on the floor that delayed things a little bit.

But thanks to all of you for being here today. More importantly, thank you for what you do. We appreciate it. You do an outstanding job, not only for the Senators, but for the people of this great country. And so I want to start out by saying thank you, we appreciate it.

As you know very well, we're in challenging times from a budgetary standpoint, and so it's incumbent on all of us to figure out

how we reduce the deficit and the debt and get our financial situation in order.

And I bring my experience as a Governor, as does our chairman, and I know he probably had an opportunity to cut budgets, and I certainly did, too, particularly early in my career. And I remember there are two kinds of schools of thought.

One school of thought is everybody should take a proportional reduction. And the strength of that is that everybody is helping share the load, so there's a certain fairness from that standpoint.

And then, of course, the other kind of general concept is some programs you have to prioritize, and some programs merit more resources, and some programs merit less resources, and some programs should be eliminated. And that, obviously, has real merit in that you maximize the use of your resources by prioritizing.

And I think that goes very much to a lot of what you do, certainly at GAO and CBO, for example, you deal with that very issue, and it's very important.

My sense is we have to do some of both; All of us are going to have to and I don't mean just here in Washington, DC; I mean throughout our country. We have to all be a part of solving this problem, and so we have to share the load in that respect.

But then, at the same time, we have to do the very best job that we can prioritizing, times change, needs change, and programs change.

So for us to do the best possible job here, we have to both make sure everybody understands that they have to participate, they have to be part of picking up the load here. That's very important.

And then the other part is we have to recognize that there is a prioritization that we have to do that's important, and then we have to do the best job we can on that.

So the number that we're going to have to make work for the legislative branch is not a number that the chairman and I will decide. Certainly, we'll have input. The chairman might even have more than I do. But we'll have a number that we're going to have make work.

And it's my sense that for the legislative branch, the number that came to us in the administration's budget with an increase of 5.4 percent, we're going to have to make things work at less.

And so I guess the main message I'd start with is, we know you put a lot of thought and a lot of effort into this. We're still going to have to go through it and continue to evaluate and prioritize as best we can, and then find more savings, recognizing that that's just where we are in terms of our financial situation.

Now, with that said, you're the experts. And speaking for myself, and I think probably the chairman, too, we're going to look to you to tell us how to best do this. And we're going to work with you to do the best job we can.

Senator HOEVEN. Thank you.

Senator NELSON. Thank you, Senator Hoeven.

And I thought the "W.H." over with the administration stood for "White House." It stands for "white hat", offering 5.4 percent. Does that mean that we now have a different kind of hat to wear here?

And the thing in Washington about shared sacrifice is, every time it's discussed, it seems to me, that somebody wants your share

and for you to sacrifice. That's shared sacrifice. And they're ready to sacrifice until your last dime.

So, anyway, we'll work together to get a budget so that we can continue to function at the level it needs to be and do it in, hopefully, the smartest way possible, because of the outstanding input that you've given us thus far. And I know there'll be additional input as we try to work through this.

So having said that, Ms. Vance-Cooks.

GOVERNMENT PRINTING OFFICE

STATEMENT OF DAVITA VANCE-COOKS, ACTING PUBLIC PRINTER

Ms. VANCE-COOKS. Chairman Nelson, Senator Hoeven, good afternoon, and thank you for inviting me here today to discuss the GPO's appropriation request for fiscal year 2013.

In the interest of time, as you have asked, I will briefly cover three points: first, our flat-line budget request; second, our emphasis on cost savings; and third, our commitment to technological improvements, all of which benefit the Congress and the American public.

First, our flat-line budget request. The mission of GPO is to keep America informed. Over the past 151 years, GPO has accomplished this mission by producing and distributing information products for all three branches of the Federal Government. GPO's request for fiscal year 2013 is for a total of \$126.2 million. This is the same level of funding that we have for the current fiscal year.

As a result of a projected decrease in traditional printing, and in response to rapidly changing technological processes, we are proposing to shift a portion of our funds away from conventional printing and distribution activities toward an increased investment in technological improvements.

This strategy reflects our commitment to keep America informed by continuing to transform ourselves into a digital information platform and a provider of secure credentials.

We are reducing our request for the Congressional Printing and Binding appropriation by 8 percent, which is equivalent to \$7.1 million. We are also requesting a small reduction in our Salaries and Expense appropriation. We want to take these reductions and apply them to our revolving fund, where they will be used to support the continued development of our information technology (IT) infrastructure, including our Federal Digital System (FDSys), which provides the public with online access to congressional and other information.

We are also requesting funds for necessary maintenance and repairs to our facilities, principally our fire suppression system and the ongoing work to renovate our elevators, both of which pose health and safety risks.

Point number two: GPO is, in fact, reducing the cost of operations. To generate cost savings, we conducted a buyout last year that resulted in the reduction of 250 positions. And with the additional reductions as a result of just general separations, we have reduced our workforce by 15 percent.

This is the lowest staffing level in the past century. Our organization has right-sized, and we are fortunate to have dedicated and committed employees who are willing to work around the clock to support the needs of the Congress.

We've cut back on overhead significantly, and we're reducing those costs to our fiscal year 2008 level.

We conducted the first-ever survey of congressional offices on their printing needs, and it resulted in cutting hundreds of copies of the Congressional Record and other documents which are printed daily.

We're even renting available space in our building to those agencies that need it, which helps us to reduce our costs.

Third is the issue of technology. GPO is meeting the challenges of the digital age by using technology in innovative ways to accomplish our mission of "Keeping America Informed", and it supports openness and transparency.

FDSys makes available more than 668,000 titles. We also see 13.1 million documents downloaded each month. And we have established ourselves as a leader in the authentication of electronic documents by using our digital signature capability.

We are the trusted provider of secure credentials for the Government, and we have entered the world of e-books and apps. We have a longstanding relationship with the Department of State in producing e-passports.

PREPARED STATEMENT

In conclusion, our flat-line budget request, our emphasis on cost savings, and our commitment to technological improvements are important factors in helping GPO to do more with less.

Chairman Nelson and Senator Hoeven, this concludes my opening remarks and I will be happy to answer any questions you have. Thank you.

[The statement follows:]

PREPARED STATEMENT OF DAVITA VANCE-COOKS

Mr. Chairman, Senator Hoeven, and members of the Senate Subcommittee on Legislative Branch appropriations: It is an honor to be here today to present the appropriations request of the Government Printing Office (GPO) for fiscal year 2013.

Our request is for the Congressional Printing and Binding appropriation and the Salaries and Expenses appropriation of the Superintendent of Documents, both of which are included in the annual legislative branch appropriations bill. These two accounts cover GPO's provision of congressional information products and services as authorized by law and our provision of public access to congressional and other Government information products through statutorily established information dissemination programs under the Superintendent of Documents.

All other GPO functions and activities—including the production of U.S. passports for the State Department as well as secure credentials for congressional and agency use, the procurement of information products and services in partnership with the private sector, the sales of Government information products and services to the public, and related operations—are financed on a reimbursable basis through GPO's business-like revolving fund, which also is authorized through the annual legislative branch appropriations bill.

BACKGROUND

GPO is the Federal Government's primary centralized resource for producing, procuring, cataloging, indexing, authenticating, disseminating, and preserving the official information products of the U.S. Government in digital and tangible forms. The agency is responsible for the production and distribution of information products for all three branches of the Federal Government, including U.S. passports for the Department of State as well as the official publications of the Congress, the White House and other Federal agencies, and the courts.

Along with sales of publications in digital and tangible formats to the public, GPO supports openness and transparency in Government by providing permanent public access to Federal Government information at no charge through our Federal Digital System (www.fdsys.gov), which today makes more 680,000 Federal titles available online from both GPO's servers and links to servers in other agencies, and sees more than 13.1 million documents downloaded every month. We also provide public access to Government information through partnerships with approximately 1,220 libraries nationwide participating in the Federal Depository Library Program. In addition to GPO's Web site, www.gpo.gov, we communicate with the public routinely

via Twitter—twitter.com/USGPO; YouTube—<http://www.youtube.com/user/gpoprinter>; and Facebook—<http://www.facebook.com/USGPO>.

GPO first opened its doors for business 151 years ago, on March 4, 1861, the same day Abraham Lincoln was inaugurated as the 16th President. Our mission can be traced to the requirement in Article I, section 5 of the Constitution that “each House shall keep a journal of its proceedings and from time to time publish the same.” We have produced every great American state paper—and an uncounted number of other Government publications—since President Lincoln’s time, including the Emancipation Proclamation. Social Security cards, Medicare and Medicaid information, Census forms, tax forms, citizenship forms, military histories ranging from the “Official Records of the War of the Rebellion” to the latest accounts of our forces in Iraq and Afghanistan, emergency documents like the ration cards and the “Buy Bonds” posters used during World War II, the Warren Commission Report on President Kennedy’s assassination, the Watergate transcripts, the 9/11 Commission Report, Presidential Inaugural addresses, Supreme Court opinions, and the great acts of the Congress that have shaped our society—all these as well as millions of other documents from the historic to the humble have been produced by GPO on their way to use by the Congress, Federal agencies, and the public. Last year, we opened a public exhibit on GPO’s history that has received extremely positive reviews. I invite all of you and your staffs to come by for a visit.

