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TASK FORCE HEARINGS

HEARINGS

BEFORE THE

COMMITTEE ON THE BUDGET
UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

May 16, 2013 –Silo Busting: Effective Strategies for Government Reorganization

September 18, 2013–Enhancing Accountability and Increasing Financial Transparency

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SILO BUSTING: EFFECTIVE STRATEGIES FOR GOVERNMENT REORGANIZATION

THURSDAY, MAY 16, 2013

UNITED STATES SENATE,
COMMITTEE ON THE BUDGET AND THE TASK FORCE ON
GOVERNMENT PERFORMANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:00 a.m., in Room 608, Dirksen Senate Office Building, Hon. Mark Warner, Chairman of the Task Force, presiding.

Present: Senators Warner, Coons, Murray, Johnson, and Ayotte.

Also Present: Senators Crapo and Wicker.

Staff Present: Evan T. Schatz, Majority Staff Director; and Marcus Peacock, Minority Staff Director

OPENING STATEMENT OF CHAIRMAN WARNER

Chairman WARNER. Good morning. I want to welcome everyone to the hearing of the Budget Committee's Government Performance Task Force. Today's session is on "Silo Busting: Effective Strategies for Government Reorganization."

This is actually the first hearing of the 113th Congress of our bipartisan task force. I want to begin by thanking both Chairman Murray and Ranking Member Sessions for allowing this task force to continue its work. It was started the last Congress as an initiative of the Budget Committee and I think it has a wide scope of jurisdiction and look forward to doing a lot with it this year, because while there is a wide range of items that members of both parties disagree on, this is actually a place where there is an awful lot of general bipartisan agreement, and that is that a more effective government is something that we all want to strive for.

I want to particularly welcome the new members of the task force this year, Senator Coons on the majority side, Ranking Member Senator Ayotte from New Hampshire. I am looking forward to working with the Senator in a joint way on a lot of subjects. Senator Johnson from Wisconsin, who I think will be coming by and joining us a little bit later. I want to thank Senator Sheldon Whitehouse who actually originally had the idea for this task force back in 2009, and he is going to continue to participate with the group.

I also want to make sure that I make clear from the outset, this is kind of an ac hoc group with, I think, again, an interesting subject matter, and we welcome other members of the Budget Committee. I want to thank particularly Senator Wicker for joining us

here this morning. I think there may be a couple of other members who are going to join us, as well.

For those of you who are at the first of these hearings and are wondering, all right, how did you stumble into this room this morning and what is the subject, our Government Performance Task Force has the charge from the Budget Committee standpoint, since we have a rather broad perspective to look at all aspects of the Federal Government, to review Federal programs to make them more effective and efficient and to examine the information that is available to Congress so that we, as policy makers, can make more informed decisions.

As I mentioned, we began in 2009 when we started to review the performance reports and metrics from Federal agencies. In our very first hearing, we learned that there were stacks of performance reports lining the shelves across Washington that, quite honestly, were never used. It seemed like every new administration, there would be a new management agenda that would basically throw out the old, go through another process, and then that management agenda too often would end up on the shelf.

So we did take a step to try to address that. In 2010, we enacted a piece of legislation that both members of the staff and some folks in the audience today were major components of called the Government Performance and Results Modernization Act, GPRA, which I like to refer to as one of the most important bills that nobody has ever heard of. And I say important because it really did two or three, I think, critical things.

First, it said that, too often, Congress, when we pass legislation or deal with a particular agency or department, we constantly assign new goals and objectives, and any of us who have been in executive or management positions know that if you are trying to manage an organization and you have 50 goals, in reality, then you have no goals because any good executive realizes we have to focus on a limited but key number of priorities. The GPRA bill required that each agency and programmatic area try to narrow down their goals to three to five top priorities and that we would then be able to measure those three to five top priorities on a quarterly basis.

The GAO, and Gene Dodaro was here, just issued a report that I am anxious to have him discuss a little bit that says that agencies are actually now using these top priorities as a way to make their decisions, and I believe that is some good progress.

Second, in GPRA, we wanted to make sure that we had better data in terms of oversight and decision making. Part of that, and this was something that was—I recall there was some great consternation in the administration when we were passing this legislation. Oftentimes, agencies will be happy to trumpet their most successful programs. What we found, though, was that what was not as often trumpeted or acknowledged was what were the programs that were least performing.

In an area of tight fiscal constraint, we have to not only look at those programs that are doing well, but we have to look at those programs that are underperforming, and the GPRA Modernization Act required agencies to identify outdated and programs that were not as high of priorities, and we have actually got some of those results in right now. And again, for those of us as we go through

these challenging times, hopefully, that will be a guidepost for us, not only the process that OMB uses, but for us in Congress to make some evaluations.

GPRA also said that if we were trying to focus agencies on top priorities and go through the very difficult challenge of identifying which programs were not as important, that one of the things we did not want to do as we looked at the kind of management side of the operations, we did not want to simply add more reporting requirements without looking at what we could actually eliminate. The halls of Congress and the administration are filled with reports that nobody ever looks at, nobody ever reads, that our Federal workforce, I believe, at many times is overly burdened with, and GPRA also required that we come forward with those reports that perhaps have outlived their usefulness. And, again, GAO has done some great work on that subject and we are going to get to that.

We also had a focus on cross-cutting organization. The fact is, we do an awful lot in the Federal Government that gets out of silos, that goes from agency to agency. For example, we have got something we are going to highlight in a few moments that looked at defense functions that are now being held not only within the Department of Defense, but within literally ten different agencies, and we have got a chart that we want to bring to the forefront a little bit later in the hearing.

I do want to take a moment now—I have got a couple more minutes of an opening statement before I turn to our Ranking Member, but recognizing that the only reason that this task force is still here and that the Ranking Member and I are able to hold this hearing is because of the good will of both the Ranking Member and, of course, of our Chairman, Chairman Patty Murray, and I want to again just personally thank Chairman Murray for allowing this task force to continue. She knows as well as anyone in her role not only as Budget Committee member but as a member of the Super Committee and involved in all of the actions that the Congress has taken on to try to get our debt and deficit and spending under control, she has been an active participant in all of that, and I know she has got another item that she has got to attend to, but I want to break in at this point and introduce the Chairman to make a couple of comments.

Patty Murray

Senate Budget Committee Government Performance Task Force
"Silo-Busting: Effective Strategies for Government Reorganization,"
Thursday, May 16, 2013, 10:00 AM
Chairman Patty Murray – Statement

Statement

Senator Warner and Senator Ayotte -- thank you so much for your leadership on our Committee's Government Performance Task Force. I appreciate your efforts on this important issue, and I look forward to working with you both to make our government more efficient and effective.

And although he is not able to be here today, I was pleased to work with our Ranking Member Senator Sessions to renew the Task Force this year. And I also want to thank Senators Coons, Whitehouse and Johnson for signing up to support this work.

I wanted to stop by today's hearing – the first one this Congress – to show my support for the important work the Task Force will undertake, and also to thank Senator Warner for leading this effort for the Committee.

Our former Chairman Kent Conrad began this work with Senator Warner with in 2009 and I am pleased to keep it going.

It was clear throughout our budget debate earlier this year that there is great interest on both sides of the aisle to make sure our government works efficiently so that we can save taxpayer dollars.

Americans want a more efficient and effective federal government. But they also want us to keep investing in important priorities like education and health care.

Finding opportunities for savings through greater government efficiency is an important part of tackling our fiscal challenges in a balanced and responsible way.

We must strengthen our programs to that ensure every dollar is spent as efficiently as possible to serve the public need. And the work of this Task Force will be critical to that effort.

Members of our Committee have frequently raised the issue of government reorganization this year – so I am pleased that the Task Force will begin today by examining strategies to accomplish this.

And, I can't think of anyone better suited to lead this Task Force than Senator Warner. During his time as Governor, he made great progress reforming the Commonwealth of Virginia, and he was successful in bringing business lessons to government. I know we can count on him to do the same here in the Senate.

Senator Warner understands that in order to tackle our deficit and debt responsibly we must also reform the way our government works to keep the promises we've made to our seniors, families, and communities.

So thanks again for your leadership on this important Task Force.

And with that, I will turn the hearing back over to our Chair.

Chairman MURRAY. Well, thank you very much, Senator Warner, Senator Ayotte, for your leadership on putting this committee together and working on the Government Performance Task Force.

I really appreciate your efforts on this and look forward to working with both of you to help make sure that government is more effective and efficient. And I want to thank Senator Sessions. I know he cannot be here, either, today, and I have another committee hearing I am working on. But I did want to just come in and say this is so important. I want to thank all of our committee members who are working on this and really appreciate it.

I think it is really important that this task force move forward, and I think with your leadership, Senator Warner and Senator Ayotte, focusing on how we can be more efficient and use tax dollars more wisely is a critical part of this committee's responsibility. I think all of us know that we have to invest in education and transportation and research and all those kinds of things and we need to do it in a way that is using our taxpayer dollars wisely. The more we can save by doing it efficiently, the better off we will be as a country.

So your work is extremely important to our budget and to our country and I appreciate your leadership in doing this. I know, Senator Warner, you have a tremendous record serving as Governor doing the same kinds of thing in your home State and have proved very effective with that.

So I just wanted to come by very quickly and tell you how much I appreciate you and Senator Ayotte taking the lead on this and really looking at how we can be effective and efficient and run government wisely, save the dollars that we can and use them to invest them in places that are really important for our country.

So thank you very much for your work on this, and I would ask that my entire statement be printed in the record.

[The prepared statement of Chairman Murray follows:]

Table 1.

CBO's Baseline Budget Projections

	Actual, 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total 2014-2018	Total 2014-2023
							In Billions of Dollars							
Revenues	2,449	2,708	3,003	3,373	3,591	3,765	3,937	4,101	4,279	4,496	4,734	4,961	17,669	40,241
Outlays	3,538	3,553	3,618	3,803	4,067	4,300	4,542	4,811	5,078	5,350	5,691	5,939	20,330	47,199
Deficit (-) or Surplus	**-1,089**	**-845**	**-616**	**-430**	**-476**	**-535**	**-605**	**-710**	**-798**	**-854**	**-957**	**-978**	**-2,661**	**-6,958**
On-budget	-1,151	-872	-630	-433	-476	-533	-598	-693	-763	-799	-878	-872	-2,670	-6,675
Off-budget[a]	62	27	14	3	*	-2	-6	-17	-35	-55	-79	-106	9	-283
Debt Held by the Public at the End of the Year	11,280	12,229	12,937	13,462	14,025	14,642	15,316	16,092	16,957	17,876	18,902	19,944	n.a.	n.a.
							As a Percentage of Gross Domestic Product							
Revenues	15.8	16.9	18.0	19.1	19.1	18.9	18.8	18.7	18.7	18.9	19.0	19.1	18.8	18.9
Outlays	22.8	22.2	21.7	21.6	21.6	21.5	21.7	22.0	22.2	22.4	22.9	22.9	21.6	22.1
Deficit	**-7.0**	**-5.3**	**-3.7**	**-2.4**	**-2.5**	**-2.7**	**-2.9**	**-3.2**	**-3.5**	**-3.6**	**-3.8**	**-3.8**	**-2.8**	**-3.3**
Debt Held by the Public at the End of the Year	72.5	76.3	77.7	76.3	74.6	73.4	73.1	73.5	74.2	75.0	76.0	77.0	n.a.	n.a.

Source: Congressional Budget Office.

Note: * = between -$500 million and zero; n.a. = not applicable.

a. Off-budget surpluses or deficits comprise surpluses or deficits in the Social Security trust funds and the net cash flow of the Postal Service.

Looming Policy Decisions May Have a Substantial Effect on the Budget Outlook

Current law leaves many key budget issues unresolved, and this year, lawmakers will face three significant budgetary deadlines:

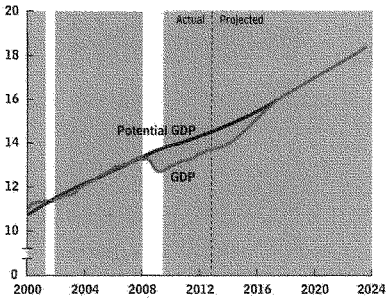
- Automatic reductions in spending are scheduled to be implemented at the beginning of March; when that happens, funding for many government activities will be reduced by 5 percent or more.
- The continuing resolution that currently provides operational funding for much of the government will expire in late March. If no additional appropriations are provided by then, nonessential functions of the government will have to cease operations.
- A statutory limit on federal debt, which was temporarily removed, will take effect again in mid-May. The Treasury will be able to continue borrowing for a short time after that by using what are known as extraordinary measures. But to avoid a default on the government's obligations, the debt limit will need to be adjusted before those measures are exhausted later in the year.

Budgetary outcomes will also be affected by decisions about whether to continue certain policies that have been in effect in recent years. Such policies could be continued, for example, by extending some tax provisions that are scheduled to expire (and that have routinely been extended in the past) or by preventing the 25 percent cut in Medicare's payment rates for physicians that is due to occur in 2014. If, for instance, lawmakers eliminated the automatic spending cuts scheduled to take effect in March (but left in place the original caps on discretionary funding set by the Budget Control Act), prevented the sharp reduction in Medicare's payment rates for physicians, and extended the tax provisions that are scheduled to expire at the end of calendar year 2013 (or, in some

Figure 2.

GDP and Potential GDP

(Trillions of 2005 dollars)



Sources: Congressional Budget Office; Department of Commerce, Bureau of Economic Analysis.

Notes: Potential gross domestic product (GDP) is CBO's estimate of the maximum sustainable level of output of the economy.

Data are quarterly. Actual data are plotted through the third quarter of 2012. Projections are plotted through the fourth quarter of 2023.

cases, in later years), budget deficits would be substantially larger over the coming decade than in CBO's baseline projections. With those changes, and no offsetting reductions in deficits, debt held by the public would rise to 87 percent of GDP by the end of 2023 rather than to 77 percent.

In addition to those decisions, lawmakers will continue to face the longer-term budgetary issues posed by the substantial federal debt and by the implications of rising health care costs and the aging of the population.

Economic Growth Is Likely to Be Slow in 2013 and Pick Up in Later Years

The U.S. economy expanded modestly in calendar year 2012, continuing the slow recovery seen since the recession ended in mid-2009. Although economic growth is expected to remain slow again this year, CBO anticipates that underlying factors in the economy will spur a more rapid expansion beginning next year.

Even so, under the fiscal policies embodied in current law, output is expected to remain below its potential (or maximum sustainable) level until 2017. By CBO's estimates, in the fourth quarter of 2012, real (inflation-adjusted) GDP was about 5½ percent below its potential level. That gap was only modestly smaller than the gap between actual and potential GDP that existed at the end of the recession (see Figure 2) because the growth of output since then has been only slightly greater than the growth of potential output. With such a large gap between actual and potential GDP persisting for so long, CBO projects that the total loss of output, relative to the economy's potential, between 2007 and 2017 will be equivalent to nearly half of the output that the United States produced last year.

The Economic Outlook for 2013

CBO expects that economic activity will expand slowly this year, with real GDP growing by just 1.4 percent (see Table 2). That slow growth reflects a combination of ongoing improvement in underlying economic factors and fiscal tightening that has already begun or is scheduled to occur—including the expiration of a 2 percentage-point cut in the Social Security payroll tax, an increase in tax rates on income above certain thresholds, and scheduled automatic reductions in federal spending. That subdued economic growth will limit businesses' need to hire additional workers, thereby causing the unemployment rate to stay near 8 percent this year, CBO projects. The rate of inflation and interest rates are projected to remain low.

The Economic Outlook for 2014 to 2018

After the economy adjusts this year to the fiscal tightening inherent in current law, underlying economic factors will lead to more rapid growth, CBO projects—3.4 percent in 2014 and an average of 3.6 percent a year from 2015 through 2018. In particular, CBO expects that the effects of the housing and financial crisis will continue to fade and that an upswing in housing construction (though from a very low level), rising real estate and stock prices, and increasing availability of credit will help to spur a virtuous cycle of faster growth in employment, income, consumer spending, and business investment over the next few years.

Nevertheless, under current law, CBO expects the unemployment rate to remain high—above 7½ percent through 2014—before falling to 5½ percent at the end of 2017. The rate of inflation is projected to rise slowly after

Table 2.

CBO's Economic Projections for Calendar Years 2012 to 2023

	Estimated, 2012	Forecast 2013	Forecast 2014	Projected Annual Average 2015–2018	Projected Annual Average 2019–2023
	Fourth Quarter to Fourth Quarter (Percentage change)				
Real Gross Domestic Product	1.9	1.4	3.4	3.6	2.2
Inflation					
PCE price index	1.5	1.3	1.8	1.9	2.0
Core PCE price index[a]	1.5	1.5	1.9	2.0	2.0
Consumer price index[b]	1.9 [c]	1.5	2.0	2.2	2.3
Core consumer price index[a]	1.9 [c]	1.8	2.0	2.2	2.3
	Fourth Quarter Level (Percent)				
Unemployment Rate	7.8 [c]	8.0	7.6	5.5 [d]	5.2 [e]
	Calendar Year Average (Percent)				
Interest Rates					
Three-month Treasury bills	0.1 [c]	0.1	0.2	2.2	4.0
Ten-year Treasury notes	1.8 [c]	2.1	2.7	4.5	5.2

Source: Congressional Budget Office. (Actual values for 2012 are from Department of Labor, Bureau of Labor Statistics; Federal Reserve.)

Notes: The numbers shown here do not reflect the values for GDP and related series released by the Commerce Department's Bureau of Economic Analysis on January 30.

PCE = personal consumption expenditures.

a. Excludes prices for food and energy.

b. The consumer price index for all urban consumers.

c. Actual value for 2012.

d. Value for 2018.

e. Value for 2023.

this year: CBO estimates that the annual increase in the price index for personal consumption expenditures will reach about 2 percent in 2015. The interest rate on 3-month Treasury bills—which has hovered near zero for the past several years—is expected to climb to 4 percent by the end of 2017, and the rate on 10-year Treasury notes is projected to rise from 2.1 percent in 2013 to 5.2 percent in 2017.

The Economic Outlook for 2019 to 2023

For the second half of the coming decade, CBO does not attempt to predict the cyclical ups and downs of the economy; rather, CBO assumes that GDP will stay at its maximum sustainable level. On that basis, CBO projects that both actual and potential real GDP will grow at an average rate of 2¼ percent a year between 2019 and 2023. That pace is much slower than the average growth rate of potential GDP since 1950. The main reason is that the growth of the labor force will slow down because of the retirement of the baby boomers and an end to the long-standing increase in women's participation in the labor force. CBO also projects that the unemployment rate will fall to 5.2 percent by 2023 and that inflation and interest rates will stay at about their 2018 levels throughout the 2019–2023 period.

Chairman WARNER. Absolutely.

Chairman MURRAY. Thank you.

Chairman WARNER. Thank you, Chairman Murray.

One other item, again, before—and I want to thank—I already gave Senator Johnson kudos for being part of this task force. Again, I want to thank you, Ron, for participating.

I want to also acknowledge my good friend, Senator Crapo, who I have spent countless hours as we have talked about how do we get our spending and debt and deficit under control, and I know this is a subject of great importance to him, as well.

One of the things that the budget process leads us to is also the look at—and one of the things we have tried to do is basically do a map of the kind of overlap of responsibilities and functions across the Federal Government. And again, we are going to come to that in a few moments.

The last point I want to raise before we turn to Senator Ayotte is this whole question of reorganization. I think we all know, and everyone has got their favorite statistic, whether it is workforce training or today it is going to be STEM programs, there is every area of government where we will list literally dozens, sometimes, of programs all after the same policy goal. and one of the things that I find that is so frustrating is we do not measure these programs' effectiveness against each other. And in tight fiscal times, one of the ways we can get more bang for the buck is if we can look at smart, meaningful consolidation of programs where we can actually put more resources into the actual public policy goal rather than in simply the kind of overhead and administrative cost of running a variety of programs.

Again, GAO has done some good work in that, and one of the things that the administration has worked on, without, I think, a lot of recognition, is they have taken their own actions. The President early on asked for looking at duplicative program areas, and in 2012 alone, the administration proposed more than $700 million in savings in program consolidations that were actually enacted, something that we ought to at least look at.

Part of the constraints, though, and I know this is where I speak more as a former chief executive, and I know there is push-back on this subject from both sides of the aisle, but I had legislation last session along with Senator Lieberman that I look forward to reintroducing that would give back to the President, regardless of who he or she may be, the ability to reorganize the executive branch in a way that, candidly, every governor has had. This was power that previous Presidents had up until President Reagan. That authority was taken away.

I think in an increasingly complex, complicated world with the kind of mishmash of programmatic responsibility oftentimes that we have put in place as Congress, that we ought to regrant a President, with appropriate oversight from Congress, the ability to reorganize the executive branch in a way to make it more efficient and effective. Any CEO worth his or her salt knows that is a critical tool if you are going to try to stretch your resources. So that will be legislation that I will be looking forward to reintroducing and, again, would love to work with members on both sides of the aisle to try to get that done.

Today, we are going to hear from two witnesses, one, Dr. John Holdren, the Director of the White House Office of Science and Technology Policy, who will share more information about a proposal for consolidation from the White House that I think has promise. He is going to talk, and I will introduce him a little more formally in a moment, on STEM programs. Everybody is for more STEM education. We know that is an area that we are falling far behind in. But I think we would be astonished if we realized how many various STEM programs we have sprinkled all across the government without any really good metrics on what is working and not working and how we can perhaps do a good job of consolidation and get better bang for our buck.

Obviously, we will also hear from Gene Dodaro, who is the Comptroller General at the GAO. The GAO, I think, is extraordinarily well respected across party lines in terms of that trusted branch that looks at, from an objective standpoint, these questions, from duplication to over-reporting requirements, to a host of other areas. And, again, Gene has got a report here that I think will be of great interest to our members.

In a second panel, and again, I hope members will be willing to stay from this, we are going to hear from Senator Nicole Poore from Delaware's Sunset Commission and Dr. David Rosenbloom from American University. I will introduce those folks more when we get to the second panel.

Before I introduce the first panel, though, I want to turn to our Ranking Member, Senator Ayotte from New Hampshire. New Hampshire is long known for being a State that guards its resources judiciously and I look forward to working with Senator Ayotte on this very, very important task force. Senator Ayotte.

OPENING STATEMENT OF SENATOR AYOTTE

Senator AYOTTE. Thank you very much, Chairman Warner. I appreciate your holding this hearing and I certainly thank the Chairman of the committee, Chairman Murray, as well as Ranking Member Sessions, for allowing us to do this and for prioritizing this hearing. I really appreciate all the work you did as Governor and here on focusing on making sure that we have better, more effective government. So I am very much looking forward to what this hearing will do.

I also am very pleased to have both of the witnesses that are here today before us. This is something that we talk to our constituents so much about, and I think that, inherently, the American people understand that we can do so much better in our government in terms of how we use their taxpayer dollars.

As the title of this hearing indicates, our purpose today is to help identify effective strategies to produce a leaner, smarter Federal Government. And with a large and complex government like ours, common sense reforms too often, truthfully, fall victim to business as usual politics. And that has to stop, because if you look at the challenging times that we are in, that we need to make sure that when taxpayers send their hard-earned dollars to Washington, that we focus on effectively using their dollars and so that they are getting the return on their investment. So we need to take advantage

of every opportunity to eliminate waste, provide more accountability and more rigorous oversight.

And I think that has also really come to light with sequestration, the impact of sequestration right now. So when I look, for example, at the GAO report and I look at the recommendations that GAO has made in terms of duplicative areas within the government and fragmented areas, areas where, if we could more effectively run this government, we could find savings. I think this is an incredibly important discussion to have now in light of the fiscal state of where we are. So I appreciate GAO being here and I certainly appreciate Mr. Holdren being here, as well.

The 2013 GAO report released last month identifies 31 areas where agencies may be able to achieve greater efficiency or effectiveness, and this includes 17 areas of fragmentation, overlap, or duplication, where multiple programs and activities may be creating inefficiencies, and 14 areas where opportunities exist to achieve cost savings or enhance revenue collections.

The report also makes 81 recommended actions that the executive branch and Congress could take to reduce or eliminate overlap and duplication. Some of the examples that I have already seen, and certainly there are many within the GAO report, I also serve on the Armed Services Committee. A hundred-and-fifty-nine contracting organizations in ten Pentagon offices providing foreign language support.

We have examples of 76 drug abuse prevention and treatment programs spread across 15 agencies. Having served as Attorney General, I certainly recognize the importance of Federal drug abuse prevention and treatment, but we need to make sure that agencies are working together and we do not have duplication that actually makes us less effective.

Twenty-three agencies implement 679 renewable energy programs at a cost of $15 million just in fiscal year 2010 alone. Can we consolidate them? What should we be doing in that area to do better?

Among 29 Department—and I also serve on Homeland Security—among 29 Department of Homeland Security contracts worth $66 billion, GAO found 35 instances where contracts overlapped with existing Department of Homeland Security activities.

Let me just give an example that I really hope we get rid of next week: Catfish inspections. So, we are taking up the farm bill next week and one of the examples in this bill, of course, is duplicative programs that were in the 2008 farm bill assigned to the U.S. Department of Agriculture Food Safety and Inspection on inspecting catfish. And I can tell you that I have heard quite a bit about this catfish duplication from my constituents and we have an opportunity to take this up next week, I hope.

Both Congress and the administration have failed to fully or even adequately, sometimes, address this waste and duplication, and I appreciate the efforts that have been made that certainly were outlined very well by the Chairman today. But I think that we can agree on a bipartisan basis that there is so much more that we can do together, really, to have a better, more effective government.

For example, in its 2011 and 2012 reports, GAO identified approximately 300 actions among 131 overall areas that the executive branch and Congress could take to reduce or eliminate duplication. Yet as of March 6, only about 12 percent were addressed. That is not acceptable. We can do so much better, and we must do better.

We have an obligation to the people of this country to do better than we are doing now. We struggle to act on many issues, but this is an area where we should be able to act together, and I appreciate the Chairman holding this hearing. That shows that he is committed to working across the aisle to see how we can have more effective government. And I appreciate both of you being here today.

And one thing I do hope is that we can find ways that these GAO reports do not just sit on the shelf, that we can take them up, take the recommendations that we think make the most sense, and implement them quickly.

So thank you both for being here.

Chairman WARNER. Thank you, Senator Ayotte.

Do other members want to make a comment before we introduce the witnesses? I just add one quick moment. The greatest kind of first year education I got on this subject was I came in—we were having the first budget hearings—and I looked at the programs that both the Bush administration and the Obama administration had agreed on ought to be eliminated. They had some difference, but there were 11 common programs that they sought. Well, that should be the easiest thing possible.

Senator AYOTTE. Right. Exactly.

Chairman WARNER. If both administrations—

Senator AYOTTE. If you have got Republican and Democrat, let us put those—

Chairman WARNER. I quickly learned that President Reagan was right. The hardest thing to eliminate is a government program. But, anyway, that is a subject that we are going to—

Senator AYOTTE. Right. And he also said the closest thing to eternal life, as well, is a government program.

Chairman WARNER. So let us get to the witnesses. We have got, I know, a lot of questions.

First up, of course, as I mentioned, is Gene Dodaro, who is the Comptroller General at the GAO. He has spoken before this task force and committee a number of times. He spent over 30 years at the GAO. I know he does a great job and is extraordinarily well respected on both sides of the aisle.

We are then going to hear from Dr. John Holdren. Dr. Holdren is the Assistant to the President for Science and Technology and is Director of the White House Office of Science and Technology Policy. This is his first time, I think, testifying before this group, but he has got, I think, some very exciting information about some consolidation efforts on the STEM program. I am going to not read through his very lengthy resume, but I can assure you he is a top-flight scientist and, I think, will bring that sense of rigor to the question of STEM programs.

So, again, we will start with Mr. Dodaro first, and then Dr. Holdren, and we look forward to your testimony.

STATEMENT OF HONORABLE GENE L. DODARO, COMPTROLLER GENERAL, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. DODARO. Thank you very much, Mr. Chairman. Good morning to you, Ranking Member Senator Ayotte, Senator Johnson, Senator Wicker.

I am pleased to be here today to discuss our third and latest report on ways to improve government efficiency. As Senator Ayotte pointed out, we identified 31 new areas, 17 focused on overlap, duplication, and fragmentation. Three quick examples I would give.

In the military, we found that the camouflage uniforms for ground operations had increased from two to seven additional types of uniforms. Now, not only is this wasting opportunities to save money by joint purchasing among the different services, but it is not providing equivalent level of protection for joint operations. So we have estimated you could save up to $80-some million by taking action in this area and ensure better protection for the troops.

Secondly, in the Medicaid program integrity area, we identified the fact that they hired two contractors, one to review State payments to identify areas for audit, and then another contractor then to actually go in and do those audits. We said, one contractor will do. You do not need to have this duplication. I am pleased to report that CMS has taken action now and not renewed the contracts for the review auditors, thus saving at least $15 million and perhaps more in that area.

In the geospatial area, we found 31 different agencies purchasing geospatial information. There is clearly duplicative purchasing going on here. Now, here is an area where you have an interagency group. They have issued some policies, but they are not being implemented effectively and OMB does not have enough visibility over the investments that the agencies are making through the budget process. So additional effort here by the administration in this area could save millions of additional dollars.

In the 14 areas where we found opportunities for cost savings and revenue enhancements, they span a wide range of areas. We identified some areas in the Medicare area where there could be billions of dollars of savings. The Medicaid area needs additional oversight. Strategic sourcing, having the government leverage its purchasing power to do more purchasing in bulk, could save billions of dollars, as well, and I would be happy to talk about these areas more in the Q&A session.

Now, in addition to reporting these 31 new areas, we have kept up with our tradition of reporting on actions by the executive branch and the Congress in implementing our prior year recommendations. As Senator Ayotte mentioned, we had 130 areas in the 2011 and 2012 reports. I am pleased that there has been some notable progress.

First, the Congress let the ethanol tax credit expire, which we pointed out duplicated the renewable fuel standard. That was having multi-billion-dollar revenue losses to the government every year, so that is one example.

Last year, also, I think a good example was the passage of the Moving Ahead for Progress Act in the transportation area. We had pointed out over 100 different programs had accreted over time in

surface transportation. That bill and that Act consolidated a number of those programs and made some other important changes to implement our recommendations about better measuring performance of the programs that operate and clearly identifying roles and responsibilities.

Also, the administration, based on our recommendation in the overseas operations, on our overseas posture, they had planned to send troops to South Korea for longer tours and to send their dependents over there. We said we do not think that that is a sustainable approach. You need to do a business case. They did, decided not to do that, and avoided about $3 billion in cost savings.

In told, Senator Ayotte pointed out about 12 percent of our prior recommendations have been implemented. About 66 percent have been partially implemented, but there is a ways to go in those areas. So I agree with the Senator's comments. There is much more to be done. And 21 percent have not been addressed at all.

So we think with our new areas and these areas, there is plenty of an agenda to go forward. In the short term, there are a lot of specific actions that could be taken by the Congress where we have identified concrete savings. In other areas, there is a need for more deliberation and probing and policy judgments on how to consolidate some of these program areas.

The GPRA Modernization Act offers a lot of promise in that regard over the long term, particularly its cross-cutting agency focus, and we are focused on doing our job to evaluate that legislation as it is being implemented.

So I appreciate your time and attention this morning. I would be happy to answer questions at the appropriate point.

[The prepared statement of Mr. Dodaro follows:]

United States Government Accountability Office

Testimony
Before the Committee on the Budget, U.S. Senate

For Release on Delivery
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GOVERNMENT EFFICIENCY AND EFFECTIVENESS

Strategies for Reducing Fragmentation, Overlap, and Duplication and Achieving Cost Savings

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

GAO-13-631T

GAO Highlights

Highlights of GAO-13-631T, a testimony before the Committee on the Budget, U.S. Senate

Why GAO Did This Study

As the fiscal pressures facing the nation continue, so too does the need for executive branch agencies and Congress to improve the efficiency and effectiveness of government programs and activities. Opportunities to take such action exist in areas where federal programs or activities are fragmented, overlapping, or duplicative.

To highlight these challenges and to inform government decision makers on actions that could be taken to address them, GAO is statutorily required to identify and report annually to Congress on federal programs, agencies, offices, and initiatives, both within departments and governmentwide, that have duplicative goals or activities. GAO has also identified additional opportunities to achieve greater efficiency and effectiveness by means of cost savings or enhanced revenue collection.

This statement discusses the (1) new areas identified in GAO's 2013 annual report; (2) status of actions taken by the administration and Congress to address the 131 areas identified in GAO's 2011 and 2012 annual reports; (3) President's April Fiscal Year 2014 Budget submission and recently introduced legislation; and (4) strategies that can help address the issues we identified. GAO's 3-year systematic examination included a review of the budget functions of the federal government representing nearly all of the overall federal funds obligated in fiscal year 2010.

View GAO-13-631T. For more information, contact Orice Williams Brown or A.Nicole Clowers at (202) 512-8678.

May 16, 2013

GOVERNMENT EFFICIENCY AND EFFECTIVENESS

Strategies for Reducing Fragmentation, Overlap, Duplication and Achieving Cost Savings

What GAO Found

GAO's 2013 annual report identifies 31 new areas where agencies may be able to achieve greater efficiency or effectiveness. Seventeen areas involve fragmentation, overlap, or duplication. For example, GAO reported that the Department of Defense could realize up to $82 million in cost savings and ensure equivalent levels of performance and protection by taking action to address its fragmented approach to developing and acquiring combat uniforms. Additionally, GAO reported that a total of 31 federal departments and agencies collect, maintain, and use geospatial information. Better planning and implementation could help reduce duplicative investments and save of millions of dollars.

The report also identifies 14 additional areas where opportunities exist to achieve cost savings or enhance revenue collections. For example, GAO suggested that Department of Health and Human Services cancel the Medicare Advantage Quality Bonus Payment Demonstration. GAO found most of the bonuses will be paid to plans with average performance and that the demonstration's design precludes a credible evaluation of its effectiveness. Canceling the demonstration for 2014 would save about $2 billion. GAO also noted opportunities to save billions more in areas such as expanding strategic sourcing, providing greater oversight for Medicaid supplemental payments, and reducing subsidies for crop insurance. Additionally, GAO pointed out opportunities for enhancing revenues by reducing the net tax gap of $385 billion, reviewing prices of radioactive isotopes sold by the government, and providing more equity in tobacco taxes for similar types of products.

The executive branch and Congress have made some progress in addressing the areas that GAO identified in its 2011 and 2012 annual reports. Specifically, GAO identified approximately 300 actions among 131 overall areas that the executive branch and Congress could take to reduce or eliminate fragmentation, overlap, or duplication or achieve other potential financial benefits. As of March 6, 2013, the date GAO completed its progress update audit work, about 12 percent of the areas were addressed, 66 percent were partially addressed, and 21 percent were not addressed. More recently, both the administration and Congress have taken additional steps, including proposals in the President's April Fiscal Year 2014 Budget submission.

Addressing fragmentation, overlap, and duplication will require continued attention by the executive branch agencies and targeted oversight by Congress. In many cases, executive branch agencies have the authority to address the actions that GAO identified. In other cases, such as those involving the elimination or consolidation of programs, Congress will need to take legislative action. Moreover, sustained congressional oversight will be needed in concert with the administration's efforts to address the identified actions by improving planning, measuring performance, and increasing collaboration. Effective implementation of the GPRA Modernization Act of 2010 also could help the executive branch and Congress as they work to address these issues over time.

GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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Chairman Murray, Ranking Member Sessions, and Members of the Committee:

We appreciate the opportunity to discuss our 2013 annual report, which presents 31 new opportunities to reduce fragmentation, overlap, and duplication as well as achieve other financial benefits. It also presents the results of our efforts to follow up on progress made by executive branch agencies and Congress in addressing the areas we identified in our 2011 and 2012 annual reports. Through these three annual reports, we have completed a systematic examination to identify major instances of fragmentation, overlap, or duplication across the federal government. In light of today's challenging fiscal environment, we have also identified additional opportunities to achieve greater efficiency and effectiveness by means of cost savings or enhanced revenue collection.

My testimony today describes the (1) new areas identified in our 2013 annual report; (2) status of actions taken by the administration and Congress to address the 131 areas identified in our 2011 and 2012 annual reports; (3) President's April Fiscal Year 2014 Budget submission proposals and recently introduced legislation; and (4) strategies that can help address the issues we identified. My comments are primarily based upon our three annual reports and related testimonies as well as our body of work on managing for results.[1] The work upon which these reports were based was conducted in accordance with generally accepted government auditing standards.

