

# GOVERNMENT REFORM: ENDING DUPLICATION AND HOLDING WASHINGTON ACCOUNTABLE

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## HEARING

BEFORE THE

COMMITTEE ON  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE  
ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

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# **GOVERNMENT REFORM: ENDING DUPLICATION AND HOLDING WASHINGTON ACCOUNTABLE**

**WEDNESDAY, APRIL 27, 2016**

U.S. SENATE,  
COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 11:04 a.m., in room 342, Dirksen Senate Office Building, Hon. Ron Johnson, Chairman of the Committee, presiding.

Present: Senators Johnson, Portman, Lankford, Ayotte, Ernst, Carper, Tester, and Heitkamp.

## **OPENING STATEMENT OF CHAIRMAN JOHNSON**

Chairman JOHNSON. Good morning. This hearing will come to order.

It is nice to see the reunion of two good friends—two individuals who have working together, really done some, pretty extraordinary work with a pretty simple concept—a pretty simple idea. Let us get some information on the Federal Government. Coming from a manufacturing background, certainly, just using what is in my deoxyribonucleic acid (DNA): analyzing the root cause, trying to find areas of agreement, and striving for continuous improvement. And, from my standpoint, that is what this Duplication Report has been all about.

The history of it is really quite interesting. I will let Dr. Coburn really tell the history of that. I do not want to steal either of your thunder. But, I think it has been remarkable. This simple concept that is just basic to business—having information measuring results—was pretty foreign to the Federal Government and, since implemented, it is having some dramatic results. And, of course, it was also carried out in a completely bipartisan fashion, which is what this Committee is all about.

But, again, without stealing too much thunder, the Duplication Report has saved the Federal Government about \$56 billion over the last 5 years. If the programs that are currently being implemented continue, over the next 10 years, you are estimating it will save about \$69 billion, additionally. Thirty-four of your recommendations have been partially implemented. Twenty percent have been unaddressed. So, if those are fully implemented and addressed, who knows how many additional billions of dollars can be saved.

I mean, my hat is off to both of you gentlemen for really doing the hard work of conducting the oversight, developing the reports, and getting the information the government truly needs if we are going to really solve these problems.

I will have some other things to say. I have an opening statement that I will ask to be entered for the record.<sup>1</sup>

But, what I would rather do, because we are going to be broken up—this hearing will be suspended for votes at noon—I would rather just get into your testimony and then wait for Senator Carper to give his opening statement and ask questions.

It is the tradition of this Committee to swear the witnesses in, so if you will both rise and raise your right hand.

Do you swear the testimony you will give before this Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Dr. COBURN. I do.

Mr. DODARO. I do.

Chairman JOHNSON. Please be seated.

I think we will switch the order of testimony here and we will start with Mr. Gene Dodaro, who has been the Comptroller General of the U.S. Government Accountability Office (GAO) since 2010. He has more than 40 years of experience at the agency, including as Acting Comptroller General, Chief Operating Officer (COO), and the head of the Accounting and Information Management Division. Mr. Dodaro.

**TESTIMONY OF THE HONORABLE EUGENE L. DODARO,<sup>2</sup> COMPTROLLER GENERAL OF THE UNITED STATES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

Mr. DODARO. Thank you very much, Mr. Chairman. Good morning to you and Senator Ayotte. I am very pleased to be here today to discuss GAO's most recent report on overlap, duplication, and fragmentation in the Federal Government and on additional opportunities to achieve other financial benefits.

I am especially pleased to be here today with Dr. Coburn. I want to publicly thank him for his vision and his intense interest in our work at the GAO.

This is our sixth annual report. We have 92 new actions that we are suggesting in 37 different areas across the Federal Government. I think they can result in significant savings.

Some examples include consolidating the Department of Defense's (DOD's) fragmented procurement of commercial satellite services, which could save tens of millions of dollars.

Also, streamlining and automating the approximately nine different overlapping systems that the Internal Revenue Service (IRS) has to receive tips on noncompliance would result in additional revenues coming to the government and a more streamlined system for people to provide input.

Another example is better managing and overseeing an effort at the Department of Homeland Security (DHS) to revamp their

<sup>1</sup> The prepared statement of Senator Johnson appears in the Appendix on page 25.

<sup>2</sup> The prepared statement of Mr. Dodaro appears in the Appendix on page 29.

human resource management systems. Right now, there are over 400 human resource systems and applications underway at DHS.

By eliminating the potential for overlapping coverage between individuals moving between Medicaid and the exchanges, the risk of potential duplicative payments could be reduced.

There are also other efforts that we suggest that could have tremendous cost savings. For example, reducing the overpayments in disability insurance and the improper waivers that occur could save billions of dollars.

Also, equalizing certain Medicare payments could produce savings. Providers receive Medicare payments at a higher rate for certain services if patients received them at a hospital as opposed to at a doctor's office. We think that, if you could equalize those rates, billions could be saved.

Also, by giving Federal civilian Agencies the opportunity to obtain excess personal property from DOD as well as excess ammunition, which currently goes, in some cases, to State and local governments, first, before Federal civilian Agencies. In addition, DOD spends a lot of money—\$118 million last year—to dispose of excess ammunition, which could be provided to Federal civilian Agencies.

Raising some of the fees at the National Park Service (NPS) would generate additional revenue. One fee in particular has not been raised for over 20 years and we need additional funds to provide service to our parks. That could result in millions of additional dollars.

So, with these 92 recommendations, this year, we have a total of over 600. There had been 544 previous recommendations. Forty-one percent have been implemented, 34 percent have been partially implemented, and 20 percent have not been implemented at all. We think there are opportunities, as you mentioned, Mr. Chairman, for tens of billions of dollars in additional savings, if those recommendations are fully implemented.

To provide a service to the Congress, this year, in Appendix 1 of my written statement, we have listed all of the 61 areas that require Congress to act in order for our recommendations to take effect. In these cases, we have identified how much money—if we know—could be saved. We think, if Congress acted on these areas, it could result in significant savings and also improve operations in the government.

We have also listed in our report and testimony all of those actions that still need to be implemented by the Executive Departments and Agencies.

I would note that, so far, most of the larger savings have come from the Congress taking action. I would encourage you to look carefully at the recommendations in our Appendix. I think that they are very good, sound ways to save money and, therefore, help the Federal budget stay under the sequester limits. We have tried to identify smart cuts that will not have unintended negative consequences.

Going forward in doing this work, I have one request of this Committee. Senators Sasse and Tester have introduced a bill that would give us access to the National Directory of New Hires (NDNH), which is a database maintained by the Department of Health and Human Services (HHS) that has up-to-date information

on employment and wages. This information would help us to evaluate means-tested programs across the Federal Government. I am sure Dr. Coburn is very familiar with this. He has helped us, in the past, to gain some access. We believe we have the authority to access it, but HHS does not agree with us—and so, Congress clarifying this could save a lot of money. There are hundreds of billions of dollars every year that are spent on these means-tested programs and having this information would be extremely helpful.

So, I look forward to responding to your questions at the appropriate time this morning. Again, I am very pleased to be here with Dr. Coburn and I am happy to participate in this hearing. I look forward to a good continued relationship with this Committee.

Chairman JOHNSON. Thank you, General Dodaro.

By the way, I just cosponsored that piece of legislation and I kind of want to wait to talk about a piece of legislation we are trying to put together—15 bills that might be a really good addition and then, have the 16th to actually get it passed.

Our next witness is Dr. Coburn. It is great to see you here. It is great to see you in good health. Dr. Coburn is a former Senator from the State of Oklahoma, who served from 2005 to 2014. Dr. Coburn's time in the Senate was marked by his leadership in the fight to reduce wasteful Washington spending as well as to increase accountability and transparency for the taxpayer. Dr. Coburn was the Ranking Member of this Committee for 2 years. Previously, he represented Oklahoma's Second Congressional District in the U.S. House of Representatives from 1995 to 2001. Dr. Coburn.

**TESTIMONY OF THE HONORABLE TOM COBURN, M.D.,<sup>1</sup>  
FORMER U.S. SENATOR FROM THE STATE OF OKLAHOMA**

Dr. COBURN. Well, thank you, Mr. Chairman—and for Ranking Member Carper, I will recognize him when he comes.

It is a real honor and a privilege to sit next to Gene Dodaro. When you see Gene Dodaro, you need to remember all of the people behind him, because we have these great investigators—these great people who work for GAO that are out there to help us do what we need to do. And, you cannot mention GAO without mentioning the Inspectors General (IGs), because they also are out there to help us do that.

And, I think it is great that you are having this hearing. I would just like to tell you a little of my background. This last year, in 2015, I spent my time in 21 different States. I was in Ohio last week, by the way. And, America does not trust you anymore—that is the truth—because they do not see the actions coming out of Congress that should be coming out. And, that does not mean that they are right all of the time, but you have lost their confidence—and that is not one party—that is both parties.

And so, when you have hundreds of billions of dollars that could be saved and are not being saved—and they know it—they actually read your reports, Gene. They actually get online, and then, they use social media to pass them around.

<sup>1</sup>The prepared statement of Dr. Coburn appears in the Appendix on page 67.



The important thing is to restore the confidence in the country, in terms of what you are doing, why you are doing it, and how you are doing it. And, I found this Committee to be one of the best Committees in Congress. That is why I stayed here my entire time. When I first came, the Republicans were in the Majority and I sat on the Subcommittee on Federal Financial Management (FFM). This Committee has a broader jurisdiction than any Committee in the Senate. You have the capability to change things and to make a real difference. And, historically, this Committee has been a bipartisan Committee. It has been one where we have worked together for the best interest and the long-term interest of the country.

I will just give you a reminder that, right now, the unfunded liabilities of this country, with its debt, are \$142 trillion. That is one million dollars per family—or that is one million dollars per taxpayer—either way that you break it down. Nobody knows what a trillion is, but, when you are telling a young family with two small kids that, “By the way, here is the debt burden that is coming to you over the next 25 years,” you had better be prepared for it.

The other point that I would make to you is that the standard of living in this country—although increased—the median family income is exactly the same as it was in 1988—and there are reasons for that. And, the reasons for it are too much government, too intrusive a government, and too many questions by government.

I wanted to read for you all something that was written a long time ago, but, I think, it is very apropos to where we are today—and it is not mine. I am copying this. I am going to quote it. But, it is a quote by Alexis de Tocqueville. It is from his “Democracy in America.” Some of you may have read it and some of you may not have. But, it tells me where we are, today, in our country. And, having been in 21 States last year and 15, already, this year, what I am hearing—I am hearing what Tocqueville described back in the late 1700s—early 1800s.

“I think, then, that the species of oppression by which democratic nations are menaced is unlike anything ever that before existed in the world [ . . . ] The supreme power then extends its arm over the whole community. It covers the surface of society with a network of small, complicated rules, minute and uniform, through which the most original minds and the most energetic characters cannot penetrate, to rise above the crowd. The will of man is not shattered, but softened, bent, and guided. Men are seldom forced by it to act, but they are constantly restrained from acting. Such a power does not destroy, but it prevents existence. It does not tyrannize, but it compresses, enervates, extinguishes, and stupefies a people until each nation is reduced to nothing better than a flock of timid and industrious animals, of which the government is the shepherd.”

That, to me—in my experience—that is my opinion—is where we are, today, in our country. I think that is why you see the kind of Presidential race that we are seeing.

And so, the question is: where is the smart government? And, if there is going to be smart government, this Committee is going to have to be the one that leads on this. This is the Committee that has the authority to do that. This is the Committee that has the bipartisan relationships that can do that.

So, what I would suggest to you is that there is tons to be done—even in an election year—that can make a great difference. The history with Gene came after my bipartisan work with then Senator Barack Obama, Senator Tom Carper, and several others on the Federal Funding Accountability and Transparency Act of 2006 (FFATA).

And, just to show you how the American people get this, there is a little application out there right now that, in another 3 years, will show every dollar spent by every State, by every county, and by the Federal Government—and you can go to it in an app. It is called “Open the Books.” And, I can tell my farmer friends how much money they got from the Department of Agriculture (USDA) last year and it drives them nuts.

But, transparency is great for our country—and that is what we need. And, we need the transparency. America is interested in what is going on with our country. Americans are not just sitting back. They want us to proceed to continue to perform and deliver freedom and liberty. And, they see that liberty at risk. They also see the rule of law at risk. They see more of “ruler of rulers” coming out of Washington than rule of law.

I think the thing that happened was, we started looking at duplication within my own staff on this Committee—and what we found was we really could not do it. So, we went to GAO and they really did not want to do it, initially. So, we passed an amendment, in 2010, on the debt limit increase, which mandated that GAO would do this—and they have done a fine job every year.

What has not happened—even though Gene gives the Congress some credit—there are multiple recommendations in there that will save billions and billions and billions of dollars every year that you have not acted on—that this Committee could act on. And so, he is very kind to say that the Congress is better than the Executive Branch, but there is still \$400 billion that should not be being spent by the Federal Government every year, when you include duplication, waste, and fraud. And, most of that falls under the jurisdiction of this Committee.

So, to have a 4-year plan, where we could knock \$100 billion a year out of the Federal Government, would go a long way toward solving our problems. If you look at the Congressional Budget Office’s (CBO’s) projections and the Office of Management and Budget’s (OMB’s) projections, you are going to be back at trillion-dollar deficit levels very soon, right? And, you are adding about \$6.5 trillion a year in unfunded liabilities. So, these are real problems that you all have the capability to address and I came here to encourage you to do that.

I would also tell you that there is another movement afoot in the country and that is to force you to do it—and that is being done through a Convention of States—and two have passed this last week. We are at ten. And, it will not be long until we meet the 34-State requirement—and we will have a Convention of States and then we will make recommendations to the States—one on a balanced budget amendment using Generally Accepted Accounting Principles (GAAP), with very little wiggle room, which will force you to do it. It will give Congress the backbone to do what they

should be doing in the first place. And, also there will be limitations in scope on jurisdiction.

And, you are going to see that coming forward. That now has 1,700,000 activists following it every day—involved in it—there are 650,000 actually working at State capitols around this country—and we will see a change in our country as that gets closer. And, one of two things will happen. We will either have a Convention of States or you all will change this. But, one of those two things is going to happen. And, the American people want it to happen, because they actually sense that things are out of control in our country.

This Committee has been a great Committee. You have done more work—great work—than many of the other Committees. You have the ability to do more and greater things. And, my charge to you would be to look at where the opportunities are and to throw the politics aside.

Here is what I have discovered. All of this waste, all of this duplication, and all of this fraud has a constituency—and so, a lot of people do not want to take a vote to eliminate it, because it will offend a group of voters or a group of contributors. I think you ought to offend them all and I think you ought to do what is right.

I will close by paraphrasing very quickly—and this is a paraphrase, it is not exactly what he said. But, this is the way he said it in a way that I can understand it. Martin Luther King said the following: Vanity asks the question, “Is it popular?” Cowardice asks the question, “Is it expedient?” But, conscience asks the question, “Is it right?”

You all have the ability to do the right thing and the best thing for our country. My hope is that you will do it. Thank you.

Chairman JOHNSON. Thank you, Dr. Coburn. And, again, we know you both well, so it is going to be Tom and Gene from here on out—at least from my Chair.

Senator Carper, would you like to make a statement or should we—

#### **OPENING STATEMENT OF SENATOR CARPER**

Senator CARPER. I would just like to say welcome. I had a chance to visit a little bit with Dr. Coburn before the Committee started. I apologize for being late. As you know, I had an emergency caucus meeting and I needed to be there.

I just want to say that two of my favorite people on the planet are here—and they are two of the smartest, wisest people that I know. And, it is just great to see you and to see you well. And, Gene, we are just grateful for your leadership and all that you do to help us do our jobs better. Thank you.

Chairman JOHNSON. So, Tom, let me start by asking some questions, just in terms of the duplication report, which, from my standpoint, started a process. I am from the manufacturing sector. In order to have a good product, you have to have a good process. And, we can describe that in greater detail, but I want to go back to what you were talking about, in terms of forcing change—about a constitutional amendment that will force the change. I mean, that is a process that we have to put in place before Congress is going to act. Try and kind of speak to that point a little bit, if you will.

Dr. COBURN. Well, I guess that one of the things the American people are asking—quite frankly, is that, if you have an oath, why do we have to have a constitutional amendment in order for Congress to do what is best for the country? And, they have decided that Congress cannot do what is best for the country, so they are going to do it, themselves, under the authority of the Constitution.

In other words, the Constitution, actually, is the powerful tool with which to solve the problems of our country. It is big enough to solve the problems. And, the partisanship and the politics kind of move away when we start asking, “Why do we want a balanced budget? Is there a reason?” In other words, is it impossible to look at mandatory spending today—discretionary spending today—and what our needs are for the country and get to a balanced budget? And, the answer is: absolutely not. It is absolutely not, if you actually go in and look at where things are.

In my mind, the question is—and my advice to the Committee is to look at the roles that the Federal Government has taken over that would be better and more efficiently done at the State level, because you will find you can get the same results for a whole lot less money and have all sorts of different, better results than when the Federal Government does it.

Now, I know I am an advocate for small government and I can understand that that can be pooh-poohed up here, but when you just test it, look at how things work, and look around the States—this is obviously true.

Chairman JOHNSON. A big part of the problem—and you know this—is that two-thirds of the Federal budget is on automatic pilot. It is in law. If you qualify for benefits, you get them. We keep expanding the eligibility. And so, unless you are able to pass another law—and that is what has been impossible to do here—to actually rein in—first of all, put everything on the budget—put it in an appropriation process, so that every year, you have to actually vote on all of the appropriations. That is not happening today—

Dr. COBURN. Well, I think there are two answers—

Chairman JOHNSON [continuing]. And, it is part of the reason you need some kind of process constraint to force those laws to be changed.

Dr. COBURN. Well, for example, as a Social Security recipient, I get an increase when there is a certain amount of inflation. Where are the tax dollars to pay for that? So, what ought to happen is that, if we are going to continue to have the kind of benefits that we have and we are not going to change the programs, we at least ought to provide the revenue source to pay for them.

The second thing is—and Gene mentioned this in his talk—in terms of disability. There is no doubt in my mind—I am a hundred percent sure—that one out of every three people collecting disability in this country is not disabled. And yet, when they make an error, they forgive the money rather than asking for it back. Or, a Congressman goes over and jawbones because he controls the Social Security Administration’s (SSA’s) budget and says, “No, you will keep them on it until you prove they are not eligible.”

But, that just shows you the state that oversight is in, because that started, in this Committee, with Senator Carl Levin and myself doing an oversight investigation. The three key actors in that

have now been indicted by a Federal grand jury and, I presume, will go to jail and spend a long time there.

The question is: did we learn anything from that? Did we change Social Security management? No. So, you have done the oversight, but, if you do not act on the information gathered during the oversight investigation, then you have not accomplished anything.

Chairman JOHNSON. And, that is my point. We are going to have to put the processes in place to force action. Otherwise, we do not act.

Gene, you talked about some of these things having been implemented. Give us the best example of an implementation of your recommendation and how it occurred, so we can learn from that example of best practice.

Mr. DODARO. In the first year of this report, we identified the fact that there was duplication between the ethanol tax credit that was in place and the Renewable Fuel Standard (RFS) program. We said the ethanol tax credit was duplicative and Congress let that expire. That was a big change. People had been advocating that for a long time.

For another example, after the attacks on September 11, 2001 (9/11), the airlines and the traveling public were supposed to pay for the increased security, but Congress capped the aviation security fees. We had an open recommendation for several years that Congress allow the fees to increase, so that customers, rather than taxpayers—and rather than having Congress borrow the money—would bear the cost. Congress passed that increase and about \$128 billion was saved, over 10 years.

Congress also saved almost \$5 billion per year by eliminating direct payments to farmers.

But, I would just say, in terms of the fiscal condition, we are on an unsustainable fiscal path. Every part of the Federal budget—mandatory spending and discretionary spending—needs to be looked at—as well as the revenue side of government and tax expenditures.

We also have a very ineffective way to control our debt. The debt ceiling, as it is designed right now, is totally an after the fact consideration. We have already authorized all of the spending. Raising the debt ceiling just authorizes the Department of the Treasury to borrow to cover the spending that was already authorized. I have recommended we change that by linking decisions about spending and revenue to decisions about the debt limit when they are made. Congress ought to have some reasonable limit as a percent of the Gross Domestic Product (GDP). Unless we do that, you are going to have problems, especially if the interest rates continue to climb. If that happens, the service costs on that debt are going to skyrocket. The only thing that has been saving us so far are the low interest rates on borrowing an incredible amount of money.

Chairman JOHNSON. So, the lesson I am learning from the examples you threw out there is, first of all, you have to highlight it and get the public to be aware of it in order to really force the politicians—the elected officials—to actually act on it, because, if you do not shine the light of day on it, nobody is going to know and this place is just going to continue on automatic pilot.

Let me, in my last moments here, talk a little bit about one piece of legislation we are trying to put together and that Majority Leader McConnell is completely supportive of. It is actually 15 bills—maybe 16 bills—that have broad bipartisan support, are, generally, based on GAO's recommendations, and are things that have been passed through our Committee, unanimously, in a bipartisan fashion. I mean, I could list off the cosponsors, but just about—I know every Senator on this Committee has supported these. I know a lot of Members of the Senate have supported these pieces of legislation. So, hopefully, we can get bipartisan support. We have not been able to pass these through unanimous consent (UC). Somebody would object. This is something that could actually get floor time, so I am certainly hoping that Senator Carper will be supportive of this.

We have not given it a name yet. We do not have the right acronym. But, it is really a group of 15—maybe 16—pieces of legislation that implement the recommendations of GAO. It is good government. It is moving. It is continuous improvement. It is not a "be all, end all." It is not going to solve the entire problem. But, just like with the Duplication Report, you start here and you start making progress. And, again, that is just kind of my manufacturing background at work. I will work toward continuous improvement. If you do it over enough years, pretty soon, you can look back and go, "Hey, we made some real progress."

With that, Senator Carper.

Senator CARPER. Let me pass right now. I have delayed this hearing long enough. Let me pass. I will ask some questions later. Thank you.

Chairman JOHNSON. Senator Lankford.

#### **OPENING STATEMENT OF SENATOR LANKFORD**

Senator LANKFORD. Thank you, Mr. Chairman.

Dr. Coburn and Gene, thank you for being here and thank you for all of the work. And, thank you for the legacy that you left, Dr. Coburn. I have the opportunity to walk in a long shadow and I am glad to be able to walk through that as well.

For Gene, what you have done as well as the work and your team has been remarkable, to say the least—and you have been able to pull a lot of things together.

You and I spoke last year about the possibility of taking the lists as they exist—rather than having a large list—and breaking them out, in terms of what is Congressional, what are Administrative responsibilities, and so that it can be clearly identified as to who has what. You have done that this year and I appreciate that, as well, because that does allow us to be able to say, "This is our list. This is our 'to-do list'." It moves from a big list to a big list that is, specifically, one with our name on it—and so, that is very helpful in the process, as well, to help to identify those things.

Dr. Coburn, I would have to tell you that I get asked often about the work that you did while you were here and while you sat on this dais. And, people will say to me, "You did a lot of things, said a lot of things, and made a lot of speeches. What really changed?" I, typically, take them back to this—to the work on duplication and this specific report—to be able to identify, "Here are the things

that really made a difference—and it is a difference in the billions of dollars.” Not only the Administration can see it, the people can see it. And, Congress can choose to act on it or choose to be exposed when they do not. It does make a tremendous difference in the days ahead and I hope we can continue that.

While you were on the Senate side, I was on the House side. We were both working on a bill called the Taxpayers Right-to-Know Act. That has moved significantly. It moved through the House while I was there. It stalled here in the Senate. It has now moved completely through the House again—413 to 0 this time. We have a version that we have worked through here, in a bipartisan way, and it is being held up by a single member. We feel like that is at the behest of OMB.

It was interesting, Gene, when you brought up a lot of your questions—in your statements to OMB—on why they have not reacted to some of the transparency, they referred over and over again to the idea that they anticipate the Taxpayers Right to Know Act to pass. And, when it passes, then they will actually take on these things—but they are not going to do them until it passes.

We also believe that OMB is helping the charge to not move it here, for whatever reason. Part of that may be the program thresholds. Currently, the program threshold is one million dollars. For every program that is greater than one million dollars, we have to have a list.

Gene, when you and I, in 2013, had an interchange about this same issue, trying to identify—based on the Digital Accountability and Transparency Act of 2014 (DATA Act) and other things that are out there—what information we do have and what information we do not have. We determined, at that time, even in our conversation, a number of things we do not have. We do not have a list of every program, how much is spent on a particular program, if a program is evaluated at all, what was the evaluation of that program, or how many full-time employees are dedicated to a particular program—just a simple, straightforward list that every business in America has. Every one of them has some kind of tracking on that. We do not have that in the Federal Government.

So, we go to GAO to do this large-scale report, when that information should be something that every watchdog group is able to have out on a list and also should be on an app that is publicly available, so you can clearly see it. But, right now, that cannot be done, because we do not have that.

So, let me just come to a question on that. The \$1 million threshold, compared to a \$10 million threshold, what does that do for program transparency and uncovering the number of programs that may be duplicative that you cannot see?

Mr. DODARO. I think the one million dollar threshold is a reasonable request by Congress. There could still be some implementation problems, largely because OMB has not defined programs. That requirement has been in place for a long time under the Government Performance and Results Act (GPRA) Modernization Act. They punted that to the DATA Act. They are supposed to do it under the DATA Act. That is not being done.

