## CONTENTS

Hearing held on April 26, 2018 ................................................................. 1

**WITNESS**


- Oral Statement .................................................................................. 5
- Written Statement ............................................................................... 6
The committee met, pursuant to call, at 10:00 a.m., in Room 2154, Rayburn House Office Building, Hon. Steve Russell presiding.

Present: Representatives Russell, Duncan, Jordan, Sanford, Amash, Massie, Meadows, DeSantis, Ross, Walker, Blum, Grothman, Palmer, Comer, Mitchell, Norton, Maloney, Lynch, Cooper, Connolly, Kelly, Lawrence, Krishnamoorthi, Welch, and DeSaulnier.

Mr. RUSSELL. The Committee on Oversight and Government Operations will come to order.

Without objection, the presiding member is authorized to declare a recess at any time.

This morning the Government Accountability Office released its eighth annual report on opportunities for the Federal Government to reduce duplication, overlap, and fragmentation, and to achieve other financial benefits.

Over the course of eight years, the GAO has highlighted more than 300 areas of such waste and inefficiency in the Federal Government and recommended nearly 800 corrective actions.

I first want to thank you, Mr. Dodaro, as well as your entire staff, for the excellent work that they do. This report provides the opportunity to highlight duplication and inefficiency throughout the government. Many of the issues that we will discuss today will lay the groundwork for future hearings and legislative action.

The Federal Government will save an estimated $125 billion by 2025 based on implementation of GAO recommendations to date. Through congressional action and actions by executive agencies, 52 percent of GAO’s recommended corrective actions have been fully addressed and closed, but that does leave 48.

The GAO’s annual report shows us persistent effort to address inefficiencies and resolve wasteful spending can collectively provide a significant benefit to the public. Fifty-two percent of actions addressed is a good start, but the other 48 percent need to be done.

We could save billions more by taking action at just three agencies: the Department of Defense, the Internal Revenue Service, and the Department of Health and Human Services.
annual reports, more than half of all corrective actions have been
directed at these three agencies. Yet, all three have more than 40
percent of recommended actions still open.

For example, GAO estimates the Department of Defense could
save more than $9 billion by identifying opportunities for consoli-
dating or reducing the size of headquarters organizations.

GAO also found that the IRS could save billions in fraudulent re-
funds by improving efforts to prevent fraud associated with identity
theft.

GAO has recommended the Centers for Medicare and Medicaid
Services take steps to improve the accuracy and diagnostic coding
practices for Medicare Advantage payments, which could result in
savings of billions of dollars.

GAO does find in this year’s report that the IRS has had some
success in reducing millions of dollars of fraud by simply delaying
the date for sending refunds while it verifies critical information.
The committee would be interested in hearing more about this par-
ticular effort.

The Federal Government has an obligation to taxpayers to avoid
fragmentation and ensure effective program coordination across
agencies. Disagreements over policy might lead to disagreements
over appropriate spending, but wasting tax dollars because of a
failure to coordinate is simply unacceptable.

For example, GAO’s newly released report shows that the De-
partment of Agriculture has an entire seafood inspection program
to ensure the safety of domestic and imported catfish, while the
Food and Drug Administration is responsible for the safety of all
other seafood. Having a separate inspection program for one spe-
cies of fish is an example of inefficiency we hope is an outlier.

But if we are going to have this type of fragmented seafood in-
spection system, we expect close coordination, at a minimum, be-
tween the two agencies involved. Unfortunately, the GAO has
found the two agencies are not coordinating well; in fact, do not
even have common standards for public safety of the fish they in-
spect.

All Federal workers must embrace their role as fiduciaries for
the American public. Everyone should consider it part of their job
description to avoid waste and ensure tax dollars are being used
effectively. GAO’s annual report provides an important road map
to tackling known waste and inefficiency. We know there is only so
much GAO can do. It is up to agencies to take your recommenda-
tions to heart and to act on them, and it is up to us in Congress
to act in many cases.

But as we will hear, agencies need to take action more rapidly.
In some cases, the solution to reducing overlap may be evident, but
practical or political challenges may be an impediment. In other
cases, an agency or Congress may lack basic information about
whether a program is functioning as intended, and simply obtain-
ing better data is a critical first step.

We look forward to discussing why recommendations remain
open for so long and what this committee can do to help the agen-
cies gain greater efficiencies and avoid wasting tax dollars. I look
forward to hearing from the Comptroller General today on ways to
reduce wasteful spending where it has been identified, as well as
areas where agencies can take steps to avoid spending and duplicative waste in the future.

I now recognize the Ranking Member of the committee, Ms. Eleanor Holmes Norton, for her opening statement.

Ms. NORTON. Thank you very much, Mr. Chairman.

I want to begin by indicating my appreciation for this very critical hearing, and I certainly want to thank you, Mr. Dodaro, for being here yet again to testify about what is now your eighth annual report on this very important issue.

We sit here every year in the committee as the committee holds this hearing outlining the programs and the progress and the challenges we have. There have been, interestingly, different Chairs, and I suppose you haven't seen Mr. Russell and me, since we are imposters for the moment, sitting in for the Chair and the Ranking Member, but you get the point that there have been with each of your reports different Chairs—Mr. Issa, Mr. Chaffetz. Mr. Gowdy is now the Chair, and there may be someone new. In fact, Mr. Gowdy is leaving the Congress, so there will be yet another Chair. But isn't it important to note that we are always partners in these hearings.

One constant we have noticed over these years is that the executive branch can certainly do better. I say this regardless of who is in the White House, regardless of who is President, and regardless of which political party she belongs to. I am sure my Republican colleagues would agree.

However, in order to truly address these recommendations, we not only need a sustained commitment by the agencies involved, we also need sustained oversight from our own committee. Congress needs to follow up on these recommendations to ensure that the reforms are made. That is why today's hearing is so important.

For example, the Department of Defense is the largest agency in the Federal Government by far. It is probably the largest agency in the history of the world. We need it to be successful because it defends the country, our people, and our freedom. But the Department of Defense wastes a phenomenal amount of money. Every dollar that is squandered is a dollar that could be gone to help protect our troops, our service members who risk life and limb to protect us every single day.

To be clear, there has been progress. In 2011, when GAO issued its first duplication report, it recommended several steps to improve the way the Department of Defense develops and acquires weapon systems. The Pentagon implemented several of these recommendations and, according to the GAO, saved approximately $16 billion from 2011 to 2015. That is a terrific example of how the process is supposed to work.

Unfortunately, there are dozens of areas in which the Department of Defense could do much better. This year, GAO's report says the Department of Defense still has 74 recommendations that remain open, some of them dating back to 2011.

For example, the GAO made several recommendations for the Department of Defense to manage its commissaries more efficiently and reduce the size and staffing at various headquarters. Now, I understand that these may not be the most exciting issues, and they may not get headlines, but GAO reports that if the Depart-
ment of Defense fully implemented these recommendations, they could save the American taxpayers $11 billion. To me, if our committee played even a small role in achieving these savings, that could be something we could be proud of, because $11 billion is a lot of money.

For these reasons, I would like to make a modest proposal, Mr. Chairman. After today’s hearing, I propose that our committee hold a follow-up hearing with the Department of Defense. Let’s work with the Department officials to determine what they are, in fact, doing to address these issues and what more can be done to allow them to operate more efficiently and save more like that $11 billion I just spoke of.

This really is the core of our committee’s jurisdiction, and I hope we can make this happen.

Mr. Dodaro, every year you and your talented staff provide us and the American people with a crucial service to make sure our tax dollars are spent wisely. So I want to, once again, thank you for your report and look forward to your testimony today.

Thank you, Mr. Chairman, and I yield back.

Mr. RUSSELL. I thank the gentle lady.

I am pleased to introduce our witness, the Honorable Gene Dodaro, Comptroller General of the United States. Mr. Dodaro is accompanied by the following people from the GAO, from my left to my right, who will also be sworn in: Ms. Cathleen Berrick, Managing Director for the Defense Capabilities and Management Team; Ms. Barbara Bovbjerg, Managing Director of the Education, Workforce, and Income Security Team; Ms. Angela Nikki Clowers, Managing Director for the Health Care Team; Ms. Edda Emmanuelli Perez, Deputy General Counsel; Mr. Mark Gaffigan, Managing Director of the Natural Resources and Environment Team; Ms. Jessica Lucas-Judy, Director of the Strategic Issues Team; Ms. Michelle Mackin, Managing Director for the Contracting and National Security Acquisitions Team; Mr. J. Christopher Mihm, Managing Director for the Strategic Issues Team; Mr. Dave Powner, Director of the Information Technology Team; and Mr. George Scott, Managing Director of the Homeland Security and Justice Team.

Welcome to you all.

Pursuant to committee rules, all witnesses will be sworn in before they testify. So I would ask that you please stand and raise your right hand.

[Witnesses sworn.]

Mr. RUSSELL. The Chair will reflect that the witnesses answered in the affirmative, and please be seated.

In order to allow time for discussion, please limit your testimony to 5 minutes. Your entire written statement will be made part of the record.

As a reminder, the clock in front of you shows the remaining time during your opening statement. The light will turn yellow when you have 30 seconds left, and red when your time is up.

Please also remember to press the button to turn on your microphone before speaking.

It is now my pleasure to recognize the witness. Mr. Dodaro, please, we welcome your testimony.
Mr. DODARO. Thank you very much, Mr. Chairman. Good morning to you, Ranking Member, Ms. Norton, members of the committee. I am very pleased to be here today to present our eighth annual report.

I am also very pleased to report that, based on the first seven years that we issued this report, we issued about 724 recommendations, 52 percent have been implemented, 24 percent have been partially implemented, and as a result of these actions there are financial benefits that have accrued or will accrue to the Federal Government of $178 billion.

Now, most of these actions were due to the Congress taking action to pass legislation to deal with a number of issues that we had raised, and given Congress’ critical role, in the appendix to our testimony today are 58 open recommendations to the Congress that we have made that could result in savings of tens of billions of dollars in additional money. So I commend those to your attention, be happy to talk about them today.

In the new report that we are issuing today, we have additional tens of actions, 68 new actions, that can be implemented. For example, overlap and duplication in the U.S. Defense Department distribution centers could be made that could save, by DOD’s estimate, $527 million over five years. There are tens of billions of dollars potentially that could be saved by treating low-level waste at the Hanford Repository with cheaper methods, and it could actually get the job done faster. Also at the Veterans’ Administration, there could be tens of millions of dollars in additional savings by consolidating their medical and surgical supplies purchasing program. Also at the Coast Guard, they have identified themselves a number of stations that could be closed that overlap with other stations within the same timeframe that could respond to search and rescue, and that could save them millions of dollars and improve their operations as well.

So these are a few examples that we have.

Now, we also, from our prior work, in addition to these new examples, have a number of outstanding examples that still need to be fully implemented, and they range from taking actions at the IRS and some other revenue options that could increase the revenue coming into the Federal Government through more efficient practices, and also save a lot of money, particularly in the Medicare area and in the Medicaid program, which is the fastest growing part of the Federal Government’s budget from a spending standpoint.

So we are very pleased that you are holding this hearing. We appreciate the attention given to our work. My colleagues and I would be very pleased to respond to all questions. Thank you, Mr. Chairman.

[Prepared statement of Mr. Dodaro follows:]
Testimony
Before the Committee on Oversight and Government Reform, House of Representatives

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
GOVERNMENT EFFICIENCY AND EFFECTIVENESS

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

What GAO Found

GAO’s 2018 annual report identifies 68 new actions that Congress or executive branch agencies can take to improve the efficiency and effectiveness of government in 23 new program areas. For example:

- The Department of Defense (DOD) could potentially save approximately $527 million over 5 years by minimizing unnecessary overlap and duplication in its U.S. distribution centers for troop support goods.
- The Department of Energy may be able to reduce certain risks and save tens of billions of dollars by adopting alternative approaches to treat a portion of its low-activity radioactive waste at its Hanford Site.
- The Department of Veterans Affairs could potentially save tens of millions of dollars when acquiring medical and surgical supplies by better adhering to supply chain practices of leading hospitals.
- The Coast Guard should close its boat stations that provide unnecessarily duplicative search and rescue coverage to improve operations and potentially save millions of dollars.

Significant progress has been made in addressing many of the 724 actions that GAO identified from 2011 to 2017. As of March 2018, Congress and executive branch agencies have fully or partially addressed 551 (76 percent) of these actions. This has resulted in about $178 billion in financial benefits, of which $125 billion has been realized and at least an additional $53 billion is estimated to accrue. These estimates are based on a variety of sources that considered different time periods, assumptions, and methodologies. GAO estimates that tens of billions of additional dollars could be saved should Congress and executive branch agencies fully address the remaining 365 open actions, including the 68 new ones identified in 2018.

Further steps are needed to fully address these remaining actions. For example:

- Congress and the Internal Revenue Service could realize hundreds of millions of dollars in savings and increased revenues by enhancing online services and improving efforts to prevent identity theft refund fraud.
- Medicare could save $1 to 2 billion annually if Congress equalized the rates paid for certain health care services, which often vary depending on where the service is performed.
- DOD could achieve billions of dollars in savings over the next several years by continuing to employ best management practices on its weapon systems acquisition programs.
- Congress could consider modifying how Medicare pays certain cancer hospitals to achieve almost $500 million annually in program savings.
- The Social Security Administration could help prevent the loss of billions of dollars by preventing overpayments to beneficiaries of the Disability Insurance program and improper waivers of beneficiaries’ overpayment debt.
- Congress could consider modifying tobacco tax rates to eliminate significant tax differentials between similar products to address future revenue losses caused by manufacturers and consumers substituting tobacco products.

Federal losses ranged from $2.6 to 3.7 billion between April 2009 and February 2014.
Chairman Gowdy, Ranking Member Cummings, and Members of the Committee:

The federal government faces an unsustainable long-term fiscal path based on an imbalance between federal revenue and spending, primarily driven by health care spending and net interest on the debt. Addressing this imbalance will require long-term changes to both spending and revenue and difficult fiscal policy decisions. In the near term, however, opportunities exist to take action in a number of areas to better manage fragmented, overlapping, or duplicative federal agencies or programs; achieve cost savings; or enhance revenues.

To call attention to these opportunities, Congress included a provision in statute for us to identify and report to Congress on federal programs, agencies, offices, and initiatives—either within departments or government-wide—that have duplicative goals or activities. These reports are issued annually to the House and Senate.

In our first seven annual reports issued from 2011 to 2017, we presented 724 actions in 278 areas for Congress or executive branch agencies to reduce, eliminate, or better manage fragmentation, overlap, or duplication; achieve cost savings; or enhance revenue. To date, Congress and executive branch agencies have partially or fully addressed 551 (76 percent) of the actions we identified from 2011 to 2017, resulting in about $178 billion in financial benefits. We estimate that tens of billions more dollars could be saved by fully implementing our open actions.

Our 2018 report, which we are releasing today, presents 68 new actions across 23 new program areas for Congress or executive branch agencies to reduce, eliminate, or better manage fragmentation, overlap, and duplication and achieve other financial benefits. My testimony today:

3Specifically, these reports are issued to the House Committees on Appropriations, Budget, and Oversight, and Government Reform and the Senate Committees on Appropriations, Budget, and Homeland Security and Governmental Affairs.
4See GAO’s Duplication and Cost Savings webpage for links to the 2011 to 2017 annual reports: http://www.gao.gov/duplication/overview.
5In calculating our total estimated realized and potential financial benefits, we relied on individual estimates from a variety of sources, which considered different time periods and utilized different data sources, assumptions, and methodologies. Realized benefits have been rounded down to the nearest $1 billion. Estimated potential benefits are subject to increased uncertainty, depending on whether, how, and when they are addressed, and are presented using a notation of magnitude. These totals represent a rough estimate of financial benefits.
6Of the 68 new actions, 7 were added to six existing areas. We also added 1 action to the Action Tracker that was inadvertently not included in the 2017 report to the Agencys’ Use of Strategic Sourcing area (see 2013, Area 3). See GAO, 2018 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits, GAO-18-371SP (Washington, D.C., Apr. 26, 2018).
describes (1) new issues identified in our 2018 annual report; (2) the progress made in addressing actions identified in our past reports; and (3) examples of open actions directed to Congress or executive branch agencies.

My comments are based upon our 2018 annual report, as well as our update on the progress made in implementing actions that we have suggested in our previous annual reports. These efforts are based on work we previously conducted in accordance with generally accepted government auditing standards. More details on our scope and methodology can be found in the full report.

Figure 1 outlines the definitions we use for fragmentation, overlap, and duplication for this work.

<table>
<thead>
<tr>
<th>Fragmentation</th>
<th>Overlap</th>
<th>Duplication</th>
</tr>
</thead>
<tbody>
<tr>
<td>refers to those circumstances in which more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need and opportunities exist to improve service delivery.</td>
<td>occurs when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries.</td>
<td>occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries.</td>
</tr>
</tbody>
</table>

Figure 1: Definitions of Fragmentation, Overlap, and Duplication
New Opportunities Exist to Improve Efficiency and Effectiveness across the Federal Government

Over 25 of the 68 new actions we identified in our annual report concern fragmentation, overlap, or duplication in government missions and functions (see table 1).1

Table 1: New Fragmentation, Overlap, and Duplication Areas Identified

<table>
<thead>
<tr>
<th>Mission</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1. Imported Seafood Oversight: Improved coordination between the Food and Drug Administration and the Food Safety and Inspection Service on the oversight of imported seafood could help the agencies better manage fragmentation and more consistently protect consumers from unsafe drug residues.</td>
</tr>
<tr>
<td>Defense</td>
<td>2. Defense Distribution Centers: By minimizing unnecessary overlap and duplication and more efficiently using its U.S. distribution centers to store and process goods for troop support, such as clothing and weapon systems repair parts, the Department of Defense could potentially save approximately $527 million over 5 years.</td>
</tr>
</tbody>
</table>

1The 68 new actions do not include 6 actions in four areas that agencies addressed before we issued our annual report. Specifically, the Department of State addressed 3 actions related to Iraq and Syrian Cultural Property Protection (see 2018, Area 24), the Department of Transportation (DOT) addressed 1 action related to DOT Operational Improvements (see 2018, Area 25), the Department of Veterans Affairs addressed 1 action related to VA Human Capital Challenges (see 2018, Area 6), and the U.S. Agency for International Development addressed one action related to Combating Wildlife Trafficking (see 2018, Area 11). We added these actions to the Action Tracker with a status of “addressed.”