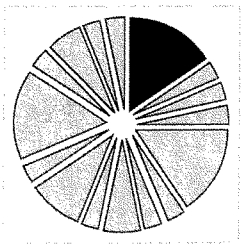
In summary, our 2013 annual report identifies 31 new areas where agencies may be able to achieve greater efficiency or effectiveness. Although it may be appropriate for multiple agencies or entities to be involved in the same programmatic or policy area due to the nature or magnitude of the federal effort, our report identifies 17 areas of fragmentation, overlap, or duplication where multiple programs and activities may be creating inefficiencies. Figure 1 illustrates the definitions

[1]GAO, *2013 Annual Report: Actions Needed to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-13-279SP (Washington, D.C.: Apr. 9, 2013); *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP (Washington D.C.: Feb. 28, 2012); and *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

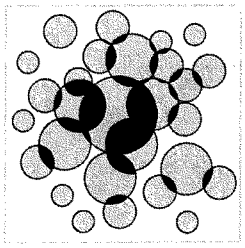
we use for fragmentation, overlap, and duplication for this work. The report also identifies 14 additional areas where opportunities exist to achieve cost savings or enhance revenue collections. Within these 31 areas, we identify 81 actions that the executive branch or Congress could take to address the issues we identified.

Figure 1: Definitions of Fragmentation, Overlap, and Duplication

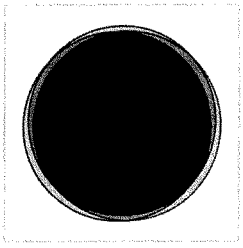
Fragmentation refers to those circumstances in which more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need and opportunities exist to improve service delivery.



Overlap occurs when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries.



Duplication occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries.



Source: GAO.

The executive branch and Congress have made some progress in addressing the areas that we previously identified. In our 2011 and 2012 annual reports, we identified approximately 300 actions among 131 overall areas that the executive branch and Congress could take to reduce or eliminate fragmentation, overlap, or duplication or achieve other potential financial benefits. As of March 6, 2013, the date we completed our progress update audit work, about 12 percent of the 131 overall areas were addressed; 66 percent were partially addressed; and 21 percent

were not addressed.[2] Within these areas, about 21 percent of the approximately 300 individual actions were addressed, 48 percent were partially addressed, and 28 percent remain not addressed, highlighting the need for sustained attention and leadership.[3] More recently, both the administration and Congress have taken additional steps that appear consistent with some of our previously suggested actions.[4]

Addressing issues of fragmentation, overlap, and duplication will require sustained attention by the executive branch agencies and Congress. In the majority of cases, executive branch agencies have the authority to address the actions that we identified, and could do so by, for example, improving planning, measuring performance, improving management oversight, and increasing collaboration. In other cases, Congress will need to be involved through their legislative and oversight activities as well as other strategies. Additionally, the performance planning and reporting framework originally put into place by the Government Performance and Results Act of 1993 (GPRA), and significantly

[2]In assessing overall progress for an *area*, we determined that an area was "addressed" if all actions in that area were addressed; "partially addressed" if at least one action needed in that area showed some progress toward implementation but not all actions were addressed; and "not addressed" if none of the actions needed in that area was addressed or partially addressed. Percentages do not add to 100 percent because we assessed one area as "consolidated or other." See GAO-13-279SP for more information on our scope and methodology.

[3]For congressional *actions*, we applied the following criteria: "addressed" means relevant legislation has been enacted; "partially addressed" means a relevant bill has passed a committee, the House of Representatives, or the Senate, or relevant legislation only addressed part of the action needed; and "not addressed" means a bill may have been introduced but did not pass out of a committee, or no relevant legislation has been introduced. For executive branch *actions*, "addressed" means implementation of the action needed has been completed; "partially addressed" means a response to the action needed is in development, but not yet completed; and "not addressed" means that minimal or no progress has been made toward implementing the action needed. We are not assessing 9 actions this year that were previously included in our 2011 and 2012 reports. Based on subsequent audit work that we conducted, these actions have been consolidated, redirected from a congressional to an executive branch action, or revised to reflect updated information or data that we obtained. Further, 16 actions reported in 2011 and 2012 were revised this year due to additional audit work or other information we considered.

[4]We will assess the extent to which these steps address our suggested actions and update the status of the actions, as appropriate, on *GAO's Action Tracker*.

enhanced by the GPRA Modernization Act of 2010, could help the executive branch and Congress address these issues over time.[5]

2013 Annual Report Identifies 31 New Areas to Achieve Greater Efficiency or Effectiveness

In 17 of the 31 new areas where agencies may be able to achieve greater efficiency or effectiveness, we found evidence of fragmentation, overlap, or duplication among federal programs or activities. As described in table 1, these programs or activities cover a wide range of federal functions and missions.

Table 1: Fragmentation, Overlap, and Duplication Areas Identified in Our 2013 Annual Report, by Mission

Mission	Areas identified
Agriculture	1. **Catfish Inspection:** Repealing provisions of the 2008 Farm Bill that assigned U.S. Department of Agriculture's Food Safety and Inspection Service responsibility for examining and inspecting catfish and for creating a catfish inspection program would avoid duplication of already existing federal programs and could save taxpayers millions of dollars annually without affecting the safety of catfish intended for human consumption.
Defense	2. **Combat Uniforms:** The Department of Defense's fragmented approach to developing and acquiring uniforms could be more efficient, better protect service members, and result in up to $82 million in development and acquisition cost savings through increased collaboration among the military services.
	3. **Defense Foreign Language Support Contracts:** The Department of Defense should address fragmentation in the department's acquisition approach for foreign language support contracts, which are estimated to cost more than $1 billion annually, by exploring opportunities to gain additional efficiencies.
Energy	4. **Renewable Energy Initiatives:** Federal support for wind and solar energy, biofuels, and other renewable energy sources, which has been estimated at several billion dollars per year, is fragmented because 23 agencies implemented hundreds of renewable energy initiatives in fiscal year 2010—the latest year for which GAO developed these original data. Further, the Departments of Energy and Agriculture could take additional actions—to the extent possible within their statutory authority—to help ensure effective use of financial support from several wind initiatives, which GAO found provided duplicative support that may not have been needed in all cases for projects to be built.
Health	5. **Joint Veterans and Defense Health Care Services:** The Departments of Veterans Affairs and Defense should enhance their collaboration to reduce costs, overlap, and potential duplication in the delivery of health care services between two of the nation's largest health care systems that together provide health care to nearly 16 million veterans, service members, military retirees, and other beneficiaries.
	6. **Medicaid Program Integrity:** The Centers for Medicare & Medicaid Services needs to take steps to eliminate duplication and increase efficiency in two Medicaid Integrity Program activities—provider audits and the collection of state program integrity data.
Homeland security/law enforcement	7. **Department of Homeland Security Research and Development:** Better policies and guidance for defining, overseeing, and coordinating research and development investments and activities would help the Department of Homeland Security address fragmentation, overlap, and potential unnecessary duplication.

[5]Pub. L. No. 103-62, 107 Stat. 285 (1993); Pub. L. No. 111-352, 124 Stat. 3866 (2011).

Mission	Areas identified
	8. **Field-Based Information Sharing:** To help reduce inefficiencies resulting from overlap in analytical and investigative support activities, the Departments of Justice and Homeland Security and the Office of National Drug Control Policy could improve coordination among five types of field-based information sharing entities that may collect, process, analyze, or disseminate information in support of law-enforcement and counterterrorism-related efforts—Joint Terrorism Task Forces, Field Intelligence Groups, Regional Information Sharing Systems centers, state and major urban area fusion centers, and High Intensity Drug Trafficking Areas Investigative Support Centers.
	9. **Justice and Treasury Asset Forfeiture:** Conducting a study to evaluate the feasibility of consolidating the Departments of Justice's and Treasury's multimillion dollar asset forfeiture activities could help the departments identify the extent to which consolidation of potentially duplicative activities would help increase the efficiency and effectiveness of the programs and achieve cost savings.
Information technology	10. **Dissemination of Technical Research Reports:** Congress may wish to consider whether the fee-based model under which the National Technical Information Service currently operates for disseminating technical information is still viable or appropriate, given that many of the reports overlap with similar information available from the issuing organizations or other sources for free.
	11. **Geospatial Investments:** Better coordination among federal agencies that collect, maintain, and use geospatial information could help reduce duplication of geospatial investments and provide the opportunity for potential savings of millions of dollars.
International affairs	12. **Export Promotion:** Enhanced collaboration between the Small Business Administration and two other agencies could help to limit overlapping export-related services for small businesses.
	13. **International Broadcasting:** The Broadcasting Board of Governors—with a budget of $752 million in fiscal year 2012—has recognized the need to reduce overlap and reallocate limited resources to broadcasts that will have the greatest impact, but the agency could do more to achieve this goal, such as systematically considering overlap of language services in its annual language services review.
Science and the environment	14. **Rural Water Infrastructure:** Additional coordination by the Environmental Protection Agency and the Department of Agriculture could help three water and wastewater infrastructure programs with combined funding of about $4.3 billion avoid potentially duplicative application requirements, as well as associated costs and time developing engineering reports and environmental analyses.
Social services	15. **Drug Abuse Prevention and Treatment Programs:** More fully assessing the extent of overlap and potential duplication across the fragmented 76 federal drug abuse prevention and treatment programs and identifying opportunities for increased coordination, including those programs where no coordination has occurred, would better position the Office of National Drug Control Policy to better leverage resources and increase efficiencies.
Training, employment, and education	16. **Higher Education Assistance:** Federal agencies providing assistance for higher education should better coordinate to improve program administration and help reduce fragmentation.
	17. **Veterans' Employment and Training:** The Departments of Labor, Veterans Affairs, and Defense need to better coordinate the employment services each provides to veterans, and Labor needs to better target the Disabled Veterans' Outreach Program so that it does not overlap with other programs.

Source: GAO.

We consider programs or activities to be fragmented when more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need and opportunities may exist to improve how the government delivers services. We identified fragmentation in multiple programs we reviewed, including the following:

- *Combat Uniforms:* We found that the Department of Defense's (DOD) fragmented approach to developing and acquiring combat uniforms could be more efficient. Further, DOD has not taken steps to ensure

equivalent levels of uniform performance and protection for service members conducting joint military operations in different uniforms, potentially exposing them to increased risk on the battlefield.[6] Since 2002, the military services have shifted from using two camouflage patterns to seven service-specific camouflage uniforms with varying patterns and colors. Although DOD established a board to help ensure collaboration and DOD-wide integration of clothing and textile activities, we continue to identify inefficiencies in DOD's uniform acquisition approach. For example, we found that none of the services had taken advantage of opportunities to reduce costs through partnering on inventory management or by collaborating to achieve greater standardization among their various camouflage uniforms. We have identified several actions DOD should take to realize potential efficiencies. In addition, DOD reported that it could save up to $82 million in development and acquisition cost savings through increased collaboration among the military services. These actions include directing the Secretaries of the military departments to actively pursue partnerships for the joint development and use of uniforms.

- *Renewable Energy Initiatives:* Federal support for wind and solar energy, biofuels, and other renewable energy sources has increased significantly in recent years. Specifically, third-party estimates indicate that federal spending over the 7-year period from 2002 through 2008 averaged about $4 billion per year and increased to almost $15 billion in fiscal year 2010, in part because of additional spending through the American Recovery and Reinvestment Act of 2009. We found that federal support for renewable energy is fragmented, as 23 agencies and their 130 subagencies implemented hundreds of initiatives in fiscal year 2010. We could not comprehensively assess the potential for overlap or duplication among these nearly 700 renewable energy initiatives, because existing agency information was not sufficiently complete to allow for such an assessment. However, fragmentation can be a harbinger of potential overlap or duplication. For example, we assessed federal wind energy initiatives and found that most of the 82 wind-related initiatives that we examined had overlapping characteristics, and several of them have provided duplicative financial support to deploy wind energy projects. Such duplicative federal financial support may not have been needed in all cases for

[6]DOD and the Joint Staff have described the modern-day battlefield as a place with no clearly defined front lines or safer rear area where combat support operations are performed.

the projects to be built. To help ensure effective use of financial support, we suggested that the Department of Energy and the U.S. Department of Agriculture, to the extent possible within their statutory authority, assess and document whether the financial support of their initiatives is needed when considering applications.

In some of the programs and activities where there was fragmentation, we also found instances of overlap. Overlap occurs when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. We found overlap among federal programs or initiatives in a variety of areas, such as joint veterans and defense health care services, export promotion activities, drug abuse prevention and treatment programs, and veterans' employment and training programs, as well as the following:

- *Department of Homeland Security Research and Development:* Within the Department of Homeland Security (DHS), we found at least six department components involved in research and development activities. We examined 47 research and development contracts awarded by these components and found 35 instances among 29 contracts in which the contracts overlapped with activities conducted elsewhere in the department. Taken together, these 29 contracts were worth about $66 million. In one example of the overlap we found that two DHS components awarded five separate contracts that each addressed detection of the same chemical. While we did not identify instances of unnecessary duplication among these contracts, DHS has not developed a policy defining who is responsible for coordinating research and development and what processes should be used to coordinate it, and does not have mechanisms to track research and development activities at DHS that could help prevent overlap, fragmentation, or unnecessary duplication. We suggested that developing a policy defining the roles and responsibilities for coordinating research and development, and establishing coordination processes and a mechanism to track all research and development projects could help DHS mitigate existing fragmentation and overlap, and reduce the risk of unnecessary duplication.

Overlap and fragmentation among government programs or activities can lead to duplication, which occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries. Our 2013 report includes several areas where we identified potentially duplicative federal efforts, including the following:

- *Medicaid Program Integrity:* We identified duplication in the Medicaid Integrity Program, which provides federal support and oversight of state programs.[7] In particular, the use of two sets of federal contractors in the National Medicaid Audit Program—one contractor to review states' paid claims in order to identify potential aberrant claims or billing anomalies and another contractor to audit such aberrant claims—increased inefficiencies in data analysis and led to duplication of effort. To address this duplication, we suggested that the Centers for Medicare & Medicaid Services (CMS) merge certain functions of the federal review contractors and federal audit contractors and discontinue the annual state program integrity assessment to eliminate or avoid duplicative activities. Partly in response to our suggestion, CMS is not renewing its federal review contractors when their contracts expire this year, which has the potential for saving $15 million or more.

In addition to these 17 areas of fragmentation, overlap, and duplication in federal efforts, we present 14 areas in which we identified opportunities to reduce the cost of government operations or enhance revenue collections for the Treasury. These opportunities for executive branch or congressional action exist in a wide range of federal government missions (see table 2).

Table 2: Cost Savings and Revenue Enhancement Opportunities Identified in Our 2013 Annual Report, by Mission

Mission	Areas identified
Agriculture	18. **Agricultural Quarantine Inspection Fees:** The United States Department of Agriculture's Animal and Plant Health Inspection Service could have achieved as much as $325 million in savings (based on fiscal year 2011 data, as reported in GAO's March 2013 report) by more fully aligning fees with program costs; although the savings would be recurring, the amount would depend on the cost-collections gap in a given fiscal year and would result in a reduced reliance on U.S. Customs and Border Protection's annual Salaries and Expenses appropriations used for agricultural inspection services.
	19. **Crop Insurance:** To achieve up to $1.2 billion per year in cost savings in the federal crop insurance program, Congress could consider limiting the subsidy for premiums that an individual farmer can receive each year, reducing the subsidy for all or high-income farmers participating in the program, or some combination of limiting and reducing these subsidies.

[7]Medicaid is the joint federal-state health care financing program for certain low-income individuals and is one of the largest social programs in federal and state budgets. We have had long-standing concerns about Medicaid's program integrity because of problems with the sufficiency of federal and state oversight. For example, the Centers for Medicare & Medicaid Services estimated that in fiscal year 2012, $19.2 billion (7.1 percent) of Medicaid's federal expenditures involved improper payments.

Mission	Areas identified
Defense	20. **Joint Basing:** The Department of Defense needs an implementation plan to guide joint bases to achieve millions of dollars in cost savings and efficiencies anticipated from combining support services at 26 installations located close to one another.
Energy	21. **Department of Energy's Isotope Program:** Assessing the value of isotopes to customers, and other factors such as prices of alternatives, may show that the Department of Energy could increase prices for isotopes that it sells to commercial customers to create cost savings by generating additional revenue.
General government	22. **Additional Opportunities to Improve Internal Revenue Service Enforcement of Tax Laws:** The Internal Revenue Service can realize cost savings and increase revenue collections by billions of dollars by, among other things, using more rigorous analyses to better allocate enforcement and other resources.
	23. **Agencies' Use of Strategic Sourcing:** Selected agencies could better leverage their buying power and achieve additional savings by directing more procurement spending to existing strategically sourced contracts and further expanding strategic sourcing practices to their highest spending procurement categories—savings of one percent from selected agencies' procurement spending alone would equate to over $4 billion.
	24. **Opportunities to Help Reduce Government Satellite Program Costs:** Government agencies could achieve considerable cost savings on some missions by leveraging commercial spacecraft through innovative mechanisms such as hosted payload arrangements and sharing launch vehicle costs. Selected agencies have reported saving hundreds of millions of dollars to date from using these innovative mechanisms.
Health	25. **Medicare Prepayment Controls:** More widespread use of prepayment edits could reduce improper payments and achieve other cost savings for the Medicare program, as well as provide more consistent coverage nationwide.
	26. **Medicaid Supplemental Payments:** To improve the transparency of and accountability for certain high-risk Medicaid payments that annually total tens of billions of dollars, Congress should consider requiring the Centers for Medicare & Medicaid Services to take steps that would facilitate the agency's ability to oversee these payments, including identifying payments that are not used for Medicaid purposes or are otherwise inconsistent with Medicaid payment principles, which could lead to cost savings. GAO's analysis for providers for which data are available suggests that savings could be in the hundreds of millions, or billions, of dollars.
	27. **Medicare Advantage Quality Bonus Payment Demonstration:** Rather than implementing the Medicare Advantage quality bonus payment program specifically established by law, the Centers for Medicare & Medicaid Services is testing an alternative bonus payment structure under a broad demonstration authority through a 3-year demonstration that has design flaws, raises legal concerns, and is estimated to cost over $8 billion; about $2 billion could be saved if it were canceled for its last year, 2014.
Homeland security/law enforcement	28. **Checked Baggage Screening:** By reviewing the appropriateness of the federal cost share the Transportation Security Administration applies to agreements financing airport facility modification projects related to the installation of checked baggage screening systems, the Transportation Security Administration could, if a reduced cost share was deemed appropriate, achieve cost efficiencies and be positioned to install a greater number of optimal baggage screening systems than it currently anticipates.
Information technology	29. **Cloud Computing:** Better planning of cloud-based computing solutions provides an opportunity for potential savings of millions of dollars.
	30. **Information Technology Operations and Maintenance:** Strengthening oversight of key federal agencies' major information technology investments in operations and maintenance provides opportunity for savings on billions in information technology investments.
International affairs	31. **Tobacco Taxes:** Federal revenue losses were as much as $615 million to $1.1 billion between April 2009 and 2011 because manufacturers and consumers substituted higher-taxed smoking tobacco products with similar lower-taxed products. To address future revenue losses, Congress should consider modifying tobacco tax rates to eliminate significant tax differentials between similar products.

Source: GAO.

Among the 14 areas of opportunity to reduce costs or enhance revenue identified in our 2013 annual report are the following examples of opportunities for executive branch agencies or Congress to take action to address the issues we reported:

- *Medicare Advantage Quality Bonus Payment Demonstration:* We report concerns about CMS's Medicare Advantage Quality Bonus Payment Demonstration, which is expected to cost $8.35 billion over 10 years, most of which will be paid to plans with average performance. Medicare Advantage provides health care coverage through private health plans offered by organizations under contract with CMS. The agency's stated research goal for the demonstration is to test whether an alternative bonus structure leads to larger and faster annual quality improvement for Medicare Advantage plans. We found that the demonstration's design precludes a credible evaluation of its effectiveness because it lacks an appropriate comparison group needed to isolate the demonstration's effects, and because the demonstration's bonus payments are based largely on plan performance that predates the demonstration. Based on these concerns, we suggest that Department of Health and Human Services (HHS) cancel the Medicare Advantage Quality Bonus Payment Demonstration. In addition, the demonstration's design raises legal concerns about whether it falls within HHS's demonstration authority. Although the demonstration is now in its second year, HHS still has an opportunity to achieve significant cost savings—about $2 billion, based on GAO's analysis of CMS actuaries' estimates—if it cancels the demonstration for 2014.

- *Internal Revenue Service Enforcement of Tax Laws:* Additional cost savings and increased revenue collections may be realized by improving the Internal Revenue Service's (IRS) enforcement of tax laws. IRS has estimated that the net tax gap—the difference between taxes owed and taxes paid on time or recovered—was $385 billion for tax year 2006 (the most recent year for which data were available). We have identified several areas where IRS can improve its programs, reduce its costs, and facilitate voluntary compliance with existing tax laws. For example, we suggested that IRS should complete a broad strategy, including a timeline and performance measures, for how it intends to use information collected to improve tax compliance. We also suggested better enforcement of services designed to facilitate voluntary compliance, such as appropriate levels of telephone and correspondence service and wait time. Similarly, we previously suggested that Congress consider granting IRS broader math error authority, with appropriate safeguards against misuse of

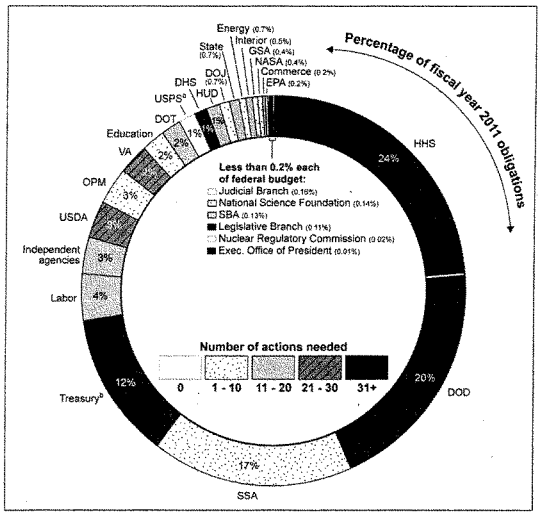
that authority, to correct errors during tax return processing. These and other actions we have identified could help the federal government increase revenue collections by billions of dollars. We have previously reported that the government would generate an additional $3.8 billion per year if service and enforcement improvements reduced the tax gap by 1 percent.

- *Department of Energy's Isotope Program:* Opportunities may also exist for the Department of Energy (Energy) to generate additional revenue by increasing the price for isotopes that it sells to commercial customers.[8] Energy's Isotope Development and Production for Research and Applications program sells isotopes to commercial customers for a variety of uses, such as medical procedures and radiation detection equipment. To achieve its mission, the program relies on annual appropriations and revenues from isotope sales. Although revenues from sales of isotopes alone totaled over $25 million in fiscal year 2012, we found that Energy may be forgoing revenue because it is not using thorough assessments to set prices for commercial isotopes. Thus, we suggested that Energy examine the prices it sets for commercial isotopes to determine if prices can be increased.

With the issuance of our 2013 report, we have completed a systematic examination to identify major instances of fragmentation, overlap, or duplication across the federal government. Through our three annual reports, we have identified 162 areas in which there are opportunities to reduce fragmentation, overlap, or duplication or to achieve cost savings or enhance revenue. Within these 162 areas, we identify approximately 380 actions that the executive branch or Congress could take to address the issues we identified. These areas span a wide range of government missions, covering activities within all 15 cabinet-level executive departments and 17 other federal entities (see fig. 2). Collectively, if the actions we suggest are implemented, the government could potentially save tens of billions of dollars annually.

[8]Isotopes are varieties of a given chemical element with the same number of protons but different numbers of neutrons. For example, the helium-3 isotope, which is used in research and to detect neutrons in radiation detection equipment, has one less neutron than the helium-4 isotope, which is the helium isotope commonly used in party balloons.

Figure 2: Actions Needed Directed to Federal Departments and Agencies in 2011-2013 Annual Reports



Source: GAO.

[a]U.S. Postal Service (USPS) obligations are primarily funded by postal revenues, although USPS receives minimal appropriations for overseas voting and mail for the blind. Additionally, USPS has a maximum $15 billion in borrowing authority, which it reached in fiscal year 2012.

[b]Treasury's percentage of fiscal year 2011 obligations includes interest on the national debt.

Note: Individual actions needed are counted multiple times when they are directed to more than one federal department or agency.

Our 2013 annual report completes our 3-year systematic examination across the federal government to identify major instances of fragmentation, overlap, or duplication. Our systematic examination required a multiphased approach. First, we reviewed the budget functions of the federal government representing nearly all of the overall federal

funds obligated in fiscal year 2010.[9] Federal budget functions classify budget resources by national need (such as National Defense, Energy, or Agriculture), and instances in which multiple federal agencies obligate funds within a particular budget function may indicate potential duplication or cost savings opportunities (see fig. 3). Although this type of analysis cannot answer the question of whether overlap or duplication exists, it can help in the selection of areas for further investigation. Second, we reviewed key agency documents, such as strategic plans, performance and accountability reports, and budget justifications, as we have found that when multiple executive branch agencies have similar missions, goals, or programs, the potential for fragmentation, overlap, or duplication exists. Third, we reviewed key external published sources of information, such as reports published by the Congressional Budget Office, Inspectors General, and the Congressional Research Service, as well as the President's budgets, to identify potential overlap and duplication among agency missions, goals, and programs.

[9]Our examination did not include two budget functions: Allowances, because there were no actual obligations, and Undistributed Offsetting Receipts, because no obligations are charged to agencies.

Figure 3: Spending Patterns by Executive Branch Agency and Budget Function, Fiscal Year 2010

Executive Branch	National Defense (050)	International Affairs (150)	General Science, Space, and Technology (250)	Energy (270)	Natural Resources and Environment (300)	Agriculture (350)	Commerce and Housing Credit (370)	Transportation (400)	Community and Regional Development (450)	Education, Training, Employment, and Social Services (500)	Health (550)	Medicare (570)	Income Security (600)	Social Security (650)	Veterans Benefits and Services (700)	Administration of Justice (750)	General Government (800)	Net Interest (900)	Number of functions charged by agency
Department of Agriculture		●		●	●	●	●		●		●		●				●		9
Department of Commerce	●				●		●		●	●									5
Department of Defense	●	●			●						●		●		●		●		7
Department of Education										●						●			2
Department of Energy	●		●	●															3
Department of Health and Human Services	●									●	●	●	●			●			6
Department of Homeland Security	●		●		●	●	●	●	●				●			●	●		10
Department of Housing and Urban Development							●		●				●			●			4
Department of Justice	●	●														●			3
Department of Labor	●									●	●		●		●				5
Department of State		●			●								●						3
Department of Transportation	●						●	●											3
Department of Veterans Affairs															●				1
Department of the Interior					●			●	●	●	●						●		6
Department of the Treasury				●	●		●		●	●	●		●			●	●	●	10
Environmental Protection Agency					●														1
Executive Office of the President																	●		1
General Services Administration							●										●		2
Independent Agencies	●	●		●	●	●	●	●	●	●	●		●		●	●	●		14
National Aeronautics and Space Administration			●					●		●									3
National Science Foundation	●		●																2
Nuclear Regulatory Commission				●															1
Office of Personnel Management											●		●				●		3
Postal Service							●												1
Small Business Administration							●		●										2
Social Security Administration												●	●	●	●				4
Number of executive agencies charging this function	10	5	4	5	9	3	10	5	8	8	8	2	11	1	5	7	9	1	

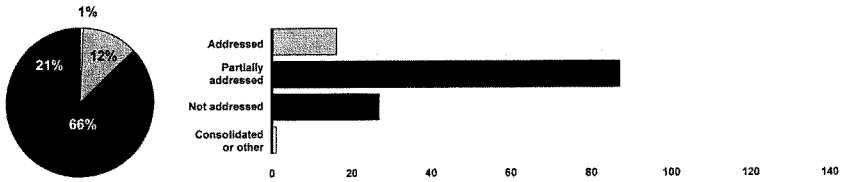
Source: GAO analysis.

The Administration and Congress Have Made Some Progress in Addressing the Areas That We Previously Identified

In addition to the new actions identified for our 2013 annual report, we have continued to monitor the progress that the executive branch agencies and Congress have made in addressing the issues we identified in our 2011 and 2012 annual reports. In these reports, we identified approximately 300 actions that the executive branch and Congress could take to achieve greater efficiency and effectiveness.

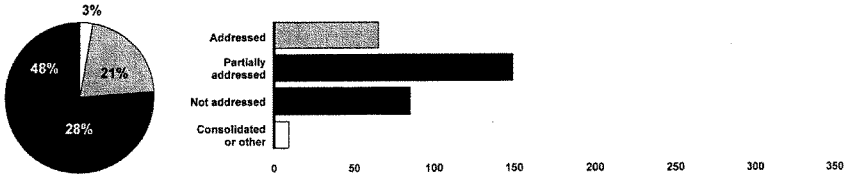
We evaluated progress by determining an "overall assessment" rating for each area and an individual rating for each action within an area (see figures 4 and 5). We found that the executive branch agencies and Congress have made progress in addressing the 131 areas we identified in 2011 and 2012. As of March 6, 2013, the date we completed our audit work, about 12 percent of the 131 overall areas were addressed; 66 percent were partially addressed; and 21 percent were not addressed. Within these areas, about 21 percent of the approximately 300 individual actions were addressed, 48 percent were partially addressed, and 28 percent were not addressed.

Figure 4: Assessment of 131 Areas from 2011 and 2012, as of March 6, 2013



Source: GAO.

Figure 5: Assessment of Approximately 300 Actions from 2011 and 2012, as of March 6, 2013



Source: GAO.

According to our analysis, as of March 6, 2013, of the 249 actions identified in 2011 and 2012 that were directed to executive branch agencies, 22 percent were addressed and 57 percent were partially addressed. Examples of the progress that executive branch agencies have made include the following:

- *Overseas Defense Posture:* In our 2012 annual report, we suggested the Secretary of Defense direct appropriate organizations within DOD to complete a business case analysis, including an evaluation of alternative courses of action, for the strategic objectives that have to this point driven the decision to implement tour normalization in South Korea—that is, the initiative to extend the tour length of military service members and move their dependents to South Korea. Based on the resulting business case analysis, DOD officials stated that United States Forces Korea determined that the tour normalization initiative was not affordable. This decision not to move forward with the tour normalization initiative resulted in cost avoidance of $3.1 billion from fiscal years 2012 through 2016.

- *Air Force Food Service:* In our 2012 annual report, we suggested that the Air Force review and renegotiate food service contracts to better align with the needs of installations. According to Air Force officials, after reviewing the food service contracts at eight installations, the Air Force renegotiated their contracts for a total savings of over $2.5 million per year. In addition, according to Air Force officials, all food service contracts were validated again during fiscal year 2012 for additional savings of over $2.2 million per year. Air Force officials told us that the Air Force will review contracts annually for areas where costs can be reduced.

- *Information Technology Investment Management:* In our 2012 annual report, we suggested that the Director of the Office of Management and Budget require federal agencies to report the steps they take to ensure that their information technology investments are not duplicative in their annual budget and information technology investment submissions. The Office of Management and Budget's (OMB) fiscal year 2014 budget guidance requires agencies to identify duplicative or low value investments in information technology and make plans to consolidate or eliminate these investments. Reducing duplicative and low value investments could save millions of dollars.

Congress has also taken steps to address some of our suggested actions. As of March 6, 2013, 20 percent of the 50 actions directed to Congress in our 2011 and 2012 annual reports were addressed and 12

percent were partially addressed. Examples of progress that Congress has made include the following:

- *Domestic Ethanol Production:* In our 2011 annual report, we suggested that Congress address duplicative federal efforts directed at increasing domestic ethanol production, which could reduce revenue losses by more than $5.7 billion annually. To reduce these revenue losses, we suggested that Congress consider whether revisions to the ethanol tax credit were needed and we suggested options to consider, including allowing the volumetric ethanol excise tax credit to expire at the end of 2011. Congress allowed the tax credit to expire at the end of 2011, which ended the ethanol tax credit for fuel blenders that purchase and blend ethanol with gasoline.

- *Surface Transportation:* In our 2011 annual report, we suggested that Congress address the need for a more goal-oriented approach to surface transportation that is less fragmented and more accountable for results. Specifically, we found that over the years, in response to changing transportation, environmental, and societal goals, federal surface transportation programs grew in number and complexity to encompass broader goals, more programs, and a variety of program approaches and grant structures. This increasing complexity resulted in a fragmented approach as five Department of Transportation agencies administer over 100 separate programs with separate funding streams for highways, transit, rail, and safety functions. The Moving Ahead for Progress in the 21st Century Act, signed into law in July 2012, reauthorized the nation's surface transportation programs through the end of fiscal year 2014. The act addressed fragmentation by eliminating or consolidating programs, and made progress in clarifying federal goals and roles and linking federal programs to performance to better ensure accountability for results.

While the executive branch and Congress have made some progress in addressing the issues that we have previously identified, additional steps are needed to address the remaining areas to achieve associated benefits. A number of the issues are difficult to address, and implementing many of the actions identified will take time and sustained leadership. To help maintain attention on these issues, we recently launched GAO's Action Tracker, a publicly accessible website containing the status of actions suggested in our first three reports.[10] The website

[10]See http://www.gao.gov/duplication/actiontracker.

allows executive branch agencies, Congress, and the public to track the progress the government is making in addressing the issues we have identified. We will add areas and suggested actions identified in and future reports to GAO's Action Tracker and periodically update the status of all identified areas and activities.

President's Fiscal Year 2014 Budget Submission and Recent Legislative Proposals Appear Consistent with Some of Our Suggested Actions

The President's Fiscal Year 2014 Budget submission makes several proposals that appear consistent with our suggested actions. Many of these proposals require some legislative action and therefore, Congress may wish to examine the following areas in its oversight:

- *Science, Technology, Engineering, and Mathematics (STEM):* In our 2012 annual report, we found that federal agencies obligated $3.1 billion in fiscal year 2010 to 209 STEM education programs administered by 13 federal agencies, and that 173 of these (83 percent) of these programs overlapped to some degree with at least 1 other program in that they offered similar services to similar target groups in similar STEM fields to achieve similar objectives. To minimize this overlap, we suggested that strategic planning by executive branch agencies is needed to better manage overlapping programs across multiple agencies STEM. In an effort to minimize both fragmentation and overlap in STEM programs, the President's Fiscal Year 2014 Budget submission proposes consolidating or eliminating 114 programs and redirecting nearly $180 million from consolidated programs to three agencies: Education, the National Science Foundation, and the Smithsonian Institution. These agencies would coordinate efforts with the activities and assets of other federal science agencies.

- *Catfish Inspection:* In our 2013 annual report, we found that when U.S. Department of Agriculture's Food Safety and Inspection Service begins the catfish inspection program as mandated in the Food, Conservation, and Energy Act of 2008, the program will duplicate work already conducted by the Food and Drug Administration and by the National Marine Fisheries Service. For example, as many as three agencies—Food and Drug Administration, Food Safety and Inspection Service, and the National Marine Fisheries Service—could inspect facilities that process both catfish and other types of seafood. To avoid this duplication, we suggest that Congress repeal this provision of the act, which could save millions of dollars each year. The President's Fiscal Year 2014 Budget submission proposes the elimination of the U.S. Department of Agriculture's catfish inspection program. Similarly, S. 632 and H.R. 1313, introduced on March 21,

2013, would eliminate USDA's catfish inspection (and catfish grading) program. As of May 8, 2013, the bills were pending in committees of jurisdiction.

- *Farm Direct Payments:* In our 2011 annual report, we found that reducing or eliminating fixed annual payments to farmers—which are known as direct payments and which farmers receive even in years of record farm income—could achieve cost savings of as much as $5 billion annually. We suggested that Congress consider reducing or eliminating direct payments by (1) lowering payment or income eligibility limits; (2) reducing the portion of a farm's acres eligible for the payments; or (3) terminating or phasing out direct payments. The President's Fiscal Year 2014 Budget submission proposes eliminating direct payments to farmers.

- *Economic Development:* In our 2011 annual report, we found that there was fragmentation and overlap among 80 economic development programs at four agencies— the Department of Commerce, the Department of Housing and Urban Development, the Small Business Administration, and the U.S. Department of Agriculture—in terms of the economic development activities that they are authorized to fund. We suggested, among other things, that the agencies further utilize promising practices for enhanced collaboration, such as seeking more opportunities for resource-sharing across economic development programs with shared outcomes and identifying ways to leverage each program's strengths to improve their existing collaborative efforts. The agencies have taken steps to address this action, which we consider partially addressed, including entering into a number of formal agreements that are intended to help enhance and sustain collaboration. In addition, the administration has initiated steps that provide the agencies with a mechanism to work together to identify additional opportunities to enhance collaboration among programs. The President's Fiscal Year 2014 Budget submission also states that the President will again seek reorganization authority and use such authority to consolidate the economic and business development activities in the Departments of Commerce, Agriculture, Health and Human Services, and the Treasury, as well as the Small Business Administration, into a new department with a focused mission to foster economic growth and spur job creation.

