

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2014

TUESDAY, MAY 21, 2013

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

The subcommittee met at 9:40 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Jeanne Shaheen (chairwoman) presiding.

Present: Senators Shaheen, Hoeven, and Boozman.

GOVERNMENT ACCOUNTABILITY OFFICE

STATEMENT OF GENE L. DODARO, COMPTROLLER GENERAL OF THE UNITED STATES

OPENING STATEMENT OF SENATOR JEANNE SHAHEEN

Senator SHAHEEN. Good morning, everyone.

I apologize for being late and for being a little disorganized this morning. Welcome.

I want to especially thank our witnesses who are here today. Gene L. Dodaro, who is the Comptroller General, thank you for being here; Davita Vance-Cooks, the Acting Public Printer, very nice to have you here; and Doug Elmendorf, who is the Director of the Congressional Budget Office. I am pleased to be joined by the ranking member on this subcommittee, Senator Hoeven.

This is our second hearing of the year. We are particularly interested this morning in hearing both about your budget proposal, but also about the impact that sequestration has had on your operations and any projections you might have for your ability to continue to provide for the operations of this Congress should sequestration continue, and should your budget requests not be honored. I am going to ask you to focus on those, which I am sure you were planning anyway, as part of your remarks.

And we will begin, Mr. Dodaro, with you.

SUMMARY STATEMENT OF GENE L. DODARO

Mr. DODARO. Thank you very much. Good morning Chairwoman Shaheen, Ranking Member Hoeven. I am pleased to be here.

First, I would like to thank the subcommittee for its support of us in the past, and I believe we have delivered a great return on investment given the support that you have given us.

Last year, as a result of implementation of our recommendations, \$55.8 billion occurred in financial benefits, and that is \$105 re-

turned for every \$1 invested in GAO. In addition, we achieved more than 1,400 other benefits in helping the Congress improve laws, public safety, and the effectiveness of Federal Government programs. So we believe we have a solid track record.

We have been working very hard to deal with both the budget reductions and sequestration. We have reduced our administrative costs more than 20 percent, and kept them down. We have also reduced our travel costs more than 40 percent, and kept them down. We have increased our rental income by rearranging our office space, and we have a new tenant in the headquarters building. We have also embarked on an enhanced telework initiatives in our field offices to bring down our rental costs very significantly in the field offices.

The main casualty for us, though, since we are 81 percent personnel costs, is the fact that the size of our organization is much smaller. By the end of fiscal year 2013, our staffing level will be down almost 14 percent from fiscal year 2010 levels. That is the smallest level we have been since 1935.

The best way that I could explain the impact, both short term and long term, is given that number over a 6-year period with a 15-percent reduction, if it continues at that level that is the equivalent of the entire GAO not working for 1 year.

On average, for the past several decades, we have been able to produce, annually, \$46 billion of financial benefits and more than 1,200 other benefits for the Government. So reduced staffing will have impact. A smaller GAO means that we will be able to identify fewer opportunities for the Congress to save money, enhance revenues, and to effectively deal with the Federal Government's long term fiscal challenges.

The Federal Government will have fiscal challenges for many years to come. I think an investment in GAO is a prudent use of resources, so GAO can help Congress identify areas where it cut the programs appropriately, prioritize properly, and take these actions in a more equitable and targeted manner that won't have unintended consequences.

In fact, we have already been asked to look at the impact of sequestration on other agencies. And having been around Government for a while, I know the type of cutbacks that will be made during downsizing. I think that some of the cutbacks can increase the risk of other Federal Government programs perhaps wasting more resources or having internal control breakdowns.

That is an area where we can well serve the Congress by getting in, and doing that work, and helping rectify those situations before they have more severe consequences.

We have made a prudent request for next year to try to add back some of our staffing level. We would still be well below the fiscal year 2010 levels, but we think it is prudent to be able to do this.

We normally have about 420 people in our entry level programs. Right now, we have 14. We have had 3 straight years now of not bringing in enough people to replace attrition: 40 percent of our senior executives are eligible to retire; 26 percent of our midlevel managers.

The reason we have been able to produce solid results year in and year out is because we have a highly dedicated and trained

workforce and good succession planning because it takes experienced people to be able to find these problems in Government and deal with them effectively. And I am concerned. I tell everybody I feel like a college football coach where the seniors are leaving, but there are no freshmen and sophomores.

So I ask for your indulgence. I know you will give careful consideration to our request, and I look forward to answering your questions at the appropriate time.

[The statement follows:]

PREPARED STATEMENT OF GENE L. DODARO

FISCAL YEAR 2014 BUDGET REQUEST

In February, GAO submitted its fiscal year 2014 budget request for a modest increase of 1.9 percent to bolster its staff capacity and retain its highly skilled workforce. Consistent with guidance from the appropriations committees and OMB, the fiscal year 2014 request was based on the annualized level of the initial continuing resolution (CR) which provided a slight increase over fiscal year 2012 in fiscal year 2013. Since that time, several actions have significantly reduced GAO's fiscal year 2013 appropriation from \$511.3 million in fiscal year 2012 to \$479.5 million in fiscal year 2013, including (1) a reduction of \$5 million imposed in the final CR resulting in an enacted level of \$506.3 million, and (2) the \$25.7 million sequester and \$1 million rescission required by the Budget Control Act—a total reduction of \$31.7 million or 6.2 percent below fiscal year 2012.

GAO appreciates the flexibility Congress provided in the final CR to help partially offset these reductions by increasing GAO's authority to spend collections and use prior year available balances to cover mandatory workers' compensation costs. However, these reductions to GAO's fiscal year 2013 resources required that GAO take a number of actions to curtail spending plans, including reducing planned hiring by nearly 60 percent—dropping GAO's staffing level by over 100 full-time equivalent (FTE) staff to 2,884 FTEs. Fiscal year 2013 represents the third consecutive year of reductions in GAO's staffing level.

GAO has also updated its fiscal year 2014 requirements to reflect reduced fiscal year 2013 resources, hiring and spending. GAO's fiscal year 2014 revised requirements of \$505.4 million are 0.2 percent below the fiscal year 2013 CR-enacted level and 5.4 percent over the fiscal year 2013 post-sequester/post-rescission funding level. Consistent with guidance, GAO's estimates assume the across-the-board pay increase (ATB) is 1.8 percent. However, if Congress chooses the ATB of 1 percent recently recommended by the President, it would further reduce GAO's requirements to \$502.5 million—an increase of 4.8 percent over the fiscal year 2013 post-sequester/post-rescission funding level.

GAO's fiscal year 2014 estimate supports a staffing level of 2,945 FTEs and will allow GAO to reinvigorate its hiring and retention programs to address succession planning and critical skill gaps and bolster GAO's overall staff capacity. Since fiscal year 2010, GAO has dramatically reduced its staffing level and operating costs in response to budget constraints. By the end of fiscal year 2013, GAO's staffing level will have dropped by 463 FTE or nearly 14 percent—a level not seen since 1935. In addition, in order to sustain quality operations throughout this period of budget constraints, GAO has already significantly reduced spending, reorganized its administrative support structure, improved business practices, leveraged technology to enhance the overall efficiency of its operations, and made significant reductions in its engagement support and infrastructure programs.

This significant reduction in GAO's staffing level severely jeopardizes its ability to adequately support the Congress in a timely manner, now and in the future. It is imperative that GAO rebuild its staff capacity to a level that will enable it to optimize the benefits GAO yields for the Congress and the Nation going forward. Given the size of the Federal budget and the multiyear actions needed to address the seriousness of the Government's fiscal condition, investing resources to restore some of GAO's staff capacity would be a prudent and wise investment that will produce positive outcomes for the Congress and our country. For example, since 2002 GAO's work has resulted in over one-half trillion dollars in financial benefits and over 14,000 other benefits for the American people.

Chairwoman Shaheen, Ranking Member Hoeven, and members of the subcommittee: I appreciate the opportunity to be here today to discuss the U.S. Government Accountability Office's (GAO) budget request for fiscal year 2014. I want to

thank the subcommittee for its continued support of GAO. GAO very much appreciates the confidence you have shown in its 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's results include generating recommendations that save resources and increase revenue; improve the accountability, operations, and services of Government agencies; increase the effectiveness of Federal spending; and provide other benefits. Since fiscal year 2002, GAO's work has resulted in substantial financial and other benefits for the American people, including:

- over one-half trillion dollars in financial benefits;
- 14,083 program and operational benefits that helped to change laws, improve public services, and promote sound management throughout Government; and;
- 12,485 products including 22,548 recommendations.

In February, GAO submitted its fiscal year 2014 budget request for a slight increase of 1.9 percent to bolster GAO's staff capacity and retain its highly skilled workforce. Consistent with guidance from the Appropriations Committees and OMB, the fiscal year 2014 request was based on the annualized level of the initial continuing resolution (CR) which provided agencies a modest increase over fiscal year 2012 in fiscal year 2013. Since that time, several actions have significantly reduced GAO's fiscal year 2013 appropriation to \$479.5 million—a reduction of \$31.7 million or 6.2 percent below the fiscal year 2012 level of \$511.3 million, including the:

- March 1 sequester of 5 percent, or \$25.7 million, required by the Budget Control Act;
- March 26 reduction of \$5 million imposed in the final CR; and
- April 4 rescission of \$1 million imposed by OMB to bring fiscal year 2013 appropriations within the spending cap mandated by the Budget Control Act.

GAO also appreciates the flexibility Congress provided in the final CR to help partially offset these reductions by increasing GAO's authority to spend collections and use prior year available balances to cover mandatory workers' compensation costs. However, the reductions to GAO's fiscal year 2013 appropriation level required that GAO take a number of actions to curtail spending plans, including reducing planned hiring by nearly 60 percent. Consequently, GAO's staffing level will decline for the third consecutive year. In fiscal year 2013, GAO's full-time equivalent (FTE) staffing level will drop by over 100 FTE to 2,884 FTEs.

GAO has updated its fiscal year 2014 requirements to reflect reduced fiscal year 2013 resources, hiring and spending. GAO's fiscal year 2014 requirements of \$505.4 million are 0.2 percent less than the fiscal year 2013 appropriation of \$506.3 million provided in the final CR and a 5.4 percent increase over the fiscal year 2013 post-sequester and post-rescission net appropriation level of \$479.5 million. This funding supports a staffing level of 2,945 FTEs and will allow GAO to reinvigorate its hiring and retention programs to address succession planning and critical skill gaps and increase GAO's overall staff capacity.

This estimate includes the across-the-board pay increase at 1.8 percent based on guidance from the Appropriations Committees and the legislative branch Financial Managers' Council. However, if Congress chooses the across-the-board pay increase recommended in the President's recent budget submission of 1 percent, it would further reduce GAO's fiscal year 2014 requirements to \$502.5 million—a 4.8 percent increase over the fiscal year 2013 post-sequester and post-rescission net appropriation level.

Since fiscal year 2010, GAO has dramatically reduced its staffing level and operating costs in response to budget constraints. By the end of fiscal year 2013, GAO's staffing level will have dropped by 463 FTE or nearly 14 percent to 2,884 FTEs—a level not seen since 1935. Since fiscal year 2010, GAO has had extremely limited hiring, and as a result, the number of entry-level staff is not sufficient to provide a pipeline of experienced staff in the future and a significant proportion of GAO employees will be retirement eligible at the end of fiscal year 2013.

This significant reduction in GAO's staffing level and these succession planning challenges severely jeopardize GAO's ability to adequately support the Congress in a timely manner, now and into the future. It is imperative that GAO rebuild its staff capacity to a level that will enable it to optimize the benefits GAO yields for the Congress and the Nation going forward. Given the size of the Federal budget and the multiyear actions needed to address the seriousness of the Government's fiscal condition, investing resources to restore some of GAO's staff capacity would be both prudent and wise.

ASSISTING THE CONGRESS AND THE NATION DURING CHALLENGING TIMES

GAO remains one of the best investments in the Federal Government, and GAO's dedicated staff continues to deliver high quality results. In fiscal year 2012 alone, GAO provided services that spanned across the broad range of Federal programs and activities. GAO provided results that supported 95 percent of the standing committees of the Congress and about 60 percent of their subcommittees.

GAO's work issued in fiscal year 2012 addressed various topics such as continued work on duplication, overlap, and fragmentation in the Federal Government; the war in Afghanistan; Postal Service financial issues; implementation of Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and the Federal, State, and local government fiscal outlook. GAO also reviewed Government programs and operations that are at high risk for fraud, waste, abuse, and mismanagement, as well as reviews of agencies' budget requests to help support congressional decision-making. In addition, senior GAO officials testified at 159 hearings on national and international issues as shown in Appendix I. GAO's findings and recommendations produce measurable financial benefits after Congress acts or an agency implements them and the funds are made available to reduce Government expenditures or are reallocated to other areas.

Financial Benefits and Other Improvements

GAO's fiscal year 2012 work yielded significant results across the Government, including \$55.8 billion in financial benefits—a return of \$105 for every dollar invested in GAO. Examples of fiscal year 2012 financial benefits resulting from GAO recommendations implemented by Congress or Federal agencies include:

- \$12.4 billion from legislated reductions in payments to Medicare Advantage plans.*—GAO analysis found that Medicare Advantage plans spent less on medical expenses than projected, thus gaining much higher profits than originally estimated;
- \$8 billion from cancellation of NASA's Constellation program.*—GAO questioned the project's affordability, acquisition strategy, and overall business plan; and
- \$3.1 billion from cancellation of DOD plans to lengthen South Korea tours of duty.*—After conducting a GAO-recommended analysis of benefits, costs, and alternatives to a planned initiative to increase lengths of U.S. service members' tours in South Korea and move their dependents, DOD decided the initiative was unaffordable, avoiding \$3.1 billion in costs.

In fiscal year 2012, GAO also contributed to 1,440 program and operational benefits that helped to change laws, improve public services, and promote sound management throughout Government. Thirty-six percent of these benefits are related to public safety and security, 35 percent are related to business process and management, 14 percent are related to program efficiency and effectiveness, 8 percent are related to acquisition and contract management, 4 percent are related to tax law administration, and 3 percent are related to public insurance and benefits, and included:

- Public Safety and Security.*—Enhancing the Food and Drug Administration's ability to protect public health by taking a more risk-based approach in selecting foreign drug establishments for inspections; improving oversight of medical device recalls; enhancing its response to drug shortages; and expanding its efforts to expedite review of applications to market drugs that would help to prevent or resolve shortages (Food and Drug Administration Safety and Innovation Act).
- Public Safety and Security.*—Addressing weaknesses in how agencies create and use the terrorist watchlist.
- Acquisition and Contract Management.*—More robust planning for contractor demobilization and personnel accountability by the Department of Defense (DOD).
- Public Insurance and Benefits.*—Requiring the Federal Emergency Management Agency to use information on topography, coastal erosion areas, changing lake levels, future changes in sea levels, and intensity of hurricanes in updating its flood maps (Biggert-Waters Flood Insurance Reform Act of 2012).
- Public Insurance and Benefits.*—Improving Social Security Administration performance goals and risk assessments in support of the disability claims process.
- Tax Law Administration.*—Strengthening IRS' use of existing tax collection tools.

GAO recently issued its third annual report on duplication, overlap, cost-saving opportunities, and revenue enhancements which identifies an additional 31 areas where agencies may be able to achieve greater efficiencies or effectiveness. Within these 31 areas, GAO identified 81 actions that the executive branch and Congress

could take to reduce fragmentation, overlap, and duplication, as well as other cost savings and revenue enhancement opportunities. Through its three annual reports, GAO has identified a total of 162 areas with 380 actions that the executive branch and Congress could take to address fragmentation, overlap, and duplication or achieve cost savings. Collectively, these reports show that, if the actions are implemented, the Government could potentially save tens of billions of dollars annually.

In addition to identifying new areas, GAO has continued to monitor the progress executive branch agencies and Congress have made in addressing the areas previously identified. GAO has developed a publicly accessible, online search tracks which provides the implementation status of every suggested action that GAO identified in its three annual reports. To date, results or actions from the 2011 and 2012 reports show: 65 actions have been addressed, 149 actions have been partially addressed, and 85 actions have not been addressed.

GAO also issued 11 products in response to the Dodd-Frank Wall Street Reform and Consumer Protection Act on financial institutions and securities markets and several reports on insurance markets and publicly financed health insurance programs related to the Patient Protection and Affordable Care Act. In addition, GAO continued to regularly report the results of its work on the Troubled Asset Relief Program and the American Recovery and Reinvestment Act.

Every 2 years, GAO provides Congress with an update on its High Risk Series which highlights major programs that are at high risk due to their greater vulnerabilities to waste, fraud, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges. In fiscal year 2012, GAO issued 188 reports, delivered 55 testimonies to the Congress, and prepared several other products, such as briefings and presentations related to its High Risk work.

Financial benefits resulting from this work totaled \$28.4 billion in fiscal year 2012. Solutions to high risk problems offer the potential to save billions of dollars, improve services to the public, and strengthen the performance and accountability of the U.S. Government. In February 2013, GAO issued the biennial update and report on progress made and what remains to be done to address each of the high risk areas. The updated High Risk List identifies 30 troubled areas across Government and is shown below.

TABLE 1.—GAO's 2013 HIGH RISK LIST

STRENGTHENING THE FOUNDATION FOR EFFICIENCY AND EFFECTIVENESS	
—Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks (new)	
—Management of Federal Oil and Gas Resources	
—Modernizing the U.S. Financial Regulatory System and Federal Role in Housing Finance	
—Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability	
—Funding the Nation's Surface Transportation System	
—Strategic Human Capital Management	
—Managing Federal Real Property	
TRANSFORMING DOD PROGRAM MANAGEMENT	
—DOD Approach to Business Transformation	
—DOD Business Systems Modernization	
—DOD Support Infrastructure Management	
—DOD Financial Management	
—DOD Supply Chain Management	
—DOD Weapon Systems Acquisition	
ENSURING PUBLIC SAFETY AND SECURITY	
—Mitigating Gaps in Weather Satellite Data (new)	
—Strengthening Department of Homeland Security Management Functions	
—Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland	
—Protecting the Federal Government's Information Systems and the Nation's Cyber Critical Infrastructures	
—Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests	
—Revamping Federal Oversight of Food Safety	
—Protecting Public Health through Enhanced Oversight of Medical Products	
—Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals	
MANAGING FEDERAL CONTRACTING MORE EFFECTIVELY	
—DOD Contract Management	
—DOE's Contract Management for the National Nuclear Security Administration & Office of Environmental Management	

TABLE 1.—GAO's 2013 HIGH RISK LIST—Continued

—NASA Acquisition Management
ASSESSING THE EFFICIENCY AND EFFECTIVENESS OF TAX LAW ADMINISTRATION
—Enforcement of Tax Laws
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

Strategic Plan for Serving Congress

In February 2012, GAO issued an interim update to its strategic plan for serving the Congress for fiscal years 2010–2015. GAO's strategic planning efforts also help it anticipate and respond to congressional needs. To be prepared to address timely and relevant issues, GAO uses eight broad trends identified in its strategic plan to guide its work plans. The scope of GAO's work is broad-based which allows it to respond to domestic and international challenges and covers the following trends: national security threats; fiscal sustainability and debt challenges; economic recovery and restored job growth; global interdependence; science and technology; networks and virtualization; shifting roles of Government; and demographic and societal change. GAO's three external strategic goals reflect the wide array of national and international issues that GAO covers in its mission to support the Congress, 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; and
- helping transform the Federal Government to address national challenges.