So, I think there is a lot of confusion right now, because there is not a definition of program. I think there are more than one

thousand programs in the Catalog of Federal Domestic Assistance (CFDA) that have budgets that are between \$1 million and \$10 million. You need to have that visibility added into those programs. You need to have that transparency. Federal Agencies and OMB may have some difficulties in implementation, but I think you have to move in that direction if you really want to have a clear, transparent, and accountable government.

Senator LANKFORD. So, you are basically not going to see a thousand programs—or more—unless you have that definitional change.

Mr. DODARO. There is a good possibility of that, yes.

Senator LANKFORD. OK. Let me ask you about the NDNH.

Well, actually, let me pause before we do that. Dr. Coburn, do you have any comments you want to make on the Taxpayers Right to Know Act? You worked very hard on this for the Senate for a long time.

Dr. COBURN. I would just say that if, in fact, OMB is the hold-up with it, it is the same thing we heard on the DATA Act—that it is too hard to implement.

Senator LANKFORD. Right.

Dr. COBURN. It costs too much money. Well, what they found out was that it was a little hard to implement, but it did not cost nearly as much money. They bought a program from a nonprofit, Sunlight Foundation, and implemented it—and the same thing could happen on this. It is not hard.

People—if they are not being held accountable, they do not want to be held accountable—and transparency is what holds them accountable. So, the Taxpayers Right to Know Act is just as essential as any other thing we have done, in terms of transparency, so the American people can know.

So, what you are really doing is fighting a dark force that does not want the American people to know what is going on up here. And, the American people are saying, “Hey, we kind of get it. We kind of get it.” And, that is why your approval rating is low and that is why you are seeing the politics of America today. And, everybody is responsible for that. That is not partisan. That is just due to the fact that there is not a commitment to reconciliation and working together to get things done.

Senator LANKFORD. Right. Gene, talk to me about the NDNH. Why is that needed? You mentioned that earlier in your opening testimony. It is something that all of us support here. Why is that needed?

Mr. DODARO. There are a lot of Federal programs where benefits are based on means testing of income. The NDNH, which was initially created to help with child support enforcement, is the authoritative database on new employment and has the most up-to-date wage information. And so, that information could be compared against benefit decisions to test for possible improper payments. In a lot of means tested programs, people self-report their income. And so, Agencies do not always have a means of checking, through third-party information, whether what is being self-reported is right and whether it is up to date.

So, this database is essential. It is easy to use—once GAO has access to it—but OMB, initially, objected to our use. So, we went



to the States that report the data and had to get it from them. That is a very time consuming and labor intensive process—and the information quickly becomes out of date. We believe we have the authority to obtain and use the data, but Congress needs to clarify that. This will help us to do this work on overlap, duplication, and fragmentation in a much more efficient and effective way.

Senator LANKFORD. OK, thank you. Gentlemen, again, thank you for being here and for the ongoing work.

I yield back my time.

Chairman JOHNSON. Senator Lankford, first of all, I agree that you have some big shoes to fill, but you are doing a pretty good job. You are doing an excellent job as the Chairman of the Subcommittee on Regulatory Affairs and Federal Management (RAFM), working in a very bipartisan fashion with Senator Heitkamp. I truly appreciate that.

And, your Taxpayers Right to Know Act is part of this package and was introduced, first, in 2011. Let me just list the cosponsors right now. It is: Lankford, McCaskill, Johnson, Ayotte, Heitkamp, Enzi, McCain, Portman, Peters, Paul, and Fischer. That is what we are trying to put together here—and I truly appreciate your participation in that. Senator Carper.

Senator CARPER. Thank you. Thank you so much.

Several times, we have heard it mentioned that the American people have a pretty good idea of what needs to be done—and we need to remember that. Jefferson used to say, “If the people know the truth, they will not make a mistake.”

And, when you think about the way we spend money in the Federal Government—not everybody knows this—but I think it was in a pie chart. About half of the money that we spend, through the Federal Government, is from programs like—they are entitlements—things that people are entitled to—you folks know this—Social Security, Medicare, Medicaid, and veterans benefits—some of the veterans benefits—things that people are entitled to by virtue of their age, their service, or their health. This accounts for about 50 percent—and it is growing, not shrinking.

Another 5 or 10 percent is the interest on the national debt. If interest rates ever go up, heaven help us, because that one has not been growing that much, given the size of our debt. But, 5 to 10 percent is the interest on the national debt.

The other 40 percent, as you know, is discretionary spending. That is where we actually appropriate, in our dozen or so appropriations bills, which we are actually taking up on the floor today, tomorrow, and in the weeks to come. When—and that 40 percent—most of that is defense. The majority of it is defense, but the rest of it is the whole rest of the Federal Government.

The idea—to assume that we can get where we need to go, in a fiscally responsible way, by ignoring, really, any of those pieces—I think we make a mistake.

Dr. Coburn was one of the members of the National Commission on Fiscal Responsibility and Reform (NCFRR), or the Bowles-Simpson Commission, which came together with a plan about a half-dozen years ago. It was convened, by President Obama, to put us on the right track—and it involved everything. It involved revenues. It involved entitlements. I thought the way they did entitle-

ments was—I call it consistent with Matthew 25: “the least of these.” It says we have a moral obligation to the least of these: when I was hungry, when I was naked, and when I was thirsty—what did you do? And, I think we have a moral obligation to the least of these in our society. But, we have a fiscal imperative—since we have a large budget deficit—to meet that moral obligation in a fiscally sustainable way.

Dr. Coburn and I used to use GAO’s “High-Risk List” almost as our “to-do list,” when we were working together on this Committee. One of the things that befuddled me is that we worked very hard on improper payments—and we passed legislation that initially said, “Agencies, you have to figure out what your improper payments are.” Well, they were not doing that, so they did it. OK. And, we said, “Second, you have to stop making improper payments.” And, OK. And, next, “You have to report that. And, you also have to promote people, and consider in promotion whether the supervisors of an Agency—the heads of Agencies are doing anything about improper payments.” It is huge. It is, like, over \$100 billion a year. And, some of the reports on improper payments have come out. Medicare, to my amazement, jumped by \$15 billion.

So, I would just say—let me just start there. To the Comptroller General, do you have any idea why that happened, despite our best efforts? That is a lot of money.

Mr. DODARO. Yes. Since Congress required Agencies to report improper payment estimates in 2003, the cumulative number of improper payments that has been reported is over one trillion dollars—and, this last year, it was \$136 trillion. The reason that—

Senator CARPER. Billion. One hundred-and-thirty-six billion dollars.

Mr. DODARO. Billion. I am sorry. Thank you. The reason it jumped, in Medicaid, from my understanding, is that the States have not yet put in all of the systems necessary to check eligibility under the Affordable Care Act (ACA)—and so, they need to do that.

The one thing I would point out, Senator Carper, with Medicaid—that concerns me even more than these estimates—is the managed care portion of Medicaid. None of these improper payment estimates are covering the managed care portion of Medicaid, which is the fastest growing portion in States. All that the States are checking is whether they are paying the contractors properly—not whether the contractors are actually making the payments properly. That is going to change under a new rule, based on a recommendation we made to the Medicaid area.

I believe the improper payments, both in Medicare and Medicaid, account for over 50 percent of the improper payments for those agencies that estimate improper payments. They are two of the fastest growing programs in the Federal Government—estimated by CBO to grow at a rate of 6 to 8 percent over the next 2 years. Unless the agencies get on top of this situation, in my opinion, it could quite likely get worse before it gets better. There are a number of recommendations we have made. They need to implement them. And, they need to change the culture to one of making sure we prevent these payments from occurring in the first place.

Senator CARPER. What was the name of the guy that used to say, “So-and-so, why do you rob banks?” And, he would say, “That is

because that is where the money is.” Who was that guy? Does anybody remember?

Mr. DODARO. Willie Sutton.

Senator CARPER. Willie Sutton. “Willie Sutton, why do you rob banks?” He says, “Well, that is where the money is.” Well, there is a lot of money in improper payments that are outside of Medicaid and Medicare, but there is a huge amount of money there and we just need to continue to focus on that.

I just want to say that some people think of entitlement reform as a way to save money. I think that what we need to do is save the programs for our kids and grandchildren. We do need to save some money—and we need to do so in a way that does not savage the least of these. Those are the three guidelines that I would give.

Dr. Coburn, you served on the Bowles-Simpson Commission, where you guys came up with, I thought, an excellent game plan. I want to applaud your courage—political courage—for supporting it and for being very vocal about it.

One of my great disappointments was that our friend—mutual friend—President Obama—because he created the Bowles-Simpson Commission—when you all came out with your report, he did not embrace it. And, I talked to him any number of times, privately, about it and he would say, “I do not want to negotiate against myself. I need someone to negotiate with on the Republican side.” Some people said, several years later, that he and Speaker of the House John Boehner, as you may recall, did negotiate—not once, but twice—to try to get a Bowles-Simpson-like agreement. And, my understanding is that, when the Speaker went back to his caucus and said, “Well, what do you all think?” they said, “If you do this, you may not be Speaker much longer.” So, there was finally an effort—belated—but there was an effort to do it.

I think, if the President had run with this when you guys said, “This is what we recommend,” we would not be having this hearing today. That would have been a huge game changer.

Let me just ask—without something like that—a Bowles-Simpson-like structure with the recommendations—comprehensive recommendations—we can do the piecemeal stuff—and we will, but do we need the overreaching structure that a Bowles-Simpson approach provides—that provides the balance?

Dr. COBURN. Well, the Bowles-Simpson approach was that we all jumped off of the bridge together—

Senator CARPER. Yes.

Dr. COBURN [continuing]. And, actually solved the problem. But, you can do it unilaterally. There are a couple of problems. We keep making the same mistake. If we create a new program or if we enhance a program, we do not create a revenue stream to pay for it—and the Republicans are guilty of that with Medicare Part D and Democrats are guilty of that too. Everybody that voted for the last omnibus—you stole the money from Social Security to re-up Social Security Disability Insurance (SSDI), which was totally out of money. And, what fixed Social Security Disability Insurance? Nothing. So, what is going to happen? You are going to do the same thing—except the next time you go to Social Security, there is not going to be any money in it to take.

So, what has happened is that you have delayed fixing the real problem. You have done a patchwork fix, so you do not have to deal with the real problem. And, it is hard work. I am not saying it is not. But, some major changes in Social Security Disability Insurance would be amazingly helpful for the disabled community and would get rid of the fraud. And, you would extend the life of the Disability Insurance Trust Fund by 20 years. But, not doing that—it is expedient to take the money from Social Security and to not fix Social Security Disability Insurance.

So, I would just say, these are the kinds of examples of what we continue to do because it is convenient and expedient—but we do not actually fix the real problem. And, that is the Senate Finance Committee's jurisdiction, I think. That is not this Committee's jurisdiction. But, anyhow, it needs to be fixed.

And, the other thing is the rule—if you are going to start a new program—and we may need to—we are our brother's keeper—we need to have a tax revenue stream that pays for it rather than—and then, we do not increase benefits without increasing the revenues to pay for them.

Senator CARPER. OK. Mr. Chairman, I know I am over my time. Could I just ask for one more minute and then I will stop?

We are not very good at paying for things that we know we need. A good example is our approach to roads, highways, and bridges. We have a history of saying that businesses and the people who use our roads, highways, and bridges should pay for them—and instead of doing that this last time, we have, literally, pilfered money from the Federal Reserve. We take oil out of the Strategic Petroleum Reserve (SPR) that we paid \$80 or \$90 a barrel for and we say we are going to sell it for half of that and use that. There was an effort to raise Transportation Security Administration (TSA) fees and, instead of putting that money toward aviation security—to actually use it for roads, highways, and bridges—we beat that back. There was an increase in U.S. Customs fees. Instead of providing for better border security, we were going to use that for roads, highways, and bridges. It is shameful. I think it is shameful.

But, on a positive note, we took a program—the Earned Income Tax Credit (EITC), which Ronald Reagan said was the best anti-poverty program ever—but we knew that it was flawed. We knew that it was flawed and that it needed to be cleaned up. And, when we put it in that big package that Dr. Coburn referred to, from last year, we actually made program integrity changes—and they were still trying to do that for the U.S. Postal Service (USPS) with respect to Workers' Compensation, which is another thing that needs to be done.

So, I think we just have to stay with this stuff. And, you are right, this Committee—as much as anybody else—has the obligation—and, frankly, the history of working together—that shows we can get stuff done.

The three Cs—I like to talk about the three Cs. Communicate and compromise, those are the secrets for a vibrant democracy. Add a third C—that would be collaboration—and that is really in our DNA in this Committee—and we just can never lose that.

It is just great to see you both. And, thank you so much for being here. God bless you. And, I want to second the motion of the Chair-

man of the Committee about James Lankford. He is a worthy successor—a very worthy successor.

Dr. COBURN. I agree.

Chairman JOHNSON. Also, by the way, they are big boots he is filling—not shoes. [Laughter.]

So, let me be one of the two accountants in the room here and talk a little bit about some of the numbers, because, the fact of the matter is, we have actually reduced the national debt by more than 80 percent of what the Bowles-Simpson Commission's recommendations would have done. It is not the way the Bowles-Simpson Commission really laid it out, but, in the Budget Control Act of 2011, we had about \$2.1 trillion of spending restraint. In the American Taxpayer Relief Act of 2012 (ATRA), we had about \$700 billion of revenue raised. So, that is about \$3.8 trillion. That reduced the national debt by about 81 percent of what it would have been reduced to under the Bowles-Simpson Commission's Plan. We did zero mandatory spending, whatsoever.

But, it, unfortunately, barely made a dent, because, according to the Congressional Budget Office, the projected deficit, over the next 30 years, which is a concept I kind of came up with in working with the White House right after President Obama got reelected—the total deficit, over the next 30 years, which really is the definition of the problem—the demographic bubble—all of the “Baby Boomer” generation retiring—all of these promises made—and we have no way to pay for them—is \$103 trillion.

Dr. COBURN. More.

Chairman JOHNSON. One hundred-and-three trillion dollars. This is with what we have already done, reduced the national debt by 80-some percent of what the Bowles-Simpson Commission's recommendation would have done—\$10 trillion the first decade, \$28 trillion in the second, and \$65 trillion in the third.

Now, here is the problem. I was in the White House. President Obama joined us for the second half of a 2-hour meeting. And, I slid my 30-year deficit chart under his nose and I said, “Mr. President, I have given my PowerPoint presentation to 17,000 Wisconsinites in audiences about this large. But, you are the President. You have the bully pulpit. Please use it. Tell the American public the truth. Show them the depth of the problem, so that, collectively, we can take the first step to solving any problem.”

Do you know what he said to me? He said, “Ron, we cannot show the American public numbers this big. If we do, they will become scared and give up hope.” He said, “Besides, Ron, we cannot do all of the work. We have to leave some work for future Presidents and future Congresses.” So, it is that denying of the reality, that lack of willingness to tell the American people the truth, and that lack of transparency that is preventing us from really addressing these very serious problems.

I have two quotes. We talked about Thomas Jefferson. Let me paraphrase, instead of giving quotes, because I do not have the quotes in front of me. Thomas Jefferson said that a Nation that expects to be free and ignorant living in a state of civilization expects what never was and what never will be. And, he also said that a government big enough to give you everything you want is big

enough to take away everything you have. And, those are the realities that we are dealing with.

Gene, I want to talk to you a little bit about fraud. We talked about waste, which is really kind of the category I put the duplicated programs in—just waste. If we are doing the same things in different agencies, not doing them well, and not measuring the results, that is waste. Let us talk about fraud.

The Earned Income Tax Credit—we have excellent Inspectors General doing reports, which show that 23.8 percent is the most recent figure of fraud with the Earned Income Tax Credit. We do not have very good information on fraud in other programs. I know people estimate. I have gotten in trouble kind of estimating it. We need that information.

Can you just kind of talk a little bit about what GAO and what the Inspectors General can do to really ferret out fraud in—you pick the program.

Mr. DODARO. Well, first, one of the things that we found lacking was attention to the fraud issue and the building of it into the program management. So, we created a fraud risk-management framework—or fraud-prevention framework—that Agencies should use to focus on what the risks of fraud are, what they can do about it, and how they can measure it. It is a similar concept to improper payments. Before we started doing financial audits in the Federal Government, nobody was measuring improper payments. So, Congressional Agencies need to focus on this the same way we did with the improper payments. Congress passing legislation on the improper payments problem was key. GAO first worked with the IGs and we were the first ones to estimate improper payments in the Agencies.

I am pleased to see that our fraud-risk framework—it is part of the legislative package that you are talking about passing. So, I would encourage you to pass that to put that framework in place at the Agencies.

Then, we need to work with the Agencies to have better controls in place. We looked at health care fraud cases where convictions were made by the courts. And, we found, in 40 percent of the cases, it was people billing for services that were never provided.

We see that as a frequent aspect of improper payments—poor documentation. I am concerned that Agencies do not take these problems seriously. When Agencies have programs vulnerable to fraud and there is missing documentation—and they have asked for it four or five times before determining it is not there—we believe it is important to further investigate.

So, there needs to be more attention to it. You need a framework in place. Congress has that, now, in the proposed legislation based on our framework. If you pass that—put it in legislation, I think you will see a lot of changes.

But, we need the Agencies' participation. The problem is too difficult for just GAO and the IGs to work on. So, we need Congress to hold their feet to the fire as well.

Chairman JOHNSON. Can you talk, specifically, though—so, you have the Inspector General of the IRS, basically, doing a pretty good study showing—and giving us a macro number for the Earned Income Tax Credit, which is a powerful piece of information we can

use to prompt reform. The problem is that these other instances of fraud are anecdotal.

Mr. DODARO. Yes.

Chairman JOHNSON. And so, certainly, when I have used the anecdotes—I hear “Well, yes, that is—but it is nowhere near 20 percent or whatever.” How do we turn those micro anecdotes into the macro numbers that really will drive action—that will actually force action—that will create the political will to force action here in Congress? Either you or Tom could answer that one—or if you have any thoughts on it.

Dr. COBURN. Well, I would comment first on Medicare and Medicaid fraud. They are designed to be defrauded. I mean, think about it. You are fixing the wrong problem. What you have to do is change the design of the Medicare and Medicaid programs so that they are not susceptible to fraud. Otherwise, you are going to end up with a bureaucrat in every office in every medical facility. If you really want to get it right—because the program is based on the integrity of doing the right thing—and now we are spending all of this money to try to find those who are not doing the right thing. So, you could spend more money trying to prevent spending wrong money than you would ever save. So, you end up spending more money.

So, my first answer is that you always try to fix the real disease—not the symptoms. The fraud on Medicare is because of the way the system is set up. It is designed to be defrauded.

Chairman JOHNSON. So, being a doctor, yourself—being a provider—describe the difference between private sector health care, in terms of the level of fraud and what controls are in place there as opposed to Medicare.

Dr. COBURN. Really easy. Blue Cross Blue Shield (BCBS) knows everything about every patient I see. They know my practice patterns. They know my reimbursement patterns. They know when I see a patient. They have computer algorithms. They know what is going on. Medicare does not have that. They have no idea.

So, Blue Cross Blue Shield and the rest of the insurance companies—every provider—they know what their parameters are and, when they see something pop out of the parameter, do you know what the first thing they say is? They say, “We are not paying this. Send us information.” And, no human touches that. That is a computer program that sends an e-mail to my office that says, “We are not paying this because this does not smell right.”

Chairman JOHNSON. So, these solutions exist.

Dr. COBURN. Yes.

Chairman JOHNSON. And, so many of these problems—I mean, this is just one example—using that as an example—these solutions exist in the private sector. They are just table stakes. In the private sector, this is how things operate. But, it has just been impossible to implement these things that already exist and have them implemented in the government. And, as a result, we are paying billions of dollars in fraudulent payments.

Mr. DODARO. What Dr. Coburn just mentioned is similar to one of our outstanding recommendations, based on this work. Physician profiling, which is what Dr. Coburn is talking about—and the Centers for Medicare and Medicaid Services (CMS) is beginning to

have something in place. They have started down that path, but they need to do much more.

So, our recommendation is to try to take some of the private sector best practices and have them implemented in the government setting. But, CMS is too slow to put them in place.

Chairman JOHNSON. So, I am over my time, but I will just ask a rhetorical question. So, why does the head of HHS or Medicare not go to the private sector and say, "Just implement this here?" It drives me nuts. Senator Lankford.

Dr. COBURN. Just as an aside, it was offered to them for free. They did not take it. Just to let you know that.

Senator LANKFORD. I know we are about to be called for votes, so let me cut to the chase. I have several things I would love to be able to talk about—both with the Federal fleets, the management of that, and several recommendations you have on that—and quite a few other areas—on Social Security Disability Insurance, things that we have worked on together in the past and things that are very obvious.

I was just as frustrated last October, when that budget piece passed that included an incredible punt on Social Security Disability Insurance. And, the frustration is that we never seem to fix anything here until we have a deadline. We finally had a deadline to do something and it was punted for 7 years instead of actually faced. So, we will have to deal with that in the days ahead.

The issue I want to be able to bring up and be able to drive home, though, deals with emergency spending and recisions. There is some conversation moving around Congress, right now, that there are some important things that are happening right now with Zika, with opioids, with the Flint, Michigan water crisis, and with other things—and the conversation involves people saying, "These are emergencies. We need to break the caps. We need to have something uniquely different on this because it is very important."

Your report also details things like the Home Affordable Refinance Program (HARP) and multiple other areas where there are recisions and de-obligated balances—where there are billions of dollars that are still sitting there, basically, because they are obligated to programs that are not functioning anymore. Can you give me a little bit of detail about that?

Mr. DODARO. Yes. We have several recommendations that focus on suggested recisions. This is an area Dr. Coburn and I talked about early on. It is hard to identify specific recisions, but we have three examples of areas where there is money that could be rescinded—and I will provide those for the record.<sup>1</sup> They are in our recommendations to Congress.

One is the Advanced Technology Vehicles Manufacturing (ATVM) Program. We think there is about \$4 billion there. There are unobligated balances at the Department of Energy (DOE) and the Department of State (DOS) totaling several hundred million dollars. HARP as you mentioned—we think there is the potential there for \$2 or \$3 billion in recisions to take place. So, we have highlighted those in the report—and I would encourage Congress to act on them.

<sup>1</sup> The recommendations submitted by Mr. Dodaro appears in the Appendix on page 66.



Senator LANKFORD. OK, thank you. I will yield back my time, because we are getting close to voting time.

Chairman JOHNSON. Senator Carper.

Dr. COBURN. Can I just make one comment? In my 16 years of service up here, I have never heard of an Agency that said it had more than enough money. I mean, truly. And, that is not to be critical of the Agencies, because they are going to protect their turf. But, I would put forward to you that there is not an Agency in the Federal Government that you cannot find 10 percent waste in—minimum. So, if you take the discretionary and the management side of the mandatory spending, you can find, easily, one hundred billion dollars a year in our budget that could be put toward health care for our seniors and veterans care for our veterans. You could, actually, do that if you had the willingness to actually do the hard work.

And, what I found is that, on this Committee, we had a lot of people willing to do the hard work, but, in the rest of Congress, I did not find it. In other words, when you talked about it, there was kind of a blank stare. “I do not want to listen to this, because I do not want to do that,” and, I think that part of your job is to go out and sell everybody. We have ways to solve these problems. We know. We have actually done the oversight. Oversight is the most effective tool that we have, in Congress, to actually make changes that positively impact America.

Senator CARPER. When the President submitted his budget for 2017, Gene, I think, he recommended a very small increase for GAO. I think under some of our cuts in recent years, the resources for GAO have been diminished—and it is only a couple of percentage points, but it is something, after having several years of freezes or cuts—and my hope is that we will do that.

You have testified before, in this Committee, on the revenue side, as opposed to the spending side—and what we can do that would be smart, in terms of resources for the IRS and changes, in terms of, like, allowing folks who are, really, anywhere from incompetent to corrupt to continue to prepare tax forms and tax returns. Could you just talk about some of the things we might do—or ought to do—that actually would enable the IRS to do a better job, including the last piece that I talked about?

Mr. DODARO. Yes. We have had a recommendation that Congress give the IRS the authority to regulate paid tax preparers. We did an undercover investigation a while back. We sent teams out to 19 paid tax preparers and we worked out different scenarios of what the tax should be and ran it by the IRS. Only two of the 19 paid tax preparers gave us the right answers. And, some gave—

Senator CARPER. Say that again. How many out of 19?

Mr. DODARO. Two. Two of 19. Only 2 of 19. And, some of the ones that gave us answers were off by so much that it would have cost penalties and increased interest—both to themselves as well as to the taxpayers.

We also looked at the IRS’s records and the data that they had. And, we found that returns that were prepared by tax preparers had a 60 percent rate of errors in them compared to a 50 percent rate of errors in the tax returns of people who prepared their own

taxes. Over half of the returns with problems in the Earned Income Tax Credit were the result of paid tax preparers as well.

Oregon has had a State program for a number of years that regulates preparers. Oregon taxpayers using preparers are more likely to get an accurate return—it is 72 percent more likely, in Oregon, than any other place in the country. So, some of the States have this. The IRS tried to do it. The court ruled they did not have the legal authority. And so, Congress needs to act, if you want the IRS to proceed.

Simple math authority. For some errors, the IRS could use administrative records to fix the returns right away. They would not have to do an audit, which burdens the taxpayers and others. It is possible to do this with due process. We think that should be put in place.

Allowing—or requiring—more electronic filing of information from employees to the IRS, specifically, to bring the threshold from 250 employees down to about 5 or 10, using electronic means—that would be an improvement.