For the Clerk of the House, the Secretary of the Senate, and the committees of the House and the Senate, we produce the documents and publications required by the legislative and oversight processes of the Congress, including the daily Congressional Record, bills, reports, legislative calendars, hearings, committee prints, and other documents, as well as stationery, franked envelopes, and other materials such as memorials and condolence books, programs and invitations, phone books, and the other products needed to conduct business of the Congress. We also detail expert staff to support the information product requirements of House and Senate committees and congressional offices such as the House and Senate Offices of Legislative Counsel.

GOVERNMENT PRINTING OFFICE AND DIGITAL INFORMATION TECHNOLOGIES

GPO’s present and future are clearly being defined by digital technology, and digital technology itself has radically changed the way printing is performed today. This is especially true where the information products used by the House and Senate are concerned. GPO’s conversion to digital databases for the composition of congressional publications occurred more than a generation ago. Today, the activities associated with creating congressional information databases comprise the vast majority of the work funded by our annual congressional printing and binding appropriation.

In addition to using these databases to produce printed products as required by the Congress, we upload them to the Internet via FDSys. Since we first went online with congressional information in 1994, we have provided the Congress and the public with the definitive source not only of legislative, but executive and judicial information online.

Our creation of digital databases of congressional information from which we can print and provide online public access has dramatically increased productivity and dramatically reduced costs to the taxpayer. As our budget submission shows, our digital production systems have reduced the level of the congressional printing and binding appropriation by more than two-thirds in constant dollar terms since 1980 while expanding our information capabilities exponentially.

GPO’s congressional database systems also form the basic building blocks of other information systems supporting the Congress. Our congressional information databases are provided directly to the Library of Congress (LOC) to support its THOMAS system as well as the legislative information systems LOC makes available to House and Senate offices. GPO and LOC are also collaborating today on the digitization of previously printed documents, such as the Congressional Record, to make them more broadly available to the Congress and the public, and we are jointly developing a new process for updating the digital edition of the Constitution Annotated.

GPO’s digital systems also support other key Federal publications, including the U.S. budget and, most importantly, the Federal Register and associated products, which we also produce. Our advanced authentication systems, supported by public key infrastructure, are an essential component for assuring the digital security of congressional and agency documents.

The other major products that GPO produces are U.S. passports for the Department of State, the premier component of our secure and intelligent documents busi-

ness unit. At one time no more than a conventionally printed document, passports today incorporate a chip and antenna array capable of carrying biometric identification data, which with other security features has transformed this document into the most secure identification credential obtainable. We have also developed a line of secure identification “smart cards” to support the credential requirements of the Department of Homeland Security for certain border crossing documents, and our secure credential unit has been certified as the only government-to-government provider of credentials meeting the requirements of Homeland Security Presidential Directive 12 (HSPD-12).

GOVERNMENT PRINTING OFFICE IN PARTNERSHIP WITH INDUSTRY

Other than congressional and inherently governmental work such as the Federal Register, the budget, and secure and intelligent documents, we produce virtually all other information product requirements via contracts through a partnership with the private sector printing industry. In fact, our procurement operation handles approximately 75 percent of all work sent to GPO for production, currently amounting to \$350 to \$400 million annually. This system is one of the Government’s longest running and most successful programs of utilizing the private sector, which is represented by more than 16,000 individual firms registered to do business with us, the vast majority of whom are small businesses averaging 20 employees per firm. Contracts are awarded on a purely competitive basis; there are no set-asides or preferences in contracting other than what is specified in law and regulation, including a requirement for Buy American. This partnership provides great economic opportunity for the private sector.

GOVERNMENT PRINTING OFFICE AND OPEN, TRANSPARENT GOVERNMENT

Producing and distributing the official publications of our Government fulfills an informing role originally envisioned by the Founders, when James Madison said:

“A popular Government without popular information, or the means of acquiring it, is but a Prologue to a Farce or a Tragedy, or perhaps both. Knowledge will forever govern ignorance, and a people who mean to be their own Governors, must arm themselves with the power which knowledge gives.”

A key mechanism for this purpose is the Federal Depository Library program (FDLP), which today serves millions of Americans through a network of some 1,220 public, academic, law, and other libraries located in virtually every Congressional District across the Nation. For more than a century, these libraries have served as critical links between “We the People” and the information provided by the Federal Government. GPO provides the libraries with information products in online or tangible formats, and the libraries in turn make these available to the public at no charge and provide additional help and assistance to depository library users. One of the other programs we operate is in fulfillment of an international treaty. Under it, we distribute certain Federal publications to other governments abroad as designated by the LOC. In return, they send the LOC their official publications, which the Library then makes available for the use of the Congress and the public.

Along with these programs, we also provide public access to the wealth of official Federal information through public sales featuring secure ordering through an online bookstore for GPO sales publications and a partnership with the private sector to offer Federal publications as e-Books. We also operate effective and efficient information distribution programs for other Federal agencies on a reimbursable basis, including the General Services Administration (GSA) Consumer Information Center publications.

As for the results of fiscal year 2011, I am pleased to report that GPO’s business-like operations and its record of savings for the taxpayer resulted in the generation of \$5.6 million in net income for the year. As former Public Printer Bill Boarman noted in his annual report to the Congress, however, the achievement of this positive financial result was not foreordained. Instead, the financial condition of the agency earlier in the year and the fiscal realities of 2011 presented GPO with a number of serious challenges. Overhead costs had increased significantly in recent years and were projected to increase further, threatening our financial stability. There was also a longstanding problem of nearly \$30 million in unrecovered payments owed to GPO by Federal agencies.

In response, we worked closely with this subcommittee and its counterpart in the House to resolve GPO’s funding for fiscal year 2011 at a level that was significantly lower than what was originally requested. We cut our annual spending plan for fiscal year 2011 as previously submitted to the Joint Committee on Printing by 15 percent. We held the line on salary increases consistent with the pay freeze ordered

by the President, reduced the number of senior-level managers, and implemented controls on hiring, travel, overtime, and related discretionary accounts. Together these actions resulted in a significant reduction in overhead expenses. To address the problem of outstanding payments from Federal agencies, we created a multi-disciplinary task force, an effort that by yearend reduced the balance of outstanding payments by more than one-third.

To help the Congress reduce its printing costs, during fiscal year 2011 we conducted the first-ever survey of Senate and House offices on their continued need for daily printed copies of the Congressional Record and other documents. The survey resulted in an 18-percent reduction in the number of Congressional Record copies printed, the largest single-year reduction since GPO first introduced the online Congressional Record in 1994 (not counting the House's elimination of copies for public agencies and institutions designated by Representatives in 1995, the average annual reduction in the number of Congressional Record copies printed since 1994 has been 4 percent).

During fiscal year 2011, we also conducted a voluntary separation incentive program, or buyout, to reduce staffing in anticipation of lower appropriations and other revenue sources. The buyout targeted a reduction of 15 percent of the workforce and, in combination with other staffing reductions, we achieved 95 percent of that goal, reducing GPO's workforce by 312 positions to 1,920, the lowest level in more than a century.

Another cost-saving initiative has involved discussions with outside agencies over their potential use of available GPO space, which could significantly reduce our facilities expense, as recommended by this subcommittee in its report on our fiscal year 2012 appropriations. We now have an agreement with the Architect of the Capitol to expand its use of our space, and we are in discussions with other entities over their use of GPO space.

While we worked to reduce costs in fiscal year 2011, we also made a commitment to do more with less. We developed and released a Strategic Vision Plan that emphasizes customer service. The focus of the plan has begun to take hold as shown by the results of a recent survey of GPO's customer agencies. We gained the approval of the Joint Committee on Printing for an annual spending plan for fiscal year 2012 that will yield new efficiencies in GPO's services while reducing costs by 6.4 percent compared with last year's plan. We continued the development of FDSys as the Congress and Federal agencies move increasingly to the use of digital information products, and we added several new collections last year. At the request of the National Archives and Records Administration (NARA), we also used FDSys to support public access to the previously unreleased grand jury proceedings involving President Nixon, and recently we supported NARA again in releasing the audio tapes made on Air Force One as it returned to Washington following the assassination of President Kennedy.