- *Crop Insurance:* In our 2013 annual report, we found that applying limits on premium subsidies to individual farmers participating in the federal crop insurance program, similar to the payment limits for other

farm programs, could save billions of federal dollars over 5 years. We suggested Congress consider either limiting the amount of premium subsidies that an individual farmer can receive each year—as it limits the amount of payments to individual farmers in many farm programs—or reducing premium subsidy rates for all participants in the crop insurance program, or both limiting premium subsidies and reducing premium subsidy rates. The President's Fiscal Year 2014 Budget submission proposes to reduce farmers' premium subsidies by 3 percentage points for those policies that are currently subsidized by more than 50 percent, which is expected to save about $4.2 billion over 10 years. In addition, the President's Fiscal Year 2014 Budget submission proposes to reduce farmers' premium subsidies by 2 percentage points on policies that provide a higher indemnity if the commodity prices are higher at harvest time than when the policy was purchased, which is expected to save about $3.2 billion over 10 years.

- *Renewable Energy Initiatives:* In our 2013 annual report, we suggested that the Secretaries of Energy and Agriculture should, to the extent possible within their statutory authority, formally assess and document whether the incremental financial support of their initiatives is needed in order for applicants' projects to be built, and take this information into account in determining whether, or how much, support to provide. The President's Fiscal Year 2014 Budget submission does not include funding for the High Energy Cost Grant Program, administered by the Department of Agriculture's Rural Utilities Service—one of the programs we identified that has provided duplicative support. This proposed elimination, if implemented, could help to reduce the potential for duplicative support.

Congress has also taken additional actions that are consistent with those we have identified in our previous reports. For example, in our 2011 and 2013 annual reports, we cited numerous information technology areas in which duplication could be minimized or cost savings achieved across the federal government and made a number of recommendations to address these issues. In fiscal year 2013, federal agencies reported to OMB that approximately $74 billion was budgeted for information technology. On March 18, 2013, the Federal Information Technology Acquisition Reform Act (H.R. 1232) was introduced to eliminate duplication and waste in information technology acquisition and management. Among other things, the bill requires a governmentwide inventory of information technology assets to identify duplicative or overlapping investments. As of May 8, 2013, the bill was reported favorably to the full House.

Leveraging Existing and Proposed Strategies Can Help to Address Fragmentation, Overlap, and Duplication

Identifying, preventing, and addressing fragmentation, overlap, and duplication within the federal government is challenging. These are difficult issues to address because they may require agencies and Congress to re-examine within and across various mission areas the fundamental structure, operation, funding, and performance of a number of long-standing federal programs or activities with entrenched constituencies. Compounding these challenges is the lack of a comprehensive list of federal programs, reliable and complete funding information, and regular performance results and information. Without knowing the full range of programs involved or the cost of implementing them, gauging the magnitude of the federal commitment to a particular area of activity or the extent to which associated federal programs are duplicative is difficult.

Addressing these issues will require sustained attention by the executive branch agencies and the Congress. In the majority of cases, executive branch agencies have the authority to address the issues we identified. However, in other cases, Congress will need to be involved through their legislative and oversight activities. Such oversight is critical to addressing these issues. The performance planning and reporting framework originally put into place by GPRA, and significantly enhanced by the GPRA Modernization Act of 2010, provides important tools that help the Congress and the executive branch clarify desired outcomes, address program performance spanning multiple organizations, and facilitate future actions to reduce fragmentation, overlap, and duplication.

However, realizing the intent of the GPRA Modernization Act for assessing government performance and improvement and reducing fragmentation, overlap, and duplication will require sustained oversight of implementation. To assist Congress with this oversight, the act includes provisions requiring us to review its implementation at several critical junctures. For example, we are to report by June 2013 on initial implementation of the act's planning and reporting requirement and recommendations for improving implementation. We are also to evaluate how implementation is affecting performance management at federal agencies to improve the efficiency and effectiveness of agency programs, among other things, by September 2015, and again in September 2017.

To provide more timely and useful information, we have issued a number of reports over the past 2 years (1) supporting congressional involvement

in and oversight of agency performance improvement efforts,[11] and (2) reviewing the executive branch's implementation of key provisions of the act.[12] In June 2013, we plan to issue a report highlighting the key findings from these reports along with the results of our most recent survey of federal managers on the implementation of key performance management practices across government—the fifth such survey we have undertaken since 1997.

Executive Branch Agencies Have the Authority to Implement Many Actions to Improve Efficiency and Effectiveness of Programs

Executive branch agencies have the authority needed to address the majority of the actions we identified in our three reports. Of the approximately 380 actions that we have suggested, 317 were directed to executive branch agencies. Given that the areas identified extend across the government and that we found a range of conditions among these areas, we suggest a similarly wide range of actions for the executive branch to consider. The executive branch agencies could address many of the issues we identified through improving planning, better measuring of performance, improving management oversight, and increasing collaboration. These actions are largely consistent with the tools and principles put in place by GPRA and the GPRA Modernization Act.

Improving Planning

Given the crosscutting policy areas included in our annual reports, planning for the outcomes to be achieved is important in helping federal agencies address challenges, particularly those related to fragmentation, overlap, or duplication. A focus on outcomes is a first step to then determining how all of the activities that contribute to an outcome, whether internal or external to an agency, should be aligned to accomplish results.

[11]GAO, *Managing for Results: A Guide for Using the GPRA Modernization Act to Help Inform Congressional Decision Making*, GAO-12-621SP (Washington, D.C.: June 15, 2012); and *Managing for Results; Opportunities for Congress to Address Government Performance Issues*, GAO-12-215R (Washington, D.C.: Dec. 9, 2011).

[12]GAO, *Managing for Results: GAO's Work Related to the Interim Crosscutting Priority Goals under the GPRA Modernization Act*, GAO-12-620R (Washington, D.C.: May 31, 2012); *Managing For Results: Agencies Should More Fully Develop Priority Goals under the GPRA Modernization Act*, GAO-13-174 (Washington, D.C.: Apr. 19, 2013); *Managing For Results: Agencies Have Elevated Performance Management Leadership Roles, but Additional Training Is Needed*, GAO-13-356 (Washington, D.C.: Apr. 16, 2013); and *Managing for Results: Data-Driven Performance Reviews Show Promise But Agencies Should Explore How to Involve Other Relevant Agencies*, GAO-13-228 (Washington, D.C.: Feb. 27, 2013).

In our annual reports, we identified multiple instances of where better planning could help reduce the potential for overlap or duplication. For example, as we have already noted, strategic planning is needed to better manage overlapping STEM programs across multiple agencies. By taking this and other actions to increase efficiency and effectiveness, the administration could reduce the chance of investing scarce government resources without achieving the greatest impact in developing a pipeline of future workers in STEM fields.

Additionally, we reported that a total of 31 federal departments and agencies collect, maintain, and use geospatial information—information linked to specific geographic locations that supports many government functions, such as maintaining roads and responding to natural disasters. OMB and the Department of Interior created a number of strategic planning documents and guidance to encourage more coordination of geospatial assets, reduce needless redundancies, and decrease costs. Nevertheless, we found that the Federal Geographic Data Committee—the committee that was established to promote the coordination of geospatial data nationwide—and selected federal departments and agencies had not effectively implemented the tools that would help them to identify and coordinate geospatial data acquisitions across the government. As a result, the agencies have made duplicative investments and risk missing opportunities to jointly acquire data. Furthermore, although OMB has oversight responsibilities for geospatial data investments, it does not have complete and reliable information to identify potentially duplicative investments. Better planning and implementation among federal agencies could help reduce duplicative investments and provide the opportunity for potential savings of millions of dollars.

As this example highlights, creating a comprehensive list of programs along with related funding information is critical for identifying potential fragmentation, overlap, or duplication among federal programs or activities. Currently, no comprehensive list exists, nor is there a common definition for what constitutes a federal "program," which makes it difficult to develop a comprehensive list of all federal programs. The lack of a list, in turn, makes it difficult to determine the scope of the federal government's involvement in particular areas and, therefore, where action is needed to avoid fragmentation, overlap, or duplication. We also found that federal budget information is often not available or not sufficiently reliable to identify the level of funding provided to programs or activities. For example, agencies could not isolate budgetary information for some programs because the data were aggregated at higher levels. Without knowing the full range of programs involved or the cost of implementing

them, gauging the magnitude of the federal commitment to a particular area of activity or the extent to which associated federal programs are duplicative is difficult.

The GPRA Modernization Act requires OMB to compile and make publicly available a comprehensive list of all federal programs, and to include the purposes of each program, how it contributes to the agency's mission, and recent funding information. According to OMB, agencies currently use the term "program" in different ways, and OMB plans to allow them to continue to define programs in ways that reflect their particular facts and circumstances within prescribed guidelines.[13] OMB expects 24 large federal agencies to publish an initial inventory of federal programs in May 2013.[14] In future years, OMB plans to expand this effort to other agencies that are to update their inventories annually to reflect the annual budget and appropriations process. OMB also expects to enhance the initial program inventory by collecting related information, such as financing and related agency strategic goals.

Measuring Performance and Results

Performance measurement, because of its ongoing nature, can serve as an early warning system to management and a vehicle for improving accountability to the public. To help ensure that their performance information will be both useful and used by decision makers, agencies must consider the differing information needs of various users—including those in Congress. As we have previously reported, agency performance information must meet Congress's needs for completeness, accuracy, validity, timeliness, and ease of use to be helpful for congressional decision making.[15]

[13]OMB, Circular No. A-11, Preparation, Submission, and Execution of the Budget, Aug. 3, 2012.

[14]These 24 agencies are the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, the Interior, Justice, Labor, State, Transportation, the Treasury, and Veterans Affairs, as well as the Agency for International Development, Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Science Foundation, Office of Personnel Management, Small Business Administration, Social Security Administration, and the U.S. Army Corps of Engineers Civil Works program.

[15]GAO-12-621SP.

Similarly, in our three annual reports, we reported that better evaluation of performance and results is needed for multiple federal programs and activities to help inform decisions about how to address the fragmentation, overlap, or duplication identified or achieve other financial benefits. For example:

- *Employment and Training:* In our 2011 annual report, we found that 44 of the 47 federal employment and training programs that we identified overlap with at least one other program—that is, they provide at least one similar service to a similar population. We also found that collocating services and consolidating administrative structures may increase efficiencies and reduce costs, but implementation can be challenging. In particular, an obstacle to achieving greater administrative efficiencies is that little information is available about the strategies and results of such initiatives. In April 2011, we reported that as part of its proposed Workforce Investment Act of 1998 reforms, the Administration proposed consolidating 4 employment and training programs administered by the Department of Education into 1 program.[16] In addition, little is known about the incentives that states and localities have to undertake such initiatives and whether additional incentives are needed. As a result, we suggested that the Departments of Labor and Health and Human Services should examine the incentives for states and localities to pursue initiatives to increase administrative efficiencies in employment and training programs and, as warranted, identify options for increasing such incentives. Labor and HHS have initiatives underway, but it is too early to tell what remedies they will provide. In addition, the Administration has proposed to consolidate employment and training programs. And H.R. 803, the Supporting Knowledge and Investing in Lifelong Skills Act (SKILLS Act), which was passed by the House in March 2013, would streamline or eliminate multiple and training programs and consolidate the funding of a number of other programs into a Workforce Investment Fund.

- *Domestic Food and Nutrition Assistance:* In our 2011 annual report, we found that domestic food and nutrition assistance is provided through a decentralized system of primarily 18 different federal programs that shows signs of overlap and inefficient use of resources.

[16]GAO, *Employment and Training Programs: Opportunities Exist for Improving Efficiency*, GAO-11-506T (Washington. D.C: Apr. 7, 2011).

We also found that some of these programs provide comparable benefits to similar or overlapping populations. However, not enough is known about the effectiveness of many of these programs. Research suggested that participation in 7 of the 18 programs is associated with positive health and nutrition outcomes consistent with programs' goals; yet little is known about the effectiveness of the remaining 11 programs because they have not been well studied. As a result, we suggested that the U.S. Department of Agriculture should identify and develop methods for addressing potential inefficiencies and reducing unnecessary overlap among its smaller food assistance programs while ensuring that those who are eligible receive the assistance they need.

- *Teacher Quality:* In our 2011 annual report, we identified 82 distinct programs designed to help improve teacher quality, either as a primary purpose or as an allowable activity, administered across 10 federal agencies. While a mixture of programs can target services to underserved populations and yield strategic innovations, the current programs are not structured in a way that enables educators and policy makers to identify the most effective practices to replicate. According to Department of Education officials, it is typically not cost-effective to allocate the funds necessary to conduct rigorous evaluations of small programs; therefore, small programs are unlikely to be evaluated. As a result, we suggested that the Secretary of Education should work with other agencies as appropriate to develop a coordinated approach for routinely and systematically sharing information that can assist federal programs, states, and local providers in achieving efficient service delivery.

- *Science, Technology, Engineering, and Mathematics Education:* In our 2012 annual report, we found that in fiscal year 2010, 173 of the 209 (83 percent) Science, Technology, Engineering, and Mathematics Education (STEM) education programs administered by 13 federal agencies overlapped to some degree with at least 1 other program in that they offered similar services to similar target groups in similar STEM fields to achieve similar objectives. In addition to the fragmented and overlapping nature of federal STEM education programs, little is known about the effectiveness of these programs. Since 2005, when we first reported on this issue, we found that the majority of programs have not conducted comprehensive evaluations of how well their programs are working. Without an understanding of what is working in some programs, it will be difficult to develop a clear strategy for how to spend limited federal funds. Consequently, we suggested that the Director of the Office of Science and Technology

Policy should direct the National Science and Technology Council to develop guidance to help agencies determine the types of evaluations that may be feasible and appropriate for different types of STEM education programs and develop a mechanism for sharing this information across agencies.

The regular collection and review of performance information, both within and among federal agencies, could help executive branch agencies and Congress determine whether some of the federal programs or initiatives included in this series are making progress toward addressing the identified issues and could determine the actions that need to be taken to improve results. However, as we previously noted, our annual reports along with a large body of other work highlight several instances in which executive branch agencies do not collect necessary performance data. For example, in our 2011 annual report we noted that OMB has not used its budget and performance review processes to systematically review tax expenditures and promote integrated reviews of related tax and spending programs. Coordinated performance reviews of tax expenditures with related federal spending programs could help policymakers reduce overlap and inconsistencies and direct scarce resources to the most effective or least costly methods to deliver federal support. Similarly, we have previously reported that as Congress oversees federal programs and activities, it needs pertinent and reliable information to adequately assess agencies' progress, ensure accountability, and understand how individual programs and activities fit within a broader portfolio of federal efforts. The lack of reliable performance data also makes it difficult for decision makers to determine how to address identified fragmentation, overlap, or duplication.

In order for information from performance measurement initiatives to be useful to executive branch agencies and Congress in making decisions, garnering congressional support on what to measure and how to present this information is critical. Thus, the GPRA Modernization Act significantly enhances requirements for agencies to consult with Congress. Specifically, at least once every two years, OMB is required to consult with relevant committees with broad jurisdiction on crosscutting priority goals, while agencies must consult with their relevant appropriations, authorization, and oversight committees when developing or making adjustments to their strategic plans and agency priority goals. Last year we prepared a guide to help ensure that these consultations and the

performance information produced by executive branch agencies are useful to Congress in carrying out its various decision-making responsibilities.[17] Without this information, it will be difficult to know whether an agency's goals reflect congressional input, and therefore if the goals will provide useful information for congressional decision making. Further, successful consultations can create a basic understanding among stakeholders of the competing demands that confront most agencies, the limited resources available to them, and how those demands and resources require careful and continuous balancing. This is important given Congress's constitutional role in setting national priorities and allocating the resources to achieve them.

Finally, to ensure that their performance information will be both useful and used by decision makers, agencies must consider the differing information needs of various users. The GPRA Modernization Act puts into place several requirements that could address users' needs for completeness, accuracy, validity, timeliness, and ease of use. Requirements to include information about how various tools, such as program activities, regulations, and tax expenditures, contribute to goal achievement could lead to the development of performance information in areas that are currently incomplete. In addition, agencies are required to disclose more information about the accuracy and validity of their performance information in their performance plans and reports. While agencies will continue to report annually on progress towards the rest of their goals, the GPRA Modernization Act provides timelier, quarterly reporting for governmentwide and agency priority goals. By also requiring information to be posted on a governmentwide website, the act will make performance information more accessible and easy to use by stakeholders and the public.

Enhancing Management Oversight

When issues span multiple organizations or multiple entities within an organization, improved management oversight is needed to avoid potential overlap and duplication. For example, we found that fragmented leadership and lack of a single authority in overseeing the acquisition of space systems have created challenges for optimally acquiring, developing, and deploying new space systems. This fragmentation is problematic not only because of a lack of coordination that has led to delays in fielding systems, but also because no one person or

[17]GAO-12-621SP.

organization is held accountable for balancing governmentwide needs against wants, resolving conflicts, and ensuring coordination among the many organizations involved with space acquisitions, and ensuring that resources are directed where they are most needed. To help improve the coordination of space programs and reduce duplication, we suggest assessing whether a construct analogous to the Defense Space Council—which serves as the principal advisory forum to inform, coordinate, and resolve all DOD space issues—could be applied government wide or if a separate organization should be established that would, among other things, have responsibility for strategic planning.

The GPRA Modernization Act seeks to improve agency management oversight by including a provision for quarterly performance reviews, modeled after effective data driven—or "Stat"—reviews being conducted at the local and state level. Specifically, agency leaders are required to conduct quarterly, data-driven reviews of their performance in achieving priority goals and identify strategies to improve performance where goals are not being met. As we recently reported, consistent with state and local experience, reviews can be a key tool for driving collaboration by including all key players from within or outside an agency that contribute to goal achievement.[18] However, few agency Performance Improvement Officers reported they are using the reviews to coordinate or collaborate with other agencies that have similar goals, and agencies we reviewed cited concerns about involving outsiders. Nevertheless, our prior work has shown that agencies which participated in various planning and decision-making forums together reported that such interactions contributed to achieving their goals.[19] For example, the Departments of Housing and Urban Development and Veterans Affairs—which both contribute to efforts to reduce veterans' homelessness—have conducted several joint SFtat meetings, where they jointly analyze performance data to understand trends, identify best practices, and prioritize the actions needed to achieve veteran homelessness goals. Officials reported that these collaborative meetings have contributed to better outcomes. We recommended that the Director of OMB identify and share promising practices for including other relevant entities that contribute to achieving their agency performance goals. OMB agreed with our recommendation.

[18]GAO-13-228.

[19]GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms*, GAO-12-1022 (Washington, D.C.: Sept. 27, 2012).

Enhancing Interagency Coordination and Collaboration

When executive branch agencies carry out activities in a fragmented and uncoordinated way, the resulting patchwork of programs can waste scarce funds, confuse and frustrate program customers, and limit the overall effectiveness of the federal effort. Our 2013 annual report includes several areas in which improved interagency coordination and collaboration could help agencies better leverage limited resources or identify opportunities to operate more efficiently. For example, the Department of Veterans Affairs and DOD operate two of the nation's largest health care systems, together providing health care to nearly 16 million veterans, service members, military retirees, and other beneficiaries at estimated costs for fiscal year 2013 of about $53 billion and $49 billion, respectively. As part of their health care efforts, the departments have established collaboration sites—locations where the two departments share health care resources through hundreds of agreements and projects—to deliver care jointly with the aim of improving access, quality, and cost-effectiveness of care. However, we found that the departments do not have a fully developed and formalized process for systematically identifying all opportunities for new or enhanced collaboration, potentially missing opportunities to improve health care access and quality, and reduce costs.

The GPRA Modernization Act requires OMB to coordinate with executive branch agencies to establish crosscutting priority goals and to develop a federal government performance plan that defines the level of performance needed to achieve them. As we reported in May 2012, the President's Fiscal Year 2013 Budget submission included the first list of 14 interim crosscutting priority goals. For each of the interim goals, as required by the act, OMB listed the agencies and programs that contribute to the goal in the federal government performance plan. However, based on our prior work, we identified additional agencies and programs that should be included. Accordingly, we recommended that OMB consider adding those additional contributors to the crosscutting priority goals. OMB concurred with this recommendation, and in December 2012, OMB updated information to the federal government performance plan, and added some of the additional agencies and programs we identified for select goals. The crosscutting approach required by the act will provide a much needed basis for more fully integrating a wide array of federal activities as well as a cohesive perspective on the long-term goals of the federal government that is focused on priority policy areas. It could also be a valuable tool for governmentwide reexamination of existing programs and for considering proposals for new programs.

The act also requires agencies to describe how they are working with each other to achieve their strategic and performance goals, as well as any relevant crosscutting priority goals. Moreover, for each of its performance and priority goals, each agency must identify the organizations, programs, and other activities—both within and external to the agency—that contribute to the goal. These new requirements provide additional opportunities for collaboration across executive branch agencies. We have previously identified key practices that can help federal agencies enhance and sustain their collaborative efforts along with key features to consider as they implement collaborative mechanisms.[20]

Congress Could Help Address Actions We Have Identified Through Legislative Action, Oversight, and Other Strategies

Congress also has an important role to play—both in its legislative and oversight capacities—in improving the efficiency and effectiveness of government programs. Other legislative strategies are also available, such as realigning committee structures or using task forces, caucuses, or commissions to work to improve the efficiency and effectiveness of federal programs.

Legislative Action

Our 2013 annual report includes several areas where legislative action is needed. For example, as noted earlier, we found that when the U.S. Department of Agriculture's Food Safety and Inspection Service begins the catfish inspection program as mandated in the Food, Conservation, and Energy Act of 2008, the program will duplicate work already conducted by the Food and Drug Administration and by the National Marine Fisheries Service. To avoid this duplication, we suggested that Congress repeal the provisions of the act that assigned U.S. Department of Agriculture responsibilities for examining and inspecting catfish and establishing a catfish inspection program. Taking this action, as the President's Fiscal Year 2014 Budget and S. 632 and H.R. 1313 submission propose, could save taxpayers millions annually, according to

[20]GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct. 21, 2005) and GAO-12-1022.

Food Safety and Inspection Service estimates of the program's cost.[21] Similarly, our 2011 annual report found that, depending on the policy choices made, reducing or eliminating direct farm payments could result in savings ranging from $800 million over 10 years to $5 billion annually. We suggested that Congress consider a range of options and S. 10, introduced on January 22, 2013, would eliminate all direct farm payments starting in Crop Year 2014.

We have also suggested that Congress consider taking legislative action to consolidate certain programs. For example, in 2011 we reported that the federal government's efforts to improve teacher quality have led to the creation of 82 distinct programs—administered by 10 federal agencies—at the cost of over $4 billion in fiscal year 2009. In addition to fragmentation, we also found overlap in a number of these programs. Among other things, we suggested that Congress either eliminate programs that are too small to evaluate cost-effectively or combine programs serving similar target groups. Similarly, in 2012, we commented on the overlap that exists between the products offered and markets served by the Department of Housing and Urban Development and Agriculture's Rural Housing Service. In light of this overlap, we recommended that Congress consider requiring that both departments to examine the benefits and costs of merging programs.

Given the potential benefits and costs of consolidation, it is imperative that Congress and the executive branch have the information needed to help effectively evaluate consolidation proposals. At the request of the Task Force on Government Performance, last year GAO issued a report identifying key questions for agencies to consider when evaluating

[21]To create this potential savings, Congress would need to repeal the provision in the Food, Conservation, and Energy Act of 2008, or direct in the Food Safety and Inspection Service's appropriation that no funds may be spent on the program. If Congress enacts a legislative restriction, there may be some opportunity to rescind appropriated amounts. Because the inspection program is funded from a lump sum appropriation to USDA, funds that would have been used for the program could be available for new obligations within the appropriations account. The U.S. Department of Agriculture could identify the amount of funds currently available for obligation that would have been used for the catfish inspection program and Congress could rescind those amounts.

consolidation proposals.[22] Similarly, these questions could also help inform the Congress when it is considering such a proposal:

- What are the goals of the consolidation? What opportunities will be addressed through the consolidation and what problems will be solved? What problems, if any, will be created?
- What will be the likely costs and benefits of the consolidation? Are sufficiently reliable data available to support a business-case analysis or cost-benefit analysis?
- How can the up-front costs associated with the consolidation be funded?
- Who are the consolidation stakeholders, and how will they be affected? How have the stakeholders been involved in the decision, and how have their views been considered? On balance, do stakeholders understand the rationale for consolidation?
- To what extent do plans show that change management practices will be used to implement the consolidation?

Congress could also require executive branch agencies to conduct program evaluations that would assess how well federal programs are working and identify steps that are needed to improve them. These evaluations typically examine processes, outcomes, impacts, or the cost-effectiveness of federal programs. However, few executive branch agencies regularly conduct in-depth program evaluations to assess their programs' impact or learn how to improve results. Such program evaluations can complement ongoing performance measurement but typically involve a more in-depth examination to learn the benefits of a program or how to improve it. GPRA requires agencies to describe the summary findings of any completed program evaluations in their performance reports. In addition, agencies are to describe how program evaluations informed establishing or revising goals in their strategic plans, along with a schedule for future program evaluations to be conducted.

[22]GAO, *Questions to Consider When Evaluating Proposals to Consolidate Physical Infrastructure and Management Functions*, GAO-12-542 (Washington, D.C.: May 23, 2012).

Legislative Oversight

Congress can also encourage executive branch agencies to help improve the efficiency and effectiveness of federal programs through its oversight activities. For example, our past work has highlighted several instances in which Congress has used performance information in its decision making to (1) identify issues that the federal government should address, (2) measure progress towards addressing those issues, and (3) identify better strategies to address the issues, when necessary. Congressional use of similar information in its decision making for the identified areas of fragmentation, overlap, and duplication will send an unmistakable message to agencies that Congress considers these issues a priority.[23] Such oversight can also highlight progress that agencies are making in addressing needed reforms.

Congress recently highlighted the importance of addressing issues of fragmentation, overlap, and duplication through its oversight. For example, the Senate Budget Resolution for fiscal year 2014 directs committees to review programs and tax expenditures within their jurisdiction for waste, fraud, and duplication and to consider the findings from our past annual reports. Similarly, the House Budget Resolution for fiscal year 2014 describes some of our findings from our past annual reports, notes the number of programs that will need to be reauthorized in fiscal year 2014, and states that that our findings should result in programmatic changes in both authorizing statutes and program funding levels.

The importance of active congressional oversight can be seen in improvements made to federal programs that were once included on our High Risk List.[24] As the example in figure 6 describes, active congressional oversight has helped maintain executive branch agencies' attention in addressing the identified concerns and thus contributed to their removal from our High Risk List.

[23]GAO-12-621SP.

[24]GAO's High Risk list calls attention to the agencies and program areas that are high risk due to their vulnerabilities to fraud, waste, abuse, and mismanagement or are most in need of broad reform. For more information about GAO's High Risk list, see http://www.gao.gov/highrisk.

Figure 6: Example of the Importance of Congressional Oversight

Congressional legislation and oversight has helped focus attention and sustain momentum to improve the processing of security clearances not only for DOD but governmentwide.[a] As of October 2010, the Office of the Director of National Intelligence reported that 3.9 million federal employees (military and civilians) and contractors held security clearances. DOD comprises the vast majority of government security clearances. In 2004, we testified that from fiscal year 2001 through fiscal year 2003, the average time for DOD to determine clearance eligibility for industry personnel increased by 56 days to over 1 year. Delays in issuing clearances can result in millions of dollars of additional cost to the federal government and could pose a national security risk. As a result, GAO placed the DOD's Personnel Security Clearance Program on its High Risk List in 2005.

Congressional oversight through hearings held by the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia of the Senate Committee on Homeland Security and Governmental Affairs helped highlight the need for security clearance reform. From 2005 to 2010, congressional committees held more than 14 hearings on security clearance reform. The hearings also helped set the direction for the agencies, including GAO, to work collaboratively on developing metrics in order to address our concerns about the completeness and quality of investigations and adjudications. On March 17, 2010, the leaders of the reform effort—the Office of Management and Budget, Office of Personnel Management, Office of the Director of National Intelligence, and DOD—along with GAO, met to discuss the status of security clearance reform efforts and consult on metrics that could be used to measure progress of security clearance reform efforts. After that meeting, all of these agencies provided a memorandum on May 31, 2010 to then-Chairman Akaka containing a matrix with 15 metrics for assessing the timeliness and quality of investigations, adjudications, reciprocity (an agency's acceptance of a background investigation or clearance determination completed by any authorized investigative or adjudicative agency), and automation.[b] In 2011, we reported that DOD processed 90 percent of initial clearances in an average of 49 days for federal civilians, military, and industry personnel and met the 60-day statutory timeliness objective for processing all initial clearances in fiscal year 2010. Also we found that DOD completed 90 percent of initial clearances for industry personnel in an average of 63 days for all the data we reviewed in fiscal year 2010.

Based on progress made GAO removed DOD's Personnel Security Clearance program from the High Risk List in 2011.

Source: GAO.

[a]GAO, Personnel Security Clearances: Continued Leadership and Attention Can Enhance Momentum Gained from Reform Effort, GAO-12-815T (Washington, D.C.: June 21, 2012).

[b]We participated in legislative and executive branch discussions on development of these metrics. However, given the need for us to remain independent in carrying out its auditing responsibilities of the executive branch, decisions related to performance measures and their effective implementation are fundamentally an executive branch management responsibility.

The consultations required by the GPRA Modernization Act can also serve as a tool for congressional oversight. In our guide to congressional consultations, we provide a list of illustrative questions Congress can ask during consultations about agency strategic plans, performance goals, and measures, including how their efforts are being coordinated with other agencies to ensure that related efforts are complementary in that they are appropriate in scope and not unnecessarily duplicative.[25] In developing our guide, congressional staff and agency officials we interviewed generally agreed that consultations ideally should be bipartisan and bicameral to help ensure involvement from all relevant

[25]GAO-12-621SP.

parties. In addition, to the extent feasible, consultations should be held jointly with relevant authorizing, appropriations, budget, and oversight committees. Committee staff recognized that, due to sometimes overlapping jurisdictions, obtaining the involvement of all interested congressional committees in a coordinated approach can be challenging. However, the often overlapping or fragmented nature of federal programs—a problem that has been extensively documented in our work—underscores the importance of a coordinated consultation process. For example, in an attempt to address this issue during initial implementation of GPRA during the 1990s, the House leadership formed teams of congressional staff from different committees to have a direct role in the consultation process.

Other Strategies

To ensure efficient and effective oversight, Congress can take bi-partisan and bi-cameral action to improve its oversight through vehicles such as task forces and caucuses. Such specialized bodies could provide effective oversight for portfolios of federal programs that contribute to common or complementary outcomes, but cross existing jurisdictional lines. For example, the Caucus on International Narcotics Control was created in 1985 to provide oversight on a wide range of issues, including international counternarcotics assistance and domestic drug prevention and treatment programs. The Caucus has held numerous hearings over the years and has issued a number of reports on U.S. narcotics control policy. Similarly, the Senate Committee on the Budget created the Task Force on Government Performance in 2009 to support the Committee with its monitoring and oversight capacity. The Task Force is charged with examining the information base for decision making in Congress and identifying opportunities to improve the efficiency and effectiveness of federal programs and services.

Congress could also establish and charge a commission with improving the efficiency and effectiveness of federal programs. Congress has used commissions to help inform their decision making on certain issues in the past. For example, in 1947 Congress authorized the Commission on Organization of the Executive Branch of the Government, known as the Hoover Commission, to recommend government reorganization changes to Congress. This commission was considered by many to have been the most successful among government restructuring efforts. The membership was bipartisan, including members of the administration and

both houses of Congress.[26] More than 70 percent of the first Hoover Commission's recommendations were implemented, including 26 out of 35 reorganization plans.[27] According to a 1982 history of the Hoover Commissions, "the ease with which most of the reorganization plans became effective reflected two factors: the existence of a consensus that the President ought to be given deference and assistance by Congress in meeting his managerial responsibilities and the fact that most of the reorganization plans were pretty straightforward proposals of an organizational character."[28]

Finally, the administration has again requested reorganization authority in the President's Fiscal Year 2014 budget submission. Such authority can enable the President to propose reorganizations that are intended to increase the efficiency and effectiveness with which the government can meet existing and emerging challenges through an expedited approval process. We have previously testified about the importance of balancing the roles of Congress and the Executive Branch in considering reorganization authority proposals.[29] Furthermore, we noted that all key players should be engaged in discussions about reorganizing government: the President, Congress, and other parties with vested interests, including state and local governments, the private sector, and citizens. It is important to ensure a consensus on identified problems and needs and to be sure that the solutions our government legislates and implements can effectively remedy the problems we face in a timely manner. Only Congress can determine its appropriate powers and role in transformation efforts. In certain circumstances, Congress may deem limitations appropriate; however, care should be taken regarding the nature, timing, and scope of any related changes. For example,

[26]Ronald C. Moe, *The Hoover Commissions Revisited* (Boulder, Colorado: Westview Press, 1982), 2.

[27]The first Hoover Commission, from 1947 to 1949, made reorganization proposals that promoted what they referred to as "greater rationality" in the organization and operation of government agencies and enhanced the president's role as the manager of the government. By contrast, the second Hoover Commission, referred to as Hoover II, which lasted from 1953 to 1954, examined policy areas with the goal of cutting government programs.

[28]Ronald C. Moe, Congressional Research Service, *The President's Reorganization Authority: Review and Analysis* (Washington, D.C.: Mar. 8, 2001).

[29]GAO, *Government Efficiency and Effectiveness Opportunities for Improvement and Considerations for Restructuring*, GAO-12-454T (Washington, D.C.: Mar 21, 2012).

safeguards are needed to ensure congressional input and concurrence on the goals and proposals.

In closing, as the fiscal pressures facing the nation continue, so too does the need for executive branch agencies and Congress to improve the efficiency and effectiveness of government programs and activities. Opportunities exist to improve the efficiency and effectiveness of government operations in the 162 areas we have included in our 2011 – 2013 annual reports. Moving forward, we plan to conduct further analysis to look for additional or emerging instances of fragmentation, overlap, and duplication and opportunities for cost savings or revenue enhancement. Likewise, we will continue to monitor developments in the areas we have already identified in this series. In addition, we plan to develop a framework to guide policymakers' decisions regarding the issues of fragmentation, overlap, and duplication that we identified in our reports. We stand ready to assist this and other committees in further analyzing the issues we have identified and evaluating potential solutions.

Chairman Murray, Ranking Member Sessions, and Members of the Committee, this concludes my prepared statement. I would be pleased to answer questions.

GAO Contacts

For further information on this testimony or our 2013 annual report, please contact Orice Williams Brown, Managing Director, Financial Markets and Community Investment, who may be reached at (202) 512-8678 or williamso@gao.gov, and A. Nicole Clowers, Director, Financial Markets and Community Investment, who may be reached at (202) 512-8678 or clowersa@gao.gov. Contact points for the individual areas listed in our 2013 annual report can be found at the end of each area at http://www.gao.gov/products/GAO-13-279SP. Contact points for our Congressional Relations and Public Affairs offices may be found on the last page of this statement.

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Chairman WARNER. Thank you.
Dr. HOLDREN.

STATEMENT OF HONORABLE JOHN P. HOLDREN, DIRECTOR, WHITE HOUSE OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Mr. HOLDREN. Chairman Warner, Ranking Member Ayotte, Senator Johnson, Senator Wicker, it is a pleasure to be here today to talk about the current state of Federal spending on STEM education and do that in the context of the fiscal year 2014 budget proposal from the President and, of course, in the context of our shared interest in improving the coordination, the efficiency, and the effectiveness of government programs.

STEM education clearly is essential. It is essential to provide our citizens with the education and training that they are going to need to create and to fill the high-tech jobs of the 21st century. Accordingly, it is a high priority for the President. It is a high priority for me. I know it is a high priority for the Congress.

The President's fiscal year 2014 budget supports that priority with a STEM education investment totaling $3.1 billion. That is about a six percent increase over the 2012 enacted level. But more important than that modest increase is the proposed restructuring under which 116 of today's 226 STEM education programs spread across 13 agencies would be eliminated or consolidated, with $176 million in savings resulting from that to be invested in bolstering larger, more coordinated, more easily evaluated efforts at the Department of Education, the National Science Foundation, and the Smithsonian Institution.

I am going to focus my remarks this morning on that reorganization, but let me take a moment to note first that the Federal Government's investments in STEM education priorities are being amplified through important partnerships with the private and philanthropic sectors. Together, those partnerships have resulted in $700 million in contributions and in-kind services in support of our STEM education goals.

Just in March, in support of the President's goal of preparing 100,000 new and excellent STEM teachers over the next decade, the Howard Hughes Medical Institute announced that it would invest $22.5 million in the National Math and Science Initiative to accelerate the scale-up of the successful You Teach Program which allows university students to earn a science degree and a teaching certificate simultaneously.