I would compliment Congress that they did act on our recommendation last year to move up the date for W-2 information to be sent so the IRS has it now at the end of January, rather than in April. This will allow the IRS to match it with filed returns. This will help prevent identity theft refund fraud as well as improve the administration of the current tax system.

Those are a few of the things that we have—

Senator CARPER. That is great. One of the things that Dr. Coburn and I worked on for some time was—no, I am not going to go there. That is going to take too long.

Let me just conclude by saying—go ahead.

Dr. COBURN. I just want to comment on it. Before I came to the Senate—and you were here, Tom—the Senate Finance Committee actually did a study that Senator Trent Lott authored on the IRS and professional preparers. And, what it showed was that, of the 10 regional branches of the IRS, where they went to them with this tax data, they got a different answer at every IRS location. So, that tells you something. Then, when they went to the formal tax preparers—and I am talking about the big firms, not the small ones—they got a different answer. So, the question is: who is right?

So, again, it is about going back to fixing the real disease, instead of the symptoms. What we need is a simpler, fairer, and flatter tax code, so that everybody pays something, everybody knows when they pay it, they pay the right amount, and they are not in jeopardy. People worry to death about hearing from the IRS, thinking, “Maybe my taxes were not right.” So, this means fixing the real disease: changing the tax code.

And, if you changed it properly, you could save 90,000 Federal employees—90,000—who, by the way, make 77 percent more than the average American—77 percent. That is according to the U.S. Bureau of Economic Analysis (BEA). So, the average Federal employee is making 77 percent more—and then, when we are doing our taxes—trying to do it right at each place—if you send it to 10 different places, you get a different answer each place.

Senator CARPER. Yes. Let me conclude with this. One of the requests by John Koskinen, the Commissioner of the IRS, to us, the

other day, was—you know what we did for DHS. They were having a hard time hiring and retaining their cyber warriors, so we made some modifications. We gave them some flexibility there, which they are beginning to use now.

One of the things that the IRS has asked us for is to restore what they call streamlining compensation. It is like a million dollars a year, but they use it for information technology (IT). They hire IT people. They train them, they get to be good, and they get hired away. And, we have gone, I think, 3 years without restoring that. That was just an example of somewhere we can actually spend some money to save money.

I will close with this thought. It is hard to believe when I tell younger people, but it was not all that long ago that we actually had a balanced Federal budget. We had not one, not two, not three, but, actually, four—if you will recall, the last 4 years of President Clinton's Administration and going into President Bush's Administration.

And, if you look at the percentage of the GDP that we spent, it was about 20 percent in each of those 4 years. If you look at the percentage of the GDP that revenues accounted for, it was about 20 percent. And, today, I think we are spending about 22 to 23 percent of the GDP—

Dr. COBURN. Twenty-four.

Senator CARPER [continuing]. Twenty-four. And, our revenues are 17 or 18 percent. And, clearly, we need to do something on—just like the Bowles-Simpson Commission. We need to do something on the spending side. It cannot just be all discretionary spending, or defense spending, or entitlement spending. There has to be a combination thereof. And, we need to do something on the revenue side as well.

Dr. COBURN. If I could gently challenge you—

Senator CARPER. Please.

Dr. COBURN [continuing]. On the 4-years of balanced budgets, under GAAP, you had one year—and it was \$14 billion. That did not have anything to do with Congress. It had everything to do with the year 2000 (Y2K) and the additional forward purchasing. So, it was nice to say we had a balanced budget, but, on GAAP terms, you only had one year.

Senator CARPER. Yes. The other thing we had going in force then was a very strong economy—

Dr. COBURN. Yes.

Senator CARPER [continuing]. And, one of the best ways we could strengthen the economy would be to show that we have the discipline here, the wherewithal, and the willingness to work together to do some of the things that we are talking about. And, the spirit that you really demonstrated here, Tom, for all of those years—and, frankly, the spirit that Gene and his troops have, as well, I think is still alive—and our job is to make sure that we do not let that flame die. Thank you.

Chairman JOHNSON. Thank you, Senator Carper.

By the way, we are also 15, 16, and 17 years further away from this “Baby Boomer” bubble with all of these entitlements, which has been pretty obvious and people just ignored it.

By the way, Senator Coburn, I like your root cause analysis of the tax system. Rather than try and fix the symptom, which is a complex system, and rather than trying to figure out how to get people to prepare taxes properly in a complex system—just simplify the system. Scrap it and set up something, I always say, elegantly simple. Two basic principles: Raise the revenue we need and do no economic harm. Stop trying to socially and economically engineer through the tax code. We do a terrible job. But, anyway, there is my pontificating, I guess.

I want to thank both of you. I mean, you have laid the groundwork, through your efforts, for this Committee to actually take some action and enact that continuous improvement. And, by the way, we are getting some results. People do not realize that, but, using an approach that, certainly, Tom, you were, certainly, engaged in—trying to find areas of agreement that unify us—you can actually get results.

We have passed 69 pieces of legislation through this Committee—most of them unanimously. Twenty-four bills now have been signed into law. There is another piece of legislation that is waiting on the President's desk. In some way, shape, or form we have gotten it to the President's desk—gotten the result. And, I really do hope that Senator Carper will join me on this piece of legislation that we would like to get on the floor, because nobody can—again, not one Senator can hold it up if we get it to the floor. Leader McConnell is committed to doing so. So, we can actually implement some of these great recommendations from GAO. So, I hope you join us on that.

Senator CARPER. Let me just say, if I could, Mr. Chairman, I think we have done good work. I am proud of what we have done, building on the record that Dr. Coburn helped to create. And, I am very much interested in the package that puts together a lot of the stuff that I helped to write or authored.

The other thing I am really interested in doing, as you know, is taking up and legislating on USPS reform—and I want to get that done. We need to get that done. It is eminently fixable. Dr. Coburn and I tried very hard to fix it—and that is something we should do. But, I think we can do both and we need to.

Chairman JOHNSON. And, we are working with you and the House of Representatives to try and accomplish something there.

But, again, gentlemen, thank you for everything you have done for your country and for this Committee. Thank you for coming here today and for testifying. You are great Americans.

And, with that, I think I have to read the magic words here. This hearing record will remain open for 15 days, until May 12 at 5 p.m., for the submission of statements and questions for the record.

This hearing is adjourned.

[Whereupon, at 12:14 p.m., the Committee was adjourned.]

## A P P E N D I X

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### **Chairman Johnson Opening Statement “Government Reform: Ending Duplication and Holding Washington Accountable”**

**Wednesday, April 27, 2016**

*As submitted for the record:*

Good morning and welcome. I want to start by thanking Comptroller General Gene Dodaro and all of the staff at the Government Accountability Office (GAO), who work tirelessly to prepare these reports. I also want to thank Dr. Coburn for coming back to our committee to talk about this important topic.

Every year this committee gathers here to highlight duplicative, wasteful spending by the federal government. But what a lot of people may not know is how this GAO report came about. Dr. Coburn, then a relatively new senator, was fed up with seeing legislation that, while well-intentioned, was spending money to create new programs to address perceived problems where federal programs already existed.

So Dr. Coburn tasked his staff with a monumental mission: to compile an inventory of all duplicative federal spending. I understand they came up with a pretty good list, but it was impossible for them to make it a complete inventory on their own. Undeterred, Dr. Coburn offered a very simple amendment during the 2010 debt ceiling fight, requiring the GAO to report annually on duplication. It passed unanimously.

I would venture to guess that had the Congressional Budget Office scored Dr. Coburn’s amendment, it would have estimated a cost of several million dollars for the report each year. What the score would not have shown is all the taxpayer money those reports would save. Six years later — with less than half of the GAO’s recommendations implemented — the GAO estimates that its recommendations have resulted in savings of \$56 billion. The latest report identifies 37 new areas of waste and 92 recommendations for Congress and the executive branch.

Each year serves as another reminder that there is still much more work to be done and savings to be had. While our committee cannot solve federal waste and duplication on its own, there is a lot we can do. First, we can continue to perform oversight and pressure the administration to implement the GAO recommendations. Second, we can work to pass laws that reform wasteful government spending.

Our committee has approved more than 20 bipartisan bills this Congress to address wasteful government spending. For various reasons, some of these bills will never achieve unanimous consent. But we cannot let that stop us.

Today, I made public a discussion draft of a bill that would combine 15 bills this committee has already approved with overwhelming bipartisan support. The legislation makes government more efficient, improves transparency, cuts duplicative and wasteful spending and strengthens our federal watchdogs. Together, these bills make up a package of common-sense government

reforms. I've heard from the majority leader that he is very supportive of moving bipartisan government reform legislation through the Senate.

By focusing on these areas of agreement, we can pass legislation that makes a real difference in addressing government waste. I look forward to discussing this bill further with my colleagues.

I am grateful for Senator Coburn being here today to call attention to duplication and waste, and I look forward to hearing from him and the Comptroller General about what more we can do.

**Statement of Ranking Member Tom Carper**  
**“Government Reform: Ending Duplication and Holding Washington Accountable”**

**Wednesday, April 27, 2016**

*As prepared for delivery:*

I want to thank Chairman Johnson for holding this hearing today. I also want to thank our witnesses, Mr. Gene Dodaro, and our friend Dr. Coburn for joining us to examine the GAO’s annual ‘duplication’ report.

Let me start off my statement by saying a word about our former colleague. Most people probably don’t know this, but we actually have Dr. Coburn to thank for this hearing and for the attention that GAO and Congress are now giving to duplication and inefficiency in government. In 2010, Dr. Coburn offered an amendment to require GAO to conduct this annual report. That amendment was approved by a vote of 94 to 0, illustrating the bipartisan desire to look in every nook and cranny of the government for ways to save money.

I had the privilege of working with Dr. Coburn on this committee over the years to do just that. In fact, we spent some time working on many issues highlighted in GAO’s report. By taking on these issues, we tried to find a bipartisan way forward to improve the functioning of government and save taxpayer dollars. So I’m pleased that Dr. Coburn is with us today to provide us with his thoughts on Congress’ role in overseeing the federal government, legislation to improve transparency, accountability, and efficiency in the Executive branch, and also his history and experience with this report. This report continues GAO’s now 6-year examination of the federal government to identify major instances of fragmentation, overlap, and duplication. Throughout each of the reports issued in that time, GAO has provided a number of recommendations for Congress and the Executive branch that, if implemented, have the potential to save money and make our government more efficient.

Some of the issues we will have the opportunity to discuss today have long been of interest to members of this Committee. They include real property management, the root causes of improper payments in Medicare and Medicaid, the functioning of the Internal Revenue Service, and problems with the Post 9/11 G.I. bill overpayments to name a few. We have seen progress on some of these issues and should recognize the work that has been done by agencies and by the Congress. For example, GAO estimates that through addressing its recommendations over the past five years agencies and Congress have realized roughly \$56 billion in financial benefits in fiscal years 2010-2015. And GAO estimates an additional \$69 billion in benefits through 2025 for a grand total of approximately \$125 billion in financial benefits from 2010 through 2025. However, we are seeing some troubling trends, such as increases in the number of improper payments government-wide and a lack of progress in vital programs such as Medicare and Medicaid. In fact, just over the past year or so we’ve seen an increase in improper payments in the Medicaid program alone by just under \$10 billion dollars.

Simply put, there is more work that needs to be done. But in saying that, I should note that many of the challenges discussed in GAO’s reports are complex and difficult to solve. They cut across

various departments and involve programs that each have their own constituencies and, in many cases, provide the public with services they need and rely on. So what GAO does by shining a spotlight on these challenges is call on those of us here in Congress and our partners in the executive branch to show leadership and exercise oversight to determine where unnecessary duplication exists, where it can be eliminated, and where we need better coordination among government programs with similar missions.

With that in mind I would like to highlight a bipartisan, bicameral bill that I introduced with our Chairman and a number of my colleagues that builds on longstanding management efforts to increase the efficiency and effectiveness of the federal government and enhance its ability to address many of these issues. This bill, the Getting Results through Enhanced Accountability and Transparency Act, would update the decades-old statutes that govern how agencies manage and review their operations to help them identify opportunities for efficiency and economy in all of their functions, and activities. It would also ensure that agencies address issues of duplication in their strategic planning, including in their annual performance plans they send us along with their budget submissions to Congress. Other provisions would enhance collaboration among agencies through existing management and performance structures, such as the Performance Improvement Council (PIC) and efforts like the cross-agency federal priority goals monitored by OMB. I look forward to working with the GAO, OMB, and members of this Committee to move this bill forward in the near future.

Finally, I want to close by thanking Mr. Dodaro and his team at GAO for the hard work that went into putting this report together. My colleagues have heard me say many times that I think of this report and GAO's High Risk List as our to do lists here on this Committee and in Congress. GAO consistently provides us with information we can use to help get better results for less money so all of us are very thankful for your service. My thanks again to both of you for joining us to discuss these important issues today. I look forward to your testimony.



United States Government Accountability Office



Testimony  
Before the Committee on Homeland  
Security and Governmental Affairs,  
U.S. Senate

For Release on Delivery  
Expected at 10:00 a.m. ET  
Wednesday, April 27, 2016

# GOVERNMENT EFFICIENCY AND EFFECTIVENESS

## Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits

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

## GAO Highlights

Highlights of GAO-16-580T, a testimony before the Committee on Homeland Security and Governmental Affairs, U.S. Senate

### Why GAO Did This Study

The federal government continues to face an unsustainable long-term fiscal path based on the imbalance between federal revenue and spending. As the fiscal pressures facing the government continue, so too does the need for the Congress and executive branch agencies to improve the efficiency and effectiveness of government programs and activities. Such opportunities exist throughout government.

To bring these opportunities to light, Congress included a provision in statute for GAO to annually identify federal programs, agencies, offices, and initiatives (both within departments and government-wide) that are duplicative. As part of this work, GAO also identifies areas that are fragmented or overlapping as well as additional opportunities to achieve cost savings or enhanced revenue collection. GAO's 2016 annual report is its sixth in this series (GAO-16-375SP).

This statement discusses

- new issues GAO identifies in its 2016 report;
- the status of actions Congress and executive branch agencies have taken to address issues GAO identified in its 2011-2015 reports; and
- opportunities to achieve significant benefits from selected areas included in this year's and past annual reports.

To identify what actions exist to address these issues and take advantage of opportunities for cost savings and enhanced revenues, GAO reviewed and updated prior work, including recommendations for executive action and matters for congressional consideration.

View GAO-16-580T. For more information, contact Orice Williams Brown at 202-512-8678 or [orwilliams@gao.gov](mailto:orwilliams@gao.gov) or A. Nicole Clowers at [clowersa@gao.gov](mailto:clowersa@gao.gov) or (202) 512-7114.

April 27, 2016

## GOVERNMENT EFFICIENCY AND EFFECTIVENESS

### Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits

#### What GAO Found

GAO's 2016 annual report identifies 92 new actions that Congress and executive branch agencies could take to improve the efficiency and effectiveness of government in 37 areas. GAO identifies 12 areas in which there is evidence of fragmentation, overlap, or duplication. For example, GAO found that the Internal Revenue Service could potentially collect billions of dollars in taxes owed and save resources by better managing fragmentation and overlap, improving communication, and streamlining processes within its nine public referral programs. GAO also identifies 25 areas where opportunities exist to reduce the cost of government operations or enhance revenue collections. For example, GAO found that Medicare could save billions of dollars if Congress were to equalize the rates Medicare pays for certain health care services, which often vary depending on where the service is performed.

Congress and executive branch agencies have made progress in addressing the 544 actions government-wide that GAO identified in its past annual reports. As of March 2, 2016, 41 percent of these actions were addressed, 34 percent were partially addressed, and 20 percent were not addressed. Congressional and executive branch efforts to address these actions over the past 5 years have resulted in roughly \$56 billion in financial benefits, with at least an additional \$69 billion in estimated benefits projected to be accrued through 2025. These estimates are based on a variety of sources that considered different time periods, assumptions, and methodologies.

Status of 2011-2015 Actions Directed to Congress and the Executive Branch, as of March 2, 2016

Status	Number of executive branch actions (percentage)	Number of congressional actions (percentage)	Total (percentage)
Addressed	197 (43%)	27 (32%)	224 (41%)
Partially addressed	175 (38)	10 (12)	185 (34)
Not addressed	68 (15)	43 (51)	111 (20)
Consolidated or other	19 (4)	5 (6)	24 (4)
<b>Total</b>	<b>459 (100)</b>	<b>85 (100)</b>	<b>544 (99)</b>

Source: GAO. (GAO-16-580T)

Note: The total percentage does not add to 100 due to rounding.

While Congress and executive branch agencies have made progress toward addressing the actions GAO has identified, further steps are needed to fully address the remaining actions. GAO estimates that tens of billions of additional dollars would be saved should Congress and executive branch agencies fully address actions that are currently partially addressed or not addressed, including the new actions GAO identified in 2016. A substantial number of GAO's actions from the 2011-2016 annual reports fall within the areas of health care, defense, and revenues, and these areas have significant opportunities for cost savings or other financial benefits. For example, in the 2015 annual report, GAO reported that DOD could potentially achieve hundreds of millions of dollars in cost savings by re-evaluating its headquarters reductions efforts and conducting periodic reassessments of workforce requirements.

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Chairman Johnson, Ranking Member Carper, and Members of the Committee:

I appreciate the opportunity to discuss our 2016 annual report, which presents 92 new actions for Congress or executive branch agencies to reduce, eliminate, or better manage fragmentation, overlap, and duplication and achieve other financial benefits.<sup>1</sup> My testimony today describes (1) new issues identified in our 2016 annual report; (2) the status of actions taken by Congress and executive branch agencies to address the issues identified in our past annual reports;<sup>2</sup> and (3) opportunities to achieve significant benefits from selected areas included in this year's and past annual reports.

My comments are based upon our 2016 annual report, which was released on April 13, 2016, as well as our update on the progress made in implementing actions that we have suggested in our previous annual reports.<sup>3</sup> These efforts are based upon work GAO conducted in accordance with generally accepted government auditing standards.<sup>4</sup>

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<sup>1</sup>GAO, *2016 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-16-375SP (Washington, D.C.: Apr. 13, 2016).

<sup>2</sup>GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011); *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP (Washington, D.C.: Feb. 28, 2012); *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); *2014 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-14-343SP (Washington, D.C.: Apr. 8, 2014); and *2015 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-15-404SP (Washington, D.C.: Apr. 14, 2015).

<sup>3</sup>See GAO's *Action Tracker*, a publicly available website that includes progress updates and assessments of the actions from this series of reports.

<sup>4</sup>Because our 2016 annual report is based on previously issued GAO products, in many cases we cite November 1999 internal control standards as criteria; see GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999). When cited, these criteria were effective at the time of our review. However, new internal control standards for the federal government became effective beginning October 1, 2015; see GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: September 2014). Any corrective action that agencies plan to take should be in accordance with the new standards.

More details on our scope and methodology can be found in the full report.

## Ninety-Two New Actions Identified to Improve Efficiency and Effectiveness across the Federal Government

Of the 92 new actions we identified in our 2016 annual report, 33 are directed at the 12 areas in which we found evidence of fragmentation, overlap, or duplication in government missions such as defense, economic development, health, homeland security, and information technology.<sup>5</sup> As described in table 1, these 12 areas span a wide range of federal functions or missions.

Table 1. Fragmentation, Overlap, and Duplication Areas Identified in GAO's 2016 Report, by Mission

Mission	Areas identified
Defense	<p><b>DOD Commercial Satellite Communication Procurements:</b> Enforcing existing acquisition policy and identifying opportunities to centralize the Department of Defense's procurement of commercial satellite communications services could create opportunities to potentially save tens of millions of dollars annually.</p> <p><b>DOD's Storage of Occupational and Environmental Health Surveillance Data:</b> Inconsistencies among the policies of the Department of Defense and the military services have contributed to fragmented and duplicative efforts to store occupational and environmental health surveillance data needed to track and assess service-related health conditions of returning servicemembers and veterans.</p> <p><b>Weapon System Portfolio Management:</b> By using portfolio management more effectively, the Department of Defense could help ensure that the more than \$100 billion it spends annually on weapon system acquisitions contributes to its strategic goals and could reduce the potential for overlapping and unnecessarily duplicative investments.</p>
Economic development	<p><b>Manufacturing Loan Guarantees:</b> The Economic Development Administration could better ensure that the activities carried out under the Innovative Technologies in Manufacturing program do not duplicate the efforts of other federal loan guarantee programs by working with other agencies to identify and target capital access gaps not filled by other programs.</p>

<sup>5</sup>This does not include the six new actions that were added to existing areas we previously identified in our 2011-2015 annual reports.

<b>General government</b>	<p><b>Financial Regulatory Structure:</b> To reduce or better manage fragmentation and overlap, Congress should consider changes to the financial regulatory structure, and the Board of Governors of the Federal Reserve System and the Office of Financial Research should take steps to improve collaboration in monitoring systemic risk.</p> <p><b>IRS's Public Referral Programs:</b> The Internal Revenue Service could potentially collect billions of dollars in tax underpayments through its nine public referral programs and save resources by better managing fragmentation and overlap, improving communication, and streamlining processes.</p>
<b>Health</b>	<p><b>Medicaid and Exchange Coordination:</b> The Centers for Medicare &amp; Medicaid Services should take actions to minimize the risk of duplicative federal spending on health insurance coverage for individuals transitioning between Medicaid and exchange coverage.</p>
<b>Homeland security/law enforcement</b>	<p><b>Department of Homeland Security's Human Resources Systems:</b> To address issues related to fragmented systems and duplicative processes, the Department of Homeland Security should take steps to (1) ensure that its Human Resources Information Technology investment receives necessary oversight and attention from its steering committee and (2) evaluate and update the investment's strategic planning document.</p> <p><b>Security of Federal Facilities:</b> The Federal Protective Service and General Services Administration need to improve collaboration in key areas to better manage fragmentation and enhance the agencies' ability to protect federal facilities.</p>
<b>Information technology</b>	<p><b>Tribal Internet Access:</b> Greater coordination among the Federal Communications Commission's Universal Service Fund subsidy programs and the U.S. Department of Agriculture's Rural Utilities Service grant programs could result in more efficient and effective support of Internet access for tribal communities.</p>
<b>International affairs</b>	<p><b>U.S. Embassy Kabul Construction:</b> A strategic facilities plan for construction projects in Kabul, Afghanistan, could enhance the planning and coordination among Department of State bureaus and reduce the likelihood of fragmented construction efforts and duplicative facilities.</p> <p><b>U.S.-Funded Development Innovation Programs:</b> The U.S. Agency for International Development should establish a joint approach to collaboration among its Development Innovation Ventures program and other similar U.S.-funded programs in India to better manage overlap.</p>

Source: GAO. | GAO-16-580T

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 there may be opportunities to improve how the government delivers services. We identified fragmentation in multiple programs we reviewed. For example, in our 2016 annual report, we reported fragmentation in the Department of Defense's (DOD) procurement of commercial satellite communications services. We found that approximately 34 percent (about \$290 million) of fixed commercial satellite communications was procured outside the Defense Information System Agency, contrary to DOD policy, and that DOD had not performed an analysis to identify inefficiencies and opportunities to consolidate purchases. Among other things, we recommended that DOD conduct a spend analysis that identifies procurement inefficiencies and opportunities to consolidate purchases in

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order to potentially save tens of millions of dollars annually. DOD agreed with our recommendations but had yet to fully address them as of March 2016.

Fragmentation can also be a harbinger for overlap or duplication. 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 the Internal Revenue Service's (IRS) nine public referral programs. We found that IRS could potentially collect billions of additional dollars in taxes owed through these programs and save resources by better managing fragmentation and overlap, improving communication, and streamlining processes. We made several recommendations to IRS, including that it establish a coordination mechanism to communicate across the multiple referral programs, develop an online referral submission process, streamline the review process, and improve external communication. IRS agreed with our recommendations and plans to implement some of them by October 2016; however, it had not provided an action plan or time frames for other referral program recommendations as of March 2016.

In other aspects of our work, we found evidence of duplication or risk of 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. An example of potentially duplicative federal efforts involves coordination between Medicaid and federally subsidized health insurance purchased through the exchanges created under the Patient Protection and Affordable Care Act.<sup>6</sup> Although a limited amount of duplicate coverage may be expected—and is permitted under federal law—for individuals completing the transition from subsidized exchange to Medicaid coverage, we found that duplicate coverage was also occurring outside of this transitional period. While the Centers for Medicare & Medicaid Services (CMS)—within the Department of Health and Human Services (HHS)—has taken some steps to minimize the potential for duplicate coverage in states with federally facilitated exchanges, we found that its policies and procedures were not sufficient based on federal standards for internal control.

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<sup>6</sup>Pub. L. No. 111-148, 124 Stat. 119 (2010), as amended by the Health Care and Education Reconciliation Act of 2010 (HCERA), Pub. L. No. 111-152, 124 Stat. 1029 (2010). For the purposes of this statement, references to the Patient Protection and Affordable Care Act include the amendments made by HCERA.

We recommended that CMS establish a schedule for regular checks for duplicate coverage in states with federally facilitated exchanges and develop a plan to routinely monitor the effectiveness of the checks and other planned procedures to minimize duplicate coverage. HHS agreed with our recommendations and as of March 2016, was in the process of refining these checks, but had not established a schedule for doing so. By implementing our recommendation, HHS could ultimately help protect the federal government from unnecessary and duplicative expenditures.

In addition to areas of fragmentation, overlap, and duplication, our 2016 report suggested 59 new actions in 25 areas that Congress and executive branch agencies can take to reduce the cost of government operations or enhance revenue collections for the U.S. Treasury. These 25 areas exist in a wide range of federal government missions (see table 2).

