

# GAO's 2019 High Risk Report

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HEARING  
BEFORE THE  
COMMITTEE ON  
OVERSIGHT AND REFORM  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED SIXTEENTH CONGRESS

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## GAO'S 2019 HIGH RISK REPORT

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Wednesday, March 6, 2019

HOUSE OF REPRESENTATIVES  
COMMITTEE ON OVERSIGHT AND REFORM  
*Washington, D.C.*

The committee met, pursuant to notice, at 2:39 p.m., in room 2154, Rayburn House Office Building, Hon. Elijah Cummings (chairman of the committee) presiding.

Present: Representatives Cummings, Maloney, Norton, Clay, Lynch, Cooper, Connolly, Krishnamoorthi, Raskin, Rouda, Hill, Wasserman Schultz, Kelly, DeSaulnier, Plaskett, Gomez, Ocasio-Cortez, Pressley, Tlaib, Jordan, Amash, Meadows, Hice, Grothman, Comer, Cloud, Gibbs, Higgins, Norman, Miller, Green, Armstrong, and Steube.

Chairman CUMMINGS. The committee will come to order.

Without objection, the chair is authorized to declare a recess of the committee at any time.

The full committee hearing is convening to review the GAO 2019 high risk report.

I now recognize myself for five minutes.

Good afternoon. Today, the committee is pleased to welcome Gene Dodaro, the Comptroller General of the United States and head of the Government Accountability Office.

Mr. Dodaro is here to discuss GAO's high risk report. GAO issues this report at the beginning of each Congress to highlight programs that are most vulnerable to waste, fraud, abuse, and mismanagement. The high risk report also recommends solutions to save taxpayer funds, improve public services, and hold our government accountable.

Over the past 13 years, improvement to high risk programs have saved us nearly \$350 billion, or about \$27 billion a year. Improving high risk programs can have a very real effect on Americans' lives. If implemented correctly, this year's recommendations would improve healthcare for veterans, protect Americans from toxic chemicals, make our food safer, and help stem the deadly tide of opioid addiction, which we will be addressing tomorrow.

And, Mr. Dodaro, I want to thank you from the bottom of my heart, and I want to thank all the people that are here with you and those that in your office for all the hard work that you do in a very nonpartisan way and the professionalism that you all bring to the job. We know that when you issue a report, you dot your i's, you cross your t's, and you give us information that is indeed usable. And so, on behalf of a grateful Congress, I thank you.

Today, we will discuss many issues, and I'd like to highlight a few. And I want you to listen up, because this is important information.

First, inaction on climate change. Perhaps the most concerning issue in this year's report relates to climate change. According to this report, the Trump administration, and I quote—I didn't say this; GAO said this—"has not made measurable progress since 2017 to reduce its fiscal exposure to climate change and, in some cases, has revoked prior policies designed to do so," end of quote.

Instead of confronting this existential threat with science and ingenuity, the President is denying the threat and the problem exists and it continues. He revoked President Obama's Climate Action Plan and is now creating a new White House panel to counter the idea that burning fossil fuels is harming the planet.

Inadequate strategy for cybersecurity. Today's report also warns that the Trump administration lacks a comprehensive strategy to address cybersecurity threats across Federal Government.

Inexplicably, the President eliminated the Cybersecurity Coordinator position at the White House last year—these are the facts—leaving our Federal Government without any White House leader devoted to protecting us with regard to cybersecurity.

The GAO report calls on Federal agencies to take, quote, "urgent actions," end of quote, to address this threat, which could affect our Nation's most closely held secrets, our energy grid, our banks, our communications systems, and nearly every aspect of Americans' lives.

Today's report also warns that the Trump administration, quote, "has not established measures to ensure the quality of background investigations and adjudications," end of quote, for security clearances and faces—listen to this one—and faces a current backlog of 565,000 security clearance applications. Let that sink in.

Instead of fixing these problems, the President, unfortunately, has undermined the security clearance process. According to recent reports, he ignored the concerns of his own White House advisors, career national security officials, to give his son-in-law, Jared Kushner, a security clearance.

Today's report also highlights the risks facing the upcoming census, which is of special interest to our committee. The report highlights the rising costs, hundreds of unresolved security weaknesses, a scaled-back testing under the Trump administration that, quote, "increases the risk that innovations in IT systems will not function as intended during the 2020 census," end of quote. I didn't say that; GAO said it.

Today's report also highlights the epidemic of drug addiction in this country, which is one of this committee's highest priorities.

According to the Centers for Disease Control and Prevention, 70,000—70,000 people—the number of people that will fit into Ravens stadium in my district—70,000 Americans, died from drug overdoses in 2017. About 191 people die every day in this country.

Yet the President had no—no—national drug control strategy or White House Drug Czar for the past two years. The GAO has identified this as a, quote, "emerging issue requiring close attention," end of quote.

We're holding a hearing on this topic tomorrow with the Director of the Office of National Drug Control Policy and experts from GAO.

Today's report provides a roadmap for improving our Federal Government, but GAO's recommendations can be turned into effective reforms only with the cooperation and leadership from the President and executive branch agencies. Unfortunately, President Trump and the White House have refused to even cooperate with GAO—refusing to cooperate with them—so they can get—I want you to talk about that, because that's important.

If we can't get information, we can't do our job. If we can't get information, we can't hold the executive branch accountable, which we have sworn to do and which is mandated under the Constitution of the United States of America.

Last year, GAO sent an extraordinary letter to the White House Counsel expressing concern that White House officials quote—listen to this—“would not respond to inquiries or otherwise engage with GAO staff during the course of our reviews.” Wow. The letter noted, and I quote, “This approach represents a clear departure from past practice,” end of quote.

Nevertheless, the obstruction has continued. Last month, GAO issued a report finding the President spent \$13.6 million of taxpayer money on trips to Mar-a-Lago. The White House refused—refused—to provide any information to assist with GAO's review.

The GAO is part of the legislative branch, and the White House refusing to cooperate with GAO's request is an insult to this Congress. We will be following up directly with the White House, of course.

I look forward to hearing today from Mr. Dodaro on each of these issues and many others. I also look forward to continuing to work closely with GAO and our colleagues to hold our Federal Government accountable to the American people.

And, with that, I yield to the distinguished ranking member of our committee, Mr. Jordan of Ohio.

[Prepared Statement of Chairman Cummings is available on: follows: <https://oversight.house.gov/legislation/hearings/gaos-2019-high-risk-report>]

Mr. JORDAN. Thank you, Mr. Chairman. Thank you for holding this hearing.

Mr. Dodaro, good to see you again. You've been here numerous times over the years, and we appreciate your work and you taking the time to brief us today.

The purpose of today's hearing is to examine government programs that the Government Accountability Office has determined as, quote, “high risk”—that is, programs that are faulty and risk substantial loss of taxpayer money.

“Substantial” means at risk of losing at least a minimum of \$1 billion. That certainly is a lot of money, but it is still an out-of-date figure. There are so many big government programs that now meet this threshold that GAO cannot solely rely on that criteria.

This topic is at the core of this committee's mission. It is oversight of Federal dollars and the examination of mismanagement by the government.

As you have said before, Mr. Chairman, this committee should focus on the issues that affect the American people every single day, not those that only serve to fill campaign war chests. What we have gathered here today to discuss is just that—examples of waste, fraud, and abuse that affect everyday Americans.

The list should be our marching orders. Thirty-five examples of government inefficiency. Unfortunately, many of these are not new to us. Five who have been included on the list since its conception in 1990. There are some agencies that just—they got on and they have never got off.

Overall, only 26 programs have ever been removed. Congressional oversight is the central theme to success, and congressional oversight has led to over \$350 billion being saved over the last decade.

It's not as if it is extremely difficult for a program to be removed from the list. GAO clearly outlines what needs to be done to achieve their objective. And this hearing should help us better understand these recommendations to ensure programs are removed.

With hundreds of recommendations still open, it is clear that the convoluted and extensive bureaucracy accepts the status quo. Agencies and Congress must do better, and there is much to be done.

Progress has been palpable since the new administration took office, especially at the Department of Defense. Two DOD programs were removed, including one, supply chain management, that had been on the list since 1990. So there's one who made it. Been there forever in our Defense Department and now no longer on the high risk list.

Supply chain management is simply knowing how much stuff to buy and where it is. This has been an issue for 30 years. Removing this is an impressive step for this administration and will lead to a safer, more secure, and more efficient military.

In the past two years, another three DOD programs have improved, and I am encouraged by these improvements, but I'm also aware that this is just the beginning. Federal agencies continue to mismanage and waste money of hardworking Americans that we all get the privilege of representing.

Finally, I look forward to our discussion today and continued progress, but I'd also point out that I think this is exactly what this committee is supposed to do. Even though we've taken "government" out of the name of the committee, we are supposed to provide oversight of government agencies. This goes to the heart and the soul and the core of what the Oversight—Government Oversight Committee is supposed to be doing.

So, Mr. Chairman, again, I thank you for having us here today, and, Mr. Dodaro, for your testimony.

And, with that, I yield back.

[Prepared Statement of Mr. Jordan is available on: <https://oversight.house.gov/legislation/hearings/gaos-2019-high-risk-report> ]

Chairman CUMMINGS. Thank you very much.

Now I want to welcome the Honorable Gene Dodaro, and I want to thank him again for participating in today's hearing.

Comptroller General Dodaro, if you and your staff would please rise, I will begin by swearing you in.

Do you swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Thank you very much. You may be seated.

Let the record show that the witnesses answered in the affirmative.

I want to thank you very much. The microphones are sensitive, so please speak directly into them. Without objection, your written statement will be made part of the record.

With that, Comptroller General Dodaro, you are now recognized to give an oral presentation of your testimony.

**STATEMENT OF THE HON. GENE L. DODARO, COMPTROLLER  
GENERAL OF THE UNITED STATES, GOVERNMENT AC-  
COUNTABILITY OFFICE**

Mr. DODARO. Thank you very much, Mr. Chairman. Good afternoon to you, Ranking Member Congressman Jordan, members of the committee. It's a pleasure to be here to discuss the latest update to GAO's High Risk List.

This high risk program continues to be a valuable congressional tool for oversight and produces tangible benefits for the American people, as both, Mr. Chairman, you and Ranking Member Jordan outlined in your opening statements.

I'm pleased to report that, of the 35 areas, 7 have made progress since our last update in 2017. Four of the seven, Congressman Jordan, were DOD areas. I'm pleased with the management team over there. They're doing a good job addressing some of these issues.

Two have progressed far enough for us to take them off the list. DOD supply chain management. As a result of improvements, there are millions of dollars being saved now in inventory management, asset visibility, material distribution. And it's improved DOD's ability to carry out its mission, because it needs to have the supplies at the right time at the right place to do a good job.

The other area is mitigating gaps in weather satellites. We were very concerned about this years ago because it would diminish the ability to get long-term and short-term weather forecasts, which are so necessary to protect life and property.

As a result of being on the High Risk List and actions taken by the Congress, NOAA has launched a new satellite, and it's already operational, and it's producing better weather information than what we've had before. And DOD, which operates the other polar orbiting satellite, is scheduled to release a new satellite within the next couple years. So this is back on track.

Now, unfortunately, many of the areas on that 35 list haven't really changed that much since our last update in 2017. There have been some improvements but not enough to change the rating against our five criteria for coming off the list, which are leadership commitment, the ability to have the capacity, the resources, and the people, have an action plan with milestones and measures to do a monitoring effort, and actually demonstrate some progress in that area.

Three areas have regressed, which we're concerned about. One is NASA's acquisitions. Second is EPA's assessments of toxic chemi-

cals. And the third is limiting the Federal Government's fiscal exposure by better managing climate-change risk.

Now, we have added two areas in the update. One is governmentwide personnel security clearances, as has been mentioned. We added that in January 2018, and at that time the backlog was 700,000. So the backlog has been lowered to 565,000 now, so we're making some progress in that regard.

Second, what we're adding today is the acquisition programs at the Veterans Administration, their outdated policies and practices. They haven't been able to save a lot of money. It's one of the largest procurement budgets in the government. Many purchases are being made under emergency situations when they should be able to more routinely identify what kind of medical supplies and services that they need for the hospital. So that's an important area.

There are a number of areas that I want to single out for this committee that I think are very important.

One is the Pension Benefit Guarantee Corporation. The multi-employer portion of that pension system is likely to be insolvent by 2025. That means about 11 million Americans will only be able to likely receive \$2,000 a year for a pension. This is not adequate, so that's a big problem.

Second is the Federal role in housing finance. Fannie Mae and Freddie Mac are still under Federal conservatorship from the global financial crisis. Ginnie Mae's portfolio now is over \$2 trillion. The FHA portfolio is \$1.2 trillion. A lot of lending now is made by non-banks, which are not very well regulated, and all the risk has moved to the Federal Government. Seventy-one percent of the loans now for individual mortgages are supported by the Federal Government either directly or indirectly.

Cybersecurity needs to be addressed. We did a special update last year, and we testified before two subcommittees of this committee on the urgent actions that are needed to be required in that area.

Veterans' healthcare remains a problematic area, as well as a lot of improper payments across Medicare, Medicaid; the earned income tax credit; and, of course, the tax gap, which is very significant.

So I thank you for the opportunity to be here, Mr. Chairman, and I look forward to answering all your questions.

[For Prepared Statement of Mr. Dodaro, see Appendix:]

Chairman CUMMINGS. Thank you very much.

I will now yield to Mr. Rouda for five minutes.

Mr. ROUDA. Thank you.

Mr. Dodaro, I wanted to ask you about one of those most important issues addressed in the GAO's high risk report, climate change.

Over the past two years, the U.S. Global Change Research Program released its "Fourth National Climate Assessment," which is the Federal Government's definitive statement on climate science. Volume I of the assessment confirmed that climate change is real, it is happening now, and humans are the primary cause.

Volume II looked at the serious impacts of climate change and projected that rising temperatures, flooding, and extreme weather caused by climate change will result in economic losses of, quote,

“hundreds of billions of dollars by the end of this century,” unquote.

Mr. Dodaro, do you agree that climate change is occurring?

Mr. DODARO. Our work relies on the Global Climate Change Research Program and the National Academy studies that have occurred that have concluded that climate change is having a significant effect on the economy and on environmental issues. And based on the result of that, that’s one of the reasons we added it to the High Risk List.

But our focus is on limiting the Federal Government’s fiscal exposure to climate change. You know, since 2005, the Federal Government’s had to outlay close to half a trillion dollars to recover from disasters. We believe there needs to be more focus on adaptation and resilience-building in the first place to mitigate these substantial disasters.

Mr. ROUDA. So talk about that in twofold: one, the cost of doing nothing, if you can talk a little bit about that—

Mr. DODARO. Sure.

Mr. ROUDA [continuing]. and the cost of actually doing something. Because my sense is it costs a lot less to do something versus doing nothing.

Mr. DODARO. The cost of inaction is sort of incalculable, but it’s very high. Let me put it that way.

The National Institute of Building Sciences has estimated that, for every dollar spent on hazard mitigation and resilience-building, it will save \$6 down the road. It also estimates every dollar spent to institute new international building code requirements could save \$11 down the road. So, clearly, there’s a lot of evidence to say that if you provide more money up front.

We’ve seen that very recently in the hurricanes that happened in 2017, and you see the difference between what happened to Florida compared to Puerto Rico. Florida was well-prepared. They had built a lot of resilience efforts in over the years. Puerto Rico really had not done that. And the devastation was, you know, almost complete in Puerto Rico, where Florida was able to recover, you know, with difficulty, obviously, but it makes a real difference.

With disasters predicted to be more frequent and more severe, the Federal Government needs to do this. That’s why we put this on in 2013.

Mr. ROUDA. Okay.

The Department of Defense has identified climate change as one of the top threats. And I’d like to ask you, how is climate change impacting our national security?

Mr. DODARO. Well, it’s twofold.

One is that it is affecting DOD’s own operations, both domestically and internationally. You know, a lot of their facilities are in coastal areas, and with rising sea levels, it poses difficulties. They’ve already had some experiences. The Hurricane Florence in 2018 caused over \$3 billion of damage to Camp Lejeune in North Carolina. Hurricane Michael caused the Air Force base down there over \$3 billion in damage. So it’s affecting DOD right now.

The other aspect, though, from the national security standpoint is how it might be changing global migration patterns and how droughts and other things might be destabilizing factors as it re-

lates to the social and economic and political status of countries—

Mr. ROUDA. Right.

Mr. DODARO [continuing]. which could then create some national security concerns.

Mr. ROUDA. Yes, there are some suggestions that if we do not combat climate change, at the current rate, that there will be 200 million climate-change refugees by the year 2050, the largest mass migration of human beings since World War II.

Let me ask you also about—as you know, we are the only country now not part of the Paris climate accord. And President Trump is apparently trying to set up a new White House panel, led by a climate denier, to counter the clear findings of the National Climate Assessment and National Threat Assessment.