Turning now to the proposed consolidation, its centerpiece is a set of three overarching focuses with a lead Federal agency for each one: K through 12 instruction, led by the Department of Education; college and university undergraduate STEM education and graduate fellowships, led by the National Science Foundation; and informal education activities that typically take place outside the classroom led by the Smithsonian Institution. This structure will help ensure that related programs are coordinated and that resources are focused on programs that deliver the most impact per dollar in their respective domains.

The administration will continue to support a wide diversity of programs, though. Every Federal agency with a STEM education

portfolio in 2012 will continue to have one in 2014 with the addition of the Smithsonian, making a total of 14 agencies. Much of the planned consolidation is within the agencies to focus on programs that best leverage the unique assets of each agency and programs that are integral to those agencies' specific scientific missions and goals.

The strategy is the result of a process reflecting goals expressed by both the administration and the Congress.

The National Science and Technology Council's Committee on STEM Education, or CoSTEM, which was called for in the America Competes Reauthorization Act of 2010, did the inventory of Federal STEM education programs that was the starting point for this restructuring effort. And CoSTEM's work on a five-year Federal STEM education strategic plan, to be released in final form later this month, informed the development of the proposal that is embodied in the President's fiscal year 2014 budget.

That process was also guided by the GAO's recommendations on reducing duplication and fragmentation in the Federal Government, for which we are grateful. Thank you, Gene.

In closing, I am looking forward to working with this committee and with your task force on our common vision for improving STEM education for all of America's students, and I will be pleased to try to answer any questions that the members may have.

[The prepared statement of Mr. Holdren follows:]

Statement of Dr. John P. Holdren
Director, Office of Science and Technology Policy
Executive Office of the President of the United States
to the
Committee on the Budget
United States Senate
On
Silo Busting: Effective Strategies for Government Reorganization
May 16, 2013

Chairman Murray, Ranking Member Sessions, and Members of the Performance Task Force, it is my distinct privilege to be here with you today to discuss the current state of Federal support of science, technology, engineering, and mathematics (STEM) education in the context of the President's fiscal year (FY) 2014 Budget and our shared interest in improving the efficiency and effectiveness of Federal programs.

President Obama strongly believes that the United States must equip many more students to excel in STEM fields. That's why the President's 2014 Budget invests $3.1 billion in programs across the Federal government on STEM education, a 6.0 percent increase over the 2012 enacted funding level. The 2014 Budget includes critical investments in several key areas that will benefit aspiring students: preparing and supporting excellent STEM teachers; supporting more STEM-focused high schools and districts; improving undergraduate STEM education; improving the reach of informal STEM-learning efforts; and investing in breakthrough research on STEM teaching and learning.

The President's 2014 Budget also takes important steps to substantially decrease the fragmentation of STEM programs across the Federal government by decreasing the number of STEM programs from 226 to 110 – a more than 50 percent reduction. These disciplined choices to reorganize and cut back lower-priority or narrow-purpose programs make room for targeted increases, allow for easier coordination, and improve opportunities for rigorous evaluation of the remaining programs.

An Administration-Wide Priority to Improve Program Management

The Administration has been working to reduce duplication and fragmentation challenges over the last four years. In February 2012, the President submitted a proposal to Congress to reinstate Presidential authority to reorganize Federal agencies to reduce the number of overlapping government programs. The 2013 Budget proposed cuts, consolidations, and savings across the Government totaling more than $24 billion in the upcoming fiscal year, and $520 billion through 2022, some of which Congress adopted. The President's 2014 Budget goes even further, including 215 cuts, consolidations, and savings proposals, which are projected to save more than $25 billion in 2014. The 2013 Budget also established the first-ever government-wide Cross Agency Priority Goals, a new kind of management approach – one that brings people together from across and outside the Federal Government to coordinate their work and combine their skills, insights, and resources on a shared cross-agency priority. In the fall of 2012, the Administration released 14 cross-agency priority goals, including one in STEM education to have Federal agencies work together to meet the President's goal of 1 million additional STEM graduates in the next 10 years.

The Government Accountability Office (GAO) also has taken an active role in analyzing the structure of the Federal government and recommending areas to reduce duplication and fragmentation. In 2011, GAO began annual reporting on specific opportunities for the Federal government to reduce duplication, overlap, and fragmentation and to pursue other financial opportunities. GAO's independent analysis is a welcome addition to the effort to make government more effective and efficient and to modernize it for the 21st century. The GAO released a second annual report in 2012, and its third annual report in April 2013.

Currently, Federal initiatives to promote STEM education are spread across the Government in more than 200 programs within 13 different agencies, as the GAO noted in its 2012 report. The 2014 Budget proposes a reorganization of STEM education programs to reduce fragmentation and improve the delivery and impact of these investments.

Science, Technology, Engineering, and Mathematics (STEM) Education

As we look at the President's 2014 Budget, I want to provide some important context. During the first four years of the Administration, the Administration has used four strategies to make progress on improving STEM education.

We have worked to maintain a strong investment in STEM education even during difficult budgetary times. For example, the President's 2014 Budget invests $3.1 billion in programs across the Federal government on STEM education, an increase of 6.0 percent over 2012 funding levels. This includes the critical investments I discuss in the remainder of my testimony.

We have made STEM a priority in many more of the Administration's education efforts. For example, in the first round of the Department of Education's $4.3 billion Race to the Top competition, states were encouraged to apply to a competitive preference priority to develop comprehensive strategies to improve achievement and provide rigorous curricula in STEM subjects; partner with local STEM institutions, businesses, and museums; and broaden participation of women and girls and other groups underrepresented in STEM fields. Other examples include STEM priorities in the Department of Education's Investing in Innovation (i3) and Supporting Effective Educator Development programs. Prioritizing STEM in existing programs at the Department of Education has the advantage of leveraging existing resources, and embedding STEM within our overall education reform efforts.

The President has set ambitious but achievable goals and challenged the private sector. For example, the President announced the goal to prepare 100,000 excellent STEM teachers in his 2011 State of the Union Address. Answering this call to action, over 150 organizations, led by the Carnegie Corporation of New York, formed a coalition called 100Kin10. Members of the coalition have made over 150 commitments to support STEM teacher preparation, and raised over $30 million in funds. Additional examples of this all-hands-on-deck approach to challenging companies, foundations, non-profits, universities, and skilled volunteers include Change the Equation, US2020, and increasing the reach of the Advanced Placement (AP) program for children in military families.

The President continues to make STEM a high priority. The President hosted the first-ever White House Science Fair in late 2010, fulfilling a commitment he made at the launch of his Educate to Innovate campaign to directly use his bully pulpit to inspire more boys and girls to

excel in mathematics and science. Last month, he hosted the third White House Science Fair. The President has also issued a call to action to the 200,000 federal scientists and engineers to volunteer and think of creative ways to engage students in STEM subjects.

STEM Education in the 2014 Budget

In the 2014 Budget, the Administration is proposing a reorganization of STEM education programs into four key areas: K-12 instruction; undergraduate education; graduate fellowships; and informal education activities that typically take place outside the classroom. This reorganization involves the consolidation or restructuring of more than half of these programs and streamlining of functions across agencies to improve the delivery and impact of STEM education.

The 2014 Budget is part of a broader Administration commitment to look carefully at the effectiveness of all STEM programs and find ways to improve them. To further this goal, in 2011 I established a Committee on STEM Education under the National Science and Technology Council (NSTC) as called for in Section 101 of the America COMPETES Reauthorization Act of 2010 (Public Law 111-358). The work of this Committee is closely aligned with the vision for STEM education outlined by Congress in the America COMPETES Reauthorization Act and has focused on improving the coordination and effectiveness of all Federal STEM education programs. The Administration released a description of a 5-year Federal STEM education strategic plan and an update to the Federal STEM inventory along with the 2013 Budget. The final strategic plan will be released this month. It will outline a path to increased coordination and collaboration among the Federal agencies that invest in STEM education.

Guided by drafts of the strategic plan, the 2014 Budget makes disciplined choices to consolidate and cut back lower-priority or narrow-purpose programs to make room for targeted increases. This includes the proposed elimination or consolidation of 116 programs, with approximately $180 million in savings reinvested in new or existing STEM programs. The reorganization will substantially decrease the fragmentation of STEM programs across agencies, allowing potential for easier coordination and strong evaluations of what's working. The reorganization focuses on: K-12 instruction; undergraduate education; graduate fellowships; and informal education activities that typically take place outside the classroom. Each key area would have a lead agency. The Department of Education's role in K-12 education would be to develop STEM innovation networks, support STEM Teacher Pathways to help reach the President's goal of preparing 100,000 effective STEM teachers over the next decade, and create a STEM Master Teacher Corps to build the STEM instructional skills of others. NSF would promote reform of STEM undergraduate education and enhance graduate fellowships to reach more students and address national needs. The Smithsonian Institution would improve the reach of classroom and informal education materials and activities by ensuring they are aligned with what students are learning in the classroom, and would work with Federal science agencies to harness their unique expertise and resources to create relevant materials, on-line resources, and effective delivery mechanisms to reach more students. Other Federal science agencies would also play an active role in developing and implementing the initiatives at Education, NSF, and the Smithsonian to ensure they align with agency and national goals. The reorganization also includes increasing capacity at key agencies, including $5 million for a new Office of STEM at the Department of Education.

These disciplined choices to consolidate and cut back lower-priority or narrow-purpose programs make room for targeted increases in high-priority areas. In his 2011 State of the Union address, the President called for a new effort to prepare 100,000 effective STEM teachers with strong teaching skills and deep content knowledge over the next decade. That call had roots in a groundbreaking analysis by the President's Council of Advisors on Science and Technology (PCAST) and remains a priority for this Administration. In this effort, we have been assisted by a robust set of partnerships with the private sector. Last month, I hosted a roundtable of more than 30 professionals from inside and outside government committed to the cause of improving the Nation's corps of K-12 science and math teachers. That day, one of our partners, the Howard Hughes Medical Institute (HHMI), announced that it would donate $22.5 million to the National Math and Science Initiative (NMSI) to accelerate the scale-up of the UTeach program in American universities. UTeach, pioneered at the University of Texas-Austin, is a program that allows undergraduates to earn simultaneously a teaching certificate and a Bachelor's degree in a STEM field. Along with other initiatives such as 100Kin10 (a collaborative effort between nonprofit, philanthropic, and other private organizations), NMSI and UTeach are helping to achieve the President's goal of preparing 100,000 effective STEM teachers over the next decade. In the 2014 Budget, the Department of Education is investing $80 million to support this goal.

In line with the government-wide STEM-education reorganization, the Department of Education will also restructure its existing efforts to lead a cohesive and robust initiative around improving K-12 instruction. The Budget invests $150 million to help school districts, individually or in consortia, to build strategic partnerships with universities, Federal science agencies, businesses, museums, skilled volunteers, and other educational entities. These partnerships – STEM Innovation Networks – will help district leaders harness local, regional, and national resources to transform STEM teaching and learning by, for example, implementing innovative research-based practices and building teacher capacity. Each network will engage in activities based on local needs, such as providing quality professional development to STEM teachers and developing and evaluating instructional models that help students meet STEM-focused, college and career-ready standards. The Innovation Networks are modeled on successful State and local efforts such as the partnership between the Ohio STEM Learning Network, the Cleveland Metropolitan School District, GE, and MC2High School. This investment also includes $5 million to support a STEM Virtual Learning Network, a national, online community of STEM educators that will enable them to exchange STEM education materials and best practices, including those developed through the Innovation Networks. Additionally, Networks will leverage the expertise of the Nation's most talented science and math teachers—through the Budget's $35 million investment in a new STEM Master Teachers Corps—to help improve instruction in their schools and districts, and to serve as a national resource for best practices in math and science teaching. These efforts build on the foundation of the $150 million Math and Science Partnership program, which provides grants to every State to implement and improve STEM instruction.

The President continues to support undergraduate STEM education reform as a top priority, in part to fulfill a recommendation of PCAST's most recent report on undergraduate STEM education, released in February 2012, calling for the United States to establish a goal of training one million additional STEM graduates over the next decade. To further this goal, the Administration proposes consolidating select STEM undergraduate-education activities into a new consolidated program at NSF. This reform will increase the efficiency and effectiveness of these investments by promoting implementation of evidence-based instructional practices and supporting an expanded evidence base. It also supports research on how new technologies can

facilitate adoption and use of new approaches to instruction. The 2014 Budget provides $123 million for this new program, Catalyzing Advances in Undergraduate STEM Education.

The Administration is also committed to increasing the number of college graduates with degrees in technical fields. Opportunities to work on real-world research problems can help inspire students to pursue such degrees. The 2014 Budget proposes $79 million, an increase of $13 million above the 2012 enacted level, for NSF's Research Experiences for Undergraduates (REU) program. Since early opportunities to conduct research can be especially influential in maintaining a student's interest in STEM fields, the program will increase its investment in research experiences for those in their first or second year of college.

By reorganizing or eliminating select fellowship programs, the Budget will provide $325 million to expand and enhance NSF's Graduate Research Fellowship program, creating a new National Graduate Research Fellowship. The program will not only continue to support the Nation's most promising students in any STEM field, but will also allow students to gain specialized experiences in areas of significant national need or of particular interest to mission agencies. Reorganizing graduate fellowships will position the Administration to implement a national strategy for fellowships and for graduate education more broadly, streamline the application and award process, and reduce administrative costs.

The Budget adds $25 million to the Smithsonian Institution to improve the reach of informal STEM education by ensuring that materials are aligned to what students are learning in the classroom. The Smithsonian will work with Federal science and technology agencies such as the National Aeronautics and Space Administration (NASA), the U.S. Department of Agriculture (USDA), the National Oceanic and Atmospheric Administration (NOAA), the U.S. Environmental Protection Agency (EPA), the National Institutes of Health (NIH), and other science partners to harness their unique expertise and resources to create relevant materials and curricula, on-line resources, and effective delivery and dissemination mechanisms to reach more teachers and students both inside and outside the classroom.

The Budget also proposes additional steps to increase the capacity of the Department of Education to invest in breakthrough innovation. The Budget proposes up to $65 million for the Advanced Research Projects Agency for Education (ARPA-ED) within the Investing in Innovation (i3) program. ARPA-ED will catalyze the development and deployment of new tools and technologies to significantly improve student learning. ARPA-ED will push the education research, development, and demonstration field forward by: sponsoring the synthesis and vetting of public and private R&D efforts; identifying breakthrough development opportunities; shaping the next wave of R&D; investing in the development of new education technologies and tools; and identifying and transitioning the best and most relevant R&D from other federal agencies.

The 2014 Budget leaves intact over 100 programs spread across the agencies. So it by no means is proposing to take away all of the diverse programs the Federal government supports. And there has been a very serious effort to preserve the programs that best leverage the unique assets of the science agencies and are integral to the agencies' missions and goals. The reorganization also preserves programs that provide direct funding to Minority-Serving Institutions (MSIs) because reform in this area must first begin with engagement with the MSI community to determine the best ways to improve services to these institutions. The Administration is committed to ensuring that the new system of delivering STEM education administered through new initiatives at the Department of Education, NSF, and the Smithsonian

Institution will be managed so that these lead agencies interact with the mission agencies and preserve the valuable capabilities, translational capacities, goals, and needs of the mission agencies.

Conclusion

The 2014 Budget represents a comprehensive effort to improve STEM education, and will allow us to achieve a number of important goals. It will help Federal STEM efforts reach more students and more teachers more effectively by reorienting Federal policy to meet the needs of those who are delivering STEM education: school districts, States, and colleges and universities. It will reduce fragmentation of the Federal STEM education investment, reorganizing efforts and redirecting resources around clearly defined priorities. It will enable rigorous evaluation and evidence-building strategies for Federal STEM education programs. It will increase the impact of Federal investments in important areas such as graduate education by expanding resources for a more limited number of programs. And it will provide additional resources to meet specific national goals such as preparing and recruiting 100,000 high-quality K-12 STEM teachers, recognizing and rewarding excellence in STEM instruction, strengthening the infrastructure for supporting STEM instruction and engagement, increasing the number of undergraduates with a STEM degree by one million, and broadening participation in STEM fields by underrepresented groups.

I look forward to working with this Committee on our common vision for improving STEM education for all of America's students. I will be pleased to answer any questions the Members may have.

Chairman WARNER. Thank you, gentlemen.

I will put five minutes on the clock so we can all make sure we get a chance.

One of the things that I also did not mention about GPRA that I think Senator Johnson, in particular, would be interested in, you know, until GPRA, we did not even have— and it is still not complete, it is supposed to be completed in the next month—any inventory of all the Federal programs. So we did not even know how many programs were out there, which is a fairly remarkable—

Senator JOHNSON. It is a problem.

Chairman WARNER. I could not imagine how you would run your business or I would run mine that way.

One of the things, again, as most of us here now—I am sorry we lost Senator Wicker, but the three of us are all relatively new members, and one of the things I did not fully appreciate until I got here was, so you look at this duplication. Because of the variety of jurisdictional responsibility of all the various committees, it is really hard to go—you know, it is hard enough to illuminate inside an agency. But when you go across departments with different Congressional authorizing entities, it gets much, much harder.

One of the things that was in the GAO report that I commend to all my members was this basic graphing, which puts by kind of function across different agencies, and it is, again, Mr. Dodaro, good work, recognizing that each of the various—each of these programs has got a champion somewhere within the government or within the Congress. How can we better measure, or what could we use to better measure the performance and evaluate the effectiveness of these programs, particularly if they fall within different departments?

Mr. DODARO. I think there are a couple of areas that I would point out. First of all, I think that the Modernization Act, the 2010 Act, requires Congress to be consulted more in the development of the performance measures in the first place. And I think that consultation is really important. It has not been there in the past. Some of our preliminary work shows a little bit of improvement, but not much, in that area. I think more consultation from the Congress can really be a very important point in this area.

Secondly, I think the Congressional oversight is very important, that the agencies need to come up with good measures and then keep those measures over time. What we find is that after a while, if they are not meeting the performance measures, they will change the measures and that changes your ability to monitor their performance over time and hold them accountable, and that needs to be rectified.

Thirdly, I think Congress could have more joint hearings on the cross-cutting goals with multiple committees involved. I have testified in some cases and that works effectively, and there are 14 cross-cutting goals that the President has identified in his budget, so that is a starting point. STEM is one of them. Employment training programs, veterans programs, other things that are really important to the Congress, as well, are in there, and I think the committees need to work together to identify those areas.

So those are three fundamental things I would start out with. But I would say that unless the Congress pays attention to the per-

formance information, you can only expect incremental improvements within the executive branch and it is not going to be sufficient to deal with our long-range fiscal challenges.

Chairman WARNER. I would concur with that. Again, that was one of the reasons why we thought this at the Budget Committee level, since we have a broad enough purview, but we have got to get the authorizers and appropriators in on this, as well.

I guess one of the things I want to—I want to try to get two more questions in and not go over my time. One is that another piece of legislation that I am working with actually Congressman Issa on the House side on is the DATA Act to try to make sure—not only do we have program overlap, but we have totally different financial reporting systems. What appears as an expenditure on one area looks as a grant in another, and I do not know, Gene, if you might want to mention about the challenges about collecting budgetary data and how important it would be to try to get to a common platform.

Mr. DODARO. This is really essential. I mean, it is one of the basic building blocks of tackling this issue. We faced enormous challenges trying to identify that, and that is one of the reasons we were not able to go very much further in a number of these areas. As Senator Ayotte mentioned, there are over 600 programs in the energy area, efficiency. We were not able to fully evaluate those 600 initiatives because there was not good budget information available on a lot of those programs and activities. So this is really important.

I think the DATA Act that you and Congressman Issa have been working on, and others, is really important, because unless there is a legislative framework that is in place to ensure that there are clear data standards and public reporting to the Congress on these programs, it is not going to happen and it will not endure over time between administrations.

So I commend your efforts in that area. I will be happy to do whatever I can to help—

Chairman WARNER. We would love to have your help. I think there are over 200 different financial reporting systems just at DOD.

Let me just ask Dr. Holdren one question. I think it is great that you are trying to consolidate these programs into these three kind of coordinating entities. How much push-back are you getting from all the other areas where these programs are currently located?

Mr. HOLDREN. Well, the first thing I would say, there are altogether 78 programs that are actually being eliminated and the remaining 38 of the 116 that I mentioned are being consolidated, merged with other programs.

The ones that are being eliminated, adding up to, as I mentioned, $176 million, amount actually to about 15 percent of the spending on STEM education across the nine agencies that are losing programs. Fifteen percent is significant. Obviously, there are some folks who are not pleased by losing those particular programs, and so we have heard about that. But I think, on the whole, the agencies appreciate and understand the reasons for this approach. They understand the need for greater coordination, coherence, efficiency, and ease of evaluation.

And part of their consolation is that some of the monies that are going into the Department of Education, into NSF, into the Smithsonian Institution to be spent in a more coherent, coordinated, and evaluative a way, will still draw on the resources of those agencies to exploit their specific expertises and reach their agency's specific audiences. So while we are getting greater coordination and efficiency and evaluation out of this, we are working very hard not to lose the benefits where specific agency expertises match education opportunities.

Chairman WARNER. Senator Ayotte.

Senator AYOTTE. I want to thank both of you for being here today.

You know, one of the things—I really appreciated what the Chairman said. How much, General Dodaro, how much—can you give me a sense of your work at the GAO. How much are we measuring any kind of metrics or effectiveness within government that you have seen of programs? My sense is, very little.

Mr. DODARO. That is correct. And one thing really surprised me as we have done this overlap and duplication work. Despite the original Government Performance Act that was passed in 1993, which required goals and measures, when we looked across the specific program activities, we found in many areas that there really has not been good measures of performance, or more importantly, effectiveness reviews, program evaluations of what is working and what is not. And that really is a limiting factor in helping Congress quickly address some of these issues.

You know, I think it is—what we found, the burden of proof is on us if we want to have a program stop. You have to convince people to stop a program. You do not have to say, okay, to the programs, what are you doing to justify additional expenditure?

Senator AYOTTE. Right.

Mr. DODARO. So the incentives are exactly the opposite.

Senator AYOTTE. So we have to put that in reverse—

Mr. DODARO. Yes.

Senator AYOTTE. —if we are going to actually be able to demonstrate to taxpayers that if we put resources in a particular area, that we are getting the results that we are purporting to want, whatever the area is, whether it is STEM, drug prevention.

You know, one of the things I see is that members of Congress propose new programs and then they do not even look to see whether there is a program already addressing the area. How much do you view that as a factor with where we have come in the duplication here, or do you see that also happening in the executive branch, so both branches being guilty of this?

Mr. DODARO. I think it happens in both branches. What happens, there are three different factors that I have seen sort of overall. One is there is an accretion over time. Surface transportation is one. We started out with the Interstate Highway System in the 1950s. We added over decades to come up with 100 programs. So it happens over time.

Secondly, you will have a broad program to, say, provide training to somebody who is unemployed and somebody will say, well, we are not getting to the veterans. We are not getting the Native Americans. We are not getting to the youth. So we need programs

targeted in those areas as opposed to figuring out how to make the basic program work more effectively for those targets.

And then, thirdly, defense as a whole is sort of a set of circumstances. There, you have service-centric incentives and you have stovepipes, and Defense is replete with overlap and duplication.

Senator AYOTTE. How much could we, in terms of legislation—I mean, I almost like the idea that no one can propose a new program unless they justify that there is not another program that does what they are proposing to do. What thoughts do you have on legislation that would try to stop this proliferation of programs when we have not evaluated what we already have?

Mr. DODARO. I think that that is an important area. I know Senator Coburn has introduced some legislation to that effect, and others have, as well. So I think that is one thing.

The second thing I would say is that there needs to be--the paradigm needs to shift on programs that are already in existence of demonstrating their effectiveness in order to get additional funding in the future and to maintain their existence.

Senator AYOTTE. The burden of proof has to shift, is what you are saying.

Mr. DODARO. Yes.

Senator AYOTTE. It should be on the program to justify to us versus the reverse, which is happening now.

Mr. DODARO. That is exactly right, and I think that is one of the reasons—you both quoted President Reagan. That is one of the fundamental reasons that is true.

Senator AYOTTE. Mm-hmm. When I look at some of the areas serving—you were talking about the stovepiping within the Pentagon. Since I also serve on Armed Services, we are--and I see that, that each branch has its own administrative functions, many of them duplicative. How would you recommend us going forward to try to eliminate that, because I think there have been a lot of attempts to do it. What would you do if you were in my shoes, for example?

Mr. DODARO. Well, we have pointed out very specific areas, and I would start there. First, every service has its own military command.

Senator AYOTTE. Right.

Mr. DODARO. Congress has not required them to come forward with a proposal. We are evaluating it. They have taken some incremental steps, but probably not fully achieved everything that is possible there. There had been estimates that we updated. You could save $200 to $400 million there.

Unmanned aircraft systems, you know, the Navy wanted to have its own Global Hawk instead of using the Air Force's Global Hawk, and there are a lot of payload systems, you know, operating systems for these things that everybody is designing their own. Electronic warfare, same thing. Information surveillance and reconnaissance information. I mentioned the combat uniforms. So we have a lot of very specific areas.

And the other area is strategic sourcing. They are not leveraging their purchasing power very well in this area, as well. We have estimates in the private sector—we just issued a report yesterday

saying the private sector gains from four to 15 percent annually by leveraging its purchasing power and DOD does not do that. Neither do other large civilian agencies. I do not mean to single them out. That is a problem across government.

Senator AYOTTE. Right.

Mr. DODARO. So I would say, focus on the specific areas that we have given and try to hold them accountable, and there has to be department-wide efforts and focus on this. But the Congress has to be an integral part of that process.

Senator AYOTTE. My time has expired, and obviously, there is so much to all of this, but I appreciate you both being here.

Chairman WARNER. Before I go to Senator Johnson, I just want to mention, I think, building on what you said, that one of the things—GAO does a great job of helping to identify some of these flaws. OMB, you can argue, depending on their priority, does some of this, as well. Until the GPRA bill, there was no effort ever at the actual agency level to ask those folks who are running to identify not just their good programs, but their underperforming programs. And it was enormous push-back from this administration—I think it would be from any administration--but we have got that first list and it came back a couple months ago, right. So it would be, I think, a good guidepost to add to this information.

Senator AYOTTE. That sounds terrific, and I agree with that. And also, I think, going forward, creating incentives within the agencies for the people that work there, greater incentives for them to come forward as performance measures.

Chairman WARNER. Amen.

Senator JOHNSON.

Senator JOHNSON. Thank you, Mr. Chairman. Thanks for holding this hearing.

By the way, probably the best incentive would be to cut their budget and then they are really going to be incentivized to get efficient. That is how you have to do it in business.

Information is incredibly important. Mr. Dodaro, by the way, GAO, it is a great organization. It is providing that information. During the sequester, how many agencies came to GAO looking at all of your reports to look for help in terms of how to get a little more efficient with the dollars they were being allocated?

Mr. DODARO. I did not receive any calls. Maybe they came to other people in the organization, but—

Senator JOHNSON. You have done—

Mr. DODARO. I am hopeful they looked at our material, but I do not know.

Senator JOHNSON. You have done how many reports now on duplication?

Mr. DODARO. Three.

Senator JOHNSON. Three.

Mr. DODARO. Three.

Senator JOHNSON. I believe Senator Coburn—I do not want to speak for him, but I think he estimates the total dollar cost of those duplicated programs is somewhere approaching $300 billion per year. Is that about what you think, or—

Mr. DODARO. Well, I mean, if you add up all the money going into the programs, yes. But, I mean, how much of that he could actually save depends on the policy decisions.

Senator JOHNSON. I understand, but that is really about 30 percent of discretionary spending—

Mr. DODARO. Yes. We have covered—we have a chart in our latest report. Our goal was to cover the entire Federal Government in this three-year cycle, this first three-year cycle of reports, and we did that. We have got recommendations for virtually all major departments and agencies of the Federal Government. Most of our recommendations are in defense and health care areas, where the dollars are.

Senator JOHNSON. Right.

Mr. DODARO. So it is a wide range of potential opportunities.

Senator JOHNSON. I was kind of surprised at the implementation rate—12 percent implemented, 66 percent partially implemented—but I am not really seeing the dollar savings. Is that an incorrect perception or is that correct?

Mr. DODARO. Well, there are some notable big examples. I mentioned the ethanol tax credit—

Senator JOHNSON. Right.

Mr. DODARO. —and the savings over at the Defense Department, $3 billion not being spent in the tour normalization in Korea. But there are big other dollars.

You know, we have had recommendations to cancel the Medicare Advantage Bonus Demonstration Project, which we think is not really proving anything. It is rewarding average performing plans. When we made that recommendation, if the Congress had acted or the administration, they could have saved $8.3 billion. There are still opportunities to save $2 billion there in that program. And we have other examples of that, where there are real big dollar opportunities.

Senator JOHNSON. So, Mr. Chairman, I think the way we need to do this is we need to pass a budget with those recommendations attached and remove the dollars that those recommendations say we can save, and I think that is how you get the thing done.

Mr. Holdren, it is true we do not measure the intended consequences. We certainly do not even consider, much less measure, the unintended consequences of government. In your area, what are your primary areas of measurement?

Mr. HOLDREN. Well, of course, if you are referring to the STEM education domain, one of the metrics of measurement is, of course, the test scores. Another is graduation rates. Another is what fraction of students who enter college intending to get STEM degrees actually graduate with STEM degrees.

Senator JOHNSON. Okay, so let us start with test scores. What has the measurement been from, let us say, the inception of the Department of Education in 1979 to today. What has happened with test scores?

Mr. HOLDREN. I could not tell you. I can certainly get back to you on that.

Senator JOHNSON. Okay. I just had staff quickly take a look. In 1970, our average SAT math score was 460. In 1981, it was 424.

I do not know, do we have the number for today? Possibly different. They are not going up.

Ms. MCNEILL. It has fallen—

Senator JOHNSON. It has fallen another 20 points. So we have probably spent—again, I did not come prepared with the exact numbers, but over 33 years, starting out with a $12 billion budget, today we have got about a $19 billion budget at the Department of Education, close to half-a-trillion dollars on education. Falling test scores is not a real good result, is it?

Mr. HOLDREN. We know we need to improve, Senator. That is why we are looking hard at these programs and trying to make them more coherent and—

Senator JOHNSON. Do you think the Federal Government has any possibility of improving it, when we have given it 33 years and close to half-a-trillion dollars in spending on education and that is the result?

Mr. HOLDREN. Well, of course, the primary responsibility for education rests with States and communities. The Federal Government tries to leverage its resources to achieve specific goals, and I believe, as we have already said, that we need to do better in that. My focus is STEM education—

Senator JOHNSON. Can you point to a metric of success over the last 30 years?

Mr. HOLDREN. Senator, I am not responsible for the last 30 years. I am responsible for what we can do now to improve the situation we are in, and as Chairman Warner pointed out in his opening remarks, we are not doing so well in the STEM education domain. We need to do better and we are thinking hard about how to do it.

Senator JOHNSON. Mr. Dodaro, real quick, have you ever seen any measurement of unintended consequences of a government program in anything you have ever looked at?

Mr. DODARO. I cannot recall any offhand. I mean, some of our work does focus on what happens in some of those areas, but I would have to get back to you with some examples.

But in this area, I mean, just to illustrate your point in the STEM area, we found over 200 programs in that area. Sixty-six percent of the programs had not conducted an evaluation of their entire program since 2005. So it is just one example. I could cite other examples in other functional areas. But there is little known about the effectiveness of all these programs. I am hopeful, with the consolidation, but I think in evaluating the President's proposal, it really has to be clear how these programs will be evaluated on a consolidated level.

Some of the programs are so small—inherent teacher quality, which is another area we pointed out that is relevant to your point—there are 82 programs on teacher quality. Some of them are too small to effectively measure, and that is not a way to allocate and learn lessons.

Senator JOHNSON. In the areas that you have seen measured, have you seen a metric of success, I mean, just to point to one and go, hey, this actually worked?

Mr. DODARO. There are some. In the nutrition area, food and nutrition area, for example, the largest, there are 18 different pro-

grams. The seven largest have been evaluated and there is some positive indications of the success of those programs in achieving their objectives. The other 11 programs have not been evaluated.

Senator JOHNSON. Okay. Thank you, Mr. Chairman.

Chairman WARNER. I would say that one of the things that Dr. Holdren has pointed out, before I move to Senator Coons, is that they are taking this mishmash of STEM programs, and I would be the first to acknowledge that there is not a group that comes in that does not say they have got a new STEM idea. Whatever their function is, they are trying to attach a STEM idea to it because that happens to be hot at this moment in time. So I would commend the administration on this consolidation of the 116 and elimination of 79 of these programs and trying to focus this in these three key areas of K–12, college, and then kind of more—

Senator JOHNSON. But if I can just quickly point out, so we are going to consolidate these programs, and with the savings, we are going to spend the savings—

Chairman WARNER. Except for the fact—

Senator JOHNSON. —at a point when we cannot afford to spend them.

Chairman WARNER. Except for the fact that I think we do—

Senator JOHNSON. We actually need to bank the savings.

Chairman WARNER. —we do need to have the kind of metrics that Dr. Holdren has mentioned.

Senator COONS. I want to welcome Senator Coons, who is a new addition to the panel, and I promise you, this will be a lively panel because there is actually a lot of agreement.

Senator COONS. Senator Warner, I appreciate the invitation to a lively panel. I have two other committees currently in markup, so if you will forgive my somewhat peripatetic attendance. I am eager to welcome a State Senator from Delaware to our second panel.

I know both the gentlemen in front of us and I just want to commend you for your work in both identifying areas of overlap and duplication and in finding ways to coordinate and organize our STEM investments so that they are more effective. And I think the general outline laid out in my briefing material suggests we have got some difficult work to do together here and that we could achieve significant improvement and better efficiencies.

The other committee that is currently in markup, Judiciary, considering immigration, is also trying to figure out how to prioritize investment in STEM. My hope is that we will take into account some of these lessons in doing so.

With that, thank you, Mr. Chairman.

Chairman WARNER. I know we need to get to the second panel, but I want to at least ask one more question, if Senator Johnson wants to get one more in, and—

Senator AYOTTE. And I want to get one more.

Chairman WARNER. All right. I will just ask a brief one, because we do have a second panel, and it actually is, to me, an area that would be extraordinarily low-hanging fruit, and that, Mr. Dodaro, if you can speak for a moment about your report on the duplication of just some of these reporting requirements and the number of these reports that are basically never looked at, never examined, never focused on. While it may not amount to huge amounts of sav-

ings, if we can better allocate our workforce's resources into actually producing more effective results in their policy area goal with better metrics rather than simply doing these, in many cases, duplicative reporting, I would love you to speak to that.

Mr. DODARO. Senator, I would like to submit something for the record on that. I am not—I do not recall offhand enough specifics of that report right now, so I would prefer to submit something.

Chairman WARNER. And here I gave you this nice, easy, slow ball right down the middle. I mean, I think there are 200—anyway, I do know there are 200-plus reports that I think you have identified. I, again, look forward to working with any of my colleagues on this.

I agree with Senator Johnson that we need better metrics. We need to measure those metrics. We need to have a limited number of policy goals so that we can measure the effectiveness of these programs on a regular basis. And one of the ways I think we can get there is if there are a series of other non-essential goals that are paperwork being filled out, elimination of that. It is not going to solve the whole problem, but it would be a sign to the Federal workforce that we, as the policy makers, are actually going to focus in in a better way on a more limited, specific set of goals with measurable metrics.

So I will let everybody else get one more bite at the apple before we go to the second panel.

Senator AYOTTE. Just two things. You mentioned this geospatial issue up front. So what do we need to do on that?

Mr. DODARO. I think you need to have oversight by OMB and this interagency group and to have them specify how they are going to change the budget process to make this more visible, that could be made more visible to the executive branch and to the Congress. And then I think you can ask a lot more specific questions about it. And there is also overlap even at the State and local level. So I think this is a big area you could save millions.

Senator AYOTTE. Great. Okay. We are going to have a catfish amendment next week. Why should people vote to eliminate that catfish program in the 2008 farm bill, because we keep trying to eliminate it.

Mr. DODARO. Right.

Senator AYOTTE. It seems an example of government absurdity to me.

Mr. DODARO. Yes. Well, there are two fundamental reasons. One is that, right now, there would be, with the addition of the agency at the Agriculture Department, there would be three different Federal agencies inspecting catfish. You already have Food and Drug Administration doing it. The Fish and Wildlife Service play a role. We think you need risk-based approaches to do that, but they are already inspecting most of the seafood at FDA.

Secondly, it is going to cost additional money. The Agriculture Department estimates it would be at least $15 million for them to do that. So you have multiple doing something and it is costing more money.

Senator AYOTTE. So we should get rid of it?

Mr. DODARO. Yes.