GAO plans to issue the next full 5-year strategic plan update for serving the Congress in 2014. GAO's strategic plan framework is attached as Appendix II. High demand coupled with continuing budget constraints and fewer resources necessitates that GAO prioritize requests for its work in close consultation with congressional committee leaders.

ACTIONS TAKEN TO REDUCE OPERATING COSTS AND ACHIEVE EFFICIENCIES

Since fiscal year 2010, GAO has significantly reduced spending, reorganized our administrative support structure, improved business practices, and leveraged technology to enhance the overall efficiency of its operations. Beyond the cuts to GAO's staffing level, GAO has also made significant reductions in engagement support and infrastructure programs. During this same period, GAO reduced engagement support costs, such as staff travel by nearly 47 percent, and infrastructure support costs, such as information technology, building and security services, and administrative support services by nearly 23 percent.

In addition, GAO has implemented and is continuing to aggressively explore other opportunities to reduce its infrastructure costs, provide staff more flexibility, and increase its effectiveness and efficiency.

Space Optimization Generates Additional Rental Income

In fiscal year 2012, GAO completed activities to better optimize space in the GAO headquarters building and released a significant amount of space which it has leased to the Department of Justice (DOJ) under a 10-year agreement which will provide \$2.1 million annually to help offset GAO's costs. DOJ began occupying the space in January 2013.

Enhanced Telework/Workspace-Sharing Pilot Reduces Infrastructure Costs

Also, in fiscal year 2013, GAO expects to reduce its physical presence in several field offices resulting in savings of \$1.2 million in lease costs, with additional savings projected in future years. In fiscal year 2012, GAO implemented an enhanced telework pilot, including workspace sharing and hoteling components, to reduce infrastructure costs and enhance flexibility for employees by allowing them to spend more time working at home or at an alternate worksite. GAO is expanding the pilot to additional field offices throughout fiscal year 2013.

More Efficient IT and Building Systems Reduce Operating Costs

GAO also plans to implement targeted investments to improve the efficiency of its information technology infrastructure and building systems. For example, in fiscal year 2013, GAO will be piloting an effort to streamline and virtualize its information technology infrastructure that will reduce maintenance and operating costs, improve system performance, increase data security, and increase the availability of tools for staff—particularly GAO’s increasingly mobile workforce. In a virtualized environment, all GAO operating systems, applications, software, and data would be housed in a secure datacenter, rather than on a user’s computer. In addition, GAO will continue progress toward upgrading building infrastructure heating and ventilation systems to ensure continued operation and efficiency. Most of the funding for these essential investments will come from savings within these programs.

Increasing the Efficiency of GAO’s Processes is a Top Priority

GAO has also made it a priority to increase the efficiency with which it conducts our mission work. This effort focuses on improving the way GAO manages and conducts engagements, uses its resources, and communicates its message. GAO made significant progress in fiscal year 2012 to improve the efficiency of the processes it follows to produce GAO products. For example, GAO completed an end-to-end analysis of its engagement process and identified several areas of opportunity for improved efficiency, such as:

- identifying changes to key steps and decision points in its engagement process to ensure resource investments on individual engagements are in line with congressional needs and needed scope of work;
- taking steps to more efficiently create content, standardize its review and fact-checking procedures within its rigorous quality assurance framework, as well as to distribute and publish its reports and content in multiple formats; and
- pursuing major enhancements to key engagement support and management systems to reduce rework and improve systems support and management information.

GAO also created the new Office of Continuous Process Improvement to oversee and implement these and other improvement projects. Under the auspices of this new office, 7 projects have been completed; 25 are underway; and next steps for fiscal year 2013 have been developed. GAO also created an executive-level governance structure for prioritizing and directing process improvement initiatives.

In fiscal year 2013 GAO will continue to identify other areas of opportunity for improved efficiency, and will continually prioritize how to use resources to ensure the most significant efficiency gains. In addition, GAO will develop performance metrics for the process improvement program to show the effect improvement initiatives are having on its operations. When implemented, these improvements will allow GAO to streamline and standardize these processes to achieve greater efficiency in its work without sacrificing quality, to increase its responsiveness to the Congress, and to deliver products to the Congress and the public more effectively and efficiently.

FISCAL YEAR 2014 REQUIREMENTS

GAO’s revised estimate of \$505.4 million would enable GAO to bolster its staff capacity and retain its highly skilled workforce. GAO could reduce its requirements to \$502.5 million if the across-the-board pay increase is reduced from 1.8 percent to 1 percent as recommended by the President. GAO also plans to offset its costs with \$44.8 million in receipts from rental income, a new bid protest user fee, and reimbursements from program and financial audits. The requested resources provide the funds necessary to ensure that GAO can meet the highest priority needs of the Congress and produce results to help the Federal Government deal effectively with its serious fiscal and other challenges.

A summary of GAO’s appropriation for fiscal years 2010–2014 is shown in Figure 1.

FIGURE 1.—GAO APPROPRIATIONS: FISCAL YEAR 2010-FISCAL YEAR 2014

[In thousands of dollars]

	Amount
Fiscal year 2010 actual	556,325
Fiscal year 2011 actual	546,075
Fiscal year 2012 actual	511,201
Fiscal year 2013 net appropriation (includes both the sequester and the rescission)	479,548

FIGURE 1.—GAO APPROPRIATIONS: FISCAL YEAR 2010-FISCAL YEAR 2014—Continued

[In thousands of dollars]

	Amount
Fiscal year 2014 request with 1.8 percent pay increase	505,383
Fiscal year 2014 request with 1 percent pay increase	502,528

The requested funding level supports a staffing level of 2,945 FTEs, and provides funding for mandatory pay costs, staff recognition and benefits programs, and activities to support congressional engagements and operations. These funds are essential to ensure GAO can address succession planning challenges, provide staff meaningful benefits and appropriate resources, and help ensure that GAO can compete with other agencies, nonprofit institutions, and private firms who offer these benefits.

Human Capital Challenges

GAO depends on a talented, diverse, high-performing, and knowledge-based workforce to carry out its mission to support the Congress. Like other Federal agencies, GAO is challenged to address several critical human capital management issues, while doing more with less. These issues include preparing for the retirement of executives and other senior managers, creating and maintaining a performance-based culture that helps to motivate and retain talented people, and implementing workplace practices that meet the needs of an ever-changing workforce in a fair and equitable manner.

Succession planning remains critical. In just 3 years, GAO's FTE level will be reduced by nearly 14 percent. During that time GAO has had extremely limited hiring, and as a result, the number of entry-level staff is not sufficient to provide a pipeline of experienced staff in the future. A significant proportion of GAO employees will be retirement eligible at the end of fiscal year 2013, including about 40 percent of senior executive staff and about 26 percent of supervisory analysts. These factors combine to make GAO's overarching human capital challenge one of ensuring that it has the future capability to support the mission of the agency to serve the Congress with the right resources, where and when they are needed.

GAO's funding request provides the resources to reinvigorate its hiring program to recruit entry-level staff and interns and fill critical vacancies. GAO also plans to increase funding—constrained in fiscal years 2012 and 2013—for recruitment and retention programs, such as student loan repayments and performance-based recognition to help (1) ensure its ability to attract, motivate, develop, and retain its highly skilled workforce; (2) address succession planning and skill gaps; and (3) ensure its ability to compete with private sector firms, nonprofit institutions, and other agencies who can offer these benefits.

Internal Efforts to Ensure Openness, Diversity and Fairness Continue

GAO continues to work hard to achieve its diversity and inclusiveness goals.¹ GAO's diversity efforts have been recognized both within the agency and externally. Most recently, in the 2012 best places to work list sponsored by the Partnership for Public Service—in which GAO ranked second overall among mid-size Federal agencies—we were rated number one in our support of diversity for the second year in a row. This important milestone notwithstanding, we realize that maintaining a work environment that supports a culture of inclusiveness is a dynamic and continuous process. We will continue to focus on diversity and inclusion, as it is a strategic goal that enhances our ability to fulfill our mission.

Additionally, in recognition of the importance of ensuring open lines of communication across GAO, I am intensifying communications with managers through several initiatives. This is particularly important as GAO addresses a number of external and internal challenges. For instance, the Executive Committee and I will meet regularly with individuals from all teams and staff offices. Every spring GAO will hold a town hall meeting so leadership can provide an update as to how the year is progressing and hear from staff directly, answering questions along the way. Of course, the Executive Committee and I will also monitor events and hold informational sessions or other discussions with employees as events warrant.

¹We have two documents to help us monitor our progress and identify areas for improvement—our 2012–2015 Diversity and Inclusion Strategic Plan that focuses on 3 goals—(1) workforce diversity, (2) workplace inclusion and (3) sustainability, and our annual Workforce Diversity Plan which provides data on the composition of the workforce, information on outcomes from key human capital processes as well as views and suggestions from employees about the work environment.

We maintained our productive working relationship with the employees' union, GAO Employee's Organization, International Federation of Professional and Technical Engineers (IFPTE), Local 1921, and reached agreement on several initiatives, including approval of our new performance appraisal system. We welcomed the establishment of a new bargaining unit with IFPTE, Local 1921, for our administrative professional and support staff. We are also working with the Employee Advisory Council and the Diversity Advisory Council on several issues.

Filing Fees Reduce Taxpayer Costs

GAO's fiscal year 2014 budget request proposes new statutory authority to collect a filing fee from companies filing bid protests. The sole purpose of the filing fee would be to offset the cost of developing, implementing, and maintaining an electronic docketing system. GAO plans to collect a small filing fee, similar to other Federal and State entities, which will shift the cost from taxpayers to the companies that directly benefit from the system.

For more than 80 years, GAO has provided an objective, independent, and impartial quasi-judicial forum for the resolution of disputes concerning the award of Federal contracts. By law, GAO is required to resolve all protests within 100 calendar days from the date the protest is filed. GAO has experienced a significant increase in bid protest filings, from 1,411 filings in fiscal year 2007 to 2,475 filings in fiscal year 2012. In fiscal year 2011, GAO received more than 16,000 protest-related e-mail messages, many of which contain time-sensitive material critical to the effective resolution of the protest within the 100-day statutory period.

GAO's current manual docketing system is a highly resource intensive administrative function that is outstripping available resources. An electronic filing system would make better use of available resources, minimize the potential for human error, provide automatic and immediate notification to agencies that a protest has been filed at GAO, and provide a useful service to the parties during the course of a protest since they could instantaneously access all public documents filed in a particular protest through a readily accessible web-based portal.

MANAGING WORKLOAD BY FOCUSING RESOURCES ON CONGRESSIONAL PRIORITIES

To manage its congressional workload during this period of declining budgets and staff resources, GAO continues to take steps to ensure its work supports congressional legislative and oversight priorities and focuses on areas where there is the greatest potential for results in producing cost savings and improving Government's performance. GAO gives priority to mandates² and requests from congressional committee leaders which allows it to support congressional committees as they carry out their appropriation, authorization, and oversight activities. GAO also focuses on areas where there is the greatest potential for results, such as recommendations that identify cost savings, improve Government agencies, and provide other benefits, such as improving public safety and security.

To ensure GAO prioritizes its work to align with congressional leadership priorities and potential for results, GAO consults continuously with congressional committees to ensure that its work is focused on their highest priorities. Communicating frequently with congressional clients helps GAO stay abreast of their needs as shifts in congressional priorities can change the mix of work GAO is asked to perform. GAO outreach includes my meetings with the Chairs and Ranking Members of many of the standing committees.

These sessions provide me the opportunity to hear first-hand the feedback from committee Chairs and Ranking Members on GAO's performance, as well as provide an opportunity to highlight the need to prioritize requests for GAO's services to maximize the return on the investment in GAO, particularly in this time of financial and budgetary uncertainty and constraint. Further, when GAO receives multiple requests for work in areas of high priority for the Congress, GAO also looks for opportunities, in consultation with congressional committees and their staff, to merge these requests to create one body of work to meet multiple needs. In addition, most of GAO's reports issued in 2012—about 61 percent—were addressed to Members of both parties. In fiscal year 2012, demand for GAO's services remained high with 924 congressional requests and mandates as illustrated in Figure 2.

²Congress may enact legislation that includes a requirement for GAO to conduct a particular study or request a GAO study in a Committee or Conference Report. At GAO, both types of requests are treated as "mandates". Repeal or modification of a statutory mandate included in legislation requires a statutory change.

FIGURE 2.—CONGRESSIONAL REQUESTS RECEIVED: FISCAL YEAR 2003-FISCAL YEAR 2012

	Full committee requests	Sub- committee requests	Member requests	Mandates
Fiscal year 2003	449	390	177	95
Fiscal year 2004	451	391	166	110
Fiscal year 2005	434	349	135	109
Fiscal year 2006	430	413	139	82
Fiscal year 2007	608	394	134	75
Fiscal year 2008	475	381	190	160
Fiscal year 2009	362	316	115	131
Fiscal year 2010	376	320	105	173
Fiscal year 2011	387	353	93	89
Fiscal year 2012	349	300	97	195

To manage GAO's workload from mandates, GAO also conducts congressional outreach regarding both potential and existing mandates. As bills are introduced weekly, GAO immediately reviews them to identify potential mandates for GAO work. As each potential mandate moves through the legislative process, GAO engages directly with the relevant committee or subcommittee to ensure that the mandate reflects a high priority requirement of the Congress, is scoped appropriately for meeting the congressional objective, avoids duplication of recently completed or ongoing work, and calls for work that is within GAO's authority.

In addition, GAO continues to work with congressional committees to amend or repeal existing 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. During the second session of the 112th Congress GAO collaborated with the Congress to revise or repeal 16 of GAO's mandated reporting requirements which had, over time, lost relevance or usefulness.

GAO is also seeking repeal of a recurring reporting requirement that originally appeared in the legislative branch appropriations section of the American Recovery and Reinvestment Act. This requirement required bimonthly reviews of State and local use of Recovery Act funds. As the vast majority of Recovery Act funds have been spent, GAO's reviews are providing diminishing returns for the Congress. GAO proposes to sunset this bimonthly requirement.

CONCLUDING REMARKS

Fiscal year 2013 brings more challenges with responsibilities to further assess and report on Government programs and financial regulatory reform efforts, among many other pressing issues. However, the effect of sequestration has further eroded GAO's staffing level and will severely limit GAO's ability to conduct its mission in an efficient and effective manner now and into the future.

If GAO's funding is reduced below the requested level, additional reductions in GAO's staffing level would be inevitable, adversely affecting its ability to produce results that can help deal with the Federal Government's fiscal challenges; provide timely, insightful analysis on congressional priorities and challenges facing the Nation; and reduce the number of requests that GAO could complete. GAO would continue to focus only on limited critical replacement hires, as it did in fiscal years 2010–2013, further reducing GAO's staff capacity. As a knowledge-based organization, about 81 percent of GAO's resources fund staff compensation and benefits. Given the magnitude of the spending reductions GAO has implemented since fiscal year 2010, GAO is extremely limited in its ability to target additional reductions in other areas beyond what has already been taken in order to meet the basic operations of the agency.

Further staffing reductions would diminish GAO's ability to find cost savings or revenue in the Federal Government at a time when Congress needs it most given the Federal Government's fiscal position. For example, GAO's reduced staffing levels would adversely impact GAO's ability to:

- identify cost savings and improvements in Government operations, improve services to the public, conserve Federal financial resources, and initiate Government-wide reforms;
- effectively assist the Congress in addressing the broad array of social, economic, and security challenges facing the Nation;
- provide timely and responsive information to support congressional deliberations or reauthorization activities for pending programs; and

—staff requested engagements, resulting in delays in starting congressional requests.

GAO has been and will continue to reach out to its congressional clients to ensure they recognize GAO's financial situation, to help focus GAO's work on the highest-priority areas, and help prioritize GAO work to obtain the maximum benefit in this resource-constrained environment. GAO remains committed to providing accurate, objective, nonpartisan, and constructive information to the Congress to help it conduct effective oversight and fulfill its constitutional responsibilities.

As the Congress and the administration debate ways to improve the Federal Government's long-term fiscal outlook, GAO's mission becomes ever more critical to help identify billions of dollars in cost-saving opportunities to tighten Federal budgets in a thoughtful, targeted way and identify revenue-enhancement opportunities in a prudent manner.

Chairwoman Shaheen, Ranking Member Hoeven, and members of the subcommittee, this concludes my prepared statement. I appreciate, as always, your careful consideration of our circumstances and budgetary needs and look forward to discussing the matter with you.

APPENDIX I: SELECTED TESTIMONY TOPICS FOR FISCAL YEAR 2012 BY STRATEGIC GOAL¹

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

DOD and VA Healthcare Integration	Federal Real Property Management
Medicare Durable Medical Equipment	Mortgage Finance Risk Management
FDA's Ability to Respond to Drug Shortages	Federal Reserve System's Emergency Assistance
Oversight of Medicaid Payments	Climate Change Adaptation
Urgent Local Workforce Needs	Unmanned Aircraft Systems
Modernizing SSA's Disability Programs	Unconventional Oil and Gas Production
Unemployed Older Workers	Commercial Space Transportation
School Bullying	Improving Homelessness Programs
Transportation Issues and Management Challenges	Los Angeles Federal Courthouse Construction
Small Employers Challenges to Pension Plan Sponsorship	Federal Housing Administration's Mutual Mortgage Insurance Fund
Fragmented Economic Development Programs	

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

National Nuclear Security Administration Management	DOD's Acquisition Workforce Capacity
Deepwater Horizon	Personnel Security Clearances
Securing the Modernized Electricity Grid	Military Base Realignments and Closures
Visa Waiver Program	Joint Striker Fighter Restructuring
TSA's Process for Vetting Foreign Flight Students	DOD Satellite Acquisitions
DHS's Container Security Programs	DOD's Civilian Workforce
FEMA's Management of Preparedness Grants	Countering the Use of Improvised Explosive Devices
DHS's Progress Improving and Integrating Management	Support and Security Capabilities in Iraq

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

Arlington National Cemetery Contract Management	Fiscal Year 2011 U.S. Government Financial Statements
Coast Guard's Deepwater Program	Fraud Prevention in Service-Disabled Veteran-Owned Small Business Program
Suspension and Debarment Oversight	Environmental Satellite Program Risks
Medicare Part D Fraud and Prescription Drug Abuse	Information Technology Reform
Reducing Improper Payments	Federal Workforce Challenges
Social Security Administration Technology Modernization	Effective Long-term Disaster Recovery
Improving 2020 Census Cost Effectiveness	Evaluating Expiring Tax Provisions
Internet Availability of Counterfeit Military-Grade Electronic Parts	Strategies to Reduce Taxpayer Noncompliance

IRS's Opportunities to Improve the
Taxpayer Experience
Army Financial Audit Readiness

Centers for Medicare & Medicaid Fraud
Detection Systems
Oversight of Psychotropic Prescription
Drugs for Foster Children

¹ GAO's complete set of strategic planning and performance and accountability reports are available on its website at [hyperlink, <http://www.gao.gov/sp.html>].

APPENDIX II: GAO'S STRATEGIC PLAN FRAMEWORK

SERVING THE CONGRESS AND THE NATION: GAO'S STRATEGIC PLAN FRAMEWORK

Mission.—GAO exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the Federal Government for the benefit of the American people.

Trends.—National Security Threats; Fiscal Sustainability Challenges; Economic Recovery and Growth; Global Interdependency; Science and Technology; Networks and Virtualization; Shifting Roles of Government; and Demographic and Societal Change.