Do you think that the White House panel that denies climate change will help the Federal Government better manage climate-change risk?

Mr. DODARO. Well, you know, we do our work based on facts. And this group hasn't met yet, and I don't know really much about it, so I, you know, reserve judgment until they produce something. The President certainly has a right to get advice from whoever he chooses. But there's a lot of studies already done by the Federal Government and the National Academy of Sciences. And so, you know—but I'll reserve judgment until they produce something.

Chairman CUMMINGS. The gentleman's time has—

Mr. ROUDA. Okay. For the sake of America and the rest of the country, thank you.

Chairman CUMMINGS. The gentleman's time has expired.

Mr. HICE.

Mr. HICE. Thank you, Mr. Chairman.

Before I get to my questions, I'd like to just take a moment, Mr. Chairman, to personally say thank you. I think we had a pretty contentious hearing last week, and I just want to say thank you for your leadership and how you led this committee with fairness and reasonableness.

Particularly as it related to Mr. Meadows, I just appreciate the way you handled that and really set a standard for this committee to deal with issues and not personalities. And I just felt it appropriate to publicly say thank you for your leadership in that regard.

Mr. Dodaro, thank you again for your leadership as well. It's always good to see you. Appreciate all that you do for the American people.

As you well know and mentioned a while ago, this committee has been active in the past dealing with cyber issues and the OPM and Equifax and all these types of issues that we've had.

In July of last year, we had a hearing with you about an interim high risk update on Federal cybersecurity, and we discussed in the nature of the cyber threat and the role of the U.S. Computer Emergency Readiness Teams.

Just curious how that is going, if we're seeing improvements.

Mr. DODARO. Yes, I'd like to bring up Nick Marinos, who's our cybersecurity expert in that area.

You know, still, there's a lot of room for improvement in this area. I'm very concerned about it. The actions might have been

being taken, but they're not being addressed with the sense of urgency I believe is needed.

But Nick can give you details, Congressman.

Mr. HICE. Okay.

Nick?

Mr. MARINOS. Mr. Congressman, I think we would say that, you know, as mentioned in our update last year, one of the four challenges that we highlighted was the important role and responsibility that Department of Homeland Security has for organizing Federal Government efforts to protect their systems from cybersecurity threats.

We have seen some progress, for example, in addressing many of the recommendations that we've made. We've made nearly 3,000 recommendations over the last 10 years related to cybersecurity issues. We've seen that number come from 1,000 down to 700. But that still represents a very substantial amount of work that has to be done.

Mr. HICE. So what is the holdup? Who's best to answer that? I mean, what's going on? Seven hundred, like you said, is still a lot. What's the issue?

Mr. DODARO. I just don't think there's enough management attention at the top levels of the departments and agencies of the Federal Government and across Federal Government to deal with this.

There are a lot of plans that are put in place—and I want to commend the administration; they've added some national strategies—but there's no detailed implementation plans of what kind of milestones, when are we going to have these fixes, how can we tell if we're making progress, what are the resources needed in order to address these issues.

You know, I put cybersecurity on the governmentwide High Risk List, first time we ever said anything governmentwide, in 1997. I mean, I've been on this quest for a long time.

We've expanded it to critical infrastructure protection, as the chairman mentioned, electricity grid, the markets. I mean, we have a big issue. Congress also needs to pass comprehensive privacy legislation, which we've recommended as well.

But in the Federal departments and agencies, year after year after year, there are the same material weaknesses in their information technology systems. Now, a lot of this is—a millstone around their neck—a lot of legacy systems. Of the \$90 billion every year spent on IT, 75 percent of it goes to support legacy systems. I mean, some of these systems have been around since the 1960's and 1970's, and so they inherently have vulnerabilities that address them. So we have to replace the legacy systems.

This committee's had some leadership in that area and the modernization fund. Now they have working capital funds with the intention of replacing legacy systems. And this committee's been focused on trying to make sure chief information officers have the proper authorities.

Mr. HICE. I share your concern. We have Fort Gordon, the Cyber Command headquarters, in our district, and this has become a huge issue to me as well.

Regarding, something a little different, the IRS dealing with so much sensitive taxpayer information, what's the latest on that front?

Mr. DODARO. Do you know?

Mr. MARINOS. With respect to the taxpayer information?

Mr. HICE. And the cybersecurity issue, the threat that's there.

Mr. MARINOS. With respect to IRS's own systems, we continue to see deficiencies as we do our annual evaluation of their financial statement activities.

And we recognize that taxpayer information represents a very important element in performing IRS's mission. It's personal information about every individual, and so it represents a significant risk. And so it does require IRS to be very careful with the actions it takes with respect to that data.

Chairman CUMMINGS. Thank you very much.

And, Mr. Hice, I thank you for your kind words. I really mean that.

Mr. Dodaro, I'm going to ask you a few questions.

GAO is an extension of Congress. You are Congress's investigative arm. Is that right?

Mr. DODARO. That's correct.

Chairman CUMMINGS. And we rely on you to do thorough and detailed reports and investigations like the one we are discussing today.

But your work and, by extension, our work is frustrated when you did not get the cooperation you need. So I want to ask you about multiple refusals by the Trump White House to respond to GAO's legitimate requests.

I have a letter here that was sent from the General Counsel at GAO, Thomas Armstrong, to the White House Counsel, Don McGahn. This letter was sent on May 9, 2018. It says this, and I quote:

"I write to express concern about the policy of certain White House officers regarding communication with the Government Accountability Office. Specifically, I understand that attorneys from your office and the National Security Council will not respond to inquiries or otherwise engage with the GAO staff during the course of our reviews. This approach represents a clear departure from past practice," end of quote.

Mr. Dodaro, I've been on this committee for 23 years now, and I've never seen a letter like this. Why did you—why did the GAO send this letter?

Mr. DODARO. Well, you know, typically, our work involves examining government programs and agencies, and, generally, we get good cooperation in conducting about 800 audits a year for the Congress.

Historically, you know, from time to time, we have to contact the White House in a few instances. And, generally, over the years, historically, while we didn't always get cooperation from the White House staff, we at least were able to have good communications with them.

In this case, you know, they were clear from the beginning they weren't even going to talk to us about these issues. And so we were

very concerned that we were not at least having lines of communication where we could try to work out some accommodations.

Now, since we sent the letter, we've continued to have conversations with them, and we made some headway in dealing with the National Security Council. We actually have a meeting next week to talk to them about a current review. We're looking at the International Atomic Energy Administration. And a couple other instances, National Security Council has, you know, agreed to give us some information.

But the White House Counsel's Office has not. We'll continue to talk with them on an as-needed basis going forward and enlist the support of Congress.

Chairman CUMMINGS. Let me switch to another example. Last month, you issued a report that I requested with Representative Speier. You reported that President Trump spent \$13.6 million of taxpayer money in just his first four trips to Mar-a-Lago.

However, in that same report, GAO also said this, and I quote: "We contacted White House Counsel's Office in April 2017 and January 2018 to solicit information from the Executive Office of the President related to coordinating travel for the President and any costs associated with White House staff traveling with the President. As of January 2019, the White House had not responded to our request for information."

Is that what your report said?

Mr. DODARO. Yes.

Chairman CUMMINGS. You also issued another report I requested on security protocols at Mar-a-Lago. Your report said: GAO contacted the White House Counsel's Office in May 2017 and January 2018, but—and I quote—as of January 2019, the White House Counsel's Office had not responded to our request for information.

So GAO tried to reach the White House for almost two years about these reports and received no response?

Mr. DODARO. That's correct.

What I also, though, did with the—I asked the teams to make sure we sent the draft reports over there, you know, once we complete our work at the agencies. And we got a lot of the information we needed from the agencies.

There are two parts of this. One, you know, the White House is not taking advantage of the opportunity to give us their perspective on these issues and any relevant information.

But even though they didn't give us the information, I made sure they had an opportunity to comment on the draft reports, thereby giving them a last chance to give us additional information if they, you know, felt compelled to do it. And they received the drafts. They took custody of the drafts, but they didn't provide any comments on the draft reports. But I didn't want them surprised.

You know, we're going to follow our procedures and be fair and nonpartisan in our approach, but we did not receive any information.

Chairman CUMMINGS. Did that surprise you?

Mr. DODARO. Yes. Although, in all fairness, I mean, we've had problems in prior administrations when it comes to the White House. I mean, there's just a unique set of situations there.

But what surprised us this time was, you know, not even want to have discussions. You know, in the past, we've at least had discussions. Sometimes they've been contentious discussions. But, you know, we usually are able to work through things. But, in some cases, you know, the White House didn't do it.

I mean, our most famous instance is when we actually sued Vice President Cheney to get information years ago. Now, we didn't prevail on that, but, you know, these things occur. But at least in that case, they were talking to us. You know, in this case, there hasn't been any, you know, meaningful contributions.

Although, I am, as I said earlier, you know, pleased that we've, at least with the National Security Council—because they have responsibilities now for coordinating cybersecurity. So if we can't get information from them about how they've taken over the responsibilities from the Cybersecurity Coordinator position that was eliminated, we're not going to be able to inform the Congress on how this administration is—clarify its roles and responsibilities in cybersecurity. I will be very concerned about that.

Chairman CUMMINGS. Okay.

Since President Trump took office, about how many times has GAO requested information from the White House Counsel's Office?

Mr. DODARO. Five. Five times. Five different audit engagements.

Chairman CUMMINGS. And as of today, has GAO received information from the White House Counsel's Office in response to any of those requests?

Mr. DODARO. No.

Chairman CUMMINGS. Very well.

My time is up. I yield now to the ranking member.

Mr. JORDAN. Thank you, Mr. Chairman.

Mr. Dodaro, have previous Presidents traveled as well?

Mr. DODARO. Yes.

Mr. JORDAN. Yes, many times, back to their hometown or wherever.

I mean, the chairman talked about—I think the figure you gave was \$13 million that President Trump has spent traveling to Mar-a-Lago. Do you have any idea how much President Obama spent traveling to Hawaii?

Mr. DODARO. We have those figures that I could provide—

Mr. JORDAN. How about President Bush when he went back to Texas?

Mr. DODARO. I'm not sure we did Bush. I know we did Clinton's travel.

Mr. JORDAN. Clinton when he went to Martha's Vineyard?

Mr. DODARO. Pardon me?

Mr. JORDAN. Clinton when he traveled to Martha's Vineyard? You probably got President Clinton when he traveled there?

Mr. DODARO. We had a request to look at—he had a trip to Africa, you know, years ago. So it's different kinds of trips. But I'd be happy to provide all those to the committee.

Mr. JORDAN. I just—the perception is that this is the only time it's happened, that someone traveled to their home or vacation spot. Previous Presidents have done this time and time again.

Mr. DODARO. That's correct. And we've done studies on most of the Presidents.

Mr. JORDAN. Can you define "high risk" for me? When you say "high risk," define what that is.

Mr. DODARO. We have published criteria we put out in 2000 which is—

Mr. JORDAN. Give me the shorthand version.

Mr. DODARO. But it's basically—I mean, you mentioned one of the elements we consider is more than a billion dollars at risk.

Mr. JORDAN. Right.

Mr. DODARO. But we also consider whether or not there's public safety, security issues, national security issues, homeland security issues, the potential impact on the economy. And so there's a lot of qualitative factors that we consider as well.

We also consider whether the area's already receiving attention or not, and we try to focus our list—

Mr. JORDAN. On improvement. Yes.

Mr. DODARO [continuing]. on improvement—

Mr. JORDAN. Sure.

Mr. DODARO [continuing]. but focus attention on areas that are not getting a lot of attention.

Mr. JORDAN. Not getting a lot of attention, still faulty, haven't improved. Tell me those—I think you said there were five or six that have been on the list since 1990.

Mr. DODARO. Yes.

Mr. JORDAN. So since you've started this thing, some people started there and they have never got off.

Mr. DODARO. That's correct.

Mr. JORDAN. And who are those agencies?

Mr. DODARO. The ones I can recall off the top of my head—and I'll get the complete list—is the Medicare program; tax administration issues have been an issue, both from an initial standpoint of the tax gap as well as now we added identity theft concerns; DOD weapons systems are on the list; and the other two are DOE, Department of Energy, contract management—

Mr. JORDAN. Yep.

Mr. DODARO [continuing].—and NASA—

Mr. JORDAN. Okay.

Mr. DODARO [continuing]. acquisition management.

Mr. JORDAN. Those are the five I had. But the first two are the ones that I think jump out to me. Because you got the IRS, which just about every single American has to interface with, you know, particularly this time of year for most families, and then you got Medicare, which is pretty darn important as well. And they have been on the list forever.

And we got some folks in the Congress who want a big expansion of Medicare. In fact, they call it Medicare for All. And yet there's all kinds of improper payments and all kinds of problems, and that's been the case since 1990, right?

Mr. DODARO. There's been issues, yes. That's why they're on the list. Exactly right.

Mr. JORDAN. And what about the IRS?

Mr. DODARO. Well, the IRS—

Mr. JORDAN. This is largely the tax gap, right? People who owe taxes who aren't paying them, and—

Mr. DODARO. Yes.

Mr. JORDAN [continuing]. money due to the United States Treasury.

Mr. DODARO. Absolutely. The current estimate of the gap between taxes owed and taxes paid is about net tax gap of \$406 billion. That's an annual figure. So I've been very concerned about that. We think IRS—

Mr. JORDAN. What's the improper payment level—I'll come back to the IRS in a minute—the improper payment level on Medicare?

Mr. DODARO. It's \$48 billion. \$48 billion for this last fiscal year.

Mr. JORDAN. You're talking half a trillion dollars, right?

Mr. DODARO. Well, when you add—

Mr. JORDAN. When you add those two together.

Mr. DODARO. When you add all the—governmentwide, it's over—

Mr. JORDAN. I'm just talking about these top two programs.

Mr. DODARO. The top two programs are Medicare and Medicaid.

Mr. JORDAN. I'm talking about the IRS and Medicare, two that have been on the list since 1990. The tax gap at the IRS, and the Medicare faulty payments, those two total up to half a trillion dollars.

Mr. DODARO. Yes. No, you're right. Yes.

Mr. JORDAN. That's significant.

Mr. DODARO. Yes.

Mr. JORDAN. All right.

Mr. DODARO. It's material.

Mr. JORDAN. I have to run to the floor and give my speech, but I wanted to just get that in.

If I could, Mr. Chairman, I'll yield back, and Mr. Comer is going to sit in for us. Thank you.

Chairman CUMMINGS. All right. Fine.

Before I leave—I've got to go to the floor, too, to speak on H.R. 1. Mr. Dodaro, I will be back. And I'm going to ask Ms. Hill, our vice chair, to take over from here. All right?

Mr. DODARO. Okay.

Chairman CUMMINGS. But, again, I say to you, thank you very much. And hopefully you'll get the kind of cooperation that you need to do your job. We don't want to be paying people who can't get the information they need to carry out their job. That's all they're trying to do.

With that, we will now go to Ms. Kelly for five minutes.

Ms. KELLY. Thank you, Mr. Chair.

And welcome.

I'm concerned that the VA is failing to make progress on reforms that are desperately needed to better serve our veterans.

Today's report finds that these problems start at the top. Your report cites, and I quote, "Leadership instability at the VA as a major risk factor. As of last July, the positions of Secretary, Under Secretary for Health, Chief Financial Officer, Chief Information Officer, and the Deputy Under Secretary for Health for Community Care were all vacant."

Mr. Dodaro or whoever you designate, how has unstable leadership impacted the VA's ability to serve veterans?

Mr. DODARO. Yes. I've been joined by Ms. Nikki Clowers, who's our healthcare expert. But I'll take a first shot at that.

You know, since we put the VA on the High Risk List, I've met with three different Secretaries: Secretary McDonald, Shulkin, and now Secretary Wilkie. So you've had—and we put them on the healthcare in 2015. So that shows you, at the very top of the Department, how much turnover there's been there. And you mention problems throughout the Department.

As a result of that, we really—the VA, to this day, does not yet have a good plan for addressing the fundamental causes of why we put them on the High Risk List. They're working on it. They have a modernization approach. I've met with Secretary Wilkie. He's brought us his top people in and told them to work with our people, which I've said we will provide them as much help as we can to do that.

But it's prevented them from dealing with some very serious underlying management challenges of accountability, oversight, updated policies and procedures, good training programs. They don't have good resource allocation issues in a lot of cases. So it's been a significant problem.

Nikki, do you want to—

Ms. CLOWERS. I would just add to what you were saying, Representative Kelly, the vacancies still remain a problem. There's about 12 senior leadership positions that remain vacant as of February.

And when you have those vacancies and not clear policies or clearly defined roles and responsibilities for those in acting positions, it can cause confusion or for activities not to move forward. And we've seen that in some of our work, such as suicide prevention outreach, where, when there were vacancies in those leadership positions, efforts stalled.