Along with issuing our report and this statement, we are concurrently releasing the latest updates to our Action Tracker (see sidebar). Our tracker includes a downloadable spreadsheet (available in XLSX or CSV formats) that users can sort and filter based on their specific needs or interests. For example, areas and actions can be sorted by the year identified, mission area name, implementation status, and implementing entities (Congress or specific agencies).
Federal Use of Identity Theft Services: The Office of Management and Budget should explore options to address the risk that federal agencies may offer duplicative identity theft services in response to data breaches, potentially saving millions of dollars annually in unnecessary expenditures.

Graduate Medical Education Funding: The Department of Health and Human Services should coordinate with federal agencies, including the Department of Veterans Affairs, to improve the effectiveness and oversight of fragmented federal funding for physician graduate medical education, which cost the federal government $14.5 billion in 2015.

VA Human Capital Challenges: The Veterans Health Administration should strengthen its human resources internal control practices and its employee performance management processes to address fragmentation across the agency and improve its ability to serve veterans.

Coast Guard Boat Stations: The Coast Guard should close its boat stations that provide unnecessarily duplicative search and rescue coverage to improve operations and potentially save millions of dollars.

National Institute of Standards and Technology Security Program Management: By addressing security management structure, the Department of Commerce and the National Institute of Standards and Technology could improve their physical security program.

Reviews of SSA Disability Appeals: The Social Security Administration should evaluate its quality assurance reviews of decisions on appealed disability claims, which cost at least $11 million in fiscal year 2016, to reduce or better manage overlap between the types of reviews.

Supplemental Security Income: To better manage fragmentation in service delivery, the Social Security Administration should explore options for better connecting transition-age youth receiving Supplemental Security Income to vocational rehabilitation services.

Combating Wildlife Trafficking: Federal agencies that combat wildlife trafficking should clarify roles and responsibilities in Southeast Asia to better manage fragmentation and have more reasonable assurance that they can effectively marshal the contributions of all agencies.

High-Containment Laboratories: The Federal Select Agent Program needs to better coordinate workforce planning across its two agencies to help address fragmentation in oversight of high-containment laboratories.

STEM Education Programs: Meeting requirements to assess the 163 federal science, technology, engineering, and mathematics education programs could create opportunities to better manage fragmentation and overlap and enhance the effectiveness of the portfolio.

In addition, our 2018 report presents over 30 new opportunities for Congress or executive branch agencies to reduce the cost of government operations or enhance revenue collections for the U.S. Treasury across 10 areas of government (see table 2).
In addition to these new areas, we identified seven new actions that relate to six existing areas presented in our 2011 to 2017 annual reports (see table 3).⁶

<table>
<thead>
<tr>
<th>Mission Area</th>
<th>Action Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defense</td>
<td>14. Foreign Currency Fluctuation: The Department of Defense needs to more efficiently and effectively manage foreign currency funds to potentially save millions of dollars.</td>
</tr>
<tr>
<td></td>
<td>15. Supply Operations at Military Depots: The Department of Defense could improve the efficiency and effectiveness of supply operations at Army and Marine Corps depots and Navy shipyards and save tens of millions of dollars.</td>
</tr>
<tr>
<td>Economic Development</td>
<td>16. Fiscal Management of the Universal Service Fund: By addressing weaknesses in the management and oversight of the Universal Service Fund, the Federal Communications Commission could eliminate at least $1 million annually in fees paid to a private bank to manage investments.</td>
</tr>
<tr>
<td>Energy</td>
<td>17. DOE’s Treatment of Hanford’s Low-Activity Waste: The Department of Energy may be able to reduce certain risks and save tens of billions of dollars by adopting alternative approaches to treat a portion of its low-activity radioactive waste.</td>
</tr>
<tr>
<td>General Government</td>
<td>18. Employment Taxes: Analyzing and using results from the Internal Revenue Service’s National Research Program employment tax study could help the agency identify and pursue millions of dollars annually in additional revenue owed.</td>
</tr>
<tr>
<td></td>
<td>19. Tax Fraud and Noncompliance: The Internal Revenue Service should fully assess the benefits and costs of using its existing authority to hold additional taxpayer refunds until it can verify wage information on most returns later in the filing season, which could protect millions of dollars annually.</td>
</tr>
<tr>
<td>Health</td>
<td>20. Premium Tax Credit Improper Payments: The Centers for Medicare &amp; Medicaid Services and the Internal Revenue Service could save money by strengthening controls over the Premium Tax Credit for health insurance, which cost about $35 billion for fiscal year 2017.</td>
</tr>
<tr>
<td></td>
<td>21. VA Medical Supplies Procurement: The Department of Veterans Affairs could potentially save tens of millions of dollars when acquiring medical and surgical supplies by better adhering to supply chain practices of leading hospitals.</td>
</tr>
<tr>
<td>Homeland Security/Law Enforcement</td>
<td>22. Bureau of Prisons Health Care Costs: The Federal Bureau of Prisons could improve the oversight and management of its health care costs to more efficiently and effectively acquire health care goods and services and potentially save millions of dollars annually.</td>
</tr>
<tr>
<td>Income Security</td>
<td>23. Railroad Retirement Board Continuing Disability Reviews: The Railroad Retirement Board could reduce overpayments by millions of dollars and better target resources by using more timely earnings data and reallocating resources used for high-risk continuing disability reviews to more effective efforts.</td>
</tr>
</tbody>
</table>

In addition, we identified seven new actions that relate to six existing areas presented in our 2011 to 2017 annual reports (see table 3).⁶

---

⁶See appendix IV of GAO-16-371SP for more information.
Congress and Executive Branch Agencies Continue to Address Actions That Span the Federal Government

We monitor the progress that Congress and executive branch agencies have made in addressing the issues we identified in each of our last seven annual reports. As shown in table 4, Congress and executive branch agencies have made consistent progress in addressing many of the actions we identified from 2011 to 2017. As of March 2018, 376 (52 percent) of the actions we identified from 2011 to 2017 have been fully addressed. See our online Action Tracker for the status of all actions.

Table 3: New Actions Added to Existing Areas in 2018

<table>
<thead>
<tr>
<th>Mission</th>
<th>New action (area name links to Action Tracker)</th>
<th>Year introduced (year links to report)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>Crop Insurance: In July 2017, GAO identified a new action that Congress can take to reduce the cost of delivering the federal crop insurance program by hundreds of millions of dollars annually.</td>
<td>2013</td>
</tr>
<tr>
<td>Defense</td>
<td>Defense Virtual Training: In September 2017, GAO identified a new action to help the Marine Corps better manage fragmentation in its virtual training program.</td>
<td>2016</td>
</tr>
<tr>
<td></td>
<td>Navy Shipbuilding: In March 2017, GAO identified a new action to help the Navy improve its use of incentives in shipbuilding.</td>
<td>2017</td>
</tr>
<tr>
<td>General government</td>
<td>Federal Vehicles: In April 2017, GAO identified two new actions to help the federal government better manage its fleet of retained vehicles.</td>
<td>2016</td>
</tr>
<tr>
<td>Homeland security/law enforcement</td>
<td>Security of Federal Facilities: In February 2017, GAO identified a new action to better manage fragmentation among federal agencies to address risks to federal courthouse security.</td>
<td>2016</td>
</tr>
<tr>
<td>Information technology</td>
<td>Information Technology Investment Portfolio Management: In September 2016, GAO identified a new action to improve federal agencies’ efforts to complete software application inventories, which could further contribute to the billions of dollars of potential savings previously identified.</td>
<td>2014</td>
</tr>
</tbody>
</table>

Source: GAO | GAO-18-488T
### Table 4: Status of 2011 to 2017 Actions Directed to Congress and the Executive Branch, as of March 2018

<table>
<thead>
<tr>
<th>Status</th>
<th>Number of congressional actions (percentage)¹</th>
<th>Number of executive branch actions (percentage)²</th>
<th>Total (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addressed</td>
<td>30 (31%)</td>
<td>346 (55%)</td>
<td>376 (52%)</td>
</tr>
<tr>
<td>Partially addressed</td>
<td>11 (6%)</td>
<td>154 (26%)</td>
<td>175 (24%)</td>
</tr>
<tr>
<td>Not addressed</td>
<td>44 (65%)</td>
<td>78 (12%)</td>
<td>122 (17%)</td>
</tr>
<tr>
<td>Other️₃</td>
<td>12 (12%)</td>
<td>39 (6%)</td>
<td>51 (7%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>97 (100%)</strong></td>
<td><strong>627 (100%)</strong></td>
<td><strong>724 (100%)</strong></td>
</tr>
</tbody>
</table>

Note: Due to rounding, the total percentages do not add up to exactly 100 percent.

1. For assessing actions suggested for Congress, GAO 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 during the current congressional session, or relevant legislation has been enacted but only partially 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. At the beginning of a new congressional session, GAO tallies the criteria. As a result, the status of an action may move from partially addressed to not addressed if relevant legislation is not reintroduced from the prior congressional session.

2. For assessing actions suggested for the executive branch, GAO 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.

3. Of the 291 other actions, 34 are categorized as "consolidated or other" and 17 as "closeout not addressed". Actions categorized as "consolidated or other" and "closeout not addressed" are no longer assessed. In most cases, "consolidated or other" actions were replaced or subsumed by new actions based on additional audit work or other relevant information. Actions are generally "closeout not addressed" when the action is no longer relevant due to changing circumstances.

#### Billions in Financial Benefits Due to Actions Taken by Congress and Executive Branch Agencies

The progress Congress and executive branch agencies have made in addressing our open actions has resulted in $178 billion in financial benefits, including roughly $125 billion in financial benefits from 2010 through 2017, with at least an additional $53 billion in estimated benefits projected to accrue in 2018 or later. Table 5 highlights examples of these results.

---

Footnote: In calculating these totals, we relied on individual estimates from a variety of sources, which considered different 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.
<table>
<thead>
<tr>
<th>Area name (links to Action Tracker)</th>
<th>Actions taken</th>
<th>Financial benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm Program Payments (2013/Area 35)</td>
<td>Congress passed and the President signed the Agriculture Act of 2014, which eliminated direct payments to farmers.¹</td>
<td>Savings of approximately $44.6 billion from fiscal year 2015 through fiscal year 2023, of which $14.6 billion has accrued and $29.7 billion is expected to accrue in fiscal year 2018 or later, according to the Congressional Budget Office (CBO).</td>
</tr>
<tr>
<td>Weapon Systems Acquisition Programs (2011/Area 38)</td>
<td>Congress passed the President signed the Weapon Systems Acquisition Reform Act of 2009, which implemented a number of GAO’s recommendations for how the Department of Defense (DOD) develops and acquires weapon systems. GAO highlighted the need for additional action in this area in its 2011 report. Since then, DOD has followed more best practices for these acquisitions.¹</td>
<td>Savings of approximately $36 billion from 2011 through 2015, according to GAO analysis.</td>
</tr>
<tr>
<td>Domestic Ethanol Production (2011/Area 13)</td>
<td>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.¹</td>
<td>Reduced revenue losses by $29 billion in fiscal years 2012 through 2016, according to GAO analysis.</td>
</tr>
<tr>
<td>Passenger Aviation Security Fees (2012/Area 48)</td>
<td>Congress passed the Bipartisan Budget Act of 2013 which modified the passenger security fee from its current per enplanement structure ($2.50 per enplanement with a maximum one-way trip fee of $5.90) to a structure that increases the passenger security fee to a flat $3.50 per one-way trip.¹</td>
<td>Increased revenue of about $12.9 billion in fee collections over a 10-year period beginning in fiscal year 2014 and continuing through fiscal year 2023.</td>
</tr>
<tr>
<td>Tax Policies and Enforcement (2015/Area 17)</td>
<td>Congress amended the audit procedures applicable to certain large partnerships to require that they pay audit adjustments at the partnership level.¹</td>
<td>Increase revenue by $8.3 billion from fiscal years 2019 to 2025, according to the Joint Committee on Taxation.</td>
</tr>
<tr>
<td>Real Estate-Owned Properties (2016/Area 18)</td>
<td>The Department of Housing and Urban Development made improvements to increase the recoveries from disposing of properties it receives when loans default, such as by selling these loans and increasing property inspections and oversight of contractors disposing of these properties.</td>
<td>Savings of up to $4.7 billion from July 2013 through June 2017, according to GAO analysis.</td>
</tr>
<tr>
<td>Combat Uniforms (2013/Area 2)</td>
<td>The Army chose not to introduce a new family of camouflage uniforms into its inventory.</td>
<td>Cost avoidance of about $4.2 billion over 5 years, of which $3.4 billion has accrued since fiscal year 2014 and $0.8 billion is expected to accrue in fiscal year 2016, according to agency estimates.</td>
</tr>
<tr>
<td>Federal Data Centers (2011/Area 16)</td>
<td>The 24 federal agencies participating in the Office of Management and Budget’s (OMB) data center consolidation and optimization efforts have taken steps to consolidate over 5,800 data centers as of August 2017.</td>
<td>Cost savings and avoidance of $3.9 billion from fiscal years 2011 through 2018, based on GAO analysis of agency reported data. This includes about $345.4 million expected to accrue in fiscal year 2018, according to agency estimates.</td>
</tr>
<tr>
<td>Agencies’ Use of Strategic Sourcing (2013/Area 23)</td>
<td>The Department of Veterans Affairs evaluated strategic sourcing opportunities and set goals and metrics such as increasing managed spending for information technology (IT) products and services.</td>
<td>Cost avoidance of about $3.6 billion from fiscal years 2013 through 2015, according to agency estimates.</td>
</tr>
<tr>
<td>Overseas Defense Posture (2012/Area 37)</td>
<td>United States Forces Korea conducted a series of consultations with the military services to evaluate the costs and benefits associated with force normalization, and DOD decided not to move forward with the full force normalization initiative because it was not affordable.</td>
<td>Savings of an estimated $5.1 billion from fiscal years 2012 through 2016, according to agency estimates.</td>
</tr>
<tr>
<td>Area name (links to Action Tracker)</td>
<td>Actions taken</td>
<td>Financial benefit</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Homeland Security Grants</td>
<td>Congress limited preparedness grant funding until the Federal Emergency Management Agency completes a national preparedness assessment of capability gaps.</td>
<td></td>
</tr>
<tr>
<td>(2012/Area 17)</td>
<td></td>
<td>Savings of $2.6 billion from fiscal years 2011 through 2013, according to GAO analysis.</td>
</tr>
<tr>
<td>Treasury’s Foreclosure Prevention</td>
<td>The Department of the Treasury (Treasury) updated its analysis of optimized future expenditures for the Making Home Affordable program, reducing the estimated lifetime cost of the program.</td>
<td>$2 billion as a result of deobligating funds in February 2016, according to agency estimates.</td>
</tr>
<tr>
<td>Efforts (2016/Area 17)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Technology Investment</td>
<td>Eight agencies completed efforts to migrate commodity IT services to shared services in response to OMB’s 2012 guidance to review their portfolios and identify duplicative, low-value, and wasteful investments, contributing to savings.</td>
<td>Savings of about $1.8 billion from fiscal years 2012 through 2016, according to agency estimates.</td>
</tr>
<tr>
<td>Portfolio Management (2014/Area 24)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOD’s Business Systems</td>
<td>DOD canceled the Air Force’s Expeditionary Combat Support System because of significant cost and schedule overages.</td>
<td>Savings of about $1.6 billion from fiscal years 2013 through 2025, according to GAO analysis of agency estimates. This includes about $985 million expected to accrue in fiscal year 2015 or later.</td>
</tr>
<tr>
<td>(2011/Area 8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Petroleum Reserve</td>
<td>The Department of Energy (DOE) completed a long-term strategic review of the Strategic Petroleum Reserve in August 2016, as Congress required in 2015.</td>
<td>DOE reported savings of $1.2 billion from selling crude oil from the reserve in fiscal year 2017 and 2018, with potential for over $8.4 billion in total sales through 2025 according to DOE.</td>
</tr>
<tr>
<td>(2015/Area 15)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Payments for Hospital</td>
<td>The Department of Health and Human Services began to align Medicare Uncompensated Care payments with hospitals’ actual uncompensated care costs starting in fiscal year 2010 instead of basing these payments on hospitals’ Medicare workload.</td>
<td>Financial benefits of about $752 million in fiscal year 2018 from better use of Medicare funds, according to GAO analysis.</td>
</tr>
<tr>
<td>Uncompensated Care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2017/Area 25)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The estimates in this report are from a range of sources, including GAO, executive branch agencies, CBO, and the Joint Committee on Taxation. Some estimates have been updated since GAO’s 2017 report to reflect more recent analysis.

5$2.6 billion from fiscal years 2011 through 2013, according to GAO analysis.
9While not all actions result in financial benefits to taxpayers, all of our suggested actions, when implemented, can result in other benefits—for instance, they make government more efficient or eliminate, reduce, or improve management of fragmented, overlapping, or duplicative programs. For example, such benefits can be seen in the results of our work on the government’s acquisition of space programs. For over two decades, we and others have reported on problems caused by fragmented leadership and a lack of a single authority in oversight of these multibillion dollar programs.
10In 2012, we made a recommendation aimed at strengthening leadership and authority of space systems acquisitions. In response, in 2017 the President revived the National Space Council to provide a coordinated process for developing and monitoring the implementation of national.
space policy and strategy. Separately, in the National Defense Authorization Act for Fiscal Year 2018, Congress made changes to certain DOD space leadership positions and required the department to conduct a review and identify a recommended organizational and management structure for its national security space components, and submit related reports. The act also required DOD to contract with a federally funded research and development center not closely affiliated with the Air Force to develop a plan to establish a separate military department responsible for DOD national security space activities. These actions could reduce fragmentation and speed decision making in the development of a substantial investment in space systems.

Action on Remaining and New Areas Could Yield Significant Additional Benefits

While Congress and executive branch agencies have made progress toward addressing the 798 total actions we have identified since 2011, further steps are needed to fully address the 365 actions that are partially addressed or not addressed. We estimate that tens of billions of dollars in additional financial benefits could be realized should Congress and executive branch agencies fully address open actions. In addition to producing financial benefits, these actions make government more efficient; improve major government programs or agencies; reduce the risk of mismanagement, fraud, waste, and abuse; and increase assurance that programs comply with laws and funds are legally spent.