We started a Facebook page for GPO, implemented a new pilot project to make Federal court opinions freely available online to the public, and expanded our partnership with Google Books to include Federal consumer-oriented information made available by the GSA as well as the first volume of the "Public Papers of President Obama". In November we released a mobile web application of our online "Member Guide", the first of its kind by GPO, providing the public with access on a variety of devices to photos and other information about Members of Congress, and in January we supported the Library of Congress in its development of a new Congressional Record app for the iPad, as requested by the Committee on House Administration. Recently, we issued a mobile web application for the U.S. budget, which received more than 77,000 hits in its first few days of use.

In summary, GPO's program of reducing costs while continuing to expand GPO's critically important information services to the Senate and House of Representatives, as well as Federal agencies and the public, is working and showing real and measurable benefits, and we plan to continue following this path.

FISCAL YEAR 2013 APPROPRIATIONS REQUEST

We are requesting a total of \$126.2 million for fiscal year 2013 that will enable us to: meet projected requirements for GPO's congressional printing and binding operations during fiscal year 2013; fund the operation of GPO's statutory information dissemination programs; and continue the development of FDSys and implement other improvements to facilities infrastructure related to health and safety.

Our request represents no increase over the level of funding provided for fiscal year 2012 in Public Law 112-74. Within our flat funding request, we are proposing to shift approximately \$7.3 million from the congressional printing and binding and salaries and expenses appropriations to the revolving fund in order to expand our

investments in digital information technology projects, including projects supporting increased online access to congressional and other Federal information, modernization of GPO's composition processes supporting congressional work, and related initiatives.

CONGRESSIONAL PRINTING AND BINDING APPROPRIATION

We are requesting \$83.6 million for this account, representing a decrease of about \$7 million from the level of funding provided for fiscal year 2012.

The estimated requirements for fiscal year 2013 include a marginal price level increase due to projected increases in printing costs. However, this increase is more than offset by projected decreases in volume due principally to anticipated workload reductions for the Congressional Record, miscellaneous printing and services (this workload category increased in fiscal year 2012 in part due to Inaugural printing requirements), calendars, hearings, and bills, resolutions, and amendments. These workload decreases will also offset the production of the 2012 edition of the U.S. Code, which by law is issued in a new edition every 6 years.

SALARIES AND EXPENSES APPROPRIATION OF THE SUPERINTENDENT OF DOCUMENTS

We are requesting \$34.7 million for this account, a decrease of about \$300,000 from the level approved for fiscal year 2012.

The requested funding will cover mandatory merit and other pay increases for 114 FTEs, the same number as fiscal year 2012, as well as price level increases. The most notable workload increase will be for the production and distribution of copies of the U.S. Code for Federal depository libraries, since this is considered an essential FDLP publication. However these costs will be more than offset by a significant reduction in facilities and overhead costs formerly billed to this account resulting from the relocation of our depository distribution function from the main GPO buildings in Washington to our Laurel, Maryland, warehouse, as well as a reduction of other nonrecurring costs (including the FDLP's migration and modernization of legacy systems which was funded in fiscal year 2012), which will no longer be required to be funded in fiscal year 2013.

REVOLVING FUND

We are requesting appropriations of \$7.8 million for this account, to remain available until expended, to fund essential investments in information technology development and facilities improvements. Our request represents an increase of \$7.3 million over the level of funding provided for this account for fiscal year 2012.

The request includes \$7.3 million for information technology development, including \$3.9 million to continue developing FDSys, \$1.5 million each for GPO's Composition System Replacement and Oracle business system projects, and \$400,000 for information technology (IT) security improvements. These IT projects include components that will have a direct impact on the provision of digital information production and dissemination services for the Congress, such as the development of a composition system to replace GPO's aging Microcomp-based system, improved support for congressional publications ingested into FDSys, and digitization of the bound Congressional Record, a project that GPO is working on in partnership with LOC. In addition, we are requesting \$500,000 for life/safety improvements for our buildings that include continued elevator repairs and renovation and new fire pumps.

Mr. Chairman, Senator Hoeven, and members of the subcommittee, this concludes my prepared statement. We deeply appreciate your support of our appropriations request for fiscal year 2012, and we look forward to working with you and your staffs in your consideration of our appropriations request for fiscal year 2013.

Senator NELSON. Thank you very much.
Dr. Elmendorf.

CONGRESSIONAL BUDGET OFFICE

STATEMENT OF DOUGLAS W. ELMENDORF, Ph.D., DIRECTOR

Dr. ELMENDORF. Thank you, Mr. Chairman, Senator Hoeven. I appreciate the opportunity to present CBO's budget request for 2013.

As you know, our mission is to provide the Congress with objective, impartial, and nonpartisan analysis of budget and economic issues. In fulfilling that mission, we rely on a highly dedicated and highly skilled workforce. As a result, more than 90 percent of our budget is compensation for our staff.

So the contours of our budget and staffing level are closely linked. Let me describe our budget request and its implications for our work. I'll be referring to the picture in front of you, which comes out of our budget request document.

Our proposed budget for fiscal year 2013, the far right bar on the graph, is \$44.6 million. In light of the tight budget constraints facing the Government, this request represents an increase of only 1.9 percent, or \$850,000 from the amount provided in fiscal year 2012, and an increase of only 1.2 percent, or \$555,000, from the regular appropriation provided in fiscal year 2009.

As you know, congressional demand for CBO's estimates and analysis has been extremely high during the past few years. In particular, the surge in Federal debt and projected deficits has led to ongoing congressional efforts to make fundamental changes in budget policy, which has strained our resources in a number of areas.

We provided a tremendous number of estimates during the debate over appropriations for fiscal year 2011 that extended into the spring of last year, during the bipartisan negotiations last spring and summer about larger changes in policy linked to an increase in the debt limit, during the work of the Joint Select Committee on Deficit Reduction last fall, and during debates about many other possible changes in law.

Given the daunting outlook for the U.S. economy and the Federal Government's budget, we have no reason to expect that the Congress' interest in analyses from CBO will wane for the foreseeable future.

Despite that heavy workload, our funding for fiscal year 2012, as you know, is less than the amounts provided in the preceding few years. To reduce expenses, we have significantly curtailed salary increases and sharply cut spending on IT, data, training, and other areas. We've also stopped most hiring of new staff to replace people who leave.

As I mentioned, our requested funding for next year is only slightly more than was provided for this year and little more than was obligated 4 years ago. To operate the agency at that level of funding would require a combination of minimal increases in salaries; very limited spending on IT, data, training, and other things; and a reduction in the number of CBO analysts relative to the past few years.

Regarding the nonpay parts of our budget, we propose to spend only about one-half as much in fiscal year 2013 as we spent on av-

erage in the past few years. We would not be able to sustain such low spending through fiscal year 2014 without compromising the quality of our work in an important way.

Regarding the pay parts of our budget, we propose to cut staffing in fiscal year 2013 to about 235 people. I'm sorry to have to say that the reduction in staffing relative to levels we've had in the past few years would have a negative impact on the analysis we can provide to the Congress. Fewer analysts will mean fewer estimates and analyses of budget and economic policies.

As you know, we've already been unable to analyze many proposals that are sent to us, unable to serve committees as quickly as they or we would like, and unable to improve our modeling as much as we should. Reductions in our staffing would make those problems worse.

CBO is a fairly small organization relative to the scope of the topics on which we work. With only 235 people to cover the full range of budget and economic issues, and with most of those issues requiring a good deal of specialized knowledge, cuts in our staffing can leave noticeable weak spots very quickly.

For example, 1 of our 3 lawyers just retired and we cannot afford to hire another at this point. That represents a one-third drop in our legal staff. One of the four analysts who studied the macro-economic effects of changes in taxes and Government spending will be leaving this summer. We're not sure if we can afford to replace her. And if not, that will represent a one-fourth reduction in our capability to do analysis in that area.

And there are other examples of this sort. And I am frankly worried that the consequences of cutbacks in our staffing will quickly become all too apparent to you and your colleagues.

PREPARED STATEMENT

That said, we certainly understand the restraints under which the Appropriations Committee is operating. We are very grateful for the support that you've always given to our work, and we will continue to make every effort to serve you and your colleagues as effectively as we possibly can with whatever resources you give us.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF DOUGLAS W. ELMENDORF, PH.D.

Mr. Chairman, Senator Hoeven, and members of the subcommittee, thank you for the opportunity to present the Congressional Budget Office's (CBO) budget request for fiscal year 2013.

CBO's mission is to provide the Congress with objective, impartial, and non-partisan analyses of budget and economic issues, including the information and cost estimates needed for the congressional budget process. In fulfilling that mission, CBO depends on a highly skilled workforce. About 92 percent of CBO's budget represents compensation for the agency's staff; another 5 percent is for information technology (IT) equipment and services; and the remainder is for data, training, office supplies, and other items. As a result, the contours of CBO's budget and the staffing levels of the agency have been and will continue to be closely linked.