Goals	Objectives
Provide Timely, Quality Service to the Congress and the Federal Government to: ... Address Current and Emerging Challenges to the Well-being and Financial Security of the American People related to. Respond to Changing Security Threats and the Challenges of Global Interdependence involving. . .	Healthcare needs; Lifelong learning; Benefits and protections for workers, families, and children; Financial security; Effective system of justice; Viable communities; Stable financial system and consumer protection; Stewardship of natural resources and the environment; and Infrastructure. Homeland security; Military capabilities and readiness; U.S. foreign policy interests; and Global market forces.
Help Transform the Federal Government to Address National Challenges by assessing. . .	Government's fiscal position and options for closing gap; Fraud, waste, and abuse; and Major management challenges and program risks.
Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and Being a Leading Practices Federal Agency in the areas of. . .	Efficiency, effectiveness, and quality; Diverse and inclusive work environment; Professional networks and collaboration; and Institutional stewardship and resource management.

Core Values.—Accountability; Integrity; and Reliability.

Source: GAO.

Senator SHAHEEN. Thank you very much. I wondered why you looked so startled when I called on you, and I realize it is because I forgot to call on the ranking member for his opening comment, so let me go back to that.

Mr. DODARO. I did not say anything. I was tempted.

Senator SHAHEEN. You should have.

STATEMENT OF SENATOR JOHN HOEVEN

Senator HOEVEN. Chairwoman Shaheen, that is fine. I figured I would have plenty of opportunity to express any opinions and certainly ask questions. So thank you and certainly, no worries there.

I just want to also express both my welcome this morning and my appreciation for the work that you do, and I look forward to this discussion on how we can do the best possible job with your budget and your appropriation.

Thanks so much.

Senator SHAHEEN. Thank you.

GOVERNMENT PRINTING OFFICE

STATEMENT OF DAVITA VANCE-COOKS, ACTING PUBLIC PRINTER

Senator SHAHEEN. And now I will call on Miss Vance-Cooks.

Ms. VANCE-COOKS. Chairwoman Shaheen, Ranking Member Hoeven, and members of the subcommittee.

Good morning and thank you for inviting me to be here. I will briefly summarize my prepared statement, which has been submitted for the record.

This year, we rebranded the Government Printing Office (GPO) as the official, digital, secure resource for producing, procuring, authenticating, disseminating, and preserving the official information products of all three branches of the Federal Government. Our rebranding reflects our transition to digital technologies.

For decades, GPO was primarily a printing operation. Today, we are smaller. We are leaner. And we are, in fact, a publishing operation. We carry out our mission by using a wide range of digital and conventional formats. And I firmly believe that the GPO should have a name change. I believe that the GPO should be called the Government Publishing Office.

Today, the public knows us by our Web site, the Federal Digital System, or FDsys. It currently makes more than 800,000 digital Government documents available from all three branches of the Government permanently and free to the public. More than 37 million documents are downloaded each month, and we recently achieved a milestone of 500 million downloads since 2009.

We have leveraged FDsys to develop mobile apps of congressional and agency information. We provide Federal Register and congressional bill data in bulk XML format. We offer Government documents for sale in print and e-book formats through a secure, online bookstore.

The e-passports that we produce today for the State Department contain computer chips for biometric data. We offer secure credentials to both congressional and Federal agency offices as smart cards, and they contain the latest in digital security measures. Today, we are doing all of this with the fewest number of employees ever in this past century.

Our fiscal year 2014 budget reflects our commitment to digital transformation. Our budget needs, which are primarily for investment in technology, are fundamentally important to our ongoing digital transformation and, yes, future savings.

Earlier this year, we originally proposed a modest 1.2-percent increase in our budget versus the previous request, but since then, we know the fiscal landscape has changed. Yet, our need to move forward with digital transformation remains the same.

Our business model is not like other agencies. It depends on a combination of appropriations and earned revenue. About 16 percent of our budget comes from appropriations. The balance, 84 per-

cent, we earn it, and we earn it by providing goods and services to other Federal agencies and to the public.

Unfortunately, the sequester has impacted this model, and it has subjected us to the spending decisions of other Federal agencies, who themselves are subject to the sequester. We are already seeing signs that the Federal agencies are cutting back on their orders. To offset this reduction in revenues, we are doing everything we can to avert furloughs. This is because we know that our employees are essential in making sure that we can provide the essential work for Congress.

So we have imposed a hiring freeze except in special cases. We have cut travel. We have reduced training, and we have limited overtime.

In fiscal year 2012, the Congress ordered the National Academy of Public Administration to study the GPO. The Academy concluded that GPO's core mission of authenticating, preserving, and distributing Federal information remains critically important to American democracy in the digital age. This conclusion by NAPA supports our strategic direction and supports our budget request for fiscal year 2014.

PREPARED STATEMENT

So Chairwoman Shaheen, Senator Hoeven, and members of the subcommittee, we look forward to working with you and your staff as we go forward with our budget request.

And I look forward to answering your questions. Thank you.

Senator SHAHEEN. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF DAVITA VANCE-COOKS

Chairwoman Shaheen, Ranking Member Hoeven, and members of the Subcommittee on Legislative Branch appropriations, it is an honor to be here today to discuss the Government Printing Office and our appropriations request for fiscal year 2014. As background, my prepared statement includes an overview of the functions and operations of GPO and the results of the recently released study of the National Academy of Public Administration.

GOVERNMENT PRINTING OFFICE

The Government Printing Office (GPO) is the official, digital, secure resource for producing, procuring, cataloging, indexing, authenticating, disseminating, and preserving the official information products of the Federal Government.

Under title 44 of the U.S. Code, GPO is responsible for the production and distribution of information products for all three branches of the Government, including the official publications of Congress and the White House, U.S. passports for the Department of State, and the official publications of other Federal agencies and the courts. Once primarily a printing operation, we are now a publishing operation and we carry out our mission using an expanding range of digital as well as conventional formats. Total GPO employment today is about 1,900.

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 (FDsys, at www.fdsys.gov), which today makes more than 800,000 Federal titles available online from both GPO's servers and links to servers in other agencies, and sees more than 37 million documents downloaded every month. We also provide public access to Government information through partnerships with approximately 1,200 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, Facebook <http://www.facebook.com/USGPO>, and most recently Pinterest <http://pinterest.com/usgpo/>.

History.—GPO first opened its doors for business 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 and distributed the official version of every great American state paper—and an uncounted number of other Government publications—since Lincoln’s time, including the Emancipation Proclamation, the legislative publications and acts of Congress, 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 Afghanistan, the 9/11 Commission Report, Presidential inaugural addresses, and Supreme Court opinions.

Technology Transformation.—GPO has continually transformed itself throughout its history by adapting to changing technologies. In the ink-on-paper era, this meant moving from hand-set to machine typesetting, from slower to high-speed presses, and from hand to automated bookbinding. These changes were significant for their time. Yet they pale by comparison with the transformation that accompanied our incorporation of electronic information technologies, which began 50 years ago in 1962 when the Joint Committee on Printing directed the agency to develop a new system of computer-based composition. That order led to the development of GPO’s first electronic photocomposition system, which by the early 1980’s had completely supplanted machine-based hot metal typesetting. Following the enactment of the GPO Electronic Information Access Enhancement Act in 1993, the databases generated by our composition system were uploaded to the Internet via GPO’s first Web site, GPO Access, vastly expanding the agency’s information dissemination capabilities. Those functions continue today with FDsys on a more complex and comprehensive scale.

As a result of these sweeping technology changes, GPO is now fundamentally different from what it was as recently as a generation ago. We are smaller, leaner, and equipped with digital production capabilities that are the bedrock of the information systems relied upon daily by Congress, Federal agencies, and the public to ensure open and transparent Government in the digital era. Our technology transformation is continuing with the development of new ways of delivering Government information, including apps and bulk data download files.

GPO AND CONGRESS

For the Clerk of the House, the Secretary of the Senate, and the committees of the House and the Senate, GPO produces the documents and publications required by the legislative and oversight processes of Congress. This includes but is not restricted to the daily Congressional Record, bills, reports, legislative calendars, hearings, committee prints, and documents, as well as stationery, franked envelopes, memorials and condolence books, programs and invitations, phone books, and the other products needed to conduct business of 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.

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 Congress, GPO uploads them to the Internet via FDsys, and they are the source of the apps we build for congressional information. Our advanced digital authentication system, supported by public key infrastructure (PKI), is an essential component for assuring the digital security of congressional documents.

GPO’s congressional information systems also form the building blocks of other information systems supporting Congress. Our congressional information databases are provided directly to the Library of Congress (LOC) to support its THOMAS system—and the new Congress.gov system—as well as the legislative information systems the Library makes available to House and Senate offices. We are also collaborating with the Library on the digitization of previously printed documents, such as the Congressional Record, to make them more broadly available to Congress and the public; the development of a new process for updating the digital edition of the Constitution Annotated; and expanding the availability of House bill data in XML bulk data format.

GPO Cuts the Cost of Congressional Work.—The use of electronic information technologies by GPO has been a principal contributor to lowering the cost, in real

economic terms, of congressional information products. In fiscal year 1980—as we began replacing hot metal typesetting with electronic photocomposition—the appropriation for our Congressional Printing and Binding Appropriation was \$91.6 million, the equivalent in today's dollars of \$255.9 million. By comparison, our approved funding for fiscal year 2013 under the current continuing resolution is \$82.1 million, a reduction of more than two-thirds in constant dollar terms.

Productivity increases resulting from technology have enabled us to make substantial reductions in staffing requirements while continuing to improve services for Congress. In 1980, GPO employment was approximately 6,450. Today, we have approximately 1,900 employees on board, representing a 31-year reduction of 4,550, or more than 70 percent. This is the smallest GPO workforce of any time in the past century.

Highlights of Fiscal Year 2012 Congressional Work.—In 2012, we introduced our first app, the Mobile Member Guide, which provided the public with quick, easy access to information on Members of the 112th Congress. We also collaborated with LOC for the creation of an iPad app for the daily Congressional Record. Late in the year, we made United States Policy and Supporting Positions, or the Plum Book as it is popularly known, available for the first time as an app. At the direction of the House Appropriations Committee, and in support of the task force on bulk data established by House report 112–511, we now make House bills available in XML bulk data format, beginning with the 113th Congress.

About a year ago we started work on the requirements for the 2013 Presidential inauguration, under the direction of the Joint Congressional Committee on Inaugural Ceremonies. We designed and produced approximately 80 different products for the event, including invitations, tickets, signs, pins, and other items that supported the organization and conduct of the inaugural ceremonies. We also produced secure credentials for the event.

GPO AND FEDERAL AGENCIES

Federal agencies are major generators of information content, and GPO produces their information products for official use and public access. Federal agencies and the public also rely on a growing variety of secure credentials produced by GPO, including travelers holding U.S. passports, frequent U.S. border crossers, Medicare beneficiaries in Puerto Rico, and other users. Our digital systems support key Federal agency publications, including the annual Budget of the U.S. Government and the Federal Register and associated products. As it does for congressional documents, our digital authentication system, supported by public key infrastructure (PKI), assures the digital security of agency documents.

Highlights of Fiscal Year 2012 Agency Operations.—In 2012 we made the fiscal year 2013 Budget of the U.S. Government available for the first time as a mobile app. The app had more than 53,000 visits in the first 24 hours. For this work, we received a Digital Government Achievement Award from the Center for Digital Government, which recognizes outstanding web sites and applications developed by Federal, State, and local Government agencies. We recently released an app for the fiscal year 2014 Budget. With the Office of the Federal Register, we also developed an app for the Public Papers of the President. This app has search capabilities allowing users to access content about the President by searching by date, category, and subject, as well as a geolocation feature providing users with access to the most recent content near their location.

A major document that GPO produces is the U.S. passport for the Department of State, which we have been responsible for since 1926. At one time no more than a conventionally printed document, the U.S. passport since 2005 has incorporated a digital chip and antenna array capable of carrying biometric identification data. With other security printing features, this document—which we produce in Washington, DC, as well as a remote facility in Mississippi—is now the most secure identification credential obtainable. We also now offer a line of secure identification smart cards to support the credentialing requirements of Federal agencies. 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).

In 2012, we passed the milestone of producing the 75 millionth electronic passport. We also received direction from the Department of State to proceed with the necessary investment in equipment and infrastructure to begin producing the next generation passport in 2015. During the year, we were approved by the Joint Committee on Printing to expand our card production operations at our facility in Mississippi. This new capability will be brought online following its official opening next week.

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 Federal agency information product requirements via contracts in partnership with the private sector printing and information product industry. This work amounted to nearly \$350 million in fiscal year 2012. Approximately 16,000 individual firms are registered to do business with GPO, 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 significant economic opportunity for the private sector.

GPO AND OPEN, TRANSPARENT GOVERNMENT

Producing and distributing the official publications and information products of the Government fulfills an informing role originally envisioned by the Founders, as James Madison once 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.”

GPO operates a variety of programs that provide the public with “the means of acquiring” Government information that Madison spoke of.

Federal Depository Library Program.—GPO administers the Federal Depository Library Program, whose legislative antecedents date back 200 years to 1813. Across those years, depository libraries have served as critical links between “We the People” and the information made available by Federal Government. GPO provides the libraries with information products in digital and, in some cases, tangible formats, and the libraries in turn make these available to the public at no charge while providing additional help and assistance to depository library users. The program today serves millions of Americans through a network of approximately 1,200 public, academic, law, and other libraries located across the Nation, averaging nearly 3 per congressional district. Once primarily involving the distribution of printed and microfiche products, the FDLP today is predominantly digital, supported by FDsys and other digital resources.

A major FDLP effort during fiscal year 2012 was the State Forecasting Project, a collaborative research project between GPO and depository libraries, which surveyed all depository libraries to assess the current conditions of the program. Primary issues identified in the survey included budget constraints, use of physical space, staffing, and collection scope changes. GPO received responses from 775 depository libraries in 38 States. Results from this initiative will serve as a blueprint for developing a new national plan for the future of the FDLP.

Federal Digital System.—FDsys provides the majority of congressional and Federal agency content to the FDLP as well as other online users. This system has reduced the cost of providing public access to Government information significantly when compared with print, while expanding public access dramatically through the Internet. Public utilization of FDsys grew to more than 400 million document retrievals by the end of fiscal year 2012. Currently, the system provides access to nearly 800,000 individual titles from all three branches of the Government, the only system of its kind in operation today.

GPO is continually adding collections to FDsys to provide increased public access to Government information. In 2012, we had the opportunity to make audio content available for the first time on FDsys. The National Archives and Records Administration (NARA) asked us to host the audio tape recordings of communications between the White House and Air Force One following the assassination of President John F. Kennedy. As a result of hosting the audio recordings, there were a record number of visits to FDsys over a 5-day period.

Publication and Information Sales Program.—Along with the FDLP and FDsys, which are no-fee public access programs, we provide public access to official Federal information through e-commerce public sales featuring secure ordering through an online bookstore, a bookstore at GPO headquarters in Washington, DC, and partnerships with the private sector to offer Federal publications as ebooks. Our presence in the ebook market continues to grow. We entered into two important agreements in 2012 with Barnes & Noble and Apple to make popular Government titles such as the Public Papers of the President Barack Obama, the Financial Crisis Inquiry Report, and Ponzimonium: How Scam Artists are Ripping Off America available as ebooks. We now have agreements with Apple, Google’s eBookstore, Barnes & Noble,

OverDrive, Ingram, Zinio, and other online vendors to sell Federal ebooks and magazines.

Reimbursable Distribution Program.—We operate distribution programs for the information products of other Federal agencies on a reimbursable basis, including General Services Administration (GSA) Consumer Information Center publications, from warehouses in Pueblo, Colorado, and Laurel, Maryland.

GPO and Social Media.—We use Facebook, Twitter, YouTube, and a book blog to share information about GPO news and events, and to promote specific publications and products. By the end of 2012, we had 2,000 likes on Facebook, 4,300 followers on Twitter, and 64,000 views across nearly 50 videos on YouTube. Our book blog, Government Book Talk, focuses on increasing the awareness of new and classic Federal publications through reviews and discussions. Recently, we started up a presence on Pinterest.

Revolving Fund.—All GPO activities are financed through a business-like Revolving Fund. The fund is used to pay all of our costs in performing congressional and agency printing, printing procurement, and distribution activities. It is reimbursed from payments from customer agencies, sales to the public, and transfers from our two annual appropriations, the Congressional Printing and Binding Appropriation and the Salaries and Expenses Appropriation of the Superintendent of Documents. Our appropriations constitute approximately 16 percent of our annual revenues. All other revenues are earned from the production of goods and services for customer agencies and sales to the public.

Appropriated Funds.—Our Congressional Printing and Binding Appropriation is used to reimburse the Revolving Fund for costs incurred in performing congressional work. Our Salaries and Expenses Appropriation of the Superintendent of Documents is used to pay for costs associated with depository library distribution, cataloging and indexing, statutory distribution, and international exchange distribution. The reimbursements from these appropriations are included in GPO's total revenue. Occasionally, we also receive direct appropriations to the Revolving Fund for specific purposes, including investment in digital technology development and repairs to our buildings.

Fiscal Year 2012 Financial Results.—For fiscal year 2012, total revenue totaled \$713.8 million, and total operating expenses were \$708.6 million, excluding Other Operating Expense. Other Operating Expense was a \$2.4 million adjustment to increase our long-term workers' compensation liability as established by the Department of Labor. As a result, we realized net income of \$5.2 million for the year before Other Operating Expense, and net income of \$2.9 million after. Our financial statements are audited annually by an independent third party contracted for by our Office of the Inspector General, and we routinely receive an unqualified, or "clean," opinion, as we did for the fiscal year 2012 audit.

Fiscal Year 2013 Appropriations.—For fiscal year 2013, we requested a total of \$126.2 million that would enable us to meet projected requirements for congressional printing and binding, operate GPO's statutory information dissemination programs, and provide investment funds to continue the development of FDsys and provide for necessary facilities repairs. Our request represented no increase over the level of funding provided for fiscal year 2012. Under that cap, however, we proposed decreasing the funding for congressional printing and binding while increasing it for expanded investments in digital technology and other improvements. The continuing resolution for the first 6 months of fiscal year 2013 (Public Law 112-75) froze our funding at the fiscal year 2012 level plus .612 percent but did not change the distribution of funds among our accounts.

The continuing resolution enacted in March 2013 for the remainder of the fiscal year (Public Law 113-6) reduced GPO's funding to \$119.1 million before the application of the sequester. Subsequently, we were contacted by the Office of Management and Budget with information on section 253(f)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA, which is referenced in the Budget Control Act of 2011 authorizing the sequester), concerning reductions to sequestration for those agencies whose pre-sequester totals in the continuing resolution for the balance of the year are less than those approved in the continuing resolution for the first 6 months of the year. Following OMB's guidance, we have calculated that under this provision our post-sequester total would be about \$117.5 million, as opposed to the \$112.3 million post-sequester total that we originally thought would apply.

Fiscal Year 2014 Appropriations Request.—GPO's total appropriations request of \$128.5 million for fiscal year 2014 will enable us to: meet projected requirements for GPO's congressional printing and binding operations during fiscal year 2014; fund the operation of GPO's statutory information dissemination programs and provide investment funds for necessary information dissemination projects; and con-

tinue the development of FDsys, implement other improvements to our IT and facilities infrastructure, and invest in more efficient equipment supporting congressional work.

Our request represents an increase of \$1.5 million, or 1.2 percent, over the level of funding provided for the first half of fiscal year 2013 by Public Law 112–75. Compared with the funding provided for the second half of fiscal year 2013, it represents an increase of \$9.4 million, or 7.9 percent, over the pre-sequester level of funding provided in Public Law 113–6, and \$11 million, or 9.4 percent, over the post-sequester level of funding provided by Public Law 113–6, as calculated in accordance with section 253(f)(2) of the BBEDCA.