Significant Open Actions Directed to Congress

Congress has used our work to identify legislative solutions to achieve cost savings, address emerging problems, and find efficiencies in federal agencies and programs. Our work has contributed to a number of key authorizations and appropriations. In addition, congressional oversight of agencies’ efforts has been critical in realizing the full benefits of our suggested actions addressed to the executive branch, and it will continue to be critical in the future.

In our 2011 to 2018 annual reports, we directed 100 actions to Congress, including the 3 new congressional actions we identified in 2018. Of the 100 actions, 58 remain open (11 of which were partially addressed and 47 were not addressed or new) as of March 2018. Table 6 highlights areas with significant open actions directed to Congress. Appendix I has a full list of all open congressional actions.

---

11The 798 total actions include the 68 new actions identified in this report and six new actions that were addressed before this report was issued.
12In 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 estimates are subject to increased uncertainty, depending on whether, how, and when they are addressed. This amount represents a rough estimate of financial benefits.
### Table 6: Examples of Areas with Open Actions Directed to Congress

<table>
<thead>
<tr>
<th>Year (link to report)</th>
<th>Area description (area number links to Action Tracker)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>DOE’s Treatment of Hanford’s Low-Activity Waste (Area 17): Congress should consider granting the Department of Energy (DOE) authority to manage certain portions of Hanford’s tank waste as a waste type other than high-level waste, which would allow DOE to use alternative waste treatment approaches and could reduce certain risks and save tens of billions of dollars.</td>
</tr>
<tr>
<td>2017</td>
<td>Use of the Do Not Pay Working System (Area 11): The Office of Management and Budget (OMB) needs to develop a strategy and additional guidance on the use of the Do Not Pay working system, and Congress should consider amending the Social Security Act to explicitly allow the Social Security Administration (SSA) to share its full death file through the system to reduce improper payments and mitigate the risks associated with potential duplication.</td>
</tr>
<tr>
<td>2016</td>
<td>Treasury’s Foreclosure Prevention Efforts (Area 17): Congress could rescind and direct $4.8 billion to other priorities upon the Department of Treasury’s review of potential unexpended balances and disbursement of excess funds for the Making Home Affordable Program.</td>
</tr>
<tr>
<td>2016</td>
<td>Medicare Payments by Place of Service (Area 30): Medicare could save $1 to 2 billion 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.</td>
</tr>
<tr>
<td>2015</td>
<td>DOD US Family Health Plan (Area 6): To potentially save millions of dollars and eliminate duplication within the Department of Defense’s (DOD) health care system, Congress should terminate the administratively required US Family Health Plan because it offers military beneficiaries the same health care benefit offered by other DOD health care contractors within many of the same geographic service areas.</td>
</tr>
<tr>
<td>2015</td>
<td>Medicare Payments to Certain Cancer Hospitals (Area 18): To achieve almost $500 million annually in program savings, Congress should consider modifying how Medicare pays certain cancer hospitals.</td>
</tr>
<tr>
<td>2014</td>
<td>Disability and Unemployment Benefits (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 almost $2.5 billion over 10 years in the Social Security Disability Insurance program, according to OMB.</td>
</tr>
<tr>
<td>2014</td>
<td>Advanced Technology Vehicles Manufacturing Loan Program (Area 13): Unless DOE can demonstrate 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.</td>
</tr>
<tr>
<td>2013</td>
<td>Crop Insurance (Area 19): To achieve up to $1.4 billion 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—as it limits the amount of payments to individual farmers in many farm programs—or reducing the subsidy or some combination of limiting and reducing these subsidies.</td>
</tr>
<tr>
<td>2013</td>
<td>Tobacco Taxes (Area 31): Federal revenue losses ranged from as much as $2.6 to $3.7 billion between April 2009 and February 2014 because manufacturers and consumers substituted higher-taxed smoking tobacco products with similar lower-taxed products. To address future revenue losses, Congress should consider modifying tobacco tax rates to eliminate significant tax differentials between similar products.</td>
</tr>
<tr>
<td>2011</td>
<td>Social Security Offsets (Area 89): SSA needs data on pensions from noncovered earnings to better enforce offsets and ensure benefit fairness, which could result in estimated savings of $2.4 to $7.9 billion over 15 years if enforced both retrospectively and prospectively, according to the Congressional Budget Office and SSA. Congress could consider giving the Internal Revenue Service the authority to collect the necessary information. Estimated savings would be less if SSA only enforced the offsets prospectively as it would not reduce benefits already received.</td>
</tr>
</tbody>
</table>

Source: GAO | GAO-18-468T

Note: The estimates in this report 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 since GAO’s 2017 report to reflect more recent analysis.

In 2015, Congress took some steps to address this by excluding services furnished by off-campus hospital outpatient departments from the higher payment effective January 1, 2017. However, this exclusion will not apply to services furnished by providers billing as hospital outpatient departments prior to enactment of the legislation—that is, all providers billing as hospital outpatient departments during OIG’s study—who would continue to be paid under lower rates or to services provided by off-campus hospital outpatient departments. Congress later allowed providers meeting a mid-build requirement to the list of providers to which the exclusion would not apply.
In our 2011 to 2018 annual reports, we directed 698 actions to executive branch agencies, including 65 new actions identified in 2018. Of the 698 actions, 307 remained open as of March 2018. Of these open actions, 164 were partially addressed and 143 were not addressed or new. While these open actions span the government, a substantial number of them are directed to seven agencies that made up 83 percent—$3.7 trillion—of federal outlays in fiscal year 2017 and have the largest number of open actions (see figures 2 and 3).

Figure 2: Fiscal Year 2017 Outlays and Number of Open Actions since 2011, by Agency

Notes: Number of open actions includes actions that are partially addressed and not addressed.

*Treasury’s percentage of fiscal year 2017 outlays includes interest payments on the national debt as well as costs associated with administering bureaus including the Internal Revenue Service.

*Other agencies include all federal agencies with fiscal year 2017 outlays not listed above.
As shown in figure 3, seven agencies have at least 25 actions.

![Figure 3: Number of Not Addressed and Partially Addressed Actions since 2011, by Agency](image)

Notes: Action status as of March 2016. Individual actions are counted multiple times when they are directed to more than one federal department or agency. As a result, the number of open actions shown in this figure total 514 instead of 397, the latter of which is the total number of open actions directed to the executive branch as of March 2016.

The number of actions "partially addressed" means the action needed is in development or started but not yet completed. The number of actions "not addressed" means the administration, the agency, or both have made minimal or no progress toward implementing the action needed. Actions that were introduced in this 2016 annual report are counted as "not addressed."

"Other entities" reflects open actions directed to the following federal entities: The Executive Office of the President, National Security Council, Office of the Director of National Intelligence, Office of National Drug Control Policy, Office of Science and Technology Policy, Homeland Security Council, Consumer Financial Protection Bureau, Federal Reserve, U.S. Commission on International Religious Freedom, National Telecommunications and Information Administration, Railroad Retirement Board, the Communities of Science, Technology, Engineering, and Mathematics Education and the Federal Communications Commission.
The following sections highlight examples of open actions across those seven major agencies.

**More Efficiently Targeting Defense Resources**

In our 2011 to 2018 reports, we directed 176 actions to DOD in areas that center on DOD’s effectiveness in providing the military forces needed to deter war and to protect the security of the United States. As of March 2018, 74 of these 176 actions remained open. DOD represented about 14 percent of federal spending in fiscal year 2017, with outlays totaling about $635.5 billion. Our work suggests that effectively implementing these open actions, including those related to areas listed in table 7, could yield substantial financial benefits and improve DOD’s effectiveness.

**Table 7: Examples of Areas with Open Actions Directed to the Department of Defense**

<table>
<thead>
<tr>
<th>Annual report (year links to report)</th>
<th>Area description (area number links to Action Tracker)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>Defense Distribution Centers (Area 2): By minimizing unnecessary overlap and duplication and more efficiently using its U.S. distribution centers to store and process goods for troop support, such as clothing and weapon systems repair parts, the Department of Defense (DOD) could potentially save approximately $527 million over 5 years.</td>
</tr>
<tr>
<td>2017</td>
<td>DOD Commissaries (Area 16): By managing its commissaries more efficiently, DOD could position itself to better achieve its cost savings target of $2 billion.</td>
</tr>
<tr>
<td>2013</td>
<td>Agencies’ Use of Strategic Sourcing (Area 33): Selected agencies—including DOD—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 originally estimated that savings of 1 percent from selected agencies’ procurement spending alone would equal to over $4 billion. Resulting action from one of these agencies (the Department of Veterans Affairs) has already resulted in $2.6 billion in savings.</td>
</tr>
<tr>
<td>2012, 2015</td>
<td>DOD Headquarters Reductions and Workforce Requirements (Areas 34, 14): DOD could potentially save $9.4 billion by identifying further opportunities for consolidating or reducing the size of headquarters organizations to meet their assigned missions through periodic reassessments of its workforce requirements.</td>
</tr>
<tr>
<td>2011</td>
<td>Weapon Systems Acquisition Programs (Area 38): Continuing to employ best management practices could help DOD save money on its weapon systems acquisition programs. Given the billion-dollar size of the portfolio, GAO estimates potential savings from addressing the remaining actions could be in the billions of dollars over the next several years.</td>
</tr>
</tbody>
</table>

Source: GAO | GAO-18-498T

Note: The estimates in this report 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 since GAO’s 2017 report to reflect more recent analysis.

**Improving the Efficiency of Health Care Programs**

In our 2011 to 2018 reports, we directed 111 actions to the Department of Health and Human Services (HHS) in areas that contribute to HHS’s mission to enhance the health and well-being of Americans. HHS provides health care for over 145 million Americans through three principal programs—Medicare, Medicaid, and the Children’s Health Insurance Program—as well as the health-insurance marketplaces. HHS also operates other public health-related agencies such as the Food and Drug Administration, the Centers for Disease Control and Prevention, and the National Institutes of Health.

HHS represented about 27 percent of the fiscal year 2017 federal budget, with outlays totaling about $1.2 trillion. As of March 2018, 56 of HHS’s 111 actions remained open. Our work suggests that effectively implementing these actions, including those related to areas listed in table 8, could reduce costs, provide services more efficiently, and yield substantial financial benefits.
In our 2011 to 2018 reports, we directed 91 actions to the Internal Revenue Service (IRS) in areas that contribute to effectively and efficiently providing high-quality service to taxpayers and enforcing the law with integrity and fairness to all. As of March 2018, 38 of these 91 actions remained open. The funding of the federal government depends largely upon IRS’s ability to collect taxes legally owed. Our work suggests that effective implementation of our open actions, including those related to areas listed in table 9, could increase revenues through better compliance or reduce costs.

Table 9: Examples of Areas with Open Actions Directed to the Internal Revenue Service

<table>
<thead>
<tr>
<th>Annual report (year links to report)</th>
<th>Area description (area number links to Action Tracker)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Employment Taxes (Area 18): Analyzing and using results from the Internal Revenue Service’s (IRS) National Research Program to help identify and pursue millions of dollars annually in additional revenue owed.</td>
</tr>
<tr>
<td>2016</td>
<td>Tax Fraud and Noncompliance (Area 19): IRS should fully assess the benefits and costs of using its existing authority to hold additional taxpayer refunds as well as extending the date for releasing those refunds until it can verify wage information on most returns later in the filing season, which could protect millions of dollars annually.</td>
</tr>
<tr>
<td>2017</td>
<td>Refundable Tax Credits (Area 24): IRS could potentially realize hundreds of millions of dollars in cost savings by improving the administration of three large refundable tax credits (the Earned Income Tax Credit, the Additional Child Tax Credit, and the America Opportunity Tax Credit).</td>
</tr>
</tbody>
</table>
### Improving the Efficiency and Effectiveness of Homeland Security Operations

In our 2011 to 2018 reports, we directed 79 actions to the Department of Homeland Security (DHS) in areas that contribute to the effective implementation of its mission. In fiscal year 2017, DHS spent about $63.6 billion, about 1.4 percent of federal outlays. As of March 2018, 31 of the 79 actions to DHS remained open. Fully implementing these actions, including those related to areas listed in table 10, could result in financial benefits and substantial improvements in agency operations.

Table 10: Examples of Areas with Open Actions Directed to the Department of Homeland Security

<table>
<thead>
<tr>
<th>Year</th>
<th>Area Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Coast Guard Boat Stations (Area 7): The Coast Guard should close its boat stations that provide unnecessarily duplicative search and rescue coverage to improve operations and potentially save millions of dollars.</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Border Security (Area 47): The Department of Homeland Security’s (DHS) future acquisitions of border surveillance technology could be better informed by using performance metrics to assess the contributions of existing surveillance technologies.</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Domestic Disaster Assistance (Area 51): The Federal Emergency Management Agency could reduce the costs to the federal government related to major disasters declared by the President by updating the principal indicator on which disaster funding decisions are based and better measuring a state’s capacity to respond without federal assistance.</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Homeland Security Grants (Area 17): DHS needs better project information and coordination among four overlapping grant programs and needs to establish a framework for assessing preparedness capabilities to identify gaps and prioritize investments.</td>
<td></td>
</tr>
</tbody>
</table>

Note: The estimates in this report 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 since GAO’s 2017 report to reflect more recent analysis.

### Advancing the Implementation of Government-Wide Policies and Performance

Many of the results the federal government seeks to achieve require the coordinated effort of more than one federal agency, level of government, or sector. OMB manages and coordinates many government-wide efforts. In our 2011 to 2018 reports, we directed 66 actions to OMB in areas to improve the efficiency and effectiveness of government-wide programs and activities. As of March 2018, 30 of the 66 actions to OMB remained open. Fully implementing these actions, including those related to areas...
listed in table 11, could yield significant financial benefits and substantial program improvements across government.

Table 11: Examples of Areas with Open Actions Directed to the Office of Management and Budget

<table>
<thead>
<tr>
<th>Annual report (year links to report)</th>
<th>Area description (area number links to Action Tracker)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Federal Use of Identity Theft Services (Area 4): The Office of Management and Budget (OMB) should explore options to address the risk that federal agencies may offer duplicative identity theft services in response to data breaches, potentially saving millions of dollars annually in unnecessary expenditures.</td>
</tr>
<tr>
<td>2014</td>
<td>Information Technology Investment Portfolio Management (Area 24): OMB and multiple agencies could help the federal government realize billions of dollars in savings by taking steps to better implement PortfolioStat, a process to help agencies manage their information technology investments.</td>
</tr>
<tr>
<td>2013</td>
<td>Geospatial Investments (Area 17): Better coordination among federal agencies that collect, maintain, and use geospatial information could help reduce duplication in geospatial investments and provide the opportunity for potential savings of millions of dollars.</td>
</tr>
<tr>
<td>2012</td>
<td>Federal User Fees (Area 43): Regularly reviewing federal user fees and charges can help Congress and federal agencies identify opportunities to address inconsistent federal funding approaches and enhance user financing, thereby reducing reliance on general fund appropriations.</td>
</tr>
<tr>
<td>2011</td>
<td>Tax Expenditures (Area 17): Periodic reviews could help identify ineffective tax expenditures and redundancies in related tax and spending programs, potentially reducing revenue losses by billions of dollars.</td>
</tr>
<tr>
<td>2011</td>
<td>Government-Wide Improper Payments (Area 48): Efforts to address the reported estimate of about $441 billion in government-wide improper payments for fiscal year 2017 could result in significant cost savings.</td>
</tr>
</tbody>
</table>

Note: The estimates in this report 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 since GAO’s 2017 report to reflect more recent analysis.

More Efficiently Administering Services to Retirees and Citizens with Disabilities

In our 2011 to 2018 reports, we directed 32 actions to the Social Security Administration (SSA) in areas that contribute to SSA providing financial assistance to eligible individuals through Social Security retirement and disability benefits and Supplemental Security Income (SSI) payments. As of March 2016, 27 of these 32 actions remained open.

In fiscal year 2017, SSA spent about $1 trillion, roughly 22 percent of federal outlays. While most of SSA’s funding is used to pay Social Security retirement, survivors, and disability benefits from the Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund, our work suggests that effective implementation of these actions, including the examples listed in table 12, could result in significant benefits.
Table 12: Examples of Areas with Open Actions Directed to the Social Security Administration

<table>
<thead>
<tr>
<th>Annual report (year links to report)</th>
<th>Area description (area number links to Action Tracker)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>Social Security Benefit Coordination (Area 27): Benefit offsets for related programs help reduce the potential for overlapping payments but pose administrative challenges.</td>
</tr>
<tr>
<td>2016</td>
<td>Supplemental Security Income (Area 19): To better manage fragmentation in service delivery, the Social Security Administration (SSA) should explore options for better connecting transition-age youth receiving Supplemental Security Income to vocational rehabilitation services.</td>
</tr>
<tr>
<td>2016</td>
<td>Disability Insurance Overpayments (Area 32): To help prevent the loss of billions of dollars, SSA should take steps to prevent overpayments to beneficiaries of the Disability Insurance program and improper waivers of beneficiaries’ overpayment debts.</td>
</tr>
<tr>
<td>2016</td>
<td>Disability Reviews (Area 33): SSA 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.</td>
</tr>
</tbody>
</table>

Source: GAO | GAO-18-498T

Note: The estimates in this report 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 since GAO’s 2017 report to reflect more recent analyses.