Ms. KELLY. So there's been a confirmed Secretary for the last few months, but you're still citing leadership problems. What do you think that's about? It's just not enough time to get things in order, or—

Mr. DODARO. Well, I would say, first of all, VA has some of the most serious management challenges in the Federal Government. You know, we look across the entire Federal Government. And so the Secretary, no matter who it is, how well-intentioned that person will be, it's going to take time to address these issues. So I think you have to give the current Secretary some time.

I've met with him. Our people are working with him. I'm hopeful. I'm hopeful, in this case, we'll see progress. But it'll be some time before they can right the ship there.

Ms. KELLY. One thing I'm particularly concerned about is IT, because I was the ranking member, with Chairman Hurd, last year on the IT Subcommittee. And your report says the Department has had four different CIOs in the last two years. According to the report, the frequent turnover in this position raises concern about VA's ability to address the Department's IT challenges.

What should the VA do to fix this persistent leadership problem?

Mr. DODARO. Yes. Well, they have a—I believe they have a confirmed CIO now in place, recently. So that's a good step. But they need to fix a lot of their fundamental IT problems over there.

They've got a huge contract in place now to produce electronic healthcare records that can be comparable with DOD. You know, we've been tracking this whole electronic healthcare record situation for 20 years over there. And VA and DOD still don't have either good systems themselves or the ability to share records between the two agencies. So if somebody leaves Active Duty service, their record doesn't go immediately to VA; you have to sort of start over. And this is a huge problem.

This is expected to take many years, to get these systems in place. So they're going to need stable leadership over there, better disciplined management practices and IT best practices. That's why I've offered to have our experts explain to them what kind of best practices that we've seen that they should put in place over there. So I'm hopeful they'll be able to do it.

But they have one of the largest IT budgets in the government. They've got about a \$4 billion budget, as you know, in information technology. So they need to have the right kind of work force over there and the right kind of systems and processes in place.

Ms. KELLY. I was going to ask you, are you looking—

Ms. HILL.[Presiding.] The gentlewoman's time has expired.

Ms. KELLY [continuing]. at the issue, and you apparently are.

Mr. DODARO. Yes.

Ms. KELLY. So thank you.

Mr. DODARO. Yes. We'd be happy to give you more details.

Ms. KELLY. Thank you.

Ms. HILL. I'd like to recognize the gentleman from Kentucky, Mr. Comer.

Mr. COMER. Thank you, Madam Chair.

Mr. Dodaro, I want to focus my questions on oversight of food safety.

As more and more food is imported from abroad, do you anticipate more strain on Customs and Border Protection as it enforces regulations on goods flowing into the country?

Because, you know, when we talk about national security, obviously, there are many of us in Congress, apparently not a majority, that are serious about border security. But one of the aspects of border security and national security that we fail to hear a lot about is our food supply. There's no greater issue to our national security than the need to have a safe, abundant supply of food.

So I guess, what do you see in the future with respect to strain on border security?

Mr. DODARO. Yes. Well, food safety's been on our list for a long time.

Mr. COMER. Uh-huh.

Mr. DODARO. Our system that we have now is very fragmented. There are about 30 different laws, 15 different Federal departments and agencies that have responsibility for food safety, FDA and USDA being the 2 most important areas over time. And there is no comprehensive governmentwide plan. Imports have grown dramatically over time, particularly in seafood areas, but about 60

percent of fruits and vegetables right now are imported as well. And that's only on a trend to continue in the future.

And I think, you know, the impact as it relates to the Customs and Border Patrol is they're a part of the system, but, actually, I think, from their standpoint, the other big issue that's on our High Risk List is medical products and food safety. You know, 80 percent of the ingredients for prescription drugs come from foreign sources, 40 percent of finished drugs. And that's where we're having a lot of problem with the fentanyl and other areas.

So both food safety, as you're appropriately pointing out, but also other safeties of prescription drugs, medical devices, and others.

So, you know, we're in a global marketplace now, and our systems were set up for domestic production, domestic oversight. So we've been working with the Congress for a number of years to now get the agencies more focused on other country systems as a means of trying to make sure that there's at least first line of defense there, and then we can also, you know, do our part to handle these areas.

I'm, you know, very disappointed in the progress that we've made in the food safety area. You continue to see, you know, thousands of people who have foodborne illnesses every year.

Mr. COMER. Right.

Mr. DODARO. Many people die in the year.

And, recently, there was the big recall of blood pressure medicine because of problems in production in China and India. You know, most of our prescription drugs come from those two countries.

Mr. COMER. I believe President Trump has proposed consolidating all the food-safety efforts under one agency. Would that correct the problem with waste of duplicate programs? Or would that—how would that affect—

Mr. DODARO. Yes. Well, we've called for such comprehensive reform in the past. And, actually, you know, based on my discussions with OMB, they were informed by our work in this area.

Now, obviously, a lot depends on exactly how that's done, how it's implemented, and a number of areas. But there needs to be, at a minimum, a governmentwide comprehensive plan—

Mr. COMER. Right.

Mr. DODARO [continuing]. you know? And, right now, the FDA and Agriculture and these other agencies share a little bit of information, but it's on a situation-specific issue.

Mr. COMER. You're exactly right. That's been my experience. The FDA and the USDA, they communicate a little bit but not a lot.

Mr. DODARO. Yes. And they have very different approaches—

Mr. COMER. Absolutely.

Mr. DODARO [continuing]. that they take to food safety.

And so, you know, our goal—we've been pushing for a reorganization for a while, but, at a minimum, we need a governmentwide plan. There used to be a food safety council, but that hasn't met for a number of years as well. So that's a problem.

And Mr. Gaffigan here, Mark Gaffigan, is our expert in this area. Let me just ask if he wants to add anything.

Mr. GAFFIGAN. I would just say it's going to get more complicated. I was just at the ag forum last week, and they talked about our population getting close to 9 billion people by 2050 and

the need to come up with a food—FDA and USDA are the two main agencies. They talked about having, currently, 17 different MOUs just to try to coordinate on.

And one of the reasons it's going to become more and more complicated is the use of technologies. We're going to start seeing genetically engineered beef, talking about those things. And there's a lot of regulatory uncertainty about that.

And it's a global market. Other countries are doing different things. And we sort of need to get our act together, try and make sure there's some regulatory certainty so we can meet that need for safe, reliable food.

Mr. COMER. Thank you.

Thank you.

Ms. HILL. Thank you.

I'd like to recognize Mr. Raskin from Maryland.

Mr. RASKIN. Thank you, Madam Chair.

Mr. Dodaro, welcome.

You run the supreme audit agency for the U.S. Government, which is a \$4 trillion enterprise, one of the most complex institutional entities on Earth.

Your high risk designation program identifies government programs that have unique vulnerabilities to waste, fraud, abuse, and mismanagement. And in 2018 you added the personnel security clearance process to your High Risk List.

The GAO's report states, and I quote, "A high-quality personnel security clearance process minimizes the risks of unauthorized disclosures of classified information and helps ensure that information about individuals with criminal histories or other questionable behavior is identified and assessed."

Now, I just want to you ask a few obvious questions first. Do you think that a high-quality security clearance process should identify concerns about a candidate's suitability before they receive classified information?

Mr. DODARO. Absolutely.

Mr. RASKIN. Do you think a high-quality security clearance process should assess whether an applicant is susceptible to inappropriate influence or blackmail from a foreign government or another third party?

Mr. DODARO. Yes.

Mr. RASKIN. Why is it important that investigators and adjudicators assess these concerns before a security clearance is granted to an applicant?

Mr. DODARO. Well, it's very important because, once a security clearance is granted, it's not updated until several years later. So you're entrusting that person to protect the information at the appropriate level, whether it's Secret, Top Secret. There can be compartmentalized secret information—

Mr. RASKIN. And kind of things could happen if a security clearance is granted to someone who really shouldn't have it?

Mr. DODARO. Well, you've seen episodes of that with, you know, Edward Snowden and other people. I mean, a lot of the secrets can be, you know, unveiled to the public.

There's also possibilities of putting people at risk at the intelligence communities and law enforcement agencies. I mean, there's

a lot of potential problems that could occur. That's why we put it on the list, because there's such a backlog.

You know, it used to be—I mean, after September 11, 2001, more things became classified. And, most recently, more things are becoming more classified. So the government really didn't adapt to having a better infrastructure to do security clearances.

I might note also, I've been joined by Cathleen Berrick, who's our expert in this area, so she'll help me answer some questions.

Mr. RASKIN. Okay. You can choose who answers—

Mr. DODARO. Okay.

Mr. RASKIN [continuing]. as you wish.

But last week, on February 28th, The New York Times reported that President Trump ordered John Kelly to grant Jared Kushner a security clearance. But based on the FBI's background investigation, career officials at the White House reportedly recommended against granting Mr. Kushner a security clearance. And the CIA reportedly expressed concerns about granting Mr. Kushner access to the Nation's most sensitive information.

Do you know whether these reports are accurate?

Mr. DODARO. No. No. We've not looked—we typically do not look at individuals and the clearance decisions. We look at how the process works.

Mr. RASKIN. Okay. And we cannot gauge the veracity of these claims either, because President Trump and the White House are withholding this information from our committee.

When the GAO investigates whether a process or program is functioning properly, is it important for agencies and officials in the executive branch to cooperate with your investigation?

Mr. DODARO. Yes.

Mr. RASKIN. Do you agree it's important for Congress to review how the White House conducts its security clearance process today in order to ensure that the system is functioning properly?

Mr. DODARO. I think it's definitely within the Congress's oversight purview to do so.

Mr. RASKIN. Okay. Well, I am with you, because I'm very concerned that your finding that our governmentwide security clearance process poses a high risk is one that is going completely ignored by the executive branch of government. In fact, they're compounding the risk by overriding the procedures that are supposed to be in place.

I'm very troubled that the White House and other parts of the administration have failed to provide us information about the process, as required by a statute that was signed into law by President Trump himself. The committee must continue to pursue information about the clearance process at the White House and elsewhere in this administration.

I think James Madison said it best long ago, which is that knowledge will forever govern ignorance, and a people who mean to be their own Governors must arm themselves with the power that knowledge gives. We need that knowledge in order to do the people's business.

I yield back, Madam Chair.

Ms. HILL.[Presiding.] Perfect timing. I recognize the gentleman from South Carolina, Mr. Norman.

Mr. NORMAN. Thank you, Madam Chairman.

Mr. Dodaro, in the past decade, Congress has imposed many complex regulations on financial institutions with little regard as to whether this is sensible, particularly for the smaller community banks and the credit unions. In February 2018 GAO reported that new financial regulations imposed costly compliance burdens on smaller, community banks and credit unions. What steps should the financial regulators need to take in order to sufficiently address these challenges, particularly with the cost of the regulations that ultimately the customers and consumers are going to pay for?

Mr. DODARO. Yes. Yes, we've done work looking at the compliance burden, particularly for community and small banks. I've been joined by Mr. Lawrence Evans, who heads our financial markets and community investment work. He can give you details.

Mr. EVANS. Yes, thank you for that question. One of the most important things regulators can do is rigorous cost-benefit analysis, including retrospective reviews, and we've leveled a number of recommendations militated toward ensuring that we're quantifying where possible and we're doing everything in our power to ensure that we can right-size regulations, where appropriate, without losing effectiveness.

Mr. NORMAN. Give me some examples, like—pick Dodd-Frank, some of the regulations that they had back when the TARP fiasco was going on.

Mr. EVANS. That's right. So, you know, some of these regulations are subject to the Regulatory Flexibility Act, which requires a cost-benefit analysis before they promulgate the rules. Also, there are—there's the gripper process which requires a retrospective review. So this will allow you to right-size regulations appropriately if it's done well.

Mr. NORMAN. And how were these presented to the banks? In other words, what form did that take to say that they could save X dollars if they did this?

Mr. EVANS. So I think that's a more complicated question. Typically, when this analysis is done, there is a notice of proposed rule-making or some type of vehicle for banks to discuss issues that they have, and then that is considered as they attempt to finalize the rules.

Mr. DODARO. One of the things, Congressman, we were required to look at all the rulemaking under Dodd-Frank. And so one of the things that we identified was that a lot of the financial regulators are not required to follow OMB guidance on cost-benefit analysis, No. 1, and so we suggested they have a more rigorous cost-analysis benefit that would follow the best practices in that area.

Second, they were—there wasn't as much coordination among the financial regulators as there needed to be, in order to address this issue. So those were two things up front before the original regulations will be put in place.

Now, what we find is, after the regulations are put in place, they were slow to look at it, how is it actually working. Because you can do a cost-benefit analysis up front, but you make assumptions and you have certain things. But it's different from what might play out in reality once the regulation is in place.

Mr. NORMAN. Yes.

Mr. DODARO. So both things are important.

Mr. NORMAN. CRA is a good example. A lot of banks—Community Reinvestment Act—where the banks wanted to invest, wanted to help the communities, but they had no guidance.

Mr. DODARO. Right.

Mr. NORMAN. And they didn't want the hammer that was brought down. The other thing was the cost of compliance where—where banks, they couldn't afford to buy another bank in a smaller community because it was going to mean a whole new team of regulators to interpret the regulations that were put on them. So I would just ask you, as you move forward, to work toward that end, giving the banks definite things to work—work toward concrete measures so that it's not out in the—in the hinder land, so they don't know how to enforce it.

Mr. DODARO. Yes. No, it's a point well taken, Congressman.

Mr. NORMAN. Thank y'all for coming. I yield back.

Ms. HILL. Thank you. I would like to recognize Ms. Wasserman Schultz from Florida.

Ms. WASSERMAN SCHULTZ. Thank you, Madam Chair. Mr. Dodaro, good to see you. Glad to be able to have an opportunity to have some dialog with you. It was a privilege to do that when I oversaw your budget as the ledge branch chair.

I want to continue with Congressman Raskin's line of questioning, because in your report, you indicated a governmentwide security clearance backlog of 565,000 investigations. And your report also identifies lack of quality measures as a risk facing the governmentwide personnel security clearance process. What quality assessment standards currently exist for background investigations?

Mr. DODARO. Ms. Berrick will answer that question.

Ms. WASSERMAN SCHULTZ. Thank you.

Ms. BERRICK. Yes, thank you for the question. We've been reporting for the last 20 years on the need to improve the quality of background investigations supporting security clearances. And most recently in 2010, we recommended that the executive branch develop measures to assess the quality of how agencies are doing in terms of performing investigations and documenting them.

In the years since, the executive branch has taken two important steps to get there, but they haven't yet reached that goal. They developed, as you mentioned, these quality standards for assessments. These are really kind of guideposts that tell agencies, here's the sorts of things you should be looking at when determining whether or not an investigation is complete.

And then they also developed a reporting tool for agencies to report that information to the—through the Performance Accountability Council.

What's missing, though, are those metrics to really assess how well our agency's doing in terms of meeting goals and developing high quality investigations. And we continue to urge the executive branch to develop those.

Mr. DODARO. Yes, I think the issue, we pointed out, is, you have good standards, but you don't know whether they're being followed or not. And so unless you measure how well they're being followed, you really don't know.

Ms. WASSERMAN SCHULTZ. Okay. And that sort of begs the continued question that has arisen. If there are standards that have been established and strengthened on your recommendations—the recent media reports that indicated that members of the Trump administration, including Jared Kushner, and Ivanka Trump, were able to obtain security clearances against the recommendations of White House staff, presumably using those standards, that’s troubling because obviously the White House is supposed to set an example for the rest of government to follow. And your report outlines ways in which the administration is already failing to ensure that there is background-clearance quality.

Mr. DODARO, could you—could you share with us how granting a security clearance to an official where there were credible concerns about their ties to foreign nationals—you indicated that that would be a concern in answering Mr. Raskin’s question—how would that impact our national security potentially?

Mr. DODARO. Well, I think, I mean the whole point of the background investigations is to ensure that the wrong information doesn’t fall in the wrong hands. And so it’s very important. It can compromise national security in a lot of different ways by, you know, making sure that people, you know, people can understand the government’s, you know, processes and controls and informations that would—that would enable them to get, you know, a potential advantage of dealing with our—you know, whether it’s an adversary of the United States or even an ally of the United States.

So this is very important that only the right people in the government have access to the highest, sensitive—most sensitive information.

Ms. WASSERMAN SCHULTZ. So, in your opinion, could the President’s overruling White House security clearance personnel’s recommendations, impact the quality and integrity of a national security background check?

Mr. DODARO. I don’t have enough facts about that situation. We haven’t looked at it to—to opine on that issue.

Ms. WASSERMAN SCHULTZ. Okay. The fact that bypassing—let me just ask you another question.

So would it be appropriate for an individual to bypass the recommendation against a security clearance, from security clearance personnel?

Mr. DODARO. It depends on the facts and circumstances associated with the decision. There’s a—there’s a—part of the process is called the adjudication process. And it’s up to the person who’s responsible for the adjudication to take the results of the background investigation and make a decision whether to grant the clearance or not. In some cases, they may or may not agree with the investigation that’s in place. So it’s a very facts and circumstances decision.