**Table 2. Cost Savings and Revenue Enhancement Opportunities Identified in GAO's 2016 Report, by Mission**

Mission	Areas Identified
<b>Defense</b>	<p data-bbox="678 926 1227 993"><b>Defense Excess Property Disposal:</b> Federal civilian agencies could potentially achieve millions of dollars in cost savings if they were able to obtain more of the Department of Defense's available excess personal property through the disposal process rather than purchasing similar property through a private sector supplier.</p> <p data-bbox="678 999 1227 1077"><b>DOD's Eligibility Determinations for Living Quarters Allowance:</b> The Department of Defense (DOD) could potentially achieve cost savings by monitoring its components' reviews of eligibility determinations for the over \$500 million spent annually on living quarters allowance for civilian employees to better ensure that DOD components are not improperly providing this allowance.</p> <p data-bbox="678 1083 1227 1150"><b>DOD Excess Ammunition:</b> The Department of Defense could potentially reduce its storage, demilitarization, and disposal costs by hundreds of thousands of dollars by transferring excess serviceable conventional ammunition, including small arms ammunition, to federal, state, and local government agencies.</p> <p data-bbox="678 1157 1227 1247"><b>DOD Leases and Use of Underutilized Space at Military Installations:</b> The Department of Defense could potentially achieve millions of dollars in savings by identifying and implementing actions to increase use of underutilized facilities at its military installations, such as identifying opportunities to relocate some of its organizations currently in leased space to installations, communicating the availability of underutilized space to potential tenants, and seeking use by other federal agencies.</p>
<b>Economic development</b>	<p data-bbox="678 1253 1227 1312"><b>Treasury's Foreclosure Prevention Efforts:</b> The Department of the Treasury could potentially achieve billions in financial benefits by reviewing the potential for unexpended balances for the Making Home Affordable Program and deobligating excess funds, which Congress could rescind and direct to other priorities.</p>

General government	<p><b>Bridge Contracts:</b> When bridge contracts—which include extensions to existing contracts and short-term noncompetitive contracts to avoid a gap in service—are used frequently or for prolonged periods of time, the government is at risk of paying more than it should for goods and services.</p> <p><b>Federal Supply Schedules:</b> Agencies are paying insufficient attention to prices when using the Federal Supply Schedules program and may be missing opportunities for cost savings.</p> <p><b>Federally Leased Vehicles:</b> The General Services Administration and selected agencies could potentially reduce costs by improving the processes for justifying the use of vehicles in the federal fleet and taking actions for any vehicles that may be underutilized.</p> <p><b>Financing of Improvements of Federally Leased Space:</b> In order to achieve millions in potential cost savings, the General Services Administration should explore the benefits and risks of loaning unobligated Federal Buildings Fund balances to tenant agencies to cover the costs of improving newly leased space, which would otherwise be financed by private lessors at private-sector interest rates.</p> <p><b>Identity Theft Refund Fraud:</b> The Internal Revenue Service and Congress could potentially save billions of dollars in fraudulent refunds by improving the agency's efforts to prevent refund fraud associated with identity theft.</p> <p><b>National Park Service Fees:</b> The National Park Service could potentially increase revenues from the recreation fees it collects by millions of dollars annually if Congress were to amend the authorizing legislation for this program and if the agency required park units to periodically review these fees.</p> <p><b>Unobligated Balances:</b> To help ensure effective use of federal funds, the Departments of Energy and State should develop and finalize strategies for reducing tens and hundreds of millions of dollars of excess unobligated balances, respectively, in two budget accounts.</p>
Health	<p><b>Distribution of Medicaid Supplemental Payments:</b> The Centers for Medicare &amp; Medicaid Services should provide written guidance to state Medicaid programs clarifying its policies that the distribution of Medicaid supplemental payments be linked to the provision of Medicaid-covered services, and that such payments not be made contingent on the availability of local funding for the nonfederal share—actions that could result in substantial cost savings.</p> <p><b>Eligibility of Medicare Providers and Suppliers:</b> The Centers for Medicare &amp; Medicaid Services could use better information to help prevent ineligible providers and suppliers from enrolling in the Medicare program and improperly obtaining Medicare funds, potentially reducing the billions of dollars in improper payments that the program has paid out in recent years.</p> <p><b>Medicaid Demonstration Approved Spending:</b> The Secretary of Health and Human Services could potentially curtail spending growth of Medicaid demonstrations, which have resulted in the authorization of billions of dollars in federal spending, by establishing specific criteria for assessing whether demonstration spending furthers Medicaid objectives and taking other steps to improve the transparency and accountability of the approval process.</p> <p><b>Medicaid Eligibility Determinations:</b> The Centers for Medicare &amp; Medicaid Services should assess the accuracy of federal Medicaid eligibility determinations to minimize the risk of improper payments.</p>



<b>Health</b>	<p><b>Medicaid Payments to Institutional Providers:</b> The Centers for Medicare &amp; Medicaid Services should take steps to improve the oversight of state Medicaid payments to institutional providers and better ensure that the federal government does not provide funds for excessive state payments made to certain providers, which could result in savings of hundreds of millions of dollars.</p> <p><b>Medicare Payments by Place of Service:</b> Medicare could save billions of dollars if Congress were to equalize the rates Medicare pays for certain health care services, which often vary depending on where the service is performed.</p>
<b>Income security</b>	<p><b>Disability Insurance and Federal Workers' Compensation:</b> The Social Security Administration should take steps to minimize overpayments from the Social Security Disability Insurance program to individuals who also received federal workers' compensation, which could help to achieve potential cost savings associated with millions of dollars of overpayments from the Social Security Disability Insurance program.</p> <p><b>Disability Insurance Overpayments:</b> To help prevent the loss of billions of dollars, the Social Security Administration should take steps to prevent overpayments to beneficiaries of the Disability Insurance program and improper waivers of beneficiaries' overpayment debt.</p> <p><b>Disability Reviews:</b> The Social Security Administration may increase federal savings realized as a result of disability reviews by further considering factors that affect individuals' expected lifetime benefits when prioritizing its reviews of Disability Insurance and Supplemental Security Income cases.</p> <p><b>VA's Individual Unemployability Benefit:</b> To potentially achieve cost savings, the Department of Veterans Affairs should develop a plan to study whether age should be considered when deciding if veterans are unemployable due to service-connected disabilities. By comparison, other benefit programs, such as Social Security Disability Insurance, consider retirement age a cause for ineligibility and convert benefits for those reaching their retirement age to a Social Security retirement benefit. If the department were to determine that Total Disability Individual Unemployability benefits should be provided only to veterans younger than their full Social Security retirement age, it could achieve an estimated \$15 billion in savings from 2015 through 2023, according to the Congressional Budget Office.</p>
<b>Information technology</b>	<p><b>Federal Mobile Telecommunications:</b> In order to achieve substantial government-wide savings, federal agencies should establish better controls on mobile device spending, and the Office of Management and Budget should monitor progress in achieving these savings.</p>
<b>International affairs</b>	<p><b>Cargo Preference for Food Aid:</b> A clearer definition of "geographic area" in legislation on cargo preference for food aid could allow the U.S. Department of Agriculture to achieve financial savings by more fully utilizing the flexibility Congress granted when it lowered the statutory cargo preference requirement.</p>
<b>Training, employment, and education</b>	<p><b>Post 9/11 GI Bill Overpayments:</b> The Department of Veterans Affairs could achieve substantial savings by developing guidance and controls to reduce the volume of annual Post-9/11 GI Bill overpayments—which amounted to over \$400 million in fiscal year 2014—and to improve the collection of overpayment debts, of which \$262 million was still outstanding as of November 2014.</p>

Source: GAO | GAO-16-580T

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Examples of areas with opportunities to reduce costs or enhance revenue collections from our 2016 annual report include Medicare Payments by Place of Service, Disability Insurance Overpayments, and National Park Service Fees.

- *Medicare Payments by Place of Service:* In fiscal year 2015, Medicare served about 55 million beneficiaries at a cost of \$634 billion. In December 2015, we found that the program could save billions of dollars annually if Congress were to equalize the rates Medicare pays for certain health care services, which often vary depending on where the service is performed. For example, Medicare spending on hospital outpatient department services was over \$40 billion in 2013 and is growing, in part because services that were typically performed in physician offices have shifted to more costly hospital settings. Following this shift, services once reimbursed at a lower total payment rate can be classified as hospital outpatient department services and reimbursed by Medicare at a higher rate, increasing program costs.

We recommended that Congress equalize payment rates between physician offices and hospital outpatient departments for certain services. While the Bipartisan Budget Act of 2015 addresses this payment differential for some new providers, many providers will continue to be paid more than necessary for certain services, such as office visits.

- *Disability Insurance Overpayments:* In fiscal year 2014, about 11 million individuals with disabilities and their dependents received approximately \$143 billion in Disability Insurance (DI) benefits, \$1.3 billion of which the Social Security Administration (SSA) identified as overpayments. Additionally, SSA permanently waived over \$2.4 billion in overpayment debt over the past 10 years. In our October 2015 report, we found that SSA's process for handling work reports by beneficiaries has internal control and other weaknesses that increase the risk of overpayments, even when DI beneficiaries follow program rules and report work and earnings. In addition, SSA's process for handling requests to waive overpayments lacks sufficient controls to help ensure appropriate decisions are made.

We made several recommendations to improve SSA's handling of overpayments, work reports, and waivers, including that SSA study automated reporting options and improve oversight of work

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reports and waivers. SSA agreed with all of these except the recommendation to improve oversight of work reports. We clarified that oversight should help to ensure that staff are following proper procedures. As of March 2016, SSA has not fully addressed these recommendations. Until SSA takes these actions, it will likely continue to overpay beneficiaries and improperly waive overpayment debt, costing the federal government billions of dollars.

- *National Park Service Fees:* The Federal Lands Recreation Enhancement Act (FLREA) does not give the National Park Service (Park Service) and other agencies that charge recreation fees the authority to adjust the price of a lifetime senior pass, which has been \$10 since 1993.<sup>7</sup> Without this authority, the Park Service is limited in its ability to increase revenue from this fee. In addition, the Park Service does not call for periodic reviews of recreation fees, even though federal policy on user fees instructs agencies to seek authority, if needed, to make changes warranted by their reviews<sup>8</sup> and our guide on user fees states that federal agencies should regularly review fees and make changes if warranted.<sup>9</sup>

We suggested that Congress consider amending FLREA to give the agencies authority to adjust the price of a lifetime senior pass. A bill was introduced in September 2015 to increase the price of the senior pass to a one-time amount matching the price of the annual interagency pass, which is \$80, as of November 2015.<sup>10</sup> If passed, this could generate millions of dollars in revenue annually. We also made recommendations to improve the Park Service's management of recreation fees. The Department of the Interior,

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<sup>7</sup>Federal Lands Recreation Enhancement Act, Pub. L. No. 108-447, div. J, tit. VIII, 118 Stat. 3377 (2004) (codified as amended at 16 U.S.C. §§ 6801-6814 (2015)).

<sup>8</sup>Office of Management and Budget, OMB Circular A-25, *User Charges* (1993).

<sup>9</sup>GAO, *Federal User Fees: A Design Guide*, GAO-08-386SP (Washington, D.C.: May 29, 2008).

<sup>10</sup>National Park Service Centennial Act, H.R. 3556, 114<sup>th</sup> Cong. § 602 (2015). The annual interagency pass covers entrance fees and certain amenity fees for all federal recreational lands. The amount of additional revenue generated by adjusting the price of the senior pass could be lower if the amount of the price increase deters seniors from purchasing the pass.

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which administers the Park Service, agreed with our recommendations and plans to begin addressing them in 2016. Improving the management of recreation fees could help the Park Service to better ensure that these fees are set at a reasonable level.

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**Congress and Executive Branch Agencies Continue to Address Actions That Span the Federal Government**

In addition to the new actions identified in this year's annual report, we have continued to monitor the progress that Congress and executive branch agencies have made in addressing the issues we identified in our 2011-2015 reports. In response to our 2011-2015 annual reports, Congress and executive branch agencies have addressed a total of 224 actions, including 55 actions since April 2015.<sup>11</sup> We found that these efforts have resulted in roughly \$56 billion in financial benefits from fiscal years 2010 through 2015, with at least an additional \$69 billion in estimated benefits projected to be accrued through 2025.<sup>12</sup>

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**Progress toward Addressing Actions**

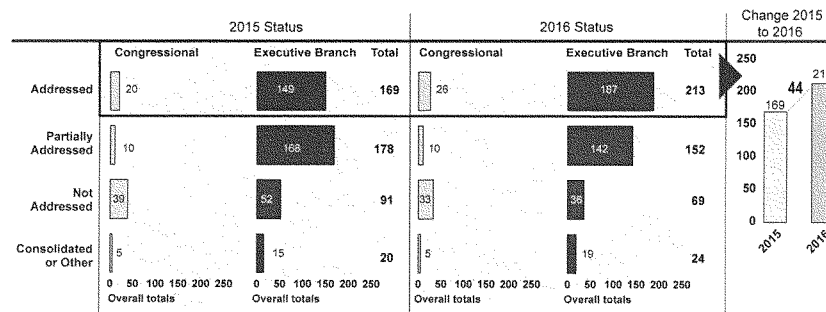
Congress and executive branch agencies have addressed a total of 55 actions since our last report. Of these 55 addressed actions, 44 were identified in our 2011-2014 annual reports, bringing the total number of addressed actions for the 2011-2014 annual reports to 213 actions—47 percent of the 458 actions identified over that period (see fig. 1).

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<sup>11</sup>Actions were assessed as of March 2, 2016, the date we completed our audit work. In assessing actions suggested for Congress, we applied the following criteria: "addressed" means relevant legislation has been enacted and addresses all aspects of the action needed; "partially addressed" means a relevant bill has passed a committee, the House of Representatives, or the Senate, or relevant legislation has been enacted but 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. In assessing actions suggested for the executive branch, we applied the following criteria: "addressed" means implementation of the action needed has been completed; "partially addressed" means the action needed is in development, or started but not yet completed; and "not addressed" means the administration, the agencies, or both have made minimal or no progress toward implementing the action needed.

<sup>12</sup>In calculating these totals, we relied on individual estimates from a variety of sources, which considered different time periods and utilized different data sources, assumptions, and methodologies. They represent a rough estimate of financial benefits and have been rounded down to the nearest \$1 billion.

Figure 1. Status of 2011-2014 Actions, as of 2015 and 2016



Source: GAO analysis. | GAO-16-580T

Note: Actions categorized as "consolidated or other" are no longer assessed. In most cases, the actions were replaced or subsumed by new actions based on additional audit work or other relevant information. For example, actions categorized as "consolidated or other" may have been consolidated into other actions that we track based on subsequent audit work or significant changes in agency circumstances, or they may have been redirected from a congressional to an executive branch action, or vice versa.

In our 2015 annual report, we identified 86 new actions for congressional or executive branch agency attention.<sup>13</sup> As of March 2, 2016, we found that 11 (13 percent) of the new 2015 actions had been addressed and 33 (38 percent) had been partially addressed.

In total, of the 544 total actions we identified in our 2011-2015 annual reports, we found that 224 (41 percent) were addressed, 185 (34 percent) were partially addressed, and 111 (20 percent) were not addressed.<sup>14</sup> As

<sup>13</sup>In addition to the new actions identified in our 2015 annual report, we also added 19 new actions to existing areas that we previously identified in our 2011-2014 reports.

<sup>14</sup>Percentages do not add to 100 due to rounding. In addition, this year, 4 actions were categorized as "consolidated or other" for a total of 24 actions (4 percent) in this category from 2011-2015. Actions categorized as "consolidated or other" are no longer assessed. In most cases, the actions were replaced or subsumed by new actions based on additional audit work or other relevant information. For example, actions categorized as "consolidated or other" may have been consolidated into other actions that we track based on subsequent audit work or significant changes in agency circumstances, or they may have been redirected from a congressional to an executive branch action, or vice versa.



**Financial Benefits Related to Actions Taken by Congress and Executive Branch Agencies** The progress Congress and executive branch agencies have made as of March 2, 2016, to address the actions we identified will result in approximately \$125 billion in financial benefits from 2010 through 2025.<sup>15</sup> Table 3 outlines examples of our addressed actions that have resulted in or are expected to result in cost savings or enhanced revenue.

**Table 3: Examples of Addressed Actions with Associated Cost Savings and Revenue Enhancements, 2010-2025**

Annual report	Area identified
2011	<b>Domestic Ethanol Production</b> (Area 13): Congress allowed the Volumetric Ethanol Excise Tax Credit to expire at the end of 2011, which eliminated duplicative federal efforts directed at increasing domestic ethanol production and reduced revenue losses by <b>\$29 billion</b> in fiscal year 2012 to fiscal year 2016.
2011	<b>Farm Program Payments</b> (Area 35): The Agricultural Act of 2014 eliminated direct payments to farmers and should save approximately <b>\$44 billion</b> from fiscal year 2015 through fiscal year 2023, of which \$5 billion has accrued and \$39 billion is expected to accrue in fiscal year 2016 or later, according to the Congressional Budget Office.
2014	<b>Real Estate-Owned Properties</b> (Area 18): GAO estimated that the Department of Housing and Urban Development saved as much as <b>\$2.8 billion</b> from July 2013 through June 2015 by implementing improvements to its property custody approach including reducing the number of foreclosed properties that it acquires by using other means of resolving troubled mortgages.
2015	<b>Tax Policies and Enforcement</b> (Area 17): Congress amended the audit procedures applicable to certain large partnerships to require that they pay audit adjustments at the partnership level. This should raise <b>\$9.3 billion</b> from fiscal years 2019 to 2025, according to the Joint Committee on Taxation.
2013	<b>Combat Uniforms</b> (Area 2): Consistent with our recommendation to avoid fragmentation, the Army chose not to introduce a new family of camouflage uniforms into its inventory, resulting in a cost avoidance of about \$4.2 billion over 5 years, of which \$1.7 billion has accrued since fiscal year 2014 and <b>\$2.5 billion</b> is expected to accrue in fiscal year 2016 or later.
2011	<b>Federal Emergency Management Agency (FEMA) Grants</b> (Area 26): GAO estimated savings of <b>\$2.55 billion</b> from fiscal years 2011 through 2013 due to Congress limiting preparedness grant funding until FEMA completes a national preparedness assessment of capability gaps.
2012	<b>Overseas Defense Posture</b> (Area 37): The United States Forces Korea conducted a series of consultations with the military services to evaluate the costs and benefits associated with tour normalization and decided not to move forward with the full tour normalization initiative because it was not affordable. The Department of Defense's (DOD) decision to not move forward with this initiative saved an estimated \$3.1 billion from fiscal years 2012 through 2016, of which <b>\$2.5 billion</b> has accrued through fiscal year 2015 and \$615 million is expected to accrue in fiscal year 2016.
2011	<b>Overseas Military Presence</b> (Area 36): In January 2015, DOD estimated that it would save <b>\$1.2 billion</b> annually by closing, consolidating, or realigning European installations after a comprehensive study of posture, as we had recommended.

<sup>15</sup>In calculating these totals, we relied on individual estimates from a variety of sources, which considered different time periods and utilized different data sources, assumptions, and methodologies. These totals represent a rough estimate of financial benefits and have been rounded down to the nearest \$1 billion.

Annual report	Area identified
2011	<b>Medicare Health Care Payments</b> (Area 74): Congress and the Centers for Medicare & Medicaid Services took several actions to improve the efficiencies of some Medicare payments for health care services, resulting in significant savings.

Source: GAO. | GAO-16-580T

Note: The estimates in our 2016 annual report, GAO-16-375SP, are from a range of sources, including GAO, executive branch agencies, the Congressional Budget Office, and the Joint Committee on Taxation. The Tax Policies and Enforcement action (area 17) is newly addressed since GAO's 2015 report. Some estimates have been updated to reflect more recent analysis.

Congress also has taken a number of additional steps to address actions we have identified to achieve financial benefits or improve efficiency and effectiveness. For example, in our 2015 report we found the Department of Energy (DOE) could potentially realize savings by re-examining the appropriate size of the Strategic Petroleum Reserve (SPR)—which was valued at about \$22 billion as of January 2016—and depending on the outcome of the analysis, selling crude oil from the reserve and using the proceeds to fund other national priorities. In 2015, Congress required DOE to complete a long-range strategic review of the SPR and also authorized the sale of 124 million barrels of SPR oil. The Congressional Budget Office estimated potential savings to be \$8 billion from 2018 through 2025.

In another example, in our 2011 annual report we found that a proliferation of programs to improve teacher quality complicated federal efforts to invest dollars effectively. Specifically, we identified 82 distinct programs designed to improve teacher quality. Separately, we verified that legislation passed by Congress in December 2015 did not include authorization for 19 programs that were potentially overlapping.<sup>16</sup> Using Department of Education (Education) data, GAO estimated the decision to not reauthorize saved approximately \$800 million based on fiscal year 2016 appropriations for these programs. In addition, Congress included language in appropriations acts that eliminated some barriers to educational program alignment and passed legislation to give Education broader discretion to realign program resources.

In other instances, Congress and executive branch agencies took steps to address issues that we identified during the course of our work that could also result in financial benefits. For example, in August 2014, we reported that the wage information that employers report on Form W-2

<sup>16</sup>Every Student Succeeds Act, Pub. L. No. 114-95 (Dec. 10, 2015).



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was not available to IRS until after it issued most refunds. We found that if IRS had access to W-2 data earlier, it could match such information to taxpayers' returns and identify discrepancies before issuing billions of dollars of fraudulent identity theft refunds. The Consolidated Appropriations Act, 2016, enacted in December 2015, amended the tax code to accelerate W-2 filing deadlines to January 31.<sup>17</sup> According to IRS, a program that would match W-2 data to tax returns before refunds are issued would save revenue by protecting a substantial part of the billions currently paid to fraudsters.

Also in August 2014, we reported that IRS had not fully assessed the costs and benefits of having available W-2 information for pre-refund matching, which could involve challenges such as a potential increase in W-2s that need to be corrected and required upgrades to IRS's information technology systems, among others. In response to our recommendation, in September 2015, IRS provided us with a report discussing (1) adjustments to IRS systems and work processes needed to use accelerated W-2 information, (2) potential impacts on internal and external stakeholders, and (3) other changes needed to match Form W-2 data to tax returns prior to issuing refunds. This report should help IRS determine how best to implement pre-refund W-2 matching, given the new January 31 deadline for filing W-2s.

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**Action in Several  
Remaining Areas  
Could Yield  
Significant Additional  
Benefits**

While Congress and executive branch agencies have made progress toward addressing the actions we have identified, further steps are needed to fully address the remaining actions, as shown in table 4. More specifically, 53 percent of the actions (243 of 459) directed to executive branch agencies and 62 percent of the actions (53 of 85) directed to Congress that were identified in our 2011-2015 reports remain partially or not addressed. In addition, we identified 92 new actions in 2016. We estimate that tens of billions of additional dollars would be saved should Congress and executive branch agencies address our actions that are

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<sup>17</sup>Pub. L. No. 114-113, div. Q, § 201, 129 Stat. 2242 (Dec. 18, 2015). This change goes into effect for W-2s reporting payments made in 2016 and filed in 2017.

partially addressed and not addressed, including the new ones we identified in 2016.<sup>18</sup>

**Table 4: Status of 2011-2015 Actions Directed to Congress and the Executive Branch, as of March 2, 2016**

Status	Executive branch <sup>a</sup>		Congress <sup>b</sup>		Grand totals	
	Number of actions	Percentage	Number of actions	Percentage	Total number of actions	Overall percentage <sup>c</sup>
Addressed	197	43%	27	32%	224	41%
Partially addressed	175	38	10	12	185	34
Not Addressed	68	15	43	51	111	20
Consolidated or other	19	4	5	6	24	4
<b>Total</b>	<b>459</b>	<b>100</b>	<b>85</b>	<b>100</b>	<b>544</b>	<b>99</b>

Source: GAO Analysis. | GAO-16-580T

Notes: This year, 4 actions were categorized as "consolidated or other" for a total of 24 actions in this category from 2011-2015. Actions categorized as "consolidated or other" are no longer assessed. In most cases, these actions were replaced or subsumed by new actions based on additional audit work or other relevant information. For example, actions categorized as "consolidated or other" may have been consolidated into other actions that we track based on subsequent audit work or significant changes in agency circumstances, or they may have been redirected from a congressional to an executive branch action, or vice versa.

<sup>a</sup>Executive branch agencies took steps that addressed five actions directed to Congress.

<sup>b</sup>Congress took steps that fully addressed one action and partially addressed another action directed to executive branch agencies.

<sup>c</sup>Numbers do not add to 100 percent due to rounding.

Our suggested actions that remain open include actions for both Congress and executive branch agencies, and span the government.<sup>19</sup>

The open actions directed to Congress are detailed in appendix I. We have directed actions to all 15 cabinet-level executive departments and at least 17 other federal entities. In particular, a substantial number of our actions are directed to three departments that make up 55 percent of federal obligations in fiscal year 2015—HHS, DOD, and the Department

<sup>18</sup>In calculating this estimate, we relied on individual estimates from a variety of sources, which considered different time periods, and utilized different data sources, assumptions, and methodologies. These individual estimates are subject to increased uncertainty, depending on whether, how, and when they are addressed. This amount represents a rough estimate of financial benefits.

<sup>19</sup>In some cases, these actions may be included in areas that have other actions with no associated cost savings or revenue enhancements.