CBO's proposed budget for fiscal year 2013 is \$44.6 million. In light of the budget constraints facing the Federal Government, this request represents an increase of only 1.9 percent (\$850,000) from the \$43.8 million provided to CBO in fiscal year 2012 and an increase of only 1.2 percent (\$555,000) from the regular appropriation of \$44.1 million provided to CBO in fiscal year 2009.

Operating the agency in fiscal year 2013 with only slightly more funding than was provided for this fiscal year and little more than was obligated 4 years earlier would be possible only through a further reduction in the number of CBO analysts; minimal increases in salaries; and sharp cutbacks in spending on IT, data, training, and other items. Although CBO will continue to make every effort to serve the Congress as effectively as possible, the changes that would be required under the proposed budget would unavoidably diminish the number of estimates and analyses of budget and economic policies that CBO was able to provide.

FUNDING HISTORY

Between fiscal year 2001 and fiscal year 2008, the number of full-time equivalent positions (FTEs) at CBO averaged 230 FTE, and the number varied little from year to year. During that period, CBO's budget rose slowly, on balance, as Federal employees received salary increases and the cost of Federal benefits increased.

In 2008, CBO became concerned that it did not have sufficient resources to analyze policy changes regarding the delivery and financing of healthcare that were emerging as a critical issue in the Congress. In addition, the agency was delivering an increasing number of testimonies and formal cost estimates, providing a rapidly growing volume of informal estimates, and engaging in more frequent communications with Hill staff on a wide range of topics, so shifting a significant number of staff positions from other areas to the health area did not seem feasible.

Accordingly, CBO proposed to the Congress a multiyear plan to boost the size of the agency to nearly 260 FTEs, an increase of a little more than 10 percent. The Congress approved the first leg of that proposed increase in CBO's budget for fiscal year 2009. Analyses of competing healthcare proposals absorbed a huge share of CBO's resources, and the financial crisis and severe recession led to a jump in congressional requests for analyses, budget projections, and cost estimates in many other areas. Consequently, the Congress approved a 2-year supplemental appropriation for CBO during 2009 and also approved an increase in the agency's regular appropriation for fiscal year 2010. Making use of that additional funding, CBO averaged about 250 FTEs during 2010 (see Figure 1).

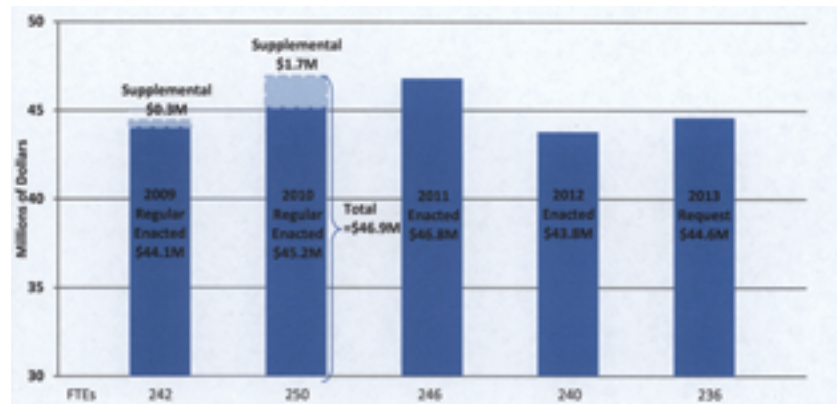


FIGURE 1. CBO'S FUNDING AND STAFFING FOR FISCAL YEARS 2009 THROUGH 2013

Congressional demand for CBO's estimates and other analysis has remained extremely high in the past few years. The enactment of major healthcare legislation in 2010 has increased, rather than diminished, the number of other proposals for changes in Federal healthcare programs, and it has made CBO's analysis of such proposals much more complex. In addition, the depth and duration of the economic downturn have generated significant demand for analyses of the effects of both enacted and proposed responses to those economic conditions. Moreover, the surge in Federal debt and projected deficits has led to ongoing congressional efforts to enact fundamental changes in budget policy, which have strained CBO's resources in many areas. CBO provided a tremendous number of estimates during the debate over appropriations for fiscal year 2011 that extended into the spring of the year, the bipartisan negotiations last spring and summer about larger changes in policies linked to an increase in the debt limit, the work of the Joint Select Committee on

Deficit Reduction last fall, and the continuing debate about extending various provisions of law through the rest of 2012.

Despite that heavy workload, CBO's appropriation for fiscal year 2011 was less than the total funding available to the agency in fiscal year 2010, and its funding for fiscal year 2012 is less than the amount provided in fiscal year 2011. To reduce expenses in fiscal year 2012, CBO has significantly curtailed salary increases and sharply cut spending on IT, data, training, and other items. Given the large share of the agency's budget devoted to compensation, however, those changes do not, by themselves, reduce spending sufficiently. Therefore, CBO has also stopped most hiring of new staff to replace those who leave, and attrition has reduced the number of FTEs at the agency to about 242 currently; by the end of this fiscal year, CBO aims to be operating with 237 FTEs (generating an average for this year of 240 FTEs).

SOME DETAILS OF THE CONGRESSIONAL BUDGET OFFICE'S FISCAL YEAR 2013 BUDGET REQUEST

CBO expects that congressional demand for the agency's estimates and other analyses will remain high in fiscal year 2013. The agency's mission of providing nonpartisan budgetary and economic information to the Congress will remain the same. Fulfilling that mission will require providing reports on the budget and economic outlook, an analysis of the President's budget, long-term budget projections, options for reducing budget deficits, cost estimates, mandate statements, and scorekeeping tabulations. Fulfilling the agency's mission will also require providing in-depth analyses of a broad range of program and policy issues requested by committees.

The specific issues that the Congress will be addressing in 2013 are difficult to predict, but CBO's analyses are likely to include work on healthcare, policies for increasing economic growth and employment, energy policy, tax reform, reform of entitlement programs, infrastructure, defense policy, the Government's role in financial markets, and a wide variety of budget policy options. Altogether, CBO anticipates a workload of:

- Roughly 525 formal cost estimates, most of which will include not only estimates of Federal costs but also assessments of the cost of mandates imposed on State, local, and tribal governments or the private sector;
- Thousands of preliminary, informal cost estimates, the demand for which is growing as committees seek to have a clearer picture of the budgetary impact of proposals and variants of proposals before they formally consider legislation;
- Roughly 200 scorekeeping tabulations, including status reports for discretionary appropriations, estimates for individual appropriation acts, and compilations of direct spending and revenue effects for budget enforcement purposes; and
- About 130 analytical reports, testimonies, and other publications, which are generally required by law or prepared in response to requests from the chairmen and ranking members of key committees.

The demand for CBO's analyses currently exceeds, by a substantial margin, what the agency can produce with its current staff. Unfortunately, CBO is unable to analyze many legislative proposals that are sent by Members of Congress, unable to promptly complete in-depth analyses of many issues that are requested by committees, and unable to improve its modeling as much as would be desirable to capture the many channels through which proposals can affect the Federal budget, the economy, and the well-being of citizens. Further reductions in the size of CBO's staff would make those problems worse.

Nonetheless, recognizing the stringency of the Federal budget situation, CBO proposes to cut back to about 235 FTEs by the end of fiscal year 2013, about 6 percent fewer than the average staffing in 2010. That cut (which would give CBO an average for the year of 236 FTEs) would have several key consequences:

- First, a reduction to that staffing level by next year could probably be achieved by attrition, but that is not certain. If CBO does not experience sufficient attrition, then reaching that staffing level could require furloughs or layoffs—this year, next year, or both.
- Second, to have 235 FTEs by the end of next year would mean that most of the increase in CBO staffing set in motion in 2008 would be reversed. Yet the increase in demands on CBO related to analyzing healthcare costs and the burgeoning Federal debt has not been reversed.
- Third, because losses through attrition will undoubtedly not line up well with the places where the agency can most afford to lose resources, CBO may have some noticeable weak spots in its capabilities during the next few years.

In addition, CBO is not planning any across-the-board increase in salaries for employees in calendar year 2013, matching what it did in calendar year 2011 and is doing in calendar year 2012. The agency is also reducing further the size of performance-based pay raises it gives to employees who are not eligible for across-the-board increases.

CBO also proposes stark cuts in nonpay areas of its budget in fiscal year 2013. Relative to CBO's average outlays in fiscal years 2009 through 2011, IT spending next year would be about 40 percent less, spending on training would be one-third smaller, purchases of data would be reduced by more than 15 percent, and spending for other purposes would be cut significantly as well.

CBO's request supports the following:

- \$31 million for pay of personnel compensation;
- \$10.3 million for personnel benefits; and
- \$3.3 million for IT, data, services, equipment, training, and other items.