Senator AYOTTE. Thanks.

Chairman WARNER. I just want to add that I am a cosponsor of that amendment. Good bipartisanship.

Senator JOHNSON.

Senator JOHNSON. You will have my vote.

Just, Mr. Holdren, I guess I would appreciate your cooperation. We will probably submit a number of questions afterwards and look for those metrics over time, because—

Mr. HOLDREN. Absolutely.

Senator JOHNSON. —as Senator Ayotte is aware of the fact, I am big on numbers, and if you are going to solve a problem, the first step is to admit you have one, and then, secondly, properly define it. So I think it is extremely important that we go back, take a look at what has happened since, you know, for example, the inception of the Department of Education. Take a look at those metrics. Has it worked? Has it not worked? And define why it has not.

Information is powerful. The only way you are going to solve problems is properly define them. So we will follow up afterwards so you can get some information on the record. Thanks.

Mr. HOLDREN. I agree.

Chairman WARNER. Well, I want to thank again this first panel. Mr. Dodaro, thank you for your continued good work at the GAO. We are going to, I think in a common way, work to put some of your recommendations into legislative language. I also would again encourage my colleagues to look at this DATA bill in terms of standardizing financial accountability.

I do think one of the things we ought to look at, as well, is this question of ability to do the kind of level of reorganization that Dr. Holdren is trying to do on the STEM programs, but I can assure you is being held up as much from the Congressional standpoint. Any executive needs to have that power.

And, Dr. Holdren, I commend you for the kind of consolidation work. I agree with Senator Johnson, we need the metrics, but I do believe the investments we make in STEM education are critical to making sure America stays competitive in the 21st century.

So I thank the first panel and would invite the second panel up. I know Senator Coons is anxious to introduce one of the panel members. Thank you, gentlemen.

[Pause.]

Chairman WARNER. I want to welcome the second panel, and let the record show that it is no reflection of the quality of this panel that the previous two witnesses left with such large entourages. We are very anxious to hear from both of you.

I know, again, Senator Coons has got to run back to a markup, so I am going to let him go ahead and introduce Senator Nicole Poore, a member of the Delaware General Assembly. The Senator Chairs the Delaware Joint Sunset Committee and we welcome her to this committee hearing and know that the idea of sunset legislation and how we actually put to rest rules, regulations, programs, and others that have outlived their usefulness is something that is of great interest to this group. With that, I will let Senator Coons make a more formal introduction.

Senator COONS. Thank you, Chairman Warner, and thank you to our second panel and in particular to my friend, Senator Nicole

Poore from Delaware. I am grateful that she is able to join us as a witness on this hearing today on government efficiency.

Senator Poore is a lifelong Newcastle County, Delaware, resident and serves as State Senator for the 12th District and is, as you mentioned, the current Chair of Delaware's Joint Sunset Committee. She has been a tireless advocate for Delaware, fighting for education and has advocated on behalf of disabled children throughout her career, and I must say to my colleagues, I would hate to be on the other side of the dais from Senator Poore's searching questioning.

Today, she will be here to discuss her work as Chair of our Joint Sunset Committee and her work to make Delaware State Government more efficient and more effective. I am pleased she has been joined by my friend, longtime State Senate President Pro Tem Tony DeLuca, as well as her husband, Bill, and Sarah Wootten and Deborah Allen from staff to the committee in the Senate.

Senator Poore has a degree in criminal justice from Wilmington University and she and Bill are the proud parents of three children, and I am grateful for her making the effort to join us today. Can she proceed with testimony?

Chairman WARNER. Thank you, Senator Coons, but let me also go ahead and introduce Dr. Rosenbloom and then we will hear from the Senator.

Our other witness is Dr. David Rosenbloom. Dr. Rosenbloom is a Distinguished Professor of Public Administration at American University, where he specializes in constitutional administrative law, administrative theory history, and personnel management. He is the author or editor of over 300 scholarly publications. He is the author of the book entitled, Building a Legislative Centered Public Administration. He served on the Clinton-Gore Presidential Transition Team for the Office of Personnel Management in 1992 and holds a Ph.D. from the University of Chicago. Again, Dr. Rosenbloom, welcome to the committee.

Recognizing that Senator Coons is anxious to hear from his fellow Delawarean, we will let the Senator go first.

STATEMENT OF HONORABLE NICOLE S. POORE, SENATOR, DELAWARE GENERAL ASSEMBLY, AND CHAIR, DELAWARE JOINT SUNSET COMMITTEE

Ms. POORE. Good morning, Mr. Chairman, Senator Coons, Senator Ayotte, and Senator Johnson. Thank you for the opportunity to be here today to discuss the sunset review process in Delaware.

The comments that I will be making today address how the Joint Sunset Committee was established in Delaware. I will also provide an overview of the sunset review process and some of our recent accomplishments. I will discuss how Delaware's Joint Sunset Committee compares to the sunset committees in other States.

The Delaware General Assembly passed legislation establishing the sunset law in 1979. The intent of the enabling legislation was to provide a system of periodic legislative review of the State's agencies, boards, and commissions. The underlying purpose of this legislative review process was to determine the following: Is there a genuine public need for the entity under review? If the answer

is yes, is that entity effectively and efficiently performing to meet the need?

The Joint Sunset Committee is a bipartisan committee comprised of ten legislators. Five Senators are appointed to serve on the committee by the Senate President Pro Tem, and five Representatives are appointed to serve by the Speaker of the House. Of the five appointed from each chamber, three committee members are appointed from the Majority Caucus and two are appointed from the Minority Caucus. The Chair and Vice Chair are chosen by the Senate President Pro Tem and the Speaker of the House. The Joint Sunset Committee is consistently reinvigorated with new members each General Assembly who accept the challenge of leading in an environment that requires making complex and difficult decisions.

The Joint Sunset Committee is tasked with guiding the sunset review process. The committee's governing statute mandates that entities can be reviewed every six years unless a significant and substantiated reason is provided.

Sunset reviews are generally conducted over a ten-to 12-month period commencing on or before May 30, when entities are selected to be reviewed by the Joint Sunset Committee for the following legislative year. An entity is notified of their selection in June and generally receives the first of several questionnaires in July. The questionnaires are designed by committee staff for the purposes of conducting a comprehensive performance evaluation. The initial request for information may include diagrams showcasing the governing structure for the agency, board, and commission, goal objectives, duties, responsibilities, authority, financial information, and education, and that is just to name a few.

Responses submitted to those questionnaires as well as information obtained from researching entities in Delaware and those in other States with similar missions are organized in a draft report. The preliminary or draft report is provided to committee members for their review and used during the public hearing, which is statutorily mandated to begin on or before February 7 each year.

Public hearings are scheduled and in the evening to allow for greater participation by the public. Public hearings serve as a critical component of the sunset review process. They provide an opportunity for the Joint Sunset Committee members to hear from those who are impacted the most to determine if the agency, board, or commission is protecting the public's health, safety, and welfare.

At the conclusion of the Joint Sunset Committee public hearing, additional meetings are scheduled for the purpose of consideration of recommendations submitted by the entity under review, the Joint Sunset Committee members, various other stakeholders, the public at large, as well as those offered by the committee members.

The Joint Sunset Committee members consider each recommendation individually and has recommendations are often adopted unanimously, which speak to the nonpartisan nature that has typically governed the way members conduct the business before the Joint Sunset Committee.

At the conclusion of the Joint Sunset Committee may recommend the continuation, the consolidation, reorganization, transfer, termination of an agency, board, or commission. The committee is mandated by statute to publish a final report on or before May 30 each

year which shall include any official action taken by the committee, adopted recommendations for the entities under review, and a schedule of the sunset reviews selected for the following year.

Some of the accomplishments in the State of Delaware. We have performed 241 sunset reviews evaluating and analyzing approximately 100 State agencies, boards, and commissions. In 2009, the Joint Sunset Committee adopted recommendations and sponsored legislation renaming the board the Compensation Assistance Program, transferring its duties and employees to the Delaware State Department of Justice and provided for the staff and executive director to award benefit compensation to victims based on existing criteria.

In 2008, the Joint Sunset Committee staff worked with the board and commission staff in the Governor's office to identify inactive gubernatorial-appointed boards, councils, and commissions to be submitted to sunset review. As a result of these efforts, to date, the Joint Sunset Committee has terminated 19 inactive entities by sponsoring legislation which, upon enactment, successfully eliminated them from applicable governing statutes.

To speak in regards to other States, approximately half of the States have established entities with a similar purpose and function as Delaware's Joint Sunset Committee. However, the Texas Sunset Committee Advisory Commission is often used as the benchmark by which all other sunset committees across the country are measured.

In a number of ways, the process in place in both Delaware and Texas are almost identical. Both States employ specific review criteria, engage in similar sunset review processes, encourage greater participation from the public in the review process, and work to ensure basic recommendations are included for consideration when applicable.

Two examples of a basic or standard recommendation which Delaware and Texas both utilize include requiring State entities to establish conflict of interest policies as well as including language to disqualify and remove gubernatorial-appointed board members from their positions when a specific criteria is met.

There are some also significant and fundamental differences between the Delaware Joint Sunset Committee and the Texas Sunset Advisory Committee which have greatly impacted how both legislative committees operate today. For example, in Delaware, the number of State entities eligible for sunset review total more than 300, as the definition for eligible agency is written broadly. In Texas, approximately 130 State entities are eligible for sunset review, and each of the eligible entities' enabling legislation include both the periodic sunset review requirement and a date that the entity could be abolished if legislation action is not taken.

With regard to the sunset review schedule, Delaware is prohibited from conducting a sunset review within six years of a prior review. Entities are selected by the committee members and attention can be diverted to those with developing and ongoing issues that the legislature has not had the opportunity to address. In Texas, sunset reviews are conducted approximately once every 12 years. However, there is some flexibility with changing the regimen schedule should an emergency or unexpected issues arise.

With regard to action taken or required by the sunset committee, the Delaware Joint Sunset Committee can continue a State entity without enacting any additional legislation. In Texas, a State agency is abolished by the Sunset Advisory Commission unless the Texas legislature passes a bill to reauthorize the agency for an additional 12 years.

Finally, Delaware conducts sunset reviews for approximately four to six agencies, boards, or commissions each year, as the committee is staffed with one full-time employee. In comparison, Texas conducts approximately 20 to 30 sunset reviews on eligible entities each year and employs 28 staffers to assist in this process.

Thank you for your time, and at any point, I am happy to answer questions.

[The prepared statement of Ms. Poore follows:]

Senator Nicole Poore, Chair
Senator David Sokola
Senator Bryan Townsend
Senator Ernesto Lopez
Senator Brian Pettyjohn

Rep. Gerald Brady, Vice-Chair
Rep. Andria Bennett
Rep. Stephanie Bolden
Rep. William Outten
Rep. Harold Peterman

STATE OF DELAWARE

JOINT SUNSET COMMITTEE

May 16, 2013
United State Senate
Committee on the Budget
Task Force on Government Performance
Testimony RE: Delaware Joint Sunset Committee

Good morning. Thank you for the opportunity to be here today to discuss the sunset review process in Delaware. My name is Nicole Poore and I am the state senator from the 12th Senatorial District and Chair of the Joint Sunset Committee.

The comments I will be making today address how the Joint Sunset Committee was established in Delaware. I will also provide an overview of the sunset review process and some of our recent accomplishments. Finally, I will discuss how Delaware's Joint Sunset Committee compares to the sunset committees in other states.

Establishment of the Joint Sunset Committee in Delaware

The Delaware General Assembly passed legislation establishing the Sunset Law in 1979. The intent of the enabling legislation was to provide a system of periodic legislative review of the state's agencies, boards, and commissions. The underlying purpose of this legislative review process was to determine the following:

1) Is there a genuine public need for the entity under review?

2) If the answer is yes, is that entity effectively and efficiently performing to meet that need?

The Joint Sunset Committee is a bipartisan committee comprised of ten legislators. Five senators are appointed to serve on the Committee by the Senate President Pro Tempore and five representatives are appointed to serve by the Speaker of the House. Of the five appointed from each chamber, three Committee members are appointed from the majority caucus, and two are appointed from the minority caucus. The Chair and Vice Chair are chosen by the Senate President Pro Tempore and the Speaker of the House respectively, and alternate serving as the Joint Sunset Committee's Chairperson each year. Additionally, the Joint Sunset Committee is consistently reinvigorated with new members each General Assembly, who accept the challenge of leading in an environment that requires making complex and difficult decisions.

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Sunset Review Process

The Joint Sunset Committee is tasked with guiding the sunset review process. The Committee's governing statute mandates that entities can be reviewed every six years, unless a significant and substantiated reason is provided. Sunset reviews are generally conducted over a ten to twelve month period, commencing on or before May 30th when entities are selected to be reviewed by the Joint Sunset Committee for the following legislative year.

An entity is notified of their selection in June and generally receives the first of several questionnaires in July. The questionnaires are designed by Committee staff for the purposes of conducting a comprehensive performance evaluation. The initial request for information may include, but not be limited to, diagrams showcasing the governing structure for the agency, board or commission, goal, objectives, duties, responsibilities, authority, fiscal information and education- to name a few. Responses submitted in the questionnaire(s), as well as information obtained from researching entities in Delaware and those in other states with similar missions, are organized into a draft report.

The preliminary or draft report is provided to Committee members for their review and use during the public hearing process, which is statutorily mandated to begin on or before February 7th each year. Public hearings are scheduled in the evening to allow for greater participation by the public. Public hearings serve as a critical component of the sunset review process, as they provide an opportunity for Joint Sunset Committee members to hear from those who are impacted the most to best determine if the agency, board or commission is protecting the public's health, safety and welfare.

To that end, the Joint Sunset Committee accepts any and all public comment received from the date an entity is selected up for sunset review until the Committee meets to consider that entity's final recommendations. Recommended changes for an entity under review can be submitted through written correspondence, as well as through testimony given at the public hearing. Ultimately, both the Joint Sunset Committee and the sunset review process function at their best when the various stakeholders and the public take an active and vested interest in the Committee's reviews.

At the conclusion of the Joint Sunset Committee's public hearings, additional meetings are scheduled for the purposes of considering recommendations submitted by the entity under review, the Joint Sunset Committee members, various other stakeholders, the public at large, as well as those offered by Committee staff.

Joint Sunset Committee members consider each recommendation individually and recommendations are often adopted unanimously, which speaks to the nonpartisan nature that has typically governed the way members conduct the business before the Joint Sunset Committee. By always keeping in mind the principle goal of the sunset review process, Committee members often come to the same or very similar suppositions.

At the conclusion of a sunset review, the Joint Sunset Committee may recommend the continuance, consolidation, reorganization, transfer, or termination of an agency, board, or

commission. The Committee is mandated by statute to publish a final report on or before May 30th each year, which shall include, but not be limited to, any official action taken by the Committee, adopted recommendations for the entities under review, and a schedule of the sunset reviews selected for the following year.

The Joint Sunset Committee has sunset or terminated a very limited number of active state entities since the first reviews in 1980; however, the more common approach has been to work with the agency, board or commission under review to formalize specific statutory and non-statutory recommendations, with the goal of improving the entity's overall performance and accountability.

The Joint Sunset Committee's governing statute clearly states that the Committee's purpose is not to terminate an agency, board or commission which is sufficiently meeting a recognized need and has been accountable and responsive to the interests of the public. In those instances, the Joint Sunset Committee ultimately strives to strengthen and support these statutorily created entities through the sunset review process.

The majority of the recommendations that the Joint Sunset Committee considers and ultimately adopts require amendments to a state entity's governing statute. A bill is then drafted to include these legislative amendments for introduction in the chamber where the current Committee Chairperson serves as a member. Historically, the vast majority of the bills sponsored by the Joint Sunset Committee have received broad bipartisan support in both chambers of the Delaware legislature. Other legislators appreciate the effort that the review process requires and recognize that the issues have been thoroughly vetted by Committee members prior to the introduction of legislation.

Accomplishments

Since its inception, Delaware's Joint Sunset Committee has performed 241 sunset reviews, evaluating and analyzing approximately 120 state agencies, boards, or commissions.

One of the most significant sunset reviews in recent years successfully reorganized a 35 year old board originally created to provide a method of meeting the hardships imposed upon the innocent victims of certain crimes by compensating them financially for losses sustained as a result of those crimes.

In 2009, the Joint Sunset Committee adopted recommendations and subsequently sponsored legislation renaming the board the Victim's Compensation Assistance Program, transferring its duties and employees to the Delaware Department of Justice, and provided for the staff and executive director to award benefit compensation to victims based on existing criteria. These changes effectively streamlined the compensation process, ensuring victims receive the compensation they deserve in a timely manner.

In 2008, Joint Sunset Committee staff worked with the boards and commission staff in the governor's office to identify inactive gubernatorial appointed boards, councils and commissions to be submitted for sunset review. As a result of these efforts, to date, the Joint Sunset

Committee has terminated 19 inactive entities by sponsoring legislation which upon enactment successfully eliminated them from the applicable governing statutes.

Delaware's Joint Sunset Committee vs. Sunset Committees in Other States

Approximately half of the states have established entities with a similar purpose and function as Delaware's Joint Sunset Committee; however the Texas Sunset Advisory Commission is often used as the benchmark by which all other sunset committees across the country are measured.

In a number of ways, the processes in place in both Delaware and Texas are almost identical. Both states employ specific review criteria, engage in similar sunset review processes, encourage greater participation from the public in the review process, and work to ensure basic recommendations are included for consideration, when applicable.

Two examples of a basic or standard recommendation which Delaware and Texas both utilize include requiring state entities to establish conflict of interest policies, as well as including language to disqualify and remove gubernatorial appointed board members from their positions when specific criteria is met.

There are also some significant and fundamental differences between Delaware's Joint Sunset Committee and the Texas Sunset Advisory Commission, which have greatly impacted how both legislative committees operate today. For example, in Delaware, the number of state entities eligible for sunset review totals more than 300, as the definition for an "eligible agency" is written broadly.

In Texas, approximately 130 state entities are eligible for sunset review, and each of the eligible entity's enabling legislation includes both the periodic sunset review requirement and a date that the entity could be abolished if legislative action is not taken.

With regard to the sunset review schedule, Delaware is prohibited from conducting a sunset review within six years of a prior review. Entities are selected by the Committee members and as such, attention can be diverted to those with developing or ongoing issues that the legislature has not had the opportunity to address.

In Texas, sunset reviews are conducted approximately once every 12 years; however there is some flexibility with changing their regimented schedule should emergencies or other unexpected issues arise.

With regard to action taken or required by each sunset committee, the Delaware Joint Sunset Committee can continue a state entity without enacting any additional legislation. In Texas, a state agency is abolished by the Sunset Advisory Commission unless the Texas Legislature passes a bill to reauthorize the agency for 12 additional years.

Finally, Delaware conducts sunset reviews for approximately four to six agencies, boards or commissions each year, as the Committee is staffed with one fulltime employee.

In comparison, Texas conducts approximately 20-30 sunset reviews on eligible entities each year, and employs 28 staffers to assist in this process.

At this time, I will be happy to answer any questions you might have about the Joint Sunset Committee or the sunset review process in Delaware.

Respectfully submitted,

Nicole S. Poore
Delaware State Senator- 12th District
Chair, Delaware Joint Sunset Committee

Chairman WARNER. Thank you, Senator.

Dr. ROSENBLOOM.

STATEMENT OF DAVID ROSENBLOOM, DISTINGUISHED PROFESSOR, DEPARTMENT OF PUBLIC ADMINISTRATION AND POLICY, THE AMERICAN UNIVERSITY

Mr. ROSENBLOOM. Thank you very much for this opportunity to provide historical perspective on Congressional efforts to improve the performance of the executive branch administrative agencies.

I will be speaking basically about my findings in the book that you mentioned, Building a Legislative Centered Public Administration: Congress and the Administrative State, 1946 to 1999. The book was written with the assistance of Henry Hogue, Dr. Henry Hogue, who was then my doctoral assistant and now is an analyst in American national government with the Congressional Research Service.

The book is about Congress's effort to reposition itself in 1946 vis-a-vis the executive branch. What had happened was that during the New Deal and World War II, Congress felt that it had been eclipsed almost entirely by the executive branch. Senator La Follette actually asked the question, how can we maintain our place in the constitutional scheme? Congressman Kefauver wrote a book, and in that book he has a chapter, "Is Congress Necessary?" He also suggested that Congress might not exist in another 20 years. That book was published in 1947.

Well, Senator Fulbright sort of nailed the issue, which was how do you combine this newly, very powerful, extensive executive branch with legislative supremacy, and that was the real question Congress faced in 1946. They enacted three major statutes that at first might appear not connected, but, in fact, there are some very strong connections. These are the Administrative Procedure Act, the Legislative Reorganization Act, and the Employment Act, all enacted in 1946.

The Administrative Procedure Act is based on the premise that government had become so extensive, Congress could not avoid delegating its legislative authority to the agencies, and equally important, that it would have to regulate how that legislative authority was used.

The Legislative Reorganization Act created, really, the forerunner of the current committee structure in the House and in the Senate and also charged the standing committees with exercising continuous watchfulness of the agencies under their jurisdiction.

The Employment Act was to promote full or almost full employment in the economy through countercyclical spending, but from the point of view of several members of Congress, it was really a bill to restore the functions of Congress, because during the New Deal, Congress had kind of lost control over where public works spending went.

So, we had these three major statutes, and altogether, we have this chart. They conceptualized Congress's relationship to the agencies as that the agencies are actually Congress's extensions for legislative functions, primarily rulemaking, and that Congress has an obligation to exercise supervision over the agencies. We obviously cannot go in right now into all these statutes, but the reason for

putting them up there is that it is clear that 1946—it did not just stop in 1946, but, rather, continued.

Now, one thing 1946 did not do in terms of the framework Congress created was to focus on productivity in a way that would be successful. The Legislative Reorganization Act did provide for four professional staff for each standing committee. The idea behind that, as Senator Dirksen put it, was that these staff would go and live in the structure of government, and then when members of Congress held hearings, committee hearings, they would sit at the elbows of the members of Congress and they would say, "Ask him this question. Ask him that question. Ask him about this expenditure. Ask him about that procedure."

That function, I believe, was institutionalized in the Inspector General Act of 1978. I think that was part of the idea, what the Inspectors General would be doing. However, the Inspectors General, to a very large extent, have focused more on audit and investigation than on productivity and advancing technology and innovation in the agencies.

So that productivity piece still remains. Now, the GPRA Modernization Act does take a major step in that direction, for sure, and maybe that is the only step necessary at this point, is really to implement it well, and it may work.

In my written statement, though, I do suggest it might be worth looking at the possibility of having a Chief Productivity Officer within the agencies. This would be a little bit different from the GPRA arrangement with the Performance Improvement Officer because I think that the Chief Operating Officer and the Improvement Officer will probably be focused on implementing the strategic plan and measuring more than looking forward toward how can agencies develop a way of innovating, of finding better ways to do programs across the board, not in the silos within the agencies but actually across the boards. So that is the basic concept behind the Chief Productivity Officer.

Thank you very much, and I am certainly happy to answer questions.

[The prepared statement of Mr. Rosenbloom follows:]

Testimony of
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Before the
Task Force on Government Performance
of the
United States Senate Committee on the Budget

May 16, 2013

Comments on "Silo Busting: Effective Strategies for Government Reorganization"

"There are certain political duties imposed upon many officers in the executive department the discharge of which is under the direction of the President. But it would be an alarming doctrine that congress cannot impose upon any executive officer any duty they may think proper which is not repugnant to any rights secured and protected by the constitution, and, in such cases, the duty and responsibility grow out of and are subject to the control of the law, and not to the direction of the President" (Kendall v. United States, 37 U.S. 524, 610 [1838]).

I would like to thank the Task Force on Government Performance of United States Senate Committee on the Budget for this opportunity to provide historical perspective on Congressional efforts to improve the performance of the Federal service. My name is David H. Rosenbloom and I hold the rank of Distinguished Professor of Public Administration in the School of Public Affairs at American University in Washington, D.C. My testimony is largely based on my book, *Building a Legislative-Centered Public Administration: Congress and the Administrative State, 1946-1999* (University of Alabama Press, 2000). The book was written with the assistance of Dr. Henry B. Hogue, then my doctoral research assistant and now an Analyst in American National Government at the Congressional Research Service. We sought to determine whether Congressional enactment of the Administrative Procedure Act, the Legislative Reorganization Act, and the Employment Act, all in 1946, was a matter of passing three major statutes largely independently of one another or part of a concerted effort by Congress to reposition itself with respect to administration of the executive branch. We concluded that it was the latter and that Congress subsequently built upon its 1946 model for involvement in Federal administration through much additional legislation.

Briefly, the executive branch had grown so rapidly and large during the New Deal of the 1930s and World War II that Members of Congress, along with Senator Robert La Follette, Jr. (Progressive-WI), were concerned that the legislature might "lose its constitutional place in the Federal scheme."[1] It was a time in which Congressman Estes Kefauver (D-TN) could seriously ask, "Is Congress necessary?" and Members of Congress could "give serious thought to the

[1] Robert La Follette, Jr., "Congress Wins A Victory Over Congress," *New York Times Magazine*, August 4, 1946, p. 11.

possibility that Congress might not survive the next twenty years."[2] The "basic problem," as noted by Senator William Fulbright (D-AR), was "one of combining a strong executive with the maintenance of legislative supremacy."[3] There was no single comprehensive Congressional plan for achieving this objective. Instead there was extensive legislative discussion and debate that produced a common institutional understanding regarding the roles Congress, its Members, and committees should play in Federal administration.

Collectively, the three statutes mentioned above were partially designed to provide Congress with much greater direction of Federal administration. The Administrative Procedure Act (APA) was based on the recognition that the scope of the national government had become so extensive that Congress could not avoid delegating its legislative authority to Federal agencies and, equally important, that it was responsible for regulating the use of that power by the executive branch. The APA establishes procedures for rulemaking, enforcement, and adjudication. As augmented by the Freedom of Information Act (1966), the Government in the Sunshine Act (1976), and subsequent legislation, it provides for transparency in Federal administration. It also established parameters for judicial review of administrative action.

The Legislative Reorganization Act (LRA) revamped the committee structure in both Chambers of Congress, assigning substantially parallel jurisdictions to committees in the House and Senate and designing their overall organization to follow that of the executive branch. A major feature of the act was to improve legislative oversight of Federal administration by charging "each standing committee of the Senate and the House of Representatives" with exercising "continuous watchfulness of the execution by the administrative agencies concerned of any laws, the subject matter of which is within the jurisdiction of the committee."[4] The LRA also contains two subtitles, the Federal Tort Claims Act and the General Bridge Act, which shifted historically legislative functions—compensating individuals injured by Federal employees in the course of their official functions and approving the construction of bridges over navigable streams—to executive agencies.

The main objective of the Employment Act was to promote employment by coordinating Federal spending, primarily on valuable public works, with the business cycle. However, it was also intended to ensure Congressional control of Federal agencies' spending. As Senator Joseph O'Mahoney (D-WY) emphasized, the act was "a bill to restore the functions of Congress" and "does not authorize the Executive to spend a dime,"[5] a point amplified by Senator Alben Barkley (D-KY), "No matter what the national budget may provide, no matter what the recommendations of the President may be, no matter what his annual [economic] report may contain . . . under this bill no project can be carried out or begun unless Congress later on separately, by other legislation, shall authorize specifically the things which are to be done."[6]

Taken together, as legislative debate demonstrates,[7] these three statutes formed the core of Congress' overall effort to restructure its roles in executive branch administration by treating

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[2] Estes Kefauver and Jack Levin, *A Twentieth Century Congress* (New York: Essential Books, 1947), title of chapter 1, and p. 5.

[3] U.S. Congress, *First Intermediate Report: Organization of the Congress*, Joint Committee on the Organization of Congress, 79th Cong., 1st sess. (Senate Document 79-36). (Washington, D.C.: U.S. Government Printing Office, April 2, 1945), p. 20.

[4] Public Law 79-601; 60 Stat. 812, section 136 (August 2, 1946).

[5] *Congressional Record*, vol. 91, 79th Cong, 1st sess. (Washington, D.C.: U.S. Government Printing Office, 1945), p. 9055.

[6] *Ibid.*, p. 9131.

[7] The author and Dr. Hogue perused over 16,000 pages of the *Congressional Record* for 1946 and part of 1945.

the agencies as its extensions for legislative functions (especially rulemaking), regulating their procedures, and strengthening its capacity to supervise their implementation of statutes and spending on public works. Subsequent legislation built upon Congress' 1946 framework for involvement in Federal administration as outlined in the following chart:

Agencies as Extensions of Congress for Legislative Functions	Congress as Supervisor
•Federal Advisory Committee Act, 1972	•Legislative Reorganization Act, 1970
•Regulatory Flexibility Act, 1980	•Congressional Budget and Impoundment Control Act, 1974
•Paperwork Reduction Acts, 1980, 1986, 1995	•Inspector General Act, 1978
•Negotiated Rulemaking Act, 1990	•Chief Financial Officers Act, 1990
•Congressional Review Act, 1996	•Government Performance and Results Act, 1993
•Small Business Regulatory Enforcement Fairness Act, 1996	•Government Performance and Results Modernization Act, 2010
•Assessment of Regulations and Policies on Families Act, 1998	
•Data Quality Act, 2000	

Strengthening Oversight for Administrative Productivity

In 1964, with specific reference to transparency, Senator Everett Dirksen (R-IL) placed responsibility for Federal administrative behavior on Congress' doorstep: "These departments and agencies have been invested by us in the Congress with certain functions and duties in the administration of programs we have authorized. . . . I am afraid that means the burden of devising the proper procedures falls upon us in the Congress who have established the administrative system."[8] Earlier, the LRA had originally used the term "continuous surveillance" in place of "continuous watchfulness"[9] and provided that each standing committee would have four professional staff to help perform this function, with the exception of the Appropriations Committees which could have additional staff as needed.[10] Along with others who thought the staff would work "in close contact with executive agencies,"[11] Senator Dirksen thought they should have an investigatory role and "must go and live in the structure of Government and find the weaknesses and then . . . sit at the elbows of the Members of Congress as they are assembled in committees and say: 'Ask him this question; ask him that question; ask him how he justifies this expense or that procedure.'"[12]

Enactment of the Inspector General Act in 1978 institutionalized much of this monitoring

[8] U.S. Senate, *Freedom of Information Act Source Book: Legislative Materials, Cases, Articles*, Committee on the Judiciary, Subcommittee on Administrative Practice and Procedure, 93rd Cong., 2nd sess. (Washington, D.C.: U.S. Government Printing Office, 1974), p. 106.

[9] See *Congressional Record*, vol. 92, 79th Cong., 2nd sess. (Washington, D.C.: U.S. Government Printing Office, 1946), p. 6445 for Senate debate on these terms.

[10] Public Law 79-601; 60 Stat. 812, section 202 (August 2, 1946).

[11] Representative George Bender (R-OH), *Congressional Record*, vol. 92, 79th Cong., 2nd sess. (Washington, D.C.: U.S. Government Printing Office, 1946), p. 10060.

[12] *Ibid.*, p. 10051.

function in the Offices of the Inspectors General (IGs). Following Senator Dirksen's approach, the IGs have been likened to "congressional 'moles' within their agencies."[13] The IGs are charged with keeping Congress and agency heads "fully and currently informed about problems and deficiencies relating to the administration of . . .programs and operations and the necessity for and progress of corrective action."[14]

Studies indicate that the IG function is tilted toward investigation and audit to root out waste, fraud, and abuse, as opposed to designing systems for productivity and efficiency.[15] In 1993, the National Performance Review (NPR) addressed this theme by making "reorienting the Inspectors General" a major component of its overall reform effort.[16] The NPR, claimed that "At virtually every agency he visited, the Vice President [Al Gore] heard federal employees complain that the IGs' basic approach inhibits innovation and risk taking. Heavy-handed enforcement—with the IG watchfulness compelling employees to follow every rule, document every decision, and fill out every form—has a negative effect in some agencies."[17] The NPR urged the IGs to devote more time to promoting cost-effectiveness in agency operations and to focus on improving managerial control systems for preventing waste, fraud, and abuse. However, such a reorientation faces significant hurdles because the IG Act institutionalizes the investigatory and audit functions in section 3(d), which provides:

> Each Inspector General shall, in accordance with applicable laws and regulations governing the civil service—
>
> (1) appoint an Assistant Inspector General for Auditing who shall have the responsibility for supervising the performance of auditing activities relating to programs and operations of the establishment, and
>
> (2) appoint an Assistant Inspector General for Investigations who shall have the responsibility for supervising the performance of investigative activities relating to such programs and operations. [18]

It appears that something different than the approach first embodied in the 1946 Legislative Reorganization Act and later incorporated into the 1978 IG Act might be useful in attending to administrative productivity. The Government Performance and Results Act of 1993 and the Government Performance and Results Modernization Act of 2010 provide important alternatives. However, neither statute follows Senator Dirksen's call for an official "to go and live in the structure of Government," which may be necessary to identify broad impediments to greater administrative productivity, whether they are silos within agencies, poor organization, inadequate systems for human resources, problematic information technology, failure to integrate multiple functions, including those related to democratic-constitutionalism such as freedom of information, or other problems.

This is not a propitious moment for recommending that another administrative office be established within each major agency. Yet, in recent years one strategy for trying to ensure that administrative agencies function well has been to appoint "chiefs" with responsibility for specific

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[13] Mark Moore and Margaret Gates, *Inspectors-General: Junkyard Dogs or Man's Best Friend* (New York: Russell Sage Foundation 1986), p. 10.

[14] Public Law 95-452; 92 Stat. 1101, section 2 (October 12, 1978).

[15] Moore and Gates, *Inspectors-General*, pp. 12, 36. See also Paul C. Light, *Monitoring Government: Inspectors General and the Search for Accountability* (Washington, D.C.: Brookings Institution, 1993), p. 57.

[16] Al Gore, *From Red Tape to Results: Creating a Government That Works Better& Costs Less* (Washington, D.C.: U.S. Government Printing Office, 1993), p. 31.

[17] *Ibid.*, p. 32.

[18] Public Law 95-452; 92 Stat. 1101 (October 12, 1978).

areas such as Chief Information Officers, Chief Human Capital Officers, Chief Financial Officers, Chief Freedom of Information Officers, Chief Learning Officers, Chief Data Officer (in the Federal Communications Commission), Chief Records Officer (National Archives and Records Administration), and Chief Performance Officer (Office of Management and Budget). In some respects, these "chiefs" reflect and may even contribute to the silo problem. With some trepidation, I offer the idea that perhaps agencies now need "Chief Productivity Officers" with *overall responsibility for promoting agency-wide productivity* by identifying and developing managerial strategies for overcoming administrative barriers to better performance. Like IGs, Chief Productivity Officers would "live in the structure" of the executive branch and report to Congress as well as to agency heads. Unlike the IGs, their main objective would be to bring a managerial focus to enhancing productivity by developing effective strategies for integrating agency operations, continuous innovation, and upgrading organizational and technical systems as new knowledge and technologies warrant.

Thank you for listening to my testimony today. I hope the historical background I provided on how Congress repositioned itself with respect to Federal administration in 1946 by viewing executive branch agencies as its extensions for legislative functions and subjecting them to greater supervision will prove helpful to you. I would be pleased to answer any questions regarding my comments or related matters that you may have at this time or after this hearing.

Chairman WARNER. Thank you, Dr. Rosenbloom.

I know Senator Coons has got to get back to a markup, so I am going to allow him to go ahead and take my time, and then we will go to Senator Johnson, and then I will resume.

Senator COONS. Thank you very much, Chairman Warner, and thank you for your forbearance today of competing priorities. As we all know, we serve on several committees and at times it is difficult to juggle them all.

Senator Poore, if you would, what I heard in your description of Delaware's Joint Sunset Committee some could take as real lack of success. It eliminated 19 boards and commissions, I believe, the last year, but these were defunct, understaffed, or irrelevant. that is great. My sense of the Joint Sunset Committee is it really has not eliminated whole agencies of government, the sort of big things that are the most expensive or most demanding, yet your testimony implies that has been effective. So help me with how the committee has been successful if it has not eliminated whole departments.

What is the dynamic that allows a bicameral, bipartisan process of negotiation where unanimous recommendations are essentially adopted legislatively in consultation with the very departments they seek to review. Has it worked? Has it been effective? If so, why? If not, why not?

Ms. POORE. Certainly, Senator Coons. It has been effective, and what our goal is with this committee is to offer the opportunity to the agencies, boards, and commissions, quite frankly, to have bragging rights, to talk about how they have invested back in the public and the wonderful things that they have done for the public. Our job at that point is then to determine that they have successfully done that by the laws in which they have written or the policies that they have written forth for their organization, agency, or commission.

When we have found, and as a new Chairwoman for this particular committee, when that has taken place in the past, they have either been incorporated under another agency, such as the Department of Justice, and so, therefore, those employees have gone underneath that department. But it has proved to be successful.