Table 13: Examples of Areas with Open Actions Directed to the Department of Veterans Affairs

<table>
<thead>
<tr>
<th>Annual report (year links to report)</th>
<th>Area description (area number links to Action Tracker)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>Improving Support and Services for Veterans</td>
</tr>
<tr>
<td></td>
<td>In our 2011 to 2018 reports, we directed 54 actions to the Department of Veterans Affairs (VA) in areas that contribute to VA effectively and efficiently achieving its mission to promote the health, welfare, and dignity of all veterans by ensuring that they receive medical care, benefits, and social support. As of March 2018, 25 of these 54 actions remained open. In fiscal year 2017, VA spent about $183.0 billion—about 4 percent of federal outlays—for veterans’ benefits and services. Our work suggests that effective implementation of these actions, including those related to areas listed in table 13, could yield cost savings and efficiencies that would improve the delivery of services to the nation’s veterans and their families.</td>
</tr>
<tr>
<td>2016</td>
<td>VA Medical Supplies Procurement (Area 21): The Department of Veterans Affairs (VA) could potentially save tens of millions of dollars when acquiring medical and surgical supplies by better adhering to supply chain practices of leading hospitals.</td>
</tr>
<tr>
<td>2017</td>
<td>Department of Veterans Affairs Medical Facility Construction (Area 28): VA could better avoid cost increases and schedule delays on its medical facility construction projects by improving management of facility construction.</td>
</tr>
<tr>
<td>2013</td>
<td>Information Technology Operations and Maintenance (Area 38): Strengthening oversight of federal agencies—including VA—in major information technology investments in operations and maintenance provides opportunity for savings of billions of dollars across the federal government.</td>
</tr>
<tr>
<td>2012</td>
<td>Military and Veterans Health Care (Area 19): The Departments of Defense (DOD) and Veterans Affairs (VA) need to improve integration across care-coordination and case-management programs to reduce duplication and better assist service members, veterans, and their families.</td>
</tr>
</tbody>
</table>

Source: GAO | GAO-18-498T

Note: The estimates in this report 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 since GAO’s 2017 report to reflect more recent analyses.
We will continue 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. We stand ready to assist this and other committees in further analyzing the issues we have identified and evaluating potential solutions.

Thank you, Chairman Gowdy, Ranking Member Cummings, and Members of the Committee; this concludes my prepared statement. I would be pleased to answer questions.

For further information on this testimony or our April 26, 2018 report, please contact J. Christopher Mihm, Managing Director, Strategic Issues, at (202) 512-6806 or mihmj@gao.gov, and Jessica Lucas-Judy, Director, Strategic Issues, at (202) 512-9110 or lucasjudyj@gao.gov. Contact points for the individual areas listed in our 2018 annual report can be found at the end of each area in GAO-18-371SP. 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 to 2018 annual reports, we directed 100 actions to Congress, of which 58 remain open. Of the 58 open congressional actions, 11 are partially addressed and 47 are not addressed or new, as of March 2018. See table 14.

Table 14: Open Congressional Actions Related to Fragmentation, Overlap, Duplication, Cost Savings, or Revenue Enhancement, 2011-2018

<table>
<thead>
<tr>
<th>Mission</th>
<th>Annual report</th>
<th>Area</th>
<th>Action summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2013</td>
<td>Agricultural Quarantine Fees</td>
<td>Congress should consider taking steps to allow the Secretary of Agriculture to set fees rates to recover the full costs of the Agricultural Quarantine Inspection program, as required.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Area 18)</td>
<td></td>
</tr>
<tr>
<td>Crop Insurance</td>
<td></td>
<td>(Area 19)</td>
<td>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. Implementing this action could result in $1.4 billion annually in cost savings, according to GAO analysis.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Congress should consider repealing the 2014 farm bill requirement that any revision to the standard reinsurance agreement not reduce insurance companies’ expected underwriting gains, and directing the Risk Management Agency to, during the next renegotiation of the agreement, (1) adjust the participating insurance companies’ target ratio of return to reflect market conditions and (2) assess the portion of premiums that participating insurance companies retain and, if warranted, adjust it. Implementing this action could result in hundreds of millions of dollars in savings annually, according to GAO analysis.</td>
</tr>
<tr>
<td>Food Safety</td>
<td>2011</td>
<td>Food Safety (Area 1)</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Congress should consider formalizing the Food Safety Working Group through statute to help ensure sustained leadership across food safety agencies over time.</td>
</tr>
<tr>
<td>Defense</td>
<td>2013</td>
<td>Joint Basing (Area 20)</td>
<td>Congress should consider directing the Assistant Secretary of Defense for Energy, 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 Base Realignment and Closure Commission recommendation, are still appropriate, or whether goals should be revised; communicate those 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.</td>
</tr>
<tr>
<td>Stabilization, Reconstruction, and</td>
<td>2012</td>
<td></td>
<td>Congress should consider amending the legislation that supports the Overseas Humanitarian, Disaster, and Crowd 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.</td>
</tr>
<tr>
<td>Humanitarian Assistance Efforts</td>
<td></td>
<td></td>
<td>(Area 5)</td>
</tr>
</tbody>
</table>
### Appendix I: Open Congressional Actions, by Mission

<table>
<thead>
<tr>
<th>Mission</th>
<th>Annual report</th>
<th>Area</th>
<th>Action summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic development</strong></td>
<td>2018</td>
<td>Treasury’s Foreclosure</td>
<td>Congress should consider rescinding any excess Making Home Affordable (MHA) balances that the Department of the Treasury (Treasury) deobligates and does not move into the Housing Finance Agency Innovation Fund for the Hardest Hit Housing Markets (Hardest Hit Fund). Implementing the actions in this area could result in $4.0 billion in savings, according to GAO analysis. The agency estimated $4.8 billion in potential excess funds, $2 billion of which Treasury deobligated in February 2016. As of March 1, 2016, Treasury had not deobligated MHA funds beyond the $2 billion that it transferred to the Troubled Asset Relief Program-funded Hardest Hit Fund. In February 2016, To the extent that Treasury identifies and deobligates any MHA funds that are likely to not be expended, these funds may then be available for Congress to rescind and use elsewhere for other priorities.</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>Essential Air Service</td>
<td>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. This action is partially addressed. Congress has taken some action to address this action, such as revising the program’s operating requirements most recently in the Consolidated Appropriations Act, 2019. However, opportunities still exist to address this action, such as allowing flexibility in the number of flights provided. 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.</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td>2018</td>
<td>DOE’s Treatment of</td>
<td>Congress should consider clarifying, in a manner that does not impair the regulatory authorities of the Environmental Protection Agency and the state of Washington, Department of Energy’s (DOE) authority at Hanford to determine, in consultation with the Nuclear Regulatory Commission, whether portions of the supplemental low- activity waste can be managed as a waste type other than high-level waste. Implementing this action could result in savings of tens of billions of dollars from 2018 to 2061, according to GAO analysis.</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>Enrichment Corporation Fund</td>
<td>Congress may wish to permanently rescind the entire $1.6 billion balance of the U.S. Enrichment Corporation Fund. Implementing this action could result in savings of $1.6 billion, according to GAO analysis.</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>Advanced Technology Vehicles Manufacturing Loan Program</td>
<td>Congress may wish to consider rescinding all or part of the remaining $4.3 billion in credit subsidy appropriations, unless the DOE can demonstrate a demand for new Advanced Technology Vehicles Manufacturing loans and viable applications. Implementing this action could result in one-time savings of up to $4.3 billion, according to a DOE estimate.</td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>Federal Fleet Energy Goals</td>
<td>Changes in existing laws could streamline the requirements and provide fleet managers with more flexibility in meeting goals. Congress may need to take action to require the Department of the Interior (Interior) to establish an annual production incentive fee or similar fee for nonproducing leases.</td>
</tr>
</tbody>
</table>
Appendix I: Open Congressional Actions, by Mission

<table>
<thead>
<tr>
<th>Mission</th>
<th>Annual report</th>
<th>Area</th>
<th>Action summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>2017</td>
<td>Use of the Do Not Pay Working System (Area 11)</td>
<td>Congress should consider amending the Social Security Act to explicitly allow the Social Security Administration to share its full death file with Treasury for use through the Do Not Pay working system. As of March 2018, members of Congress have introduced the Stopping Improper Payments to Deceased People Act (HR 4929 and S. 2376) that, if enacted into law, would address this issue. Sharing the full death file through the Do Not Pay working system would provide agencies with additional information and enhance efforts to identify and prevent improper payments to deceased individuals.</td>
</tr>
<tr>
<td>Recovery Operations Center</td>
<td>2018</td>
<td>Financial Regulatory Structure (Area 5)</td>
<td>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. This action is partially addressed. As of March 2018, at least two bills, the Financial CHOICE Act of 2017 (H.R. 10) and the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155) have been introduced in the 115th Congress that would change the financial regulatory structure, to some degree, to address fragmented and overlapping regulatory authorities, as GAO suggested in February 2016. GAO will continue to monitor the reform efforts to determine the extent to which they could help to address fragmentation and overlap between the federal financial regulatory agencies and reduce opportunities for inefficiencies in the regulatory processes and inconsistencies in how regulators conduct oversight activities over similar types of institutions, products, and risks. 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. This action is partially addressed. As of March 2018, two bills were introduced, the Financial CHOICE Act of 2017 (H.R. 10) and the Economic Growth, Regulatory Relief, and Consumer Protection Act (S. 2155), which may alter the FSOC’s authorities, but it is not clear to what extent the legislation would address GAO’s February 2016 suggestion. GAO will continue to monitor the reform efforts to determine the extent to which they help to align FSOC’s authorities with its mission to respond to systemic risks.</td>
</tr>
<tr>
<td>Identity Theft Refund Fraud</td>
<td></td>
<td>(Area 22)</td>
<td>Congress should consider providing the Secretary of the Treasury with the regulatory authority to lower the threshold for electronic filing of IRFs-24 forms to 200 returns annually to between 5 to 10 returns, as appropriate. Implementing the actions in this area could result in savings of billions of dollars, according to GAO analysis.</td>
</tr>
</tbody>
</table>
## Mission

<table>
<thead>
<tr>
<th>Mission Area</th>
<th>Action summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2015</strong> Consumer Product Safety Oversight (Area 4)</td>
<td>Congress should consider transferring the oversight of the markings of toy and imitation firearms in section 5031 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. 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.</td>
</tr>
<tr>
<td><strong>2015</strong> Tax Policies and Enforcement (Area 17)</td>
<td>Congress should consider revoking the use of individual retirement accounts (IRAs) 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. 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. Implementing the actions in this area could potentially enable IRS to collect hundreds of millions of dollars in additional revenue, according to GAO analysis.</td>
</tr>
<tr>
<td><strong>2012</strong> Internal Revenue Service Enforcement (Area 44)</td>
<td>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. 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. Implementing the actions in this area could result in tax revenues of billions of dollars, according to GAO analysis of information from the Joint Committee on Taxation.</td>
</tr>
</tbody>
</table>
## Appendix I: Open Congressional Actions, by Mission

<table>
<thead>
<tr>
<th>Mission</th>
<th>Annual report</th>
<th>Area</th>
<th>Action summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Simple Tax Return Errors (Area 56)</td>
<td>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. This action is partially addressed. The Consolidated Appropriations Act, 2016 gave IRS additional math error authority, but limited to certain circumstances. Giving IRS broader math error authority with appropriate controls would enable IRS to correct obvious noncompliance, be less intrusive and burdensome to taxpayers than audits, and would potentially help taxpayers who understate tax benefits to which they are entitled. If Congress decides to extend broader math error authority to IRS, controls may be needed to ensure that this authority is used properly such as requiring IRS to report on its use of math error authority. The administration also requested that Congress expand IRS’s math error authority as part of the Service’s Congressional Budget Justification and Annual Performance Report and Plan for fiscal year 2019. Specifically, the administration requested authority to correct a taxpayer’s return in the following circumstances: 1) the information provided by the taxpayer does not match the information contained in government databases; 2) the taxpayer has exceeded the lifetime limit for claiming a deduction or credit; or 3) the taxpayer has failed to include with his or her return certain documentation that is required by statute. As of March 2018, the Congress had not provided Treasury with such authority.</td>
<td></td>
</tr>
<tr>
<td>G Corporations (Area 63)</td>
<td>Congress could require G corporations to use information already available to them to calculate shareholders’ basis as completely as possible and report it to shareholders and the IRS. Implementing this action could result in savings of hundreds of millions of dollars, according to GAO analysis.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research Tax Credit (Area 66)</td>
<td>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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Markets Tax Credit (Area 66)</td>
<td>Congress should consider offering grants in lieu of credits to Community Development Entities if it extends the program again. If it does so, Congress should require 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; how costs for administering the program incurred by the Community Development Financial Institutions Fund, Community Development Entities, 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.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governmental Bonds (Area 67)</td>
<td>Congress should consider whether facilities, including hotels and golf courses that are privately used should be financed with tax-exempt governmental bonds. Implementing this action could result in savings of hundreds of millions of dollars, according to GAO analysis.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>Medicare Payments by Place of Service (Area 33)</td>
<td>Congress should consider directing the Secretary of Health and Human Services to evaluate 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. Implementing this action could result in savings of billions of dollars annually, according to MedPAC and Bipartisan Policy Center estimates.</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix C: Open Congressional Actions, by Mission

<table>
<thead>
<tr>
<th>Mission</th>
<th>Annual Report</th>
<th>Area</th>
<th>Action Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 DOD US Family Health Plan (Area 6)</td>
<td>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 enrolled USFHP enrollees into TRICARE’s regional managed care program or other health care programs, as appropriate. Implementing this action could save millions of dollars from fiscal years 2019 to 2022, according to GAO analysis.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare Payments to Certain Cancer Hospitals (Area 10)</td>
<td>Congress should consider requiring Medicare to pay these prospective payment system (PPS)-exempt cancer hospitals (PCHs) as it pays PPS teaching hospitals, or provide the Secretary of HHS with the authority to otherwise modify how Medicare pays PCHs, and provide that all forgone outpatient payment adjustment amounts be returned to the Supplementary Medical Insurance Trust Fund. Implementing this action could result in savings of almost $500 million annually, according to GAO analysis.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014 Medicaid Demonstration Waivers (Area 21)</td>
<td>Congress could consider revising 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. GAO had previously recommended that the Department of Health and Human Services (HHS) take these actions. GAO elevated these actions for Congress to consider after HHS disagreed with the need to improve budget neutrality criteria, methods, and documentation of the basis for approved spending limits, implementing the actions in this area could result in savings of billions of dollars, according to GAO analysis.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid Supplemental Payments (Area 26)</td>
<td>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 supplemental payments. Congress should consider requiring the CMS Administrator to clarify permissible methods of calculating non-DSH supplemental payments. This action is partially addressed. In January 2017, a bill, H.R. 541, was introduced in the House of Representatives which, if enacted, would require annual state reporting of non-DSH supplemental payments made to individual facilities. However, as of March 2018, Congress has not enacted legislation to require such reporting. In addition, CMS has taken some action, including issuing a State Medicaid Director Letter requiring annual reporting of certain Medicaid supplemental payments and awarding a contract to review Medicaid supplemental payment information submitted by states. Congress should consider requiring the CMS Administrator to clarify permissible methods of calculating non-DSH supplemental payments. This action is partially addressed. In January 2017, a bill, H.R. 541, was introduced in the House of Representatives which, if enacted, would require CMS to issue guidance to states that identifies permissible methods for calculating non-DSH supplemental payments to providers. However, as of March 2018, Congress has not enacted legislation to require CMS to issue such guidance. In addition, CMS has taken some action, including issuing a State Medicaid Director Letter requiring states to submit non-DSH supplemental payment information and awarding a contract to review Medicaid supplemental payment information submitted by states.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Page 25
<table>
<thead>
<tr>
<th>Mission Area</th>
<th>Annual report Area</th>
<th>Action summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Congress should consider requiring the CMS Administrator to require states to submit an annual, independent certified audit verifying state compliance with permissible methods for calculating non-DSH supplemental payments. Implementing these three actions could result in savings in the hundreds of millions of dollars, according to GAO analysis.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011 Medicare’s Health Care Payment (Area 74)</td>
<td>Congress could exempt from the budget neutrality requirement savings attributable to policies that reflect efficiencies occurring when services are furnished together. This action is partially addressed. The Consolidated Appropriations Act of 2018 revised the payment reduction for the professional component of multiple diagnostic imaging services from 25 percent to 5 percent beginning on January 1, 2017, and exempted the reduced expenditures attributable to this multiple procedure payment reduction (MPPR) from the budget neutrality provision. MPPRs or other policies that may result in a reduction to payments for the technical component for diagnostic cardiovascular and ophthalmology services continue to be subject to budget neutrality for 2018. Unless Congress exempts from the budget neutrality requirement savings realized from the implementation of all MPPRs or other policies that reflect efficiencies occurring when services are furnished together, these savings will not accrue to the Medicare program.</td>
<td></td>
</tr>
<tr>
<td>Homeland security/law enforcement</td>
<td>2012 Homeland Security Grants (Area 17)</td>
<td>Congress may want to consider requiring the Department of Homeland Security (DHS) to report on the results of the Federal Emergency Management Agency’s (FEMA) efforts to identify and prevent unnecessary duplication within and across its preparedness grant programs, and consider these results when making future funding decisions for these programs. Once FEMA has completed its assessment, 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.</td>
</tr>
<tr>
<td>Immigration</td>
<td>2018 Immigration Inspection Fee (Area 49)</td>
<td>Congress may wish to require the Secretary of the Department of Homeland Security (DHS) 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. Implementing this action could increase annual fee revenue by tens of millions of dollars, according to GAO analysis of fiscal year 2012 data. This action is partially addressed. As of March 2018, Congress had not enacted legislation, as GAO suggested in February 2012, to adjust the air passenger immigration fee. However, Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP) identified the extent to which collections are aligned with total immigration inspection costs. Congress may wish to require the Secretary of DHS to direct U.S. Immigration and Customs Enforcement and Customs and Border Protection to establish a regular schedule to review and coordinate the costs of their respective air passenger immigration inspection activities, and revise the proportion of the fee received by each agency accordingly.</td>
</tr>
<tr>
<td>Income security</td>
<td>2018 Railroad Retirement Board Continuing Disability Reviews (Area 23)</td>
<td>Congress should consider granting the Board access to the HHS’s quarterly earnings information from the National Directory of New Hires database. Implementing this action could result in savings of millions of dollars annually, according to GAO analysis.</td>
</tr>
</tbody>
</table>
### Congress should consider passing legislation to require the SSA to offset Disability Insurance benefits for any Unemployment Insurance benefits received in the same period. Implementing this action could save about $2.5 billion dollars over 10 years, according to an OMB estimate.

### Congress should consider granting the Department of Labor (DOL) the additional authority to access wage data to help verify claimants' reported income and help ensure the proper payment of benefits.

### 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. Implementing this action could save about $4 million annually, according to a Congressional Budget Office estimate.