The severe limits on salary increases and spending in the nonpay areas of the budget that CBO is proposing for fiscal year 2013 cannot be sustained through fiscal year 2014 without significantly sacrificing the quality of the CBO staff and the tools with which they work. Consequently, unless a larger increase in funding is made available to CBO in fiscal year 2014, the agency expects that it will implement further cutbacks in staffing that year and be forced to limit further the support that it provides to the Congress.

In closing, I would like to thank the subcommittee for the support it has provided CBO, enabling the agency to carry out its responsibilities to provide budgetary and economic information to the Congress.

Senator NELSON. Thank you.

Shall we do a 5-minute round?

Senator HOEVEN. Sure.

Senator NELSON. Mr. Dodaro, GAO, along with the other agencies of the legislative branch, I think have all done a remarkable job this year of finding a way to do more with less. And I don't think a single Member of this body has complained about any diminished quality in your work. I know you're very much concerned about delays and not being able to meet all the obligations, but if there is any complaining going on, it would have come to us. Perhaps it is going to Senator Schumer, since he's facing the responsibility of getting more done with less within the Senate. But I'm just not hearing things, so I think you've done an outstanding job of meeting the obligations, both as to the quality, the quantity, the timeliness of your work, and holding down the budget. So we do appreciate that.

GAO, like the LOC and GPO, participated in the VSIP program and the buyout program as a means of reducing costs. Neither the LOC nor GPO is asking to restore the FTE levels that diminished as a result of the program. But in your request, you ask for \$31.3 million in order to hire 305 permanent staff during fiscal year 2013. Doesn't that in some way defeat the purpose of the early buyout?

Mr. DODARO. I don't think so, Senator. If you recall, when we did the buyout, we asked people to leave by the end of fiscal year 2011. At that point, we didn't really know what our budget was going to be. It wasn't until December last year that we knew what our budget would be. Before then there was a range of marks between the House and the Senate.

I was really concerned that we would have to lay off additional people and that we would have to furlough people, which would have affected our service to the Congress. So I was very much focused on maximizing our ability to provide quality services to the Congress, and in my view, that was a prudent decision to make.

Now, that being said, many of those people would have been retiring anyway at some point in the next year or two. My request is to build the workforce for the future. I think we're going to be in this fiscal situation for an extended period of time, and we need to replenish our workforce and bring in additional staff. As I was saying, I use the analogy of a college football coach not having any sophomores or freshmen coming in and all the seniors are beginning to retire. You're looking at the juniors and you're saying, "You better keep working really hard in order to provide those services."

I appreciate your comment about the quality of our work. We will never sacrifice quality at the GAO. It's too important to the decisionmaking in the Congress to do that. And so my request is to begin restoring that.

Our funding was reduced 2 percent from fiscal year 2010 to fiscal year 2011, and then 6 percent from fiscal year 2011 to fiscal year 2012. As Ranking Member Senator Hoeven mentioned, I think, we've done our part.

With our request, we would still be 5 percent less than the fiscal year 2010 level. I'm not asking for a lot. I think it's a prudent and wise investment for the future.

Senator NELSON. Now, LOC also, as I said, participated in that VSIP program. And they've indicated they're undertaking a "right-sizing review" before asking for additional staff in the future. In connection with trying to decide to replace your seniors with freshmen and sophomores, have you undertaken any particular review of those current staffing levels as you think about what your future needs are as well?

CONTINUING CONGRESSIONAL DEMAND FOR GOVERNMENT ACCOUNTABILITY OFFICE SERVICES

Mr. DODARO. Basically, that all starts from what the demand is from the Congress in terms of the requests for services. As I mentioned, I've been meeting with the chair and ranking members of every standing committee of the Congress to make sure that we identify the priority needs.

In recent times, we've been given additional responsibilities to audit, for example, the Federal Reserve and all their emergency lending facilities. We've also been given the responsibility to audit the new Consumer Financial Protection Bureau. We continue to receive more than 900 requests a year from the Congress for our services.

I believe that right now we can't meet all the demands from the Congress in a timely fashion. In order to meet the highest-priority needs of the Congress, in my judgement we need a staffing level of 3,250 people. We're not there yet, but we have been there, and I think at that time we were meeting those needs in a timely manner.

We have a workforce profile that we think matches the highest-priority needs of the Congress. We don't have a set production kind of issue that some of the other legislative branch agencies do. We get requests in every week, and they might relate to an emergency external situation or natural disaster that we have to respond to.

We have to be flexible since our workload is ever-changing. I think at the requested level, we're right-sized to meet the demands

of the Congress both now and in the future. We have a strategic plan that looks out 5 years that we've vetted with the Congress in terms of changes in the environment and what we think are going to be the critical issues confronting the Congress and the Nation. We need to be prepared to meet those needs.

Senator NELSON. Thank you.

Senator Hoeven.

Senator HOEVEN. Thank you, Mr. Chairman.

I have a couple of questions. First would be, you were required to do zero-based budgeting and to go through that zero-based budgeting process. Did you find it helpful? And just describe whether you thought it was of value and if it helped you identify any savings.

REDUCING COSTS THROUGH ZERO-BASED BUDGET REVIEW

Mr. DODARO. Yes, we went through the zero-based approach, and we did find it helpful in reducing costs in our administrative areas.

As I mentioned in my opening statement, we've eliminated IT investments that were no longer necessary to meet our needs. We deferred a number of investments.

But we were able to identify particular areas where we had contractor support in the administrative areas, Senator, and so we were able to reduce our contractor administrative support quite a bit. We reduced our security guard services, for example.

We went through our budget line item by line item, and that exercise identified a number of areas for potential savings.

We also worked with our union and got ideas from them, and we posted an open Web site for any GAO employee who had cost-savings opportunities to make suggestions. You know, we're good at analyzing other people, so we tried to use that talent to help us. We received more than 600 suggestions from our employees.

We closed our library completely, and now we're reusing that space to free up other space so that we can rent and bring in additional revenue.

So the basic answer to your question is it was a good exercise. We found it helpful. It helped us identify savings. I think it was good.

IMPACT OF A HOLD-EVEN BUDGET

Senator HOEVEN. If you were given a hold-even budget, how would you go about meeting that? What changes would you make?

Mr. DODARO. I'm sorry, Senator, I didn't hear the first—

Senator HOEVEN. If you were given a hold-even budget, if we came back to you and said that you had to hold even, you had—

Mr. DODARO. Oh, hold even. Okay.

Senator HOEVEN [continuing]. The exact same level for funding for fiscal year 2013 as for fiscal year 2012, how would you go about achieving that?

Mr. DODARO. What I would do is to reduce our planned hiring to achieve savings through the attrition. In other words, we'd probably cut planned hiring in half.

We'd end up going down in an even level budget. Our staffing level would go down a little bit during the year.

We also would reduce some of the incentive programs that we have, such as the student loan reimbursement program. We think that's a very good program for retention purposes. We've had it in place several years. Last year, we were unable to afford it—but, I'd like to restore it in part.

Our plan was to restore it, but I'd restore it at a lower level if we were held flat. Then we'd look for other efficiencies to be gained.

That's how I'd do it at the hold-even level. Basically we'd be able to continue to keep most of our workforce replenished, but not as much as we'd like. We'd end the year at a lower staffing level.

As I was mentioning in my opening statement, we're at our lowest staffing level since 1935. I think if we add additional resources, there will be more returns to the Congress based on our recommendations, which could help the Congress find areas that they can cut or revenue enhancements.

We've got a great track record, and I think that investment in GAO provides good returns.

Senator HOEVEN. You were given additional work because of Troubled Asset Relief Program (TARP), and that should've subsided to some extent. Just comment on that, in terms of whether you've been able to find some cost savings because of the work that you're no longer having to do associated with TARP.

TROUBLED ASSET RELIEF PROGRAM

Mr. DODARO. Yes. The TARP law requires us to report every 60 days, and we've continued to do that. We've reduced our work in that area from more than \$5 million to less than \$2 million in our budget for next year, which is reimbursed by the Department of the Treasury. As we reduce TARP-related work, the staff is available to work on other mandates and requests.

There are several things that are continuing. One is the financial audit of the TARP financial statements.

Second, the law requires us to be engaged until every dollar is repaid or recouped under the bank and investment programs, so until the investments in AIG and General Motors are divested by the Department of the Treasury, for example.

Third, the Home Affordable Modification program has been extended to 2013. That's where they're trying to provide assistance to people in housing. The outlays continue under the TARP program in that area.

There are also 370 banks in the capital purchase program that haven't repaid their TARP money yet. We just issued a report most recently on those banks. They're not making their dividend interest payments according to the program, so the Government is at risk of not getting all of its money back from those banks. Most of the large banks have repaid, as you know, but the smaller banks haven't.

There's still activity under the TARP program. We've downsized our work as the TARP program has been downsized. We also received reimbursement for that TARP work from the Treasury Department, since the law that created TARP came outside of the normal appropriation cycle.