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of the Treasury (Treasury).<sup>20</sup> Specifically, we have directed a total of 82 actions to HHS, 152 actions to DOD, and 112 actions to Treasury since 2011. Given the amount of federal dollars represented and number of unaddressed actions in the health care, defense, and tax areas, significant opportunities for cost savings and revenue enhancement exist in these three areas.

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#### Improving the Efficiency of Health Care Programs

According to CBO, gross federal outlays for Medicare, Medicaid, and other major health care programs totaled \$1 trillion in 2015, equaling 5.8 percent of the gross domestic product (GDP).<sup>21</sup> CBO estimates that gross federal outlays for those programs will jump to \$1.1 trillion, or 6.2 percent of GDP, in 2016.<sup>22</sup> CBO further estimates that such spending will grow robustly, nearly doubling in dollar terms between 2016 and 2026, reaching \$2.0 trillion, or 7.4 percent of GDP, by the end of that period. This level of spending contributes to the fiscal challenges facing the nation.

In our 2011-2015 annual reports, we directed 64 actions to HHS to improve the efficiency and effectiveness of health care programs, among other areas. In addition, we directed 18 new actions to HHS in this year's annual report. Fifty-five of the 82 (67 percent) total actions we directed to HHS remain partially addressed or not addressed.<sup>23</sup> Many of these actions are directed at the Medicare and Medicaid programs, which had a combined total of over \$900 billion in federal outlays in 2015, representing 27 percent of total federal outlays.<sup>24</sup> Effectively implementing these

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<sup>20</sup>HHS includes Medicaid and Medicare. DOD includes the Office of the Secretary of Defense, military services, and defense agencies. Treasury consists of 10 bureaus, the largest of which is IRS.

<sup>21</sup>Due to their size, complexity, and susceptibility to mismanagement and improper payments, we designated Medicare and Medicaid as high-risk programs in 1990 and 2003, respectively. See GAO, *High-Risk Series: An Update*, GAO-15-290 (Feb. 11, 2015).

<sup>22</sup>Congressional Budget Office, *The Budget and Economic Outlook: 2016 to 2026* (Washington, D.C.: January 2016).

<sup>23</sup>This includes new actions identified in our 2016 annual report. In addition, actions directed to multiple agencies are not assessed as addressed until all agencies have made necessary progress.

<sup>24</sup>This figure represents gross Medicare and Medicaid outlays. Net Medicare and Medicaid outlays represent 24 percent of total federal outlays.

actions would result in significant cost savings or revenue enhancement, including the examples shown in table 5.

**Table 5: Examples of Health Care Areas in 2011-2016 Annual Reports with Actions Remaining to Be Addressed**

Annual report	Area identified (Click area name for more information)
	<b>Medicare</b>
2011/2013	<b>Program Integrity</b> (Areas 73/25): To help prevent <b>billions of dollars</b> in improper payments, the Centers for Medicare & Medicaid Services (CMS) should better target its claims review by requiring its contractors to develop thresholds for unexplained increases in billing and use them to develop automated prepayment controls, and by requiring that physicians receive a statement of home health services that beneficiaries received based on the physicians' certification.
2012	<b>Medicare Advantage Payments</b> (Area 45): To help ensure appropriate payments to Medicare Advantage plans, CMS should take steps to improve the accuracy of the adjustment made for differences in diagnostic coding practices between Medicare Advantage plans and traditional Medicare providers. We previously reported that these shortcomings in CMS's adjustment resulted in excess payments to Medicare Advantage plans totaling an estimated <b>\$3.2 billion to \$5.1 billion</b> over a 3-year period from 2010 through 2012.
2015	<b>Medicare Payments to Certain Cancer Hospitals</b> (Area 19): To achieve almost <b>\$500 million per year</b> in program savings, Congress should consider modifying how Medicare pays certain cancer hospitals.
2016	<b>Medicare Payments by Place of Service</b> (Area 30): Medicare could save <b>billions of dollars</b> if Congress were to equalize the rates Medicare pays for certain health care services, which often vary depending on where the service is performed.
2016	<b>Eligibility of Medicare Providers and Suppliers</b> (Area 26): CMS could use better information to help prevent ineligible providers and suppliers from enrolling in the Medicare program and improperly obtaining Medicare funds, potentially reducing the <b>billions of dollars</b> in improper payments that the program has paid out in recent years.
	<b>Medicaid</b>
2013/2016	<b>Supplemental Payments</b> (Areas 26/25): To save Medicaid <b>hundreds of millions of dollars</b> , (1) Congress should consider requiring CMS 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, and (2) CMS should clarify its requirement that supplemental payments be linked to the provision of Medicaid-covered services, and that such payments not be made contingent on the availability of local funding for the nonfederal share.
2014/2016	<b>Demonstration Spending</b> (Areas 21/27): To save <b>billions of dollars</b> , (1) Congress should consider requiring the Department of Health and Human Services (HHS) to improve the process for reviewing, approving, and making transparent the basis for approving spending limits, including ensuring that valid methods are used to demonstrate budget neutrality and (2) HHS should establish specific criteria for assessing whether demonstration spending furthers Medicaid objectives and take other steps to improve the transparency and accountability of the approval process.
2015	<b>State Sources of Funds</b> (Area 20): To potentially save <b>hundreds of millions of dollars</b> , CMS should ensure that states report accurate and complete data on state Medicaid sources of funds so that it may better oversee states' financing arrangements that can increase costs for the federal government.
2016	<b>Medicaid and Exchange Coordination</b> (Area 7): CMS should take actions to minimize the risk of duplicative federal spending on health insurance coverage for individuals transitioning between Medicaid and exchange coverage.

Annual report	Area identified (Click area name for more information)
2016	<b>Payments to Institutional Providers</b> (Area 29): CMS should take steps to improve the oversight of state Medicaid payments to institutional providers and better ensure that the federal government does not provide funds for excessive state payments made to certain providers, which could result in savings of <b>hundreds of millions of dollars</b> .
2016	<b>Medicaid Eligibility Determinations</b> (Area 28): CMS should assess the accuracy of federal Medicaid eligibility determinations to minimize the risk of improper payments.

Source: GAO. | GAO-16-580T

Note: The estimates in our 2016 annual report, GAO-16-375SP, are from a range of sources, including GAO, executive branch agencies, the Congressional Budget Office, and the Joint Committee on Taxation. Some estimates have been updated to reflect more recent analysis.

## More Effectively Targeting Defense Resources

Defense outlays represented about 17 percent<sup>25</sup> of the government's 2015 total outlays and were the largest component—almost half—of the federal government's \$1.2 trillion discretionary spending in that year.<sup>26</sup> Avoiding fragmented, overlapping, and duplicative investments could help ensure more efficient and effective use of resources.

In our 2011-2015 annual reports, we directed 130 actions to DOD, and in this year's annual report, we direct an additional 22 actions.<sup>27</sup> Ninety-five of the 152 (63 percent) total actions we identified remain partially addressed or not addressed.<sup>28</sup> Many of the actions fall within a few key areas, including acquisitions and contract management, support infrastructure, and headquarters management. Our work suggests that effectively implementing these actions, such as the examples in table 6, would yield significant financial benefits.

<sup>25</sup>This figure represents net defense outlays from which offsetting collections have been deducted.

<sup>26</sup>Discretionary spending refers to outlays from budget authority that is provided in and controlled by appropriations acts. The Department of Defense program management has been on our High Risk List since 1990. See GAO-15-290.

<sup>27</sup>The 22 new actions include 19 actions in new defense-related areas and 3 actions added to an existing area from our 2013 annual report. See appendix III of GAO-16-375SP for more information on actions added to existing areas in 2016.

<sup>28</sup>This includes new actions identified in our 2016 annual report. In addition, actions directed to multiple agencies are not assessed as addressed until all agencies have made necessary progress.

Table 6: Examples of Defense Areas in 2011-2016 Annual Reports with Actions Remaining to Be Addressed

Annual report	Area identified (Click area name for more information)
2013	<b>Agencies' Use of Strategic Sourcing</b> (Area 23): The Department of Defense (DOD) and other 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. GAO estimated that savings of 1 percent from selected agencies' procurement spending alone would equate to over <b>\$4 billion</b> .
2013	<b>Joint Basing</b> (Area 20): DOD needs an implementation plan to guide joint bases to achieve <b>\$2.3 billion</b> in cost savings over a 20-year period and efficiencies anticipated from combining support services at 26 installations located close to one another.
2015	<b>Defense Facilities Consolidation and Disposal</b> (Area 13): DOD should ensure that data on the utilization of DOD facilities—which were collectively valued at around \$880 billion in fiscal year 2014—are complete and accurate in order to identify opportunities for saving costs by consolidating or disposing of unutilized or underutilized facilities.
2015	<b>DOD Headquarters Reductions</b> (Area 14): DOD could potentially achieve <b>hundreds of millions of dollars</b> in cost savings and help ensure that headquarters organizations are sized properly to meet their assigned mission by re-evaluating its headquarters reductions efforts and conducting periodic reassessments of workforce requirements.
2015	<b>Department of Defense US Family Health Plan</b> (Area 6): To potentially save millions of dollars and eliminate duplication within DOD's health care system, Congress should terminate the statutorily required US Family Health Plan because it offers military beneficiaries the same health care benefit offered by other DOD health care contractors. GAO estimates this action could save <b>\$189 million</b> from fiscal years 2017 to 2022.
2016	<b>DOD Commercial Satellite Communication Procurement</b> (Area 1): Enforcing existing acquisition policy and identifying opportunities to centralize DOD's procurement of commercial satellite communications services could create opportunities to potentially save <b>tens of millions of dollars annually</b> .
2016	<b>DOD Excess Ammunition</b> (Area 15): DOD could potentially reduce its storage, demilitarization, and disposal costs by <b>hundreds of thousands of dollars</b> by transferring excess serviceable conventional ammunition, including small arms ammunition, to federal, state, and local government agencies.
2016	<b>DOD Leases and Use of Underutilized Space at Military Installations</b> (Area 16): DOD could potentially achieve <b>millions of dollars</b> in savings by identifying and implementing actions to increase use of underutilized facilities at its military installations, such as identifying opportunities to relocate some of its organizations currently in leased space to installations, communicating the availability of underutilized space to potential tenants, and seeking use by other federal agencies.
2016	<b>Defense Excess Property Disposal</b> (Area 13): Federal civilian agencies could potentially achieve <b>millions of dollars</b> in cost savings if they were able to obtain more of DOD's available excess personal property through the disposal process rather than purchasing similar property through a private sector supplier.
2016	<b>DOD's Eligibility Determinations for Living Quarters Allowance</b> (Area 14): DOD could potentially achieve cost savings by monitoring its components' reviews of eligibility determinations for the over \$500 million spent annually on living quarters allowance for civilian employees to better ensure that DOD components are not improperly providing this allowance.

Source: GAO analysis | GAO-16-580T

Note: The estimates in our 2016 annual report, GAO-16-375SP, are from a range of sources, including GAO, executive branch agencies, the Congressional Budget Office, and the Joint Committee on Taxation. Some estimates have been updated to reflect more recent analysis.

### Addressing Challenges in Collecting Tax Revenue and Reducing the Tax Gap

IRS collected \$3.3 trillion in gross taxes, or 93 percent of federal receipts, in fiscal year 2015. Among the challenges IRS faces in collecting this money are combatting tax refund fraud associated with identity theft, addressing factors that contribute to the \$385 billion net tax gap (the difference between taxes owed and those ultimately collected), and reducing the causes of Earned Income Tax Credit improper payments.<sup>29</sup>

In our 2011-2015 annual reports, we directed 99 actions to the Department of the Treasury, and we include 13 additional actions in this year's report. Seventy of the 112 (63 percent) total actions we identified remain open.<sup>30</sup> Effectively implementing our open recommendations, including the examples in table 7, would increase revenues or reduce costs.

**Table 7: Examples of Tax Areas in 2011-2016 Annual Reports with Actions Remaining to Be Addressed**

Annual report	Area identified (Click area name for more information)
2011	<b>Real Estate Tax Deductions</b> (Area 59): Better information and outreach could help increase revenues by <b>tens or hundreds of millions of dollars annually</b> by addressing overstated real estate tax deductions. <sup>3</sup>
2011	<b>Simple Tax Return Errors</b> (Area 56): Broadening the Internal Revenue Service's (IRS) authority to correct simple tax return errors could facilitate correct tax payments and help IRS avoid costly, burdensome audits. The Joint Committee on Taxation estimated this action could raise <b>\$274 million</b> from fiscal years 2018 through 2026.
2013/2015	<b>Tax Policy and Enforcement</b> (Areas 22/17): By using more rigorous analyses to allocate enforcement resources and using data to improve management of enforcement programs such as large partnership and correspondence audits, among other things, IRS can increase revenue collections by <b>billions of dollars</b> .
2014	<b>Online Taxpayer Services</b> (Area 17): IRS could potentially realize <b>hundreds of millions of dollars</b> in cost savings and increased revenues by enhancing its online services, which would improve service to taxpayers and encourage greater tax law compliance.
2016	<b>IRS's Public Referral Programs</b> (Area 6): IRS could potentially collect <b>billions of dollars</b> in tax underpayments through its nine public referral programs and save resources by better managing fragmentation and overlap, improving communication, and streamlining processes.

<sup>29</sup>The tax gap does not include taxes due from illegally derived income or various forms of fraud. For example, in general, refund fraud related to identity theft would not be included in the tax gap estimate because it does not involve evading a tax liability. In 2012, IRS estimated the net tax gap to be \$385 billion and the gross tax gap—the difference between taxes owed and taxes paid on time—to be \$450 billion based on data from tax year 2006. IRS plans to release an updated tax gap estimate in 2016, which will be based on tax years 2008, 2009, and 2010.

<sup>30</sup>This includes new actions identified in our 2016 annual report. Actions directed to multiple agencies are not assessed as addressed until all agencies have made necessary progress.

Annual report	Area identified (Click area name for more information)
2016	<b>Identity Theft Refund Fraud (Area 22):</b> IRS and Congress could potentially save <b>billions of dollars</b> in fraudulent refunds by improving the agency's efforts to prevent refund fraud associated with identity theft.

Source: GAO analysis | GAO-16-580T

Note: The estimates in our 2016 annual report, GAO-16-375SP, are from a range of sources, including GAO, executive branch agencies, the Congressional Budget Office, and the Joint Committee on Taxation. Some estimates have been updated to reflect more recent analysis.

\*As part of its outreach efforts to date, IRS has distributed guidance to local jurisdictions that provides examples of what is and is not deductible.

### Additional Areas with Significant Open Actions

In addition to the health care, defense, and tax areas, we have suggested a number of other actions that, if addressed, would result in significant cost savings or revenue enhancement across the government.<sup>31</sup> Table 8 summarizes examples where additional leadership attention could promote progress.

**Table 8: Examples of Areas in 2011-2016 Annual Reports with Actions Remaining to Be Addressed**

Annual report	Area identified (Click area name for more information)
<b>Energy and agriculture</b>	
2011	<b>Oil and Gas Resources (Area 45):</b> Improved management of federal oil and gas resources could result in <b>\$1.7 billion</b> of additional revenue over 10 years, according to the Department of the Interior.
2012	<b>Excess Uranium Inventories (Area 40):</b> Marketing the Department of Energy's excess uranium could provide substantial revenue for the government. In 2014, GAO estimated that actions in this area could increase revenue by about <b>\$1 billion</b> .
2013	<b>Crop Insurance (Area 19):</b> To achieve <b>up to \$2 billion</b> annually in cost savings in the crop insurance program, Congress could consider limiting the subsidy for premiums that are provided on behalf of individual farmers, reducing the subsidy, or some combination of limiting and reducing these subsidies.
2015	<b>U.S. Enrichment Corporation (USEC) Fund (Area 16):</b> Congress may wish to permanently rescind the entire <b>\$1.6 billion</b> balance of the USEC fund—a revolving fund in the U.S. Treasury—because its purposes have been fulfilled.
<b>General government</b>	
2016	<b>National Park Service Fees (Area 23):</b> The National Park Service could potentially increase revenues from the recreation fees it collects by <b>millions of dollars annually</b> if Congress were to amend the authorizing legislation for this program and if the agency required park units to periodically review these fees.
2016	<b>Financing of Improvements to Federally Leased Space (Area 21):</b> In order to achieve <b>millions</b> in potential cost savings, the General Services Administration should explore the benefits and risks of loaning unobligated Federal Buildings Fund balances to tenant agencies to cover the costs of improving newly leased space, which would otherwise be financed by private lessors at private-sector interest rates.

<sup>31</sup>In some cases, these actions may be included in areas that have other actions with no associated cost savings or revenue enhancements.



Annual report	Area identified (Click area name for more information)
2016	<b>Unobligated Balances</b> (Area 24): To help ensure effective use of federal funds, the Departments of Energy and State should develop and finalize strategies for reducing tens and hundreds of millions of dollars of excess unobligated balances, respectively, in two budget accounts.
<b>Homeland security/law enforcement</b>	
2012	<b>Immigration Inspection Fee</b> (Area 49): The air passenger immigration inspection user fee should be reviewed and adjusted to fully recover the cost of the air passenger immigration inspection activities conducted by the Department of Homeland Security's U.S. Immigration and Customs Enforcement and U.S. Customs and Border Protection rather than using general fund appropriations. GAO estimated this action could increase revenue by almost <b>\$175 million</b> .
2013	<b>Checked Baggage Screening</b> (Area 28): 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. More efficient baggage screening systems could result in roughly <b>\$234 million</b> in cost savings from 2015 through 2027, according to the Transportation Security Agency.
<b>Income security</b>	
2011	<b>Social Security Offsets</b> (Area 80): Social Security needs data on pensions from noncovered earnings to better enforce offsets and ensure benefit fairness. This action could result in estimated savings of <b>\$2.4 billion to \$7.9 billion</b> over 10 years if enforced both retrospectively and prospectively, according to the Congressional Budget Office and the Social Security Administration. If Social Security only enforced the offsets prospectively, the overall savings would be less as it would not reduce benefits already received.
2014	<b>Veterans' and Survivors' Benefits</b> (Area 23): The Department of Veterans Affairs' direct spending could be reduced—by an average of about <b>\$4 million annually</b> , according to the Congressional Budget Office—if new statutory provisions were enacted, namely, a look-back review and penalty period for claimants who transfer assets for less than fair market value before applying for pension benefits that are available to low-income wartime veterans who are at least 65 years old or have disabilities unrelated to their military service.
2014	<b>Disability and Unemployment Benefits</b> (Area 8): Congress should consider passing legislation to prevent individuals from collecting both full Disability Insurance benefits and Unemployment Insurance benefits that cover the same period, which could save <b>\$1.9 billion</b> from fiscal years 2016 through 2025, according to the Congressional Budget Office.
2015	<b>Children's Disability Reviews</b> (Area 21): To prevent an estimated <b>\$3.1 billion</b> in potential overpayments over 5 years, the Social Security Administration needs to conduct timely disability reviews to better ensure that only eligible children receive cash benefits from the Supplemental Security Income program.
2016	<b>VA's Individual Unemployability Benefit</b> (Area 34): To potentially achieve cost savings, the Department of Veterans Affairs should develop a plan to study whether age should be considered when deciding if veterans are unemployable due to service-connected disabilities. By comparison, other benefit programs, such as Social Security Disability Insurance, consider retirement age a cause for ineligibility and convert benefits for those reaching their retirement age to a Social Security retirement benefit. If the department were to determine that Total Disability Individual Unemployability benefits should be provided only to veterans younger than their full Social Security retirement age, it could achieve an estimated <b>\$15 billion</b> in savings from 2015 through 2023, according to the Congressional Budget Office.
2016	<b>Disability Insurance and Federal Workers' Compensation</b> (Area 31): The Social Security Administration should take steps to minimize overpayments from the Social Security Disability Insurance program to individuals who also received federal workers' compensation, which could help to achieve potential cost savings associated with millions of dollars of overpayments from the Social Security Disability Insurance program.

Annual report	Area identified (Click area name for more information)
2016	<b>Disability Insurance Overpayments</b> (Area 32): To help prevent the loss of billions of dollars, the Social Security Administration should take steps to prevent overpayments to beneficiaries of the Disability Insurance program and improper waivers of beneficiaries' overpayment debt.
2016	<b>Disability Reviews</b> (Area 33): The Social Security Administration may increase federal savings realized as a result of disability reviews by further considering factors that affect individuals' expected lifetime benefits when prioritizing its reviews of Disability Insurance and Supplemental Security Income cases.
<b>Information technology</b>	
2011	<b>Federal Data Centers</b> (Area 15): Consolidating federal data centers would provide an opportunity to improve government efficiency. Action in this area could potentially achieve cost savings and avoidances of <b>\$8.2 billion</b> through fiscal year 2019, of which \$2.8 billion has accrued from actions already taken and \$5.4 billion could potentially accrue if further action is taken, according to GAO's analysis of data from 24 agencies involved in the Federal Data Center Consolidation Initiative.
2013	<b>Cloud Computing</b> (Area 29): Better planning of cloud-based computing solutions provides an opportunity for potential savings of <b>millions of dollars</b> .
2013	<b>Information Technology Operations and Maintenance</b> (Area 30): Strengthening oversight of key federal agencies' major information technology investments in operations and maintenance would provide an opportunity for savings on billions in information technology investments.
2014	<b>Information Technology Investment Portfolio Management</b> (Area 24): The Office of Management and Budget and multiple agencies could help the federal government realize <b>billions of dollars</b> in savings by taking steps to better implement PortfolioStat, a process to help agencies manage their information technology investments.
<b>International affairs</b>	
2016	<b>Cargo Preference for Food Aid</b> (Area 36): A clearer definition of "geographic area" in legislation on cargo preference for food aid could allow the U.S. Department of Agriculture to achieve financial savings by more fully utilizing the flexibility Congress granted when it lowered the statutory cargo preference requirement.
<b>Training, employment, and education</b>	
2016	<b>Post 9/11 GI Bill Overpayments</b> (Area 37): The Department of Veterans Affairs could achieve substantial savings by developing guidance and controls to reduce the volume of annual Post-9/11 GI Bill overpayments—which amounted to over \$400 million in fiscal year 2014—and to improve the collection of overpayment debts, of which \$262 million was still outstanding as of November 2014.

Source: GAO analysis | GAO-16-580T

Note: The estimates in our 2016 annual report, GAO-16-375SP, are from a range of sources, including GAO, executive branch agencies, the Congressional Budget Office, and the Joint Committee on Taxation. Some estimates have been updated to reflect more recent analysis.

We will continue 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. We stand ready to assist this and other committees in further analyzing the issues we have identified and evaluating potential solutions.

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

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#### GAO Contacts

For further information on this testimony or our April 13, 2016, 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](mailto:williamso@gao.gov), and A. Nicole Clowers, Managing Director, Health Care, who may be reached at (202) 512-7114 or [clowersa@gao.gov](mailto:clowersa@gao.gov). Contact points for the individual areas listed in our 2016 annual report can be found at the end of each area at GAO-16-375SP. Contact points for our Congressional Relations and Public Affairs offices may be found on the last page of this statement.

## Appendix I: Open Congressional Actions, by Mission

In our 2011-2015 annual reports, we directed 85 actions to Congress, of which 53 remain open. Of the 53 open congressional actions, 10 are partially addressed and 43 are not addressed, as of March 2, 2016. In addition, we identified 8 new congressional actions in our 2016 annual report.

**Table 1: GAO-Identified Open Congressional Actions Related to Fragmentation, Overlap, Duplication, Cost Savings, or Revenue Enhancement, 2011-2016**

Mission	Annual report	Area	Action summary
Agriculture	2011	Area 1: Food Safety	Action 2: Congress should consider commissioning the National Academy of Sciences or a blue ribbon panel to conduct a detailed analysis of alternative food safety organizational structures.  Action 4: Congress should consider formalizing the Food Safety Working Group through statute to help ensure sustained leadership across food safety agencies over time.
		Area 1: Catfish Inspection	Action 1: Congress should consider repealing provisions of the 2008 Farm Bill assigning the U.S. Department of Agriculture (USDA) responsibility for examining and inspecting catfish and for creating a catfish inspection program. This action could save <b>\$14 million</b> annually based on the agency's estimate of the additional cost to the federal government and industry to implement the program.
	2013	Area 18: Agricultural Quarantine Inspection Fees	Action 5: Congress should consider taking steps to allow the Secretary of Agriculture to set fee rates to recover the full costs of the Agricultural Quarantine Inspection program. GAO estimated this action could result in savings of <b>\$93 million</b> .
		Area 19: Crop Insurance	Action 1: Congress may wish to 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, or both limiting premium subsidies and reducing premium subsidy rates. GAO estimated that this action could result in <b>up to \$2 billion per year</b> in cost savings.
Defense	2012	Area 6: Stabilization, Reconstruction, and Humanitarian Assistance Efforts	Action 3: Congress should consider amending the legislation that supports the Overseas Humanitarian, Disaster, and Civic Aid-funded humanitarian assistance program—the Department of Defense's (DOD) largest humanitarian assistance program—to more specifically define DOD's role in humanitarian assistance, taking into account the roles and similar types of efforts performed by the civilian agencies.