Ms. WASSERMAN SCHULTZ. And that’s why this committee, under Chairman Cummings, is trying to get information from the White House, which they have not yet sent, because we do need to get to the bottom of how those security clearances were granted, because as you said, there is a potential risk to our national security. Isn’t that right?

Mr. DODARO. I think it's well within Congress' right to ask questions and get the facts associated with the situation.

Ms. WASSERMAN SCHULTZ. Thank you very much. I yield back.

Ms. HILL. Thank you. Mr. Gibbs from Ohio?

Mr. GIBBS. Thank you.

Mr. Dodaro, just to followup on the security clearance, ultimately, the President of the United States, doesn't he have final authority to grant or deny a security clearance for a White House employee?

Mr. DODARO. I'm not sure we—and we haven't looked at the legal authority of the President in this regard.

Mr. GIBBS. Because—because my understanding, former President Clinton created a process issuing security clearances for White House employees by executive order. So maybe there's been a sort of precedent set there, I don't know.

Mr. DODARO. Yes, we've never looked at the security clearance process in the White House, either under past administrations or the current one.

Mr. GIBBS. Okay. I did have quite a few questions about food safety but my colleague from Kentucky did an excellent job. And I was really impressed with your knowledge on answering those questions.

Looking through your report here, about the U.S. Postal Service, you talk about their 3 to \$5 billion loss every year, and we all know that first-class postage is dropping because stuff's done by e-mail and everything. But the third class or the bulk stuff has been growing because of all the shipments from the internet. But then also we are about the benefits to retirees. What do you see as their biggest challenge or their biggest adding to their deficit?

Mr. DODARO. Yes. Their biggest problem is, the business model is really broken. And the first-class mail has always been their most profitable line of business, and that has declined. It went down further during the Great Recession that we had in 2009, or whatever, and really hasn't come back yet or not. And they haven't been able to control their costs.

So they have a structural problem with their labor costs and other costs and not enough revenue to cover it, and as a result, they haven't been able to make payments into the retirement healthcare program.

Now, for the first time, they're starting to draw down on the fund that they paid, so eventually when that money gets drawn down for retirees' healthcare benefits and the benefits—healthcare benefits of their current work force, there's going to be a real issue at that point.

But right now, you don't have a sustainable business model with appropriate revenues and expenditures. I mean, they were intended to be a government corporation, to be run like a private business, but that model is—is not what's happened.

Mr. GIBBS. Yes. Okay. I just wanted to get the clarification on that, because I hear from some of my constituents in that—in that area, that they're blaming it more on the healthcare retirement benefits is really their problem.

Mr. DODARO. That's—that's a symptom of the problem, and their liabilities are almost twice their revenues, their unfunded liabil-

ities. That's included or whatever, but that's not—you know, that's part of the solution.

Mr. GIBBS. Okay.

Mr. DODARO. And we've suggested you could smooth out those payments over time a little bit better, but that alone is not going to fix their issues.

Mr. GIBBS. Okay. In previous years, the GAO has reported that the PBGC has not properly managed its investments. Has the agency corrected its policies and fully benefited from the growth in the stock market in the recent years?

Mr. DODARO. Mr. Charlie, come on. I'm going to bring up our expert on PBGC. I'm very concerned about the multi-employer pension—

Mr. GIBBS. So am I.

Mr. DODARO [continuing]. as I mentioned in my opening statement, I mean, that's projected to be insolvent by 2025, and if that happens, they—PBGC estimates they will only be able to pay benefits to—there's about 11 million people covered by that benefit of \$2,000 a year. I mean, that's not adequate pension by any stretch of the imagination. Charlie can talk about their investment policies, Congressman.

Microphone.

Mr. JESZECK. Congressman, there are two big programs in PBGC, that's the single-employer program and the multiemployer program. They have different structures. The single-employer program actually collects assets when a company goes bankrupt, and the pension goes to PBGC, so they have those assets. The single-employer program is actually doing much better. It's actually, I believe, in surplus as of 2018. So they have been able to take advantage of the stock market as well as other things to get to that situation.

The real problem, as the Controller General mentioned, is the multiemployer plan program. And now the multiemployer program is a different structure. They don't collect assets from—from pension plans. The triggering event that the multiemployer program pays—becomes operative on, is when the plan becomes insolvent. So there aren't any assets there to—at least for PBGC to gain market return—

Mr. GIBBS. Just quickly, do you have any recommendations to GAO about how to maybe resolve some of this issue or—

Mr. DODARO. Yes. We—yes, we have a number of results. There needs to be a new premium structure that's risk-based over there. The PBGC Board should be expanded because right now it's just the heads of three or four different departments and agencies, and it should be some outside people involved, experts in that area as well over time, and the Congress really needs to address the multi-employer pension program. I've sent special letters up. Congress took action in 2014, but it didn't completely solve the problem.

Ms. HILL. The gentleman's time is expired.

Mr. DODARO. And I can submit for the record all our detailed recommendations.

Mr. GIBBS. My time has expired. Okay, thank you.

Ms. HILL. Thank you, Mr. Dodaro.

I recognize the gentle lady from New York, Ms. Ocasio-Cortez.

Ms. OCASIO-CORTEZ. Thank you.

I want to ask about one of the most important issues addressed in GAO's high risk report, and that is climate change. Over the last two years, the Trump administration released the fourth National Climate Assessment, which is the Federal Government's definitive statement on climate science, and Volume 1 of the assessment confirmed that climate change is real, it is happening now, and that humans are the cause.

Volume 2 of the assessment looked at serious—looked at the serious impacts of climate change and projected that rising temperatures, flooding, and extreme weather caused by climate change, will result in economic losses of, quote, hundreds of billions of dollars by the end of the century.

In fact, according to The New York Times these prospects include major hits to GDP, up to 10 percent, drought and reduced crop yields and other issues, destruction of infrastructure due to rising sea levels, rebuilding power grids wiped out by storms. We've seen this even on a small level in Puerto Rico. [The New York Times article is available on: [docs.house.gov](https://docs.house.gov) or <https://www.nytimes.com/2017/10/12/nyregion/bronx-heroin-fentanyl-opioid-overdoses.html>]

As some of these costs, especially with reducing farm meals represent permanent losses to the economy, to the United States economy. Mr. DODARO, do you agree that climate change is occurring?

Mr. DODARO. Our work relies on the global, climate-change assessments that are done as well as numerous studies by the National Academy of Sciences, which have concluded climate change is producing economic and environmental risks to the government and increasing the Federal Government's fiscal exposure.

Ms. OCASIO-CORTEZ. So you believe climate change is real?

Mr. DODARO. Well, that's one of the reasons we added it to the High Risk List in 2013. Now, our focus on the High Risk List is on limiting the Federal Government's fiscal exposure and—

Ms. OCASIO-CORTEZ. Got it. Do you agree that the United States could face huge costs as a result if we fail to act right now?

Mr. DODARO. Definitely.

Ms. OCASIO-CORTEZ. Okay.

Mr. DODARO. Yes, the—

Ms. OCASIO-CORTEZ. Sorry, because I have limited time.

Mr. DODARO. All right. Go ahead.

Ms. OCASIO-CORTEZ. President Trump's own Director of National Intelligence, Dan Coats, provided a National Threat Assessment to Congress in January that identified climate change as a threat to our national security as well. Global, environmental, and ecological degradation, as well as climate change, are likely to fuel competition for resources, economic distress and social discontent through 2019, this year, and beyond.

How is climate change currently impacting our national security?

Mr. DODARO. Well, there—there are direct impacts on the Defense Department right now. You saw last year with the storms in North Carolina and in Florida, Tyndall Air Force Base, Camp Lejeune, both had damages over \$3 billion and need to be repaired. There's other infrastructure, particularly along coastal areas where sea-level rise is changing. And the impacts on the Defense Depart-

ment also extend to their international installations around the world, so it's both domestically and internationally.

Ms. OCASIO-CORTEZ. So we're seeing already, as you mentioned, already existing costs in the billions of dollars due to the Department of Defense, because of climate change and the impacts of climate change. But rather than trying to slow down climate or mitigating its impact, it seems as though the administration right now is ignoring its own scientists, national security professionals, and economists who warn that the continued increased flooding, extreme weather, and temperature increases will be extremely costly for the Federal Government.

Mr. Dodaro, what steps would the GAO recommend that the White House take to show leadership in addressing these issues and saving our next generation?

Mr. DODARO. Yes, our recommendations extend in several different areas. One is, they have a comprehensive national strategy. The Federal Government needs to provide leadership in this area. Many of the vulnerabilities are decisions that are made at the state and local level—building codes and other issues.

We've also recommended that the Federal Government find out ways to provide better climate science information to state and local officials, so they can be on an actionable basis. The Federal agencies need to prepare—Federal Government's one of the largest property holders in the United States. The flood insurance program is not on a fiscally sound basis. It's not actuarially sound. It's also on our High Risk List. Crop insurance. So we made a number of recommendations in that area and give you a complete list for the record.

Ms. OCASIO-CORTEZ. And I would just like to submit that it truly does not seem as though the track record is showing up that there's any desire in the executive branch to address climate change, and we have to reiterate that Congress—and we have to use our—our powers here so that Congress and this committee, particularly with oversight, take action to address this clear and present danger to the United States. Thank you very much.

Mr. DODARO. Yes. And along those lines, we do give credit to the Congress for passing the National Disaster Recovery—Reform Act—excuse me—Reform Act in 2018, which allows funding now to be set aside for resilience building and mitigation, and to give state and local governments funding for Building Code reforms. So that was a good step Congress has taken.

Ms. HILL. Thank you so much.

Mr. DODARO. More needs to be done, though.

Ms. HILL. We agree. Thank you.

I recognize Mr. Grothman from Wisconsin.

Mr. GROTHMAN. Okay. I have a little bit of the statement on the—on the concerns about climate change and that sort of thing. I realize you don't have a choice, apparently, to bring things in or investigate things or make statement on things when individual Congressmen ask you to do things, but without going into a depth, if you Google it, the science or the opinions on climate change vary a great deal.

You know, sometimes you talk about saving money, which is good. You know, we don't want waste in Medicaid or Medicare or

anywhere else. But as far as doing wide-reaching things, because of climate change, which may or may not be true, depending upon what you Google, I think has the potential to kind of discredit your agency in the eyes of some. You know what I'm saying?

I mean, I always kind of think at GAO fighting waste or fraud or something that we're all on the side of the recommendations, and when you begin to make recommendations based on what some people think about climate change, and other people don't think about climate change, I think it kind of hurts your agency a little. Although you might not have a choice in it.

Now I'll go on. I want to talk about the tax laws a little bit. You have made recommendations, I guess 103 recommendations, to the IRS since February 2017. And most of those recommendations remain open. Could you give me some summary of the recommendations you have or major recommendations that you believe nothing has been adapted on?

Mr. DODARO. We have recommendations in the IRS, both for the IRS itself, as well as for the Congress, in those areas. But I would say, with regard to your statement, Congressman, we're focused on limiting the Federal Government's fiscal exposure. Since 2005, the Federal Government has spent nearly half a trillion dollars to respond to major disasters. We're not suggesting that there be steps made in dealing with, you know, greenhouse gas emissions and all those things. Our focus is on fiscal exposure to Federal Government, which we think is our responsibility at GAO, and we've got a good basis for doing that.

So I'll let Chris talk about the IRS.

Mr. MIHM. Yes, sir. Congressman, as the Controller General mentioned in his earlier testimony, is that when you have a \$400 billion annual tax gap, we've been focusing, as well as IRS, on how do you reduce that tax gap. How do you make sure that we can—because all you would need is—

Mr. GROTHMAN. Define the tax gap.

Mr. MIHM. All right. Tax gap is the difference between what IRS actually collects and what is legally owed. And so this is—Congress has already established through law what should be paid, and this is actually what comes in. And this is a net, this \$400 billion. So this is after enforcement actions may have taken place. So this is—this is a big deal. Not only is it foregone revenue, but it also, if you're a business and you're fairly and accurately paying your taxes, it puts you at a competitive disadvantage if your competitor is not paying, you know, his or her taxes.

So we've been focusing on the opportunities to reduce the tax gap. The point here is that you would only need 5, 10, 15 percent reductions and you're, in effect, funding another Cabinet department. So you could really make a big difference there.

The strategy that IRS needs to put in place is three-fold. One is that they need better enforcement and that is, it needs to be better targeted. They need to know return on investment of their various strategies that they have in place. We've had recommendations in place that they need to do a better job on that.

Second is that they need to have much better customer service, is that most people want to pay their taxes and they want to pay it accurately. A lot of times when they don't, it's because they have

made an honest mistake, and that they—if the IRS makes sure that they have good customer service, they can help on that on that. Their telephone service has improved markedly in recent years because Congress gave them more—more financial resources to do that, and because IRS is putting in a better service strategy as we've been recommending.

And then the third thing that needs to be dealt with is obviously the complexity of the Tax Code. It can be very difficult for people to understand what they need to do.

Mr. GROTHMAN. Do you think part of the problem is when we put dollar-for-dollar credits in there, it encourages people to do wrong things? I mean, you put a—you put a wrong number on your tax return, if a marginal rate is 27 percent, you know, maybe it affects you, you know, 27 cents on the dollar. But when you have credits in there, I think it encourages people to intentionally do things wrong. Do you think that's accurate?

Mr. MIHM. Well, we haven't actually looked at it from that angle, sir, and it's an intriguing way to kind of think about the issue. But there are two aspects of what you're raising I think that are important. One is that for many of the errors that may be made by people, the actual dollar amount may be relatively small for those individual areas. Obviously, cumulatively, it can be huge, which—but the individual errors if they're small—yes, sir?

Mr. GROTHMAN. I just want to get one more question here on Medicaid before—before things end. I was recently down at the border, and the customs people were concerned, of all the Medicaid cards they saw people coming back across the border down south to Mexico had. In other words, people who are here illegally with Medicaid cards. Is that something you've addressed, the degree to which we are giving Medicaid benefits to people who are not citizens?

Ms. HILL. Mr. Dodaro, the time is expired, but you may answer the question.

Mr. DODARO. We have not focused, per se, on that issue. One of the things, though, that we've suggested, that CMS has not—the Center for Medicare and Medicaid Studies, has not looked at beneficiary eligibility determination since 2014, when the Affordable Care Act went in place. They're going to start now in 2019, but for these several years, nobody's been looking at the eligibility determinations for individual beneficiaries. And that needs to be looked at.

Mr. GROTHMAN. Good. Customs thinks it's a problem, so thanks.

Ms. HILL. Thank you. I just have to say that as a Californian coming off of the most deadly fire season in our state's history, that science is science, and I think that that's something that we should continue to respect in this chamber.

With that, I'd like to recognize Mr. Lynch.

Mr. LYNCH. Thank you, Madam Chair, and thank you for holding this hearing.

Mr. Dodaro, welcome back. You're a frequent flyer to this committee, and I just want to say, I hold you and your staff in the highest regard in terms of the work that you do on our behalf. I do—I want to followup on Ms. Wasserman Schultz' questions and other Members' questions about security clearance.

So we've been worried about this for some time, as you know. It's been a frequent topic of discussion at this committee. I know going back to the Navy Yard shootings where we had an individual who should not have had a security clearance was able to perpetrate those crimes. I do want to drill down a bit on Mr. Kushner, though. And, you know, I know you look at the system and not individuals, but we have an individual here who, he had dozens and dozens of contacts with foreign governments and foreign officials, and yet, when he had to fill out his—his disclosure to get his clearance, he forgot, and he forgot about meetings that he had just had weeks and months before he applied for his clearance.

So he had dozens of—dozens of meetings with foreign officials, Russians in particular. He—you know, he—I think he—frankly, you don't have dozens and dozens of meetings and then just forget about it. I think he actually misled people in getting his security clearance.

And then on top of that, his own refusal to disclose, the White House also engaged in reinforcing or abetting him in his cover-up. The White House transition team, basically Hope Hicks at the time, said, no, it never happened, there was no communications between Mr. Kushner or any campaign and a foreign entity during the campaign. That was on November 11th.

Again on January 13, White House Press Secretary Sean Spicer, he gave a timeline of meetings between General Flynn at the time, who was the National Security Advisor, and Ambassador Kislyak from Russia, but he never mentioned that Mr. Kushner was in the meeting. So they gave—gave a very selective disclosure there. Again, on January 23d, 2017, again, Mr. Spicer disclosed phone calls with Mr. Flynn and the Russians but left out Mr. Kushner and did not disclose that Mr. Kushner was at the meeting at the Trump Tower.

So—and it goes on and on and on. There's February 14th, February 16th, February 20th, where the White House says there was no contact at all. And yet later on there was pressure put on Chief of Staff John Kelly to basically give him—give him the security clearance.