Senator HOEVEN. Of the total outlay from TARP, how much of that has been returned?

Mr. DODARO. I can provide that for the record.
 Senator HOEVEN. Very good. Thank you.
 Mr. DODARO. Sure.

LEGISLATIVE BRANCH OPPORTUNITIES FOR COST SAVINGS

Senator NELSON. Thank you.

As you know, the subcommittee is hoping to realize some cost savings and overall efficiencies by converting all of the legislative branch agencies' financial management systems under a single entity, the LOC.

The U.S. Capitol Police have successfully did this and has achieved significant cost savings as a result. We'll hear about that in the next hearing.

I'm asking you a question now, in your role as GAO, do you think that a way we can gain additional savings is by having, for example, the Architect of the Capitol convert to the LOC's financial management system?

Mr. DODARO. We were asked to look into that issue a few years ago, and as I recall, we felt it was feasible to be able to do that, but there really needed to be additional work done to make sure that it was going to be in the best interest of the Congress. There needed to be a cost-benefit study done, and the requirements completely outlined to be able to do that.

I think there's an ability to cross-service. We outsource a lot of our financial management operations to the National Finance Center, for example. The Department of Transportation does some of our processing, as well. We don't try to do it all ourselves, and we go to those other service providers.

There's no reason it can't happen, but I would say it needs careful study before implementation.

Senator NELSON. But you're not aware of any study, current or recent, at least?

Mr. DODARO. I don't believe so, Senator. I mean, I'll go back and check and provide something for the record, if we have one.

Now, feasible and actually making it happen are two different things.

Senator NELSON. I understand that.

Mr. DODARO. I've seen enough financial system failures across the Government to know that it needs to be very carefully planned and managed.

If there's something we could do to provide assistance in that area, I'd be happy to do that. But, we don't have current study on that.

Senator NELSON. Have you thought about other areas where there may be some cost savings associated with the sharing of management programs and other similar programs?

Mr. DODARO. Within the legislative branch?

Senator NELSON. Within the legislative branch, yes.

Mr. DODARO. To be honest, Senator, we've been so focused on driving our own costs down, I haven't thought about how we could do that. I think it's fruitful to do that. I will give that some thought and provide additional information to you about it.

Senator NELSON. We want to use your good expertise in every way that we possibly can and at the same time, insist that you drive your costs down.

Mr. DODARO. Right. We're doing well on ourselves, and we'll try to help elsewhere.

IMPACT OF A FLAT-LINE BUDGET

Senator NELSON. I understand.

I think Senator Hoeven did raise the question, what would you do if you were looking at a freeze, a flat-line budget? And without forecasting where things are going, it might be a good idea if you look internally to see what positions you will need based on your discussions with the chairmen of the different standing committees, in order to try to get an idea of what requests are going to be coming your way and a prioritization.

I think that's always good to have, just in case. I'm not predicting that; I'm not suggesting that's what's going to happen. But advanced preparation probably would be well-advised.

Mr. DODARO. Right.

We're always thinking about how to allocate the resources to the different teams to support the committees. We do that on an ongoing basis.

We're big believers of contingency planning, and so we'll be prepared to do that.

If we go less than the hold-even level, we'll have to either furlough staff or do some reductions in force.

Senator NELSON. Well, we understand that, and we appreciate what you've done to this point and know that you're committed to making certain that the services to the Congress continue.

Thank you so much.

Any further questions? Would you like to lead off with general printing, if you have some questions?

ZERO-BASED BUDGETING

Senator HOEVEN. Certainly can, Mr. Chairman.

My first question, Ms. Vance-Cooks, would be the same question I asked Mr. Dodaro: If you would go through your zero-based budgeting process; what you thought of it; whether you identified savings; and whether it was useful?

Ms. VANCE-COOKS. Thank you.

The zero-based budgeting process was actually applied to the Salaries and Expense appropriation. And through that, we determined that we would see some savings in moving our depository library distribution platform from our headquarters to our Laurel warehouse.

This resulted in almost \$250,000 to \$260,000 in savings, because the space rental is much cheaper there.

Then when we looked at our Congressional Printing and Binding appropriation, we determined that it would be best to reduce it because we saw that, through the trends, printing is declining. It is decreasing.

But because of the fact that printing is declining, we realized that at the same time there needs to be a balance, because of digital technology. Print on paper, the actual ink on paper, is declin-

ing. But at the same time, people expect us to have online digital technology, because everything pretty much is now turning online.

Because of that, we realized that we needed to make sure that we invest in the future for our technological improvements. GPO's FDSys, as I mentioned earlier, is huge. It is an online system. It is free to the public.

But in order for us to keep pace with technology, we must have our infrastructure strengthened, and that's where we decided to put our request in terms of a zero-based budget.

NEED FOR THE GOVERNMENT PRINTING OFFICE

Senator HOEVEN. If you would compare and identify savings that we realize by using GPO versus basically just saying to each of the Members and the Senators, "Okay, here's a budget. You take care of your own printing. Find it where you can." and trying to outsource or utilize other services, rather than through GPO.

In other words, what I'm looking for is, why are we saving money doing it the way we do it?

Ms. VANCE-COOKS. That's a great question, Senator, and one that we're always asked.

The question is, if all that congressional and Federal agency information is out there on the Internet, why do we have GPO? Well, Sir, the quick answer is that we're the ones who put all that information on the Internet to begin with. We're the ones who create the digital files that are put up online. Through those digital files, organizations like LOC pull that data or can use the files we send to them so that they can build THOMAS.

Where conventional printing is concerned, it is much cheaper for us to print the documents than to download them and print them off of a laser printer.

Let me give you an example using the Congressional Record. The Congressional Record, say, on the average, might have 150 pages. We know that when we look at the cost, 70 percent of the cost of printing that Congressional Record is related to the prepress activities.

Prepress simply means that we're taking all of those files, we're taking the information whatever way it comes to us, whether it's through paper or whether it's just in a digital file, we're the ones who assemble it. We're the ones who collate it. We're the ones who proof it. We paginate it. We reproof it to make sure it is correct.

Once it's correct, it can then either go online or it can be printed.

The additional 20 percent of that cost is principally for make-ready work, or setting up the press and the binding line. Then an additional 5 percent, Sir, is what is paid for the incremental cost of paper. We have determined through a lot of studies that if we print it, when it comes off the press after that very first very first page, it only cost 1.3 cents a page.

But we also know, from a study that was conducted by Lexmark, that the minimum cost for printing from an office laser printer is almost 7 cents a page.

So with the example that I just gave, when we print the Congressional Record, in this case, the cost would be less than \$2. But if you printed it from a printer in one of your offices, it could be more than \$10.

So that's why we need GPO. Not to mention the fact that we work 24/7. We're in session when you are. When you leave the chamber, when the lights go out at night, we're still working, so that when you come back the next morning, that Congressional Record is online or it's in paper form, so that you can carry out the work of the legislative process. We print all of your congressional products. You need to have one source for all of that.

And then, last, we're the ones that provide authentication for that information. You can get it anywhere off the Web if you want. But if you want to make sure that the information used in the legislative process is authentic, it needs to come from the GPO, because it will have the digital seal of approval on the left-hand side of that page, which indicates, through the chain of custody, we took care of it and it has not been tampered with.

REDUCTION IN CONGRESSIONAL PRINTING

Senator HOEVEN. Mr. Chairman, I do have a couple other questions. Would you like to go?

Senator NELSON. No, go ahead.

Senator HOEVEN. Okay.

Are we printing things that we should not be or that we don't need to be printing?

Ms. VANCE-COOKS. We asked that question last year when we issued our congressional survey. We started in May, and we actually sent the survey to all of the Member offices, where we asked them if they wanted to have the same number of copies of the Congressional Record, the Congressional Record Index, the Federal Register, and the Federal Register Index delivered to them. It was our way of being proactive and asking if the Congress needs all of the printed copies they were getting. As a result of that survey, we had an 18-percent reduction in the printed copies of the Congressional Record delivered to the Congress, the largest single annual reduction since we first put the Congressional Record online in 1994.

So the short answer to your question, Sir, is that we are continually working with the Congress to determine whether or not you need those particular copies or whether or not you need those particular products.

Senator HOEVEN. Has GAO ever done an evaluation of whether or not we're printing things that we don't need to print and whether or not we could disseminate the same amount of information as effectively at lower costs without printing some of these reports?

Ms. VANCE-COOKS. Yes, Sir. We have had multiple studies by GAO. We've had studies by the Congressional Research Service (CRS). In fact, we are now in the process of having a study conducted by the National Academy of Public Administration through CRS to talk about just the very thing you're describing. Our introductory meeting was last week.