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Mission	Annual report	Area	Action summary
	2013	Area 20: Joint Basing	Action 4: To help ensure DOD's approach to joint basing achieves the goals as outlined by DOD in its justification for the 2005 base realignment and closure (BRAC) recommendation and leverages additional opportunities to reduce duplication of effort that could in turn generate cost savings and increased efficiencies, Congress should consider directing the Deputy Under Secretary of Defense (Installations and Environment), in collaboration with the military services and joint bases, to evaluate the purpose of the program and determine whether the current goals, as stated in the 2005 BRAC Commission recommendation, are still appropriate, or whether goals should be revised; communicate these goals to the military services and joint bases, and adjust program activities accordingly; provide direction to the joint bases on requirements for meeting program goals, including determining reporting requirements and milestones; and determine any next steps for joint basing, including whether to expand it to other installations.
Economic development	2011	Area 42: Essential Air Service	<p>Action 2:<sup>8</sup> Congress may wish to consider revising the program's operating requirements for providing air service to communities to improve efficiency and to better match capacity with community use.</p> <p>While not fully addressing our action, Congress passed the Consolidated and Further Continuing Appropriations Act, 2012, the Consolidated Appropriations Act, 2016, and the FAA Modernization and Reform Act, which revised the program's operating requirements.<sup>9</sup> Opportunities still exist to address this action, such as allowing flexibility in the number of flights provided.</p> <p>Action 3: Congress may wish to consider assessing multimodal solutions, such as more cost-effective bus service to hub airports or air taxi service, to provide communities alternatives to Essential Air Service.</p>
	2016	Area 17: Treasury's Foreclosure Prevention Efforts	<p>Action 1: Congress should consider rescinding any Treasury-deobligated excess Making Home Affordable (MHA) balances that the Department of the Treasury does not move into the Hardest Hit Fund.</p> <p>The agency estimated \$4.7 billion reduction in total outlays for the MHA program. Treasury deobligated \$2 billion of the \$4.7 billion on February 25, 2016, which it planned to obligate to the Hardest Hit Fund. It could potentially deobligate an additional \$2.7 billion or more once the program ends or sooner should Treasury determine it has sufficient funds for all expected expenditures.</p>
Energy	2011	Area 12: Federal Fleet Energy Goals	Action 1: Congress should consider changes in existing laws to streamline the requirements and provide fleet managers with more flexibility in meeting goals.
		Area 45: Oil and Gas Resources	<p>Action 2: Congress may need to take action to authorize or encourage the Department of the Interior (Interior) to revise its rental fee structure in ways that are beyond what is specifically authorized to increase rental payments for nonproducing leases.</p> <p>Action 4: Depending on the results of the study we recommended Interior conduct, in Action 3, Congress may wish to provide additional guidance or take additional actions to enable Interior to change how it oversees federal lands and waters and the revenues derived from production of oil and gas there.</p>
	2012	Area 40: Excess Uranium Inventories	Action 1: To pursue potential options for depleted uranium, Congress may wish to clarify the Department of Energy's (DOE) statutory authority regarding depleted uranium, explicitly providing direction about whether and how DOE may sell or transfer the tails in their current form. Depending on the terms of the legislation, and given the significant amount of tails in inventory, the government could garner substantial revenue as a result.

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Mission	Annual report	Area	Action summary
General government			<p>Action 2: If Congress sees merit in using the proceeds from the barter, transfer, or sale of federal uranium assets to pay for environmental cleanup of uranium enrichment plants, it could consider providing DOE with explicit authority to barter excess uranium and to retain the proceeds from all three types of uranium transactions (barter, transfer, and sale). Likewise, Congress could direct DOE to sell uranium for cash and make those proceeds available by appropriation for decontamination and decommissioning expenses at DOE's uranium enrichment plants.</p> <p>In 2014, GAO estimated that these actions could lead to revenue increases of about <b>\$1 billion</b>.</p>
	2014	Area 13: Advanced Technology Vehicles Manufacturing Loan Program	<p>Action 1: Unless DOE can demonstrate a demand for new Advanced Technology Vehicles Manufacturing loans and viable applications, Congress may wish to consider rescinding all or part of the remaining \$4.2 billion in credit subsidy appropriations.</p> <p>GAO estimated that this action could result in a one-time savings of <b>\$4.2 billion</b>.</p>
	2015	Area 16: U.S. Enrichment Corporation Fund	<p>Action 1: Congress may wish to permanently rescind the entire <b>\$1.6 billion</b> balance of the U.S. Enrichment Corporation Fund.</p>
	2011	Area 56: Simple Tax Return Errors	<p>Action 1:<sup>a</sup> Congress may want to consider granting the Internal Revenue Service (IRS) broader math error authority, with appropriate safeguards against misuse of that authority, to correct errors during tax return processing.</p> <p>The Joint Committee on Taxation estimated this action could raise <b>\$274 million</b> from fiscal years 2018 through 2026.</p> <p>The Consolidated Appropriations Act, 2016 gave IRS additional math error authority, but limited to certain circumstances.<sup>c</sup> Giving IRS broader math error authority with appropriate controls would enable IRS to correct obvious noncompliance, would be less intrusive and burdensome to taxpayers than audits, and would potentially help taxpayers who underclaim tax benefits to which they are entitled.</p>
		Area 63: S Corporations	<p>Action 1: Congress could require S corporations to use information already available to them to calculate shareholders' basis as completely as possible and report it to shareholders and IRS.</p>
		Area 65: Research Tax Credit	<p>Action 1: Congress could eliminate the regular credit and add a minimum base amount (equal to 50 percent of a taxpayer's current spending) to the method for computing the alternative simplified credit.</p>
		Area 66: New Markets Tax Credit	<p>Action 1: Congress should consider offering grants in lieu of credits to Community Development Entities (CDE) if it extends the program again. If it does so, Congress should require the Department of the Treasury to gather appropriate data to assess whether and to what extent the grant program increases the amount of federal subsidy provided to low-income community businesses compared to the New Markets Tax Credit (NMTC); how costs for administering the program incurred by the Community Development Financial Institutions (CDFI) Fund, CDEs, and investors would change; and whether the grant program otherwise affects the success of efforts to assist low-income communities. One option would be for Congress to set aside a portion of funds to be used as grants and a portion to be used as tax credit allocation authority under the current structure of the program to facilitate comparison of the two program structures.</p>

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Mission	Annual report	Area	Action summary
		Area 67: Governmental Bonds	Action 1: Congress should consider whether facilities, including hotels and golf courses, that are privately used should be financed with tax-exempt government bonds.
	2012	Area 44: Internal Revenue Service Enforcement Efforts	<p>Action 1: To help improve taxpayer compliance, Congress may wish to make owners of rental real estate subject to the same payment reporting requirements regardless of whether they engaged in a trade or business under current law.</p> <p>The Joint Committee on Taxation estimated that this action could result in tax revenues of about <b>\$2.5 billion</b> from fiscal years 2011 to 2020.</p> <p>Action 2: To help improve taxpayer compliance, Congress may wish to require payers to report service payments to corporations, thereby reducing payers' burden to determine which payments require reporting.</p>
	2013	Area 24: Opportunities to Help Reduce Government Satellite Program Costs	<p>Action 1:<sup>a</sup> Congress may wish to consider authorizing agencies enhanced flexibility to acquire certain satellite services related to hosted payload and ride sharing arrangements, when appropriately planned and justified.</p> <p>Selected agencies have reported saving <b>hundreds of millions of dollars</b> to date from using these innovative mechanisms.</p> <p>The National Defense Authorization Act for Fiscal Year 2014 required DOD to study low cost and innovative methods for acquiring certain satellite services.<sup>d</sup> The House of Representatives has passed two other bills, but as of March 2016, neither bill has been enacted.<sup>e</sup></p>
	2015	Area 4: Consumer Product Safety Oversight	<p>Action 1: Congress should consider transferring the oversight of the markings of toy and imitation firearms in section 5001 of title 15 of the U.S. Code from the Department of Commerce's National Institute of Standards and Technology to the Consumer Product Safety Commission.</p> <p>Action 2: Congress should consider establishing a formal comprehensive oversight mechanism for consumer product safety agencies to address crosscutting issues as well as inefficiencies related to fragmentation and overlap such as communication and coordination challenges and jurisdictional questions between agencies. Different types of formal mechanisms could include, for example, creating a memorandum of understanding to formalize relationships and agreements or establishing a task force or interagency work group. As a starting point, Congress may wish to obtain agency input on options for establishing more formal coordination.</p>
	2015	Area 17: Tax Policies and Enforcement	<p>Action 1: Congress should consider revisiting the use of individual retirement accounts (IRA) to accumulate large balances and considering ways to improve the equity of the existing tax expenditure on IRAs. Options could include limits on (1) the types of assets permitted in IRAs, (2) the minimum valuation for an asset purchased in an IRA, or (3) the amount of assets that can be accumulated in IRAs and employer-sponsored plans that get preferential tax treatment.</p> <p>Action 2: Congress should consider expanding the mandate that partnerships and S corporations electronically file their tax returns in order to cover a greater share of filed returns.</p> <p>These congressional actions could enable IRS to potentially collect <b>hundreds of millions of dollars</b> in additional revenue.</p>

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Mission	Annual report	Area	Action summary
	2016	Area 5: Financial Regulatory Structure	<p>Action 1: Congress should consider whether additional changes to the financial regulatory structure are needed to improve (1) the efficiency and effectiveness of oversight; (2) the consistency of consumer and investor protections; and (3) the consistency of financial oversight for similar institutions, products, risks, and services.</p> <p>Action 2: Congress should consider whether legislative changes are necessary to align the Financial Stability Oversight Council's authorities with its mission to respond to systemic risks.</p>
	2016	Area 22: Identity Theft Refund Fraud	<p>Action 1: Congress should consider providing the Secretary of the Treasury with the regulatory authority to lower the threshold for electronic filing of W-2s from 250 returns annually to between 5 to 10 returns, as appropriate.</p> <p>GAO estimated this action could result in savings of <b>billions of dollars</b>.</p>
	2016	Area 23: National Park Service Fees	<p>Action 1: To increase the flexibility that the National Park Service has to change entrance fees, Congress should consider amending Federal Lands Recreation Enhancement Act to give authority to the Park Service and the other four agencies that implement the recreation fee program—Bureau of Reclamation, Bureau of Land Management, the U.S. Fish and Wildlife Service, and the U.S. Forest Service—to adjust the price of a lifetime senior pass.</p> <p>GAO estimated this action could result in additional revenue of <b>\$35 million annually</b>.</p>
Health	2011	Area 74: Medicare's Health Care Payments	<p>Action 7:<sup>8</sup> Congress could exempt from the budget neutrality requirement savings attributable to policies that reflect efficiencies occurring when services are furnished together.</p> <p>While Congress has exempted certain savings from the budget neutrality requirement, other services remain subject to this requirement.<sup>1</sup></p>
	2013	Area 26: Medicaid Supplemental Payments	<p>Action 1:<sup>9</sup> Congress should consider requiring the Administrator of the Centers for Medicare &amp; Medicaid Services (CMS) to improve state reporting of non-disproportionate share hospital (DSH) supplemental payments, including requiring annual reporting of payments made to individual facilities and other information that the agency determines is necessary to oversee non-DSH payments.</p> <p>Action 2:<sup>9</sup> Congress should consider requiring the Administrator of CMS to clarify permissible methods of calculating non-DSH supplemental payments.</p> <p>Action 3: Congress should consider requiring the Administrator of CMS to require states to submit an annual independent certified audit verifying state compliance with permissible methods for calculating non-DSH supplemental payments.</p> <p>GAO estimated that these three actions could result in savings in the <b>hundreds of millions of dollars</b>.</p>
	2014	Area 21: Medicaid Demonstration Waivers	<p>Action 1: Congress could consider requiring the Secretary of Health and Human Services to improve the Medicaid demonstration review process, through steps such as improving the review criteria, better ensuring that valid methods are used to demonstrate budget neutrality, and documenting and making clear the basis for the approved limits.</p> <p>GAO estimated that this action could result in savings in the <b>hundreds of millions of dollars</b>.</p>



Appendix I: Open Congressional Actions, by Mission

Mission	Annual report	Area	Action summary
	2015	Area 6: DOD US Family Health Plan	Action 1: To eliminate unnecessary program duplication and achieve increased efficiencies and potential savings within the integrated Military Health System, Congress should terminate the Secretary of Defense's authority to contract with the US Family Health Plan (USFHP) designated providers in a manner consistent with a reasonable transition of affected enrollees into TRICARE's USFHP regional managed care program or other health care programs, as appropriate. GAO estimated this action could save <b>\$189 million</b> from fiscal years 2017 to 2022.
	2015	Area 19: Medicare Payments to Certain Cancer Hospitals	Action 1: To help the Department of Health and Human Services better control Medicare spending and encourage efficient delivery of care, and to generate cost savings from any reductions in payments to cancer hospitals that are exempted from the prospective payment system (PPS), Congress should consider requiring Medicare to pay these PPS-exempt cancer hospitals (PCH) as it pays PPS teaching hospitals, or provide the Secretary of Health and Human Services with the authority to otherwise modify how Medicare pays PCHs, and provide that all forgone payment adjustment amounts be returned to the Supplementary Medical Insurance Trust Fund. GAO estimated this action could result in savings of almost <b>\$500 million per year</b> .
	2016	Area 30: Medicare Payments by Place of Service	Action 1: To prevent the shift of services from physician offices to hospital outpatient departments from increasing costs for the Medicare program and its beneficiaries, Congress should consider directing the Secretary of Health and Human Services to equalize payment rates between settings for evaluation and management office visits—and other services that the Secretary deems appropriate—and return the associated savings to the Medicare program. According to estimates by the Medicare Payment Advisory Commission and others, this action could result in savings of <b>billions of dollars annually</b> .
	2011	Area 26: FEMA Grants	Action 4: Once the Federal Emergency Management Agency has completed a national preparedness assessment of capability gaps, as recommended in Action 3, Congress may wish to consider limiting the use of federal preparedness grant programs to fund only projects to fill identified, validated, and documented capability gaps that may (or may not) include maintaining existing capabilities developed.
Homeland security/law enforcement	2012	Area 17: Homeland Security Grants	Action 3: Congress may want to consider requiring the Department of Homeland Security to report on the results of its efforts to identify and prevent unnecessary duplication within and across the State Homeland Security Grant Program, Urban Areas Security Initiative, Port Security Grant Program, and Transit Security Grant Program, and consider these results when making future funding decisions for these programs.
		Area 49: Immigration Inspection Fee	Action 2: <sup>89</sup> Congress may wish to require the Secretary of the Department of Homeland Security to adjust the air passenger immigration inspection fee as needed so that collections are aligned with total inspection costs, if it is determined that total immigration fee collections do not cover total immigration inspection costs. GAO estimated this action could increase annual fee revenue by almost <b>\$175 million</b> based on fiscal year 2012 data.

Appendix I: Open Congressional Actions, by Mission

Mission	Annual report	Area	Action summary
			Action 4: To determine the extent to which air passenger immigration inspection fees are aligned with the costs of inspection activities, which could enable fee adjustments to reduce reliance on general fund appropriations, Congress may wish to require the Secretary of Homeland Security to direct ICE and CBP to establish a regular schedule to review and coordinate on the costs of their respective air passenger immigration inspection activities, and revise the proportion of the fee received by each agency accordingly.
	2013	Area 28: Checked Baggage Screening	<p>Action 1: Congress may wish to consider directing the Transportation Security Administration (TSA) to study, in consultation with relevant industry stakeholders, whether the 90 percent federal cost share that TSA generally applies to cost sharing agreements for eligibly airport facility modification projects related to the installation of checked baggage screening systems is appropriate or should be adjusted.</p> <p>Action 2: Congress may wish to consider whether an amendment to current legislation, or enactment of new legislation, is necessary and warranted if it is determined that a change in the current federal cost share that TSA generally applies to these cost sharing agreements is appropriate.</p> <p>The agency estimated these actions could result in roughly <b>\$234 million</b> in cost savings from 2015 through 2027.</p>
Income security	2011	Area 80: Social Security Offsets	<p>Action 1: Congress could consider giving IRS the authority to collect the information that the Social Security Administration (SSA) needs on government pension income to administer the Government Pension Offset and the Windfall Elimination Provision accurately and fairly.</p> <p>The Congressional Budget Office and SSA estimate that this action could result in savings of <b>\$2.4 billion to \$7.9 billion</b> over 10 years if enforced both retrospectively and prospectively.</p>
	2014	Area 8: Disability and Unemployment Benefits	<p>Action 1: Congress should consider passing legislation to require the Social Security Administration to offset Disability Insurance benefits for any Unemployment Insurance benefits received in the same period.</p> <p>The Congressional Budget Office estimated that this action could save about <b>\$1.9 billion</b> from fiscal years 2016 to 2025.</p>
		Area 9: Federal Employees' Compensation and Unemployment Benefits	<p>Action 2: To help verify claimants' reported income and help ensure the proper payment of benefits, Congress should consider granting the Department of Labor the additional authority to access wage data.</p>
		Area 23: Veterans' and Survivors' Benefits	<p>Action 1:<sup>89</sup> Congress should consider passing legislation that would establish a look-back and penalty period for claimants who transfer assets for less than fair market value prior to applying for pension benefits.</p> <p>The Congressional Budget Office estimated that this action could save about <b>\$4 million annually</b>.</p> <p>The House of Representatives passed H.R. 2189, which contained language to establish a 3-year look-back and penalty period for the VA pension program.<sup>90</sup> However, the bill was not ultimately enacted.</p>

**Appendix I: Open Congressional Actions, by Mission**

<b>Mission</b>	<b>Annual report</b>	<b>Area</b>	<b>Action summary</b>
<b>Information technology</b>	2013	Area 10: Dissemination of Technical Research Reports	<p>Action 1:<sup>8</sup> Congress may wish to consider examining the appropriateness and viability of the fee-based model under which the National Technical Information Service currently operates for disseminating technical information to determine whether the use of this model should be continued.</p> <p>Several bills have been introduced that have the potential to address this action, including H.R. 443, S.787, S.1636.<sup>9</sup> Additionally, the Consolidated and Further Continuing Appropriations Act of 2015 limited instances where NTIS could charge customers fees for reports.<sup>1</sup></p>
		Area 11: Geospatial Investments	<p>Action 14: To increase coordination between various levels of government and reduce duplication of effort, resources, and costs associated with collecting and maintaining accurate address data, Congress should consider assessing the impact of the disclosure restrictions of Section 9 of Title 13 and Section 412 of Title 39 of the U.S. Code in moving toward a national geospatial address database. If warranted, Congress should consider revising those statutes to authorize the limited release of addresses, without any personally identifiable information, specifically for geospatial purposes. Such a change, if deemed appropriate, could potentially result in significant savings across federal, state, and local governments.</p>
	2014	Area 10: Interoperable Radio Communications Systems	<p>Action 1:<sup>8</sup> Congress should consider requiring the Departments of Homeland Security (DHS), Justice, and the Treasury to collaborate on the development and implementation of a joint radio communications solution that specifically requires the departments to establish an effective governance structure that includes a formal process for making decisions and resolving disputes, define and articulate a common outcome for this joint effort, and develop a joint strategy for improving radio communications.</p> <p>Legislation has been enacted that is aimed at improving interoperable communications solely at DHS, and it does not require coordination across DHS, Justice, and Treasury as we recommended.<sup>8</sup> Additionally, in July 2015, the House of Representatives passed a bill that would further address this action.<sup>1</sup></p>
<b>International affairs</b>	2011	Area 81: Antidumping and Countervailing Duties	<p>Action 1: Congress could eliminate the retrospective component of the U.S. antidumping and countervailing duty system and, instead, treat the antidumping and countervailing duties assessed at the time the product enters the country as final.</p>
	2012	Area 20: Overseas Administrative Services	<p>Action 1: To contain costs and reduce duplication of administrative support services overseas, Congress may wish to consider requiring agencies to participate in International Cooperative Administrative Support Services (ICASS) unless they provide a business case to show that they can obtain these services outside of ICASS without increasing overall costs to the U.S. government or that their mission cannot be achieved within ICASS.</p>
	2013	Area 31: Tobacco Taxes	<p>Action 1: Congress, as it continues oversight of the Children's Health Insurance Program Reauthorization Act (CHIPRA), may wish to consider equalizing tax rates on roll-your-own and pipe tobacco.</p> <p>Action 2: Congress, as it continues oversight of CHIPRA, may wish to consider, in consultation with the Department of the Treasury, options for reducing tax avoidance due to tax differentials between small and large cigars.</p>

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Mission	Annual report	Area	Action summary
	2016	Area 36: Cargo Preference for Food Aid	Action 1: While recognizing that cargo preference serves policy goals established by Congress with respect to the U.S. merchant marine, including maintenance of a fleet capable of serving as a naval and military auxiliary in time of war or national emergency, Congress should consider clarifying cargo preference legislation regarding the definition of "geographic area" to ensure that agencies can fully utilize the flexibility Congress granted to them when it lowered the cargo preference for food aid requirement. GAO estimated that this action could potentially result in <b>millions of dollars</b> in savings.
<b>Social services</b>	2012	Area 28: Housing Assistance	Action 1: To optimize the federal role in rural housing, the Congress may wish to consider requiring USDA and the Department of Housing and Urban Development (HUD) to examine the benefits and costs of merging those programs that serve similar markets and provide similar products. As a first step, the Congress could consider requiring USDA and HUD to explore merging their single-family insured lending programs and multifamily portfolio management programs, taking advantage of the best practices of each and ensuring that targeted populations are not adversely affected.
<b>Training, employment, and education</b>	2016	Area 37: Post-9/11 GI Bill Overpayments	Action 1: Congress should consider granting the Department of Veterans Affairs explicit authority to require a minimum level of training for appropriate school officials.

Source: GAO. | GAO-16-580T

Note: This table provides estimates of cost savings or increased revenue where such information was available. In addition, it provides information on steps Congress took for actions that are considered partially addressed.

\*These actions are partially addressed. Partially addressed means a relevant bill has passed a committee, the House of Representatives, or the Senate, or relevant legislation has been enacted but only addressed part of the action needed. All other items are not addressed, which means that a bill may have been introduced, but did not pass out of a committee, or no relevant legislation has been introduced.

<sup>2</sup>Pub. L. No. 112-55 (2011); Pub. L. No. 114-113 (2015); Pub. L. No. 112-95 (2012).

<sup>3</sup>Pub. L. No. 114-113 (2015).

<sup>4</sup>National Defense Authorization Act for Fiscal Year 2014, Pub. L. No. 113-66 (2013).

<sup>5</sup>National Aeronautics and Space Administration Authorization Act of 2015, H.R. 810, 114th Cong. (2015); Weather Research and Forecasting Innovation Act of 2015, H.R. 1561, 114th Cong. (2015).

<sup>6</sup>Protection and Affordable Care Act, Pub. L. No. 111-148, § 3135(b), 124 Stat. 119, 437 (2010) (codified, as amended, at 42 U.S.C. § 1395w-4(c)(2)(B)(v)(VI)); The Physician Payment and Therapy Relief Act of 2010, Pub. L. No. 111-286 § 3(b), 124 Stat. 3056 (2010) (codified, as amended, at 42 U.S.C. § 1395w-4(c)(2)(B)(v)(VII)); Pub. L. No. 114-113, div. C, § 502(a)(2), 129 Stat. 2242, 3020 (codified at 42 U.S.C. §§ 1395w-4(b)(10), (c)(2)(B)(v)(XI)).

<sup>7</sup>This action is partially addressed as a result of actions taken by the agency.

<sup>8</sup>H.R. 2189 (2013).

<sup>9</sup>H.R. 443, 114th Cong. (2015); NTIS Elimination Act, S. 787, 114th Cong. (2015); Just Google It Act, S. 1636, 114th Cong. (2015). Additionally, bills have been previously introduced but were not enacted. See Let Me Google That For You Act, S. 2206, 113th Cong. (2014); and H.R. 4382, 113th Cong. (2014).

<sup>10</sup>Pub. L. No. 113-235, div. B, title I, § 109 (2014).

<sup>11</sup>Department of Homeland Security Interoperable Communications Act, Pub. L. No. 114-29 (2015).

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<sup>1</sup>State Wide Interoperable Communications Enhancement Act, H.R. 2206, 114th Cong. (2015). Also, in September 2015, a bill was introduced that would address this action. See PREPARE Act, H.R. 3583, 114th Cong. (2015).

Insert, p. 49 of transcript

Over the past 6 years, GAO has recommended specific rescissions—one of Congress's targeted policy tools to achieve possible cost savings, and one that requires specific information and targeted legislation—whenever there has been sufficient cost and program information to do so. We've identified a total of **\$8.5 billion** in possible rescissions so far:

- Treasury's Foreclosure Prevention Efforts (2016): We suggested Congress rescind any Treasury-deobligated excess Making Home Affordable program balances that Treasury doesn't move into the Hardest Hit Fund. Based on current information, there's at least **\$2.7 billion** more that Treasury could deobligate, which could increase as the program closes. For now, we think Congress should conduct regular oversight to ensure Treasury continues to identify and deobligate excess funds and when this occurs, Congress should consider rescinding those funds.
- U.S. Enrichment Corporation Fund (2015): We suggested Congress permanently rescind the entire **\$1.6 billion** balance of the U.S. Enrichment Corporation (USEC) Fund because all of the authorized purposes of that Fund (relating to environmental cleanup and USEC privatization) have been fulfilled. Two bills that would rescind these funds were introduced last December, but they haven't been enacted yet (S. 2354, Strong Families Act, and H.R. 4140 (Saving the Earnings and Noting the Investment of Our Retired Seniors Act of 2015).
- Advanced Technology Vehicles Manufacturing Loan Program (2014): We suggested Congress rescind some or all of the remaining **\$4.2 billion** in credit subsidy appropriations for DOE's ATVM loan program, unless the agency can show a demand for new loans and viable applications. There's been some legislative activity the last few months involving possible rescission of the ATVM funds, in connection with the Flint, Michigan drinking water situation, but nothing's been enacted so far.