Here's where it gets really interesting. Now we have multiple whistleblowers who have come forward to the committee and indicated to us that Mr. Kushner is leading an effort to transfer nuclear technology to Saudi Arabia. And the details of this—I'll just give it to you really quickly.

Brookfield Business Partners buys Westinghouse Electric for \$4.6 billion. And they're trying to get the contracts in Saudi Arabia to build these nuclear plants, you know, if they get the approval from the—from the government.

What they're trying to do as well, they just bought a share—a partnership share in 666 Fifth Avenue, which is owned by Mr. Kushner's family, and it's in dire financial shape. So the same company that's looking for the technology transfer, for the Saudis, is invested in Mr. Kushner's family's building at of 666 Fifth Avenue. So if you're ever looking for a smoking gun on something—and your people are really, really smart. I mean all of them. But it doesn't take Sherlock Holmes to figure this out, that there's a problem.

And it just goes back to the decision that was made to give this individual a security clearance, and the total disregard for national security, and for the interest of this country, being exercised by this individual and this White House. So I hope you look into it. We're going to look into it, that's for sure.

It is a disgrace that this is happening and that we are allowing an individual with these obvious conflicts to continue to—to be involved as a special envoy when his own personal interests are obviously overriding the—

Ms. HILL. The gentleman's time—

Mr. LYNCH [continuing]. the national security interests of this country.

Thank you for your indulgence, Madam Chair. I yield back.

Ms. HILL. Thank you.

Mr. Higgins?

Mr. HIGGINS. Thank you, Madam Chair.

Mr. Dodaro, thank you for your service to your country, sir. You have struck me as such a candid and intelligent man, and your staff must be brilliant. One of the most difficult jobs that perhaps exists in this Federal Government is to try and keep this thing under control, regarding spending. So thank you for your very sincere effort.

I have important questions regarding significant services to many, many millions of Americans—Medicaid and Medicare—but before I get there, let me ask you, you refer to process and studying the process in the interest of fiscal stability and efficiencies for the Federal Government. That's your job. The process and differences between White House clearance processes and Federal agencies clearance—security clearance process, there's a difference, is there not?

Mr. DODARO. Quite frankly, Congressman, I don't know. Because I—we never looked at the White House security clearance process.

Mr. HIGGINS. Are you—are you familiar with the fact that the White House conducts a suitability review, and then they can receive a favorable or unfavorable adjudication through another series, if it's different for a Federal agency?

Mr. DODARO. Yes, I just don't have that information.

Mr. HIGGINS. Let me just share that according to my understanding, the President has the ultimate authority to grant or deny security clearance. Are you aware that Members of Congress have access to highly confidential data and security clearances?

Mr. DODARO. I would assume so, but I never looked at that part.

Mr. HIGGINS. We do. Don't quote me on this, but according to my memory, somewhere—somewhere north of 40 Congressmen, either prior to office or while in office, have been convicted of felonies. So let us move on, please, to the people's business.

It—according to your—to your knowledge—sir, I'm moving if you need the appropriate staff member to—

Mr. DODARO. Right.

Mr. HIGGINS [continuing]. to Medicaid here. I'm very concerned about it. Last year the Federal portion of Medicaid spending totaled nearly \$400 billion. Additionally, 9.8 percent of Federal program spending and the \$36.2 billion was attributed to improper payments.

Now, one of our major missions here is to control waste, fraud, and abuse, mismanagement of moneys, and you and your staff are brilliant and dedicated to this effort. As the Medicaid program continues to expand and grow, I'm increasingly concerned about the program's integrity. In fact, auditors in my home state of Louisiana have recently identified as much as \$85 million in improper payments. What's the status of CMS's initiative to reduce improper payments based on your recommendations?

Mr. DODARO. They're starting to take some action. They have a strategy that they put in place, but quite frankly, a lot more needs to be done. The \$36.7 billion that you mentioned in improper payments is only one component of the components of improper payments at Medicaid.

The other component, Congressman, is the managed-care portion, which is about half of the Medicaid spending. Nobody's auditing that area as well, and we've recommended they do that.

I've talked to Daryl Purpera, your state auditor in Louisiana, and work with the State Auditors Association to try to get state auditors more involved, and the Federal Government should support them.

The other component, the third component, is beneficiary eligibility determinations. That has not been done by CMS and the administration since 2014 when the Affordable Care Act put in place.

Mr. HIGGINS. Federal legislation fix that?

Mr. DODARO. Pardon me?

Mr. HIGGINS. In your opinion, could Federal legislation—

Mr. DODARO. Yes. I think there ought to be Federal legislation to give the state auditors a role.

Mr. HIGGINS. Thank you. I have limited time. I'd like to move on to Medicare. Both of these programs, it's crucial for so many millions of Americans that these programs have long-term sustainability, and this is my concern. Medicare is a critical lifeline for almost 58 million elderly and disabled beneficiaries and makes up to 17 percent of total Federal spending. It's been a high risk program since 1990. In my remaining 41 seconds please advise America what can we do, as Members of Congress, to comply with your recommendation, sir, and save these vital and important programs?

Mr. DODARO. Yes, first of all, Medicare is on an unsustainable, long-term fiscal path. By 2026, the trust fund for the hospital insurance portion will only have 91 cents to pay on the dollar. We have a number of recommendations where payments could be equalized between outpatient and the doctor's office service, and outpatient at a integrated, consolidated facility at a hospital. Right now they're paid on different rates, even though you get the same service. There are certain cancer hospitals that have been grandfathered in to get higher payments. In other areas, we have a long list of recommendations we think could help, but this needs congressional attention.

Mr. HIGGINS. Thank you, sir, for your answer.

Mr. Chairman, thank you, I yield.

Ms. HILL. Thank you so much.

Ms. Pressley?

Ms. PRESSLEY. Thank you, Madam Chairwoman. And thank you, Mr. Dodaro, I appreciate the GAO's comprehensive data collection

and your insights today on the various high risk areas within the Federal Government. In April 2020, the census will move to a digital platform to provide online access for more than 100 million housing units across the country.

Although an online system will undoubtedly improve the efficiency and accuracy with which the Federal Government can collect much needed personal information, it also presents substantial challenges for many congressional districts like the one that I represent, the Massachusetts Seventh. It is one of the most unequal in the country, and I maintain that is because it is underresourced, and that is under because of undercounting, and the digital divide is still very real.

Based on the latest census estimates 63 percent of Mass 7 residents live in hard-to-count neighborhoods, a figure that is nearly on par with the 71 percent of people in hard-to-reach communities nationwide.

Mr. Dodaro, would you agree that the intended goal of the census is to maintain a fair and accurate count of every person living in the U.S.?

Mr. DODARO. Yes.

Ms. PRESSLEY. What factors, aside from limited to no internet access, might make communities susceptible to undercounting, given the methodological changes in the upcoming census?

Mr. DODARO. The response rate to the mail survey continues to be a problematic area. The response rate has gone from 78 percent in the 1970 census, to 63 percent in the 2010 census, and census is currently estimating that the response rate will drop even further to 60 percent. So one of the things that's very important is the get-out efforts by the partnership efforts in the local communities to get people to fill out the form. They will have options to do it in a digital way, but they will have paper options as well.

And so the main thing that can be done is a grassroots effort that census is trying to work with, with state and local officials, to get people to fill out the form. And that's a big—that's a big effort.

Chris Mihm is our expert in this area. I'll ask if he has other suggestions.

Ms. PRESSLEY. And could you also just give your opinion as to whether or not this undercounting also contributes—not only does it contribute to the underresourcing and the allocation of Federal funds, but does it affect redistricting and representation as well?

Mr. DODARO. It could, yes.

Chris?

Ms. PRESSLEY. Okay. And what steps can we take to mitigate undercounting? I'm sorry.

Mr. DODARO. Go ahead.

Ms. PRESSLEY. Let me let you go. Go on, Chris.

We have two minutes and 26 seconds, let's get it, let's go. I'm trying to be effective and efficient here. I'm sorry, Okay, let's go.

Mr. MIHM. Ma'am, I'm not here to interrupt a Member.

Ms. PRESSLEY. Okay. I'm a fourth Italian, we do that, come on.

Mr. MIHM. The key thing that Census Bureau needs to do on the precise issues that you're talking about, is work with local communities, work with community organizations in those communities to build confidence in the integrity and the accuracy of the census.

They hire partnership specialists that come from the communities, that are sensitive to the types of issues that could result in an undercount. Even when they're doing the homeless count, they would look to get advocates for the homeless population——

Ms. PRESSLEY. Okay.

Mr. MIHM [continuing]. that would know where——

Ms. PRESSLEY. Last question. Giving growing anti-immigrant sentiment and xenophobia, Wilbur Ross proposed that we add an immigration-status question. This will be the first time in 60 years that that question has been on the census, and how do you see that having——contributing to undercounting given the fear that so many immigrants are living under?

Mr. MIHM. We have haven't looked precisely at that question, ma'am, and that is the question of the citizenship question. What I can say is that what we have seen in past censuses, and what concerns us about this, is, any late changes to census design always induce uncertainty and, therefore, risk.

The census has to have hundreds of different operations come together perfectly at a precise point in time once every decade. Any uncertainty on that is not a good place to be.

Ms. PRESSLEY. Great segue. So do you feel that you're well positioned and prepared to administer the census from an operations standpoint and from a staffing standpoint?

Mr. DODARO. I'll let Chris elaborate, but there is risk at this point. The next six months is critical. There are hundreds of security weaknesses, and there are IT systems that haven't been fully tested. The census has had to scale back on its test and only really done one test in Providence County, Rhode Island, when they had multiple sites.

So there hasn't been enough testing, they're trying new procedures, and the combination of all these things leads to a risk, which is why we put it on the High Risk List. So there needs to be a lot more——

Ms. PRESSLEY. Thank you.

Mr. DODARO [continuing]. done.

Ms. PRESSLEY. Thank you. And I have 10 seconds left, and I'm just——just curious. Again, my district is one of the most unequal in the country. It certainly has been impacted by mass incarceration. One in four in our households has an incarcerated loved one. Do you support incarcerated individuals being included according to their home address, not where they're incarcerated?

Mr. MIHM. That's not something—I know what that issue is. We haven't actually looked at that from a policy standpoint because it is a policy call. But we know it is an issue of some controversy within the Census Bureau, but we haven't looked at that directly, ma'am.

Ms. PRESSLEY. Thank you.

Ms. HILL. Thank you both.

Mrs. Miller?

Ms. PRESSLEY. I yield.

Mrs. MILLER. Thank you, Madam Chair.

And thank you, Mr. Dodaro, for being here today and sharing your report with us. You know better than most the importance of

ensuring our government is running efficiently and that we need to be good stewards of our taxpayer dollars.

One of my goals in Congress is to make sure that government is accountable to the people it serves, and your report helps us show where we can improve.

In your report, under “retained areas,” you highlighted the cost of funding our Nation’s infrastructure. As you are aware, our Nation’s infrastructure is in need of repair and improvement. Worn down, broken roads and bridges pose a safety risk for travelers across the United States. My own district experienced this in 1967 when the Silver Bridge across the Ohio River collapsed, killing 46 people.

Improving our infrastructure ensures that we can connect our rural and urban areas and continue to get our goods and services across the United States. It also means economic development for the communities in our country.

However, to ensure we repair and maintain our Nation’s infrastructure requires a significant investment. Given the cost of repairs and improvements to our infrastructure, can you elaborate more on your findings?

Mr. DODARO. Yes. The Highway Trust Fund, for example, on surface transportation, has not been able to pay the annual amounts necessary to maintain Federal investment and highway repairs, for example, since 2008, there’s not enough money being generated through the tax on gas, to be able to do that. So Congress has had to appropriate additional money.

There’s enough money been appropriated to provide funding to 2020, 2021. After that, there’s a big gap. If you want to maintain spending right now, it’s about 45, \$50 billion a year, you’d have to have \$158 billion to cover the 2022 to 2029 period. So the whole concept, initially, of our transportation system, particularly the highway portion, was, it was supposed to be funded by users, and be self-sufficient over time. That’s no longer the case. And so the Congress needs to deal with the financing aspect of it.

Ms. Susan Fleming has joined me.

There’s also a standpoint of making sure that the investments by state and local levels produce better results with the number of discretionary grants and other money that’s there, and she can talk to you about reforms that are under way there.

Mrs. MILLER. Okay. We need to fund our vital infrastructure, but according to the DOT, only 15 percent of the roads in California are in good condition, and they have the second highest gas tax in the country.

Furthermore, about 20 percent, or \$8 billion of all Federal, gas-tax revenue doesn’t even go to the roads. Before we even go to the taxpayers and ask them to give their government more hard-earned tax dollars, we have to be sure every dollar is being used efficiently and effectively as possible. Are there other efficiencies and revenues that you think that we could use to fund infrastructure other than gas taxes?

Mr. DODARO. Well, there’s other—if recommendations that we have to make more efficient use of the money that’s there, particularly the discretionary programs given the state and local levels, Susan can elaborate.

Ms. FLEMING. You know, I think it is a policy call for Congress about whether or not you want to increase revenues through additional gas tax or other sources. What we recommended is to spend the money wisely and efficiently, and we've applauded the fact that the last two surface reauthorization bills have required that the Department of Transportation move toward a performance-based framework. So basically ensuring that we are getting the best value for the dollars that are being spent. We're in the early stages of that framework. DOT has put out rulemaking, and now the states are in the process to establish targets and to evaluate performance. So we're optimistic that we're heading in the right direction.

Mrs. MILLER. Thank you very much.

Also, I'd like to shift our focus to the Veterans Health Administration. As you are aware, in 2014, a scandal broke at the Phoenix VA where it was found out veterans were dying while they were waiting for care. We also found the VA was covering up its extended wait times. This is unacceptable, and has since shed light on other problems that are facing the Veteran Health Administration.

I'm very lucky, in my district, we have a great veterans hospital, the Hershel "Woody" Williams VA Medical Center. However, I want to make sure all veterans across the United States receive good access to the care they have earned and deserved. What immediate changes need to be made at the Veterans Health Administration?

Mr. DODARO. Ms. Nikki Clowers is our expert in that area. I'll have her respond.

Mrs. MILLER. Thank you.

Ms. CLOWERS. Representative, one of the things that we've recommended for them to do is to look at their access standards that they have for the veterans and make sure that the access standards they have in place represents the full lifecycle from when the veteran approaches the medical center for appointment, to when they're actually seen, to determine how long that is taking, and then make adjustments based on that, to ensure that they're getting timely access to the care that they need.

Mrs. MILLER. Okay, thank you very much.

Ms. HILL. I want to thank the gentlelady for her remarks on this issue. It's so important, and I couldn't agree more.

Mr. Green?

Mr. GREEN. Thank you, Madam Chairman and Ranking Member.

Mr. Dodaro, thank you for being here today, and every single member of the GAO that's here today, we owe you a big round of applause. Thank you for your hard work. Digging into this kind of stuff, it's tough to do. It's hard work. Steady pencil, some might say "bean counting," but some people would get offended by that, so I won't say "bean counting." But you're in there digging out the details, and we have to have it.

You know, the Army just recently went through its first audit—its first. I think it's older than the Nation, actually, the United States Army, and it's just gone through its first audit. We need you, we're glad for you, we appreciate you.

I served as the CEO of a healthcare company. We had about a thousand employees when I left the company. And digging in, doing the Six Sigma the lean analysis to find where we could make operations better was, you know, bread and butter of our company. And so I'm especially interested in asking today about the VA.

I'm also a VA patient and a veteran. And as a physician and CEO of a healthcare company, watching just the tragedy of the things that are happening at the VA, breaks my heart. And so my first question is really just, as I understand it, you guys have made over the years, the two years that they have been on this list, 30 different recommendations for the VA to make changes. And I just wondered, what's their responsiveness to you in those—on those 30 recommendations?

Mr. DODARO. They're working on the individual areas. Ms. Nikki Clowers can give you the details. But the responsiveness has been slow, and I'm concerned about it. As I mentioned earlier, I have met with three VA Secretaries—Secretary McDonald, Secretary Shulkin, Secretary Wilkie. I'm encouraged by Secretary Wilkie's commitment to work with us in order to address, not only our recommendations, but the underlying root causes of why they're on the High Risk List, and to develop a comprehensive plan for improvement.

You know, so—and we keep finding the same problems over and over. You know, the VA's on our High Risk List for three components—healthcare, disability-claims processing, and now acquisitions and procurement of medical supplies and products that could be more efficient as well.

They have a huge budget. It's not been for a lack of resources that they haven't addressed these problems, in my opinion. But Nikki can tell you. We meet with them monthly to go over the recommendations, but they need a better plan. They need stable leadership. They have some of the most entrenched management problems that I've seen across government, and I've been around for a long time.

Mr. GREEN. That's sad to hear, because they have been here since, I think, 1930. You'd think they'd get some of those business processes worked out.

Are they allowed to do cooperative purchasing agreements, like other hospitals in the country are, to band together with other hospital organizations and purchase in bulk?