And we have always had, through all of these studies, the same conclusion, which is that our business model is sound. It is effective. It is efficient. And it is cost saving.

POTENTIAL FOR ADDITIONAL SAVINGS

Senator HOEVEN. Good for you. I think it's important that you continue to assess it, because technology changes, and what you're doing has to evolve with it. And so, I think it should be something ongoing. I'm glad to hear that you're doing that.

Ms. VANCE-COOKS. Thank you.

Senator HOEVEN. I'm going to ask you the same question I'm going to ask each one of you: If we have to find further savings, where would you go? Do you have to go to cutting staff? Would you go to equipment? Where would you go to find savings if you have to do that?

Ms. VANCE-COOKS. If we have to do this, and of course you know I'm doing the agony thing, but if we have to do it, it would come from the funds we're requesting for capital investment, which is in our revolving fund.

The funds we're requesting for capital investments include two parts. One is for IT improvements and second would be for improvements to our building.

IT investments are is very important for us in terms of FDSys, because we must make sure that everything is online and that it is online quickly and that it is accurate. We recognize that we have a number of IT infrastructure issues that must be addressed.

Over the past few years, because of the delay in funding or not having enough funding, we've had to delay some of those projects. And because of the fact that we want to make sure that we're keeping pace with technology, that will suffer.

On the other side, in terms of the facilities, our building is aging. We do need a new fire suppression system, and we do need to renovate our elevators. I am very concerned about those two issues, because of the fact that they pose health and safety issues.

Senator HOEVEN. Thank you.

Ms. VANCE-COOKS. Thank you.

Oh, one other thing, Sir. I just received a note. I want to make sure to tell you that we only print what the Congress asks us.

Senator HOEVEN. I was pretty sure of that.

Ms. VANCE-COOKS. But I wanted to make sure that I gave it to you.

Senator HOEVEN. I was looking for ideas on maybe where we can go back to the Congress and say, "You don't need to print that."

Ms. VANCE-COOKS. That's right.

Senator NELSON. Thank you.

FEWER FULL-TIME EQUIVALENTS AT THE GOVERNMENT PRINTING OFFICE

In your estimate, it's by the end of fiscal year 2013, you'll have 250 fewer FTEs than you were operating with in fiscal year 2011. Is this a temporary reduction? Or is this a 1-year reduction, and next year you will be coming back asking for 100 to replace the 250 that you are down right now? Just trying to figure out what the trend line is on staffing that you're looking at.

Ms. VANCE-COOKS. Thank you. Actually, we're already there. We've lost 250 people through the buyout, and we lost another 65 through regular regular separations. So we're down about 312 positions.

We think that we will probably stay around that level. And the reason is because we're changing the skill level of the employees. Any selective hiring that we might do to replace some of the open positions are more along the lines of being technical.

Then on top of that, we are asking and making sure that we try to introduce as much technology as possible to take the place of employees. So I think that will be around the same.

Senator NELSON. Well, it's obvious that you're an agency in transition, and will continue to be in transition for some period of time. I commend the fact that you're making adjustments with that in mind.

You're stuck with paper at the present time. You'll be stuck with it for a long time. But you're also meeting your requirements on the technological side. That's important.

And I note that you said when our lights go off, your lights are still on. I have a feeling that Mr. Dodaro and Dr. Elmendorf still have their lights on, maybe even a little later into the night as well, with all the requests we keep asking for. I'm sure they feel the same way.

Well, thank you very much.

I will go to CBO for a second here with my time.

I want to commend you and your staff, Dr. Elmendorf, as well, in producing your budget request. I know it's a great pain, with all the requests that you're getting, and also recognizing that the spike in budgeting for salary and FTEs back a couple of years ago was temporary, and that you've taken the initiative to reduce staffing accordingly at the present time.

For tax analysis, for example, it may be one of the areas of increased congressional requests coming forward. With your reduced staffing, are you in a position where you think you have the right staff to deal with the tax issues that are likely to come up in this next year? Maybe not action, but a lot of talk about it, which means there'll be a lot of questions that will be thrown your way.

STAFFING

Dr. ELMENDORF. So, Mr. Chairman, we'll do the best we can with the staffing we have. But I would be much more comfortable about our capacity to meet the congressional demands if we were back at the staffing we had a few years ago. I mean, we do recognize, given the current appropriations discussions in the Congress, that we're not going back to that level of funding. But the demands have not really eased up. The demands weren't temporary.

So we're trying to make sure that we are allocating our staff in the areas of greatest congressional interest. The point that Senator Hoeven made about the importance of setting priorities, of deciding what really has to happen, is one that we're going through very intensively.

So we hope through that process to meet the highest-priority congressional demands. But as you know from your own experience with us, Senator, we can't get to anybody's requests as quickly as they would like and as quickly as they deserve, given the nature of the budget and economic problems that the country faces.

Senator NELSON. Without saying anything negative about any of our colleagues, some of them may have unusual expectations about

how fast things get turned around under the best of circumstances. And only you are the ones that have to tell them that their requests and expectations are unusual. Neither of us have to do that. So I recognize that challenge.

Now, I think you've also spoken to our colleagues and committee chairs about what they're expecting to try to assess the demand that you're going to face not only currently, but in the future. Has that been helpful in trying to establish some level of priority on the kind of demands you're going to get?

Dr. ELMENDORF. I think it certainly has been helpful. We tried to stay in close contact with all the committees with whom we do work.

Of course, the members of the subcommittee and their staff can't exactly foresee what will come ahead either. But the conversations have been very helpful. What I fear is that when we have conversations with individual committees about their needs and our staffing constraints, I fear that they mostly believe that the shortfall in staffing will come out of somebody else's requests, not theirs. And we keep trying to say that there'll have to be some reduction in what we can do for the wide range of committees and for the leadership in the House and the Senate, as well.

So we're sending that message, I think, pretty clearly. And we're learning from these conversations what it is that the committees want us most to do. But that doesn't, as you know, it doesn't eliminate the tensions.

INFORMATION TECHNOLOGY REQUIREMENTS

Senator NELSON. I noticed in the budget that you are going to IT replacement, and that you proposed to fund IT expenditures at around 40 percent less than in the current year. In the budget proposals for the past several years, you've also had reductions in IT development and in support. What steps have you taken in the past to reduce those IT costs? What additional steps are you probably looking at right now to continue to reduce those costs, because, obviously, there has to be some give for that reduction to be in your budget?

Dr. ELMENDORF. Right. So we were able, in the preceding few years, to replace a fair amount of our IT equipment. We put in a new network at CBO and other important upgrades.

Senator NELSON. You were getting faster results, as I recall.

Dr. ELMENDORF. And in fact, we actually, literally, went out and bought some faster computers to turn around certain estimates more quickly.

What we're doing right now really is just not replacing things. And that's okay for a little while, but isn't okay on a sustained basis.

The same issue is true in our purchases of data. One cannot buy a year's worth of data or maybe 2 years' worth of data. But eventually we'll be giving you analysis that, if we proceed on that course indefinitely, give you analysis based on outdated information—we can't let that happen.

So what we think we're going to continue to do is to restrain our staffing levels to bring down staffing, because we can't end up in

a situation where we have people without the support they need to do their jobs effectively.

NONPAY REDUCTIONS

Senator NELSON. Are you at the brink of deferral efficiency right now? In other words, can you keep deferring? Or have you reached the maximum level of deferrals, where from this point forward, it will adversely impact your ability to respond back?

Dr. ELMENDORF. So, I think any further reductions in our nonpay spending relative to what we have requested for next year would seriously affect our ability to provide the analysis that you need. And I think, moreover, even the level we're proposing in fiscal year 2013, we can't do again in fiscal year 2014.

And as we think about our purchase of data and IT equipment, and think about our staffing very crucially, we're looking not just at what you and your colleagues would do in fiscal year 2013, but where that will go in fiscal year 2014.

And I think in fiscal year 2014, we will need to spend more on these nonpay areas. As you know, they're only about 7 percent in our budget for next year. And that will have to go up in dollar terms in fiscal year 2014 in order to provide the support that people need. And what that means is that, unless our budget goes up in fiscal year 2014, then our staffing will go down further.

Senator NELSON. Senator Hoeven.

Senator HOEVEN. Thank you, Mr. Chairman.

Mr. Elmendorf, so if you have to find additional savings, you would go where? The IT budget? Is that what you're saying?

STAFFING REDUCTION

Dr. ELMENDORF. No. So if you held our budget flat in fiscal year 2013, with the level in fiscal year 2012, we would reduce staffing further—

Senator HOEVEN. Staffing?

Dr. ELMENDORF [continuing]. Then we proposed in the budget, because I think the nonpay complements have been squeezed as far as they can be squeezed in order to have the staff that we do have being effective at their jobs.

Senator HOEVEN. So if you had to reduce funding further, it would be a staff reduction?