Senator COONS. So if I hear you right, there are recent instances where you have got a functioning entity, but it is underperforming.

Ms. POORE. Yes.

Senator COONS. It is not meeting its mission. It is off focus. It has been years since it has been effectively reviewed. And you have been able to work out legislatively an agreed to process by which it is downsized, streamlined, and then put into another agency that can offer more effective operational oversight.

Ms. POORE. Correct.

Senator COONS. So the three outcomes we have seen in recent years, one, just outright elimination. That has mostly happened with boards or commissions that were non-functioning.

Ms. POORE. Mm-hmm.

Senator COONS. Downsizing and reallocation to a stronger oversight agency. Or, because they know you have the legislative power to restructure them or eliminate them, the large departments of our relatively small government come in knowing that they have

to do better and they do perform better and you leave them largely alone.

Ms. POORE. That is—

Senator COONS. Is that the range of the three outcomes you have seen in Delaware?

Ms. POORE. Yes.

Senator COONS. Any lessons you have learned by looking at other State commissions? You mentioned in some detail Texas. You mentioned about half of the States have comparable sunset committees. What lessons have you seen and what things do you think we in the Federal Government should consider as we discuss the possibility of a comparable sunset committee for the Federal system?

Ms. POORE. So, Senator Coons, again, being a new committee member, what I would suggest is that bringing these boards, commissions, and agencies forth to be able to understand that they are actively working, that they are producing great results for the public, that is going to be your first determination on whether or not and where to move forward, and whether that means that you are incorporating them into another agency or you are allowing them to stand alone.

Senator COONS. We have had some hotly contested discussions here about whether whole agencies of our current Federal Government should exist or whether they need to be significantly streamlined. What I think commends Delaware's example is that it does function in a bipartisan and bicameral way and does actually achieve results. So, I am grateful for your presentation today and for those who have long served in our State Senate and who have made this an effective committee over now two generations. Thank you, Senator.

Ms. POORE. Thank you.

Chairman WARNER. Senator Johnson.

Senator JOHNSON. Thank you, Mr. Chairman.

By the way, I think a sunset committee is a great idea. I have been proposing one since I got here. I have not been crafting it properly to get the kind of takers on it.

I also, by the way, appreciate the hearing we had, was it last year, about one in, out rule. Again, I would like one in, ten out. [Laughter.]

Senator JOHNSON. The problem, certainly, with, I think, all levels of government is everything is additive. There really is not a process other than something like a sunset committee that is actually subtractive, something that is formalized. And so I certainly commend Delaware and the other States that have that.

Is there a method, Senator Poore, of actually prioritizing the look, or is it just basically cycling through every agency?

Ms. POORE. Agency, that you are asking this question, Senator, is that this past week, we actually decided on what agencies will be reviewed for next year. In consideration of what we saw and what was presented by our analysts, there are two agencies that have not been reviewed, ever, and there are two agencies that have been reviewed.

But as an example, in the State of Delaware, and actually nationwide, we are going to be reviewing physical therapy and athletic directors, the reason being is at one point in time, in 1983

when they were first reviewed, there was just a Bachelor's level degree needed. Since then, it has increased to a Doctoral degree. And for that reason alone, we are going to review that, because we know that the code needs to be updated and so that would be a good start for us for the physical therapy and athletic directors.

Senator JOHNSON. You mentioned Texas has 28 staff members. How many does Delaware have?

Ms. POORE. Well, I am happy to say that we have one full-time staff member and she actually is with us today. She has done an outstanding job in keeping us on track. Sarah Wootten joined me today in preparation for this hearing.

Senator JOHNSON. My guess is as you proceed with the sunset committee, you would actually be probably dollars well spent to beef up that staff. Do you have any comparable groups in Delaware that would act kind of like the GAO to prioritize some of these problems, you know, high-risk lists or those types of things?

Ms. POORE. Senator, we work together well with the committee. The committee, because we are not staffed at the level of Texas, we all work very well together in making sure that we are pulling the right agencies for review.

Senator JOHNSON. Okay. Again, my guess would be this would be a very cost effective—kind of like GAO is actually money pretty well spent.

Dr. Rosenbloom, I have sat through now a number of hearings where we talk about how do you make government more efficient, more effective, more productive. I mean, I appreciate your suggestion about a Productivity Officer, but I come from the private sector, as does Senator Warner. In the private sector, you have the profit motive. You have to be successful or you are just out of business.

The problem I see with government is failure is rewarded. I just covered the statistics in terms of declining SAT scores, and what do we do? We keep pouring more money into it.

So my concern is, okay, an agency is not particularly productive, so let us stand up another department within that agency. We will call it productivity. Do you really think that is going to work? I mean, is there any evidence it ever has?

Mr. ROSENBLOOM. Well, in my written statement, I said that I realize this is not a propitious moment to advocate for this and that I do it with great trepidation precisely for that reason.

I think, whether the Chief Productivity Officer is the right solution or not, almost everything we are talking about, including what the GAO does, is sort of retrospective. It is not proactive. It is not looking forward to make things much more efficient. It finds the problem and then tries to fix it.

And so what I am trying to get at, is there a way, and I do not have a specific answer, but is there a way to have somebody looking out for the whole agency from a productivity point of view, looking for innovation, somebody who has got knowledge of management, contemporary knowledge of management and technology and could make recommendations when application of that knowledge is warranted.

Also, in the written statement, see, I think this kind of officer, whatever it might be, should be in close contact with the relevant

committees in Congress. I think that is the link in this 1946 approach that did not work out quite the way Senator Dirksen thought it would work out. So it would be a source of both innovation and providing a great deal of information to Congressional committees.

It is not an easy problem. I mean, obviously, if it were an easy problem, we would have solved it.

Senator JOHNSON. So, and again, coming from the private sector, as a manufacturer, I am always looking for the root cause, and so you need information. And I guess that would be a question for both panelists. Do you know, or have you seen, not only in the Federal Government but in State governments, have you seen a governmental entity that actually does a pretty good job of actually measuring the intended consequences of what they are trying to do? I mean, are there other actually solid examples of that, or is it maybe just hit or miss? And I would like to ask both panelists whether you have seen a good example that we could maybe look toward.

Mr. ROSENBLOOM. Well, if I speak first, I cannot think of a good example of that off the top of my head right now. I can go back to my library and all and look.

Senator JOHNSON. If you find one, let me know.

Mr. ROSENBLOOM. I certainly will.

Senator JOHNSON. Senator Poore.

Ms. POORE. Senator Johnson, I would agree. I am not aware of any at this time.

Senator JOHNSON. So, in the State of Delaware, even though you have got the sunset committee, you are still battling with the fact that you really do not have information on measurement of programs and you struggle with that as part of your process.

Ms. POORE. Senator Johnson, I would probably want to do more research to give you a better defined answer on that and I am happy to do so at a later time.

Senator JOHNSON. Okay. Well, thank you. Thank you, Mr. Chairman.

Chairman WARNER. Well, thank you, Senator Johnson.

I do think that one of the things, and we are still working through this idea, as well, how you get the incentives at the agency. I am not as—I am trying to find the right word—

Senator JOHNSON. Skeptical.

Chairman WARNER. I am not as skeptical about all of the functionality and operations. I have seen a lot of waste in the private sector, as well. But you are right that there is no incentive, ever, to downsize or take away functionality, outmoded rules or regulations, and something that realigns incentives. And the one in, one out, which is the U.K. version, which actually, as we dug into, was not quite as robust as it looked at first—

Senator JOHNSON. If you add—

Chairman WARNER. Yes, but where you have got—if you add, you have got to find something to take out, you know, both makes the agency then think, is there a way we can— before we do this additive, can we do a slightly less additive that may still get some of the goal because you have got an incentive there that you have actually got to remove something. And I look forward to working with

you and others in trying to get these incentives aligned the right way.

I just have two quick questions, and I really thank the panel. Senator Poore, you are out of Dover, so I am going to ask you a hard question now. One of the things—and we, this panel up here, we are all made up of generally newer members, so we are not quite as established as some—

Senator JOHNSON. It is not our fault.

Chairman WARNER. No. It seems here that efforts to eliminate, downsize, consolidate, often run into the authorizers and/or appropriators of these programs who sometimes will take great affront that their particular program, that we have the audacity to think that it might be worthy of being consolidated or eliminated. You know, you have kind of got over the hurdle of bicameral, bipartisan. Great. How do you take on your appropriators?

Ms. POORE. Senator, again, we offer the opportunity in front of this committee bragging rights. Tell us about your agency, your board, your commission. Tell us how effectively you are taking care of the public. So it is the best presentation. It is the follow-up. It is the financials. It is all of those things that make a small business function well, and being able to see that happen in an agency and knowing that we are protecting the public, I think everybody comes with the best information, with the best package. And when we see that something needs to be adjusted, we are putting in legislation. We are offering guidance with this committee that sits in front of them on how we can best direct them to be a better agency.

Chairman WARNER. I guess the only thing I would just say, again, if you just come forward and talk about your successes, that is of merit in terms of making priority. But one of the things we have done with GPRA, and I think the jury is still out whether we really use the information, but no matter what agency you are, you have got good programs, and chances are, you have got some that are not as good. Trying to also have a process where the actual operation and function of government has to come in and publicly acknowledge where they think there is room for improvement or some of those less successful programs is really something that is missing.

And I have got to tell you, we had, as we were trying to move GPRA forward and there was some push-back, I thought at first it was partisan in nature. It was much more—and not even the senior levels of the administration, but deep within each of the agencies, this reluctance to say, hey, we do not want to have to acknowledge our less successful efforts. And we have got to get that into the mix. You may be flush in Delaware. We are not too flush at the national level. We are going to have to find ways to do this consolidation and elimination.

And again, I think the jury is still out whether we use this information. It has taken us three years to get the administration to come forward with these underperforming programs. It will be up to us to say whether we will use this data.

Last question, and again, I thank the panel. Dr. Rosenbloom, one of the things that you talked about in your historical basis was that, initially, the IG was going to maybe play this role. It seems like the IGs have evolved into more of the whistleblower or the

audit function or the investigative role. Is there a way to rethink about the IG role in a way that might be about productivity and performance?

Mr. ROSENBLOOM. I think it will be difficult. I think the IG culture is probably pretty well institutionalized now. But also, the statute requires this separate system for audit and a system for investigation. So it is actually built into the statute that those are the two major functions. The National Performance Review wanted to reorient the IGs and they, for the reasons that you are sort of mentioning, and I do not think they made any real progress on that.

I mean, that is why I am suggesting, with trepidation, that maybe some other functionary like an IG, who reports to the agency head or the Chief Operating Officer and Congress, or the Congressional committees, and does it frequently, would be better. The IGs are kind of sporadic. Their reports are extremely valuable, but they are not aimed at greater productivity. They are aimed at correcting waste, fraud, and abuse.

Chairman WARNER. I think you do raise a good point that most of our actions from GAO on, as good of work as they do, are all retrospective as opposed to how do you look forward—if you are going to implement a new initiative, how do you look forward in terms of productivity on the front end. It is an interesting point.

Senator JOHNSON. Just one quick question. I think, Senator Poore, you were talking—I think it might have been Texas, that their sunset committee actually recommends action, and would the program they are recommending sunset without legislative action? I mean, is it automatic but for legislative action?

Ms. POORE. Yes, sir.

Senator JOHNSON. Is that the way Delaware's works?

Ms. POORE. No, not at all.

Senator JOHNSON. Okay. I like the Texas program.

Chairman WARNER. Surprise, surprise, surprise.

[Laughter.]

Chairman WARNER. With that, thank you, Senator Johnson. Thank you, witnesses.

The hearing is adjourned.

[Whereupon, at 11:39 a.m., the committee was adjourned.]

5/16 SBC Hearing Question on the Tax Gap (Sen. Whitehouse)

Q. Mr. Dodaro, in your testimony you noted that the net tax gap—the difference between the taxes owed and the taxes ultimately paid—was $385 billion in 2006, the latest year for which we have data. If we collected that extra $385 billion each year, we could cut in half the deficits over the next decade. It strikes me that there are three categories within the tax gap:

> **(1) a portion that could be collected with the types of management and performance reforms you [GAO] propose**
> **(2) a portion that could be collected if the IRS had greater appropriations with which to grow its enforcement team; and**
> **(3) a portion—much of it hidden overseas—that will be uncollectable unless we change the law to give the IRS new innovative enforcement tools.**

1. Do you have a sense of the relative sizes of these three categories of the tax gap?

A. GAO's December 2012 report identified the net tax gap, according to IRS estimates, as approximately $385 billion. Unfortunately, available data from the IRS does not support an estimate of how much of the tax gap estimate would fall into the categories outlined in this question.

2. What is the return on investment for each additional dollar IRS gets for enforcement? By how much would Congress need to increase appropriations to reach the point at which the return on investment is under 1?

A. Every year, IRS publishes information regarding the coverage rates and additional taxes assessed through its enforcement programs. However, relatively little information is available on how much revenue is actually collected as a result of these enforcement activities (called direct revenue). We recently estimated direct revenue return on investment (ROI) and found that the ROI varied depending on the type of enforcement activity and taxpayer characteristics.[1] For example, for the 2 years of cases we reviewed, taxpayer examinations of taxpayers with positive incomes of at least $200,000 produced significantly more direct revenue per dollar of cost than exams of lower income taxpayers. Across income groups, examinations conducted through correspondence were significantly more productive than face-to-face examinations in terms of discounted direct revenue per dollar of cost. We estimated that the average direct

[1]GAO, *Tax Gap: IRS Could Significantly Increase Revenues by Better Targeting Enforcement Resources*, GAO-13-151 (Washington, D.C.: Dec. 5, 2012).

revenue yield per dollar of cost across all correspondence exams of individual taxpayers was $7. In contrast, the average direct yield per dollar for face-to-face examinations of individual taxpayers was $1.8.

It is unclear at what level of enforcement cost will result in those costs outweighing increase in direct revenue. As we noted in GAO-13-151, the average revenue yield may decline as enforcement resources are added; however, little is known about the likely rate of decline in the marginal return (the amount collected for each additional dollar spent) because IRS currently does not identify the marginal cases worked each year. Given the potential importance of this issue, we recommended that IRS develop estimates of the marginal direct revenue and marginal direct cost within each enforcement program and each taxpayer group. IRS agreed with the recommendation but has yet to implement it.

3. How much of the tax gap is due to overseas tax dodging, and what can Congress do about it?

A. There is no precise estimate of how much money the U.S. Treasury loses due to unreported income from offshore accounts. Former IRS Commissioner Charles O. Rossotti said at a congressional hearing in 2002 that he believed offshore noncompliance to be several tens of billions of dollars, but did not have a precise number.[2]

Given the mobility of money and proliferation of foreign financial institutions, the potential for U.S. taxpayers to evade taxes on funds held in offshore accounts is greater than ever. Likewise, foreign-source income presents a variety of compliance challenges related to the complex structure of multinational corporations, transfer pricing, and the taxation of income from intangible property. IRS has implemented various programs designed to entice taxpayers to voluntarily disclose their offshore accounts. Likewise, IRS is implementing recently enacted requirements related to financial institutions and taxpayers reporting to IRS on certain offshore accounts and assets of U.S. account holders. As it continues to implement its voluntary disclosure efforts and strategies for using information received on offshore accounts, IRS may be able to further its efforts to ensure offshore tax compliance. For example, GAO recently recommended that IRS leverage information it receives on offshore financial activity and take

[2]U.S. Senate Committee on Finance, "Schemes, Scams and Cons: The IRS Strikes Back," hearing on April 11, 2002.

other steps to better identify taxpayers with undisclosed offshore financial activity. IRS agreed with the recommendations but had yet to implement them.[3]

[3]GAO, *Offshore Tax Evasion: IRS Has Collected Billions of Dollars, but May be Missing Continued Evasion*, GAO-13-318 (Washington, D.C.: Mar. 27, 2013) and *Foreign Account Reporting Requirements: IRS Needs to Further Develop Risk, Compliance, and Cost Plans*, GAO-12-484 (Washington, D.C.: Apr. 16, 2012).

5/16 SBC Hearing Question on Unintended Consequences (Sen. Johnson)

Q. Have you seen any measurement of unintended consequences of a government program in any government program you've ever looked at?

A. We have examples from two areas of our work that have touched upon this question:

Regulatory reviews

- In prior work, we have identified potential benefits of conducting retrospective regulatory reviews, noting, for example, that these reviews can identify unintended consequences of government programs and that retrospective evaluations of regulations could help inform Congress and other policymakers about ways to improve the design of regulations and regulatory programs. Agencies review existing regulations to determine whether they should be retained, amended, or rescinded, and these regulatory reviews can help provide information on the performance of the regulations used by regulatory programs to achieve their missions. We also reported that agencies believe that retrospective reviews have resulted in cost savings to their agencies, for example by reducing costs associated with implementing and enforcing outdated or unproductive regulations. Additionally, we reported that the usefulness of conducting retrospective reviews was that regulations can change behavior of regulated entities, and the public in general, in ways that cannot be predicted prior to implementation. We have also examined whether agencies' retrospective reviews identified intended or unintended consequences of the regulations, and reported that some agencies in the scope of our review had while others had not. In 2012, based on our prior work, the administration issued an executive order and related guidance for agencies that requires agencies to develop and implement retrospective review plans. At Senator Johnson's request, we are also starting follow-up work on this topic, including examining the extent to which agencies are incorporating these reviews into their processes for measuring and achieving agency performance goals.

- For more information, see GAO, *Reexamining Regulations: Opportunities Exist to Improve Effectiveness and Transparency of Retrospective Reviews*, GAO-07-791 (Washington, D.C.: July 16, 2007).

5/16 SBC Hearing Question on Unintended Consequences (Sen. Johnson)

Program evaluation

- Our body of work on program evaluation has highlighted that program evaluations should look for potential problems in implementation or results. In our prior work, we reviewed federally supported efforts to review evaluations identify which social interventions were most effective, and found that 2 of the 6 programs specifically review evaluation studies for evidence of both potential benefits and harm.
- For more information, see GAO, *Program Evaluation: A Variety of Rigorous Methods Can Help Identify Effective Interventions*, GAO-10-30 (Washington, D.C.: Nov. 23, 2009).

ENHANCING ACCOUNTABILITY AND INCREASING FINANCIAL TRANSPARENCY

THURSDAY, SEPTEMBER 18, 2013

UNITED STATES SENATE,
COMMITTEE ON THE BUDGET AND THE TASK FORCE ON
GOVERNMENT PERFORMANCE,
Washington, D.C.

The Committee met, pursuant to notice, at 10:03 a.m., in Room SD–608, Dirksen Senate Office Building, Hon. Mark Warner, Chairman of the Task Force, presiding.

Present: Senators Warner, Whitehouse, Ayotte, and Portman.

Staff Present: John Righter, Amy Edwards, Gregory McNeill, and John Lawrence.

OPENING STATEMENT OF CHAIRMAN WARNER

Chairman WARNER. Good morning, everyone, and I would like to bring this Committee hearing to order. Before we get started, I want to—and I know Senator Ayotte joins me in this—reflect for a moment on the tragedy that took place a couple days ago with the Navy Yard. Obviously, as so many elected officials and others have said, our prayers are with the victims and their families and all the first responders at the scene. Five of the 12 victims were Virginians, and we in Virginia already know too much about the destruction wrought by such trauma. So, again, our thoughts and prayers are with those, and clearly we need to find out on a going-forward basis how we can make these installations more secure. That is obviously the subject of another matter, but I thought it was appropriate that we at least acknowledge that this morning.

We do want to welcome our witnesses and guests today to the Budget Committee's Government Performance Task Force on "Enhancing Accountability and Improving Financial Transparency." And I want to again thank Ranking Member Senator Ayotte for joining today on this important topic.

I have to acknowledge that—when I first got to the Budget Committee, having been a Governor and somewhat obsessed about these issues, I think there was an effort made by the then-Chair to say, "How can we make sure that Warner does not be too much of a pain in the neck?" So they gave me this working area. I am not sure if you got stuck with that same responsibility, but this notion that we have got to find ways to make our Government more accountable, more efficient, better value for our taxpayer dollars is something that a lot of members talk about, but to kind of dig in and do the hard work on how we actually get there is a bit more of a challenge.

So that is, again, where we start today's hearing. It is long overdue, and incredibly important. We have got to do a better job of figuring out and decoding for the American public, how our Federal dollars are actually spent and what kind of value we get for the buck.

Over the past several years, I have been working on this area of financial transparency. There are efforts, similar efforts, in the House, and we will come back to that in a moment. This should be an area where I think there should be a great deal of bipartisan accord, and actually it should be an area that I hope we can, on this issue of the DATA Act, actually move forward.

We are about to go into budget debate part 4 or part 5 coming up, I think, right now, as we think about debt ceilings, super committees, fiscal cliffs. I somehow fear that this next round may be—while there is public fatigue on some of this issue, this next round could actually be one of the most challenging because there seems to be even less of a path forward than we have seen in the past. And while we will work through part of this, a corollary to the budget issues are the issues of, okay, even once we hit these top-line numbers, how do we make sure that those numbers, whatever they are, are spent in a more effective and efficient manner. And that is, again, the work of this task force.

I believe very strongly that our Federal Government— and I did not come to this totally as a neophyte. I came as a former business guy and a Governor. Until I got this job, I did not fully appreciate how completely inefficient much of our Federal Government was in terms of its organization, its structure, and clearly issues around transparency.

This year, the GAO identified hundreds of duplicative programs across Federal agencies. For example—and I know this is something that Senator Coburn had pointed out a number of times, and I 100 percent agree with him—we have 82 different wind-related energy programs in six different agencies. You cannot get good value for your dollar if you have got limited resources that we have around wind energy spread amongst 82 different programs in six different agencies. Unless we develop better data and processes to weed out ineffective programs, we will never have the efficient structure that will support our long-term budget goals, whatever that top-line number might be.

One of the stats that I think about every day is that every day our debt grows by $4 billion, so there is nothing self-correcting about the size of our close to now $17 trillion debt that will not come about by concerted bipartisan action. Part of that also will mean how we make sure that the dollars we are spending are spent more efficiently.

We do not have the right—I do not believe that we have the right information to answer the very basic questions about, as we send these Federal dollars out, how are they spent, where are they spent, how are they categorized being spent. The remarkable thing is I believe we have over 100 different financial reporting systems just within the DOD. You know, something that appears as a grant in one area comes out as an expenditure in another area. And if you are a taxpayer or if you are a Senator trying to do responsible oversight, I just do not think we can do our job.

There has been small progress. One of the things I am very proud of we passed back in 2010, the Government Performance and Results Modernization Act, GPRA. I like to call it the "biggest little bill that nobody has ever heard of" that actually for the first time ever requires the administration to report a couple things they never wanted to report before: one, not only what are their best-performing programs but their least-performing programs. Everybody likes to highlight our successes. One of the things we do a dreadful job in Government is talking about those programs that are not that effective. And as Senator Ayotte knows, having run back in New Hampshire a large Department in terms of Attorney General, and I running a State, if you have a governmental agency that has 50 or 60 different goals, then really they have no goals. Unless you can narrow your goals and priorities to a definable number, you are not going to get the kind of productivity that we would need. So GPRA also took that very important action. It was long overdue, and because of this legislation we now have the first inventory of all Federal programs, and agencies, as I mentioned, are now identifying both high-and low-priority programs as well as providing the kind of quarterly update that we in Congress and taxpayers should see on a regular basis.

But we have still got a long way to go on performance data, and I think we are seeing gradual improvement. However, we need to make sure we take new steps to improve the quality of financial data available.

If you take a closer look at the GAO duplication report, you will notice that about half of those 82 wind-related energy programs do not have funding information. We have these programs out there and you do not know the funding information, how can anyone make an appropriate assessment of what we ought to keep, what we ought to consolidate, and where we go from here?

I believe this is totally unacceptable. We should have information we need to hold the Federal Government accountable, and we have been working to try to make that actually something that is achievable.

So since the Federal Government spends more than $3.7 trillion each year with more than $1 trillion of that $3.7 trillion in awards, accurately tracking these funds in a consistent way can be a big job. And the data collected by the budget shops, the accountants, and the procurement officers and grantmakers should all be combined and reconciled in a more relevant, user-friendly, and transparent way. And we have legislation now in front of us that I think will take at least a step in that direction.

The various systems should be available to work together based on consistent financial standards so that policymakers and the public can track the full cycle of Federal spending, and that is what the legislation, that this hearing is at least indirectly is all about. The Digital Accountability and Transparency Act, or DATA, that is what this act will do. And I am pleased that Rob Portman has been the cosponsor of this act. We have worked on this for a couple years. I welcome—would love to have Senator Ayotte and other members who may have staff members here joining us. This DATA Act in the House actually passed out of their Oversight and Government Reform Committee in a bipartisan, I believe unanimous,

way, a committee that, cosponsored by Chairman Issa and Ranking Member Cummings. That kind of diversity on that committee, to pass out almost bipartisan—and unanimously—means we ought to be able to do the same, and I hope that other members of this Budget Task Force will sign on.

Let me just very briefly go through the four improvements that DATA will make, and then I want to turn to Senator Ayotte and our very important witnesses.

First, it creates transparency for all Federal funds. The DATA Act will expand the current site of USASpending.gov to include spending data for all Federal funds by appropriation, Federal agency, program, function, as well maintain the current reporting for Federal awards like contract grants and loans.

This expansion of USASpending.gov will allow policy makers and the public to actually track from start to finish Federal funds more clearly and make the link between spending and budget priorities. This is very, very important in terms of bringing clarity.

Second, it sets governmentwide financial data standards. Our Task Force closely monitored the effects to increase the transparency for Recovery Act funds, and the reason that oversight was so successful was that they finally had consistent standards for reporting the data. And our taxpayers were able to tell where the funds and projects were located in their community.

So the DATA Act requires the Department of Treasury, rather than an earlier version of this act that would have created a whole new agency, we said let us go ahead and build upon the very good work that is done at Treasury, and I think, again, we have colleagues in the House to agree with this, to establish governmentwide financial data standards for Federal agencies to expand the transparency across the whole Government. Having these commonsense standards cannot be stressed enough as an importance, if anybody who has had any background in business and finance, you have got to have common standards.

Third, this actually—one of the things we do in Congress is we always add and layer on more and more reporting requirements. Sometimes I think we add on so much additional reporting requirements that many of the good Federal workers spend way too much of their time doing duplicative reporting rather than actually getting us information in an efficient and timely manner. So the DATA Act actually requires OMB to review existing Federal recipient financial reporting to reduce compliance costs based on new financial data standards. I have been concerned about the compliance costs for the recipients of Federal funds. It appears that with all these overlapping systems we are asking many of these recipients to actually report multiple times to multiple agencies in a way that does not improve transparency at all, and I know we are going to hear from the witnesses on that issue.

Finally, it improves data quality. Under the DATA Act, the Inspector Generals at each agency will be required to provide a report every 2 years on the quality and accuracy of the financial data provided by USASpending.gov. The GAO will also create a governmentwide scorecard on data quality and accuracy. Again, these things get kind of wonky, but they are all very, very important in moving forward in an area where we are going to have continued

limited financial resources. We must have a reliable system in place to track Federal funds and compare spending across Federal agencies to get the best value for taxpayers and reduce duplication.

Again, I want to particularly thank Senator Ayotte for being willing to join me in this Task Force as the Ranking Member. As we see by perhaps the lack of other attendance, this may not be the sexiest issue out there, but if we are going to get to the core of both getting the top line right for our budget but also making sure that how those dollars that we do allocate are spent more efficiently, we have got to have these kind of standards in place.

And, with that, I would turn it over to Senator Ayotte.

OPENING STATEMENT OF SENATOR AYOTTE

Senator AYOTTE. Thank you, Mr. Chairman. I actually think transparency is sexy, so I think this is important for the Government, and I really believe that your efforts in the DATA Act are excellent. So my staff has been reviewing it, and one of the things I like about it is that we keep creating more requirements for Federal programs, but are we getting more transparency, are we getting any metrics that measure whether we are going to have the efficiency and effectiveness of Federal programs?

So I really appreciate your efforts here, and I think this is a very overlooked area of the importance of Government. The more transparency we have, the more accountability that the Federal Government has from our constituents, and there is such great frustration, understandably, with the American people that if they cannot figure out where money is spent in Washington, then there is no accountability. They cannot ask questions of their elected officials, and they cannot decide whether something is worth the money that they are giving the Federal Government and their investment, because it is their money at the end of the day.

And one of the things that we see so much in Washington is we see the examples of all kinds of wasteful spending. Right? So, I mean, I have multiple examples here of just recent examples. Yes, last week the Government Accountability Office released a report in which it estimated that the Social Security Administration made $1.2 billion in potential cash benefit overpayments to about 36,000 individuals in January of 2013. Other examples from almost every department in the Federal Government. I have an example here from the Department of Transportation IG report: "The Maritime Administration did not establish effective oversight mechanisms when it carried out its port infrastructure development responsibilities."

In one case identified in the report, MARAD was authorized to administer funds for developing and modernizing the port of Anchorage. The cost estimate for this program was originally $211 million, and it actually came in at $1 billion. So this is just—I have a whole host of examples. Mark has looked at all those examples over the years as well. And our constituents get rightly frustrated when they are going through hard times at home and they are having to adhere to a budget and not spend money that they do not have, when we are nearly $17 trillion in debt here, and we are where we are, thinking about that there is not this type of openness within our Government. And the Chairman pointed out about

the GAO reports on all of the duplicative programs, and there have been many—not just in the wind area that you have identified—for example, job training programs, multiple examples where we have had duplicative programs. And I think one of the issues and challenges we face is there is no measurement of effectiveness.

So I do appreciate the effort that you have made with your prior legislation, but we need to have—if we are going to expend taxpayer dollars, the type of transparency we also need is measurements and metrics of effectiveness.

You know, Ronald Reagan once said that there is nothing closer to eternal life than a Government program. Why is that? The reason for that is because we are not measuring effectiveness, we do not have the type of transparency we have in our Government, and so, therefore, things continue under the radar screen when they may have outlived their usefulness or there may be other programs that are much more effective in accomplishing the purpose that the program set out to achieve.

And so I achieve very much all of you being here today. This is a very important topic. And if we can get things like this right in terms of transparency, openness in our Government, and more accountability for Government programs, then we can address the larger issues, the fiscal challenges that we face, and people will have more confidence that when they pay taxes, that actually that money is going to something that is useful and productive for our Nation. And we owe it to our constituents that they can hold us accountable when we make decisions on how to expend taxpayer dollars. And so I look forward to hearing from all of you here today, and I very much appreciate the efforts you have made in this area, Chairman.

Chairman WARNER. Thank you, Senator Ayotte. Again, I want to echo what you have just said. Too often when we come up with these examples, it is only after the GAO or somebody else has done a report, way after the fact.

Senator AYOTTE. Right.

Chairman WARNER. You know, if we had this data on a more current basis, if we had it on a more transparent basis, not only would we be able to—we as Members of Congress be able to do this, but, you know, we have got a pretty active public out there that would help us in this.

Senator AYOTTE. Absolutely. We could stop the waste before it happens, which would be the goal. And you are right, the public would be pointing this out to us, and I think that when—every time we see one of those examples, we know that there are five more that someone has not discovered. Right?

So this is a very important hearing, and I appreciate what we are doing here today.

Chairman WARNER. And, also, the only counter I would also add as well—and we do want to get to the witnesses. I apologize for both of us going on. But there are also good things that are going on, too, and if we highlight the successes as well, that is part of the balance.

So, again, I want to welcome today's witnesses. Let me go through a very brief introduction because we really want to hear from you.

First, we welcome Stanley Czerwinski, Director of Strategic Issues at GAO. Mr. Czerwinski will share GAO's recommendations for expanding transparency and efforts in recent years to improve the data on USASpending.gov Obviously, GAO has been the single biggest arm of the government who has been an activist for these type of activities, and, Mr. Czerwinski, we really appreciate your being here.

Next we have Mr. Thomas Lee, Director of the Sunlight Labs at the Sunlight Foundation. Mr. Lee is going to share recommendations for improving financial transparency from the Sunlight Foundation's Clearspending report. Prior to his current role, he managed the Sunlight SubsidyScope—that is a fancy word—an effort to explore the level of Federal involvement in various sectors of the economy. SubsidyScope—maybe you can explain where that word came from.

And then our final witness today is Mr. Gerald J. Kane, assistant vice president for research administration at the University of Virginia. At the next hearing we will have somebody from UNH.

Senator AYOTTE. There definitely is a Virginia theme here.

Chairman WARNER. Mr. Kane, thank you for joining us today to share your experience of more than 25 years in research administration.

Mr. Kane is going to talk about, beyond his great background at UVA, the kind of duplicative burdens that we put on researchers not only at UVA but at every university across America, and ways that we might be able to do some improvement.

So, gentlemen, thank you again for being here, and we will start with Mr. Czerwinski.

STATEMENT OF STANLEY J. CZERWINSKI, DIRECTOR, STRATEGIC ISSUES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. CZERWINSKI. Mr. Chairman and Ranking Member Ayotte, thank you very much for having this hearing, and no need to apologize to go on about accountability, transparency, GPRA. This is what we live at GAO, so you could have talked forever. We would have been happy.

Also, thank you for having this hearing that coincides with the release of our report and, Mr. Chairman, for requesting that report. When it comes to transparency, our view is that Congress has been visionary and a leader, and the examples we think about: In 2006, Congress gave us USASpending.gov. In 2009, Congress gave us Recovery.gov. And now we have DATA in front of us. And our view in our report is that to keep the momentum going, you need more legislation, and that is at the heart of our report, is that we believe that legislation is required to keep up the momentum on transparency. So that is one thing that I want to focus on today.

Another is the need to have standardization. As you mentioned in your opening statement, Mr. Chairman, the heart of good transparency in terms of efficiency and accuracy is going to be at standardization, and I will talk more about that, too.

And, finally, I want to speak a little bit about the need to involve stakeholders, because if you are talking about having something that affects the recipients of the funds, you want to get their input

to make it work most effectively and actually to have them work most effectively.

So those are the three themes I would like to hit, but before that, I would like to spend a moment and just talk about where we are today in terms of leadership for transparency.

Right now, the leadership for transparency is centered in the GAT Board, the Government Accountability Transparency Board. This is made up of members of the grant-and contract-making agencies as well as the Inspectors General. The key members of the Board are from OMB, DOD, HHS, Treasury. It is headed up by Dick Ginman, who is the contract officer for DOD. The Vice Chair is Dave Williams, who is the Postal Inspector General; Kathy Tighe, who is the head of the RAT Board, the Recovery Accountability and Transparency Board; as well as the Education IG are all key members.

So our view is you have the right people, they have the right focus, but there is an inherent limitation in what they can do based on their governance. The GAT Board does not have clear lines of authority. It does not have its own funding. So they are dependent upon a loosely knit configuration of the grant-making and contract-making agencies to carry out their work. And this has a limitation as to how far they can take it.

In terms of standardization, I think this gives a really good example of when a limitation comes into effect. For standardization, what you want is every agency to name things the same way across all agencies, and that way what it does, it links up the award with the payment. The beauty of this is that the payments are already audited, so you have complete, accurate, consistent data on payments that right now we cannot link up with awards, so you cannot have it cradle-to-grave. But if you have standardization, you can do this.

The other piece of standardization that is very good is that it is efficient. It allows for pre-population of the data systems. We are not asking people to do over and over again information that we already have and, frankly, that we already have right. So when you are entering it over and over again, it just more work, and it can introduce more errors. So standardization is a win-win, and the GAT Board believes in standardization, as do we. But they do not have the power to compel it.

So what they have done instead is taken an incremental approach, and working with OMB, there is guidance out there right now that says agencies should have unique identifiers but only within their agency. Therefore, we cannot have the cross-government look, and that is what is essential. And I know you will hear more from the other witnesses about standardization, so I want to move on then to stakeholder input.

A contrast between what we have now and what we have with Recovery.gov is the way stakeholders were involved. I believe that in Recovery.gov you have probably among the best examples of involving those who had to do the work. When we rolled out recipient reporting in Recovery.gov, OMB and the RAT Board both reached out to the stakeholders—State and local governments, research institutions, nonprofits, Sunlight—and said, well, how should we do this? And the guidance came across that way. Then, once it was

implemented, there were lessons learned. How is it going? There were challenges, there were changes. And in doing that, what happened was the guidance was improved instantaneously. Also, the capacity of those to report was enhanced. And very quickly under Recovery.gov we had accurate, complete, consistent data. So I cannot overemphasize the importance of stakeholders, and, again, I think you will hear more about that today.