Significantly, and as compared with the levels of funding provided in both Public Law 112–75 and Public Law 113–6, our request includes a decrease in funding for Congressional Printing and Binding and an increase in appropriations to GPO's Revolving Fund, which will be used to pay for essential growth for FDsys (whose support is strongly recommended by the recent study of the National Academy of Public Administration), as well as transitioning our binding line to a digital system (which will lead to future savings) and necessary IT and infrastructure repairs.

Congressional Printing and Binding Appropriation.—We are requesting \$79.7 million for this account. This amount represents a decrease of \$11.5 million, or 13 percent, compared with the funding provided in Public Law 112–75. It also represents a decrease in the level of funding provided by Public Law 113–6: \$3.9 million from the pre-sequester level and \$2.4 million from the post-sequester level as determined under section 253(f)(2) of the BBEDCA.

GPO has no control over the workload requirements of the Congressional Printing and Binding Appropriation. These are determined by the legislative activities and requirements of the House of Representatives and the Senate as authorized by the applicable provisions of title 44, U.S.C. GPO utilizes historical data incorporating other relevant factors to develop estimates of likely congressional printing and binding workload requirements. These requirements are used as the basis of the budget presentation for this account.

We estimate that total congressional printing and binding requirements for fiscal year 2014 will be \$89.7 million based on historical data. Last year, with the approval of the Appropriations Committees, we transferred \$9.9 million in prior year unexpended balances of this account to the Revolving Fund. Some of these funds are likely to be used to cover fiscal year 2013 requirements. The balance, as well as any other prior year amounts that are determined to be needed and available, will be requested for transfer to fund fiscal year 2014 requirements.

The estimated requirements for fiscal year 2014 include a price level increase of \$1.5 million, based on an average 2 percent increase due to projected increases in printing costs. They also included a projected \$1.2 million in volume increases, due principally to business and committee calendars, the Congressional Record, congressional bills, and other workload categories. These cost increases will be covered by the prior year funds transferred to the Revolving Fund. Funding for the 2012 edition of the U.S. Code is not included in our requirements for fiscal year 2014.

Salaries and Expenses Appropriation of the Superintendent of Documents.—We are requesting \$35.8 million for this account. This amount represents an increase of about \$600,000, or 1.7 percent, compared with the funding provided in Public Law 112–75. It represents an increase in the level of funding provided by Public Law 113–6: \$4.3 million over the pre-sequester level and \$4.4 million over the post-sequester level as determined under section 253(f)(2) of the BBEDCA.

Our total requirements for fiscal year 2014 are projected to be \$39.3 million. This includes \$3.5 million in projects to upgrade and enhance the Integrated Library System (\$2.1 million), development of the National Bibliographic Records Inventory (\$700,000), and the second phase of an inventory and preservation process related to FDLR collections currently stored at GPO facilities (\$700,000). There is approximately \$3.3 million in remaining unexpended balances from the Salaries and Expenses Appropriation from fiscal year 2008. We will request authority to transfer these funds to the Revolving Fund to cover the majority of these project costs.

With the transferred funds, the requested funding will cover mandatory pay and related cost increases of \$266,000. Merit and other pay increases are included for 114 FTE's. In addition, the requested funding covers projected price level increases of \$343,000, including ongoing systems maintenance and FDsys operating expenses.

Revolving Fund.—We are requesting \$12.9 million for this account, to remain available until expended, to fund essential investments in information technology development, digital equipment, and necessary facilities repair. This amount represents an increase of \$12.4 million compared with the funding provided in Public Law 112–75. It also represents an increase in the level of funding provided by Pub-

lic Law 113–6: \$8.9 million over the pre-sequester level and about the same amount over the post-sequester level as determined under section 253(f)(2) of the BBEDCA.

The request includes \$7.4 million for information technology development, including \$6.5 million to continue developing FDsys, \$500,000 to modernize GPO's data center, and \$415,000 for our Oracle business system improvements. FDsys provides digital information production and dissemination services for Congress, and GPO's IT systems support other GPO programs providing Congress with its information product needs. In addition, we are requesting \$4 million to purchase and install a digital bindery line for congressional work, which yield future savings in plant production operations. We are also requesting approximately \$1.5 million to continue with elevator repairs and renovate a rooftop training room that is currently leaking water onto recently renovated elevators.

NATIONAL ACADEMY OF PUBLIC ADMINISTRATION STUDY

As directed by Congress in the conference report accompanying the Legislative Branch Appropriations Act for Fiscal Year 2012 (Public Law 112–74), the National Academy of Public Administration conducted a study on “updating a review of GPO's operations and additional cost saving opportunities beyond what GPO has already instituted, if any.” The Academy reported its findings to the Committees on Appropriations of the House of Representatives and the Senate and has released its report titled, *Rebooting the Government Printing Office: Keeping America Informed in the Digital Age*. We are pleased to see the report affirms that “GPO's core mission of authenticating, preserving, and distributing Federal information remains critically important to American democracy” in the digital age, and we think the report offers a number of thoughtful, useful recommendations to strengthen our business model for the future.

Overseen by a panel of distinguished Academy fellows and conducted by a team of Academy professionals, the 10-month study involved extensive data analysis and review supplemented by interviews with GPO management, employees, and labor representatives as well as stakeholders from the congressional, Federal agency, library, and printing communities. The resulting report contains 27 findings and 15 recommendations.

The focus of the Academy's report is the need for GPO—and the rest of the Federal Government—to continue “rebooting” for the digital age. While pointing out that “GPO's leaders have made considerable progress in transforming the agency into an efficient, future-oriented organization,” and that the agency has “expanded products and services for the digital age and made difficult decisions to ensure that revenues are in line with expenditures,” the report makes recommendations designed to help position GPO and the Federal Government to continue meeting the challenges of an increasingly digital world.

The Academy's report calls for GPO to “serve as a critical player in the collaborative development of a Government-wide strategy” for managing the lifecycle of Government information. To strengthen GPO for the future, it recommends that we continue offering an expanded set of services for the digital age, preserve the viability of the Federal depository library program, retain the production of executive branch printing, improve strategic and staffing planning, further consolidate operations, automate more agency functions, and related measures. The report also recommends exploring alternate funding models for digital products and services, expanding the sales of publications into new markets, consideration by Congress of allowing GPO to respond to State and local government requests for smart cards, and increasing our program of leasing underutilized GPO building space.

The report's recommendations have been assigned to the responsible GPO business units for the development of plans for carrying them out. We are committed to our mission of *Keeping America Informed* and will continue to transform to meet the changing information needs of Congress, Federal agencies, and the public. Earlier this year, I sent a letter to the Academy thanking the panel of Academy fellows who oversaw the study and the Academy's professional staff for their thorough review of GPO's operations and the recommendations they have made to strengthen our mission and services.

GPO AND SEQUESTRATION

Last August I designated a group of GPO managers to begin planning for the sequester, which at that time was scheduled for January 2013. Along with providing information to the Office of Management and Budget (OMB) to be made part of the President's report required by the Sequestration Transparency Act of 2013, they prepared options for spending reductions and other measures to offset the impact of the sequester on GPO resources and operations.

Our sequester planning was initially based on the potential impact of a 5 percent sequester on our appropriated funding level as provided by Public Law 112–75, or \$6.3 million. The resulting sequester on our appropriations totaled approximately \$1.6 million, as computed under section 253(f)(2) of the BBEDCA.

However, we remain deeply concerned that there could be significant reductions in revenue to our Revolving Fund if Federal agencies order less work from GPO as the result of the sequester's impact on their budgets. The full extent of this reduction is not known, though data for the fiscal year to date show that revenue from printing procurements is down by approximately 8 percent. We are also seeing a reduction in revenues in our plant production operations, which produce both agency and congressional work, of about 11 percent to date. (At the same time, income from our passport production operation has increased over the previous year, by about 25 percent, resulting in flat revenue for GPO overall the year to date compared with last year).

To offset the effect of reduced revenue in agency printing procurement and plant printing operations, we have implemented freezes on hiring, overtime, performance awards, outside training, administrative travel, and maintenance not required for health or safety. We are also deferring selected technology and infrastructure development projects approved by the Joint Committee on Printing for fiscal year 2013. Based on financial data through the end of March, these steps appear to be working by reducing overhead costs while our revenues remain flat overall. However, if these actions prove to be insufficient to absorb the effects of reduced business from other agencies, we may be required to resort to furloughs. GPO's employees have been informed of this potential and both labor and management representatives have been negotiating on how furloughs would be carried out should they be needed.

Chairwoman Shaheen, Ranking Member Hoeven, and members of the subcommittee, thank you again for inviting me to be here today. This concludes my prepared statement, and I am prepared to answer any questions you may have.

CONGRESSIONAL BUDGET OFFICE

STATEMENT OF DOUGLAS W. ELMENDORF, DIRECTOR

Senator SHAHEEN. Dr. Elmendorf.

Dr. ELMENDORF. Thank you, Madam Chair and Senator Hoeven.

As you know, the Congressional Budget Office's (CBO) mission is to provide the Congress with objective, and nonpartisan, budget and economic analysis. We are proud of our success in doing that for the past 38 years, and we are continually striving to do even better.

Our final appropriation for this fiscal year including the effective sequestration is 6-percent less than the funding under the initial continuing resolution, and we are adjusting to that reduced funding by continuing not to replace many of our colleagues who leave, and by dropping or deferring other spending. With those cuts, we are narrowly avoiding furloughs this year.

But our current staffing, about 228 full-time equivalents (FTEs), is smaller than we have experienced in many years, and 10 percent smaller than the 254 FTEs that were envisioned in our fiscal year 2010 appropriation. As a result, it is becoming harder to respond to the Congress' requests for estimates and analyses.

Our budget calls for a return to the 235 FTEs that were funded between 2004 and 2008. If we receive the funding we requested, we would now plan to build back up to 235 FTEs by the end of 2014, but because we would be starting the year at a lower point due to this year's cuts, we would average 230 FTEs during the year. That approach would generate savings of nearly \$1 million relative to our request. At the same time, we are deferring more than \$1 million of important IT purchases and other items this year. We would like to use the savings in pay to catch up on those purchases.

Altogether, then, if we receive the funding we requested, we would end fiscal year 2014 with the same staffing level anticipated in our request and with little deferred information technology (IT) or other needs.

However, we recognize that our requested funding now represents a 10-percent increase relative to the enacted funding this year, including the effects of sequestration. And given the budget constraints, you might choose to provide less funding than we requested.

So following the CBO tradition of offering the Congress a variety of policy options, allow me to summarize the effects of some smaller amounts you might consider.

If you provided roughly \$1 million less than we requested, we would still aim to build back up to 235 FTEs by year-end, but we would not catch up on all the deferred IT purchases. That is not a strategy we could pursue indefinitely, because our work is so dependent on computer models and analysis of large datasets.

Alternatively, you might choose to provide \$2 million less than we requested, which would be \$43.7 million or 5 percent more than this year's funding. We would aim for an average, then, of 225 FTEs next year, which is smaller than CBO has been in at least a dozen years. We would also need to continue to defer some purchases of IT equipment and other items. And if you were to choose the less funding, then we would need to shrink further.

I think the key question for this subcommittee, and ultimately the Congress as a whole, is how much budget and economic analysis you want to receive from us.

In 2008, the Appropriations Committee had agreed with a plan put forward by CBO in the budget committees to increase CBO staffing from the traditional level of 235 FTEs. That step up was intended primarily to enhance our ability to analyze potential changes in healthcare policy while maintaining our capacity to provide cost estimates and other reports on other topics.

That expansion of staffing that was set in motion has now been entirely reversed. Even though there has been no let up in requests for our work on policies regarding healthcare or other topics. As a result, despite very hard work by our dedicated staff, our footfall is considerably short of congressional requests.

A sustained drop in staffing less than the traditional level of 235 FTEs would inevitably reduce the estimates and other analyses we could provide.

Depending on the size of the staffing cuts, we would probably make several changes that are listed in our written testimony including, one, limiting the number of alternative legislative proposals for which estimates are provided to committee staff on a timely basis. We produce maybe 10 times as many informal estimates as committees are working as we do the formal, written estimates when committees are reporting legislation. Our ability to produce that number of alternative estimates for alternative proposals would be greatly reduced if our staffing is cut.

Second, we would scale back our analysis of the long term effects of policies. Third, we would delay our modeling and analysis of alternative approaches to controlling Federal healthcare spending. And fourth, we would have to limit our analysis of the macro economic effects of changes in fiscal policy including the effects of tax reform and different ways of reducing Federal debt.

In sum, CBO has been shrinking for the past 3 years and we now have noticeably less capacity to serve the Congress than we had in 2010. At the same time, the need of Congress for estimates and analysis by CBO, and the complexity of the analyses required, are probably greater now than ever.

PREPARED STATEMENT

On behalf of all of us at CBO, we very much appreciate your support of our work in this difficult budget environment. And we look forward to continuing to serve the Congress as it addresses the critical challenges facing our country.

Thank you very much.
[The statement follows:]

PREPARED STATEMENT OF DOUGLAS W. ELMENDORF

Madam Chair, Senator Hoeven, and members of the subcommittee, thank you for the opportunity to present the Congressional Budget Office's (CBO's) budget request.

CBO requests an appropriation of \$45.7 million for fiscal year 2014. That amount represents an increase of \$1.6 million, or 3.7 percent, from the \$44.1 million (on an annualized basis) that was provided to CBO under the continuing resolution in place during the first part of fiscal year 2013. It represents a larger increase—of about 10 percent—relative to CBO's budget of \$41.5 million after final appropriations for fiscal year 2013 were enacted and the sequestration was implemented.

The increase would enable CBO to support 235 full-time-equivalent positions (FTEs), which would be roughly 7 percent fewer than the 254 FTEs funded in 2010 and in line with the number of FTEs funded between 2004 and 2008. The increase also would enable the agency to catch up on critical purchases of information technology (IT) and other items that are being deferred this year.

The proposed budget represents the amount that CBO believes will be necessary to avoid a further reduction in the information and analysis that the agency provides to the Congress. If CBO received a smaller amount of funding for 2014, the agency would need to reduce its number of FTEs further. For example, an appropriation of \$42.3 million—2 percent above this year's funding—would support only about 225 FTEs, on average, for the year, even if the agency continued to defer some needed IT investments and other items. Reaching that number of FTEs, on average, for the year would require CBO to shrink to about 221 FTEs by the end of that year.

Funding in 2014 at the \$41.5 million now available for this year would require a much more drastic staffing reduction, to about 213 by the end of that year—even with the continued deferral of some needed purchases of IT and other items. That number is far smaller than the number of FTEs being supported by the same funding this year because costs per FTE are increasing and some purchases of IT and other items cannot be put off for another year. Although CBO would continue to make every effort to serve the Congress as effectively as possible, cuts in staffing of that sort would unavoidably diminish the number and extent of estimates and other analyses that the agency could produce.

CBO'S FUNDING HISTORY AND ITS EFFECTS ON STAFFING AND OUTPUT

In a typical year, about 91 percent of CBO's budget represents compensation; another 6 percent is for IT equipment and services; and the remaining 3 percent goes to purchases of 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.

Between fiscal years 2002 and 2008, the number of authorized FTEs at CBO held between 232 and 235. During that period, CBO's budget generally rose slowly, as Federal employees received salary increases and the cost of Federal benefits increased.

For fiscal years 2009 and 2010, the Congress approved larger increases in CBO's budget to support a step-up in staffing. That step-up was intended primarily to increase the agency's ability to analyze potential changes in Federal healthcare policy while maintaining its capacity to provide cost estimates and reports on other topics. In addition, some Members of Congress proposed a 2-year supplemental appropriation for CBO in 2009, which the Congress approved. All told, CBO had sufficient funding for 254 FTEs in 2010.

However, constraints on CBO's funding (and on discretionary appropriations as a whole) caused the agency's staffing to shrink in fiscal years 2011 through 2013. The agency's appropriation for 2011 was roughly in line with the total amount available to the agency for 2010, and the appropriation for 2012 represented a 6 percent cut from the 2011 amount. The agency's appropriation for 2013, after the sequestration, represents a further 5 percent decrease relative to the funding in 2012.

Thus, CBO's funding in 2013—\$41.5 million—is about 11 percent below CBO's total funding in 2010, which was \$46.9 million. That cut, combined with small increases in average pay and rising costs of benefits and other items during the past 3 years, has required a drop in the number of FTEs to below the level seen before the step-up in 2009 as well as the deferral of critical purchases of IT equipment and services and other things.

CBO's temporarily higher staffing in 2009 through 2012 enabled the agency to engage in analyses of particularly complex issues and to provide substantially more estimates and other analyses to the Congress. Among the accomplishments that were facilitated by the increase in staffing were the following:

- Significant expansion of healthcare analysis, including greatly enhancing the agency’s cutting-edge model of the Nation’s health insurance system and estimating the effects of dozens of proposals to fundamentally change that system;
- Substantial enhancement of financial analysis, including making estimates of the budgetary effects of the Troubled Asset Relief Program, the activities of Fannie Mae and Freddie Mac, and (on a fair-value basis) all major Federal credit programs;
- Considerable improvement in modeling the economic effects of fiscal policy, including reviewing key parameters of the agency’s models with outside experts and producing numerous estimates of the effects of proposed policy changes;
- Issuance of several reports with options for changing transfer programs—including Disability Insurance, Supplemental Security Income, the Supplemental Nutrition Assistance Program, and unemployment insurance—and analysis of the effects of taxes and transfers on people’s incentives to work;
- Significant gains in the transparency of CBO’s analysis, including reports on the agency’s estimates regarding oil and gas leasing, the compensation of Federal workers, the impact of tax rates on the labor supply, and the effects of healthcare subsidies; and
- Continued high quality of the agency’s analysis of numerous other topics, including economic and budget projections, hundreds of formal cost estimates, and thousands of informal cost estimates.

CBO’S FUNDING REQUEST AND ITS CONSEQUENCES FOR STAFFING AND OUTPUT

In fiscal year 2014, CBO will continue its mission of providing objective, insightful, timely, and clearly presented budgetary and economic information to the Congress. To fulfill that mission, CBO requests \$45.7 million in funding—an increase of \$1.6 million (3.7 percent) from the \$44.1 million (on an annualized basis) provided under the continuing resolution in place during the first half of fiscal year 2013 and an increase of about 10 percent from CBO’s 2013 funding after the sequestration. The requested amount would allow CBO to return to the number of FTEs authorized between 2004 and 2008, which is still 7 percent below the peak in the authorized number reached in 2010. That amount of funding would also allow the agency to catch up on purchases of IT and other items that are being deferred this year, although spending on nonpay items would still be 15 percent less than the agency spent, on average, from 2008 through 2012.