Dr. ELMENDORF. It would be staffing. So if you held the budget flat rather than the 2-percent increase we're asking for, that would mean about five fewer FTEs for the year as a whole. Because we're starting at a level more than what we would be aiming for an average over the year, we would need to finish the year with fewer FTEs. So if you held the budget flat, we might aim to finish next year with about 225 FTEs rather than 235 FTEs.

IMPACT ON SERVICES

Senator HOEVEN. Okay, and then talk about the impact that would have on the services you provide.

Dr. ELMENDORF. So if you look at particular areas, and again there are a lot of areas we're asked to cover with fairly specialized expertise in different ones, so we have, for example, three analysts

who work on agricultural issues. And they work around the clock, especially last fall when the Appropriations Committee was—when the Agricultural Committees were looking for ways to reduce the costs of agricultural programs.

Senator HOEVEN. I remember.

Dr. ELMENDORF. But if one of those people left or retired, we wouldn't, I think, replace him. And then we'd have two analysts in an area rather than three.

We have a significant team of people working on national security issues. The budget consequences of different national security choices seems to me as prominent a concern of the Congress today as it has been. But if our staffing goes down, we will have to reduce the number of people we have working on doing estimates of the budgetary consequences of different national security choices.

One of the areas that we are protecting as we think about different levels, and we are working very hard at how we would structure the allocation of people for different levels of total staffing, one area that I think we'll protect in that process is people working on health programs, because that is an area where the interest of the Congress really has surged over the past few years and has not abated.

Although a large piece of legislation was enacted, as you know, the congressional interest in either reversing that action or in building upon it is extremely high. Partly because of that law, the work we do in an area is now even more complicated than ever. So that's an area where we need to maintain the staffing that we have, even if our total staffing is cut back.

But that means, then, more severe cuts to a whole set of areas in which CBO has traditionally and continues to play a very important role in serving the Congress.

Senator HOEVEN. So it would translate into longer timelines to respond to requests for CBO scoring, studies, and so forth? Primarily, what the Congress would see, is a longer timeline in terms of getting that work done?

Dr. ELMENDORF. Longer timeline, and I think I would say fewer variations. So I think in many cases, the timelines are fairly fixed by the congressional process. But what would happen is that we'd be able to do less work with committees, in particular, as they are preparing legislation for markup in committee.

So, we do about 600 formal cost estimates a year. This is the estimate we prepare after committees have reported out legislation. But we do thousands of informal estimates as committees are discussing what legislation to send out of committee.

And those are often variations on different themes; and we would have to do fewer of those. In the case of the studies that we write and other analyses that do not have fixed timing, then, yes, we would just stretch out the scheduling. And it would take longer to get answers from us.

CONGRESSIONAL ASSISTANCE

Senator HOEVEN. Is there something the Congress could do that you think would be beneficial in terms of assisting you in what you do and how you do it to make it more efficient, more cost-effective? Probably in your case, because you're primarily people, more time-

effective? And so, is there something in how we do this and how we request scoring that you think that you would recommend?

Dr. ELMENDORF. Well, so as we say when we talk to committees, more advanced warning for us of what issues are coming up and what alternative policies are being considered helps us do a more effective job. And I think most of the committees understand that and try to give us as much of a head start as they can.

I think beyond that the part of what makes our job hard is that the Congress tries to enact policies of different sorts, but does not, and then comes back around again later and tries one more time. So in the course of last year's discussions about fundamental changes in fiscal policy, we did an unbelievable amount of work that never saw the light of day and never made it into a formal cost-estimate, because legislation never really came to committees or to the floor of the Senate or the House for much of the work that we did.

So part of what takes time for us is that the Congress is wrestling with these issues. But that involves a certain amount of going back to policies we've estimated before and estimate them again with slight changes or against a new set of baseline economic and technical assumptions.

So if there were a more linear path for the Congress to get to the legislation it ultimately would enact, that would help us. But I don't think that's—that's not an operational suggestion. I think these are hard issues, of course. That's why the Congress is wrestling with them; and I don't have a lot of operational ideas on how to reduce that workload.

Again, I think we feel very bad when we have to say no, we can't look at this alternative policy that somebody has in mind, because it's a good thing for the Congress to be considering alternatives and to be trying to tackle the budget and economic issues that we face. So I can't suggest that you ask fewer questions.

And what worries me is our ability to provide the kinds of accurate and timely answers that you need.

WORK PROCESS

Senator HOEVEN. There's the process of what you do and there's the substance of what you do. You're talking about improving the process. That is something you have to evaluate all the time. I understand very well the point you're making.

It's a good one. A lot of this work doesn't necessarily translate into policy, yet it's the information people need to have in order to make decisions about what might be effective policy.

Substantively, I'm looking to see if there's any recommendations. I understand that that's a function of the Congress and the type of information they want, and how they want that provided, in a sense. But you being on the inside looking at how this machine works, seeing what your output is, do you have any recommendations on the substance of what you do? Where do we have you spending a lot of time but maybe not creating a lot of illumination?

I'm just looking for any of those kinds of recommendations.

Dr. ELMENDORF. So I think, in some cases, Senator, there is a request for us to look at more variations on different policies than reveal new information to the Congress. So sometimes variations

reveal important aspects of how the world works or how Government policy can affect the world. Other times, I think, those variations don't reveal interesting information about how the world works or how Government policy can matter.

And I think sometimes when we're asked to do a lot of work on specific aspects of policies, that sometimes that goes beyond the point of diminishing returns.

But it is difficult—but that's a concern that I have, and I can have it after the fact. It's much harder to know when one begins a process, what variations will be interesting and informative and what won't be.

And it's not our place to tell the Congress what policies it should be exploring. So it's very difficult for us to try to guide that sort of process as it unfolds.

And even if after the fact it turns out that we went down some roads that weren't very helpful, it's much harder for us to know that or to say that at the beginning of the road.

Senator HOEVEN. Okay. I'm just looking for any recommendations you have that might enable you to do your job more cost and time effectively. Certainly, we would want you to bring those forward.

I think, de facto, some of the things you're talking about, arguably, sort themselves out on a resource basis.

In other words, if you have fewer people, you will do fewer scenarios, because you will have no choice. And I think that's what you're saying. I understand that.

Dr. ELMENDORF. Yes.

Senator HOEVEN. So those areas you do, do, that's what I'm saying, we want to be as efficacious as possible.

Dr. ELMENDORF. Yes, and I think that's right. And we do try, when we can foresee the consequences, we do try to advise committee staff that we should not look at this path, because this will look just like the other one. They should have us look over here. And when we can see that coming, we do try to do that.

But again, you should understand, very rarely do I get phone calls from the chairmen or ranking members of committees saying, well, you showed me too many options.

Senator HOEVEN. No, I understand.

Dr. ELMENDORF. And I get a lot of phone calls.

Senator HOEVEN. Yes, I absolutely understand that part.

And it should be. I mean, people have the right to ask for the information if they want certain information. I understand that perfectly. Just we're making sure that if there are ways for your team to work more effectively, and we can help there, we do it, because, de facto, you and I both know there's going to be a limit on how many people you're going to have, and that's going to limit the service that you can provide.

Dr. ELMENDORF. Yes. I understand.

Senator HOEVEN. Thank you.

No further questions, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTION

Senator NELSON. Thank you, Senator Hoeven.

And I want to thank the witnesses and encourage Dr. Elmendorf to continue to work toward the illumination of the Congress.

Dr. ELMENDORF. We will, Mr. Chairman. Thank you.

[The following question was not asked at the hearing, but was submitted to the Office for response subsequent to the hearing:]

QUESTION SUBMITTED TO GENE L. DODARO

QUESTION SUBMITTED BY SENATOR JOHN HOEVEN

Question. Of the total outlay for the Troubled Asset Relief Program (TARP), how much of that has been returned?"

Answer. As reported in the Federal Government's financial statements, as of September 30, 2011, TARP had disbursed a total of \$413.4 billion and \$316.1 billion had been returned including \$276.9 billion in repayments and \$39.2 billion in income from dividends, interest, and warrants. Since that time, the Department of the Treasury has provided updated information. As of April 4, 2012, TARP had disbursed a total of \$414.56 billion and \$333.5 billion had been returned including \$392.64 billion in repayments and \$40.86 in income from dividends, interest, and warrants.

SUBCOMMITTEE RECESS

Senator NELSON. The subcommittee will stand in recess until 2:30 p.m. on March 22, 2012, when we will meet in this room to take testimony on the fiscal year 2013 budget request of the Secretary of the Senate, the Senate Sergeant at Arms, and the United States Capitol Police.

We stand recessed. Thank you.

[Whereupon, at 3:50 p.m., Thursday, March 15, the hearing was concluded, and the subcommittee recessed until 2:30 p.m. on March 22, 2012.]