Mr. DODARO. Yes.

Mr. GREEN. They are allowed to do that?

Mr. DODARO. Yes.

Mr. GREEN. Okay. And they're just not, or—

Mr. DODARO. Come on, Michele. She is our expert in acquisitions at the VA.

Mr. GREEN. Awesome.

Mr. DODARO. This is Michele Mackin.

Mr. GREEN. This is in my strength zone, so—

Mr. DODARO. Okay.

Mr. GREEN [continuing]. I'll go in the weeds for a second.

Ms. MACKIN. Strategic sourcing, I think, is what you're talking about—

Mr. GREEN. Exactly.

Ms. MACKIN [continuing]. and we've actually recommended that the individual medical centers do that in order to leverage their enormous buying power. I think part of it is a very decentralized organization, and each local medical center wants to buy what they want to buy for the clinicians at that medical center. So they have been a little slower to implement that for medical supplies, but for other types of supplies, like some IT goods and services, VA has done strategic sourcing and saved quite a bit of money.

Mr. GREEN. Okay. Well, what drives that decisionmaking in the hospital world outside the VA is the hiring of physicians, right? So if you're going to purchase a specific spine screw in order to get that surgeon to come work at your hospital, that shouldn't be a problem with the VA, I wouldn't think, but—

Mr. DODARO. Well, what we find, Congressman, when they try to launch a purchasing program for medical supplies, surgical supplies, they didn't involve the clinicians as much as they should have, in deciding what to—what to purchase. And as a result, you know, 20 percent of their purchasing items are still done on an emergency basis because they don't have the competitive process in place to buy in bulk, leverage their purchasing power. So they're revamping this again, and we'll see if they come up with a better approach.

Mr. GREEN. Unfortunately, I think I'm out of time. I've got about 57 other questions, but—

Ms. HILL. Thank you.

Mr. GREEN [continuing]. I yield. Thank you for being here.

Ms. HILL. Thank you, Mr. Green.

Mr. DODARO. We're happy to followup with you later, to talk about these things.

Ms. HILL. Thank you. And you might have noticed that was not actually a mistake. It was really because I wanted to make Mr. Gomez, my colleague from California, wait. But you may now speak.

Mr. GOMEZ. Thank you. Madam Chair, I always appreciate the extra five minutes I'll get at the end of this presentation. But before I go on, you know, one of my colleagues was questioning your credibility if you bring up climate change, or you consider climate change in developing the risk assessment. I just did a quick Google search, and I looked up the Department of Defense 2014 Climate Change Adaptation Road Map, and it says, quote, "among the future trends that will impact our national security is climate change." So, if the Department of Defense is looking at climate change, I think you're in good company, and I think your credibility is well intact.

But I want to turn to the census. It's an important issue that's coming up, and you mentioned previously that the Department only conducted a full, operational test in just one city—Providence, Rhode Island—as you mentioned. And you also mentioned some concerns about the—about IT. It says, the report states, I quote, not fully testing innovations in IT systems as designed increases the risk that innovations in IT systems will not function as intended during the 2020 census. What are the risks the census could face from a lack of adequate testing?

Mr. DODARO. Yes. There are many.

Go ahead, Chris.

Mr. MIHM. Sir, just to clarify your question, are you interested in IT testing or testing overall?

Mr. GOMEZ. Testing overall.

Mr. MIHM. Okay, testing—testing overall is me.

What the—the big risk there is, as we were discussing with the Congresswoman, is that this is a once-a-decade operation, and there are innumerable number of procedures that have to come together, and if you mess it up, you don't have an opportunity to step back and say, Okay, we'll do it again in another six months or so. So the testing needs to be done to make sure, not just an individual programs work, but they also all work together under census-like conditions.

That's the importance of doing it in different locations around the country, with different populations, with different census-taking strategies, to make sure that it will work when you actually go live, because there is not a do-over.

Mr. DODARO. But it could affect the quality and increase the cost.

Mr. MIHM. Absolutely.

Mr. GOMEZ. What are the risks of not having tested in the rural areas, remote communities, and other types? Same thing, you might not have it just function correctly?

Mr. DODARO. That's correct. And it's difficult to count in rural areas to begin with.

Mr. MIHM. It's a separate set of challenges. There, sir, is that, you know, the key to the census is counting not just each individual but counting them at their usual residence. And so you need to make sure that you actually locate them where they are living, and in some of the most rural parts of the country, the different address conventions, you know, P.O. Boxes as opposed to actually street numbers.

The second thing there is that they're going to be—for—the census takers will be using hand-held computers and that if you have internet connectivity problems in some of the more rural areas, that can compromise both the quality and the cost of the census, as the Controller General mentioned.

Mr. GOMEZ. And just also, you had just mentioned that cutting the test to save money would actually end up costing the U.S. Government more in the long run. Is that correct?

Mr. DODARO. It potentially can. Because, I mean, we're very diverse country—

Mr. GOMEZ. Yes.

Mr. DODARO [continuing]. as you know, and just testing in one location doesn't really give you a full range of tests. Chris mentioned the internet connectivity. It's—it's variable across the country, particularly in certain areas, and so that's going to be a problem. So we're very concerned that the testing hasn't been as robust as you would want to have, particularly when you're introducing new concepts into the census.

Mr. GOMEZ. Do you have a rough estimate of how much it would cost if things are delayed or we don't hit our—

Mr. DODARO. Well, the current estimate is \$15.6 billion, and there's some contingencies in there. I'm not sure, you know, there will be another estimate coming out from the Bureau soon. We've

looked at the estimate, the original estimate, that was made several years ago, we found, was not comprehensive or reliable enough. The current one is pretty good.

Mr. GOMEZ. And so, given the reductions in testing, is there a risk that the census will not be ready to run an accurate and secure 2020 census?

Mr. DODARO. There's risk at this point. The next six months are critical. I can't give you a final determination, but there's certainly enough risk to be concerned.

Mr. GOMEZ. Are we further behind today from the 2020—in preparation compared to the 2010 census?

Mr. DODARO. Yes, I'd like to tell you that the censuses in the past have run like clock work, but they haven't. There's been problems with almost every one.

Mr. GOMEZ. But there—

Mr. DODARO. I've been involved since the 1990 census.

Mr. GOMEZ. And I noticed that you put it on the 2009 High Risk—

Mr. DODARO. The only reason it comes off is because it actually gets conducted. And, you know, so—you know, I can't tell you. But I do think, given the new innovations that they want to put in place, that I do think they're behind where I'd like to see them be in terms of testing.

Mr. GOMEZ. So for my next five minutes—I'm kidding, Madam Chair.

Ms. HILL. Thank you.

Ms. HILL. Thank you.

Mr. Connolly.

Mr. CONNOLLY. Thank you, Madam chairman.

And, Mr. Dodaro, welcome back. I think this is one of the most important hearings our committee has every year, and hopefully we can try to double down on working with you to implement the recommendations contained in your annual report.

Ms. Ocasio-Cortez was talking a little bit earlier about climate change, and good for you in making it one of your high risk categories. I think the science is quite clear. I heard a colleague earlier indicate that it was questionable. Maybe for him but not for the rest of the world. There is a very strong consensus in the scientific community that it is real.

And as you point out, if you want to argue about the theology of climate science, go ahead, but real communities in real America and, for that matter, around the world are looking at real costs and trying to figure out resilience and retrofit to protect themselves from the clear consequences of rising sea levels, changing temperatures, crop changes, and even what constitutes temperate zones for growing food.

And so I absolutely salute GAO for doing that. It is not a new item for you, but it is imperative that you be immune from any political pressure in calling it like you see it.

Another subject that you and I have talked about, this committee has worked with you very closely on, is, of course, IT, information technology and the vulnerability of the Federal Government and, you know, legacy systems, encryption, how we procure and manage our IT assets.

And I was looking at your report this year, Mr. Dodaro, and just looking at the cyber part of the IT subject, you have 700 GAO recommendations to agencies addressing cybersecurity risks that have not yet been implemented. Is that accurate?

Mr. DODARO. That is accurate.

Mr. CONNOLLY. And of those, 35 are priority recommendations that you say should receive particular attention from heads of key departments. And of those 35, 26 have not been implemented. Is that correct?

Mr. DODARO. That is correct.

Mr. CONNOLLY. So why haven't they been implemented, from your point of view? What is going on that we are not making the kind of progress we should be?

Mr. DODARO. I am concerned that it is not a priority for the heads of the departments and the agencies, that there is not a full understanding of the extent of the vulnerabilities there, and that they are not held properly accountable for those areas.

Even where Congress has expressed concerns, in the OPM situation, for example, they still haven't responded to all of our recommendations in the area.

Mr. CONNOLLY. Even after the breach—

Mr. DODARO. Even after the breach, yes.

Mr. CONNOLLY [continuing]. that compromised 24 million Americans' data. Yes.

Mr. DODARO. Right. Right.

And so I think Congress should provide more rigorous oversight and talk to the top leadership of the agencies in order to deal with this issue. Because year after year, we keep finding the same problems, as well as the inspector generals. Now, some of it is part of the not replacing the legacy systems. But, again, there needs to be some urgency there as well.

So, I mean, Nick Marinos, our expert, might have other reasons, but, from my standpoint, if you don't have the leadership and the top direction, you are not going to solve this problem, because there are many other competing problems.

Mr. MARINOS. Yes, two quick things, Congressman, that I think you are very familiar with.

One, leadership gets very interested in cybersecurity after the incident, unfortunately—

Mr. CONNOLLY. Although, not in the case of OPM.

Mr. MARINOS. Well, and then what I would also say, too, is that we also see the average tenure of CIOs generally be around the two-year point too. So I think that is another challenge too. You may have committed leadership for a certain period of time, but generally they don't stick around too long.

Mr. CONNOLLY. So, as you know, we work with GAO on the quarterly scorecard for compliance with FITARA, which is sort of the framework legislation governing a lot of this. Let's make sure that we are—we need your help and input in making sure that we are adequately addressing the cyber part of it. And we will be glad to talk to you further about how we do that.

Mr. DODARO. Yes, we would be happy to do that. You meant the Connolly Issa bill, didn't you?

Mr. CONNOLLY. Thank you, Mr. Dodaro. You are always welcome in this committee.

Thank you, Madam chair.

Ms. HILL. Thank you.

Mr. Cloud?

Mr. CLOUD. Thanks for being here. I really appreciate it, really appreciate this topic. This seems to me like this is exactly what this committee should be about. And so I appreciate you and your team being here.

And I appreciate you preparing a report on waste, fraud, abuse, and mismanagement in government. It is essential, with us having a \$22 trillion debt and continuing deficit spending, that we begin to figure out where the problems are. And you seem to outline a lot of them for us.

I appreciate seeing that some items have come off the list and others have improved. I think that is the goal. It is kind of like the endangered species list; the goal is to rehabilitate and get them off the list eventually. And, in a sense, that is what has happened in some areas.

But there are some areas that have been there since the 1990's when we first started doing this: the DOD weapons systems acquisitions, NASA acquisition management, DOE's contract management for national nuclear security administration, and Office of Environmental Management—there is a mouthful for you—enforcement of tax laws.

Can you explain some of the challenges and why we are not seeing any movement on these?

Mr. DODARO. For a number of years, you know, we have looked at—let's take the DOD weapons systems. First thing was to get better management practices in place. You know, we looked at how the private sector develops technologies. And what we found was that DOD, in many cases, was not identifying the requirements up front and stabilizing the requirements, not maturing the technologies before they go into production.

So, right now, DOD has, based on our recommendations and congressional actions, particularly the Acquisition Reform Act of 2009, imposed in their requirements best practices. But they are not being followed in all cases.

Now, when they are being followed, and based on our recommendations, in the weapons systems area, DOD saved \$36 billion. But, in most cases, they are not following the best practices and implementing them properly, as well, over time. And, as a result, you get a fact where there are cost overruns, there are schedule delays, and, ultimately, less functionality gets delivered to the warfighters in the end. So there is an ultimate price to be paid in this area.

So part of it is not going through a disciplined process on a consistent basis.

Mr. CLOUD. Right.

Mr. DODARO. The same thing's true in the Department of Energy. For example, 90 percent of the Department of Energy's budget goes to contractors. In a lot of cases, I think the contractors have had the upper hand on DOE, and there hasn't been enough independent cost estimates that have been done over time. When these

projects change at DOE, they can change by a decade in terms of schedule delays and the costs can increase by multiple billions of dollars.

And so we have gotten them to implement now better cost accounting practices, and, actually, we showed an improvement in the DOE contracting area.

NASA had been making better progress, but they have regressed. We downgraded them in their leadership commitment. I have met with the NASA Administrator. The new human space flight programs, Congress isn't getting the full cost information. It is not transparent over time, what needs to be done. Their portfolio of programs is having more cost overruns and schedule delays. The James Webb Telescope, for example—

Mr. CLOUD. Right.

Mr. DODARO [continuing]. is years behind, multibillion dollars over budget. And so they have put together a new action plan now, but it needs to be implemented over time.

Medicare continues to be problematic, with \$48 billion in improper payments last year. They are getting better attention to this area. They have increased their staff, focused on it. But it continues to be very problematic. We have made recommendations that they seek legislative authority to do more prepayment audits. Because unless you can stop these improper payments up front, it is too hard to recover the money afterwards.

And so we have made a lot of recommendations, but these are big problems. And we have seen incremental improvements, but more needs to be done.

Mr. CLOUD. Yes. If I may, I only have 30 seconds left, which is kind of indicative of today's discussion, that we have 34 major programs that you have identified as high risk and just a couple hours to cover them all.

Do you think it would be helpful—if I could ask a couple questions to get them in, do you think it would be helpful for this committee to take each one up in a committee hearing?

Mr. DODARO. Absolutely.

Mr. CLOUD [continuing]. oversight to it, that would be essential?

Mr. DODARO. Absolutely. And where we have seen progress, congressional hand has been at play.

Mr. CLOUD. Right.

Mr. DODARO. So it is instrumental to making these—I am happy to come back, and our team, talk about each of these areas individually.

Mr. CLOUD. And then one of the criteria that is on this list is that it has to be in danger of losing a billion dollars, because I guess anything less than that just doesn't count as government waste anymore. But is that a helpful metric? Or what metric should we be looking at?

Mr. DODARO. Well—

Ms. HILL. The gentleman's time has expired, but you can answer the question.

Mr. DODARO [continuing]. that is the one quantifiable measure we use, but we have many qualitative measures: the impact on the economy, on public safety and health, the impact on national security and other factors. And so many of the areas are on there not

solely because of the dollar exposures but because of their importance to the American people.

Mr. CLOUD. Thank you. I wish we had more time, but I appreciate you being here, you and your team.

Thanks.

Ms. HILL. Thank you both.

I recognize myself for five minutes.

My questions are a followup around the VA issues. It is a huge issue in my district; it is personal for me.

I am concerned that the VA is failing to make progress on long-overdue reforms that are necessary to provide the best possible healthcare to more than 9 million veterans. The administration has said that veterans health is a priority, but this report suggests that actions haven't exactly matched up with that.

The report finds that many of the VA problems stem from a lack of clearly established goals. Your report says, quote, "Though the Department took steps to establish offices, work groups, and initiatives to address its high risk designation, many of these efforts are either in the initial stages of development or resources have not been allocated."

And this is a yes-or-no question. Mr. Dodaro, is the VA moving fast enough to address its high risk designation?

Mr. DODARO. I don't believe so.

Ms. HILL. Okay. Why do you believe that resources are not being allocated more quickly?

Mr. DODARO. Well, they basically have difficulties with their resource allocation process, which was one of the reasons we put them on the High Risk List.

Ms. Clowers, who is our expert in this area, can elaborate.

Ms. HILL. Just briefly.

Ms. CLOWERS. Certainly.

As the Comptroller said, they, in terms of capacity—this is the area that you mentioned—there are a number of activities that are ongoing, but they really just started in the last six months, and we need to watch them mature to make sure they have the right resources, both people and attention, on these issues.

Ms. HILL. Okay. Great.

And is this something that you believe our committee needs to be involved in, in addition to—

Mr. DODARO. Absolutely.

Ms. HILL. Okay.

So, given the lack of an adequate action plan, in your report, it states that the VA's action plan did not include all goals and substantive actions taken.

What are the risks of a subpar action plan?

Mr. DODARO. The risks are the problems will continue, which is what we have seen. Our reports and the report of the inspector general from VA continue to find the same type of problems regardless of what we look at.

Ms. HILL. Great.

The GAO also reported that the VA's Veterans Health administration lacked sufficient data to monitor whether veterans are getting timely access to the Veterans Choice Program. Today's report states that the veterans who are referred to the Veterans Choice

Program, quote, “could potentially wait for care up to 70 calendar days if the maximum amount of time allowed by VA processes is used.”

Mr. Dodaro, is it true that wait times this long exceed the maximum limits under the law?

Mr. DODARO. Yes. The maximum limits under the law are 30 days.