In doing our work, we talk to stakeholders. For example, we talk to Sunlight, we talk to research institutions, we talk to State and local governments. We also had discussions with all the major Federal players— DOD, OMB, HHS, Treasury, the Rat Board, the GAT Board. What we do in our work is that when we have then done our reports, we give the Federal agencies a chance to comment and to give us their reactions. In this case, the reactions focused on the three things I mentioned: the need for legislation, the importance of standardization, and the value involving stakeholders. In all cases, all the Federal agencies concurred in what we found, what we analyzed, and what we recommended.

So, with that, I would like to conclude my statement. If you have questions, I would be glad to answer.

[The prepared statement of Mr. Czerwinski follows:]

United States Government Accountability Office

Testimony
Before the Government Performance Task Force, Committee on Budget, U.S. Senate

For Release on Delivery
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FEDERAL DATA TRANSPARENCY

Opportunities Remain to Incorporate Recovery Act Lessons Learned

Statement of Stanley J. Czerwinski
Director, Strategic Issues

GAO-13-871T

GAO Highlights

Highlights of GAO-13-871T, a testimony before the Government Performance Task Force, Committee on Budget, U.S. Senate

September 18, 2013

FEDERAL DATA TRANSPARENCY

Opportunities Remain to Incorporate Recovery Act Lessons Learned

Why GAO Did This Study

The federal government spends more than $3.7 trillion annually, with more than $1 trillion awarded through contracts, grants, and loans. Improving transparency of this spending is essential to improve accountability. Recent federal laws have required increased public information on federal awards and spending.

This testimony is based on GAO's recently issued report GAO-13-758. It addresses (1) the status of transparency efforts under way and (2) the extent to which new initiatives address lessons learned from the Recovery Act. GAO reviewed relevant legislation, executive orders, OMB circulars and guidance, and previous GAO work, including work on Recovery Act reporting. GAO also interviewed officials from OMB, the GAT Board, and other federal entities; government reform advocates; associations representing fund recipients; and a variety of contract and grant recipients.

What GAO Recommends

In its report GAO recommended that the director of OMB, with the GAT Board, develop a long-term plan to implement comprehensive transparency reform, and increase efforts for obtaining stakeholder input to ensure reporting challenges are addressed. Further, Congress should consider legislating transparency requirements and establishing clear authority to implement these requirements to ensure that recommended approaches for improving transparency are carried out across the federal government. The GAT Board, OMB and other cognizant agencies generally concurred with GAO's recommendations.

View GAO-13-871T. For more information, contact Stanley J. Czerwinski, (202) 512-6806, czerwinskis@gao.gov.

What GAO Found

Several federal entities, including the Government Accountability and Transparency Board (GAT Board), the Recovery Accountability and Transparency Board (Recovery Board), and the Office of Management and Budget (OMB), have initiatives under way to improve the accuracy and availability of federal spending data. The GAT Board, through its working groups, developed approaches to standardize key data elements to improve data integrity; link financial management systems with award systems to reconcile spending data with obligations; and leverage existing data to help identify and reduce fraud, waste, and abuse. With no dedicated funding, GAT Board plans are incremental and leverage ongoing agency initiatives and resources designed to improve existing business processes as well as improve data transparency. These initiatives are in an early stage, and some progress has been made to bring greater consistency to contract and grant award identifiers. The GAT Board's mandate is to provide strategic direction, not to implement changes. Further, while these early plans are being developed with input from a range of federal stakeholders, the GAT Board and OMB have not developed mechanisms for obtaining input from non-federal fund recipients.

Lessons from implementing the transparency objectives of the Recovery Act could help inform these new initiatives:

- **Standardize data to integrate systems and enhance accountability.** Similar to the GAT Board's current focus on standardization, the Recovery Board recognized that standardized data would be more usable by the public and the Recovery Board for identifying potential misuse of federal funds. However, reporting requirements under the Recovery Act had to be met quickly. Because agencies did not collect spending data in a consistent manner, the most expedient approach was to collect data from fund recipients, even though similar data already existed in agency systems. Given the longer timeframes to develop current transparency initiatives, OMB and the GAT Board are working toward greater data consistency by focusing on data standards. Their plans, however, do not include long-term steps, such as working toward uniform award identifiers, that would improve award tracking with less burden on recipients.
- **Obtain stakeholder involvement as reporting requirements are developed.** During the Recovery Act, federal officials listened to the concerns of recipients and made changes to guidance in response, which helped ensure they could meet those requirements. Without similar outreach under the current initiatives, reporting challenges may not be addressed, potentially impairing the data's accuracy and completeness, and increasing burden on those reporting.
- **Delineate clear requirements and lines of authority for implementing transparency initiatives.** Unlike the present efforts to expand spending transparency, the Recovery Act provided OMB and the Recovery Board with clear authority and mandated reporting requirements. Given this clarity, transparency provisions were carried out successfully and on time. Going forward, without clear, legislated authority and requirements, the ability to sustain progress and institutionalize transparency initiatives may be jeopardized as priorities shift over time.

Chairman Warner, Ranking Member Ayotte, and Members of the Task Force:

Thank you for the opportunity to discuss the findings from our recent report on federal efforts to increase the transparency of information detailing federal awards and expenditures.[1] The federal government awards more than $1 trillion annually through contracts, grants, and loans. Transparency—shedding light on the amount of spending, what it is spent on, who receives the funds, and what are the results of that spending—is essential to improving government accountability and fostering civic engagement. Within the last decade, Congress and the administration have taken several steps to improve the transparency of federal spending data, including passing two statutes intended to expand public access to information on federal programs. The Federal Funding Accountability and Transparency Act of 2006 (FFATA)[2] and the American Recovery and Reinvestment Act of 2009 (Recovery Act)[3] have allowed the public to access information on spending, recipients, and uses of funds. Information on grant and contract awards is available on www.USAspending.gov, and information on Recovery Act awards and spending is available on www.Recovery.gov. The data's availability has also provided opportunities for increased oversight to prevent and detect fraud, waste, and abuse of federal funds, and to improve the efficiency and effectiveness of federal spending.

While the transparency of federal spending data has increased, both the administration and Members of Congress have suggested the need for more transparency. For example, USAspending.gov only provides data on funds awarded and does not include information on disbursements. In terms of data collection, federal agencies and recipients report to various systems, sometimes with the same information and, as a result, direct unnecessary time and resources to administrative activities. In addition, the lack of consistent data structures prevents easy aggregation of data at the government-wide level, hampering the ability to link existing

[1]GAO, *Federal Data Transparency: Opportunities Remain to Incorporate Lessons Learned as Availability of Spending Data Increases*, GAO-13-758 (Washington, D.C.: Sept. 12, 2013).

[2]Pub. L. No. 109-282, 120 Stat. 1186 (2006), as amended by Pub. L. No. 110-252, § 6202(a), 122 Stat. 2323, 2387 (2008) (*codified at* 31 U.S.C. § 6101 note).

[3]Pub. L. No. 111-5, §§ 1512, 1526, 123 Stat. 115, 287–288, 293–294 (2009).

financial, award, and procurements systems. It also increases the cost of government transactions and the burden on federal fund recipients. And, as we have reported previously, the accuracy and reliability of the data needs to be improved.[4] Emerging transparency efforts include specific changes in data collection under consideration by the Office of Management and Budget (OMB) and the Government Accountability and Transparency Board (GAT Board), newly-created under a June 2011 Executive Order.[5]

My testimony today is drawn from our recent report to you on efforts to improve federal data transparency. It will address (1) federal initiatives under way to improve the accuracy and availability of federal spending data and (2) the extent to which lessons identified by us and federal fund recipients from the operation of Recovery.gov and USAspending.gov are being addressed by these new transparency initiatives.

To conduct our work on federal data transparency efforts, we examined data collection and reporting requirements under FFATA and the Recovery Act; the June 2011 Executive Order related to transparency;[6] relevant OMB guidance;[7] and action plans created by the GAT Board, the Recovery Accountability and Transparency Board (Recovery Board), and other federal entities with responsibility for developing approaches to improve federal data transparency. We interviewed officials at OMB, the GAT Board, and the Recovery Board who are examining new data transparency initiatives. We also interviewed officials at three agencies who are developing new transparency prototypes within their agencies: the Department of Defense (DOD), Department of Health and Human Services (HHS), and Department of the Treasury (Treasury), and also interviewed officials at the General Services Administration (GSA), the agency that manages USAspending.gov. To get their perspectives on

[4]See, for example, GAO, *Electronic Government: Implementation of the Federal Funding Accountability and Transparency Act of 2006*, GAO-10-365 (Washington, D.C.: Mar. 12, 2010).

[5]Executive Order 13,576, "Delivering an Efficient, Effective, and Accountable Government," 76 Fed. Reg. 35,297 (June 16, 2011).

[6]Executive Order 13,576.

[7]OMB, *Open Government Directive*, M-10-06 (Washington, D.C.: Dec. 8, 2009); OMB, *Improving Acquisition Data Quality for Fiscal Years 2009 and 2010* (Washington, D.C.: Oct. 7, 2009).

lessons learned from both the operation of existing transparency systems and federal efforts under way to improve data transparency, we spoke with officials from organizations representing federal fund recipients and government reform organizations. We also conducted seven focus groups with federal fund recipients representing state and local governments, nonprofit organizations, higher education research institutions, and private businesses who receive grants from, or contracted with, the federal government. Finally, we reviewed our previous work on the reporting successes and challenges experienced by both agencies and federal fund recipients. This step allowed us to identify lessons learned from those experiences that should be considered as new approaches to data transparency are developed. Our work was performed in accordance with generally accepted government auditing standards. More detailed information on our scope and methodology can be found in our report.

Transparency Efforts Under Way Focus on Standardizing Data to Integrate Systems and Enhance Spending Oversight

The GAT Board, the Recovery Board, and OMB, have initiatives under way to improve the accuracy and availability of federal spending data. The GAT Board, with a mandate of providing strategic direction, has four working groups charged with developing approaches for improving the quality of data in federal contract, grants, and financial management systems, and for expanding the availability of these data to improve oversight of federal funds. The working groups represent the federal procurement, grants, financial management, and oversight communities and include interagency forums such as the Chief Acquisition Officers Council and the Council for Inspectors General for Integrity and Efficiency. (See appendix I for more information on the GAT Board working groups.) For example, the GAT Board established the Procurement Data Standardization and Integrity Working Group to develop approaches that ensure that contracting data are accurate and contract transactions can be tracked from purchase order through vendor payments. The GAT Board selected DOD to lead this effort in order to leverage its long-standing efforts to increase the accuracy of contract data submitted to the Federal Procurement Data System-Next Generation (FPDS-NG).

Through these working groups, the GAT Board has begun to develop approaches to (1) standardize data elements across systems; (2) link financial management systems with award systems so that spending data can be reconciled with obligations; and (3) use the data to help identify and reduce fraud, waste, and abuse. However, the GAT Board's mandate does not provide it with the authority to implement these reforms; therefore, it must rely on its working groups' lead agencies to implement

approaches that it has approved. Moreover, the GAT Board has no dedicated funding, so its strategic plan is short-term and calls for an incremental approach that builds upon ongoing agency initiatives.

We found that standardizing data and having a uniform convention for indentifying contract and grant awards throughout their life cycle are the first steps in ensuring data quality and tracking spending data. Without this uniformity, reporting and tracking spending data is inefficient and burdensome. Current efforts are focused on identifying approaches to standardize contract and grant award data elements to improve data accuracy, and to date some progress has been made, such as:

- Based in part on work of the GAT Board for the Federal Acquisition Regulatory Council, DOD proposed a regulation requiring federal agencies to use a uniform procurement identifier—a number that could be attached to a contract so it can be tracked across various systems throughout the procurement process.[8]
- OMB, working with the GAT Board, issued new guidance that requires all federal agencies to establish unique identification numbers for financial assistance awards.[9] While this guidance could help bring greater consistency to grant award data, it only requires agencies to assign award numbers unique within their agency and thus does not provide the same level of uniformity as is required for contracts. OMB has noted that standardizing an identifier format could cause problems for agency systems because some agencies structure their award identifiers to track particular characteristics of grants for their internal use.
- Through its work with the GAT Board, HHS examined more than 1,100 individual data elements used by different agencies and found wide variation in terminology and associated definitions that impacted how spending was captured, tracked, and reported.
- The Recovery Board recently concluded its Grant Reporting Information Project that tested the feasibility of using the website FederalReporting.gov to collect data on non-Recovery Act grant expenditures. The Recovery Board's analysis of the project supported

[8]78 Fed. Reg. 34,020 (June 6, 2013).

[9]OMB, *Improving Data Quality for USAspending.gov*. (Washington, D.C.: June 12, 2013).

using FederalReporting.gov for grant reporting and validated the effectiveness of using a universal award identifier.[10]

The GAT Board is also building on Treasury's effort to integrate financial management systems to track spending better. Its Financial Management Working Group is developing recommendations for a work plan that will seek to leverage Treasury's on-going transparency and system modernization efforts. For example, the board is building on Treasury's initiative to standardize payment transaction processes, which will consolidate more than 30 agency payment systems into a single application. This application will process agency payment requests using a standardized payment request format, which all agencies that use Treasury disbursing services will be directed to use by October 1, 2014.[11] The GAT Board also intends to leverage Treasury's plans to develop a centralized repository with detailed and summarized records of payment transactions from all federal agencies including payments reported by the federal agencies that disburse their own payments. The Payment Information Repository will contain descriptive data on payments that can be matched with other data to provide additional information regarding the purpose, program, location, and commercial recipient of the payment.

A third area on which federal transparency efforts have focused is on using existing data to enhance spending oversight. Data mining applications are emerging as essential tools to inform management decisions, develop government-wide best practices and common solutions, and effectively detect and combat fraud in federal programs. For example, predictive analytic technologies can identify fraud and errors before payments are made, while data-mining and data-matching techniques can identify fraud or improper payments that have already been awarded. The Recovery Board's Recovery Operations Center

[10]Recovery Accountability and Transparency Board, Grants Reporting Information Project, Washington, D.C.: June 2013.

[11]Treasury disbursing organizations will be directed to use the Standard Payment Request format to submit detailed payment and accounting data, which in turn will be used to populate the Payment Information Repository. Non-Treasury disbursed agencies will be directed to report detailed payment and accounting data directly to the Payment Information Repository using a different but standard format. Both the Standard Payment Request format used by Treasury disbursing organizations as well as the direct input format used by Non-Treasury disbursed agencies defines the data elements and validation rules that must be used to report payments and associated information into the Payment Information Repository.

(ROC) uses data analytics to monitor Recovery Act spending and has provided several inspectors general with access to these tools. ROC staff were able to notify agencies that they had awarded Recovery funds to companies that were debarred. ROC analysts also found hidden assets that resulted in a court ordering the payment of a fine, and indentified several individuals employed by other entities while receiving worker's compensation benefits. The GAT Board's Data Analytics Working Group has set a goal of expanding on the ROC's work to develop a shared platform for improving fraud detection in federal spending programs. This approach relies on the development of data standards. It will provide a set of analytic tools for fraud detection to be shared across the federal government. Although this work is just starting, working group members have identified several challenges including reaching consensus among federal agencies on a set of common data attributes to be used and obtaining changes needed to existing privacy laws to allow access to certain types of protected data and systems. A forum we co-hosted in January 2013, along with the Council of the Inspectors General on Integrity and Efficiency and the Recovery Board, explored these challenges and identified next steps to address them. Forum participants identified a range of challenges, including a lack of data standards and a universal award identifier that limit data sharing across the federal government and across federal, state, and local agencies. Working groups or other structures have been formed to forward these issues. For example, we are leading a community of practice for federal, state, and local government officials to discuss challenges and opportunities related to data sharing within and across government agencies.[12]

[12]See GAO, *Highlights of a Forum: Data Analytics for Oversight and Law Enforcement*, GAO-13-680SP. (Washington, D.C.: July 15, 2013).

As Transparency Efforts Get Under Way, Opportunities Remain to Incorporate Lessons Learned from the Recovery Act

In many cases, the transparency initiatives of the GAT and Recovery Boards, OMB, and key federal agencies build on lessons learned from the operation of existing transparency systems. But as new transparency initiatives get under way, we believe there are opportunities to give additional consideration to these lessons to help ensure new transparency programs and policies are implemented successfully.

First, we found that in implementing the Recovery Act, OMB directed recipients of covered funds to use a series of standardize data elements and report centrally into the Recovery Board's reporting web site. The transparency envisioned under the Recovery Act required the development of a system that could quickly trace billions of dollars disbursed to thousands of recipients, across a variety of programs. Agencies had systems in place that captured such information as award amounts, funds disbursed, and, to varying degrees, progress being made by recipients. However, the lack of uniform federal data and reporting standards made it difficult to obtain these data from federal agencies. Because agencies did not collect spending data in a consistent manner, the most expedient approach for Recovery Act reporting was to collect data from fund recipients, which placed additional burden on them to provide these data. Federal fund recipients we spoke to said that the lack of consistent data standards and commonality in how data elements are defined and reported places undue burden on them because it can result in having to report the same information multiple times and requires recipients to enter data manually, which can impact the accuracy of the data. For example, a nonprofit group representative who participated in one of our focus groups said that they had to report the same information through 15 different reporting platforms, so having data standards and single reporting platform would make the reporting process more efficient. Given the longer time frames to develop current transparency initiatives, OMB and the GAT Board are working toward greater data consistency by focusing on data standards. Citing agency budgetary constraints and the potential of emerging technologies for extracting nonstandard data elements from disparate systems, the GAT Board and OMB are taking incremental steps toward increasing data standardization. Their plans, however, do not include long-term steps, such as working toward uniform award identifiers that would improve award tracking with less burden on recipients.

Second, we found that early in the development of both the Recovery Act reporting system and its procedures, federal officials listened to the concerns of recipients and made changes to guidance in response, which helped ensure they could meet those requirements. Given the daunting

task of rapidly establishing a system to track billions of dollars in Recovery Act funding, OMB and the Recovery Board implemented an iterative process which allowed many stakeholders to provide insight into the challenges that could impede their ability to report Recovery Act expenditures. Federal fund recipients we spoke with stressed the importance of having a formal mechanism to provide feedback to the federal government as guidance is crafted and before new transparency reporting requirements are established to ensure that the guidance is clear and understandable. Such guidance will ensure that the data they report are accurate, on time, and minimally burdensome. Although, the GAT Board has implemented a structure that leverages the expertise of federal officials with in-depth knowledge of federal procurement, grant-making, and financial management operations, the board does not have any formal mechanisms, other than the federal rule-making process, to obtain input from non-federal fund recipients. As we learned through our work examining Recovery Act implementation, without similar outreach under the current initiatives, reporting challenges may not be addressed, potentially impairing the data's accuracy and completeness, and increasing burden on those doing the reporting.

Third, we found that the under the Recovery Act, specific requirements and responsibilities for transparency were clearly laid out in statute, which provided unprecedented transparency and helped to ensure that the act's transparency requirements were implemented within tight time frames. The Recovery Act specified the timing of reporting, including its frequency and deadlines, and the items that needed to be included in the reporting. The act also required the Recovery Board to conduct and coordinate oversight of the funds and to deploy a data-collection system and a public-facing website to provide spending data to the public. Unlike the GAT Board, the Recovery Board had funding which was used to provide staff and resources for developing and operating its data collection system, website, and oversight activities. In contrast, authority for implementing the current transparency initiatives is not as clearly defined and authority for expanding transparency is centered in an executive order rather than legislation. An official from an association representing federal fund recipients told us that of clear reporting guidance was essential for ensuring compliance with reporting requirements, especially for recipients with limited resources. Moreover, unlike under the Recovery Act, new transparency initiatives are being funded through existing agency resources using agency personnel, as separate funding is unavailable. As, we have previously reported, given the importance of leadership to any collaborative effort, transitions and inconsistent leadership, which can occur as administrations change, can weaken the

effectiveness of any collaborative efforts, and result in a lack of continuity.[13] We found that the GAT Board's vision for comprehensive transparency reform will take several years to implement, and therefore, continuity of leadership becomes particularly important. Going forward, without clear, legislated authority and requirements, the ability to sustain progress and institutionalize transparency initiatives may be jeopardized as priorities shift over time.

In our recently released report, we recommended that OMB and the GAT Board develop a long-term strategy for implementing data standards across the federal government and for obtaining input from federal fund recipients. Specifically, we recommended that the Director of OMB, in collaboration with the members of the GAT Board, take the following two actions:

- Develop a plan to implement comprehensive transparency reform, including a long-term timeline and requirements for data standards, such as establishing a uniform award identification system across the federal government.
- Increase efforts for obtaining input from stakeholders, including entities receiving federal funds, to address reporting challenges, and strike an appropriate balance that ensures the accuracy of the data without unduly increasing the burden on those doing the reporting.

The GAT Board, OMB and other cognizant agencies generally agreed with our recommendations and identified actions underway or planned, which they believe will operationalize comprehensive transparency reforms and help them obtain stakeholder input.

Our recently issued report also suggested that Congress could consider legislating transparency requirements and establish clear lines of authority to ensure that recommended approaches for improving spending data transparency are implemented across the federal government. Among other things, this will ensure effective decision making and the efficient use of resources dedicated to enhancing the transparency of federal spending data.

[13]GAO, *Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms,* GAO-12-1022 (Washington, D.C.: Sept. 27, 2012).

Chairman Warner, Ranking Member Ayotte, and Members of the Task Force, this completes my prepared statement. I would be pleased to respond to any questions that you may have at this time.

Contacts and Acknowledgements

If you or your staff have any questions about this testimony, please contact me at (202) 512-6806 or czerwinskis@gao.gov. Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Carol L. Patey, Assistant Director and Kathleen M. Drennan, Ph.D., Analyst-in-Charge. Additional contributions to our detailed report were made by Gerard S. Burke, Patricia Norris, Cynthia M. Saunders, Ph.D., Robert Robinson, Jessica Nierenberg, Judith Kordahl, and Keith O'Brien.

Appendix I: Government Accountability and Transparency Board and Work Group Agency Partners

The Government Accountability and Transparency Board (GAT Board) is composed of the following 11 members designated by the President from among agency inspectors general, agency chief financial officers or deputy secretaries, and senior officials from OMB. The President designates a chairman from among the members.

- Director, Defense Procurement and Acquisition Policy, U.S. Department of Defense
- Inspector General, U.S. Postal Service
- Assistant Secretary, Department of the Treasury
- Inspector General, U.S. Department of Energy
- Deputy Secretary, U.S. Department of Veterans Affairs
- Inspector General, National Science Foundation
- Inspector General, U.S. Department of Health and Human Services
- Assistant Secretary for Financial Resources and Chief Financial Officer, U.S. Department of Health and Human Services
- Inspector General, U.S. Department of Transportation
- Inspector General, U.S. Department of Education
- Deputy Controller, Office of Management and Budget

The GAT Board established four working groups, as shown in table 1.

Table1: Composition and Purpose of the GAT Board Working Groups

Working Group	Working groups members	Purpose
Procurement Data Standardization and Integrity	• Department of Defense (Lead) • Office of Federal Procurement Policy (OMB) • Chief Acquisition Officers Council	Identify approaches for standardizing contract data elements and electronic transactions to ensure data accuracy and enable the tracking of contract transactions from purchase order through vendor payment.
Grants Data Standardization and Integrity	• Department of Health and Human Services (Lead) • Office of Federal Financial Management (OMB) • Council on Financial Assistance Reform	Identify approaches to standardize grants data elements to achieve great consistency across the federal government.
Financial Management Integration and Data Display	• Department of Treasury • Office of Federal Financial Management (OMB)	Identify approaches for linking the financial management data maintained in agency financial systems with agency awards data in order to improve the quality of the data displayed to the public.
Data Analytics	• United States Postal Service (Lead) • Recovery Board	Expand upon the work of the Recovery Board's Recovery Operation Center to develop a shared platform to improve fraud detection in federal spending programs.

Source: GAO Analysis of GAT Board Documents

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Obtaining Copies of GAO Reports and Testimony	The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (http://www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to http://www.gao.gov and select "E-mail Updates."
Order by Phone	The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, http://www.gao.gov/ordering.htm. Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537. Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.
Connect with GAO	Connect with GAO on Facebook, Flickr, Twitter, and YouTube. Subscribe to our RSS Feeds or E-mail Updates. Listen to our Podcasts. Visit GAO on the web at www.gao.gov.
To Report Fraud, Waste, and Abuse in Federal Programs	Contact: Website: http://www.gao.gov/fraudnet/fraudnet.htm E-mail: fraudnet@gao.gov Automated answering system: (800) 424-5454 or (202) 512-7470
Congressional Relations	Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548
Public Affairs	Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

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Chairman WARNER. Mr. Lee.

STATEMENT OF THOMAS LEE, DIRECTOR OF SUNLIGHT LABS, SUNLIGHT FOUNDATION

Mr. LEE. Thank you. My name is Tom Lee, and I am director of Sunlight Labs, the technical arm of the Sunlight Foundation. Sunlight is a nonpartisan nonprofit dedicated to using the power of the Internet to catalyze greater Government transparency and openness. We take inspiration from Justice Brandeis' famous adage that "Sunlight is said to be the best of disinfectants."

We believe that data on Government spending is among the most important measures that citizens have of their Government's priorities. Public spending data allows us to cut through political rhetoric and see for ourselves what expenditures the Government prioritizes over others. If it is timely enough, it also allows private industry, local governments, and service delivery organizations to align their plans and investments with those made in Washington.

Since USASpending.gov launched in 2007, Sunlight researchers have become very familiar with its underlying data systems, and what we have found is troubling. Our data quality analysis of the assistance data in USASpending.gov shows that it is deteriorating by the year. In 2011, over $900 billion of the direct assistance data on the site was misreported.

For example, according to USASpending.gov, the United States spent zero dollars on Medicare Insurance and zero dollars on Medicare prescription drugs in 2011, 2012, and 2013. And although in testimony to the House Oversight Committee the CIO of the Department of Education asserted that "when [he] looks at [his agency's] data in USASpending.gov, it is accurate," USASpending currently shows that no money was spent on student loans from 2008 to 2012, despite these loans comprising one of the Department's largest assistance programs. But these data sets—

Chairman WARNER. Mr. Lee, I do not mean to interrupt, but we both—how is that possible?

Mr. LEE. I think that the fundamental problem is a lack of clear guidance and centralization of authority about what should be reported. But various justifications have been used for this lack of reporting, including the idea that the ultimate beneficiary of the spending is an individual, which is exempted from reporting under FFATA. But we have seen this excuse used in, for example, school lunch programs where grants are given to schools with the rationale that ultimately it is the children who are receiving this who are individuals and, therefore, the spending does not need to be reported. So I think this speaks to the lack of centralization of authority. Really just historically there hasn't been someone paying close attention to what is and is not being reported.

But to continue, these data sets are not only full of bad data; they are also badly designed. A lack of standardization makes it difficult to conduct the type of data quality analysis that Sunlight has in the first place and contributes to agencies' and recipients' inability to report accurate, timely, and complete data about their spending. Without governmentwide data standards to facilitate interoperability, using complementary data sets as a crosscheck to identify data quality problems will remain limited. And without

better, nonproprietary identifiers for recipients of Federal dollars, spending transparency efforts will never fully deliver on the promise to reduce fraud and waste that Senator Ayotte has referred to. Without an integrated approach to budget, spending, and disbursement data, attempts to measure programs' efficiency and effectiveness will be stymied.

While the aims of USASpending.gov are laudable, it has failed to fulfill its promise to allow the American public to see where their dollars are being spent. We believe that further legislative action is needed to allow the site to achieve its mission. Sunlight has long been a supporter of the Digital Accountability and Transparency Act, or DATA Act, which would mandate that the Department of Treasury create a set of governmentwide standards to facilitate better spending reporting.

The DATA Act would also make spending data more complete. One of the main drawbacks of the Federal Funding Accountability and Transparency Act, or FFATA, the law that created USASpending.gov, is that it only requires the posting of direct assistance and contracts data. This means that much of the money spent on general Government operations, including over $350 billion annually in salaries, is not present on USASpending.gov.

Indeed, if you were to view overall spending, by agency, on USASpending.gov, you might get the mistaken impression that agencies that rely more heavily on contract personnel spend more money than agencies that do not, since permanent employees' salaries are not disclosed. The DATA Act would correct this problem.

Under FFATA, the Government Accountability Office was required to report on the implementation of USASpending one year after the passage of the act. This report, issued in 2010, noted several problems with the site's data. The DATA Act would formalize and distribute this oversight role across the Inspector General offices at each Federal agency, requiring IGs to report every 2 years on the quality of the data submitted. While Sunlight has been pleased to conduct our own data quality analysis, we believe that the Inspectors General could perform a more thorough audit than our resources and access allow.

The benefits of improving the data will accrue not only to the American public but also to Government. The historically low levels of fraud associated with Recovery Act spending are a testament to the savings that well-executed spending transparency measures can deliver. We believe that investments in improving Federal spending oversight and disclosure are overwhelmingly likely to pay for themselves in smarter and less error-prone spending decisions.

We applaud the efforts of both the administration and this Congress to increase the transparency of Federal spending. Recent proposed regulations for streamlining award and contract identifiers across agencies are a meaningful step forward. Sunlight is a supporter of the administrative initiatives in this area. But we also believe that the mandate for publishing all federal spending should be grounded in law, to demonstrate and formalize our Government's lasting commitment to transparency about how tax dollars are spent.

We welcome the Committee's attention to this issue and encourage you to continue to engage with spending transparency as it re-

lates to your work. Thank you for the opportunity to testify. I look forward to answering any questions you might have.

[The prepared statement of Mr. Lee follows:]

Comments of the Sunlight Foundation

Committee on the Budget

and the

Government Performance Task Force

Enhancing Accountability and Increasing Financial Transparency

Thomas Lee

September 18, 2013

Chairman Murray, Ranking Member Sessions, and the members of the Committee, thank you for the invitation to appear before you today to speak about federal financial transparency.

My name is Tom Lee and I am the Director of Sunlight Labs, the technical arm of the Sunlight Foundation. Sunlight is a non-partisan non-profit dedicated to using the power of the Internet to catalyze greater government openness and transparency. We take inspiration from Justice Brandeis' famous adage that "Sunlight is said to be the best of disinfectants."

We believe that data on government spending is among the most important measures that citizens have of their government's priorities. Public spending data allows us to cut through political rhetoric and see for ourselves what expenditures the government prioritizes over others. If it is timely enough, it also allows private industry, local governments and service delivery organizations to align their plans and investments with those made in Washington.

Since USASpending.gov launched in 2007, Sunlight researchers have become very familiar with its underlying data systems. What we have found is troubling. Our data quality analysis of the assistance data in USASpending.gov shows that it is deteriorating by the year. In 2011, over $900 billion of the direct assistance data in USASpending.gov was misreported.

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comprising one of the department's largest assistance programs.

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We welcome the Committee's attention to this issue and encourage you to continue to engage with the issue of spending transparency as it relates to this committee's work. Thank you for the opportunity to testify today. I look forward to answering any questions you might have.

Chairman WARNER. Thank you.
Mr. Kane?

STATEMENT OF GERALD J. KANE, ASSISTANT VICE PRESIDENT FOR RESEARCH ADMINISTRATION, UNIVERSITY OF VIRGINIA

Mr. KANE. Good morning, Chairman Warner, Ranking Member Ayotte, and members of the Task Force. Thank you for the opportunity to provide testimony on the transparency and Federal reporting requirements. My name is Gerry Kane, and I am the assistant vice president for research administration at the University of Virginia. UVA is a nonprofit public institution of higher education located in Charlottesville, Virginia. In fiscal year 2012, the university received research awards totaling over $306 million from all sources, of which 80 percent came from Federal grants and contracts.

The Office of Research Administration supports the research endeavors of university faculty, ensures the responsible stewardship of research funding, and oversees the submission of proposals, negotiation, and acceptance of awards by the university according to State, university, and sponsor regulations.

With such a large research portfolio, UVA interacts with a variety of Federal agencies, including the National Institutes of Health, the National Science Foundation, the Department of Defense, and others. As the Task Force examines legislation to create greater transparency in Federal spending and standardize across agencies, I would like to highlight several examples of duplication and burdensome reporting requirements that do not increase transparency but, rather, increase the cost of compliance at our public institution.

In order to comply with Federal reporting requirements, we are required to submit numerous reports, at different time frames, many of which include the same information in different formats. For example, I will use the National Institutes of Health.

The NIH is the largest Federal funder of research at the University of Virginia, and this funding has led to numerous medical breakthroughs. As one example, recently the School of Medicine received a 5-year, $14 million grant, in a consortium with other universities, to develop methods to better predict which heart disease patients are at the greatest risk of heart failure and sudden death.

This type of award will require us to submit yearly and quarterly financial reports, subcontract monthly reports, annual principal investigator progress reports. Were this grant an American Recovery and Reinvestment Act Award, it would require all of the above and additional quarterly reports. This information is collected despite the invoicing process, which additionally collects information each time funding is drawn down from a grant. This reporting schedule is normal for most Federal grants across the agencies, so these issues of redundancy are relevant to many agencies, not just NIH.

Another example of inefficiency is our experience with agencies losing reports we have filed, which causes additional work re-filing. It would be much more efficient to set up a Federal report repository where we upload the same form for agencies. Then the agencies could reference and download the reports at their convenience.

A third area of our concern is invoicing. This is one of the most difficult tasks our office has with agencies as they use different systems and some use multiple systems. This causes confusion and extra work to determine the appropriate system. A key element that would improve invoicing and reporting efficiency across agencies would be to allow universities and other awardees to upload all data electronically at one time for multiple awards. This would save many staff hours.

On a positive note, we have seen one recent improvement, which is the launch of the System for Award Management—SAM. Presently, it combined three existing reporting systems to make a more efficient award management process.

UVA, along with the Association of American Universities, the Association of Public and Land-grant Universities, and the Council on Governmental Relations, applauds the Task Force's bipartisan efforts to address some of these duplicative and burdensome reporting regulations while expanding transparency through the Digital Accountability and Transparency Act. Importantly, the legislation mandates the establishment of governmentwide data standards and tasks the Office of Management and Budget with reviewing current reporting requirements and reducing duplication. We appreciate that universities are explicitly mentioned as a stakeholder for input in the OMB process. We also support and would be happy to participate in the pilot program to evaluate consolidated recipient reporting. We support this legislation and hope to be a resource as this moves forward.

Thank you for the opportunity to provide testimony today, and I am happy to answer any questions.

[The prepared statement of Mr. Kane follows:]

TESTIMONY
of
Gerald J. Kane, Assistant Vice President for Research Administration
University of Virginia
to the
Budget Committee Taskforce on Government Performance
United States Senate
September 18, 2013

Good morning Chairman Warner, Ranking Member Ayotte, and members of the Taskforce. Thank you for the opportunity to provide testimony on transparency and federal reporting requirements for institutions of higher education in regards to federal research grants and contracts. My name is Gerry Kane and I am the Assistant Vice President for Research Administration at the University of Virginia. The University of Virginia is a non-profit public institution of higher education located in Charlottesville, Virginia. The University sustains the ideal in developing, through education, leaders who are well-prepared to help shape the future of the nation. In fiscal year (FY) 2012 the University received research awards totaling over $306 million from all sources (federal and state agencies, industry and private foundations). Of this amount, $245 million, or 80 percent, came from federal grants and contracts.

The Office of Research Administration is located in the Office of Sponsored Programs (OSP) at the University of Virginia. The OSP mission is to provide leadership in research administration, support the research endeavors of University faculty, ensure the responsible stewardship of research funding, and oversee the submission of proposals and the negotiation and acceptance of awards by the University according to State, University and sponsor regulations. Once an award has been made, OSP provides a comprehensive service in award administration and regulatory compliance.

With such a large research portfolio, UVa interacts with a variety of federal agencies, including the National Institutes of Health (NIH), the National Science Foundation (NSF), the Department of Energy (DOE), the Department of Defense (DOD), the Department of Education (ED), and others. As the Taskforce examines legislation to create greater transparency in federal spending and standardize across agencies, I would like to highlight several examples of duplication and burdensome reporting requirements that do not increase transparency, but rather increase the cost of compliance at our public institution.

Example Reporting Requirements

In order to comply with Federal reporting requirements, we are required to submit numerous reports, at different time frames (annually, quarterly, monthly, etc.), many of which include the same information in different formats. For example, we will use the National Institutes of Health (NIH).

NIH is the largest federal funder of research at the University of Virginia and this funding has led to numerous medical breakthroughs that have supported the health of the people of the Commonwealth and across the nation. As an example, recently the University Of Virginia School Of Medicine received a five year $14.4 million grant, in a consortium with other universities, to study and to develop methods to better predict which patients with hypertrophic cardiomyopathy - the most common genetic heart disease - are at the greatest risk of heart failure or sudden death. [1]

This type of award will require us to submit the following:

- Yearly financial expenditure report (eRA Commons)
- Annual Principal Investigator Progress Reports
- SF425 Quarterly financial receipt report (Payment Management System)
- If you have a subcontract that meets the threshold then you have additional monthly reporting for the Federal Funding Accountability and Transparency Act (FFATA).