The requested amount of funding would allow CBO to provide the following estimates and other analyses to the Congress:

- Reports on the economic and budget outlook, analyses of the President’s budget, long-term budget projections, and options for reducing budget deficits;
- Roughly 500 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 very high as committees seek to have a clearer picture of the budgetary impact of proposals and variants of proposals before they formally consider legislation;
- About 150 scorekeeping tabulations, including account-level detail for individual appropriation acts at all stages of the legislative process and summary tables showing the status of discretionary appropriations (by appropriations subcommittee) and running totals on a year-to-date basis; and
- Roughly 80 analytical reports and other publications—generally required by law or prepared in response to requests from the Chairmen and Ranking Members of key committees—on a broad range of topics, including healthcare, policies for increasing economic growth and employment, energy policy, changes in benefit programs, infrastructure, defense policy, and the Government’s role in the financial system.¹

Those products would be the result of very hard work by CBO’s highly dedicated staff. Nevertheless, the agency expects that this anticipated volume of estimates and other analyses will fall considerably short of the number of congressional requests. The increase in CBO’s staffing set in motion several years ago has now been completely reversed, and it would not be reinstituted under this budget request. Meanwhile, the demands on CBO have not declined: The enactment of major healthcare legislation in 2010 has been followed by a large number of other proposals for changes in Federal healthcare programs, and it has made the agency’s analysis of

¹In each of the past few years, CBO has produced nearly 100 analytical reports and other publications. However, the cutback in staffing that has occurred since 2010 means that the agency expects to publish fewer reports in the future.

many such proposals more complex. In addition, the slow recovery from the economic downturn has generated great interest in the agency's economic forecasts and in policies that might boost economic growth and employment in the near term and the longer term. Moreover, the surge in Federal debt and the high level of projected deficits have led to ongoing congressional efforts to enact fundamental changes in spending and tax policies, which have strained the agency's resources in many areas.

As a result, even if the requested amount of funding is provided for fiscal year 2014, CBO expects that it will continue to be unable to analyze many legislative proposals that are sent to it by Members of Congress, to promptly complete all of the in-depth analyses of issues that are requested by committees, and to improve its modeling as much as would be desirable to capture the many channels through which legislative proposals can affect the Federal budget and the economy. CBO regularly consults with committees and congressional leadership to ensure that its limited resources are focused on the work that is of highest priority to the Congress.

If the funding provided to CBO for 2014 fell short of the requested amount, then the agency's ability to satisfy congressional demands would be weakened further. For example, if CBO's appropriation for 2014 equaled its funding for 2013, the agency would need to reduce its FTEs to about 220, on average, for the year. That number is smaller than what can be supported by that same funding this year because costs per FTE are increasing and some purchases of IT and other items cannot be deferred again in the coming year. Moreover, because the agency would begin the fiscal year with a larger number of FTEs, averaging 220 FTEs for the year would require cutting FTEs to about 213 by year-end. By comparison, the agency has had more than 225 FTEs in nearly every year since the mid-1990s. If the funding provided to CBO for 2014 was significantly less than the requested amount, the agency would become smaller than it has been for any sustained period in more than 15 years.

Although CBO would do its best to minimize the impact on the Congress of a drop in staffing, a further decline from the current level would inevitably lead to a reduction in the number and extent of estimates and other analyses that the agency could provide. Depending on future staffing levels, CBO, in consultation with the Congress, might need to make some or all of the following changes:

- Scale back some regular products—by, for instance, producing the long-term budget outlook less often than annually (and thereby returning to the less frequent cycle that had been in place before the past few years);
- Limit further the number of alternative legislative proposals for which estimates can be provided to committee staff on a timely basis;
- Limit the number of estimates of the long-term effects of policies, especially the effects of changes in healthcare programs on the budget and on beneficiaries;
- Delay estimates of alternative approaches to controlling Federal healthcare spending, including the effects of restructuring payments to providers in the fee-for-service portion of Medicare and of converting Medicare to a defined-contribution system;
- Defer indefinitely analysis that the agency has just begun of the effects of changes in payments to healthcare providers—under current law and legislative proposals—on the amount and nature of health care that is received;
- Delay or limit estimates of the cost of Federal credit programs on a fair-value basis;
- Limit analysis of the macroeconomic effects of changes in fiscal policy, including tax reform and alternative ways of reducing projected Federal debt;
- Delay improvements in the agency's estimates of the effects of tax and transfer programs on people's participation in the labor force and on earnings;
- Defer indefinitely analysis of some key international economic issues, such as the implications that globalization and expanding foreign economies have for U.S. policy;
- Limit analysis of the implications of cuts in the defense budget for the capabilities of the armed forces;
- Delay analysis of policies to promote long-term economic growth and income mobility; and
- Limit opportunities for training and other professional development for CBO staff, which would hinder the agency's ability to attract and retain a highly skilled workforce.

Moreover, if CBO continued to be forced to reduce its staffing quickly, then the agency might have some noticeable weak spots in its basic capabilities during the next few years. Some key positions are already going unfilled, and additional losses through attrition would undoubtedly not line up well with the places where the agency could most afford diminished resources.

The requested funds would be used as follows: \$31.3 million for pay of personnel; \$10.4 million for benefits of personnel; and \$4 million for other purposes, to fund purchases of IT, data, training, and other items.

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

IMPACT OF LIMITED STAFFING

Senator SHAHEEN. Thank you all, very much, for your testimony.

I am going to begin with you, Mr. Dodaro. I want you to elaborate a little bit more on the comments you made about the inability to recruit people, and what the long-term impact is on GAO if you are not able to do that.

Obviously, your recruiting has been affected by the reduction in resources—but are there other issues that you think also affect recruiting?

Mr. DODARO. GAO's main asset to the Congress is our dedicated people and great institutional knowledge, and an in-depth knowledge of programs and Federal Government activities across the breadth of the Federal Government's responsibilities, from healthcare, to defense and environment, to transportation, et cetera. But it takes years to be able to build up that level of expertise.

For example, we have had in the past a very robust entry level program that runs for 2 years. We rotate people around. They develop expertise. We attract very high caliber people. We have no problem recruiting top talent to come into the Federal Government and stay, and then advance through the organization, and we have not been able to do that.

In the last 3 years, we have only been able to bring in a handful of people. We have had to truncate our internship program with major colleges and universities because we have not had positions to be able to do that. That was our main pipeline for hiring. We are trying to restart that now. It is difficult if you are out of the market for a while to be able to go back in and recruit on campus again.

And then there has been, obviously, a lot of uncertainty. We have not had a budget at the beginning of a fiscal year for a long time. That creates a great number of problems in recruiting as well because other employers can make offers much earlier in the process than we are able to.

Now, this is a particularly important problem for us right now because of the retirement of the Baby Boom generation and the people in GAO who are leaving. And right now, we have a real gap in our workforce of people that have experience between 16 and 25 years. We had a similar experience during the 1990's when we were downsized 40 percent during that period, and we had a hard hiring freeze. We are still suffering the effects of that hiring freeze because we have this gap in our workforce.

And then, of course, the people who have over 25 years of experience are all eligible to retire, and they are going to be leaving. And so that institutional knowledge is going to be going out the door, and we won't have a pipeline of junior staff to replace it. It will affect our ability to identify cost savings in other areas until we can do that.

I am very concerned about that and as I mentioned to you before, I have a long tenure. My term goes to December 2025, and I want to make sure that we are as strong an organization then as we have been in the past. I want us to continue serving the Congress in helping to deal with a wide array of challenges: fiscal security and other challenges.

FINANCIAL BENEFITS OF INVESTING IN GAO

Senator SHAHEEN. As you talk about the savings that you are able to recommend to Congress, do you have an average of how much you generally recommend in savings as you do various studies? And do you also know to what extent many of those recommendations are actually adopted?

Mr. DODARO. Actually, our track record of recommendations adopted is very good; it is about 80 percent over time.

We generate, upon average, 2,000 new recommendations every year. Since 2002, the financial benefits as a result of implementing our recommendations have been over one-half trillion dollars and that is an average of about \$45 billion a year. I mentioned that in 2012 the financial benefits were over \$55 billion.

For example, due to our recommendations, the administration canceled the Constellation program, which was a major space exploration program. We said they were not ready to do that.

The Defense Department also wanted to extend tours of military personnel in South Korea and move their dependents over there with them. We said that is likely not a sustainable model over time. You need to do a business case. They did, decided not to extend the terms, and they avoided about a \$3 billion cost right off the bat.

We made major recommendations that have been implemented to bring down Medicare Advantage costs, in particular, over time.

So we have a lot of impact, and Congress right now is desperate for these type of recommendations in order to make targeted, smart cuts that are not going to have unintended consequences on people. And I think that is the main casualty.

There is a risk to the GAO because of the challenges I've discussed to our succession planning. There is a risk to the Congress of not getting good analysis and specific recommendations to do things in a smart way, and there is a risk to the taxpayers that we are not providing the oversight over waste, fraud, and abuse across the Federal Government that people have come to rely on us for.

Senator SHAHEEN. Thank you very much.
Senator Hoeven.

MANAGING GAO'S WORKLOAD

Senator HOEVEN. Thank you, Madam Chairwoman.

Mr. Dodaro, your request for fiscal year 2014 is about level with your 2013 enacted; about \$100,000 difference, I think, two-hundredths of 1 percent, so basically about your enacted fiscal year 2013 level, it is about 5.4-percent more than your sequestered level.

So talk in terms of your ability to meet the requests that you get—from Members, and the committees, and so forth—if you end up at the sequestered level, and if we get you back to, basically,

the fiscal year 2013 enacted level, which is your request, which is 5.4 percent more than where you are now.

Mr. DODARO. On average over the years, we get anywhere from 900 to 1,100 requests.

I have been working very hard over the past 2 to 3 years because of the reductions in our budget to work with all the chairs and ranking members of all the standing committees of Congress. We do work for virtually all the standing committees to prioritize those requests, about 60 percent of their subcommittees, and I have told them I am not going to keep doing the same level of requests because it will jeopardize the quality of our work, and I will not jeopardize the quality of our work. It is not fair to the Congress. It is not fair to the country or to our people in GAO.

So the numbers of requests have come down. We are, on average, about 925 now where we had been in the past 5 years around 1,080. So that is about 150 fewer requests that we are able to take on, and the ones that we are able to take on, sometimes they are delayed. We are not able to get to them as fast as I would like to get to these requests. Some of these are really serious problems and when something happens in the external environment, we are always brought in to review the problem and then we have to juggle the requests and the priorities.

So we have tried to trim back the level of requests. What we do take on, we try to do in a quality manner and try to deliver on-time the way we have promised. We are so tied in with the congressional schedule, and for decisionmaking and hearings, that it is really important for us to hit those marks.

The other thing I have tried to do, Senators, is to do one body of work to meet multiple committee needs, and to work in a very open manner. As a result, our work is either mandated by committee report, conference report, or in law, or by request. More than 60 percent of what we do now is done on a bipartisan basis, and done for multiple committees, so I have tried to do that too to manage the workload in this environment.

I want to make sure. My goal is to work on the most important national issues and the Congress' highest priorities, and things that will have a good return on the investment that people make in us.

Senator HOEVEN. So what I pick up from that is if you end up at the lower level, you may be able to do it in the range of 925 requests versus if you are able to go back to the 2013 enacted level, you may be able to do more like 1,050 requests.

Mr. DODARO. Yes.

Senator HOEVEN. Give or take.

Mr. DODARO. That's about right.

Senator HOEVEN. Depending.

Mr. DODARO. That is about right and the requests may vary. I mean, one request can be a very targeted study. It could take us a couple of months. Another could be multiple reports over a period of time, so they are not all equal in terms of the numbers of requests.

Senator HOEVEN. Absolutely, but over a universe of roughly 900 to 1,000 that probably evens out—

Mr. DODARO. Yes.

Senator HOEVEN [continuing]. In some kind of general sense.

Mr. DODARO. No, your statement is right. I just wanted to caveat it.

Senator HOEVEN. How do you prioritize the requests? Is it just chronological? But then, as you say, there are different priorities. How do you do that?

Mr. DODARO. Yes, there are two ways. Priority one are requests that the Congress passes in a law. It is in a statute, "You should do this study," or, "Audit the consolidated financial statements of the Federal Government every year," or in a conference or a committee report. Those are priority one because either the whole Congress has asked us to do the work or a whole committee has asked us to do the work.

Priority two, are requests from chairs and ranking members. Both have equal priority and by law, we are to respond to requests from committees.

Priority three are requests from individual Members of Congress. We have not been able to do a request from an individual Member of Congress for probably a decade and maybe more.

So right now, what is in the queue are requests from committees, both chairs and ranking members. If a Member wants a request, they have to get a committee to sponsor it as a request to get into the queue, and that happens sometimes.

But then, we allocate our resources across the Government, depending upon where the major dollars are, where the big issues are. And then we work with those committees, for example, the Armed Services Committees to prioritize what we do in the defense area. And then we work with Ways and Means, and Senate Finance and Health, Education, Labor and Pensions, just as an example of the healthcare area. So we work with committees on the prioritization within those areas.

Senator HOEVEN. If it is in statute, does it have a higher priority than—

Mr. DODARO. Yes.

Senator HOEVEN [continuing]. Vis-à-vis the committee or subcommittee request?

Mr. DODARO. Yes.

Senator HOEVEN. That is required. That is first. You have to do that and then you take the committee/subcommittees as you are able to.

Mr. DODARO. That is correct.

Senator HOEVEN. But it is not purely chronological

Mr. DODARO. No.

RELIEF FROM STATUTORY MANDATES

Senator HOEVEN. Then you do have some discretion in terms of priority of a project based on how imminent it is or how significant it is. Is that—

Mr. DODARO. Yes, and whether we have the proper staff available. In some cases, our expertise is limited in certain areas and people have to become available.

So we have flexibility, but we continuously work with the committees to say, "If a new issue comes up, what do you want us to postpone?" And then we have a dialogue about how to do that.

We also track every bill that is introduced every week in the Congress with a potential new mandate for GAO. Virtually every week there are several bills, sometimes dozens, introduced that have requirements for GAO and if a mandate does not make sense or we have already done something similar, we outreach right away to the committees to express our concerns. We also go through existing requests and mandates and identify ones that have outlived their usefulness or are not, in our opinion, good use of our resources.

Last year, the Congress relieved us of about 16 of those mandates. We have identified another 20–25 right now that we are going to propose to the various committees in this Congress to try to eliminate some of those mandates as well. So we work on that, too, Senator.

I am sorry. You were going to ask me something else.

Senator HOEVEN. Well, Madam Chairwoman, if I may, just to follow up on that.

Yes, I was going to ask about that. Are there some things that we can eliminate? I was going to come back to that in the second round, but just finish this point. If you have to adjust the number of requests you can fulfill, then is there a certain timeline on these projects that you have to factor in, because that is going to affect how many you can do, too, right?

Mr. DODARO. Right.

BALANCING PRIORITIES AND COMPETING DEADLINES

Senator HOEVEN. If you are doing longer or shorter timelines that makes a difference.

So how do you make sure you still meet a certain timeline? Do you just reduce the number of projects that you take on?

Mr. DODARO. Yes, basically we do that or we do the work in phases. What is happening now, and I want to keep an eye on this, we are agreeing to do the work in phases in some areas where we will give the Congress an installment on some information. And then if it is going to take us longer to get access to information, or we have to do some modeling, or a complex methodology, we will do that later.

Now, the thing I am concerned about is that usually it is best to do everything at once to make sure the entire work is put in context properly and balanced over time. So I am going to keep an eye on this process to make sure that that doesn't become a problem. We are trying to be responsive and deal with the very issue you are talking about in terms of the timeline, but it could have some unintended consequences. So I am going to watch it carefully.

But basically, yes, we have to adjust the timeframes all the time on these engagements.

Senator HOEVEN. Thank you.

Senator SHAHEEN. I want to follow up with just one question on that line of discussion because how many requests are currently in the pipeline that you think are going to be difficult to fulfill?

Mr. DODARO. I think we will fulfill all the ones in the pipeline that we have accepted. It just will be question of when.

Senator SHAHEEN. So you don't have a backlog at this point.

Mr. DODARO. Yes we have a backlog. I thought you meant once we start them, are they going to be difficult to do. No, we always have a backlog and a queue of requests, and it varies by area, for example healthcare versus defense.

And some committees, for example, the Armed Services Committee, always put theirs in the authorization bills or the appropriation bills. Other committees go through the request route. So it varies. We have different patterns working with different committees, but there is always a queue.

Now, if I think a request is going to be inappropriate for us or just not feasible to do, then I will talk with the committees and the Members upfront. We don't accept everything that we are asked to do. And then, we do have a lot of latitude once we do accept something such as how we articulate the research questions so they are fair and balanced, and we produce objective, independent, non-partisan work.

Senator SHAHEEN. Thank you.

STATUS OF TELEWORK PILOT

I am very interested in the telecommuting that the employees at GAO are now able to do in offices around the country.

I wonder if you could talk a little bit about what you have seen as the result of GAO's telecommuting program.

Mr. DODARO. Yes. We have seen very positive results thus far. We have done it on a pilot basis starting out with two offices, Boston and San Francisco. We have since added a few more offices. We are not complete with all the field offices yet, but we are doing rolling evaluations of it from several different standpoints.

I asked to evaluate this pilot as if we were looking at another agency to make sure that we are producing as before. We have a "no harm provision" that the telework pilot has to at least maintain and enhance our quality, and not affect our productivity.

And so far, when we review our telework efforts, we have independent people review the report produced by staff participating in the telework pilot, and they give it a quality score. So far those quality scores have been maintained. Staff are very pleased with the flexibility that they have been able to experience through telework.

We will save \$1.2 million this year in rental costs in the field where the rental costs were going up considerably. We anticipate we will save another \$.9 million next year. We will have about \$2 million savings on a recurring basis going forward, which reduces our fixed costs.

Now, one of the things I also wanted to focus on, since we have not had a lot of new hires recently, is how we introduce new hires into the organization in this telework environment. We are working through how to make sure that we properly train them before they are able to take full advantage of this flexibility.

So far, the results have been most encouraging. I am very pleased. But we are keeping a careful eye on it.

Senator SHAHEEN. Do you think this is a model that might be of use in other areas of the Federal Government?

Mr. DODARO. Well, some agencies have already done this. The Patent and Trademark Office, for example, has done it. It depends

on the nature of the work that you are doing and whether it lends itself to that.

Senator SHAHEEN. Sure.

Mr. DODARO. We will provide the results of our work and see if other people would want to do it. I don't know, for example, whether the inspectors general would be interested in this. I am meeting with them, tomorrow. We coordinate our activities and have a meeting once a year, so I will mention what we are doing. I know some of them have been interested in it in the past. It depends on the nature of the work.

Communications devices have also helped to make telework possible. One of the reasons our travel costs are down 40 percent is because we have mandated funding reductions. However, we are using videoconferencing desktop to desktop now with the telework arrangements which has also helped reduce costs, and we have even given speeches that way remotely.

And so, it really helps us be more efficient instead of spending time on a plane. I know a lot of you travel a lot on a plane. You know how much time you waste there. So telework is helping us also reduce travel. It is also reducing our transit benefit payments because our staff are not using—transit as frequently when teleworking.

So in addition to saving rental costs, there are other cost savings, as well as addressing the environmental concerns and related issues. It was right for us to do this telework pilot. It really helps retention of our workforce. We need to make sure we keep the good people that we have, so we build that institutional knowledge. This is one way to do that.

Senator SHAHEEN. You talked about evaluating how the telecommuting program is working, but when you put it in place, were there particular accountability measures that you established for people who were working within the program so that it helped people to continue to be productive?

Mr. DODARO. Yes, and we have also instituted a new performance management system this year as well, which focuses a lot more on expectation setting upfront, evaluation and constructive feedback. It is all based upon developing the person over a period of time. So we have a real excellent training program.

But for telework, our staff have to sign agreements describing their telework arrangement, and we have encouraged the supervisors to continue to work closely with them.

One telling point is we also ask other people who are involved in the engagement whether it has had any impact. And some people got a form for evaluation, and they said, "Well, there is nobody teleworking on our job." And we said, "Well, yes, there is." I mean, they did not even notice it because when we work with the field office—

Senator SHAHEEN. I am not sure if that is a good thing or a bad thing, though.

Mr. DODARO. In our view, it is a good thing.

Senator SHAHEEN. Yes.

Mr. DODARO. But our people in headquarters and the field offices have worked together all along, so people have worked remotely that way.