### Congress could consider giving the IRS the authority to collect the information that the Social Security Administration (SSA) needs on government pension income to administer the Dividend Pension Offset and the Windfall Elimination Provision accurately and fairly. Implementing this action could result in savings between $2.4 billion to $7.9 billion over 10 years, if enforced both retrospectively and prospectively, based on estimates from the CBO and SSA.

### Congress should consider requiring DHS, the Department of Justice (DOJ), and Treasury to collaborate on the development and implementation of a joint wireless 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 wireless communications.

This action is partially addressed. As of March 2018, there has been no legislative action taken in the current Congress. In the 113th Congress, the House of Representatives passed H.R. 2169, which contained language to establish a 3-year look-back and penalty period for the VA pension program. However, the bill was not ultimately enacted. Additionally, in January 2015, the Department of Veterans Affairs (VA) proposed regulations establishing a look-back and penalty period for the VA pension program. In February 2018, VA officials told GAO the regulations were undergoing legal review as part of the final clearance process.
<table>
<thead>
<tr>
<th>Mission</th>
<th>Annual report</th>
<th>Area</th>
<th>Action summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dissemination of Technical</td>
<td>2013</td>
<td>Area 10</td>
<td>Congress should consider examining the appropriateness and viability of the fee-based model under which the National Technical Information Service (NTIS) currently operates for disseminating technical information to determine whether the use of this model should be continued. This action is partially addressed. As of March 2018, there has been no legislative action taken by the current Congress. Several bills were introduced during the 110th Congress, including H.R. 3354, S. 1692, that had the potential to address this action. However, these bills were not ultimately enacted. Additionally, the Department of Commerce Appropriations Act, 2015, 2016, and 2017, limited instances where NTIS could charge customers fees for reports. This limitation continues in effect under the Consolidated Appropriations Act, 2018.</td>
</tr>
<tr>
<td>Geospatial Investments (Area 11)</td>
<td></td>
<td></td>
<td>Congress should consider assessing the impact of the disclosure restrictions of Section 6 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 these 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. Implementing the actions in this area could result in savings of millions of dollars, according to GAO analysis.</td>
</tr>
<tr>
<td>International Affairs</td>
<td>2016</td>
<td>Area 36</td>
<td>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 defying 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. Implementing this action could potentially result in millions of dollars in savings, according to GAO analysis.</td>
</tr>
<tr>
<td>Tobacco Taxes (Area 31)</td>
<td>2013</td>
<td></td>
<td>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. Congress, as it continues oversight of CHIPRA, may wish to consider, in consultation with Treasury options for reducing tax avoidance due to tax differentials between small and large cigars. Federal revenue losses were as much as $0.6 to $3.7 billion between April 2009 and February 2014, and Congressional action could address future revenue losses.</td>
</tr>
<tr>
<td>Overseas Administrative Services (Area 23)</td>
<td>2012</td>
<td></td>
<td>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.</td>
</tr>
<tr>
<td>Antidumping and Countervailing Duties (Area 81)</td>
<td>2011</td>
<td></td>
<td>Congress could eliminate the retroactive 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.</td>
</tr>
</tbody>
</table>
### Appendix I: Open Congressional Actions, by Mission

<table>
<thead>
<tr>
<th>Mission</th>
<th>Annual report</th>
<th>Area</th>
<th>Action summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social services</td>
<td>2012 Housing</td>
<td>Assistance (Area 28)</td>
<td>Congress may wish to consider requiring the Departments of Agriculture (USDA) and 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, 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.</td>
</tr>
</tbody>
</table>

Source: GAO. | GAO-18-450T

Notes: Unless otherwise indicated, actions in this table are not addressed, meaning that a bill may have been introduced but did not pass out of a committee, or no relevant legislation has been introduced. At the beginning of a new congressional session, we reapply this criteria. As a result, the status of an action may move from partially addressed to not addressed if relevant legislation is not reintroduced from the prior Congressional session.

As of March 2018, eleven 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. This table provides information on steps Congress took for actions that are considered partially addressed.

This table provides estimates of cost savings or increased revenue where such information was available. The potential cost savings for implementing individual actions are provided when known, or for implementing multiple actions in an area, when the savings are not attributable to a specific action.
GAO's Mission

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

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (https://www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to https://www.gao.gov and select "E-mail Updates." The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, https://www.gao.gov/ordering.htm. Place orders by calling (202) 512-6000, toll-free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

Connect with GAO

Connect with GAO on Facebook, Flickr, Twitter, and YouTube. Subscribe to our RSS Feeds or E-mail Updates. Listen to our Podcasts. Visit GAO on the web at https://www.gao.gov.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:
Website: https://www.gao.gov/fraudnet/fraudnet.htm
Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Public Affairs
Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800, U.S. Government Accountability Office, 441 G Street NW, Room 7148, Washington, DC 20548

Strategic Planning and External Liaison

Please Print on Recycled Paper.
Mr. Russell. Thank you for that. We do appreciate all of the hard work.
I will be holding my questions to the end, but it is my pleasure to now recognize the gentleman from North Carolina, Mr. Meadows, for 5 minutes.
Mr. Meadows. Thank you, Mr. Chairman.
Thank you to the whole team. Let me just say, each and every hearing, not just this annual hearing, but each and every oversight hearing where we have input from GAO, it improves the quality of the hearing, but it also improves the quality of the information. So to you, Mr. Dodaro, and your entire team that is here today, a heartfelt thank you from members of Congress for handling government accountability in a non-partisan way. I have wanted you to be partisan, and you have pushed back. You won’t let me do that, and that is good because I think that gives confidence to both sides of the aisle. So I just want to say thank you.
You mention a number of unimplemented requests, 58. Was that your testimony?
Mr. Dodaro. Yes, 58 open matters for congressional consideration. We have 324 recommendations to the executive branch.
Mr. Meadows. And so in doing that, we are talking about billions of dollars, not millions of dollars. Is that correct?
Mr. Dodaro. Tens of billions.
Mr. Meadows. Okay, tens of billions. So can you find any reasons, other than complacency, why Congress and the Administration shouldn’t implement at least 10 percent of those recommendations?
Mr. Dodaro. If I didn’t think all of them shouldn’t be implemented, I wouldn’t make them, Congressman.
Mr. Meadows. All right. So you would say even a higher threshold than 10 to 20 percent of those should be implemented. You would suggest all of them.
Mr. Dodaro. Over time, over three-quarters of our recommendations are implemented in a four-year period of time. So the recommendations in this area are a little lagging behind the overall rate that we have for our recommendations. My goal and aspiration was that we could get at least to 75 percent, if not 100 percent.
Mr. Meadows. All right. Well, you know well that what I will do is I will take a few of your things, and then we will start working on those and applying pressure. What would be helpful to me, and I want to drill down on the IRS for a second because it seems like, according to some of the testimony, that there are a number of really high-profile dollars that can potentially be saved, and I see that you are getting a new witness to the table. So let me ask what is the IRS doing right and wrong? I think there is also the suggestion that if they just delayed refunds for a while, they could save dollars. So I would ask you to help us understand that a little bit better.
Mr. Dodaro. Yes, sure. Let me give you a broad picture, and then I will ask Jessica to give a little bit more details.
First of all, we think the IRS, they need better information technology systems, no question about that.
Mr. MEADOWS. So for the record, I am on my side of the aisle willing to give them additional appropriations to do exactly that. I think we have a bipartisan agreement on that, but go ahead.

Mr. DODARO. But it has to be managed properly, and we have made a number of recommendations, because they have wasted investments in the past in IT, years ago.

Mr. MEADOWS. Right.

Mr. DODARO. Secondly, they need a customer service strategy. They really don’t have a comprehensive strategy, They need a strategy for online services that could improve voluntary compliance, as well. Congress could help IRS by lowering the threshold for electronic filing for partnerships and corporations, also allowing more W-2 information to be submitted electronically from employers. They would help them match faster. They wouldn’t have to delay the timeframe, as well. So we have a number of specific recommendations in those areas.

The number of our recommendations are actually incorporated in the package of bills that the House has just passed on IRS reform, but there are others that weren’t included that should be included in those areas.

I will ask Jessica to—the operative word for calling another witness up here is drill down.

Mr. MEADOWS. Okay, and we have 30 seconds for you to drill down before I get gavel down, but go ahead.

Ms. LUCAS-JUDY. I will talk just about the tax fraud and non-compliance that we have said the IRS should assess the benefits and the costs of holding all taxpayer refunds, not just the ones that are claiming the Earned Income Tax Credit and the ACTC. So later in the filing season, IRS’ own analysis found that they could have potentially prevented an additional $35 to $350 million in fraudulent payments due to identity theft refund fraud just by adjusting the holding period for about two weeks.

Mr. MEADOWS. Wow. All right.

I yield back. Thank you, Mr. Chairman, for your leadership.

Mr. RUSSELL. The gentleman yields back.

It is my privilege now to recognize the gentle lady from the District of Columbia, Ms. Norton, for 5 minutes.

Ms. NORTON. Thank you very much, Mr. Chairman.

Mr. Dodaro, thank you again for being here. My questions are going to relate to your report on the warfighting equipment, the transfer to military depots and shipyards, and your view that they are not being run as efficiently as they could be.

Under BRAC, which is the Base Realignment and Closure round in 2005, all of the services were required to transfer to the Defense Logistics Agency a function that we don’t usually associate with the military, retail supply and storage and distribution functions as their depots by 2011.

First, would you explain why this transfer was considered to be efficient for the government?

Mr. DODARO. Yes. The Defense Logistics Agency, DLA, has an up-to-date information technology system that can allow real-time information in terms of the inventory drawdowns to trigger the orderings, so it is a much more efficient process. And the Air Force and the Navy, except for one exception, did transfer their respon-
sibilities. But the Army and the Marines have not, and that is what ——

Ms. NORTON. And that is where I am going to focus. So these are light functions in the Defense Logistics Agency rather than spreading these functions among various parts of the military, as I understand it. It is kind of classic efficiency. But your report states that the Army and the Marine Corps have not yet transferred these functions to the Defense Logistics Agency, and neither have the Navy shipyards. The initial efforts to transfer these programs at the Air Force Logistics Centers and the Navy Fleet and Readiness Centers related, we are told, to personnel reluctance to trust the DLA.

So first, let me know what kinds of personnel we are talking about. For example, are we talking about uniformed personnel being reluctant to transfer a function?

Mr. DODARO. I am going to ask Ms. Berrick, our Defense expert, to answer that question.

Ms. BERRICK. Thank you for your question. The reluctance is coming primarily from the civilians who manage this process at the maintenance depots within the Army and the Marine Corps. Now, the actual BRAC recommendation was that the services transfer the storage distribution and supply operations to DLA to achieve efficiencies. The Army and the Marine Corps did transfer storage. They have not transferred supply. They have raised concerns that retail supply operations are very interwoven with maintenance operations. The Army also raised the point that they recently developed a new information system that provided greater visibility to their supply operations. They were reluctant ——

Ms. NORTON. Do you regard their pushback for the reasons you named as worthy of your consideration? Or do you think they should continue, as the other agencies have done?

Ms. BERRICK. I think they should continue. Some of these same concerns were raised by the Navy and the Air Force Air Logistics Centers and maintenance facilities, that they overcome. For example, they were concerned that they wouldn't have visibility over supply operations. DLA actually gave them access to their information system that enabled that visibility. They saw savings of $710 million as a result of that consolidation.

Ms. NORTON. These are non-uniformed personnel. Would they too be transferred? I mean, I am trying to get at their reluctance and what you can do about their reluctance.

Ms. BERRICK. It does require transferring individuals from the services to the Defense Logistics Agency. That is part of what the transfer would entail. It also requires using DLA's business processes for managing the supply operations, versus the services.

Ms. NORTON. We have some of these outstanding since 2011. What can you do to—since you still stand behind the efficiency of these transfers, what can be done to speed these transfers?

Mr. DODARO. There are two things. One is to try to prevail upon the Defense Department themselves, which for the last three years, every year I send each head of a major department agency in the Federal Government a list of open GAO recommendations, and I
prioritize which ones that I believe still should be implemented. So number one is working directly with the Defense Department.

Number two, an alternative route, is when we go to the Congress and there are requirements put in the Defense authorization bill or the Defense appropriations bill that requires them to implement GAO’s recommendations. Both of those bills this year included GAO recommendations that needed to be implemented, and that is how some of the savings that I reported, the $178 billion—the services, for example, were duplicating combat uniforms, which complicated even joint operations. It had an operational effect, as well as DAR effects. But the Defense authorization bill required them to deal with that issue. So we are trying both avenues, working with the agencies and working with the appropriate committees in the Congress.

Ms. Norton. Thank you very much. We might even have a follow-up hearing to press this, since they are making some progress and may need a little more of a nudge.

Thank you very much, Mr. Chairman. I yield back.

Mr. Russell. I thank the gentle lady.

The Chair now recognizes the gentleman from Iowa, Mr. Blum, for 5 minutes.

Mr. Blum. Thank you, Chairman Russell.

Mr. Dodaro, good to see you again. Thank you for being here.

Shortly after I was elected three years ago, I held a town hall back in Iowa, and I was explaining what committees I was on, and I mentioned I was on the Oversight Committee and that our job was to investigate and bring some daylight to waste, fraud, and abuse. An elderly farmer raised his hand and he said, “Waste, fraud, and abuse. Aren’t those the three branches of government?”

[Laughter.]

Mr. Blum. True story, but not because of your department, that is for sure. There is a lot of cynicism out there is my point, and for the most part it is well deserved.

I come from the private sector, and in the private sector failure is penalized. However, in Washington, D.C., in the swamp here, there is no penalty for failure. Would you agree with that?

Mr. Dodaro. Not completely. I do think a number of people are removed or lose their job over time, perhaps not as many as should, and some agencies are forced to take action when they need to. But by and large, the incentives are not aligned properly to reinforce proper behavior and penalize inappropriate behavior or inefficiencies or waste. So I agree with you, with some exceptions.

Mr. Blum. That was one of my comments, that the incentives in this town seem to be perverse to me. For example, what incentive is there for a government employee or an agency to save taxpayers money? What incentive is there? Is there any today?

Mr. Dodaro. What we do is prevail upon people’s commitment to public service and to be good stewards, and the reward system, like, for example, at GAO, I reward our people based upon what we are able to do to save people money, save taxpayers money. So there has to be a good reward system in place to do that. It doesn’t exist throughout the Federal Government, though.

Mr. Blum. In the private sector, if you save the company a million dollars, you probably get a percentage of that. You get some
large bonus, and well worth it. I don’t think we have that in the Federal Government, but what if we did? Is that an idea worth exploring?

Mr. DODARO. Yes, definitely. I think there should be positive reward systems in place, and theoretically the performance management systems in agencies should do that.

Mr. BLUM. Should, they should.

Mr. DODARO. They should.

Mr. BLUM. Do they?

Mr. DODARO. I am not positive in all cases it is at the level which you would expect. I am most familiar with our own, and I know at GAO it works that way. But I am not sure I could say that about the rest of the Federal agencies and departments. We have said that some of the performance management approaches in the Federal Government, the civil service system, are outdated. It is not aligned properly with modern compensation systems, modern classification systems. It needs revamped, and that could certainly be part of that revamping.

Mr. BLUM. Let’s go to 60,000 feet, if we could, for the last minute and fifty seconds that I have. Let me ask you this question: Do you feel that our agencies are being held accountable? Do you feel that the management in those agencies are being held accountable, and that the employees in those agencies are being held accountable? And if you are going to say somewhat, give me a grade. Where are we at? Is it getting better, or is it getting worse? Because the Federal Government is getting so big, seriously, I question if it can be managed anymore.

Mr. DODARO. I definitely think it can be managed. Some agencies are better than others, okay? But by and large, I think that much more could be done to hold agencies accountable. I think this is Congress’ responsibility. I think there needs to be more oversight hearings. I have said this a number of times. Where we see positive change, we see the Congress’ hand has to be in this area, and that, to me, is very important.

Now, we work also with OMB to try to create change within the executive branch, and I meet with the heads of departments and agencies as well to try to institute change. But really, the best incentives I have seen to hold people accountable over the years is good, rigorous congressional oversight. That will produce change, with or without legislation I might add.

Mr. BLUM. Some folks back in Iowa comment that, oh, you hold some great hearings, really good stuff, tough questions. What happens after that? What happens after the tough questions?

Mr. DODARO. There is not enough follow-up.

Mr. BLUM. How do we change that?

Mr. DODARO. I think you have to be clear. I have been involved in some things over the years where there is a series of hearings, you know? I remember in the Senate when initially we were having questions about the personnel security clearances that were not being done timely. They held hearings either every quarter or every six months. So there was a series. People knew from the agencies that it wasn’t like, gee, I just have to get through this hearing and it is going to be over with, they will forget about it.
You had follow-up hearings. You had follow-up meetings with the agency officials. GAO can help in the follow-up activities as well. So there has to be a commitment to follow through until you know that the problem is solved. It is not just bringing——

Mr. Blum. That is where we come in.

Mr. Dodaro. Yes, I agree. Congress does a good job at shining a light, but then as soon as the light goes away, the problem doesn’t get much better.

Mr. Blum. My time has expired, but hats off to you as a lone voice from the private sector. I think you are doing an amazing job. Your agency does an amazing job, and I, for one, am so glad that you are here today.

Mr. Dodaro. Thank you very much.

Mr. Blum. I yield back the time I do not have.

[Laughter.]

Mr. Russell. The gentleman yields back.

It is my privilege now to recognize the gentleman from Tennessee, Mr. Cooper, for 5 minutes.

Mr. Cooper. Thank you, Mr. Chairman.

And thank you, Mr. Dodaro, for being here today. This report is so important.

I would like to ask two Defense questions, so you may want to get your Defense person up here.

Mr. Dodaro. All right.

Mr. Cooper. First, in your appendix, you mention an unmet recommendation from 2013 about joint basing. I am on the Armed Services Committee, and I may need some help from my colleagues on both sides of the aisle on this. The Armed Services Committee has banned the Pentagon from even thinking about another BRAC round, even though the Air Force has testified to us that as much as 25 percent of their facilities are surplus, unneeded, a burden for the taxpayers, but they are unable to do anything to adjust that. So, I wasn’t sure if your recommendation from 2013 on joint basing was specifically on that topic. You mentioned the Base Realignment and Closure Commission, but you don’t quite nail the fact that Congress has stopped the Pentagon from trying to be efficient. We don’t even allow them to think about that.