GAO has also identified areas where Congress could use some of its other appropriations-related tools beyond rescission—such as budget reductions and program cancellations—to achieve cost savings in the short term. Examples:

*Open GAO recommendations:*

- Unobligated Balances (2016): We recommended the Department of State finalize Consular Affairs' strategy for the management of its unobligated balances, and continue its efforts to reduce excess unobligated balances allocated to the Consular and Border Security Programs in the Diplomatic and Consular Programs account (**\$440 million**). We also recommended DOE finalize and implement a strategy to reduce excess unobligated balances within the Construction, Rehabilitation, Operation and Maintenance account (**\$40 million**).
- DDO US Family Health Plans (2015): We recommended Congress terminate Defense's authority to contract with US Family Health Plan (USFHP)-designated providers in a manner consistent with a reasonable transition of affected USFHP enrollees into TRICARE's regional managed care program or other health care programs, as appropriate. This could potentially save **millions of dollars**.
- Crop Insurance (2013): We recommended Congress consider limiting the crop insurance subsidy for all farmers or at least high-income farmers. This could save up to **\$2 billion annually**.

**Written Statement of Dr. Tom Coburn  
April 27, 2016**

Good morning. Thank you, Chairman Johnson, Ranking Member Carper and members of the Committee. It is good to see you. It's good to be back with the Committee.

Since leaving the Senate last January, I have kept busy. I am supporting the Convention of the States Project to restore Washington's accountability to the states and the American people. I have been active working on the Manhattan Institute's Project FDA to improve patient treatments and innovation. I also recently formed a new group – The Foundation to Restore Accountability – to continue my work investigating and conducting oversight of wasteful spending in the federal government.

Most importantly, I have been enjoying spending time in Oklahoma with Carolyn and our children's families, including our beautiful grandchildren.

As I spend time away from Washington and travel across the country, I am more convinced than ever that our nation faces a crisis. Our national debt has grown to more than \$19 trillion. The federal government's obligations continue to expand at a time when our nation's challenges—including serious threats to national security—are increasing and threaten our way of life.

All the while, the American people have lost faith in their government. They do not see leadership coming from Washington because there is none. They do not believe that Congress and the Administration are able to fix our nation's problems. I agree.

Recognizing these serious problems, my purpose for visiting with you today is to share my thoughts about what lessons I learned from serving on this important committee. I am proud of the work that we did together. But so much remains unfinished.

One important lesson that I learned was the importance of oversight. Without knowing where you are, you can't get to where you need to go.

Consider the Duplication Report that we are talking about today. The Duplication Report started with a request that I made to my staff. I asked them to identify all of the areas of overlap and waste in the federal government. They thought I was nuts. My staff spent several weeks and found waste and duplication all across the federal government. I then asked for GAO to effectively compare all of the departments, agencies, offices, and programs across the federal government.

Gene, I am sincerely grateful for all of the work that you and your dedicated staff have done over the years. But even your team was reluctant to volunteer for such a daunting project. So we passed an amendment to the 2010 bill to raise the debt ceiling to make it happen. The amendment passed 94-0.

GAO has now completed six duplication reports, which have identified 237 areas where federal agencies' programs are overlapping or duplicative, and where we can achieve savings. My gut is there are even more. There are real savings here.

GAO says in this year's report that we've saved \$56 billion already and will save another \$69 billion over the next 10 years. And those savings are achieved after Congress and federal agencies have implemented less than half of GAO's recommendations. To put that in context, the current fight over funding to fight the Zika outbreak comes in at less than \$2 billion.

This year's report highlights duplicative payments by the federal government for the health care of low-income individuals. The government is often reimbursing the states for Medicaid and paying subsidies to their Obamacare exchanges for the same low income people. The goal of President Obama's health care plan was universal coverage. The goal was not to pay twice for the same coverage.

GAO also highlighted this year that the Social Security Administration is losing billions by overpaying disability insurance recipients, and, rather than requiring them to pay back those overpayments, simply waives them. The disability program has many problems, and for SSA to simply write-off the mistakes it makes is a disservice to disabled Americans.

In another example, the Dodd-Frank law created a structure where there are now as many as 15 federal and state regulatory agencies overseeing financial institutions. GAO reports this is bad for institutions, bad for the regulators, and bad for the consumers, who are poorly protected by this inefficient structure of confusing responsibility.

Finally, the Department of Defense is so fundamentally bad at procuring what it needs, that it now has a stockpile of 529,373 tons of excess ammunition awaiting disposal, which is expected to double over the next five years. DOD spends about \$118 million each year just disposing of extra ammunition that could be transferred to other federal agencies, reducing their need to spend money on ammo.

And the Duplication Report is just the tip off the iceberg of where we can find savings in the federal budget. Look at what we found in our annual Wastebook reports. Wastebook highlighted a million dollar federal grant for a website about romance novels, hundreds of thousands for Swedish massages for rabbits, and a federally-funded project to study shrimp on a treadmill.

This work did have some success through oversight and persistence. The bridge to nowhere is finally dead. The NFL tax loophole is closed. Taxpayers no longer fund political party conventions. The federal government is no longer funding the Woodstock museum. And we actually let the ethanol tax credit expire, which was a recommendation in GAO's very first Duplication Report.

These reports were just a few in addition to the 47 oversight reports that my office released during my time in Congress. Beyond just the waste, we identified serious problems at critical agencies like the Department of Veterans Affairs where mismanagement leads to poor



care and even lost lives of American heroes. Or at the Department of Homeland Security, where failure to achieve its missions like border security and immigration enforcement puts our nation and the American people at risk.

I am also proud of the bipartisan oversight and investigative work that we did at this Committee, including my work with Carl Levin at the Permanent Subcommittee on Investigations.

For example, I am pleased to report that the Department of Justice has finally indicted several of the subjects of our bipartisan investigation of the fraud and corruption in the Social Security disability program. Our report found Eric Conn, a disability attorney in Kentucky, was paying doctors to manufacture fraudulent medical records to support Social Security disability claims. Mr. Conn then directed those claims to an Administrative Law Judge, David Daugherty, who would approve them on the record, without a hearing.

Just a few weeks ago, Mr. Conn, former Judge Daugherty, and one of Mr. Conn's doctors were all indicted on a number of charges, including mail fraud, wire fraud, and money laundering, all of which were outlined in this Committee's 2013 report and hearing.

Senator Levin and I didn't always agree on matters of policy and how to reform our government. But we did agree that the Congress and the American public deserve the facts and to know the truth.

Bipartisanship wasn't just about doing oversight work. It has been the basic culture of this Committee since I joined it in 2005. And it was through that bipartisan work that we succeeded in passing legislation on issues where we could find basic agreement. I am proud to have worked with then-Senator Obama to pass the Federal Funding Accountability and Transparency Act of 2006 to create the USASpending.Gov, which was a key step in making our government more transparent.

Senator Carper, I am proud of the all of the work we did together all those years—starting back at the Federal Financial Management subcommittee and continuing through the last days of the last Congress with the full Committee. We sat together for more hearings than I can remember. We worked together to co-sponsor more bills than I can count. I am particularly proud of our record enacting bipartisan legislation, from improving federal cybersecurity, IT management, and curbing improper payments.

We didn't always succeed. Take our legislation together to reform the federal real property system, our bill to stop improper payments to dead people, and the Taxpayer Right to Know Act, which would have required an online database of all federal programs. All of these were good-government bills that would have made a difference but were held up by just one or two objections and could not pass by unanimous consent.

But we did our best to work together to solve problems where we had agreement and there was a window of opportunity. And together you and I—and our Committee—became a model of bipartisanship in the process.

Chairman Johnson, I applaud your leadership of this Committee. I appreciate that you continue to focus on the major problems facing our nation, and that you and Senator Carper are continuing to carry forward the tradition of bipartisanship, including passing 68 bipartisan bills through the Committee so far. I am particularly thankful that you are continuing to champion some of the reforms that Senator Carper and I were working on all those years, from real property reform and identifying and reducing improper payments, to protecting whistleblowers and strengthening watchdogs. I am optimistic that you two and the Committee will succeed in getting those reforms across the finish line this year.

I will close with one final thought for each of you. I think back to my time spent in your position. I now fully appreciate the limited time that we have serving the American people as members of the Senate. As a private citizen again, I encourage each of you to approach each day asking what you and your staff can do to help address the big challenges facing our nation.

Whether it is implementing GAO's recommendations, working together on bipartisan legislation or just doing basic oversight, each of you—both individually and collectively as a Committee—has an opportunity to make a difference and to begin to win back the American people's trust.



**CONSORTIUM FOR CITIZENS  
WITH DISABILITIES**

**STATEMENT FOR THE RECORD**

**Hearing before the  
Senate Committee on Homeland Security and Government Affairs**

**Government Reform: Ending Duplication and  
Holding Washington Accountable  
April 27, 2016**

**Statement submitted by the Co-Chairs of the  
Social Security Task Force,  
Consortium for Citizens with Disabilities**

**Submitted May 9, 2016 via email on behalf of the Co-Chairs of the Social Security Task  
Force, Consortium for Citizens with Disabilities:**

Lisa Ekman, National Organization of Social Security Claimants' Representatives  
Kate Lang, Justice in Aging  
Jeanne Morin, National Association of Disability Representatives  
Webster Phillips, National Committee to Preserve Social Security and Medicare  
T.J. Sutcliffe, The Arc of the United States

Chairman Johnson, Ranking Member Carper, and Members of the Committee, thank you for the opportunity to submit this Statement for the Record as Co-Chairs of the Consortium for Citizens with Disabilities (CCD) Social Security Task Force, on "Government Reform: Ending Duplication and Holding Washington Accountable."

CCD is a working coalition of national consumer, advocacy, provider, and professional organizations working together with and on behalf of the approximately 57 million children and adults with disabilities and their families living in the United States. The CCD Social Security Task Force focuses on disability policy issues in the Title II disability programs and the Title XVI Supplemental Security Income (SSI) program.

At the April 27 hearing, Eugene L. Dodaro, Comptroller General of the Government Accountability Office (GAO), noted that the GAO's "2016 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial

Benefits” includes a recommendation for Congress to “...consider passing legislation to prevent individuals from collecting both full Disability Insurance benefits and Unemployment Insurance benefits that cover the same period...” (GAO 2016 Annual Report, p. 33).

We urge the Committee to reject this proposal.

Last year, over 70 national organizations including members of CCD, the Coalition on Human Needs, and the Strengthen Social Security Coalition highlighted their opposition to cuts to concurrent Social Security Disability Insurance (SSDI) and Unemployment Insurance (UI) benefits in a letter to Congress. A copy of that letter is enclosed and is available at:

<http://www.c-c-d.org/fichiers/CCD-Letter-DI-UI-03-17-15FINAL.pdf>

As highlighted in the letter, SSDI and UI are vital insurance systems established for different purposes, paid for by workers and their employers. Receiving UI and SSDI concurrently is legal and appropriate. This has been the long-standing position of the Social Security Administration and of the courts.

Individuals qualify for SSDI because they have disabilities that meet the Social Security Act’s stringent standard, preventing work at or above Social Security’s Substantial Gainful Activity level (earnings of \$1,130 per month in 2016 for non-blind beneficiaries with disabilities). At the same time, Congress has on a bipartisan basis designed the Social Security Act to encourage SSDI beneficiaries to attempt to work. Beneficiaries who have done so at a low level of earnings but have lost their job through no fault of their own may qualify for UI at the same time that they continue to be eligible for SSDI. As highlighted in a 2012 GAO report, less than one percent of individuals served by SSDI and UI receive concurrent benefits. The average quarterly concurrent benefit in fiscal year 2010 totaled only about \$3,300 from both SSDI and UI, combined (or an average of \$1,100 per month from both SSDI and UI).

The CCD Social Security Task Force believes that cutting concurrent SSDI and UI benefits would harm the economic security of SSDI beneficiaries and their families, who rely on these modest but vital benefits to get by.

Proposed cuts would also single out SSDI beneficiaries and treat them differently from other workers under UI, denying them the benefits that they and their employers have paid for.

Finally, proposed cuts would create a new work disincentive in the SSDI program, by penalizing SSDI beneficiaries who attempt to work and sending the message to beneficiaries who are considering a work attempt that if they lose a job through no fault of their own, their benefits will be at risk. This would run directly counter to decades of bipartisan Congressional efforts to encourage work by SSDI beneficiaries.

**For these reasons, we strongly urge the Committee and Congress to reject proposals to reduce or eliminate these concurrent earned insurance benefits.**

Please contact T.J. Sutcliffe, [sutcliffe@thearc.org](mailto:sutcliffe@thearc.org), if you have any questions or would like more information about the impact of these proposed cuts on SSDI beneficiaries and their families.



**CONSORTIUM FOR CITIZENS  
WITH DISABILITIES**

March 17, 2015

The Honorable Orrin Hatch  
Chair, Committee on Finance  
U.S. Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Sam Johnson  
Chair, Subcommittee on Social Security  
Committee on Ways and Means  
U.S. House of Representatives  
B317 Rayburn House Office Building  
Washington, DC 20515

The Honorable Paul Ryan  
Chair, Committee on Ways and Means  
U.S. House of Representatives  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Jeff Flake  
U.S. Senate  
368 Russell Senate Office Building  
Washington, DC 20510

The Honorable Joe Manchin  
U.S. Senate  
306 Hart Senate Office Building  
Washington, DC 20510

**RE: Opposition to proposals to eliminate or reduce concurrent Social Security Disability Insurance (SSDI) and Unemployment Insurance (UI) benefits**

Dear Chairman Hatch, Chairman Johnson, Chairman Ryan, Senator Flake, and Senator Manchin:

The undersigned members of the Consortium for Citizens with Disabilities (CCD), the Coalition on Human Needs, and the Strengthen Social Security Coalition write to express our opposition to proposals to eliminate or reduce concurrent Social Security Disability Insurance (SSDI) and Unemployment Insurance (UI) benefits, including the "Social Security Disability Insurance and Unemployment Benefits Double Dip Elimination Act of 2015" (S. 499; H.R. 918) and the "Reducing Overlapping Payments Act of 2015" (S. 343).

SSDI and UI are vital insurance systems established for different purposes. Receiving UI and SSDI concurrently is legal and appropriate. This has been the long-standing position of the Social Security Administration and of the courts. Individuals qualify for SSDI because they have significant disabilities that prevent work at or above Social Security's Substantial Gainful Activity level (earnings of \$1,090 per month, in 2015). At

the same time, the Social Security Act encourages SSDI beneficiaries to attempt to work, and those who have done so at a low level of earnings but have lost their job through no fault of their own may qualify for UI. As highlighted in a 2012 Government Accountability Office report, less than one percent of individuals served by SSDI and UI receive concurrent benefits, and the average quarterly concurrent benefit in fiscal year 2010 totaled only about \$3,300 (or an average of \$1,100 per month).

These extremely modest benefits can be a lifeline to workers with disabilities who receive them, and their families – and as permitted by law are neither “double-dipping” nor improper payments. We are deeply concerned by any prospect of worsening the economic security of workers with disabilities and their families.

In addition, proposed cuts to concurrent benefits single out SSDI beneficiaries with disabilities, treating them differently from other workers under the UI program.

Finally, proposed cuts to concurrent benefits create new disincentives to work for SSDI beneficiaries, by penalizing individuals who qualify for both SSDI and UI because they have attempted to work, as encouraged by law. The creation of a new work disincentive runs directly counter to our shared goal of expanding employment opportunities for people with disabilities.

For these reasons, the undersigned national organizations strongly oppose the “Social Security Disability Insurance and Unemployment Benefits Double Dip Elimination Act of 2015” and the “Reducing Overlapping Payments Act of 2015.” We urge Congress to reject these bills and any similar legislation.

Sincerely,

9to5  
 ACCSES\*  
 AFL-CIO  
 Alliance for Retired Americans  
 Alliance for Strong Families and Communities  
 American Council of the Blind\*  
 American Federation of Government Employees (AFGE)  
 American Federation of State, County and Municipal Employees (AFSME)  
 American Foundation for the Blind (AFB)\*  
 Americans for Democratic Action (ADA)  
 Association of Assistive Technology Act Programs\*  
 Association of University Centers on Disabilities\*  
 Autism National Committee\*  
 Autistic Self Advocacy Network (ASAN)\*  
 B'nai B'rith International  
 Brain Injury Association of America\*  
 Campaign for America's Future  
 Center for Community Change Action  
 Center for Effective Government  
 Coalition on Human Needs

Community Legal Services\*  
 Disability Rights Education and Defense Fund\*  
 Easter Seals\*  
 Equal Rights Advocates  
 Every Child Matters Education Fund  
 Food Research & Action Center (FRAC)  
 Goodwill Industries International\*  
 Health & Disability Advocates\*  
 Justice in Aging\*  
 Latinos for a Secure Retirement  
 Lupus Foundation of America\*  
 Lutheran Services in America Disability Network\*  
 MomsRising  
 NAACP  
 National Advocacy Center of the Sisters of the Good Shepherd  
 National Alliance on Mental Illness\*  
 National Association of Councils on Developmental Disabilities\*  
 National Association of Disability Representatives\*  
 National Association of State Directors of Special Education\*  
 National Association of State Head Injury Administrators\*  
 National Committee to Preserve Social Security and Medicare\*  
 National Council of Jewish Women  
 National Council on Aging\*  
 National Council on Independent Living\*  
 National Disability Rights Network (NDRN)\*  
 National Down Syndrome Congress\*  
 National Employment Law Project  
 National Employment Lawyers Association  
 National Industries for the Blind\*  
 National Multiple Sclerosis Society\*  
 National Organization for Women  
 National Organization of Social Security Claimants' Representatives\*  
 National Priorities Project  
 National Respite Coalition\*  
 National Women's Law Center  
 NETWORK, A National Catholic Social Justice Lobby  
 OWL-The Voice of Women 40+  
 Paralyzed Veterans of America\*  
 Provincial Council of the Clerics of St. Viator (Viatorians)  
 Racial and Ethnic Health Disparities Coalition  
 Social Security Works  
 SourceAmerica\*  
 Special Needs Alliance\*  
 Strengthen Social Security Coalition  
 The Arc of the United States\*  
 The Jewish Federations of North America\*  
 The John O'Leary Organization  
 The Judge David L. Bazelon Center for Mental Health Law\*

Union for Reform Judaism  
 United Cerebral Palsy\*  
 United Spinal Association\*  
 United Steelworkers (USW)  
 USAction  
 Vietnam Veterans of America (VVA)\*  
 World Institute on Disability\*

CC:

Original cosponsors, S. 499

The Honorable Daniel Coats  
 The Honorable James M. Inhofe  
 The Honorable James Lankford  
 The Honorable Tim Scott

Original cosponsors, H.R. 918

The Honorable Todd C. Young  
 The Honorable Mike Kelly  
 The Honorable Patrick J. Tiberi  
 The Honorable Diane Black  
 The Honorable David G. Reichert  
 The Honorable Charles W. Boustany, Jr.  
 The Honorable Adrian Smith  
 The Honorable James B. Renacci  
 The Honorable Tom Reed  
 The Honorable Aaron Schock

Members, U.S. Senate  
 Members, U.S. House of Representatives

\* Members of the Consortium for Citizens with Disabilities (CCD).

*The CCD is a coalition of national organizations working together to advocate for federal public policy that ensures the self-determination, independence, empowerment, integration, and inclusion of the approximately 57 million children and adults with disabilities in all aspects of society.*



**GAO Responses to Questions for the Record from the  
4/27/16 HSGAC Duplication Hearing**

Questions from Kelly Ayotte

- (1) **In prior testimony you commented favorably on the legislation that my colleague Joe Manchin and I introduced—the Duplication Elimination Act—saying you were supportive of it and thought that it was necessary. Looking at the most recent duplication report and all of the unaddressed actions, it seems like we still need ways to compel executive and congressional action on GAO’s good work. We must craft better ways for Congress to do its job and at the same time make sure that executive branch is taking action as well. Absent statutory forcing mechanisms, how often do agencies reach out to GAO to ask how to achieve necessary reforms or in most cases is outside pressure—such as from Congress—necessary to spur action?**

GAO has several means for encouraging agencies to take action on recommendations in our reports.<sup>1</sup> We start by obtaining comments on our draft reports, including our draft recommendations, to understand agencies’ views about them and plans to implement them. We then maintain frequent dialogue and constructive working relationships with agencies to help ensure our recommendations are implemented effectively and in a timely manner. For example, at least once a year we reach out to agencies to determine the extent to which they have implemented our recommendations and if benefits can be attributed to our work. We also engage with agencies on an ongoing basis about opportunities to improve program performance during the course of our audit work. We report on the status of our recommendations on a public database at [www.gao.gov](http://www.gao.gov). Experience has shown that it takes time for some recommendations to be implemented, and executive branch agencies have implemented an average of about 80 percent of our recommendations within a 4-year period.

In addition, our high-risk and fragmentation, overlap, and duplication work highlights critical unimplemented recommendations that we believe warrant special attention by agencies and Congress. We maintain attention on these issues through our biennial reports to Congress on high-risk issues and our annual reports on duplication and cost savings. As part of our high-risk initiative, we meet with the Office of Management and Budget’s (OMB) Deputy Director for Management and with top agency officials to discuss progress in addressing individual high-risk areas. We report on the status of duplication and cost savings actions in the fall and spring each year in *GAO’s Action Tracker*, a publicly accessible website that allows Congress, executive branch agencies, and the public to track the progress the government is making in addressing the issues we have identified.

In 2015, we undertook an additional effort to call attention to unimplemented recommendations and highlighted those that we believe warrant priority attention by the Secretary or agency heads at key departments and agencies. We sent letters to the heads of these departments and agencies identifying the high priority recommendations and urging

<sup>1</sup>GAO, *Government Efficiency and Effectiveness: Implementing GAO Recommendations Can Achieve Financial Benefits and Strengthen Government Performance* GAO-16-272T (Washington, D.C., Dec. 10, 2015).

the agency head to continue to provide attention to these issues. We plan to update our first round of priority recommendations this summer.

Finally, Congress plays a key role in providing oversight and maintaining focus on our recommendations to ensure they are implemented and produce desired results. In addition to reporting on the status of recommendations to Congress, we engage with Congress on strategies for further addressing our recommendations. For example, these strategies include:

- Congress using our work to assist in drafting legislation. For example, several of our reports and recommendations on cybersecurity issues informed the Cybersecurity Act of 2015.<sup>2</sup>
- GAO recommending agencies assess the need for legislation and report their findings to Congress. For example, we concluded that IRS possibly could better prevent identity theft by accelerating W-2 reporting deadlines for employers, and recommended that the Internal Revenue Service (IRS) report on the costs and benefits of accelerating Form W-2 deadlines. The IRS did so, which informed congressional deliberations on a proposed amendment to the tax code, which was subsequently enacted.<sup>3</sup>

Additionally, Congress can use its budget, appropriations, and oversight processes to incentivize executive branch agencies to act on our recommendations. For example, Congress can hold hearings, withhold funds, or take other actions to provide incentives for the agencies to act. This strategy can be useful when agencies disagree or have a limited response to our recommendations. For example, Congress instructed the Department of Interior to reform its system for administering Bureau of Indian Education schools and to present a reorganization proposal in its next budget request. Specifically, Congress urged Interior to promptly address our recommendations to improve how it manages and oversees schools, including implementing a strategic plan for the Bureau of Indian Education and strengthening accountability measures for school spending.

**(2) On roughly what portion of GAO duplication report recommendations is GAO actively working with the executive branch to produce successful outcomes?**

GAO monitors all of our recommendations at least annually. As noted above, in 2015, we undertook an effort to call attention to unimplemented recommendations that we believe warrant priority attention, and sent letters to the heads of key departments and agencies identifying these high priority recommendations and urging the agency head to continue to provide attention to these issues. Copies of these letters were provided to Congress. In addition to updating these letters this summer, we are developing a web-based application that will feature our priority recommendations and help the Congress and executive branch agencies during the transition to a new Congress and a new Administration. They can also

<sup>2</sup>Pub. L. No. 114-113, div. N. 129 Stat. 2935 (2015).

<sup>3</sup>Pub. L. No. 114-113, div. Q. § 201, 129 Stat. 2242 (Dec. 18, 2015).

be helpful during confirmation hearings for executive branch nominees. We also included, as Appendix I to our testimony, open action items for the Congress.<sup>4</sup>

With regard to our annual Duplication and Cost Savings reports, we assess agencies' progress and update open recommendations twice per year. Our annual reports have produced numerous successful outcomes, including improved efficiency and effectiveness across the federal government and approximately \$125 billion in expected financial benefits from 2010-2025.

As of March 2, 2016, there were 333 open duplication and cost savings actions directed to executive branch agencies, which represents 61 percent of all recommendations we made to executive branch agencies from 2011-2016. To enhance progress on outstanding duplication and cost savings recommendations, we regularly engage with OMB and recently identified a list of key issues where OMB's attention could be instrumental in furthering progress on recommendations that involve multiple agencies or government-wide issues. As noted earlier, we also monitor the progress executive branch agencies have made in addressing the actions identified in our annual reports. To maintain attention on these issues, in 2013, we launched *GAO's Action Tracker*, which we update each year in the fall and spring.

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<sup>4</sup>GAO, *Government Efficiency and Effectiveness: Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits* GAO-16-580T (Washington, D.C., Apr. 27, 2016).