Senator SHAHEEN. Sure.

Mr. DODARO. We put teams together that have staff from multiple field offices on them. We have a very good staffing process where we bring the right people to bear on each assignment, regardless of where they are. I am pleased so far with it.

Senator SHAHEEN. Good. Thank you.

Senator Hoeven.

ABILITY TO MEET CASELOAD

Senator HOEVEN. Thank you, Madam Chairwoman.

Dr. Elmendorf, I would ask you kind of the same line of questions that I asked Mr. Dodaro is if you stay at your current sequestered level versus going back to the fiscal year 2013 level that is in your request, and I get that that basically changes your number of FTEs.

Talk about your ability to meet caseloads, how that changes both in terms of number of cases and timelines, and prioritization.

Dr. ELMENDORF. Yes, Senator.

So I think of maybe three types of work that we do. Some of the work we do is directly engaged with ongoing legislative activity in the Congress. Right now, the Senate Judiciary Committee is working on immigration legislation. That legislation has potentially significant budgetary and economic effects, and our team of people, budgeting analysts and economists are working along with that committee. So we had some people on the phone on a conference call Sunday afternoon to talk with Judiciary Committee staff about ways in which the legislation as it is being drafted seems not to actually implement the intent of the committee. So that work has to happen on the timetable in which the Senate is working on that legislation. And when legislation is moving like that, then it has our highest priority.

The second set of work that we do, I think of as writing reports in response to requests generally from the Budget Committees, or the Finance, and the Ways and Means Committee, or the appropriators in which we are evaluating specific Government programs and presenting options for changes that Congress might make with discussion of the budgetary and other effects of those options.

So for Senator Sessions, for example, who is the ranking member of the Senate Budget Committee, we are doing a set of reports on the means tested programs and ways in which they might be changed. And that work has to happen on a reasonably timely basis. Senator Sessions is very interested in proposing changes to those programs, and he wants this work done, but it does not have to happen on a week by week basis.

The third set of work we do is very important in building modeling capacity, analytic capacity to tackle questions that are coming down the road but are not here yet. The modeling that we have done of the health insurance system in this country in the past few years, we are using a model that we started to build at CBO about a decade ago. And if that work had not started then, we would have been in no position in the past few years to do the analysis the Congress needed.

So probably what we need to do is to carve out enough time from the current legislative activities to invest in the models, to invest

in the knowledge on the parts of our staff members, to be ready when the legislative questions arise.

In all of that work, we are looking to the budget committees, to the congressional leadership, and to the other key committees we work for to help set the priorities for us. Our job is to serve the Congress. We need to do things that you and your colleagues need, and we try to find that out through an ongoing engagement with key members and staff on these committees.

Senator HOEVEN. Number of cases and your ability to meet the demand if you are sequestered versus your request, which is essentially the fiscal year 2013 level, is provided.

Dr. ELMENDORF. So what we have to do under law is to produce an estimate of every piece of legislation reported out of a committee. So we did about 500 of those formal cost estimates last year.

What we have done increasingly over time is to provide estimates for committees as they are developing legislation, and we have done thousands of those over the past year, maybe ten times as many as the formal estimates. That is one of the things that we would have to cut back on if our staffing were reduced.

So, for example, one of our three agriculture program experts has retired. We have not replaced that person, so we have two terrific people, but we have less capacity to do those kinds of estimates than we did. And if our staffing level is higher, that increases the chance we could replace that person.

We will still do an estimate of the farm bill as it comes out of committee, but we won't do as many estimates. We won't be able to do as many estimates of different proposals that the committee is wrestling with. So that is, I think, where one will see the cut-backs most directly.

But there are other areas like our analysis of the long term effects of proposals. Most of our estimates focus on the next 10 years, but many Members of Congress are interested, as they should be, in the longer term effects of immigration legislation, of healthcare changes, and so on.

We have built capacity in the past few years with this extra staffing. We have to do that longer term analysis, but we are going to lose that capacity. We won't lose it all the time. We will do it sometimes, but we will be able to do it much less often and much less comprehensively than if we had higher staffing.

OTHER REQUESTS

Senator HOEVEN. So you would not be able to do any requests for the junior Senator from Arkansas, is what you are saying, if I had to summarize.

Dr. ELMENDORF. We would do our very best for every Member of the Senate, but it is a hard problem. And we, like at GAO, we do very, very little now for individual Members of Congress. We work for the leadership and I am—

Senator HOEVEN. That is exactly, you are anticipating exactly where I want to go. I do not want to run over my time, but I want to come back and say okay. What does that mean for the informal requests that individual Members need in order to fashion good legislation? Incredibly important, it could be incredibly time con-

suming. It could also be an incredible waste of time if they are having you do stuff that will never see the light of day or never get anywhere.

A real prioritization issue particularly when we have constrained resources. And my time is up, but I do want to come back.

Senator SHAHEEN. Senator Boozman.

Senator BOOZMAN. Thank you all for being here. Appreciate all you do.

I would like to remind the senior Senator from North Dakota, that the junior Senator from Arkansas has more seniority.

Senator HOEVEN. Not on this subcommittee.

REPORTS ON OVERLAP AND DUPLICATION

Senator BOOZMAN. That is true. Mr. Dodaro, I appreciate your commitment to helping the Federal Government get on a path of sustainability. I know that y'all are working really hard in that regard.

I understand that through your three annual reports, GAO has identified a total of 162 areas with 380 actions that the executive branch and Congress could take to address duplication and potentially achieve tens of billions of dollars in savings. I also see from your testimony that only 65 of the actions have been addressed.

What do you see as the biggest hurdle to implementing the GAO recommendations? And, how can we better assist you as a Congress ensuring the recommendations get done?

Mr. DODARO. There are really a couple of fundamental problems.

One, because we were asked to look across the Federal Government, for example, we identified 82 teacher quality programs at 10 agencies; 160 housing programs, multiple agencies; more than 200 Scientific, Technical, Engineering, and Math programs. They cross multiple committee jurisdictions of the Congress, and they cross multiple agencies in the executive branch. And neither the executive branch nor, in many cases, the Congress is readily set up to make those kind of policy choices across a related set of programs.

In addition to looking at programs, we looked at tax expenditures and what tax expenditures may be duplicative of Federal programs. We have recommended to the administration for years that they regularly review tax expenditures. In any 1 year, you can have as much money as total discretionary spending in revenue forgone through the tax expenditures. They have yet to implement that recommendation.

The second issue is that a lot of the areas we have identified have been within defense. For example, the service-centric programs such as unmanned aircraft vehicles, electronic warfare, intelligence reconnaissance and surveillance. And each service has its own medical command. We have recommended in the past to consolidate those commands, and they could save \$200 to \$400 million a year. Getting changes through in the Defense Department is just difficult and requires a lot of oversight by the Congress. And so, I think we need more congressional oversight in these areas, ways to work across committee lines, and the administration needs to do more to develop proposals.

I was encouraged to see that the President's budget submission has some proposals that are responsive to our reports. Of course,

his submission came after we did our analysis. In the STEM area, there is a proposal to consolidate some programs. So it can be done.

We point out this year that Congress and the Moving Ahead for Progress legislation consolidated more than 100 surface transportation programs. So it can be done, but it requires a lot of time, and attention, and follow up.

Senator BOOZMAN. Right.

Mr. DODARO. Now, we are willing to work with anybody in the Congress, any administration for that matter, to get these things accomplished.

DIGITAL AND PRINT

Senator BOOZMAN. And we appreciate that very much.

Ms. Vance-Cooks, you have users that use, we are in a digital age now, digital and print, do you have any determination as to who is doing what, and if you are using your resources? Are you mixing your resources such that the, whichever one is being used the most, are you allocating more resources toward one or the other that matches up with the study? Does that make sense?

Ms. VANCE-COOKS. Yes, sir. It does make sense. You are asking me about the difference between print and digital, and which of our users are using—

Senator BOOZMAN. Yes, who is using which and—

Ms. VANCE-COOKS. That is right.

We are very much aware of the fact that tangible print is declining. And as tangible print declines, there is a need for us to increase our online presence for digital. This is because society is changing.

And because society is changing and they are demanding digital applications, it is very important for Congress and for GPO to assist Congress to make sure that the data that we provide on behalf of the Congress is online.

This is why we have a digital system called FDsys which, as I mentioned earlier, has more than 800,000 titles. We are seeing a tremendous amount of interest in FDsys because of the downloads. We have about 37 million downloads per month. And since 2009, we have seen 500 million retrievals. That tells us that there is a market. That, in fact, there is an insatiable appetite for digital.

Because of that, the budget that we have presented to you reflects the fact that we need to have more digital technologies so that we can respond to this demand.

So the short answer is that as tangible declines, we will see the need for more and more online presence.

Senator BOOZMAN. Thank you.

Thank you, Madam Chair, my time is up. The only other thing I would say is that in this era of having to make some cuts in this and that, the cuts also, people do not realize, the cuts also are to our staffs both at the committee level and at the level of our personal staffs in trying to do the business of where we are from.

So I guess I feel very strongly that as we cut back, we are going to rely more and more on individuals like this, these types of agencies that really do a good job, and they relate well to the Congress, and are very, very helpful in us doing our tasks.

So I think as we look at our budget, we really need to be careful about protecting the agencies, and making sure that they've got the resources that they can do to help us.

Thank you.

Senator SHAHEEN. I certainly agree with that, Senator Boozman.

GPO REVOLVING FUND

Ms. Vance-Cooks, you have a revolving fund in GPO. Can you describe what that revolving fund is used for and what has been the effect of that account not being funded at the request level for the past several years? What has been the impact of delaying those funds?

Ms. VANCE-COOKS. Thank you.

The revolving fund is primarily used for our capital investments. Those capital investments are critical for the future of GPO because those capital investments are used for digital transformation. They are used to ensure that our FDsys site is powerful and robust.

In our fiscal year 2014 budget request, we have about \$6.5 million requested for FDsys, for investment in repository, search features, upgrades to software, hardware, and storage capacity. If we do not have the funds for that, eventually FDsys will become less robust and it will not reflect the needs of Congress, and it will not reflect what Congress has been doing, and has been legislating.

We also need investment funds for equipment. We have equipment that is reaching obsolescence. Some of our equipment dates back to the late 1970's—early 1980's. When we have equipment that is that old, we run into problems of waste, inefficiency, and poor energy consumption.

When we ask for a new piece of equipment, it is because we know that it will make us more efficient and much more productive. We have requested a new digital bindery line because of the fact that it will reduce our make-ready from 1½ to 2 hours, to minutes. It will reduce our make-ready waste by 50 percent. It will reduce our rework because it is digital and it has quality controls that keep track of the work that is running through.

The revolving fund is also used to pay for facility repairs. You have seen our building down the street. It is the big, red building. It is old, and it needs a lot of work. Roof repairs need to be completed, and the elevators need repair.

So essentially, in the revolving fund, we have capital investments for equipment, capital investments for technological advances, and facility repair.

Senator SHAHEEN. And what happens if this account is not funded again in fiscal year 2014?

Ms. VANCE-COOKS. If it is not funded, we will see our capital investments not be realized, which means that in the bindery we will continue work with equipment that is obsolete. This is going to make us extremely inefficient. If it is not funded in terms of FDsys, we are going to have a problem because it will not be as robust.

We need to add content to FDsys. It needs to be valid. It needs to be legitimate. If we do not have the funds available for that—

Senator SHAHEEN. When you say, "We need to add content," what do you mean?

CONTENT ON FDSYS

Ms. VANCE-COOKS. We have to add content daily onto FDsys. When I was here last year, I talked about the fact that FDsys has 680,000 titles. Today, it has 800,000 titles. We are continuing to add the titles, but that takes time. That takes work. It takes people to ingest that content, to create the metadata for that content.

We need to crawl through all the Websites to pull that content in and authenticate it. One of the market niches for FDsys is the fact that it is the only site that has authenticated information from all three branches of the Government. It reflects the Government. It reflects what the Government does.

If we do not have the funding through the revolving fund, we cannot keep FDsys to be as robust as it needs to be. So if our requests are not funded there will be no new bindery equipment. FDsys cannot be upgraded, and we will not have the money to fix our buildings as we need to.

Senator SHAHEEN. Thank you.

DATA CENTER MODERNIZATION

I want to ask you elaborate on the data center modernization project because the budget request suggests that you used some of the funding in fiscal year 2013 to begin that project. But can you talk about what the total cost of the project is and what its status is?

Ms. VANCE-COOKS. Sure. The total cost of the project is \$2.5 million. We actually have not used the \$500,000 yet. We originally attempted to, but the Joint Committee on Printing (JCP) asked us to defer this project and to participate in the legislative branch data center study report, which is still ongoing, and we are waiting for the final recommendation.

What we are doing now is trying to use some of our funds to get ahead of the game in the sense of conducting a preliminary estimate and assessment of what our requirements are, so that when the recommendations come back to us, we are ready.

We need a data center modernization program because this is a strong IT risk. And we want to make sure that our data center follows the executive branch in terms of best practices. It is something that we definitely must pursue.

Senator SHAHEEN. Who is setting up the legislative branch data center study report?

Ms. VANCE-COOKS. This is coming from the legislative branch area.

Senator SHAHEEN. Who within the legislative branch, do you know?

Ms. VANCE-COOKS. It is on the House side.

Senator SHAHEEN. Well, it is nice to know that it is not on the Senate side, so there is no need for us to know about it.

Ms. VANCE-COOKS. Excuse me. I am sorry. It is on the House side.

Senator SHAHEEN. Thank you.

Senator Hoeven.

Senator HOEVEN. Thank you, Madam Chairwoman.

INFORMAL OPINIONS AND METHODOLOGY

Dr. Elmendorf, just to finish up. So on informal opinions and methodology, I want to get into both of these for just a minute.

Are you in a position to provide that analysis so that you really can help members? Is there something you could do to make that more efficient so you are not wasting time, and I know that everyone has got a different view of what constitutes wasting time, and does that get into methodologies? So I am looking. Is there something that we can or should do in this area that is helpful and productive?

Dr. ELMENDORF. Senator, we help individual Members with their requests whenever we can, but given the number of those requests and the amount of staff that we have, we often fall short, and I am often in a position of apologizing to Members for not being able to analyze their proposals. I think that has a significant cost to the Congress.

I think we focus on what the chairs and ranking members of the committees and their staff want to pursue because they are the ones who have the biggest influence on the legislative process. But, of course, there are lots of good ideas that come from people who are not chairs or ranking members of committees, and I worry that those ideas do not get a fair hearing, in a sense, because we cannot do analysis of them comparable to the analysis that we can do for proposals from the chairs or ranking member.

I do not think there is an easy way around that problem even the 235 FTEs that we have requested are not enough to change that. I mean, 2005, and 2006, and 2007, and 2008 we were unable to serve individual Members as much as we wanted. The ramp up in staffing that was set in motion then was designed to give us a better chance of analyzing significant proposals in the healthcare area, as I mentioned. That has gone away. If we held to 235 people, we would still be very tightly constrained.

My concern now is that falling below that level, which is where we are at this moment and where we will be unless you are able to support our request, that that will make it even harder for us to serve the chairs and ranking members of the committees. But even they will end up not having analysis of as many alternative proposals as they would like.

What we do does not lend itself to economies in the production process in that way. I mean, we use, obviously, a fair amount of sophisticated IT equipment, but that is because we are trying to deal with large datasets with confidentiality requirements and so on. There is no real way to mechanize what we do to produce it in greater volume.

So I do not think I know a solution to that problem. What we do is a labor-intensive business. Our budget is more than 90 percent compensation for our analysts.

CHANGES IN METHODOLOGY OR TOOLS NEEDED

Senator HOEVEN. So there are not necessarily changes in either methodology you are required to utilize or in tools like IT that you need to use that would help you in terms of your budget and your workload.

Dr. ELMENDORF. I think of the IT tools as complements to our staff, not substitutes for them. Our staff members need sophisticated IT equipment, not because we care about having the latest, coolest thing, but because we are dealing with large datasets and complex models. So the analysts that we have need the IT equipment and services to support their work. It does not really take away. It does not alleviate burden on them in that sense.

Now, in terms of the methodology that we use, the way we proceed in our work has been developed over a number of years in concert with the Budget Committees to serve the Congress most effectively. So the procedures we follow are procedures that have been developed in this process and we are always engaged in conversation with the Budget Committees about whether they think changes would be useful.

The thing which is ours alone is the professional judgment about the way that, say, households and businesses would respond to changes in Government programs. That is very important, I think, that that responsibility for those decisions rests only with us.

But in terms of the sorts of work we do, the timetable we do it on, the way it is presented, that is something that we tried to do what the Congress finds most useful and it evolves over time as the Congress' interests evolve.

DRIVEN BY THE BUDGET COMMITTEE

Senator HOEVEN. Driven largely by the Budget Committee's directives as to how to approach those things from a methodology perspective?

Dr. ELMENDORF. Yes, driven primarily by the Budget Committee.

Senator HOEVEN. Is there anything that you are doing, in your opinion or that you are required to do, that frankly is a waste of time, or at least a low priority? Or it would be really helpful to be looked at to say either, (a), maybe it doesn't need to be done, or (b), maybe somebody else ought to do it, or (c), maybe somebody else is doing it?

Dr. ELMENDORF. So there were a few items that were taken off of our to-do list through recent legislation.

For example, we are now required to report less often on the economic effects of the American Recovery and Reinvestment Act of 2009. We are required to report less often on the cost of the Troubled Asset Relief Program. And those changes were made by the Congress in discussions with us, and I think those do save us some time that was not very useful for the Congress. But there are not a lot of things in that category.

When we see something on the horizon that we think would not be helpful, or that we cannot do effectively, we communicate that very immediately to the committees and try to get out of that.

I would say also on the coordination with other agencies, Gene and I talk, and our staffs talk. We interact with the folks at Congressional Research Service (CRS) as well to make sure that we are not duplicating work for the Congress, and I think we really are not. I think the work the GAO does in studying the implementation of Federal programs is a complement to the work that we do in helping you understand what the consequences would be of new legislation.

So if there are areas where we are, we try to learn from each other. There are areas where people's expertise at GAO or CRS is useful to our folks, then we reach out to them for that expertise.

I think in terms of the sort of work we actually do, the products we give to the Congress, I do not think there really is significant overlap.

Senator HOEVEN. Thank you.

Senator SHAHEEN. Thank you.

Senator Boozman.

BUDGET SYSTEMS

Senator BOOZMAN. Thank you, Madam Chair.

Well, this has been a really helpful hearing. I have learned that if I need something done, I need to ask my ranking member or chair to ask for me.

Could we save money by going to a more traditional accounting system, budget system that is not so complex?

Dr. ELMENDORF. That is a very good question, Senator.

The Federal Government is a big and complex organization, and that is not surprising, I think, that its budget is big and numbers complex in construction.

Senator BOOZMAN. IBM, and Wal-Mart are big and complex.

Dr. ELMENDORF. And they have complex budget systems, different from the Federal Government's system. There are some specific sorts of changes that might be made to the Federal budget that we have evaluated over time.

People have talked, for example, about whether there should be a capital budget, and we have done some work, and presented testimony to the Congress on that topic. We have not evaluated the entire budget system from the ground up, and I am not sure, to be honest, that that is something that would be better for us to do, or better to specifically engage GAO in, or for us to work together with them.

Senator BOOZMAN. It is fair to say, though, if you took the major corporations and looked at how they budgeted, they would be much more similar to each other than they would be to the Federal Government.

Dr. ELMENDORF. I think that is right, Senator, though I am not an expert at private accounting. But the Federal Government does play different roles, and the Federal Government has, in a sense, a board of directors of 535 people.