Mr. Dodaro. There are two things that we have, and I will ask Cathy to explain in more detail. One is the excess infrastructure that they have. That is actually on the high-risk list that we keep as far as the Federal Government. So we believe they need to do a better job in that area. We have also had many recommendations, and most of them have not been implemented yet, as to how the BRAC process could be improved, because they really didn’t realize all the benefits that they promised in the initial activities in those areas.

So if Congress decides that the next BRAC round, to go forward with that, I would suggest that that be conditional on implementing GAO’s recommendation so you get better cost estimates and you get fewer changes along the way between the recommendations from BRAC and actually what gets implemented by the Defense Department, because you have a several-year timeframe in there.
Secondly, on joint basing, this was an initiative by the Department, and what we found there was that it was to get common standards among the services. So instead of getting a common standard, they took the highest standard that any service had and raised everything up to that level in order to get buy-in. So they weren't really able to get, in any discernible way, cost savings.

Cathy?

Ms. BERRICK. With respect to the joint basing recommendations, our overall position was that DOD didn't embrace that 2005 BRAC recommendation to try to achieve efficiencies with joint basing. A key objective of that initiative was to achieve some significant savings. But with the way they developed the common standards, as Gene mentioned, with the way they approached the effort, they really weren't designing it to achieve the savings that were possible.

So we made a series of recommendations to DOD to re-look at their strategy for joint basing and take advantage of some opportunities for additional savings. DOD had concurred with that recommendation routinely. So we ended up recommending to the Congress that they direct DOD to take that action.

With respect to BRAC generally, DOD has, I think, over the last seven years, requested a BRAC round. They, in fact, did not request it in their most recent budget estimate. But setting BRAC aside, a point that we have routinely made with the Defense Department is they do have some existing authorities to realign and close facilities under Title X, separate from BRAC. It does require a congressional notification if it exceeds certain thresholds. But DOD has never gone through the process to take any significant action that would actually require congressional notification.

One of the new areas we mention in this year's report is the proliferation of distribution centers within the Department. There are 256 of them. DOD itself identified it can achieve significant savings, in the hundreds of millions of dollars, closing those, but they are not taking action on that. They are saying in the absence of a BRAC, they are not willing to use their existing authorities to do that.

Mr. COOPER. Thank you. In my short time remaining, you mentioned that the transition to the new M-code GPS system will involve retrofitting 716 weapon systems with cards, and the Pentagon has no plan right now in place to unify the design and implementation of those cards, and most are not even funded. So this is a pretty crucial function, and we can't let any of these weapon systems be down because of a lack of communication with the satellite, and yet the Pentagon isn't planning sensibly to meet the needs. So what do we do?

Mr. DODARO. I think that the Congress should require them to have a unified approach to this area. I mean, even replacing a small amount of these receiver cards—in the receiver card, the M-code is to be a stronger code, to be encrypted, and it makes sense to do this. But what we have seen is there hasn't been a good coordination between actually putting the satellite up and having the ground system that could receive the signals and then transmit them to these receiver cards in the weapon systems.
This report this year focuses on those receiver cards, and you are right, it has to get to so many weapon systems. They don’t have a way to share lessons learned, to get common requirements. And what will happen, as we have seen in the past, without proactive leadership, the costs will proliferate, and then the Congress will be put in a box to say, well, either you give us the money or this investment is not going to work. I think Congress requiring them to have a better coordinated, better management approach on this could forestall a lot of problems down the road and certainly contain costs in a much better way.

Mr. COOPER. Thank you very much.
I see my time has expired, Mr. Chairman. Thank you.
Mr. RUSSELL. I thank the gentleman.
I now recognize the gentleman from North Carolina, Mr. Walker, for 5 minutes.
Mr. WALKER. Thank you, Mr. Chairman.
Mr. Dodaro, we thank you for your continued service to our country and appreciate your willingness to serve in this capacity.
It is my belief that improved coordination between the Food and Drug Administration and the Food Safety and Inspection Service on the oversight of imported seafood would help the agencies better manage fragmentation and more consistently protect consumers from unsafe drug residues. So I have a couple of questions here.
In your opinion, does it make sense to have a separate program at USDA responsible for the food safety of one species of imported fish when FDA is responsible for regulating safety for all other types of fish and seafood?
Mr. DODARO. We initially recommended that that not be funded, but Congress overrode us and decided that it needed to be implemented. So our approach now is Congress made that decision; at least we can make sure that they are coordinating effectively and operating together, and that is the focus of our recommendation at this point in time.
Mr. WALKER. I thank you. I believe you found an example of the USDA setting a safety standard for a drug residue at a level that was 20 times higher than FDA’s standard. Should we be concerned about the safety of imported catfish with these kinds of numbers?
Mr. GAFFIGAN. I think that we saw a lot of inconsistency between the FDA and FSIS. You give the example of the 20 times number. That is the genesis of our recommendation, and we are concerned that there is a discrepancy between the two agencies.
Mr. WALKER. Mr. Dodaro, you touched on this a little bit earlier in your comments. GAO has recommended better coordination. What are the current methods for sharing information between the agencies, and what change does GAO think needs to be implemented moving forward?
Mr. DODARO. They definitely need to have a Memorandum of Understanding to reach agreement on what drugs are tested. We also point out in the report that one of the agencies is testing 76 different drugs, another one only 27 different drugs. So they need to come to some agreement on this, and typically the mechanism for that agreement is a Memorandum of Understanding with written roles and responsibilities, written agreement to come to a common testing approach and sharing of information to make sure that it
Mr. WALKER. Anything that you ——

Mr. GAFFIGAN. Just the commitment to do what they have talked about doing through some of these MOUs.

Mr. WALKER. Do you believe there are steps Congress should take to ensure the effective coordination that has some teeth to this? Is there something that you would recommend?

Mr. DODARO. Yes, yes. I mean, there should be reporting requirements that Congress puts on the agencies to report their progress in implementing GAO’s recommendations. I would very much support that and would think it would be needed. A number of times agencies will tell us that they are going to implement the recommendation, but we don’t close it until they are actually finished and have something in place, and sometimes these things get implemented and sometimes they don’t because of bureaucratic resistance to change in a lot of cases, to be honest. So I think Congress’ oversight and have them to report their progress until it is fully implemented would be warranted.

Mr. WALKER. Was there something else?

Mr. GAFFIGAN. And you could keep asking us to look at it, and we will come up with those examples to put the light on it.

Mr. WALKER. As long as there are people like Mr. Meadows and others, I imagine those questions will continue to come forward.

Once again, thank you. I have notes in front of me for my four questions. You have no notes in front of you but continue to answer the questions. Thank you for being so well informed.

I yield back, Mr. Chairman.

Mr. RUSSELL. The gentleman yields back.

It is now my privilege to recognize the gentle lady from Illinois, Ms. Kelly, for 5 minutes.

Ms. KELLY. Thank you, Mr. Chair.

And thank you, Mr. Dodaro, for your exceptional efforts in GAO to compile the 2018 duplication report.

Back in 2014, Congress passed the Veterans Access, Choice, and Accountability Act to help the Department of Veterans’ Affairs address serious problems with appointment scheduling, unreliable data on wait times, and inadequate coordination of veteran care between VA and non-VA medical providers. The Choice Act established the Commission on Care, which concluded in June 2016 that the care by the Veterans’ Health Administration is inconsistent from facility to facility. Several of the Commission’s recommendations focused on the VA’s workforce. GAO’s latest report found that, ironically, the Veterans’ Health Administration’s overall workforce problems could be traced to its own HR staff decreasing in size, not being adequately overseen, and lacking any assessment of skill gaps and training. Do you agree?

Mr. DODARO. Yes.

Ms. KELLY. In turn, the GAO report said the attrition in HR offices has led to difficulties in hiring for clinical positions in medical centers and increases in administrative errors. Is that also your understanding?
Mr. DOBARO. Yes, that is what we reported and made recommendations to address that issue.

Ms. KELLY. On a positive note, the GAO report states that as of January 2018, staff at the Department of Veterans’ Affairs had developed and began using an online competency tool to identify competency gaps in the Human Resource offices at the medical centers. The Department has also established clear lines of authority to require HR staff to complete a competency assessment. However, the Department still must use this data to address competency gaps in Human Resource offices. Is that also your understanding?

Mr. DOBARO. Yes, it is. I am pleased they are taking some action, but they need to follow through, just as we talked about in the prior exchange with the Congressman.

Ms. KELLY. As of a year ago, the Department of Veterans’ Affairs said it was in the early stages of revising its performance management system. This revision included effective use of both monetary and non-monetary awards to promote employee performance. It also explored the use of the e-performance information technology system to appraise employee performance.

Can you give us an update as to the Department’s efforts since then?

Mr. DOBARO. They really haven’t taken much action since then according to our team. They have not in that area. They moved in the other area that you mentioned, but they haven’t moved in that area.

I think it is very important. The exchange I had with Congressman Blum talked about the incentives and disincentives, and really you need to have a good performance management system that is up to date in the Veterans’ Health Administration. So I will urge them when I meet with the new Secretary. I met with Secretary Shinseki, Secretary McDonald, Secretary Shulkin multiple times to try to urge them to implement GAO’s recommendations. I will continue to press in this area. We designated veteran health care a high-risk area in 2015, so I and our team are dedicated to follow up.

Ms. KELLY. So, just their lack of follow-up is what you think will improve performance ——

Mr. DOBARO. Yes, and right now they need leadership. I mean, they need leadership. I am very worried about the Veterans’ Administration. They have some of the most entrenched management problems in the Federal Government. That is why we put them on the high-risk list. They are making efforts to come up with a plan now, but it has been three years since we put them on the list. They really haven’t finalized a good plan to come off the list. We are working with them. They are making progress. I don’t want to say that they are not. But there needs to be more urgency to deal with their problems over there, and there are key vacancies not only now at the Secretary level but also some of the Undersecretary positions. The CIO is open.

So I think Congress should be very concerned and focused on getting proper leadership over there, and then make sure that there is effective follow-up to resolve their problems. I think our veterans deserve no less.
Ms. KELLY. I definitely agree, and I guess that was my next question, what more can Congress do ——

Mr. DODARO. A lot, a lot, and I would be happy to work and have our team work with the Congress in doing this. We have a great deal of knowledge. Nikki Clowers is here. She is our expert in the Veterans’ Administration. We have been working with the VA committees as well. But I think Congress’ role in this whole area is very pivotal.

Ms. KELLY. Thank you for your honesty, and we need to take you up on your offer.

I yield back.

Mr. RUSSELL. The gentle lady yields back.

It is my privilege to recognize the gentleman from Alabama, Mr. Palmer, for 5 minutes.

Mr. PALMER. Mr. Dodaro, first of all, let me thank you and your staff for the outstanding work and cooperation on some critical issues that you have brought to this committee’s attention on numerous occasions that is dealing with improper payments, and also the tax gap. In that regard, I would like to ask you what is the last year that the IRS reported on tax gap?

Mr. DODARO. I think it was based on 2008. Yes, 2008 information, and that estimate was a net tax gap of a little over $400 billion as an annual.

Mr. PALMER. It is $406 billion.

Mr. DODARO. Right.

Mr. PALMER. They don’t report annually. It is on a periodic basis. Is there any rhyme or reason that determines when they report that?

Mr. DODARO. No. You know, initially, years ago, they didn’t report an estimate. It was a GAO recommendation that required them that they finally implemented to come up with it. In all fairness, it requires a lot of effort and time, and they certainly haven’t had excess resources lately to do it. But I think it could be done on a more regular basis. Right now, it is just dependent on them. I mean, Congress could set a reasonable interval for them to update that information, particularly given the changes that have been made in the tax law recently. I would hope after a period of time and some experience, they update it.

Mr. PALMER. I would appreciate it if you would add some recommendations on what that timetable ought to be, and if you would provide them to my office. In that regard, that is one of the points that I have been raising about the tax reform, that one of the main objectives was to reduce the complexity of the tax code in order to reduce the uncollected taxes, to reduce the tax gap. You have made numerous recommendations that I think we need to implement, the IRS needs to implement, and Congress needs to exercise oversight over it, because it is one of these things where I tell people we have moments here when I think my head will explode, and when we talk about $800 billion deficits, and half of that could have been erased by collecting all the taxes, plus the interest on that that we are having to borrow, that drives me nuts, along with my next topic, which you are well familiar with, and that is improper payments. We are, again, very fortunate to have the expertise of the GAO available to try to work out a reasonable solution.
I want to talk a little bit about some specifics on the improper payments. The premium tax credit improper payments, we don’t really talk about that a lot. You have a number in your report of $35 billion. Is that savings, or is that the net cost?

Mr. Dodaro. That is the total cost.

Mr. Palmer. Okay. Do you have any idea of what we might expect in savings?

Mr. Dodaro. No, not really, yet. They really haven’t done a lot of the proper assessments and have much experience in that area yet to come up with any estimates. I think it would be good to press them to move forward in that area, and then congressional encouragement would be helpful.

Mr. Palmer. When we talk about encouragement, people generally interpret that to mean negative. I think we ought to take a more positive approach to this on the whole spectrum of improper payments, and you touched on this earlier with the IRS with their outdated IT systems. That is a problem throughout the Federal Government.

If you look at the improper payments, and this is the work that your staff has done, over 20 percent of the problem is antiquated data systems. I think that lends itself to other errors on the administrative side, which is another 30-something percent. So if we could deal with this in a more positive way, and one of the things that I am thinking about doing is that the savings that we get by eliminating improper payments might go back into replacing antiquated IT systems, then I think it needs to be done Federal Government-wide so that you have the interfaces that are necessary. It is one of the problems with Social Security. What do you think of that?

Mr. Dodaro. Yes, I think that is a very good idea. The systems are a key part of this, particularly if you wanted to prevent things from happening up front. But there also has to be good data sharing to go along with that. You can have great systems, but if they are not allowed to share data—like, for example, one of our recommendations is that the Congress direct the Social Security Administration to give the full death master file to the Treasury Department. I mean, it doesn’t make any sense to me that we have a “Do Not Pay” list, and we have one department that has the most comprehensive list of deceased people that won’t give it to the Treasury Department because they believe it can’t be shared. Another example is in our Railroad Retirement Board. They are using earnings data that is two or three years old from IRS, and they need access to the new hire database.

So I think a combination of proper incentives, and I am glad to see the Administration set a goal for reducing improper payments, and they have IT modernization on the President’s management agenda, but there has to be sharing of information to go along with it to really, I think, have a comprehensive package.

Mr. Palmer. Well, my goal for reducing improper payments is considerably higher than the Administration’s. I have had this conversation with OMB Director Mulvaney, who is a dear friend.

But again, I commend you. I am one of these odd birds that looks forward to the GAO reports. There are some people who look for-
ward to the next great novel. I look forward to the next great GAO report.

Mr. Chairman, I yield back.

Mr. RUSSELL. The gentleman yields back.

It is my privilege now to recognize the gentle lady from Michigan, Ms. Lawrence, for 5 minutes.

Ms. LAWRENCE. Thank you.

I just want to say publicly, Mr. Dodaro, thank you and your staff for putting together this report. As my colleagues have mentioned, it is impressive that your recommendations have led to $178 billion in taxpayer savings over the past years.

One example that I really want on the record is one of the past recommendations that has helped to make a difference to the people in my state. In 2016, the GAO recommended that the Treasury relocate up to $2 billion from an underused program and move it toward the hardest hit fund. As a result of that, it went a long way for cities like Detroit to remove blight and to take care of the neighborhoods. So I want you to really have that sense of what you do is making a difference, and I just want to say thank you to your staff.

One of the areas, Mr. Dodaro, is IRS for me, as well. Major changes to the tax laws will hit everyone in 2019, and I want to know if the IRS is helping families understand the impact, and especially low-income families. There are needed taxpayer assistance and outreach, and there is a proposed $23 million cut to IRS. Can you describe GAO’s current efforts to monitor the IRS and what it plans to do over the next years to ensure that the community has the support that they need in low-income areas?

Mr. DODARO. Yes. For a number of years we have had an outstanding recommendation that IRS needed to improve their customer service strategy. We are looking at their efforts to do that now and the implementation of the new tax law. Ms. Jessica Lucas-Judy here is our expert in the IRS, and I will ask her to elaborate on what we are doing.

Ms. LAWRENCE. Okay. Thank you.

Ms. LUCAS-JUDY. For customer service, we have said that they need to have a comprehensive strategy, and they have put together a draft. So we are looking at the extent to which it lays out specific, realistic targets for phone service and correspondence and, more importantly even, that it lays out a road map for them of what resources are needed to get them there.

In addition, as Mr. Dodaro said, we are also looking at their implementation of the changes to the tax law. As you know, there are quite a few things that the IRS has to do.

Ms. LAWRENCE. Quite a few.

Ms. LUCAS-JUDY. And so we are looking at how they are communicating those changes, how they are making decisions about prioritizing.

Ms. LAWRENCE. So, with all the vacancies that you outlined and the challenges that we see, if the cuts are made to IRS, when do you alert Congress that we are getting ready to step into a crisis? I understand the yearly report, and you even stated that our response rate is that Congress has addressed about 42 percent of your recommendations. How do you bring to our attention are the
committees looking at the recommendations? And specifically, what is the impact if we don’t act on these recommendations? You give your report, but we are only looking at 42 percent of them.

Mr. Dodaro. I think, first of all, we try to alert the Congress through our reports. We testify before a wide range of congressional committees every year. We brief congressional staff every day.

Ms. Lawrence. Every day.

Mr. Dodaro. Every day on our work. I mean, we have close working relationships with virtually all the committees and the Congress, about half of the subcommittees that we do work for. We do about 800 requests a year from the Congress. So we are constantly trying to alert the Congress to emerging problems and challenges and encouraging them to implement our recommendations.

Ms. Lawrence. How do you alert Congress?

Mr. Dodaro. Pardon me?

Ms. Lawrence. What format do you use to alert Congress?

Mr. Dodaro. Well, we have two formats. We have this annual report. We have regular reports that we issue virtually every day on specific topics. Last year we issued about 700 reports to the Congress, with over 1,400 recommendations. And then every two years we issue a high-risk list of the highest risk in the Federal Government.