Ms. HILL. And what do you believe needs to be done around this?

Mr. DODARO. Well, we have made some recommendations. They need to clarify their wait-time rules; they need to train their people properly; and they need to followup and monitor effectively to make sure that is being adhered to.

They also need to change their processes. One of the things they did with the Choice Act is they involved an intermediary between VA and the eventual providers, which just built in an additional layer of bureaucracy and delay.

Ms. HILL. Thank you.

The VA estimates that every day 20 veterans die by suicide. Some veterans have committed suicide at the very VA hospitals where they have come to receive care.

Each of these deaths is a tragedy, and last year the VA declared that suicide prevention is its highest clinical priority. Just yesterday, President Trump announced a new task force to provide recommendations for this ongoing tragedy.

But the high risk report makes it clear that this is an additional problem. Do you agree?

Mr. DODARO. Yes. We issued a report; Nikki can talk about it. But, you know, they are trying to right the ship now in that area and make it a priority, but there was funds that were unspent for a period of time back, and—but it needs continued attention.

Ms. HILL. That is what I want to highlight, is that the social media and the media outreach campaign around veteran suicide prevention had a massive decline, including the VHA's contractor for social media content around this issue dropped from 339 pieces in 2016 to just 47 pieces in 2018, a decline of more than 85 percent. And as many of my colleagues know, 339 pieces of social media is not a lot, in general.

And, additionally, the GAO found that the VA expected to spend just \$1.5 million out of \$6.2 million obligated for suicide prevention in Fiscal Year 2018. As of September 2018, GAO found that the VA had only spent \$57,000 of the obligated \$1.5 million in outreach, making it unlikely that they spent much more.

So today's report concludes that the VA's failure to do more aggressive outreach is, quote, “inconsistent with VHA's efforts to reduce veteran suicides,” which is the VA's highest clinical priority. Is that correct?

Ms. CLOWERS. It is.

Ms. HILL. And what additional steps should the VA take to improve outreach to veterans and do a better job of preventing suicides?

Ms. CLOWERS. One of our recommendations was for them to clearly define the roles and responsibilities of the leadership office there. One of the contributing factors that we saw in the decline of the effort was a gap in leadership. So the position for that office

remained open for a number of months, and then they had an acting person in charge. And what VA told us was they didn't feel like they had the authority to move forward until you saw these efforts decline.

The other recommendation that we made is for them to establish performance targets for their efforts. They do collect a number of metrics on their outreach efforts, but they lack the targets to know whether it is good or bad. So the contractor will tell them there are 20,000 hits on a website, but you don't know if that is what they wanted to achieve.

Ms. HILL. I know I am over. Is there a timeline for these improvements? Because veterans are dying at a rate of 20 veterans per day from suicide.

Ms. CLOWERS. VA told us they agreed with the recommendations and would implement them in 2019.

Ms. HILL. Thank you so much.

Recognizing Mr. Armstrong.

Mr. ARMSTRONG. Thank you.

So I am looking at the report, and I want to talk about the \$23 million that could be economically captured from flared gas. And this isn't about environmental—there are lots of reasons we don't want to flare natural gas.

Mr. DODARO. Right.

Mr. ARMSTRONG. But I think we can assume that this is gas associated with oil wells, because nobody's drilling a gas well to flare the gas.

So one of my questions—and this is one of the things either—I have had this conversation; we have dealt with it a lot in North Dakota.

So, today, oil is trading at \$56 a barrel. Gas is at \$2.88, but just for simplicity, we are going to use \$3 in MCF. And so a typical well in the Bakken is 500/500—500 barrels of oil, 500 MCF. And typical Federal lease is 20-percent royalty. Is that about right?

Mr. GAFFIGAN. It depends, but, yes, that is in the neighborhood.

Mr. ARMSTRONG. So, in order to capture that—if a well produces 500 barrels a day, 500 MCF a day, the royalty on the oil would be \$5,600 a day, the royalty on the gas would be \$300 a day. So, in a month, it'd be \$168,000 in oil royalties, \$9,000 in gas. In a year, it would be just around \$2 million in oil royalties versus \$109,000 in royalties on gas.

And the reason the gas is flared is because the Federal Government doesn't build the infrastructure to get the gas, so natural companies don't go to get it. But if you are losing 20 percent, whoever's drilling the oil well is losing 80 percent. And so they are making an economic decision to do that.

So if you shut down that oil well for a day because you have to, because the only way to capture the gas is to get a pipe in the ground, get a processing plant midstream or upstream, so you lose that 500 barrels of oil a day, and you turn the well back on the next day, you don't get the oil back then. You only get 500—if you shut the well down on Monday, you lose 500 barrels. But when you turn it back on on Tuesday, you only get 500 barrels of oil again on Tuesday, right? I mean, you don't produce twice as much on Tuesday.

And the reason I ask that is, just purely from a revenue collection standpoint, you don't get the money back on the royalty for oil and gas until end of life of the oil well. So if you have to shut that oil well down for a month to capture the gas royalties, you lose all of the oil royalties at the same time.

I mean, am I correct?

Mr. GAFFIGAN. So I think you are as good a bean counter as we are, in following all that.

But the point we are making in our report is the methane rule, the methane emissions rule, which BLM worked on for a number of years. And the point of that was to look where it economically made sense and you could bring in the technology to reduce the amount of emissions that were vented. So, for example, if you had leaks in the system, you would use the infrared technology to try to identify that.

So I think that is what the methane rule was about and we talk about in our high risk report. And that rule was developed and finalized in November, I believe, and then later revoked by an Executive order. And we felt that was a step back, because it didn't—and was replaced by another rule which didn't allow for that calculation. In other words, it just assumed that it was too costly to do it, whereas the rule prior had folks take a look at whether it was costly and made sense to do it. That was the issue around the methane rule.

Mr. ARMSTRONG. But you are not putting the technology in. I mean, the premise is still the same. Every dollar you lose in gas at \$3 in MCF on an associated oil well, there is a \$56-a-barrel—

Mr. GAFFIGAN. Oh, absolutely. And we know in the Bakken that oil is the name of the game. The infrastructure is not there. In North Dakota, you know, there was a lot of initial boon from the fracking there in the shale, in that play. And the concern, even in North Dakota, was to, you know, figure out what they could do with the gas.

And, again, this is a rule that applies across the country. And where applicable, the idea was: See if it makes economic sense and we have the technology to try to reduce the amount of emissions. So it wasn't just in North Dakota; it was across the Nation.

Mr. ARMSTRONG. No, I mean, I understand that. But I think we are still talking about associated—I mean, regardless of whether it is here or the Eagle Ford or—

Mr. GAFFIGAN. Sure.

Mr. ARMSTRONG [continuing]. the Powder River, it doesn't matter where, I mean, when you are talking about gas in this context, you are talking about associated gas.

And when you say "we" have the technology, who do you mean has the technology? I mean, it is not the Federal Government.

Mr. GAFFIGAN. No. It is the producer of the oil. It is the producer of the oil and natural gas. Sure.

Mr. ARMSTRONG. And the same—just one more, and then—

Mr. DESAULNIER.[Presiding.] Please, go ahead.

Mr. ARMSTRONG. The same premise would, I mean, apply to that as well. I mean, if you are losing 20 percent, they are losing 80 percent.

Mr. GAFFIGAN. Yes. And I don't think—again, I don't think the rule necessarily referred to the actual production. If there is no market for the natural gas, you are allowed to flare it, right? The associated gas.

Mr. ARMSTRONG. There are a lot of reasons not to flare gas, and—

Mr. GAFFIGAN. Right.

Mr. ARMSTRONG [continuing]. and there are a lot of reasons not to flare gas.

Mr. GAFFIGAN. Right.

Mr. ARMSTRONG. I mean, when you are dealing with associated gas in an oil well, I don't think the economics is one of them.

Mr. GAFFIGAN. Yes.

Mr. DESAULNIER. Mr. Armstrong, I can tell your passion for this issue. It is understandable. But your time is up. We are going to recognize Ms. Norton.

Mr. GAFFIGAN. Well, we would be happy to meet with you further to discuss it.

Mr. DESAULNIER. I am sure he'll take you up on that.

Mr. GAFFIGAN. All right. I will bring my calculator.

Mr. DESAULNIER. Ms. Norton?

Ms. NORTON. Thank you, Mr. Chairman.

Mr. Dodaro, it looks as though the census is off to a very tough start. Major litigation involving citizenship status, that could affect the census, I believe going to the Supreme Court. And all at a time when, for the first time, we will be taking the census online. That really would seem to me to essentially take you to redesigning how you do the census, but let me see if that is the case.

Any idea of what percentage, what proportion of Americans will be going online to fill out their census form?

Mr. MIHM. Ma'am, I will have to get you that information. We will get it to you right after the—

Ms. NORTON. I wish you would. Because when you consider that most people are used to the paper census and you are having to prepare for online, I am beginning to wonder about this census in many ways.

Mr. MIHM. Yes, Ms. Norton, if people don't respond on the census, then they will get a paper form after that. And so they will have the two options. But we will get you the answer to the question you are asking.

Ms. NORTON. Yes, but I am worried about those who do respond. And I am worried about your testing and the delays, the compressed time there was for testing. Why was the time compressed for testing?

Mr. MIHM. Initially, they argued that they had some budget issues. Now, the budget issues have largely been resolved for 2018 and 2019. In fact, they have gotten even more than what they were looking for. But there were some budget constraints in the early years.

Ms. NORTON. Do you have enough funds to do the census right, Mr. Dodaro?

Mr. DODARO. Yes. The Bureau believes that the funding that they have for this year is adequate.

Ms. NORTON. I am interested in whether the delays we have experienced will turn up or lead to problems in the census going forward. The end-to-end test, as it is called, in 2018, did it meet its key milestones?

Mr. MIHM. It met the key milestones, but it was reduced, ma'am, as you mentioned in, you know, the premise to your question.

The biggest challenge that they face going forward is that they have all these various operations that have to come together at precisely the right moment for a once-a-decade operation. And so, just like you are talking about with the internet option, any time you are introducing new ideas and new ways, even when they make sense, you know, such as like an internet option, it does entail a degree of risk.

And so that is why, throughout the decade, you want to have a very robust testing process to make sure that you are testing the census under different conditions, different places around the country, different population groups, because you want to make sure that your testing captures the diversity of the Nation.

Ms. NORTON. Well, did you test it online? Did you test it with respect to paper ballots? Because it looks like there are going to be two censuses.

Mr. MIHM. Well, the way it will work, ma'am, is that, at least under the current design, there will be the—similar to the last census, there will be a postcard that will go out ahead of time reminding—in that case, it was just alerting people, in the 2010 census, alerting you, be on the lookout for your form. This time, it will tell you you have the option to answer online.

For those that do not answer online after a period of time, I mean, just a matter of a couple of weeks or so, then they will be getting the paper. And then after that is when the census-takers will come if you have not done either online or the paper.

The big challenge there is just because of all the concerns about even a reduced response rate overall, that it is going to require more hiring, more followup of the census-takers, a population that may not be, just because of survey fatigue and other reasons, may not be as willing to or able to respond to the census. So that is—

Ms. NORTON. Oh, surely.

Mr. MIHM [continuing]. going to put an extra burden on what they call their nonresponse followup operation.

Ms. NORTON. Surely. It is hard enough getting people to respond once. When they may have to respond twice, I must say I am concerned.

Mr. MIHM. Well, the challenge there, ma'am, is exactly what you are saying, is that the Census Bureau is going to have in place—and they have been working very hard on this—what they call the de-duplication. In the risk that one of us would respond on the internet and then try and respond on the paper, the Census Bureau has to have in place procedures and automated processes to make sure that they can de-duplicate. And they have been working very hard on that.

Mr. DODARO. Right.

My team also tells me, Representative Norton, that the Census Bureau estimates 45 percent of the households will respond online.

Ms. NORTON. That is huge.

Mr. DODARO. If that happens, that is one way to reduce the cost, because you won't have to send people door-to-door to do that. So we will have to see what the actual experience is, but that is the current estimate.

Ms. NORTON. Your report says, and here I am quoting, that the 2020 census lacks a risk assessment and certain best scheduling practices.

Now, given how you have testified about what I will call the dual census, is there time to get to best practices to be assured that this dual way of doing the census will, in fact, work?

Mr. DESAULNIER. Ms. Norton, your time has expired.

But the gentleman, please, go ahead and answer.

Mr. DODARO. The next six months are critical, Representative Norton, and that will tell you whether they are going to have adequate testing in time or not. We are concerned, but the next six months will tell the tale.

Ms. NORTON. Mr. Chairman, if I could say, I do think, if the next six months is when we are going to learn something, that we need perhaps in the next three months another hearing.

Mr. DESAULNIER. I agree.

I am going to recognize myself for five minutes and agree with my friend from Virginia. Mr. Dodaro, this is one of my favorite hearings. To your staff, I know you don't get acknowledged, in my view, nearly enough for the work you do. But I just want to go on the record and acknowledge that, in spite of your shameless comment to Mr. Connolly.

So the Center for Disease Control has done a study on so-called diseases of despair. They are a very large problem in this country. And in relation to that—and we are going to have a hearing tomorrow that you will not be at, but Ms. McNeil will be here—why—in reading why you put our efforts in to prevent drug abuse, why did you put that in the emerging category?

And I would like to say, too, in our discussions with you and the Governors Association, opioids, in the bills that we got passed in a bipartisan level, I was able to put three or four amendments in there with Republican colleagues about metrics and performance standards. We are spending \$30 billion a year on this. It costs—just the opioid crisis costs us \$500 billion.

The fact that this is emerging at the same time that we are in a bipartisan effort trying to assert ourselves in this raises large concerns for me. Could you respond to that, please?

Mr. DODARO. Sure. Well, you know, one of the factors that we consider is public safety. And this is an area that is very concerning. It was mentioned earlier that there are 70,000 deaths from drug overdoses every year. That is 119 people a day. And the situation is getting worse, rather than better, despite all the efforts.

For the last two years, for 2017 and 2018, there was no national strategy. There was no official in charge of the Office of Drug Control Policy. So I became very concerned. And I have held forums on this issue where we brought a lot of experts together from the provider community, from the treatment community, from law enforcement, and we talked about the challenges associated with this.

So I think the challenges are huge. We are doing more work in this area. So we put it sort of in a category of, you know, we are

considering putting this on the High Risk List and that we are watching it very closely.

And if we think that the—like, the national strategy, for example, our preliminary observations are it doesn't cover all the things you would want to have in a national strategy, you know. And our witness will talk about that tomorrow at your hearing. But we have already found some deficiencies in that national strategy that we think need attention.

So this is a very worrisome area to people. You know, as a parent and now a grandparent, I have worried about this with my own children going forward. And so I think it is deserving of special attention if it warrants it.

Mr. DESAULNIER. Well, we will go into this more tomorrow. But in relation to previous administrations, going back through multiple presidencies, Republican and Democrats, we have put a lot of effort nationally, at the state level, at the local level into this.

The report that we will talk about tomorrow is 23 pages, I think. There is only a page that refers to metrics and performance standards. I thought it was fairly appalling, having been involved in this field for some time.

So it seems to be more than emerging. This is a real—it was a crisis before. We have recognized this as a crisis since President Reagan was Governor—was President. Sorry. Californian. Freudian slip.

What can we do in more than a hearing tomorrow? We have plenty of performance metrics now. The public health system does, CDC does, but they are daunting, to make sure that we are on top of this.

And, again, in context of a bipartisan effort, particularly on the opioid side, to intervene and support public health officials, it strikes me that two years and a lack of specificity on performance standards and metrics in reference to those that have been built on by previous administrations is rather appalling and would make me think it should be high risk.

Mr. DODARO. Yes. Well, again, we made this determination, you know, a couple months ago, before we saw the national strategy and had a chance to evaluate it.

So the one thing I will tell you is that we don't normally have to wait a full two years for the next update to put something on the High Risk List. I put on a number of issues out of cycle to the High Risk List in this area.

We have 30 open recommendations that need to be addressed in this area. And once we have some work underway not only in the national strategy but a number of other areas, as soon as we finish this body of work this year, I will make a determination of whether to officially add it or not.

Mr. DESAULNIER. Well, I look forward to having further conversations outside the committee on this. Some of those performance standards asked you and the National Academy of Sciences to help with best practices in this regard, to make sure that the efforts we have made actually show real results as soon as possible. Because the urgency of almost 200 people a day losing their lives speaks for itself.

Mr. DODARO. I couldn't agree with you more, Congressman.

Mr. DESAULNIER. Thank you. Thanks again.

I now want to recognize Ms. Tlaib.

Ms. TLAIB. Thank you, chairman.

Thank you. Eighteen years. That is amazing. I have only been here two months, and I just want to commend you for sticking around for 18 years to run the GAO. I really commend you.

Mr. DODARO. Well, actually, this is my 46th year at GAO.