So there are some important differences that probably should be reflected in the budget. We just have not done a careful comparison of private and public accounting, and ways in which they might be brought into greater harmony.

HELPING THE CONGRESS UNDERSTAND THE CONSEQUENCES

Senator BOOZMAN. I am not trying to put you on the spot, and yet, I am a little bit. I guess that is a fair question to ask though, that we look at some of the complexity. There is just something about Government, and I am part of it, that makes things very, very complex at times.

So how much, for each dollar that you get, how much do you return to the taxpayers as far as efficiency?

Dr. ELMENDORF. Well Senator, I think that particular way of framing the question is actually better directed at my colleague, Gene. What we do is to help the Congress understand the consequences——

Senator BOOZMAN. Right.

Dr. ELMENDORF [continuing]. Of different pieces of legislation that you are considering. Not so much, I think, a matter of efficiency, but whether legislation would meet——

Senator BOOZMAN. Right.

Dr. ELMENDORF [continuing]. The objective that you and your colleagues have. So we believe strongly the information we provide helps you make better informed choices whether to implement certain programs in some ways or not. But the measure of the effectiveness of that is really your sense of whether the programs you put in place are serving the country well.

Senator BOOZMAN. No, I agree. I guess what I am trying to say, and I think you would agree, there is a multiplier effect in the sense, if we give you a dollar and you use it efficiently, and try and give us good information, then we are saving the taxpayer by doing things more efficiently.

How about you, Mr. Dodaro? For the dollars that we give you, what is the multiplier effect there?

Mr. DODARO. Last year, we returned in financial benefits \$105 for every \$1 invested in GAO.

Senator BOOZMAN. Good.

Mr. DODARO. That has been roughly constant over the last decade.

BUDGETING AND ACCOUNTING IN THE FEDERAL GOVERNMENT

On the question you asked Doug about the budgeting and the accounting process, I would make a couple of comments, if you are interested.

Senator BOOZMAN. Yes, Sir, very much.

Mr. DODARO. First, no corporation in America would separate their funding for their debt from their decisions that they make upfront, and the appropriations and revenue process. We have recommended that the Congress, at the time appropriation decisions are made, figure out how much revenue is going to cover the appropriation, how much they need to borrow, and make that decision right upfront.

This bifurcated process we have right now does not make sense. We calculated that the debt ceiling discussion in 2011 unnerved the markets so much, the Federal Government ended up paying \$1.3 billion in additional interest costs because of the uncertainty around that situation. So that is number one.

Number two, the Federal Government takes on so much more risk than any other company. For example, the flood insurance program right now is not actuarially sound. The Pension Benefit Guaranty Corporation steps in to help fund positions for companies that are bankrupt and they have a huge exposure right now.

There are a lot more risk-based decisions that the Government makes that the companies would not touch. In fact, the Government is involved because many companies have decided it is not worth their while to get involved in some of these areas.

And then you have situations on the accounting side, not the budget side, where the Federal Government did not have any requirements to have audited financial statements until 1996. It took us about 10 years to convince the Congress to put that requirement in place.

So we operated, as a Nation, for close to a couple hundred years without accounting systems in place that were audited. So it is quite a situation.

Now, it has been significantly rectified. About 21 out of the 24 major departments and agencies now can get a clean opinion, but the Defense Department is un-auditable, and they are the lion's share of the assets and half of the discretionary spending. No company would have started operation without an accounting system in place.

Senator BOOZMAN. Right.

Mr. DODARO. And so, those are some of the complexities.

Senator BOOZMAN. Good.

Thank you, Madam Chair.

Senator SHAHEEN. If we move to biennial budget systems, then we would at least have more time to look at the budget. I am not going to ask all of you to respond to that.

REDUCTIONS IN PAPER VOLUME

I want to go back to you, Ms. Vance-Cooks, because I know that one of the things you all have done to address cost is to work to reduce the volume of paper generated for congressional offices. I know that we just recently made a determination that in the Senate chamber, we would put paper legislation only on the desks of those Senators who requested it.

Can you talk about what other measures you are looking at to continue to move us toward a paperless system?

Ms. VANCE-COOKS. Yes. Back in 2011, we conducted a survey of congressional offices and asked them specifically pointblank, "Do you need this particular publication?" And the response was very positive and we reduced some of the publications, specifically the Congressional Record, by about 18 percent.

This is a new Congress and we intend to do that again within the next 90 days. We are going to conduct another survey. We too will then ask, "Do you still need the paper?" And the reason is because it is important for people to continually evaluate what their requirements are.

I believe that GPO has a history of working very closely with the Congress to help them process that particular piece of information.

If you look back in 1994 when we first went online with the Congressional Record, for example, we were printing about 20,000 copies a day. Today, because we are now online, and because we work closely with the Congress, we now produce about 2,700 copies per day. So we have that relationship and we have established ourselves as being an expert in helping the Congress to go towards a paperless environment.

Again, as we reduce the tangible print, though, we will go online and there will, of course, be a cost associated with going online.

NATIONAL ACADEMY OF PUBLIC ADMINISTRATION STUDY

Senator SHAHEEN. In your testimony, you talked about the National Academy of Public Administration (NAPA) and their review of the GPO regarding the issue of privatization.

I wonder if you could talk a little bit more about the recommendations that they made for GPO's continuing to be more efficient.

Ms. VANCE-COOKS. Sure. The first thing they said about privatization is that it would not work for the GPO. They also identified 3 major themes set against 15 recommendations.

The first theme was to position the Federal Government for the digital age. The NAPA report recognized the fact that society, as I mentioned earlier, is moving toward digital, and the fact that Congress must move as well.

The second theme talks about GPO and the fact that GPO should establish a strong foundation for a digital platform. A third theme talks about GPO moving toward the future. In some of those recommendations, I would like to give you some examples.

One of them was that we should go ahead and develop an FDLDP national plan. This is a plan for the Federal Depository Library Program. Our FDLDP program currently covers about 1,200 depository libraries across the United States. There are about 25, on average, in each State. They serve millions of Americans in terms of providing permanent and public access.

So they asked us to develop a national plan, and this happens to coincide with the fact that we had recently completed a State forecasting study where we asked the depository libraries, "Where do you see yourselves going in the future? And how can we, as GPO, help you to get there?"

Senator SHAHEEN. Can I just interrupt for a minute—I assume you are providing them with Federal documents?

Ms. VANCE-COOKS. That is correct.

Senator SHAHEEN. How is that different from what the Library of Congress is doing?

Ms. VANCE-COOKS. When Congress or when an agency decides to print a document, we ride that particular order for extra copies. We then send those physical copies to the depository libraries. They are put on the shelves so that the American public can come in and access them. We also put it up on FDsys in terms of digital content. That is what we do with the depository libraries. In fact, the Library of Congress is a depository library.

Now, what we are saying in terms of it being different from the Library of Congress. The Library of Congress does not distribute documents to Federal depository libraries. And again, these libraries are throughout the entire United States, about 1,200 of them.

Another recommendation from NAPA has to do with our print procurement system. This is the area that is responsible for procuring orders, printing orders for the Federal agencies. They have asked us to take a look at an automated system, which we happen to agree with, and we just recently completed an RFI for this particular project.

Another thing they asked us to do is to expand our strategic planning capabilities. They want us to handle more scenario plan-

ning. We are gratified to do that because we think that especially in this era of sequestration, it is important to know what-if. What if this happens, what do we do, because this is a time of uncertainty.

If you look on our Web site, you will see that we not only have strategic plans set on a rolling 5-year basis, we also have them internally on our Intranet, we have business unit plans that are developed and support the major strategic plan.

So those are three key initiatives that we have done with the recommendations.

Senator SHAHEEN. Thank you.

Senator Hoeven.

Senator HOEVEN. Thanks, Madam Chairwoman.

REVISION OF MANDATES

Mr. Dodaro, are the things you are doing that would be, in your opinion, could really save you money, time, and effort if you were not doing them? Are there things we should be trying to change or get rid of that you currently do?

Mr. DODARO. Could you repeat the question?

Senator HOEVEN. Are there tasks, are there things that you are assigned to do, you have to either do on a repetitive basis, on a recurring basis that we could perhaps use your time and research more efficiently if we changed it or eliminated it?

Mr. DODARO. Yes. There are at least 25 different statutes that we are in the process of identifying.

First, ARRA, we were tasked with doing bimonthly reviews of the use of the money by State and local governments. Most of that money has been spent already. We do not need to continue to report on a regular basis.

The Small Business Lending Fund, the inspector general for the TARP program is required to do bimonthly reviews. We are required to do the reviews. It does not make sense for both of us to do the reviews.

The Congressional Award Foundation, which receives donations, no appropriated money. We are required to do a financial audit. They could hire a public accountant to do it; we do not have to do that audit. It is a small entity. Those are several examples of what we propose to change.

Also, there is a 1970 law that requires us to notify every Member of Congress for every report that we issue. So now, we send everybody a postcard referring them to our Website. I mean, it is not necessary to do that since our Website lists all our reports. So those areas could be very helpful in relieving us.

Senator HOEVEN. What is the status of getting some of those things changed, then?

Mr. DODARO. We are in the process of working with the committees right now.

Senator HOEVEN. Okay. So you feel you are making good progress in those areas.

Mr. DODARO. Yes, people have been much more receptive. We tried this for years, but I tell you, once the budgets started coming down, people's receptivity got a little bit broader and more generous. And so, we appreciate that.

What we will do is keep the Appropriations Committees apprised of our progress.

Senator HOEVEN. Thank you.

Mr. DODARO. The one that is within your jurisdiction is the Recovery Act, since that was created through the appropriations process. And the other ones, if we cannot get the committees of jurisdiction to be responsive, we will keep your committee apprised.

Senator HOEVEN. Right, if you would work with our staff to make sure we know where we can be helpful. And I think we will look at the Recovery Act and see if we cannot come up with something that makes more sense. And across the board with the other recommendations, the same thing, if we can be helpful.

Mr. DODARO. Yes, the last area example is the TARP program. In the TARP program, we had to report every 60 days from the onset of that program in October 2008, and most of that has unwound at this point, and we could go to more infrequent reporting there without losing any oversight opportunities.

ELECTRONIC DOCKETING SYSTEM FOR BID PROTESTS

Senator HOEVEN. How about as far as awarding Federal contracts and handling big disputes? I see both in terms of the ability to use electronic filing versus paper filing, and then also actually to charge a fee. Where are you with that? What do we need to do?

Mr. DODARO. Yes, we need your help in giving us legislative authority to levy the fee and to collect, and then to use the fee, which would be used to maintain an electronic filing system.

The situation here is that we hear bid protests. If anybody loses any Federal contract, they can come to the GAO and say, "We don't think the agency followed the process properly. We would like you to review it." And within 100 days, we have to review it, and render a decision on whether we sustain or upheld the protest.

The number of cases has gone from 1,400 bid protest filings a few years ago, to now it is more than 2,400 bid protests. And we get 16,000 different e-mails annually providing materials for the protests. So it is overwhelming our e-mail system in GAO, and we need an electronic docketing system.

Our proposal is to charge about \$250 for the filing fee. It could either be an initial fee, or by each filing. That is compared to the District Court of Appeals where they charge \$400 upfront. This would move the costs to the companies that are benefitting from this process and away from the American taxpayers using appropriated monies to support this process.

We think it is a prudent thing to do and the money would only go for the electronic filing system.

Senator HOEVEN. What would the reaction of the companies that are making the bid protests, do you think they would welcome that as a way to make sure that they are getting the service or not?

Mr. DODARO. Well, they will get more access to the documents. So there is a benefit to them. I mean obviously, it does not cost them anything right now to be able to file the protest, but we do not think this minor fee would be a problem.

In most cases, there are billions of dollars at stake in these contracts and I do not even know what decimal point I would put this at in terms of their overall costs for these protests.

Senator HOEVEN. Well, and particularly maybe if there was like a small business waiver or something that if some company felt it was a hardship that prevented them from making a——

Mr. DODARO. We could institute that. That is a good point. I mean, the small business aspect, we could take a look at that and make sure that——

Senator HOEVEN. Well, we have run into this on the Agriculture Committee with the Food and Drug Administration (FDA). I mean, the drug companies, they are more than willing to pay the fee if that can go toward them getting the service to address the research they need done in the approval process for their drugs.

Mr. DODARO. Yes.

Senator HOEVEN. So, if it is approached that way, this may be something that we could look at.

Mr. DODARO. Okay.

Senator HOEVEN. The companies would welcome, but I think we have to be careful with real small businesses.

Mr. DODARO. Yes, I agree with you on that. We will make sure that there are some protections in place. We don't want anybody not to do it just because of the fee issue. We do not think it will be an impediment for most companies. We are talking about the big defense contractors.

Senator HOEVEN. That is what I mean. A lot of them may welcome it, both the electronic docket for filing purposes, as well as a fee to know that they are going to get the service.

Mr. DODARO. Right. We could do some outreach to some of the companies and the associations, if you would like, to help build the case for support.

Senator HOEVEN. I think it would be good.

Mr. DODARO. Yes.

Senator HOEVEN. I think it might help.

Mr. DODARO. It is a good idea. We will do that. I did not want to do that without a signal from the Congress that, at least, you would be willing to entertain this going forward. But if you are willing to entertain it, then we will do that, and give you the results to the subcommittee.

[The information follows:]

FOLLOW-UP FROM HEARING REGARDING BID PROTEST FILING FEE TO PAY FOR
ELECTRONIC FILING SYSTEM

GAO has begun outreach to the procurement community on the proposed collection of a user filing fee in bid protests to pay for an electronic protest filing system. At a recent Government Contractors Forum of the Washington Metropolitan Area Corporate Counsel Association, Ralph White, the Managing Associate General Counsel for Procurement Law, introduced the proposal for a user filing fee to develop an electronic docketing system, outlining the benefits such a system could provide. Representatives of the group were receptive to the idea. Based on GAO's experience with the protest process, an electronic filing system will provide significant benefits to the parties. These benefits will include, instantaneous secure access to documents filed in particular protest through a readily accessible Web-based portal, automatic agency notification of protest filings for the purpose of invoking the statutory stay of contract performance mandated by the Competition in Contracting Act, and increased transparency into the protest process for users, as well as the general public.

We are also soliciting input from various representative procurement constituent organizations, including those representing small business interests. For example, we are reaching out to such organizations as the Professional Services Council, the National Association of Small Business Contractors, and the Bid Protest and Small

Business Committees of the American Bar Association's Public Contract Law Section. We are also posting a letter on the PubKLaw Listserv, a widely-read source of information for the procurement community. We will explain the contemplated electronic filing system and solicit input on how a modest filing fee might impact small businesses, and how best to address any concerns in a fair and equitable manner.

Additionally, we are reviewing various user fees charged by executive branch agencies, as well as those charged by other judicial forums. Based on our initial review, it appears that the U.S. Court of Federal Claims, which also hears challenges of the award of Federal contracts is most closely analogous to the GAO protest forum. The Court's filing fee is \$400 and there is no exception for small businesses.

If GAO is provided the authority, GAO will modify its regulations, through Notice and Comment with regard to the fee and its application in Bid Protests.

Senator SHAHEEN. I just want to follow up because I think it is a very interesting idea. Can you do it by rule or would it require a legislative change?

Mr. DODARO. It requires legislation. We cannot spend any money that we generate without authorization from the Congress. And at GAO, we follow the rules.

Senator SHAHEEN. Good.

Senator HOEVEN. If I could finish that up, I think that is a discussion you ought to have and come up with some different ideas that the companies would support in a representation of companies. I think that might help make the case if we are going to move forward with it.

Mr. DODARO. Okay. We will do that Senator.

Mr. HOEVEN. Some ideas.

Mr. DODARO. That is a good idea. Thank you for raising it.

Senator SHAHEEN. Senator Boozman.

EFFECT OF CONTINUING RESOLUTION ON PLANNING

Senator BOOZMAN. There was a comment about budget cycles and it would be interesting—you as head of the Congressional Budget Office—it would be interesting to know how the lack of a budget, the lack of your ability to know where your monies are going to be late into the year that you are operating in, how that affects your budget in the sense of being inefficient. And then also GAO, too, just those would be great case studies for us to better understand. And I know that it would be interesting to know what kind of savings there are in that sense.

CONTINUING RESOLUTION FRUSTRATIONS

Can you comment on that?

Dr. ELMENDORF. Yes, Senator.

Senator BOOZMAN. Maybe share some of your frustrations in a continuing resolution.

Dr. ELMENDORF. Senator, it is a very serious problem in our ability to plan and operate our organization effectively that we do not know often until well into a fiscal year what our funding during that year will be. We are a very small agency.

Senator BOOZMAN. Right.

Dr. ELMENDORF. Much smaller, in fact, than either GPO or GAO. We are less than one-tenth the size of GAO. So our problems are on a very small scale relative to most of the rest of the Government. I can only imagine how complicated it is in larger organiza-

tions to operate effectively without knowing what the parameters are you are trying to work within.

But for us, it is a very big deal. The hiring process, especially for many of the skilled economists and analysts we hire, cannot always happen overnight. We need to plan ahead, and if we do not know if we will have the funding, then we do not hire, then sometimes the funding will arrive, and it is hard for us, then, to actually at that point in the year to attract the people to do the work.

And that has been particularly complicated the past few years as our budget has been shrinking, we have been trying to get smaller through attrition without having to do furloughs or layoffs, and we have managed that so far.

But it has also been particularly challenging to decide what slots to fill, what slots to allow to leave empty without knowing where we are supposed to be in 6 or 12 months from now.

Senator BOOZMAN. It is just interesting. Again, as the Budget Office that you do, and again, a relatively small entity in the Government, but the problems it has.

Dr. ELMENDORF. Yes.

IMPACT OF BUDGET UNCERTAINTY

Senator BOOZMAN. Ms. Vance-Cooks, I know you have a similar problem in your agency, and again, I would assume it is not as efficient as you would like to be in the sense of not knowing what the budget is going to be until late in the year. And that has to impact you as far as decisionmaking, and maybe the ability to save money.

Ms. VANCE-COOKS. It is very difficult and it is very challenging to go halfway through the year and not have a budget, and not know, but it also requires significant strategic planning. And as I mentioned earlier, we have a strategic plan that we follow.

In terms of the congressional printing, we print whatever the Congress asks us to print. So that is funded by the congressional printing and binding appropriation (CP&B), and it is a drawdown account.

The biggest issue that we have in terms of planning for that is the fact that we use historical estimates, and that is based upon what history has dictated to us that we think will occur in the following year.

In terms of the salaries and expenses appropriation (S&E), it is difficult to plan as well, but we definitely know that we need to provide services for the FDLP program. But it really causes a critical problem in terms of the uncertainty with the revolving fund because of the fact that we need the capital investment and we need the technological improvements. So it is difficult, yes.

Senator BOOZMAN. Mr. Dodaro.

Mr. DODARO. We did a study back in 2009 of a sample of Federal agencies on this very point. I would be happy to provide that to the subcommittee. It talked about difficulties particularly in contracting, and other decisions that had to be made. And I think, if my memory serves me right, out of the last 30 years, in all but 3 years, there have been continuing resolutions for some part of the Federal Government, if not all the Federal Government. And in one of those 3 years, there was a rescission that happened later, after the budget was approved upfront.

[The information follows:]

[CLERK'S NOTE.—GAO report title and number: *Continuing Resolutions: Uncertainty Limited Management Options and Increased Workload in Selected Agencies*. GAO-09-879, September 24, 2009.]