Ms. Lawrence. That is what I wanted to hear.

Mr. Dodaro. And if there is something that I think rises to that level out of the interim two-year period, we do a special announcement. We just did one in January on personnel security clearances across the government. I am very concerned. There are 700,000 backlog of clearances that are not being made. It is not clear how the transfer is going to work between OPM and DOD on a number of issues. They don’t have quality standards yet in place, metrics for the security clearances. The timing is still not good in terms of them getting it done in a timely manner. So I think this is a big national security issue, and I put it on the high-risk list on the cycle.

The last high-risk list I raised the 2020 Census. I am very concerned. I am very concerned.

Mr. Dodaro. about the 2020 Census. So we do regular hearings on that, as well.

At GAO, we try to keep the Congress very informed about our views on risk and what needs to be done to address the risk. Now, the recommendations that have not been implemented, quite frankly, we are leaving tens of billions of dollars on the table in savings that could be made. I think the Congress could be more aggressive in their oversight of the agencies to ensure effective implementation of our recommendations, and I would encourage that, and GAO will support you.

Ms. Lawrence. Thank you. My time is up. I just want to say to the Chairman that the high-risk list should be something that is a priority for us to bring forward in our hearings, as well. Thank you.

Thank you so much.

Mr. Dodaro. You are welcome.
Mr. Russell. The gentle lady yields back.

I now recognize the gentleman from Kentucky, Mr. Comer, for 5 minutes.

Mr. Comer. Thank you, Mr. Chairman.

If time permits, I have questions pertaining to two vastly different subjects. The first would be the Social Security disability appeals process. Then second would be about STEM. I don't think you can get further apart than those two issues, but I am going to try in my 5 minutes to address those two issues with questions.

First of all, in Kentucky, to say that the Social Security disability program is abused would be an understatement. We have certain counties in Kentucky where you drive down the road and every billboard is a disability insurance law firm. Some of those counties have as many as one in four adults between the ages of 18 and 63 that are drawing full disability, and then we have counties in Kentucky where that number is smaller than 1 out of 20. So it just kind of depends on the location in the state and the number of people that are involved in that industry in Kentucky.

But one of the things that we deal with in my congressional office is, obviously, case work. We have people that are truly disabled that we are trying to get through the process, and the appeals process sometimes takes a long time, and these are legitimate people who really are disabled who have paid into the Social Security system that are trying to get their disability insurance. They get frustrated because they know people that have probably abused the system in the past. It is just one of the things that we spend a lot of time with my caseworkers dealing with.

I know that the Social Security Administration has reviewed this, and in 2017 the GAO recommended that SSA systematically evaluate its quality assurance reviews and take steps to reduce or better manage unnecessary overlap among them.

My first question is, there are five separate quality review processes. Why does SSA have five separate quality assurance review processes?

Mr. Dodaro. That is the question we asked and asked them to take a look at. We don't think they need all of them.

Barbara Bovbjerg is our expert in this area, and actually she is our expert in STEM too. So while you have two different topics, we have one expert to cover it for you.

Mr. Comer. That is great.

Mr. Dodaro. Barbara?

Ms. Bovbjerg. We were surprised that they had five different processes across a couple of different components at SSA. They all have the same overall goal, which is to make the appeals result more accurate and to help the administrative law judges do a better job. They look at the cases a little differently, but they sample in roughly the same way. So they can actually be looking at the same case in more than one quality assurance review.

So we thought they should really look at that. It is not a lot of money in the context where we are talking about Defense and VA health. It is $11 million. But we thought that they could coordinate and potentially improve the quality assurance process as they do that. They have taken some steps. They have created another component in which four of these five are in that component.
Mr. COMER. So are they currently taking steps to review the process?

Ms. BOVBJERG. They are taking steps. They are not there, but they have just begun.

Mr. COMER. How else could the Social Security Administration resources better utilize in terms of processing disability claims?

Ms. BOVBJERG. They have put a lot of emphasis at the appeals level because what you are seeing is it can take more than 600 days now that people are kept waiting for an appeals decision, and that is a long time when you are not working and waiting.

Mr. COMER. And legal fees are piling up, as well.

Ms. BOVBJERG. Yes, and they have done things—for example, they are taking cases—they may take a case from Kentucky, and if the Kentucky administrative law judge group is really, really backlogged, they will send that case to another ALJ group to try to move things along. We actually have a report coming out on that in the next couple of months.

They are doing a number of things. But what happens is they focus on appeals, and they take their eye off the initial decision-making ball, and then people start waiting longer for an initial decision. So we are trying to get them to look at it holistically.

Mr. DODARO. And, Congressman, we would be happy to give you a comprehensive list of every recommendation we have for the Social Security disability process, including appeals and initial claims. This has been on our high-risk list—I just mentioned that—for well over a decade. So I think this could be an important issue. And it is not only Social Security, it is VA as well. That is on our high-risk list, too. I just testified at their appeals reform hearing that we had. So we will give you a comprehensive list.

Mr. COMER. Okay. Thank you.

My time has expired, so I didn’t get to ask the questions about STEM, but I appreciate your interest and look forward to getting that report, and I yield back, Mr. Chairman.

Mr. DODARO. I would be happy to give the answers to the STEM for the record, or meet with you separately, Congressman.

Mr. COMER. Sure.

Mr. RUSSELL. The gentleman yields back. We may have some time for follow-on questions, if you would like.

I now recognize the gentleman from Virginia, Mr. Connolly, for 5 minutes.

Mr. CONNOLLY. Thank you, Mr. Chairman.

Welcome, General Dodaro. Good to see you again. Let me say, I think the high-risk list is one of the most important things you all do in terms of giving us guidance and throwing down red flags in areas of concern, and we want to try to redouble our efforts to work with GAO and your team to address those issues.

One of the issues, of course, that was on that list that I took seriously when I came to Congress, among many, was the whole issue of how the Federal Government manages and procures information technology. I am just wondering, in terms of duplicative cost—and I see you have been joined by Mr. Powner, who has worked diligently with us on implementation of legislative vehicles designed to address that concern you have highlighted, and we are going to do more. We are drafting a bill right now that we will be working
with you on, and we want to make sure that scorecard captures progress, or lack thereof.

But could you talk a little bit about the role of IT in terms of duplication, duplicative cost? Because we look at legacy systems, people look and say, my God, we are spending $96 billion a year on IT in the Federal Government, but so much of that is designed to simply keep Band-Aids and wire together to keep legacy systems running, but also there are duplicative costs. You have multiple email systems, some of which don't talk to each other. You have all kinds of software, some of which is outdated and so forth.

So I just wondered if you could, either one of you or both of you, talk about that, because that is something we can do something about tomorrow, in theory. We are trying our best to create a legislative framework to push that along, but I would like to hear your thoughts on that.

Mr. Dodaro. That is definitely a potential area for billions of dollars in savings. Data center consolidations—there were over 12,000 data centers when we started this initiative in OMB and working with the Congress before. Several thousand have been closed. By the end of this year, hopefully over 7,000 will be closed. That is billions of dollars in savings. But even on the existing data centers, they are not fully utilized if you look at their performance metrics, both from a server standpoint as well as the facility itself, software inventories, new systems, consolidations.

I will ask Mr. Powner, who knows the details, to give you a little bit more details. But I think this is a target-rich area for the Congress, and we are poised to work with you to try to identify more opportunities for savings.

Dave?

Mr. Powner. Representative Connolly, if you start with data centers, we have saved about $4 billion to date, and your oversight has been instrumental with follow-up hearings, with the scorecard. We have had five, and there is another one scheduled next month.

But when you really look at data center consolidation, there is a lot more on the table, as Comptroller General Dodaro mentioned, billions more. DOD alone, when we started data center consolidation, had an estimate of $4.8 billion in savings. They have only saved a couple of hundred million. So there is a huge opportunity there.

When you mentioned the duplication, we saved about $2 billion on duplicative email HR systems and the like. We still have a long way to go there. We are well aware, based on the work we are doing for you on individual requests and your scorecard, that there are many more opportunities to reduce those duplicative commodity systems.

Mr. Connolly. I do want to say I think this is a great example of what you were talking about in response to my colleagues, the collaboration actually, not just guidance from but hands-on collaboration from GAO and this committee in trying to effectuate positive change that frees up dollars, saves dollars, and makes the government more secure and more efficient. And I want to applaud Mr. Powner and you, Mr. Dodaro, for taking that lead and doing it. I think that is really terribly important.
Mr. DODARO. It is also a good example, if I might add, Congress- 
man, of the importance of congressional follow-up.

Mr. CONNOLLY. Yes.

Mr. DODARO. And I think compliments are due to you, Mr. Hurd, 
Mr. Meadows, Ms. Kelly, for your constant follow-up in these ac-
tivities, and that is what can be yielded, billions in savings, more 
efficient operations, but it requires that commitment. We are happy 
to do our part.

Mr. CONNOLLY. I would just end with a thought. I was listening 
to one of the questions about how do you keep us informed on this 
list, and it may be that we may want to look at a mid-year re-
minder. You gave us 70 recommendations. We have acted on 30. 
There are still 40 more to go. We estimate that could save $10 bil-
lion, because our attention span up here, we have been accused of 
having a very short attention span, and I think that is very unfair, 
but a little reminder list might help. So we might want to work on 
some mechanisms so we keep those issues in front of us, because 
I don’t think it is always willful ignoring of the recommendations. 
I think sometimes we just, in the hustle and bustle of life in this 
town, we lose focus.

Mr. DODARO. We would be happy to do that, and I have also en-
couraged—we do update the list with the beginning of each new 
Congress, and I have encouraged particularly oversight committees 
to have a series of hearings on the individual areas that I think 
would be helpful. But this year we started, and I wanted to do up-
dates on a couple of critical areas. So we are due to have an update 
on the cyber security issue, critical infrastructure protection, pro-
tecting personally identifiable information, later this summer. We 
will make sure to do that.

Mr. DODARO. We look forward to working with you.

Mr. RUSSELL. The gentleman yields back.

I am pleased now to recognize the gentleman from Massachu-
setts, Mr. Lynch, for 5 minutes.

Mr. LYNCH. Thank you, Mr. Chairman.

I want to raise an issue regarding retroactive classification. We 
talk about the information we get in order to make decisions that 
are necessary. In Afghanistan, we have come upon this change that 
was introduced by the Trump Administration recently where the 
information that we usually get from the Special Inspector General 
for Afghan Reconstruction used to send us publicly available infor-
mation quarterly about troop size, about the Afghan National Army 
performance assessments, casualties, operational readiness, actual 
and authorized strength figures. We had these ghost units. We are 
paying 75 percent of the freight in Afghanistan right now. We give 
them $5 billion a year, American taxpayer money, to pay their 
troops, and we cannot discuss publicly and the public doesn’t get 
information about the fraud that was going on there for a very long 
time, and may still be going on. We have people on the ground 
there, but we don’t get information on the trained and untrained
personnel. They have even classified U.S. air strikes now in Afghanistan.

So there is a whole swath of information that under President Bush and President Obama, that information came directly to the public and to Congress so we could talk about it. We have folks on the ground there, and we require that information to act decisively on behalf of our sons and daughters in uniform, and we need information on that war. We are at war.

So Mr. Cummings and I wrote a letter to the Trump Administration saying that we wanted that rescinded.

Could you talk a little bit about the obstruction and the difficulty for you and for Congress in doing our jobs with the lack of information coming out of DOD right now, and also coming out of Afghanistan?

Mr. DODARO. I asked Cathy Berrick to join me. She is our Defense expert, so I will ask her to give her views on this. But I would say right after 9/11 we saw a change in the classification approach in the Federal Government to classify more documents. After that occurred, we were asked to look at the classification practices of a number of agencies and to look at whether or not they were being consistent and what their procedures were for classification. They seemed to be settling down and an equilibrium in place over time, but what I have seen over the years is that sort of approach ebbs and flows over periods of time. I think it is very legitimate questions that Congress should ask about the level of classification.

We don't have classification authority at GAO. We are bound by law. We have to treat the information that we use in the same manner as the agencies that we receive the information from. What we try to do is produce a detailed classified report and then a public version of virtually everything that we do, but it is not easy to do that and to get the classification approaches through DOD and State and other agencies, Homeland Security. It is not just DOD.

But Cathy can give you a little bit more insight. We would be happy to work with you on this issue.

Mr. LYNCH. Please. Thank you.

Ms. BERRICK. As you mentioned, there is an initiative within the Defense Department to look more closely at information they allow to go into the public domain, and we are certainly experiencing that on our products when we send them to the Department for a sensitivity review. Just earlier this week we issued a public version of a classified report on DOD’s first deployment of the F-35 to Japan that identified some significant issues that are in the classified domain.

I will make a couple of points. First, as we can certainly still brief you all and the congressional staff on the results of our classified work given that they have clearances, so we will continue to do that. We also have been asked, given this concern, to look specifically at classification within the intelligence community, how they are handling that for the intelligence agencies, half of which fall into the Defense Department. So we will be looking at that in detail and providing recommendations to you all. In my experience as well, this tends to ebb and flow as Congress raises concerns, as
the press asks more questions. We will see what, if any, changes the Department makes.

Mr. LYNCH. Thank you.

I do have a classified briefing in the SCIF tomorrow afternoon with the Special Inspector for Afghan Reconstruction, but obviously I can't discuss that with my constituents, and they are paying the bills.

But thank you both for your wonderful work. I really appreciate it. Thank you.

I yield back.

Mr. RUSSELL. The gentleman yields back.

I now recognize the gentleman from South Carolina.

Mr. SANFORD. I thank the Chair.

I am going to get into questions in just a moment on both VA medical supply and DOD headquarters reductions and workforce requirements based on that not really being covered thus far in the hearing. I would love to hear your thoughts on both of those.

But before I do, I am just struck by the fact that Milton Friedman once observed that the only way to make government more efficient was to make it smaller, that fundamental to the democratic process was inefficiency. If we wanted efficiency, we would go out and get a king or a dictator. They can be quite efficient. We would lose the open political system, but the back and forth, one man's gold is another man's dirt, and vice versa, that there is just built-in inefficiency.

So I am just struck in reading this report, when you talk about tens and tens and tens of billions of dollars of discovered waste, and that is not even the undiscovered portion that might be out there—was Milton Friedman right?

Mr. DODARO. Well, I am not an economist by training, but I am an auditor, and I have been a student of government for 45 years, and I would say that when things don't work in the government, a new thing is created, and the old thing remains. That cumulative process over time adds clearly to the inefficiencies in government operations, and there is a lack of attention to routinely addressing these issues both in the executive branch and in the legislative branch. I think both branches can do much more to make government more efficient, and we are happy to help in that regard.

Mr. SANFORD. And I appreciate your work on that front. So I will take that as a yes, that Milton Friedman was right, that ultimately an important measure toward making government more efficient is, in fact, making it smaller, because indeed you used the word “built-in.” There are built-in inefficiencies, and I think we all acknowledge those in looking at this process.

Getting down into the weeds, in the few minutes that I have, I don't know what you would rather stress, but I would love to get your thoughts on both the VA medical supply, given its importance to a lot of veterans out there, and/or DOD headquarters, going back to how you just framed it, that oftentimes we come up with the new but we still leave the old. Some of the headquarters are redundant from a need standpoint, thoughts on that as well. I would be curious to hear thoughts on both of those.

Mr. DODARO. Sure. First on the VA medical and surgical supplies area, they started an initiative that was intended to save about
$150 billion, and this was to consolidate purchasing across all their medical centers. But they limited the number of items that they wanted to collect, they had no over-arching strategy, they were supposed to involve the clinicians in deciding how to do this and they didn’t do that as much as they should have, and thus they weren’t very successful with their initiative.

So we made a number of recommendations on how to address that and actually achieve some of those savings. So they are starting to move out, adding more commodities that could be made. The VA medical centers operate in a very decentralized operation, and certainly consolidating purchasing power across a regional and a national basis would save tens of billions of dollars over there in those supplies and operations, but you have to have an organized, stable leadership and approach to realize those savings over time.

So I think we are trying to get them into a better path now, but it will require a lot of follow-up to achieve those savings.

Mr. Sanford. Can I be really rude? Just because I am down to a minute and 7 seconds.

Mr. Dodaro. Okay, yes.

Mr. Sanford. I would love if you would quickly address the other, as well.

Mr. Dodaro. Yes, I was. I was just going to move to that.

Mr. Sanford. Okay, I’m sorry.

Mr. Dodaro. We are in the same cadence.

Headquarters consolidation at DOD, a lot of money there. What we found was that DOD set a goal to reduce it by 20 percent, but our question was 20 percent of what? You really didn’t have a good definition, a good baseline figure. So they need to have more figures. They don’t have a good accounting for how many contractors they have at DOD. So we have said, look, if you want to have that goal, you need a better strategy. You have to set a baseline, you have to track it over time, you have to identify what kind of workforce mix you really want in terms of military/civilian and contract support activities. So they are focused on trying to improve and gain efficiencies in that area. We are giving them continuing advice.

Mr. Sanford. Thank you again for your work.

Mr. Chairman, I yield back.

Mr. Russell. I thank the gentleman.

The Chair now recognizes the gentleman from California, Mr. DeSaulnier, for 5 minutes.

Mr. DeSaulnier. Thank you, Mr. Chairman.

I have two subject areas. Hopefully I can get to both of them. One of them I don’t have great expertise on. I will offer that to you, and I hope you can respond to it.

So, in a 2017 GAO report on the DOE and how it deals with nuclear waste, there was a quote that said “tens of billions of dollars by adapting alternative approaches to treat a portion of its low-activity radioactive waste.” Most of this is done at two sites, Savannah and Washington. I would just like to know, without trying to go through the details and trying to express expertise in a technical matter that I am not familiar with, whether the DOE is responding to your suggestions to go with one type rather than the one that is more costly.
Mr. DODARO. Yes. Actually, congressional action will be needed to help them in that area. Congress has acted to allow the waste, the low-level nuclear waste at Savannah River, to be treated in a different manner. So they can actually use grout, which is cement, basically. At Hanford, everything is to be treated as high level, which means it needs to be vitrified, vitrification, turned into glass, basically, and then stored in that way. That is a process that hasn’t been perfected. They are still working on that, and some of that will need to be done that way at Hanford.