This information is collected despite the invoicing process, which additionally collects information each time funding is drawn down on a grant. American Recovery and Reinvestment Act (ARRA) awards required all the above and additional quarterly reports to FederalReporting.gov. This reporting schedule is normal for most Federal grants across agencies, so these issues of redundancy are relevant for many agencies, not just NIH.

Loss of Filed Reports at the Agencies

At UVa, and I believe for our colleagues at peer research institutions, we have experienced and continue to experience agencies losing reports we have filed causing additional work re-filing reports. It would be much more efficient to set up a federal report repository where we upload the same form for all federal agencies. Then the agencies could reference and download the reports at their convenience.

Invoicing Challenges

Invoicing is one of the most difficult tasks for our office as agencies use different systems and some use multiple systems. This causes confusion and extra work as the award prescribes one system and when we invoice we are told to use another system. Once it is determined which is the proper system and we invoice in that system the payment request then comes from yet another system. When there is a problem it is difficult and time consuming to find a point of contact and get the issue resolved. This also causes time delays in our receiving payment.

Below is a sample list of the various invoicing systems we use today across agencies, some of which still require paper forms: DOD – Wide area workflow (WAWF); Office of Naval Research

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[1] Source: http://www.medicine.virginia.edu/clinical/departments/radiology/medical-imaging-research/news-and-highlights/som-receives-14.4-million-from-nih-to-battle-deadly-heart-condition

(ONR) – Payweb; DOE – Vendor Invoicing Payments Electronic Reporting System (VIPERS); ED – G5; NSF – Research.gov; Health Resources and Services Administration (HRSA) – Electronic Handbooks ; National Oceanic and Atmospheric Administration (NOAA) – Grants Online; Department of Justice (DOJ) – Grants management System ; National Endowment for the Humanities (NEH) – eGMS; National Aeronautics and Space Administration (NASA) – Invoicing Processing Platform (IPP); AmeriCorps – OnCorps; Department of Health and Human Services (HHS) – Payment Management System (PMS); and several agencies use Automated Standard Applications (ASAP), including the Department of Agriculture (USDA), Department of Interior (DOI), Park Service, Department of Commerce (DOC), and others.

One key way to improve invoicing and reporting efficiency across federal agencies would be to allow universities and other federal awardees to upload all of the data electronically at one time for multiple awards. This would save many staff hours.

On a positive note one recent improvement has been the launch of the System for Award Management (SAM). This system combines the Central Contractor Registration (CCR), the Online Representations and Certifications Application (ORCA), Federal Agency Registration (FedReg) and the Excluded Parties List System (EPLS), making a more efficient process for award management.

The DATA Act

UVa, along with the Association of American Universities (AAU), the Association of Public and Land-grant Universities (APLU), and the Council on Governmental Relations (COGR), applauds the Taskforce's bipartisan efforts to address some of these duplicative and burdensome reporting regulations while expanding transparency on government grants and contracts through the Digital Accountability and Transparency Act (DATA Act). Importantly, the legislation mandates the establishment of government-wide data standards and tasks the Office of Management and Budget (OMB) with reviewing current reporting requirements and reducing duplication. We appreciate that universities are explicitly mentioned as a stakeholder for input in the OMB process. We also support and would be happy to participate in the pilot program to evaluate consolidated recipient reporting. We support this legislation and hope to be a resource as this legislation moves through Congress.

Thank you for the opportunity to provide testimony today and I'm happy to answer any questions.

Chairman WARNER. Well, thank you all for your comments.

We have been joined by Senator Whitehouse. We will do 5-minute rounds here, and for the first round we can kind of turn this more informal.

Mr. Czerwinski, the RAT Board you spoke about.

Mr. CZERWINSKI. Yes.

Chairman WARNER. Why have they—has this been OMB's reluctance to grant them the authority? Has it been Congress' lack of willingness to grant them the authority to do the kind of centralized work and decisionmaking? Can you explain that a little bit more to us?

Mr. CZERWINSKI. Are you talking about the GAT Board?

Chairman WARNER. Yes. I am sorry. The GAT Board.

Mr. CZERWINSKI. I know we have the GAT Board, the RAT Board.

Chairman WARNER. Yes, I meant the GAT Board, not the RAT Board, yes.

Mr. CZERWINSKI. In terms of the GAT Board, that is the way the Executive order was set up so that the Board has what we would call a loosely knit strategic direction, but it does not have a clear line of authority, and that is something that we feel very strongly about. And, frankly, even if it was set up that way in the Executive order, executive administrations can change, so we believe in the permanence of legislation.

So the concept of clear lines of authority we think is essential to having good transparency as well as the permanence and structure of legislation.

Chairman WARNER. Well, again—and I know the DATA Act we have reworked a couple of times, and it does not answer everything, and candidly, I was originally hoping that we would move towards even greater requirement of moving towards a more single financial standard. I have been advised we need to take this step by step, but you would concur that the DATA Act would move us at least in the right direction here while we are not directly addressing some of the things on the GAT Board.

Mr. CZERWINSKI. Oh, absolutely, Mr. Chairman. The DATA Act has the concepts that we believe are important that our work showed. So, for example, on standardization, that is exactly what it would do. This is something that does take some time, so a phase-in period may be useful, because we are talking about agencies reconfiguring their award systems so they would then be consistent with the payment systems. Agencies have to redo their financial systems anyways over time, so that a strategic vision of doing that would work, and that is very much consistent with legislation you are talking about.

Chairman WARNER. Mr. Lee, again, I think Senator Ayotte and I looked at each other kind of astounded when you mentioned the school lunch programs that do not indicate they are spending any money or the Medicare programs that do not look like they are spending any money. How does this pass the smell test? Why isn't this information more known that we have a system that is so kind of out of whack, you know, when you have got data like this that is on the face so obviously wrong? I know that sounds like a bit of a naive question, but—

Mr. LEE. Not at all. I think part of the problem is that no one is doing any smelling, or historically has not been. Senator Ayotte referred to the Maritime Administration earlier. They are a favorite of mine. They for a period of time, when I was working on the SubsidyScope project, just did not report any spending at all. And, of course, when there are no records, it is difficult to identify a problem. We were able to find a point of comparison that exists elsewhere in the Government to identify mismatched spending, but this was quite limited. In fact, we were only able to look at grants and other types of assistance spending. There is no comparable point for contract spending. That is still something we are endeavoring to work on.

In our experience talking to both of OMB and the agencies, we were impressed by the professionalism of everyone involved, and, you know, I used Medicare as an example. But, in fact, the people we spoke to at HHS were going to incredible lengths to make sure that their obligation data was correct and that it was uploaded to USASpending. It was only confusion about the disclosure burden that ultimately led to these data quality problems and the fact that nobody at OMB was mandating—or paying sufficient attention to these systems to ensure data quality.

Chairman WARNER. I want to get to Mr. Kane, but are there examples at State or local areas where they have got it right? Have you guys worked through and said here are some best practice examples at other levels of Government?

Mr. LEE. There are a number of State checkbook sites that we have reviewed that showed real promise, although we have not conducted as comprehensive a data quality analysis. I will say that internationally there are a number of examples of governments that are getting this right. We recently published a case study regarding the Slovakian procurement tracking system. They do a wonderful job.

So I think that there are exemplars that we can turn to as we try to implement these systems.

Chairman WARNER. Mr. Kane, I want to just get one quick question. Could you estimate with this multiple reporting requirements combined with this invoicing process, you know, have you been able to compute even in kind of a generalized range how much additional administrative cost burden and whether this is actually—do you have to pay for this—can you pay for this out of any of these Federal grants in kind of an overhead account? Or does it have to come out of a separate budget?

Mr. KANE. So we have not calculated that. It is just that you can—by the workload that our department has and what we have got to do each month to get these things out, you can—it is a push for the staffing that we have had, which is not—usually it comes from the State. So, you know, the university is a State-supported institution, so the grants themselves do not pay for this directly.

Chairman WARNER. Senator Ayotte.

Senator AYOTTE. Thank you. I want to thank the witnesses for being here. Let me just ask up front, how do we measure—is there anything that is out there right now where we are measuring performance? So we are talking about obviously data that connects the payment to recipient, and we are not there yet, as I hear the wit-

nesses, of where we want to be, and particularly since $900 billion is not in USASpending.gov, that is a huge amount of money that is not being accounted for in terms of transparency. But I am also interested in hearing your thoughts on the next step. So we have this step to get right, but my sense is that there is very little within our Government that is ever required to measure whether the money that we are allocating toward particularly grant programs, you know, has any result.

So I just wanted to get all of your thoughts on that piece of it as we start this discussion.

Mr. CZERWINSKI. Well, I am happy to start off. I think that the answer to your question begins with what Mr. Chairman mentioned at the beginning, and that is, GPRA modernization. This is an act that would require agencies to essentially establish the types of performance goals that you are talking about, outcome-based. So typically what we find in agencies is that they are very good at outputs, you know, so many units of this done, so many of that done, but not to what end. So it is to establish, one, those type of outcome goals; two, to set those goals at an agency level, program level, and roll them up so that you can then prioritize; and, three, to populate them with data that shows what your outcomes were achieved, but also linked to what was spent. So we are talking about essentially a system that runs multiple steps.

Senator AYOTTE. So how far are we away from outcomes on that?

Mr. CZERWINSKI. We have some in some places, some agencies are further along than others, but we have a start in that direction. There is a long ways to go, but you still want them populated with what you are expending, too. So there are a lot of pieces still. I would say it is early. That would be my—

Mr. LEE. To add to that, I would say that these systems do include some attempts to measure performance and efficiency. For instance, in USASpending, there is the concept of the subsidy rate associated with loan records, which is supposed to capture an estimate of how many of the loans in that portfolio default. Under the Recovery Act, recipients were also required to report the number of jobs created for each associated grant.

The problem with all of us is that the guidance and actual implementation has been inconsistent. So having different recipients try to figure out the formula for calculating number of jobs created leads to a tremendous amount of errors. This occurs around that loan subsidy rate figure at the agency level as well.

These measures may or may not prove to be useful, but centralizing authority over them so that they can be implemented in a consistent way that allows comparison across programs is a necessary first step.

Senator AYOTTE. Mr. Kane, I do not know if you had any thoughts on that.

Mr. KANE. So to latch on to the Recovery Act, when we were counting jobs created, I sat in a meeting at the beginning of that with three different Federal agencies, and none of them could agree on how we were to count how many jobs—

Senator AYOTTE. Well, there was so much inaccuracies with that. I mean, you had—I mean, you basically had people who had existing jobs and whether when the had some piece of Recovery funding,

that—I mean, there was obviously—I think that was very hard to measure in all of that.

So, Mr. Lee, you know, the work that you have kind of dedicated your life to in the Sunshine Foundation, if you were in our position, so if you were elected to the United States Senate and were carrying on your work but as a policymaker now, what would be the number one priority for you to get done legislatively? If you were in charge, what would you do?

Mr. LEE. I think the most important thing that could be done around spending data systems is to make the systems that are used for public disclosure to inform Americans the same as the ones that agencies use to track their own spending and report within Government. Right now that is not the case at all, and it makes the public disclosure systems an afterthought, by and large.

Ultimately, we would like to see a unified stream of reporting that lets dollars be tracked from the budget to obligation to disbursement. I think that last linkage is likely to happen thanks to the DATA Act and the centralization of authority within Treasury. But there are going to be continued challenges as we try to create a really unified picture of Federal spending.

Senator AYOTTE. And in your testimony, your written testimony, Mr. Czerwinski, you talked about—you mentioned predictive analytic technologies that can identify fraud and errors before payments are made—

Mr. CZERWINSKI. Yes.

Senator AYOTTE. —and data-mining and data-matching techniques that can identify fraud or improper payments that have already been awarded.

Mr. CZERWINSKI. Yes.

Senator AYOTTE. I was fascinated by that. Can you provide us with an example of how that technology has been used and a success story? And are these technologies available to agencies as a whole? And, you know, just where are we on this?

Mr. CZERWINSKI. That is a wonderful question, and the answer to that begins with a capacity that the RAT Board has in something they call the ROC. It is the Recovery Operations Center. And what they did is with Recovery.gov data, because those data were complete and accurate and consistent, they were able—the spending of that, they were able to look and look for patterns and actually identify issues with maybe crossing agencies, crossing programs, where certain maybe people were on debarment lists or people were getting multiple awards and could actually find these early on.

Now, the question that you make about whether this can be replicated, that is the next step, because what you have is this capacity that has been built up centrally, the idea then is to share it—to share it with other Federal entities, to share it with State and local, because you can have economies of scale of taking this protocol, this information that is out there, and sharing them and how to do it. And that is the next step that needs to be done.

Senator AYOTTE. Thank you all.

Chairman WARNER. Before we go to Senator Whitehouse, I do think GPRA at least started to look about how do we evaluate performance, but it was still pretty much within agencies. So within

DOE there would be this. But when you look at something like workforce training, which crosses all these different agencies—

Senator AYOTTE. This whole issue of the duplication, how do we get—

Chairman WARNER. The duplication. We are not getting to that. Part of it is because, I think—and I do not want to pretend that DATA Act is some panacea. But if you do not at least have common financial standards and common definitions of what may be a grant versus an expenditure, you know, it really makes you wacky.

Senator AYOTTE. Right.

Chairman WARNER. That is a technical political term.

Senator AYOTTE. I think you are right, and I think, obviously, the other challenge we have too is that, as you know, when a particular district receives a certain grant and then—but regardless of the fact that there are ten other grants doing the same thing, we also have to look at it—and I know that you have been focusing on that, and Congress has. It is not just about, you know, bringing home the bacon in my particular district. It is about, Does this help the country as a whole and, therefore, my State? So I think that is one of the challenges we face around here.

Chairman WARNER. Let me also turn to my friend and colleague Senator Whitehouse. It was actually his idea originally to create this working group. He was the originator of this, and he cares deeply about it, and particularly he has been absolutely a leader in the Congress on how we drive some of this better data around health care. So thank you again for joining us here, Senator Whitehouse.

Senator WHITEHOUSE. Well, thank you, Chairman Warner, and I want to thank our active and interested Ranking Member, Senator Ayotte, as well. Credit really goes to former Chairman Conrad for doing this. I did urge him to, but it is the Chairman's call to do this, and it was Kent Conrad who made that call. And we all agreed that Senator Warner, who had been the Governor of Virginia when it was the best managed State in the Union, a subject that—there we go.

Chairman WARNER. Can you repeat that for the record, please?

[Laughter.]

Senator WHITEHOUSE. That Senator Warner would dedicate his considerable energies effectively to this Committee, and he has, and I want to applaud both him and Senator Ayotte for the way in which they have led it.

I agree that this question of having a data foundation for policy and for watching spending is vital. It is my understanding that USASpending was actually designed to capture a specific kind of spending, which was contract spending over $25,000. So if that is the case, I am not sure it is completely fair to fault that program for not taking into account things that it was not told to take into account, i.e., spending that is not contract spending over $25,000.

But I take your point that because of that limitation that was put on it, it does not provide the complete picture that others are looking for, and I look forward to being able to work with you to expand that.

It appears from your testimony that we seem to be agreed that the Recovery Act data and transparency standards were better

than average and are something that would be wisely extended, continued, applied in other areas. And I would like to ask those of you comment in your testimony, particularly Mr. Czerwinski and Mr. Lee, just to be a little bit clearer. I mean, do you think that those standards are like best in show or just better than average? Are they a good starting point that we should expand to the rest of Government? Or are they kind of a launching point from which we should do further improvements before expanding it? Which way would you have us go: expand first and then improve, or improve first and then expand?

Mr. CZERWINSKI. I think the Recovery Act set out some very good ideas, and you have to think about the time frame and time that it was done. It had to be done very quickly. So it did require a burden on the recipients, and that is something you would probably want to improve upon going forward.

Senator WHITEHOUSE. Reducing that burden.

Mr. CZERWINSKI. Yes, exactly. Exactly.

Now, that is a type of platform called recipient reporting. The Recovery Act did not build on the existing data systems that we have primarily on the payment side because it is too difficult and too long under that compressed recovery period to get consistency, i.e., data standardization. So that is the area that you would want to use to focus in on your improvement.

Senator WHITEHOUSE. Okay.

Mr. CZERWINSKI. Now, what Recovery also has, though, that you want to just replicate is the concept of stakeholder involvement and clear lines of authority. In this case, the Recovery and Accountability Transparency Board and OMB by legislation had control over what was done, and that is something that is missing now for going forward.

Also, in terms of—

Senator WHITEHOUSE. My time is running out, and I want to have Mr. Lee have a turn.

Mr. CZERWINSKI. Okay.

Senator WHITEHOUSE. So if you could sum up your answer.

Mr. CZERWINSKI. Okay, okay. And then stakeholder involvement is very good. The Recovery Board also have very good staff, and you would hate to lose that resource.

Senator WHITEHOUSE. Got you. Mr. Lee?

Mr. LEE. First, to clarify, USASpending is intended to cover direct assistance as well as contracts. The unified two data sets created in the late 1970s, early 1980s, called FAADS and FPDS–NG, and expanded FAADS to some extent. So that information is supposed to be in there, and in some years it is, at least as block grants to States.

As far as the question of expanding the disclosure mandate versus improving the quality of the data, I think the mandate is fairly broad already. The real problem is implementation, both from agencies not reporting and from difficulties related to sub-recipient reporting not coming in completely.

As we have discussed, the Recovery Act's mandated fields, like jobs created, I think is open to review. One of the nice things about the way the DATA Act is currently structured is that it allows flexibility in terms of some of the technical standards going for-

ward, and I think it might be worth looking at the question of what disclosures and what fields are specifically mandated in law versus the ones that those administering data would have the flexibility to alter, if necessary, in order to harmonize data sets.

Senator WHITEHOUSE. Okay. Let me close by telling Mr. Kane that I have run administrative agencies, I have litigated administrative agencies, I have overseen administrative agencies, I have worked legislation for administrative agencies, and one of the things that I have learned over those years is that if you are a legislator and you lose the substantive fight that you would like to win, very often your consolation prize is a reporting requirement; and that those reporting requirements take on a life of their own, and they can live on beyond the fight from which they were the consolation prize. They can live on beyond the career of the legislator who stuffed them into some bill. They can live on virtually eternally. And I think you have got a WAHU majority present on this Committee right now, and you are an honorary one, right, from having been Governor of Virginia? You were chairman of the board, right? There you go.

Chairman WARNER. Yes.

Senator WHITEHOUSE. Appointed the chairman. So we would be very interested in hearing from you some specifics about the—at least I would. I sit on the HELP Committee, and we are going to be looking at a higher education bill, and I would love to be able to work with my colleagues on that Committee to try to reduce some of the dead hands reaching from the past that were based in a political defeat for somebody but now still require some poor person to have to sit down and scribble out report after report after report that in some cases, I believe, nobody actually reads.

Mr. KANE. I am sure there is plenty of that. I am not prepared to say specifics about it, but as this Committee does its fact finding, I invite any of your staff to come down to my office and sit with our folks as they go through, and we will show them examples. They can actually see the mechanics of what reports go to what agencies, why this is done this way, why this one is done that way. And I think it would give you a real good insight into how things are actually working. So that invitation is open for your folks.

Senator WHITEHOUSE. But usually I think we have got it completely backwards. The group whose convenience is maximized is the group that requires the report, and the group whose convenience is less important is the group that has to fill out the report, and the group that is barely considered at all is the public, which is supposed to get the advantage of reading a useful piece of information when it is all done. And we need to turn that upside down so that it is most convenient for the public to get this information, it is more convenient for the institutions to provide it. And if that means it is even more inconvenient for the Government to organize it in such a way that the institutions and the public have more convenience, we should be willing to bite that bullet, because ultimately that is where the rubber meets the road. It is the interface with the public.

Mr. KANE. Correct. I agree with that.

Senator WHITEHOUSE. I have gone on too long, but I appreciate the Chairman's indulgence.

Chairman WARNER. No, no. I appreciate you coming here, and I could not agree more.

I do want to give one good piece of information. I apologize about stepping out, but from a Virginia-based facility, Wallops Island, we just launched the largest rocket we ever had in the entire east from Orbital Sciences, so—

Senator WHITEHOUSE. Not on Syria.

Chairman WARNER. Not on Syria.

[Laughter.]

Chairman WARNER. For scientific purposes only.

Let me follow up with where I think all three of us are going but where Senator Whitehouse I think drilled down. Mr. Czerwinski, you have at GAO pointed out the duplication on the programs and also on some of the reporting, and I really applaud that work, and we actually have been talking to some of my colleagues about how we could actually eliminate some of this reporting duplication.

I guess, Mr. Lee, one of the things I would like to hear from you as kind of the largest advocates and the brand name around sunlight and transparency, how we can get at this issue. I think Senator Whitehouse and Senator Ayotte and I both have raised what seems to be an implicit contradiction that by actually cutting back on the reporting, we might actually be able to be more transparent. And can you help us on that? Can you help us articulate how that is? Because, again, as a relative short-timer here, I agree with Senator Whitehouse. You know, people want to make a legislative change, and they are not successful getting a legislative change, so the booby prize becomes you get a study with an ongoing reporting requirement that may or may not ever be revisited. But, you know, how do we get at this issue?

Mr. LEE. I think the perspective we bring is that we are aware that there are a number of competing priorities within agencies, committees, everywhere, and a limited amount of attention, patience, resources will be brought to questions of transparency. We want to make sure that they are spent as effectively as possible.

So, for instance, when FFATA mandated the expansion of the FAADS system into FAADS Plus and added a few new fields, it did not actually get rid of FAADS. Instead, this subset of the data continued to be reported to Census and maintained, released quarterly instead of on the more frequently updated basis that FAADS Plus was through USASpending. Really all that was required was some central authority that could pare away this duplicative system and put those resources toward better ends.

So while I think there is obviously a tension between reporting burdens and the needs of the public and oversight bodies for transparency, there are some obvious wins here that can be eliminated.

Chairman WARNER. We would just—at least this Senator would—really invite your cooperation and collaboration on this, because I think that—and I again want to compliment the GAO. When you have got so much data and it is so incomprehensible and there are not these common standards, you know, I am not sure we are getting to that goal of greater transparency for the taxpayer or for us as policymakers.

I want to ask you all one other question and cede more time to Senator Ayotte, and then we can go back and forth.

One of the questions we had in an earlier version of the DATA Act, there was this idea of, you know, let us take the goal to try to get common financial standards and create a large new entity, and we have come to the conclusion that perhaps the better way is to actually reinforce and beef up the activities that are being done at Treasury and trying to have them be the repository for creating these common financial standards.

I would just like to get—and, Mr. Kane, this may be outside your purview, but for Mr. Czerwinski and Mr. Lee, is that the right approach? Are we taking the right approach in DATA and working this through Treasury rather than creating some new enterprise?

Mr. CZERWINSKI. I am willing to start, Mr. Chairman. I think the key is what capacity you bring and what responsibilities go with it. So, for example, let us pick the Recovery Board right now. They have very strong resources that have already been built up and have been practiced. So that is something you want to maintain in whatever institutional structure you have, you want to get those resources someplace.

The point that we make about responsibilities, wherever you place something, it is very important to set certain standards that have to be met, for example, involving stakeholders. So whether it is in Treasury or someplace else, you want to have it so that it addresses the needs of the people who are receiving the funds, not just the needs of the system.

So we are agnostic about institutions, but we are very strong about the principles that you want to build into whatever institution—

Chairman WARNER. Can you let me just follow up very briefly here.

Mr. CZERWINSKI. Sure.

Chairman WARNER. You know, I got harangued by staff that the idea that we are going to get to a common Federal financial standard would be a bridge too far, we need to start with just pilots. But what kind of timeline should we—you know, you see the rest of the world being transformed, and new technology-driven financial data systems that businesses and consumers use in a fairly easy fashion. Should we accept or be willing to accept what seems to be such a long transition period for the Federal Government to kind of get its act together on this stuff?

Mr. CZERWINSKI. Yes, I think you have nice comparison between contracts and grants. In terms of contracts, what you have is a requirement by 2014 that you will have uniform identifiers that are consistent across all agencies, so there you have a time frame already in place for half of that trillion dollars that you are talking about.

Now, what that is based on is a platform of capacity. In terms of contracts you have, the Federal Acquisition Regulations, which standardize things. You do not have quite that in place with grants, so grants will be a little bit more difficult. But just to leave things open-ended, that is a problem that we have when that is done.

We believe that there should be—and this is one of our recommendations—time frames, there should be deliverables, and that they should be held accountable for that. So we are right on line

with what you are talking about, that it will take some time, but the only way we will shorten the time is by setting time frames.

Chairman WARNER. Thank you. Senator Ayotte? And I am very glad to be joined by Senator Portman, who is, as I mentioned, the lead cosponsor on the DATA Act as well, and I am really appreciative of his strong work in this field.

Senator AYOTTE. I just have a couple of brief follow-ups, and then I know that my colleague Senator Portman is here.

One of the things, as I heard Senator Whitehouse relay his experience of having worked with administrative agencies, I have seen that myself, and I often think that when we—obviously, the structure of how we do this reporting and what we are trying to accomplish on the uniform reporting I think needs to remain stable. But when we are talking about specific reporting requirements that are not inherent of all the basic financial data, should we be looking at, you know, sunsetting some of these things? And, also, I am a fan of sunsetting programs as well, because it seems to me that in the absence of some forcing mechanism within this body to review the effectiveness of something, it just continues to live on. And so when we talk about deadlines and accountability, I think that we here do not enough put limits on what we are enacting. And I just wanted to get your thoughts on that, you know, what— certainly some things we would not—you know, if you have got a basic structure, you are not going to revisit the basic structure necessarily without—but a lot of things it just seems they go on and on with no end date of things we ask you to do.

Mr. LEE. I certainly think that the fields and specific requirements for disclosure are worth review. I would be hesitant to suggest sunsetting disclosure requirements simply because those disclosures have not been made. Noncompliance strikes me as something that needs to be addressed first through more serious sanctions and consequences for programs that have an obligation to report prior to ending those programs, although, of course, review at any time may be appropriate.

Mr. CZERWINSKI. I will give you a shot at it. I think the concept of sometimes things have seen their life and they need to be terminated is exactly correct—

Senator AYOTTE. Well, like thinking about all the multiple duplicative programs, it is like they keep living, nobody reviews them, nobody has any accountability on it. Even if we have all the data, if somebody does not act on it, then we are going to continue going where we are.

Mr. CZERWINSKI. Yes, and staying just within the concept of transparency, I think that concept applies there too. What I would throw out are a couple principles. One is—and this is something that Tom got at in his statement, and that is, there are certain pieces of information that are required to be reported that the agencies do not need, and, therefore, they are not ensuring their accuracy. It is the same as what Gerry was talking about, some things that he has to report that do not help him managing, and, therefore, it is an extra burden, and maybe we are not consistent.

So I think what you can do is you can say where are the requirements and overlay that do not improve the awarding of a contract or grant, the management of a contract or grant, or how the recipi-

ent handles a contract or grant. And that can then lead to the—it is not just additional work, but it also leads to greater inaccuracy and greater inconsistency. So it is a lose-lose-lose if you do not do the discipline that you just talked about.

Senator AYOTTE. I thank you all for being here. I appreciate this important topic. Thank you.

Chairman WARNER. Just before I turn to Senator Portman, I want to just mention I had a—the first 6 months of being a Senator here on this Committee, this idea of could you actually eliminate some programs, I thought that I could take the lowest-hanging fruit, which OMB comes up with a program elimination list, and so I said, well, why don't we take the ones that—

Senator AYOTTE. Well, and also they recommend that to the President.

Chairman WARNER. Right.

Senator AYOTTE. Don't they? And then the President accepts—

Chairman WARNER. You will like this part. I said, well, why don't we take the ones that both the Bush administration and the Obama administration had agreed upon.

Senator AYOTTE. Right.

Chairman WARNER. Sixteen programs, in total $1 billion, many of them quite small. It was a great—it was like, I guess, Congress 101 for me, because you would think that I was, you know, calling for the destruction of the whole Federal Government. And these were programs that both Obama and Bush had agreed upon. So we have got our work cut out for us.

Senator AYOTTE. If you want someone to take this fight on with you again, count me in. Thank you.

[Laughter.]

Chairman WARNER. Somebody who has been working on this issue long before both of us and has got great bona fides here, and, again, I want to thank him for his cosponsorship of DATA since he has seen this both from the administrative side and the legislative side. Senator Portman?

Senator PORTMAN. Thank you. Mr. Chairman, thanks for your courage in taking on this issue as a Democrat. And to my colleague from New Hampshire, it is great that you are the Ranking Member in this effort, and just listening to your questions there and your commitment to this, I am glad we have this forum and this opportunity to promote it.

Look, I wish I had been here for the whole meeting. We were at the Finance Committee, and I have got to go to the floor for something else. But I just want to thank you all for what you are doing to promote transparency and sunlight being the best disinfectant and simplicity so that, you know, not only can you and your organizations understand better how every dollar is spent, but we can let our constituents know.

My background on this is that when I was at OMB, the Coburn-Obama legislation was introduced. I supported it and implemented it initially. Actually, we went out and used a private sector website because we did not have the ability to move as quickly as we wanted to using Government technology. So we actually purchased that original website platform from an outside Government watchdog group in 2007, USASpending.gov.

Anyway, enormous challenges, as Chairman Warner has talked about, in trying to get at this issue, but I think we made progress across the board. Data uniformity is something I am very interested in, and I guess you talked about that today. Certainly the burdens, the reporting burdens and compliance costs, we have got to be cognizant of that.

This DATA Act that Senator Warner has introduced and I am the cosponsor of we think is helpful because we think it does create more transparency by setting these governmentwide financial standards and data standards, streamlining some of the reporting requirements, improving the quality, therefore, of the data that we are getting, and using that improved data more effectively.

Here on the Budget Committee, we often find ourselves in a situation where we are asking agency heads about their data—the Department of Defense comes to mind—and we cannot get the information—we are really not doing effective oversight. Not that it should be all about us, but it would help if the people's representatives had the ability to get this data as well.

So maybe, Mr. Czerwinski, I would just ask you quickly, do you think establishing a more accurate system that tracks all Federal spending is important to the work you are doing? And both the recent GAO report and your testimony today emphasized that while OMB and the GAT Board have begun these standardization initiatives linking systems, better utilizing information, that the current mandates come primarily from the Executive order in June 2011, which does not provide authority to implement some of these much needed reforms. So what do you think about the DATA Act? Does that help you to be able to do your job?

Mr. CZERWINSKI. Yes, Mr. Portman. What we agree with, one is the need for legislation because you want to institutionalize this; two, the kind of concepts that are in the DATA Act we support completely, the need for standardization to have uniform reporting, involving recipients in what is being done. So we are completely in alignment with the goals of the DATA Act.

As far as information for oversight and allowing us to do our job, for one we very much believe in congressional oversight, so we come into it with that perspective. But I will give you an example. We were asked by the House

Committee on Appropriations as well as the Black Caucus to determine where funding was going to disadvantage rural and urban areas for community economic development. The data just were not there to do that. And how can decisionmakers make decisions when the data are not there? And how can we do our job supplying you with the information you need when the data are not there either? So, yes, there are tangible real costs of not doing this.

Senator PORTMAN. That is a great point, and we are entering into an era here where we are going to be having tighter budgets, regardless of what happens with the CR and the debt limit, feeling more and more pressure, and, you know, some of us hope sequester can be released so we will have more flexibility. But this need for data, as you say, is going to be greater and greater across the spectrum, the political spectrum, in terms of how do you more efficiently target that Federal dollar to programs that work. That is a good point. So it seems to me the act is coming at a time when

there is a particular need on having this information readily available.

To Mr. Lee, you have been an advocate for great transparency across Government, including getting some of this financial data to the public, and I guess I would ask you how expansion of financial data could be used by organizations like Sunlight or other researchers in academia. How could better data, more complete data be analyzed from outside groups to help make Government more accountable to the citizens we represent?

Mr. LEE. Well, I think we cannot overemphasize how central this stream of data is for reporting on the activities of the Government. It previously powered the consolidated Federal Funds Report when it existed, and if you open any GAO report on program effectiveness, you are likely to see caveats about the data quality problems inherent in these data sets.

It is a persistent problem for people both within and outside of Government, so I would say that improving the quality is absolutely essential for anyone who is trying to oversee the use of these funds, the effectiveness of these funds, and the general structure of it who does not have access to the internal systems at Treasury or agencies that cannot be open to the public in general.

Senator PORTMAN. Listen, I am over time. Thank you. And, Mr. Kane, thanks for your work at UVA. I know you had an opportunity to talk about that earlier, and we can learn from your examples in the—it is a Commonwealth, right?

Chairman WARNER. It is the Commonwealth.

Senator PORTMAN. Yes, as the Governor will remind me. The Commonwealth of Virginia. Thank you all very much. I appreciate it.

Thank you, Mr. Chairman.

Chairman WARNER. Thank you, Senator Portman.

I just have one last question. One of the things—and this goes back to Mr. Kane's earlier comments, and I would like to get your response as well, of this duplicative reporting and reporting versus invoicing versus lost reports. As the administration and all governmental entities move to more of a cloud-based computing function, shouldn't conceptually the ability to be—if you filed that report, then once—it should be in the cloud and it should not be then—it should be more then the Government's responsibility to find it rather than you having to go back and refiling a second, third, or fourth time and trying to get that architecture right? We will start with Mr. Kane and go down the list really quickly. Then we will close up this hearing.

Mr. KANE. Yes, that would make life very easy for everybody, the information was filed once, that it was there, and that it is not duplicated in multiple reports. But my own personal experiences with this, it also creates a cash flow problem for the university because we are not getting paid for some of this stuff because they are looking for paper. Some of this stuff is done electronically. You talk about the cloud, but there is still a lot of paper-based systems out there, and I think that is a lot of where the problems are.

Chairman WARNER. Mr. Lee, obviously there are privacy issues involved here, too, but have you all thought through this notion of

how we can use the cloud to both better share information, avoid some of this duplication, commonize the standards?

Mr. LEE. Absolutely. I think it is important to stress that centralization of data collection efforts is not only going to reduce the reporting burden, but will actually improve data quality. When Sunlight, for instance, investigates lobbying reports, we see that General Motors and GM show up as different entities. Unifying those systems in a simple auto-complete form is very basic Web design stuff can make sure that that is the same record in the database.

I should also stress, though, that in addition to the need for centralization of authority over these processes that the DATA Act moves toward, it will be important to look at other measures that are currently in effect, like the Paperwork Reduction Act that make it difficult to modernize disclosure systems.

Chairman WARNER. Yes, I would love to get—I know enough about the Paperwork Reduction Act to be dangerous, but not enough to know it substantively. So I would love to get you to share with our staff some of your concepts and ideas on that.

Mr. Czerwinski, you get the last word.

Mr. CZERWINSKI. I agree completely with the points that Gerry and Tom just made, and to me, what this comes down to is the concept of pre-population, and it has the benefits I talked about: efficiency, accuracy, completeness.

What it also does, it goes back to the very point that we talked about at the start, and that is data standardization, which is exactly what you have in the DATA Act. So the platform is almost irrelevant, whether it is the cloud or whatever. It is the concept, and the concept gets you to where you are. So, yes, that is a legitimate way to go, and, again, it is further reason why there should be legislation such as this.

Chairman WARNER. And I guess I will close out with—I was, when you looked for best practices, intrigued that you picked Slovakia as the place, but I do recall back when I wore a business hat that this is not a unique problem to the Federal government enterprise. Large, large corporates, many of them in the technology space, complaining about lots of systems that worked that did not work that well together. You know, do you think we are doing enough? And even if we pass the DATA Act, which I hope we will, you know, how do we make sure that we get enough kind of not just recipients like the University of Virginia, but how do we make sure we get the advice from best practices, whether they are other governmental entities or private sector entities that can have input into the system? Any suggestion on that?

Mr. LEE. I would say the DATA Act has some provisions for the use of current technologies, and as I mentioned, it allows for flexibility in, for instance, the data formats that are employed. Future proofing, as we say, when we are engineering is an important part of this, and the use of open, non-proprietary formats is an essential ingredient.

Beyond that, I would say that there is, to some extent in my experience, a backlog of expertise within Government that knows how to improve these systems, but is stymied in one way or another. I

think centralization under DATA and the removal of other barriers to doing a better job could let us tap that expertise.

Chairman WARNER. Anyone else?

[No response.]

Chairman WARNER. Well, again, I want to thank all three of you for very good testimony and for I think a subject that merits a lot more attention, and my sincere hope is that when we see the kind of broad-based bipartisan support in the House on data, we can duplicate that here in the Senate and that we can get this tool in place that will help you, but, more importantly, help the public at large and us as policymakers make the right decisions.

With that, again, my thanks, and the hearing is adjourned.

[Whereupon, at 11:27 a.m., the Committee was adjourned.]

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