In running our own agency, I agree with Doug, I mean, it wreaks havoc with trying to hire the very best people because you are out of the market at the very time where the top talent is available. It is only through using this internship program that we have been able to circumvent that particular aspect of the process.

It creates a lot of uncertainty in the decisions that are made, both anxiety for the staff, as well as managing the organization. I have often said that one of the things I never aspired to be in the Government was an expert managing under continuing resolutions. And so, if that could be fixed, I think it would be terrific.

Senator BOOZMAN. Well, again, and this is not a partisan issue at all. I mean, this is something that happens regardless of the President in power, or who is in charge of Congress, it is just a huge problem.

But I think you, Dr. Elmendorf, are really in kind of a unique situation in that you are dealing with the individuals that do make the decisions on the committees having to do with these types of policies. So anything you can do to help us to bang that drum. And then also you, Mr. Dodaro, would be very, very helpful.

Dr. ELMENDORF. We will continue to do our best, Senator. Thank you.

FISCAL YEAR 2014 BUDGET

Senator SHAHEEN. Dr. Elmendorf, I know that your 2014 budget request was submitted based on the assumption that you would be operating with 233 FTEs, and that because of sequestration, you are now operating at the level of 228.

Can you talk about whether or not you will be able to hire those additional employees if we are able to fund at that level?

Dr. ELMENDORF. Senator, if you were to provide the full amount of funding we requested, then we would aim to build back our staff from the current level, around 228, up to the 235 we have requested.

We would not be able to average 235 over next year, as our request had envisioned because of the lower starting point.

Senator SHAHEEN. Right.

Dr. ELMENDORF. And because we have high standards for the people that we hire. So we would have some savings on the personnel side. And you might choose to cut back our appropriations for those savings.

The point I tried to make briefly at the beginning is that we have also deferred from this year very significant purchases of IT equipment and so on; significant for our scale at least. This year, we are doing about one-third less spending on IT and other items than we have in an average year. So we are falling behind and if you were to provide the full appropriation for next year, then we would like to use those personnel savings to try to catch up on some of the things we have deferred this year.

And I would just say again, we have no desire to have the latest computer because it is the latest computer. But we have complex models, large datasets, confidentiality requirements, security issues outside of CBO. We are trying to facilitate more remote computing. We would have our staff work on the weekends and evenings, and all those things require us to keep pace with the advancement of computer technology.

Senator SHAHEEN. And do you have the flexibility currently within your budget to be able to make those changes based on how many people you could hire, or do we need to provide you with that flexibility?

Dr. ELMENDORF. Well, we certainly would not do it without consulting with you. I do not know what the legal rules are, but we would not do something like that without discussing it with the subcommittee in any event. But I do not know exactly what you would have to write down where to make it a legal action. We can check for you.

Senator SHAHEEN. Okay. Thanks.

[The information follows:]

As a Legislative Branch agency, CBO would operate within the normal re-programming guidelines to use personnel savings to catch up on some of the IT items that were deferred this year.

SMALL BUSINESS SET-ASIDE REQUIREMENT

Senator SHAHEEN. Mr. Dodaro, something that you were saying about small business made me wonder—does GAO track the procurement requirements, the small business set aside requirements, that agencies are supposed to be doing in terms of their contracting with small business?

Mr. DODARO. Yes, we have done studies of that in the past. You are talking about the 15 percent set aside in other areas. I cannot recall one that was done very recently, but I know we have looked at that issue over the years, and also the designation of the small business advocate position that was supposed to be put in place in each agency reporting to the agency head. We have looked at that issue. In some agencies, it was not organized properly. We have made recommendations.

But I would be happy to put a little summary together of what we have done in that area, and we have done quite a bit.

Senator SHAHEEN. Thank you very much. I am interested in that. I do not know if anybody else on the subcommittee is interested, but I would very much appreciate that.

Mr. DODARO. Will do.

[The information follows:]

GAO WORK ADDRESSING SMALL BUSINESS ACT CONTRACTING PROVISIONS

GAO's more recent body of work on small business set asides falls into three broad categories: attainment of contracting goals, small business contracting oversight, and fraud identification and mitigation. We also have one ongoing engagement.

Attainment of Contracting Goals

We have issued several reports related to small business goal attainment, including challenges that small, minority-owned businesses may face in pursuing Federal Government contracts, Federal efforts to address them, and resource constraints that reduced assurances (GAO-12-873 and GAO-09-16). We have recommended actions to address these issues, including the Small Business Administration (SBA)

reassessing resources allocated for Procurement Center Representative (PCR) and Commercial Market Representative (CMR) functions and developing a plan to better ensure that these staff can carry out their responsibilities. SBA agreed with the four recommendations in our November 2008 report, but it has only partially implemented them. In particular, SBA has not demonstrated to us that it has assessed resources allocated for CMR representative functions to ensure that these staff members can carry out their responsibilities of the subcontracting programs.

Key Reports:

- Government Contracting*.—Federal Efforts to Assist Small Minority Owned Businesses, GAO-12-873, Sep. 28, 2012.
- Department of Veterans Affairs*.—Agency Has Exceeded Contracting Goals for Veteran-Owned Small Businesses, but It Faces Challenges with Its Verification Program, GAO-10-458, May 28, 2010.
- Small Business Administration*.—Agency Should Assess Resources Devoted to Contracting and Improve Several Processes in the 8(a) Program, GAO-09-16, Nov. 21, 2008.

Small Business Contracting Oversight

We have reviewed a range of issues involving small business contracting oversight. Most recently, we issued a report on the Department of Veterans Affairs (VA) management of its program that provides contracting preference to service-disabled and other veteran-owned small businesses (GAO-13-95). We recommended a number of actions to better ensure that the strategic planning and data systems address the program's short- and long-term needs. VA agreed with our recommendations. As of April 2013, VA indicated that it was developing a long-term strategic plan for the program and taking steps to replace its data system with one that would meet its short-term and long-term needs.

We have also issued a series of reports on small business support activities. For example, our work on the Offices of Small and Disadvantaged Business Utilization (OSDBU) that advocate on behalf of small businesses within Federal agencies identified seven agencies that were not complying with the Small Business Act's requirement that OSDBU directors be responsible only to and report directly to the agency or deputy agency head (GAO-11-418). The Social Security Administration agreed with our recommendation that these agencies take steps to comply with the statutory requirement, and the Department of the Interior agreed to reevaluate its reporting structure. The Departments of Commerce, Justice, State, and the Treasury disagreed, believing they were in compliance. We maintained our position on agencies' compliance status. The Department of Agriculture did not comment. We are continuing to review actions taken by agencies in response to our recommendations.

In addition, we have also reviewed SBA's PCRs and CMRs, both of which help ensure that small businesses gain access to contracting and subcontracting opportunities (GAO-11-549R). We recommended that SBA take measures to improve data reliability and internal controls over data on PCR and CMR performance. SBA agreed with our recommendations and indicated that it had been updating agency guidance to clarify how PCRs and CMRs should report data on their performance and would develop a verification method to ensure the reliability of the data PCRs and CMRs report.

Finally, we have also issued reports on SBA's 8(a) Business Development Program to assist small disadvantaged businesses and the Historically Underutilized Business Zone (HUBZone) program, which assists small businesses located in economically distressed areas (GAO-08-643 and GAO-10-353). We identified weaknesses in internal controls intended to ensure that only eligible small businesses have access to contracting preferences contained in its 8(a) and HUBZone programs. We have also made numerous recommendations for improving oversight generally and internal controls specifically in administering its 8(a) and HUBZone Programs. SBA agreed with our recommendations for the 8(a) program and indicated they had or were in the process of taking a number of actions. For example, SBA indicated that it had updated its 8(a) Standard Operating Procedures related to continued eligibility and the termination process and had implemented training on the annual review process and graduating firms from the program when they exceed industry size averages. In addition, SBA stated it was taking action to establish a process to identify firms that exceeded the limit for participation in the Mentor Protégé Program and was setting-up a centralized third-party complaint repository to help identify potentially ineligible firms. SBA also agreed with our recommendations for the HUBZone program and has since implemented those related to internal controls. However, SBA does not plan to implement our recommendation that it assess the effectiveness of the program.

GAO's work on Alaska Native Corporation's participation in the 8(a) program also included several recommendations to help improve SBA's oversight, such as ensuring the new 8(a) database currently under development tracks specific information necessary to enforce 8(a) regulations (GAO-12-84). SBA questioned our methodology, which we continue to believe is appropriate, but did not address our recommendations. We also made recommendations to the Office of Federal Procurement Policy, which generally concurred with the recommendations.

Key Reports:

- Veteran-Owned Small Businesses*.—Planning and Data System for VA's Verification Program Need Improvement, GAO-13-425T, Mar. 19, 2013.
- Veteran-Owned Small Businesses*.—Planning and Data System for VA's Verification Program Need Improvement, GAO-13-95, Jan. 14, 2013.
- Federal Contracting*.—Slow Start to Implementation of Justifications for 8(a) Sole-Source Contracts, GAO-13-118, Dec. 12, 2012.
- Federal Contracting*.—Monitoring and Oversight of Tribal 8(a) Firms Need Attention, GAO-12-84, Jan. 31, 2012.
- Small Business Contracting*.—Opportunities to Improve the Effectiveness of Agency and SBA Advocates and Mentor-Protégé Programs, GAO-11-844T, Sep. 15, 2011.
- Business Regulation and Consumer Protection*.—Improvements Needed to Help Ensure Reliability of SBA's Performance Data on Procurement Center Representatives, GAO-11-549R, Jun. 15, 2011.
- Government Operations*.—Mentor-Protégé Programs Have Policies That Aim to Benefit Participants but Do Not Require Postagreement Tracking, GAO-11-548R, Jun. 15, 2011.
- Small Business Contracting*.—Action Needed by Those Agencies Whose Advocates Do Not Report to Agency Heads as Required, GAO-11-418, Jun. 3, 2011.
- Small Business Administration*.—Steps Have Been Taken to Improve Administration of the 8(a) Program, but Key Controls for Continued Eligibility Need Strengthening, GAO-10-353, Mar. 30, 2010.
- Small Business Administration*.—Additional Actions Are Needed to Certify and Monitor HUBZone Businesses and Assess Program Results, GAO-08-975T, Jul. 17, 2008.
- Small Business Administration*.—Additional Actions Are Needed to Certify and Monitor HUBZone Businesses and Assess Program Results, GAO-08-643, Jun. 17, 2008.

Fraud Prevention & Identification

GAO has completed several reviews and investigations related to the SBA 8(a) program, the Service-Disabled Veteran-Owned Small Business (SDVOSB) program, and SBA's HUBZone program. Regarding the 8(a) program, we identified \$325 million in set-aside and sole-source contracts given to firms not eligible (GAO-10-425). Most were obtained through fraudulent schemes. In the 14 cases we investigated, numerous instances were found where 8(a) firm presidents made false statements, such as underreporting income or assets, or misrepresenting ethnicity; to either qualify for the program or retain certification. We also found cases where ineligible companies used certified firms to secure 8(a) work. In some cases, SBA did not detect the false statements and misrepresentations made by certified firms. In others, SBA became aware of the firms' ineligibility but failed to take action. We made six recommendations to improve SBA's ability to minimize the potential for fraud and abuse in the 8(a) program. SBA agreed with five recommendations and has taken steps to address them. Regarding the sixth recommendation, SBA stated that it would evaluate our recommendation related to how family members' assets are included in the assets of the 8(a) participant based upon the comments received as a result of the proposed 8(a) rule change.

We also did a series of reports and testimonies on fraud prevention and control in the SDVOSB program. In its initial work, we found that the SDVOSB program was vulnerable to fraud and abuse (GAO-10-108). The 10 case-study firms identified in the report received approximately \$100 million from SDVOSB contracts through fraud or abuse of the program, or both. We asked Congress to consider providing VA with the authority and resources necessary to expand its SDVOSB eligibility verification process to all contractors seeking to bid on SDVOSB contracts governmentwide. Further, we made three recommendations to Administrator of SBA and the Secretary of the VA intended to minimize the potential for fraud and abuse in SDVOSB program and to assure that legitimate service-disabled veterans and their firms reap the benefits of this program. Specifically we recommended SBA and VA explore the feasibility of (1) expanding the use of the VA VetBiz "verified" database governmentwide for purposes of validating all SDVOSB eligible firms for con-

tracting and, (2) requiring that all contractors who knowingly misrepresent their status as an SDVOSB be debarred for a reasonable period of time. In addition, we recommended that the Administrator of SBA refer all SDVOSB firms that submit misrepresentations of their status to SBA's Office of Inspector General for review and further investigation. VA and SBA generally agreed with our recommendations and are taking some steps to address them.

In a subsequent report, we evaluated the design of the VA fraud prevention controls within the SDVOSB verification program instituted in response to the Veterans Small Business Verification Act (Public Law 111-275). We found that VA had made progress in implementing a valid verification program with preventive controls to deter ineligible firms from attempting to become verified (GAO-12-152R). VA enhanced deterrents and developed controls to identify firms in its VetBiz database that did not meet SDVOSB eligibility requirements, resulting, according to VA, in over 1,800 ineligible firms being denied SDVOSB verification. However, even with the control enhancements, the SDVOSB program remained vulnerable to fraud and abuse. To address identified vulnerabilities, we recommended that VA take 13 actions to help prevent, detect, and investigate instances of possible fraud. VA generally concurred with all 13 recommendations. VA has implemented 6 of the 13 recommendations and taken some action to address the remaining recommendations. Most recently, we reviewed VA's progress in addressing remaining vulnerabilities to fraud and abuse in its SDVOSB program and assessed actions taken by SBA or other Federal agencies to improve government-wide SDVOSB fraud prevention controls (GAO-12-697). As a result of this work, we recommended that VA take steps to ensure that all firms within VetBiz have undergone the Veterans Small Business Verification Act verification process. VA generally concurred with the recommendation and is taking steps to address them.

As a result of this work, we reported that SBA's lack of controls over the HUBZone program exposed the government to fraud and abuse and that SBA's mechanisms to certify and monitor HUBZone firms provide limited assurance that only eligible firms participate in the program (GAO-09-440). Specifically, we found 29 HUBZone firms that made fraudulent or inaccurate representations to get into or remain in the HUBZone program. Using falsified documents and employee information, we also obtained HUBZone certification for several bogus firms using addresses that a simple Internet search would have identified as a bogus application. We made four recommendations to improve SBA's ability to screen, monitor, and investigate fraud and abuse within the HUBZone program. SBA agreed with three of these recommendations and has taken steps to improve its screening and monitoring of companies certifying that they met program requirements. Regarding the fourth recommendation, SBA disagreed with our recommendation to consider incorporating policies and procedures into program examinations for evaluating HUBZone employee utilization. SBA stated that contracting officers are required to oversee this and that it would continue to work with contracting officers to ensure these requirements are monitored.

Key Reports:

- Service-Disabled Veteran-Owned Small Business Program*.—Vulnerability to Fraud and Abuse Remains, GAO-12-697, Aug. 1, 2012.
- Service-Disabled Veteran-Owned Small Business Program*.—Additional Improvements to Fraud Prevention Controls Are Needed, GAO-12-152R, Oct. 26, 2011.
- 8(a) Program*.—The Importance of Effective Fraud Prevention Controls, GAO-11-440T, Mar. 3, 2011.
- Small Business Administration*.—Undercover Tests Show HUBZone Program Remains Vulnerable to Fraud and Abuse, GAO-10-759, June 25, 2010.
- 8(a) Program*.—Fourteen Ineligible Firms Received \$325 Million in Sole-Source and Set-Aside Contracts, GAO-10-425, Mar. 30, 2010.
- Service-Disabled Veteran-Owned Small Business Program*.—Case Studies Show Fraud and Abuse Allowed Ineligible Firms to Obtain Millions of Dollars in Contracts, GAO-10-306T, Dec. 16, 2009.
- Service-Disabled Veteran-Owned Small Business Program*.—Case Studies Show Fraud and Abuse Allowed Ineligible Firms to Obtain Millions of Dollars in Contracts, GAO-10-108, Oct. 23, 2009.
- GAO, HUBZone Program*.—Fraud and Abuse Identified in Four Metropolitan Areas, GAO-09-440, Mar. 25, 2009.
- HUBZone Program*.—SBA's Control Weaknesses Exposed the Government to Fraud and Abuse, GAO-08-964T, Jul. 17, 2008.

Relevant Ongoing Work

We also have one ongoing engagement related to small business goal attainment, and fraud prevention. Specifically,

—We are examining the impact of strategic sourcing on small and disadvantaged businesses. We plan to assess (1) the steps agencies have taken to consider small and disadvantaged businesses in their strategic sourcing initiatives and (2) available information and performance measures on the inclusion of small and disadvantaged businesses in strategic sourcing initiatives. We expect to issue our report by the end of calendar year 2013.

Senator SHAHEEN. I do not have any other immediate questions for any of you. Do any of the other members of the committee?

SAVINGS FROM ELECTRONICS

Senator HOEVEN. The only other question I have, Madam Chairwoman, is for Ms. Vance-Cooks. Are you going through on a regular basis and looking at particularly paper reports and information that you are providing that people really are not using in a significant way or on a frequent basis that we could either, again, go to electronics, go to putting it on a Website, let people help themselves rather than having to deliver it all the time?

Are you doing that and do we have a process to do that? Because, you know, the information world changes so much and how people get their information changes so much, and young people like Senator Shaheen and Senator Boozman, as opposed to old people like me, like to get it electronically or, you know, whereas I am used to maybe still looking at the paper, but that is changing. Seems to me we should have a regular process where you are looking at how we do that that could be an ongoing savings and are you doing that, is there more we could do?

Ms. VANCE-COOKS. That is a great question, and I think I fall in the category "I want my paper too."

But yes, we are going through the Superintendent of Documents funding. This is the area that is responsible for the Federal Depository Library Program. We have individuals whose primary responsibility is to take a look at all of the information and all of the orders that are coming through, and identifying which of those projects, and which of those reports and products are of interest to the public. And then, they are the ones who are sending them to the libraries and/or putting them up online in terms of ingesting content into FDsys. That happens on a regular basis.

It is a great question because of the fact that with sequestration, we are 22 people lower than we should be, so we are not able to do it as effectively and as efficiently as we would like.

Senator HOEVEN. Right, and see I think sequestration and just the budget constraints are going to force that, just so we've got a good avenue for you to go back to people and say, "Okay. We don't have the resources to do all these things. Yes, you might like getting it, but we are going to have to make some changes." I think that helps you adjust to the lower budget levels.

Ms. VANCE-COOKS. Right.

Senator HOEVEN. So if there is something again we can do to be helpful with that, please tell committee staff so we can go to other members and try to help you make some of those changes.

Ms. VANCE-COOKS. That would be appreciated. Thank you.

Senator HOEVEN. Thanks. I don't have any other questions.

Senator SHAHEEN. So you are going to have to give up your paper, Senator Hoeven.

Senator SHAHEEN. Senator Boozman, do you have any other?

Senator BOOZMAN. No. Again, I appreciate all of you. Thank you for being here and the information you provided was very helpful. Thank you, Madam Chair.

Senator SHAHEEN. Yes, thank you all very much for your testimony today. Obviously, we will continue to work with you throughout this process.

SUBCOMMITTEE RECESS

Senator SHAHEEN. This subcommittee is in recess until 9:30 a.m. on Thursday, June 6, when we will meet again in this room to take testimony from the Secretary of the Senate, the Senate Sergeant at Arms, the U.S. Capitol Police, and the Architect of the Capitol.

Thank you all. The meeting is concluded.

[Whereupon, at 11:15 a.m., Tuesday, May 21, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, June 6.]