But there is this supplemental low-activity waste that they don’t really have a strategy for yet, and we think they could use grout to do that. It could save a lot of money, tens of billions of dollars, and it could be done faster. Since Congress set the policy at Hanford, the technologies have improved. We convened an expert panel to help us in that area, so we think Congress should give DOE the flexibility to do that. It will treat that supplemental low-activity waste faster and cheaper.

Mr. DESAULNIER. And DOE, in your discussions, is not arguing with your findings?

Mr. DODARO. Mark is our expert here.

Mr. GAFFIGAN. They have not argued with that. In fact, I think they would like the flexibility to do that. There are 54 million gallons of this waste at Hanford. None of it has been treated. They have spent almost $19 billion so far. Only 5 million of that is high level, and to vitrify it all is not necessary according to the experts. We are not experts on all this stuff either, but we convened a National Academy panel, as Mr. Dodaro said, in May of 2016, and they agreed that some of that waste could be treated with the grouting.

Mr. DESAULNIER. So literally, they are waiting for congressional

Mr. GAFFIGAN. They want that, because they have a commitment to vitrify about a third, up to half of the total waste, but the other waste, the supplemental, they haven’t made a decision yet on. They would like that option, the flexibility, to go either way.

Mr. DESAULNIER. Okay. And on a totally separate subject, and I know there have been a lot of questions about DOD but I just wanted to get an understanding of where your role might be in the future. My interest was piqued when we had a hearing with the business advisory group and people who have dealt with DOD oversight on a financial level for a long time. They had McKenzie do a very basic oversight. They identified what they believed was $125 billion of waste. So given it is our biggest department, given concerns about procurement that you have talked about, the technical levels of really good investments but letting the public know the cost/benefit for these investments in a world that is changing, and the back of the office things that McKenzie identified, and on top of that then having the first full audit that the IG is looking at.

So my concern is I know your roles are different, but to the degree that you all are responsible for identifying waste and more efficiency, how do we, hopefully, get more accountability into the DOD? How do you see your role being able to support the IG’s efforts and the advisory board’s efforts?
Mr. DODARO. Well, first of all, with regard to the financial audit, our responsibility is to audit the financial statements of the Federal Government. We have created a network across the government where the Inspector Generals have responsibility for doing the individual audits. We review their work. We agree on a methodology. We stay in contact with them. So we use their work to help us make our audit of the overall statements of the Federal Government.

Some parts of the Federal Government we do ourselves. We do all revenue collection, all the debt, auditing all the debt, which unfortunately is the largest item on our balance sheet, but that is a separate hearing ——

Mr. DeSAULNIER. If I could interrupt, that is sort of what I am getting at. Since this is new, this full financial audit, you will have some responsibility for overseeing that so that is done on the appropriate timeline, and there was best practices asserted in that.

Mr. DODARO. Oh, yes. We have regular meetings with the independent auditors that have been hired for the services and with DOD IG. I have met with Glenn Fine, the Acting IG. We are very involved. We have a clear delineation of roles and responsibilities. But GAO definitely has a role to play and responsibilities in that area.

On the other business systems in DOD, about one-third of our high-risk areas are DOD business practices—weapons systems acquisition, contract management, inventory management, supply chain operations, infrastructure. We are also reviewing their new management approaches. They have a new chief management officer now. That is something we have recommended for years that they put in place. I am meeting tomorrow with the new person who has been in that area. I have met with the Deputy Secretary of Defense. I have met with all three service secretaries. I have met with the comptroller over there. So we are very involved in trying to help them achieve some of those savings.

On the Defense Business Board, I am an observer on that board, so I know what they are doing, and they use a lot of our work to do their studies.

Mr. DeSAULNIER. Thank you. I appreciate that.

Mr. DODARO. Sure.

Mr. DeSAULNIER. Thank you, Mr. Chairman. I yield back.

Mr. RUSSELL. The gentleman yields back.

We appreciate the depth of expertise that all of our witnesses have.

To drill down more on the Hanford versus Savannah River, in your report this is really the big-ticket item, tens of billions, $40 billion. Just kind of doing the math between facilities, it might be built, might not be built, processes that occurred, those are huge sums.

So DOE, as I understand it, then, has no current authority bound by law. It would take congressional action for them to make a decision on vitrification versus grout. Is that correct?

Mr. GAFFIGAN. Yes. They have an order where they have treated some waste at other sites through the grouting process. But back in 2002 they were challenged in court, and they sought clarifica-
tion. So in 2004, the Congress clarified that, yes, they did have that authority for everywhere except Hanford.

Mr. RUSSELL. Why was it left out?

Mr. GAFFIGAN. Because Hanford at that time was not convinced—the State of Washington, of course, is also a player here—was not convinced that the technology was as good. They had some concerns, for example, that DOE did grouting at Rocky Flats outside of Denver, Colorado in the early ’90s, and it fell apart. In fact, when I first started my career almost 30 years ago, I did some of that work. But they have gotten better at that, and some of the technologies have improved. So we think it is an option, and at Savannah they have grouted 4 million gallons of the low-level waste successfully, as well as 4 million of the high-level waste.

Mr. RUSSELL. And not had the legal challenges or ——

Mr. GAFFIGAN. They had the authority clarified by Congress in 2004, and they have successfully done that.

Mr. RUSSELL. I see. So if the committee or others, if we were to take congressional action, then it would need to specifically name Hanford as being on the same par?

Mr. GAFFIGAN. It would clarify that for them, yes.

Mr. RUSSELL. What legal hurdles do you think that would face?

Mr. DODARO. I don't think there would be legal or ——

Mr. RUSSELL. Because the other facilities are using this.

Mr. DODARO. Yes, right. You already have precedent at Savannah River. I think, of course, the congressional delegation from Washington needs to be involved in the process because there are other perception issues that need to be dealt with there. I think this evolved with good people making the best decisions at the time and the maturity of the technology at the time. But the maturity of the technologies involved now is a different issue, so I think Congress could take a different approach.

One area we added to the high-risk list with the last update was environmental liabilities for the Federal Government. Reported estimates now to clean up nuclear waste in these other areas are approaching a half a trillion dollars. We are spending tens of billions of dollars every year to clean up this activity, but the liability keeps growing, as opposed to going down. So there needs to be risk-based, cost-effective strategies put in place, and that is why we suggested this particular issue at Hanford be revisited.

Mr. RUSSELL. And I think that is an excellent recommendation. In fact, if this committee were to do nothing else other than save $40 billion in the course of this term, we would be doing great service to the republic.

With regard to other big-ticket items, $16.2 billion paid in fraudulent EIC payments, $1.7 billion paid in identity theft fraud. It is one thing to have duplication and fragmentation, but to pay thieves and just calling it improper payments is not only improper but it is an insult to every single taxpayer that is out there.

Can you speak to any of your recommendations where delays of payments could help buy time to give proper identification and catch these frauds and prevent it? And then you have those who say, oh, no, no, no, you can’t do that because we don’t want to affect the economy and people want their refunds. Well, as an American taxpayer, I think anyone out there, would you accept a
slight delay in your refund so that the thief next door is not taking somebody else’s money? I think most Americans would be amenable to that. But can you speak to that for a moment?

Mr. DODARO. Oh, sure, I would be happy to. When identity theft first came on the scene, in addition to the Earned Income Tax Credit problem that they have with fraud and abuse—first of all, tax administration has been on our high-risk list since it was created back in the 1990s. So it has been a problem for a long time.

Now, what we recommended to the Congress was that the IRS get W–2s from employers earlier in the process. They are processing tax returns in February and March largely, starting maybe even earlier than that, but they weren’t getting the W–2s until April. So the crooks file early, okay?

Mr. RUSSELL. Sure, in January get a refund, be gone, and the actual person files.

Mr. DODARO. Yes. So Congress acted on our recommendation. They implemented it. The W–2s now come in earlier, except there are still a lot that come in in paper form that they can’t process quickly enough. So we have recommendations to encourage Congress to mandate more electronic filing of W–2s from employers. Right now the threshold is set at 250 employees. We think it could be done at 10 in that area. IRS's own estimates are that they could save $300 million by delaying it a couple of weeks to do that.

Now, I think we have suggested IRS do a cost/benefit analysis and share it with the Congress and see if we can get agreement. I think you could have a phased approach over time that allows them to delay the returns until more electronic information can come in, and then I think over time if you can get more electronic information in, they can get their systems up to date, they won’t need the extra time in that approach. So that is kind of what we are looking at.

Mr. RUSSELL. And we really need to assist in these findings. Your previous recommendations have helped, but we see, as technology advances, there are a lot of crooks that leverage it, and the IRS is not the favorite agency of the American public, but we need to try to help them with the right tools and have the public respond, and Congress certainly needs to take the lead on that.

I am out of time for my initial round of questions.

I would like to recognize the gentle lady from New York, and then if we have time available we will go to a couple of additional questions.

The gentle lady is recognized.

Ms. MAHONEY. Thank you so much.

Welcome, and thank you so much for everything that GAO does for the people of America.

I want to talk to you about the boat stations of the Coast Guard and your report on them. The Coast Guard’s mandate is to prevent the loss of life, injury, and property damage in the maritime environment through its search and rescue efforts. It maintains over 200 stations with some combination of boats and helicopters along the U.S. coastline, and we are extremely grateful and appreciative of the hard work and sacrifice of these men and women in the Coast Guard.
But this year's report highlights a 2017 GAO report on actions needed for the U.S. Coast Guard to close stations that are identified as overlapping and being a duplication. Are you familiar with this report?

Mr. DODARO. I am.

Ms. MAHONEY. And the GAO found in your report that the Coast Guard has a sound process for analyzing the boat stations, and following this process the Coast Guard and its contractor wrote, and I quote, that they “identified 18 unnecessarily duplicative boat stations with overlapping coverage that could be permanently closed without negatively affecting their ability to meet the two-hour response and search time.” Are you familiar with these findings?

Mr. DODARO. Yes, I am.

Ms. MAHONEY. And in 2017, GAO reported that the Coast Guard’s leadership still believed that these findings were valid. Is that true?

Mr. DODARO. Yes.

Ms. MAHONEY. So closing the unnecessary duplication of stations could save up to $290 million, they say. That is a lot of money over 30 years.

So, Mr. Dodaro, if that is true, then why are these duplicative stations still open?

Mr. DODARO. There has been some resistance from the local communities, and there has been some resistance in the Congress as a result of that, and that has prevented it from being closed so far.

Now, the one thing I would want to point out, in addition to the savings, there is an important operational aspect that the Coast Guard points out, and that is the fact that because so many of these stations aren’t as actively busy, people aren’t getting the training necessary to stay up to speed. We raised this issue at the Navy about not adequately having time for training, and as a result, partly as a result of that, they had some accidents with their operations over time. They need to have proper training.

So, to me, this is not only saving money but allowing the Coast Guard people, who we have great respect for as well, allow their people to get proper training. So I would encourage Congress to allow the closure of these stations.

Ms. MAHONEY. Well, I had one closed in my district. Of course, no one liked to see it closed. It was a popular service that was in the district I am privileged to represent, but we closed it because it was no longer needed. We haven't closed any of these since 1988.

What are the obstacles that stop these things from being closed?

Mr. DODARO. I will ask George Scott, our expert in this area, to address that, Congresswoman.

Mr. SCOTT. Thank you. As we reported last year, the Coast Guard has a sound, rigorous process for identifying which stations to close. Since 1973, they have made eight attempts to close a series of stations, and as the Comptroller General pointed out, in each instance either there has been opposition at the local level and/or congressional intervention which has prevented the Coast Guard from following through on making the closures.

One of the points we make and that Gene made as well, it is not just about saving money but there are also operational impacts.
For example, the Coast Guard spent over $2 million to repair a station a few years ago damaged by Hurricane Sandy that was on the closure list. So again, in addition to diverting resources from existing stations, we are actually spending money that we wouldn’t have to spend if they were allowed to move forward with closing those stations.

I actually sort of view this as a good news story. If Congress does nothing, no action is actually needed, then the Coast Guard can actually follow through with its plan to move forward with closing these stations. And we also made recommendations for the Coast Guard to, once they have a plan in place with the timeframes to close these stations, that they also turn their attention to some air stations where there is also some potential duplication and overlap in air stations. They are not quite as far along in their process yet, but I think allowing them to move forward with this first round of closures will really set the stage for them to follow through with potential analysis of closing duplicative air stations as well.

Ms. MAHONEY. This seems ridiculous that they have identified unnecessary facilities that are costing $260 million. I remember when we had this problem with the military bases. We had a bipartisan effort where we did a bill that once the Commission came back and said that these bases had to be closed, Congress no longer had a role in it, it had to be closed, and maybe that is what we have to do here. Everybody is going to fight for services that are in their community. That is our job. So if they are trying to close something in a community, it is jobs, it is activity, it is economic activity in the area, it is going to be fought tooth and nail by members of Congress.

So I respectfully request the Chairman to look at the base closing bill and see if maybe we need to do the same thing with the Coast Guard stations, because we are incapable of closing something that has been there for a number of years and that people like, even though it is not needed, is unnecessary, and is wasting taxpayer funds, especially when you say they are being repaired when they are not even being used. It is sort of ridiculous.

Anyway, my time is up, and I thank you for yielding to me, and thank you very much. Good to see you again.

Mr. RUSSELL. The gentle lady yields back.

The Chair now recognizes Mr. Palmer for some follow-up.

Mr. PALMER. I will be brief.

In the supplemental security income, you identify a 40 percent increase in individuals under age 18. Is there any insight into the cause of this increase?

Mr. DODARO. I believe most of the increase, a big part of it, has been in children.

Go ahead, Barb. The question was about the 40 percent increase in Social Security SSI population benefits and what is driving the increase.

Mr. PALMER. The supplemental security income, you have a 40 percent increase in the number of children, 14 to 17 I think, 14 to 18. Any insight into why we had that increase? What are people claiming they are qualified for?

Ms. BOVJÆRG. Well, we are confirming that qualification. That is not just applications. That is how many people have come on the
rolls. So there are more children with disabilities. We think that increasingly people are better able to recognize what may be happening with their child.

Mr. PALMER. So it is better diagnostic techniques?

Ms. BOVBJERG. Yes, and when they are in school, for example, there is the disability program in public schools where schools are required to pay attention and to identify children with disabilities. So I think there is a great sensitivity.

Mr. PALMER. Okay. On the Earned Income Tax Credit, you talked about delaying the payment for a couple of weeks. Do you think that would help with reducing the improper payments, the $16 billion in improper payments on the Earned Income Tax Credit?

Mr. DODARO. I think it could because it could allow more time for the auditing to be done. They can increase the auditing for the Earned Income Tax Credit as well. What we are suggesting is you could delay them for everybody, all types of returns ——

Mr. PALMER. Yes, you don't single anybody out.

Mr. DODARO. Right, right. But while you are doing that, you could audit more of the EITC returns and hopefully identify additional ones that should not be paid. So it could help with the improper payments in the EITC, as well as prevent identity theft.

Mr. PALMER. And my last question is on Medicare Advantage. GAO made five recommendations, none of which have been implemented, including one priority recommendation. Do you have any communication between Medicare and GAO on that and any explanation for why they have not implemented these recommendations, particularly the one priority recommendation?

Mr. DODARO. Yes. I met with Seema Verma, who is the Administrator for the Centers for Medicare and Medicaid Services. I met with Secretary Price before he left, and I am going to meet with the new secretary as well. We are now meeting on a quarterly basis with them to go over all open recommendations in GAO.

Ms. Clowers can give a more specific update.

Mr. PALMER. Let me just ask this: If those recommendations were implemented, would it have any impact on reducing the improper payments, the $14 billion in improper payments?

Ms. Clowers. It would certainly result in cost savings. We estimate billions of dollars each year if they would fully implement our recommendations on the Medicare Advantage payments, which is really the coding. They need better adjustments between what they pay in Medicare fee-for-service and making coding adjustments when they translate to the payments under Medicare Advantage. They have taken some steps in making those adjustments, but we think the adjustments are still too low. If they got better data, more updated data to help make those coding adjustments, they will make significant savings.

Mr. PALMER. My last question on that is, is this an issue of antiquated data systems, or is it—I mean, I don't understand why, particularly when one is a priority, that they haven't acted on this. And again, considering the magnitude of savings that could be achieved.

Mr. DODARO. It just causes them to—there is no limitation on it. We did it. You just need to get updated information. It is just that
they don’t want to change the process that they have in place is my feeling, and we are trying to continue to persuade them that they need to change and that it will result in billions in savings.

Mr. PALMER. I was afraid that that would be the answer.

Mr. Chairman, I yield back. Thank you for indulging me another round of questions.

Mr. RUSSELL. I appreciate the questions.

The gentleman yields back.

I want to thank the witnesses and thank you, Mr. Dodaro, for your great work. And I also want to point out for the record that you lead by example. In a conversation that we had prior to this hearing, you had mentioned a figure of the money that you turned back to the government. And what was that figure?

Mr. DODARO. Last year, as a result of our work and Congress’ actions on it and the executive branch, over $73 billion in financial benefits occurred. That is $128 back for every $1 invested in GAO.

Mr. RUSSELL. This shows government the way it should function and the way it should work. I thoroughly believe if we doubled the size of our auditors and doubled the size of our Inspectors General, we could get at a lot of the country’s problems right there. But, as has been pointed out in this hearing, we have a responsibility to act, or maybe in the case of the Coast Guard to not act if they have authority, right?

But I think it does mention something that has also been raised in this hearing by the gentleman from Virginia, Mr. Connolly, that it is probably incumbent upon us to do more of a touch. What we see is the GAO and the Department of the IG, they reach out continually, but it is probably incumbent upon us to do more of a touch and a line of action, and you have certainly given us some crucial areas today where we could take some action in a bipartisan fashion to get at many of these problems.

I am very grateful for all of the hard work that each of you do. A lot of times it is thankless work, and unadvertised, but it shows true public servants to our great country, so I am very, very grateful to each of you for the work that you do.

The hearing record will remain open for two weeks for any member to submit a written opening statement or questions for the record.

If there is no further business, without objection, the committee stands adjourned. Thank you.

[Whereupon, at 11:53 a.m., the committee was adjourned.]