Questions from Tammy Baldwin

- (1) **As Ranking Member of the Federal Spending Oversight and Emergency Management Subcommittee, I am concerned about the new areas of waste identified in the federal government. However, I am encouraged by the progress the federal government has made in addressing the previous 544 GAO recommendations and am hopeful that we can find ways in Congress to act upon the new recommendations in order to save resources, cut costs, and collection additional revenue. The GAO report notes that DHS's human resource administrative environment is fragmented and duplicative with, "little uniformity in its data management practices."**

- (a) Can you please elaborate on this finding and explain what this lack of uniformity means to DHS's human resource systems?**

As we reported in February 2016, DHS's human resources administrative environment includes fragmented systems, duplicative and paper-based processes, and little uniformity in its data management practices<sup>5</sup>. According to DHS, these limitations in its human resources environment compromise the department's ability to effectively and efficiently carry out its mission. Among other things, according to DHS, reporting and analyzing enterprise human capital data are time-consuming, labor-intensive, and challenging because the department's data management largely consists of disconnected, standalone systems with multiple data sources for the same content. For example, we reported in 2014 that DHS could not provide complete information on how much it had spent on administratively uncontrollable overtime to its personnel from fiscal years 2008 through 2014.<sup>6</sup>

To address these issues, in 2003, DHS initiated the Human Resources Information Technology (HRIT) investment to consolidate, integrate, and modernize the human resources information technology infrastructure of the department and its eight components. As part of the HRIT effort, DHS determined that it had 422 human resources systems and applications.

We found in a February 2016 report that DHS had made very limited progress in implementing HRIT. Of 15 improvement opportunities included in the investment, such as end-to-end hiring and personnel action processing, DHS had fully implemented only 1, as of November 2015. HRIT's limited progress was in part due to a lack of involvement of the HRIT executive steering committee—the investment's core oversight and advisory body. Moreover, HRIT's strategy may not have reflected DHS's current priorities, in part because the department had not updated the HRIT strategic planning document since 2011. Until DHS takes key actions to re-evaluate and manage this neglected investment (as described in our responses to your questions below), the department's ability to effectively and efficiently carry out its mission will continue to be significantly hampered by its fragmented human resources system environment.

<sup>5</sup>GAO, *Homeland Security: Oversight of Neglected Human Resources Information Technology Investment Is Needed*. GAO-16-253 (Washington, D.C., Feb. 11, 2016).

<sup>6</sup>GAO, *Department of Homeland Security: Continued Action Needed to Strengthen Management of Administratively Uncontrollable Overtime*, GAO-15-95 (Washington, D.C.: Dec. 17, 2014).

- (b) Can you explain some of GAO's recommendations to help address this problem? Can you also explain your sense of whether DHS has expressed a commitment to addressing this issue?**

We made 14 recommendations to DHS to, among other things, address HRIT's poor progress and ineffective management. For example, to ensure that the HRIT investment receives necessary oversight and attention, we recommended that the executive steering committee be consistently involved in overseeing and advising HRIT. We also recommended that DHS re-evaluate HRIT's goals and priorities, and update its strategy accordingly.

DHS concurred with our recommendations, outlined timeframes for implementing each of the recommendations, and identified initial actions that it had taken to evaluate HRIT and improve oversight of the investment.

- (2) In your testimony, you highlight the potential for duplicative federal spending on health insurance for individuals who transition between Medicaid and health insurance programs through the Affordable Care Act. As you know, many of the individuals who transition between Medicaid and subsidized health exchange coverage are low-income individuals who experience income volatility. It is critical that we do not put more pressure on this vulnerable population or allow them to slip through the cracks. However, in a fiscal climate like this one, where medical expense are rising, I would also hope that we are not unnecessarily doubling expense and taxing already limited resources.**

- (a) In your opinion, how can we ensure that individuals are able to maintain their health coverage, while also ensuring that the government isn't duplicating coverage for individuals?**

In our October 2015 report, we found that to the extent states and the federal government are able to effectively share eligibility and enrollment data across Medicaid and the exchange as well as build IT system controls to prevent duplicate coverage, they are better positioned to minimize coverage gaps and duplicate coverage for individuals transitioning between the two coverage types due to changes in income or other factors.<sup>7</sup> The states with state-based exchanges that were included in our 2015 report all had integrated eligibility and enrollment systems for Medicaid and their exchange to help prevent coverage gaps and duplicate coverage. Among other things, their systems made eligibility determinations in real time and included system rules that did not allow an individual to be determined eligible for Medicaid and exchange subsidies simultaneously.

However, for individuals in states with a federally facilitated exchange (FFE), we found that the Centers for Medicare & Medicaid Services (CMS) had taken several steps to minimize coverage gaps and duplicate coverage for individuals, yet we found that these steps were not sufficient and made several recommendations to the agency. For example, we found that individuals transitioning from Medicaid to exchange coverage

<sup>7</sup>See GAO, *Medicaid and Insurance Exchanges: Additional Federal Controls Needed to Minimize Potential for Gaps and Duplication in Coverage*, GAO-16-73. (Washington, D.C.: Oct. 9, 2015).

may be more likely to experience coverage gaps to the extent that their accounts are not transferred from the state Medicaid agency to the exchange in a timely fashion. However, we found that CMS did not track the timeliness of such transfer and recommended that the agency begin doing so. In responding to our recommendation, CMS reported that they monitor the frequency of account transfers on a weekly basis and collecting information from states on account transfers to identify challenges. As part of this effort, we encouraged CMS to collect information on the amount of time it takes the state to transfer an individual's account to CMS after determining that the individual is no longer eligible for Medicaid, as such information is necessary to ensure the timeliness of transfers.

**(b) Are you aware of any effort HHS has made to better monitor and assess individuals' health coverage to reduce duplicate coverage?**

CMS has taken some important initial steps to monitor and assess individuals' health coverage; however, additional steps are needed to avoid lengthy periods of duplicate coverage. In our October 2015 report, we recommended that CMS establish a schedule for regular checks for duplicate coverage and develop a plan to routinely monitor the effectiveness of these checks and other planned procedures to prevent and detect duplicate coverage. In March 2016, CMS reported that it executed its first check in July of 2015. As of March 2016, CMS had not yet conducted a second check, but was planning for its execution, in part by making changes to the FFE IT system and by working with states to improve functionality of their IT systems so that the data matching involved in checks for duplicate coverage will be more successful. CMS also stated that it was in the process of (1) developing a schedule for future checks and intends to conduct them multiple times per year and (2) working to implement additional internal controls to prevent duplicate coverage, including developing functionality within the FFE to remove exchange subsidies from individuals who are identified as having duplicate coverage through the checks and do not take action on their own within a specified period of time. CMS officials said that such functionality would be in place by late 2016 at the earliest.

However, as of March 2016 it had been at least six months since CMS conducted its last check for duplicate coverage and in our 2015 report, we found that such frequency could result in individuals having duplicate coverage for 7 months longer than what might be expected as part of the normal transition from subsidized exchange coverage to Medicaid. We believe it is important for CMS to implement its next check and establish a schedule to conduct future checks as soon as possible. Finally, our 2015 report notes the importance of CMS developing target levels of duplicate coverage the agency deems acceptable—and it is not clear that the agency plans to do so. Without such targets, it will be difficult for CMS to provide reasonable assurance that its procedures are sufficient or whether additional steps are needed.

Questions from Thomas R. Carper

Last month, I introduced a bipartisan, bicameral bill that builds on longstanding management efforts to increase the efficiency and effectiveness of the federal government by enhancing its ability to address many of the issues highlighted in GAO's report on Duplication, Fragmentation and Overlap in federal programs. This bill S. 2834, the Getting Results through Enhanced Accountability and Transparency Act, would update the decades old statutes that govern how agencies manage and review their operations to help them identify opportunities for efficiency and economy in all of their functions and activities. The bill would also ensure that agencies address issues of duplication in their strategic planning, including in their annual performance plans they send us along with their budget submissions to Congress. Further, the bill includes provisions requiring agency Performance Improvement Officers and the interagency council they serve on to address issues of coordination and duplication, to consult more widely in their work with non-federal stakeholder, and make their operations more transparent to Congress.

- (a) **To what extent do you believe that legislation such as S. 2834 could enhance the ability of agencies to address the issues raised in your report?**

The Getting Results through Enhanced Accountability and Transparency (GREAT) Act would amend existing statutory requirements and could help focus agencies on addressing issues identified in our duplication and cost savings reports. The GREAT Act would do this, in part, by amending various provisions of the Government Performance and Results Act Modernization Act of 2010 (GPRAMA). For example, the GREAT Act would amend the existing requirement for the Office of Management and Budget (OMB), in consultation with Congress, to develop Federal Government Priority Goals (also known as Cross-Agency Priority (CAP) goals) by directing OMB to consider actions we recommend in our annual report on duplication and cost savings and our high risk update when developing those goals. In addition, the GREAT Act would require agencies to identify actual or potential duplication in their performance plans, and agency leadership to focus on risks that span across multiple programs and organizations. The GREAT Act also would provide additional transparency by requiring agencies to post certain information to their public websites.<sup>8</sup>

- (b) **Which existing resources and institutions in the federal government are in the best position to address issues of unnecessary duplication, fragmentation, and overlap?**

GAO's annual Duplication reports to Congress are required to identify federal programs, agencies, offices, and initiatives—either within departments or government-wide—that have duplicative goals or activities.<sup>9</sup> Since 2011, GAO has annually reported such information and will continue to support the Congress in addressing issues of unnecessary fragmentation, overlap and duplication through this effort.

<sup>8</sup> The Act would also require GAO to include in its Duplication reports information on the cost of unnecessary duplication and the cost savings and revenue generation possible through addressing recommendations in our annual duplication and cost savings reports.

<sup>9</sup> Pub. L. No. 111-139, § 21, 124 Stat. 29 (2010), 31 U.S.C. § 712 Note.

OMB, like GAO, has a cross-government vantage point, and an opportunity to review all agency missions and programs through the budget preparation process. This role is particularly important when fragmentation, overlap or duplication exists across multiple agencies and cannot be resolved by a single agency. We routinely discuss our Duplication work with OMB officials, and have provided them lists of priority open actions where increased OMB attention could be instrumental in helping reduce fragmentation, overlap, and duplication. For example, OMB could take a number of steps to better ensure that the Federal Data Center Consolidation Initiative is meeting its established objectives, such as asking that agencies prioritize and take the steps necessary to improve their plans for consolidating, including providing a full master consolidation schedule and reporting their expected cost savings. Consolidating federal data centers could achieve cost savings and avoidances of **\$5.4 billion** in fiscal year 2016 or later if further action is taken, according to GAO's analysis of data from 24 agencies involved in the initiative.

OMB's role also encompasses oversight of how agencies devise, implement, manage, and evaluate the statutory programs and policies for which they are responsible. This responsibility is central to OMB's efforts to assist in agency strategic planning, goal-setting, performance measurement, information management, evaluation, and policy research, and includes working with Congress agencies to develop Federal Government Priority Goals (also known as Cross-Agency Priority (CAP)) goals.

Congress also plays an important role in resolving fragmentation, overlap and duplication and maintaining focus on our recommendations to ensure they are implemented and produce desired results. In addition to reporting on the status of recommendations to Congress, we engage with Congress on strategies for further addressing our recommendations. These strategies include:

- Congress using our work to assist in drafting legislation. For example, several of our reports and recommendations on cybersecurity issues informed the Cybersecurity Act of 2015.<sup>10</sup>
- GAO recommending agencies assess the need for legislation and report their findings to Congress. For example, we concluded that IRS possibly could better prevent identity theft by accelerating W-2 reporting deadlines for employers, and we recommended that the Internal Revenue Service (IRS) report on the costs and benefits of accelerating Form W-2 deadlines. The IRS did so, which informed congressional deliberations on a proposed amendment to the tax code, which was subsequently enacted.<sup>11</sup>

Additionally, Congress can use its budget, appropriations, and oversight processes to incentivize executive branch agencies to act on our recommendations. For example, Congress can hold hearings, withhold funds, or take other actions to provide incentives for the agencies to act. This strategy can be useful when agencies disagree or have a limited response to our recommendations. Congress instructed the Department of Interior to reform its system for administering Bureau of Indian Education schools and to

<sup>10</sup>Pub. L. No. 114-113, div. N. 129 Stat. 2935 (2015).

<sup>11</sup>Pub. L. No. 114-113, div. Q. § 201, 129 Stat. 2242 (2015).



present a reorganization proposal in its next budget request. Specifically, Congress urged Interior to promptly address our recommendations to improve how it manages and oversees schools, including implementing a strategic plan for the Bureau of Indian Education and strengthening accountability measures for school spending.

Questions from Heidi Heitkamp

- (1) In January of this year, the GAO report (GAO-16-222) found that the FCC and USDA do not coordinate to develop joint outreach and training for their programs that promote high-speed Internet access in tribal lands, which could result in an inefficient use of federal resources and missed opportunities for resource leveraging between the two agencies. One of the primary challenges that tribes identified, according to the GAO's study, is the lack of connectivity to core Internet networks, called middle-mile infrastructure. How can the FCC and USDA work together to address this primary challenge to connect rural tribal communities?**

While we recommended, as discussed below, that FCC and USDA increase their coordination and collaboration, we did not make recommendations specifically related to middle-mile infrastructure. However, FCC and USDA could work together to address the concern over middle-mile infrastructure costs to connect tribes to core networks by ensuring their subsidy and grant programs are efficiently distributed. Updating the Broadband Map to more accurately reflect where connectivity issues exist would help both FCC determine where to best invest their subsidies and USDA their grants and loans.

- (2) One of the recommendations that GAO made to the FCC was to better define "tribal" on funding applications to improve data accuracy for tribal connectivity. Do you think that including the option to distinguish tribal applications would better increase the visibility and fundability of these applications from agency standpoint?**

As you note, our recommendation was intended to improve data accuracy for tribal connectivity and applies specifically to FCC's Universal Service Fund Schools and Library Program, also known as E-rate. E-rate provides discounts to eligible schools and libraries on telecommunications services, internet access, and internal connections. While defining tribal would make such applicants visible to FCC, E-rate is not specifically targeted to tribal schools and libraries, although some are eligible for assistance

- (3) The GAO report stated that FCC and USDA have invited one another to outreach events, but do not synchronize activities, policies, or procedures for providing technical assistance. I understand that the FCC has invited USDA to its 2016 consultations, but what can further be done to increase synchronization?**

**(a) How should we measure synchronization efforts?**

To further synchronize training and outreach, FCC and USDA could implement our recommendation to increase their coordination and collaboration.<sup>12</sup> However, FCC and USDA could accomplish this without signing a formal MOU by conducting joint meetings and training events. Possible ways to measure synchronization include, by the number of joint meetings, tribes reached and trained, and the training dollars saved as a result.

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<sup>12</sup>GAO, *Telecommunications: Additional Coordination and Performance Measurement Needed for High-Speed Internet Access Programs on Tribal Lands*, GAO-16-222. (Washington, D.C.: Jan. 29, 2016).

Questions from Claire McCaskill

The Department of Defense's (DOD) disposal of its excess inventory was one of the new items in GAO's report on duplication and overlap in the federal government. In the report, GAO notes that there are 12 programs that DOD runs to give nonfederal entities priority in accessing DOD excess inventory over non-law enforcement federal agencies. The report noted, for example, that DOD is giving away construction equipment that cost taxpayers \$25 million while the Department of Interior is turning around and buying construction equipment at the same time that may be identical to what DOD is giving away.

My concern is that DOD itself is doing this. After a hearing I led with Dr. Coburn in 2014 looking at the 1033 program, I asked DOD for 2 lists: 1 of the items it declared as excess that were in Condition Code A – what DOD considers to be “almost new” condition – and a 2<sup>nd</sup> list of any of those items that it had purchased new in the last 5 years. I got back a list of over 3,000 distinct items that were declared as excess one year and then DOD turned around repurchased the same thing, and I do not believe that that list is complete either.

- (1) Has GAO looked at the controls that DOD has in place to ensure that procurement officers are reviewing DOD's excess inventory list before making purchases to ensure that DOD is not declaring as excess certain items and buying those same exact items at the same time or the following year?

In our January 2016 review of DOD's process for disposing of excess personal property, we reviewed many aspects of the disposal process, but did not review DOD's procurement processes in relation to excess property disposal because it was outside the scope of our review.<sup>13</sup> While we did not review this issue, it is covered in Part 8 of the Federal Acquisition Regulation (FAR). According to FAR 8.102, when practical, agencies must use excess property from other agencies before initiating a contract action. FAR 8.103 then addresses how agencies learn about available excess property.

Among the potential recipients of DOD excess personal property are 12 DOD special programs, which include the foreign security assistance program and the program that provides excess DOD personal property to state, local, federal, and tribal law enforcement agencies. At the time of our audit work, DOD's disposal process for excess personal property allowed these special programs to obtain excess personal property in the earliest stage of the disposal process.<sup>14</sup> Thus, special programs could potentially

<sup>13</sup>GAO, *Excess Personal Property: DOD Should Further Reassess the Priorities of Its Disposal Process*, GAO-16-44, (Washington, D.C.: Jan. 29, 2016). Our report on DOD's excess personal property disposal process (1) describes the process for disposing of DOD's excess personal property in the U.S.; (2) assesses how DOD's priorities in its disposal process affect the distribution of excess property; and (3) assesses the extent to which DOD has encountered challenges in its capacity to manage excess personal property to be processed. Prior to this review, in June 2014, we reported on the Defense Logistics Agency's (DLA) inventory reduction goals and the risk that DLA was disposing of inventory that it would be more economical to keep and would then need to buy the same items again in the future. GAO, *Defense Inventory: Actions Needed to Improve the Defense Logistics Agency's Inventory Management*, GAO-14-495 (Washington, D.C.: June 19, 2014).

<sup>14</sup>During the course of our audit, we relied on DOD's August 1997 *Defense Materiel Disposition Manual*, which implemented the requirements of the Federal Property Management Regulation and other laws as appropriate, as they apply to the disposition of DOD's excess, surplus, and foreign excess personal property. On October 22, 2015, DOD released an updated four-volume *Materiel Disposition Manual*, which, in general, clarifies aspects of DOD's

obtain excess property turned in by a DOD component before other DOD components had the opportunity to screen and request that property.<sup>15</sup>

In October 2015, DOD revised its process to explicitly give priority to DOD components for obtaining excess property during the first 14 days of the disposal process.<sup>16</sup> While this change should better ensure that DOD components have the first opportunity to obtain excess DOD personal property, it does not change the priority consideration given to special programs, which are still able to obtain excess property before federal civilian agencies have had a chance to assess such property for their needs.

As a result, we recommended that DOD further reassess its disposal process to determine whether additional changes are needed in the priorities of recipients within the process, including potential changes to the categories and quantities of property that special programs may obtain, and revise its guidance reflecting those priorities, accordingly, to avoid the risk that federal agencies will procure personal property that they could have obtained at little or no cost through the disposal program. Although DOD concurred with our recommendation and stated that it would continue to assess all aspects of the disposal process as part of its standard operating procedures, it did not identify specific steps it would take to implement our recommendation. We maintain that DOD should separately assess the priorities in its disposal process, to include preferences provided to the special programs.

**Bridge contracts are supposed to be short-term, temporary extensions of contracts to allow agencies time to fully rebid the existing contract in accordance with federal regulations. I understand why an agency might need to extend these bridge contracts for a short period of time if it is at the tail end of a negotiation and just needs a bit more time to complete the deal. But, GAO found that some of these bridge contracts are lasting for 2 and 3 years.**

**(2) When does a bridge contract become a no-bid sole-source contract?**

The FAR does not define bridge contracts, so we are answering this question using the definition we developed for our report. We defined a bridge contract as an extension to an existing contract beyond the period of performance (including base and option years), or a new, short-term contract awarded on a sole-source basis to an incumbent contractor to avoid a lapse in service caused by a delay in awarding a follow-on contract.

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disposition process while maintaining the essential structure of the program. Because the 1997 manual was in effect during the audit period, our report relied on the 1997 guidance. Our findings and recommendation remained valid, however, when considered within the context of the updated guidance, since the fundamental framework of the disposition process remains unchanged. See Department of Defense, DOD 4160.21-M, *Defense Materiel Disposition Manual* (August 1997) and DODM 4160.21, *Defense Materiel Disposition*, vols. 1–4 (Oct. 22, 2015).

<sup>15</sup>This practice also allowed the special programs to obtain excess property before it would become available to some federal civilian agencies that may have similar needs.

<sup>16</sup>While special programs may place orders during that time, they would not receive property until the end of the reutilization stage of the process, thus ensuring that DOD components will receive the property they request before special programs. Special programs continue to receive priority for obtaining DOD excess personal property ahead of federal civilian agencies. DOD Manual 4160.21, *Defense Materiel Disposition: Reutilization, Transfer, and Sale of Property*, vol. 3, encl. 5, § 3(b)(3) (Oct. 22, 2015).

Using this definition, a bridge contract becomes a sole-source contract when the contract preceding the bridge—which may have been awarded competitively or on a sole-source basis—expires and the agency extends the existing contract or awards a new sole source contract to the incumbent contractor using other than full and open competition procedures. For example, contract options that were not assessed at the time of award are considered sole-source as are new sole-source stand-alone contracts when awarded to the incumbent contractor to bridge a gap in service.

**(3) Should there be a limit on the length of time for a bridge contract?**

At this time, because bridge contracts have not been defined federal government-wide and agencies we reviewed have not developed strategies to track their use, there is not enough information available to say whether there should be a limit on the length of time a bridge contract should be awarded for. However, we do know from our prior work that bridge contracts are typically envisioned to be used for short periods of time, and that when noncompetitive contracts such as these are used frequently or for prolonged periods of time, the government is at risk of paying more than it should for goods and services. A uniform, government-wide definition and strategies for tracking and managing the use of bridge contracts would help ensure all agencies have better insights into their use of these contracts and provide agencies with the information necessary to manage their use, and in October 2015 we made recommendations to address this issue. Similarly, a definition and tracking and managing the use of these contracts could inform a decision as to whether it would be prudent to impose a limit on the length of time for bridge contracts.

**(4) What are some factors that result in a 2- or 3-year bridge contract?**

For bridge contracts we reviewed that exceeded 2 years in length, several reasons were cited as contributing to the length of the bridge contract, including late acquisition planning, bid protests, and acquisition workforce challenges, among others.

**(5) In your opinion how much of this is a staffing issue, how much of this is a training issue, and how much of this is just poor contract management?**

While it is difficult to determine the precise influence of these factors, in most of the cases we reviewed, acquisition planning issues were cited as an initial reason for delays in the award of follow-on contracts that led to the use of a bridge contract. Other reasons, such as, acquisition workforce challenges, bid protests and budget uncertainties may have exacerbated that initial delay, and led to the continued need for a bridge contract.

**(6) Where is the Office of Federal Procurement Policy in coming up with a standard definition of bridge contracts, the length of time they should be, and when they are appropriate?**

The Office of Federal Procurement Policy (OFPP) is in the process of addressing our recommendations. Specifically, in October 2015, we recommended the following:

To gain visibility and enable efficient management on the use of bridge contracts in federal agencies, we recommend that the Administrator of OFPP take the following two actions:

- (1) Take appropriate steps to develop a standardized definition for bridge contracts and incorporate it as appropriate into relevant FAR sections, and
- (2) As an interim measure, until the FAR is amended, provide guidance to agencies on
  - a definition of bridge contracts, with consideration of contract extensions as well as stand-alone bridge contracts; and
  - suggestions for agencies to track and manage their use of these contracts, such as identifying a contract as a bridge in a Justification and Approval when it meets the definition, and listing the history of previous extensions and stand-alone bridge contracts back to the predecessor contract in the Justification and Approval.

In response to a request for an update on the status of our recommendations, in May 2016 OFPP staff stated that OFPP will be convening the Federal Acquisition Council to discuss regulatory action after it completes the development of agency guidance. The guidance, which includes a definition of bridge contracts, has been drafted for review by the agency Chief Acquisition Officers and Senior Procurement Executives.

Questions from Jon Tester

**Mr. Dodaro, the Government Accountability Office (GAO) holds a tremendous responsibility for providing agency information to Congress. The work you and your staff do informs what programs we authorize, how money is spent, and where spending is wasteful or fraudulent. As a strong proponent of government transparency, this requires agencies to comply with information requests from GAO.**

- 1. Currently, GAO does not enjoy full access to the information held at the National Database of New Hires (NDNH) at the Department of Health and Human Services (HHS). How would full access to NDNH help GAO in its oversight mission?**

NDNH is a database of quarterly wages, unemployment insurance, and W-4 filings collected by the states and federal agencies and reported to HHS. Therefore, it is a valuable source of employment data that can be used to support GAO's improper payments and fraud work, as well as other work involving programs where eligibility is means tested. The government continues to face challenges in determining the full extent of improper payments, including those for means-tested programs. Reliable access to the NDNH data will facilitate GAO's future efforts to identify indicators of the extent of improper payments across major government programs.

- 2. What programmatic duplication or waste would GAO be better able to uncover if permitted full access to NDNH in statute?**

GAO could use the NDNH to uncover potential indicators of fraud, duplication, and waste in programs that provide income-based benefits, including the following: Medicaid; Supplemental Nutrition Assistance Program (SNAP); Temporary Assistance for Needy Families (TANF); Special Supplemental Nutrition Program for Women, Infants and Children (WIC); Federal Employee Compensation Act (FECA), various disability programs from SSA, the Office of Personnel Management, and Department of Veterans Affairs; School Meals programs, the Department of Housing and Urban Development's Section-8 Voucher program, the Internal Revenue Service's Earned Income Tax Credit (EITC), and Federal Pell Grants.