Ms. TLAIB. Oh, it is—they put 18 years.

Mr. DODARO. No, I know I look younger, but I—

Ms. TLAIB. That is amazing. Forty-six.

Mr. DODARO. Yes.

Ms. TLAIB. Congratulations. And I have only heard incredible things about you, your integrity. And I appreciate that service.

So I am really concerned about the Environmental Protection Agency, the EPA, that it is not meeting its obligation.

I think, for me, you know, I come from Michigan. And from the lack of response with the Flint tragedy that continues impacting so many children and families to this day, to the fact that I have some of the most polluted ZIP Codes in the state of Michigan from, you know, bringing in, piping in the tar sands from Canada, and they produce the petroleum coke, and the coke/carbon company dumped it on the riverfront, and, as a former state legislator, trying to contact the EPA for some sort of response.

And so, when I read part of your report, you identified and used the word, I think—you identified the EPA's process for assessing and controlling toxic chemicals as a high risk area and that you—I think in there is quoted saying “regressed,” that the EPA's efforts have regressed over the past two years.

And you should know, this morning, we just had a hearing on PFAS and the fact that, even then, everybody recognized it is dangerous, it is an impact on public health, we need to do something about it, but, again, there seems to be a lack of action on the EPA.

So I am wondering, you know, what is the IRIS program? What are some of the things that you are mentioning here? And if you can provide some sort of feedback to me, as a legislator, what I need to be doing from my end to hold the administration accountable.

Mr. DODARO. Sure. I will start, and Mr. Gaffigan is our expert in this area. He can add.

First, the IRIS program is the program the EPA uses to assess the hazard assessment of the chemicals and actually produces a toxicity estimate, a number. And that is then used not only by EPA programs in regional offices to then assess whether or not to regulate it and how to regulate it, if they do, it is used by state and local officials and others. So it is really intended to be the starting process for assessing a chemical's capabilities.

Now, one of the changes that we had recommended in the past that Congress has finally improved, in the Toxic Substances Control Act, to now require EPA, under the new requirements, has to approve a chemical in advance. Previous to that, they had to prove it was problematic. And so the burden has shifted. So the EPA needs to implement the TSCA requirements too, the new amendments to the law.

But the IRIS program also is a starting point for that area, and we have a number of recommendations underway. They have improved the process, but right now they haven't been transparent in how many assessments they are going to do and what has happened to assessments that were already through many parts of the process. In some cases, they have been assessing the process since the 1990's.

Ms. TLAIB. Yes.

Mr. DODARO. And so it is not transparent enough, and it is not clear how they are going to apply the resources necessary to do this.

You know, we labeled them as regressed for two reasons. One, the leadership of EPA hasn't been as outspoken about this as a priority than the previous administration was. And, second, they proposed budget cuts for the IRIS program. Now, Congress didn't go along with the budget cuts and kept the resources at the 2017 levels. But it is not clear how those resources are going to be used and how the assessments will be prioritized going forward.

Ms. TLAIB. So, you know, is this about the lack of capacity? Or is it, you know—when you say “since the 1990's,” I have heard even other horror things of not being able to get something that is toxic on the toxic list for the EPA. Is it—you know, because I think it goes beyond the capacity. It is also the will or some political courage. Can you talk a little bit about that?

Mr. DODARO. Sure.

Mr. GAFFIGAN. Sure. I think as the Comptroller General said, we felt they regressed in the leadership part of things. And so we felt all along that there needed to be some congressional action to help improve the authorities that EPA had to do this, and so the 2016 act did provide them that.

And so we have been doing a series of work following how they are doing in the implementation. And we just released a report on Monday that really sort of highlights the importance of staying on top of the leadership and ensuring transparency throughout the process.

Very simply, to take the IRIS program, in May 2018, they had 20 chemicals on a list ready to go. They had talked. They checked in with the program offices. They all said they had their—this is what they still wanted. They had the resources to do it.

They were told in June to hold up, by leadership. They were told not to work on any of the assessments.

In August, they sent out a survey to the offices again asking, these 20, do you still want them? Survey results said, yes, we do.

The then-leadership later asked, well, prioritize within these and limit, you know, to three or four. But they provided no criteria for the program offices to decide, well, how do we prioritize?

The next thing they know, there is a list published in December, has 11 chemicals on it. Four chemicals which were on that list of 20, which were ready for peer review at stage four, disappeared. There was no explanation as to what happened.

And so that speaks to the lack of transparency. And that really comes from leadership. I think they have an opportunity to make decisions, but they need to be transparent about it. Otherwise, it raises the questions of, why did this happen?

Ms. TLAIK. Thank you, Mr. Chairman

Mr. DESAULNIER. Thank you.

That is our last member who would like to speak. I want to thank you again for your fine work and all your staff's work. We really appreciate it. And we appreciate you for the testimony today.

Without objection, all members will have five legislative days within which to submit additional written questions for the witnesses to the chair, which will be forwarded to the witnesses for their responses.

I ask our witnesses to please respond as promptly as you are able.

Mr. DESAULNIER. This hearing is adjourned.

[Whereupon, at 5:19 p.m., the committee was adjourned.]



## **APPENDIX**

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MATERIAL SUBMITTED FOR THE HEARING RECORD



United States Government Accountability Office  
Testimony  
Before the Committee on Oversight  
and Reform, House of Representatives

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For Release on Delivery  
Expected at 2:30 p.m. ET  
Wednesday, March 6, 2019

## HIGH-RISK SERIES

### Substantial Efforts Needed to Achieve Greater Progress on High- Risk Areas

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

# GAO Highlights

Highlights of GAO-19-392T, a statement before the Committee on Oversight and Reform, House of Representatives

## Why GAO Did This Study

The federal government is one of the world's largest and most complex entities; about \$4.1 trillion in outlays in fiscal year 2018 funded a broad array of programs and operations. GAO's high-risk program identifies government operations with vulnerabilities to fraud, waste, abuse, and mismanagement, or in need of transformation to address economy, efficiency, or effectiveness challenges.

This biennial update describes the status of high-risk areas, outlines actions that are still needed to assure further progress, and identifies two new high-risk areas needing attention by the executive branch and Congress. Solutions to high-risk problems save billions of dollars, improve service to the public, and would strengthen government performance and accountability.

GAO uses five criteria to assess progress in addressing high-risk areas: (1) leadership commitment, (2) agency capacity, (3) an action plan, (4) monitoring efforts, and (5) demonstrated progress.

## What GAO Recommends

This statement describes GAO's views on progress made and what remains to be done to bring about lasting solutions for each high-risk area. Substantial efforts are needed by the executive branch to achieve progress on high-risk areas. Addressing GAO's hundreds of open recommendations across the high-risk areas and continued congressional oversight and action are essential to achieving greater progress.

View GAO-19-392T. For more information, contact J. Christopher Mihm at (202) 512-6806 or [mihmj@gao.gov](mailto:mihmj@gao.gov).

March 2019

## HIGH-RISK SERIES

### Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas

#### What GAO Found

The ratings for more than half of the 35 areas on the 2019 High-Risk List remain largely unchanged. Since GAO's last update in 2017, seven areas improved, three regressed, and two showed mixed progress by improving in some criteria but declining in others. Where there has been improvement in high-risk areas, congressional actions have been critical in spurring progress in addition to actions by executive agencies.

GAO is removing two of the seven areas with improved ratings from the High-Risk List because they met all of GAO's five criteria for removal. The first area, Department of Defense (DOD) Supply Chain Management, made progress on seven actions and outcomes related to monitoring and demonstrated progress that GAO recommended for improving supply chain management. For example, DOD improved the visibility of physical inventories, receipt processing, cargo tracking, and unit moves. Improvements in asset visibility have saved millions of dollars and allow DOD to better meet mission needs by providing assets where and when needed.

The second area, Mitigating Gaps in Weather Satellite Data, made significant progress in establishing and implementing plans to mitigate potential gaps. For example, the National Oceanic and Atmospheric Administration successfully launched a satellite, now called NOAA-20, in November 2017. NOAA-20 is operational and provides advanced weather data and forecasts. DOD developed plans and has taken actions to address gaps in weather data through its plans to launch the Weather System Follow-on-Microwave satellite in 2022.

There are two new areas on the High-Risk List since 2017. Added in 2018 outside of GAO's biennial high-risk update cycle, the Government-Wide Personnel Security Clearance Process faces significant challenges related to processing clearances in a timely fashion, measuring investigation quality, and ensuring information technology security. The second area, added in 2019, is Department of Veterans Affairs (VA) Acquisition Management. VA has one of the most significant acquisition functions in the federal government, both in obligations and number of contract actions. GAO identified seven contracting challenges for VA, such as outdated acquisition regulations and policies, lack of an effective medical supplies procurement strategy, and inadequate acquisition training.

Overall, 24 high-risk areas have either met or partially met all five criteria for removal from the list; 20 of these areas fully met at least one criterion. Ten high-risk areas have neither met nor partially met one or more criteria.

While progress is needed across all high-risk areas, GAO has identified nine that need especially focused executive and congressional attention, including Ensuring the Cybersecurity of the Nation, Resolving the Federal Role in Housing Finance, addressing Pension Benefit Guaranty Corporation Insurance Programs, Managing Risks and Improving VA Health Care, and ensuring an effective 2020 Decennial Census. Beyond these specific areas, focused attention is needed to address mission-critical skills gaps in 16 high-risk areas, confront three high-risk areas concerning health care and tax law enforcement that include billions of dollars in improper payments each year, and focus on a yawning tax gap.

United States Government Accountability Office

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**GAO's 2019 High-Risk List**


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**Strengthening the Foundation for Efficiency and Effectiveness**

Strategic Human Capital Management  
 Managing Federal Real Property  
 Funding the Nation's Surface Transportation System<sup>a</sup>  
 Modernizing the U.S. Financial Regulatory System<sup>a</sup>  
 Resolving the Federal Role in Housing Finance<sup>a</sup>  
 USPS Financial Viability<sup>a</sup>  
 Management of Federal Oil and Gas Resources  
 Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks<sup>a</sup>  
 Improving the Management of IT Acquisitions and Operations  
 Improving Federal Management of Programs That Serve Tribes and Their Members<sup>a</sup>  
 2020 Decennial Census<sup>a</sup>  
 U.S. Government Environmental Liability<sup>a</sup>

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**Transforming DOD Program Management**

DOD Weapon Systems Acquisition  
 DOD Financial Management  
 DOD Business Systems Modernization  
 DOD Support Infrastructure Management<sup>a</sup>  
 DOD Approach to Business Transformation

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**Ensuring Public Safety and Security**

Government-wide Personnel Security Clearance Process (new)<sup>a</sup>  
 Ensuring the Cybersecurity of the Nation<sup>a</sup>  
 Strengthening Department of Homeland Security Management Functions  
 Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests<sup>a</sup>  
 Improving Federal Oversight of Food Safety<sup>a</sup>  
 Protecting Public Health through Enhanced Oversight of Medical Products  
 Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals<sup>a</sup>

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**Managing Federal Contracting More Effectively**

VA Acquisition Management (new)  
 DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management<sup>a</sup>  
 NASA Acquisition Management<sup>a</sup>  
 DOD Contract Management

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**Assessing the Efficiency and Effectiveness of Tax Law Administration**

Enforcement of Tax Laws<sup>a</sup>

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**Modernizing and Safeguarding Insurance and Benefit Programs**

Medicare Program & Improper Payments<sup>a</sup>  
 Strengthening Medicaid Program Integrity<sup>a</sup>  
 Improving and Modernizing Federal Disability Programs  
 Pension Benefit Guaranty Corporation Insurance Programs<sup>a</sup>  
 National Flood Insurance Program<sup>a</sup>  
 Managing Risks and Improving VA Health Care<sup>a</sup>

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Source: GAO | GAO-19-157SP

<sup>a</sup>Legislation is likely to be necessary in order to effectively address this area.

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Chairman Cummings, Ranking Member Jordan, and Members of the Committee:

Since the early 1990s, our high-risk program has focused attention on government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement, or that are in need of transformation to address economy, efficiency, or effectiveness challenges. This effort, supported by this committee and the Senate Committee on Homeland Security and Governmental Affairs, has brought much needed attention to problems impeding effective government and costing billions of dollars each year.

We have made hundreds of recommendations to reduce the government's high-risk challenges. Executive agencies either have addressed or are addressing many of them and, as a result, progress is being made in a number of areas. Congress also continues to take important actions. For example, Congress has enacted a number of laws since our last report in February 2017 that are helping to make progress on high-risk issues. Financial benefits to the federal government due to progress in addressing high-risk areas over the past 13 years (fiscal year 2006 through fiscal year 2018) totaled nearly \$350 billion or an average of about \$27 billion per year. In fiscal year 2018, financial benefits were the highest we ever reported at nearly \$47 billion.<sup>1</sup>

Our 2019 High-Risk Report, which is being released today, describes (1) progress made addressing high-risk areas and the reasons for that progress, and (2) actions that are still needed.<sup>2</sup> It also identifies two new high-risk areas—Government-wide Personnel Security Clearance Process and Department of Veterans Affairs (VA) Acquisition Management, and two high-risk areas we removed from the list because they demonstrated sufficient progress in managing risk—Department of Defense (DOD) Supply Chain Management and Mitigating Gaps in Weather Satellite Data.<sup>3</sup>

Substantial efforts are needed on the remaining high-risk areas to achieve greater progress and to address regress in some areas since the

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<sup>1</sup>Financial benefits are based on actions taken in response to our work, such as reducing government expenditures, increasing revenues, or reallocating funds to other areas.

<sup>2</sup>GAO, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, GAO-19-157SP (Washington, D.C.: Mar. 6, 2019).

<sup>3</sup>Government-wide Personnel Security Clearance Process was added to the High-Risk List in January 2018.

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last high-risk update in 2017. Continued congressional attention and executive branch leadership attention remain key to success.

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## How We Rate High-Risk Areas

Our experience has shown that the key elements needed to make progress in high-risk areas are top-level attention by the administration and agency leaders grounded in the five criteria for removal from the High-Risk List, as well as any needed congressional action.<sup>4</sup> The five criteria for removal that we issued in November 2000 are as follows:

- **Leadership commitment.** Demonstrated strong commitment and top leadership support.
- **Capacity.** Agency has the capacity (i.e., people and resources) to resolve the risk(s).
- **Action plan.** A corrective action plan exists that defines the root cause, solutions, and provides for substantially completing corrective measures, including steps necessary to implement solutions we recommended.
- **Monitoring.** A program has been instituted to monitor and independently validate the effectiveness and sustainability of corrective measures.
- **Demonstrated progress.** Ability to demonstrate progress in implementing corrective measures and in resolving the high-risk area.

Starting in our 2015 update, we added clarity and specificity to our assessments by rating each high-risk area's progress on the five criteria and used the following definitions:

- **Met.** Actions have been taken that meet the criterion. There are no significant actions that need to be taken to further address this criterion.
- **Partially met.** Some, but not all, actions necessary to meet the criterion have been taken.
- **Not met.** Few, if any, actions towards meeting the criterion have been taken.

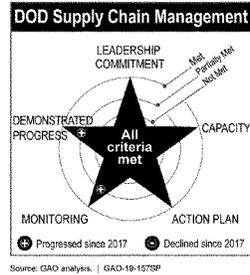
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<sup>4</sup>GAO, *Determining Performance and Accountability Challenges and High Risks*, GAO-01-159SP (Washington, D.C.: November 2000).

### Changes to the 2019 High-Risk List

We are removing two areas—DOD Supply Chain Management and Mitigating Gaps in Weather Satellite Data—from the list due to the progress that was made in addressing the high-risk issues. As we have with areas previously removed from the High-Risk List, we will continue to monitor these areas to ensure that the improvements we have noted are sustained. If significant problems again arise, we will consider reapplying the high-risk designation. We added two areas to the High-Risk List since our 2017 update—Government-Wide Personnel Security Clearance Process and VA Acquisition Management.

### DOD Supply Chain Management Removed From the High-Risk List



We are removing the area of DOD Supply Chain Management from the High-Risk List because, since 2017, DOD has addressed the remaining two criteria (monitoring and demonstrated progress) for the asset visibility and materiel distribution segments. Congressional attention, DOD leadership commitment, and our collaboration contributed to the successful outcome for this high-risk area, which had been on GAO's High-Risk List since 1990.

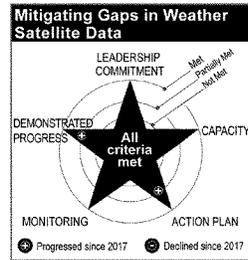
DOD's actions for the asset visibility segment of this high-risk area included (1) providing guidance for the military components to consider key attributes of successful performance measures during metric development for their improvement initiatives; (2) incorporating into after-action reports, information relating to performance measures; and (3) demonstrating sustained progress by, for example, increasing its visibility of assets through radio-frequency identification (RFID), an automated data-capture technology that can be used to electronically identify, track, and store information contained on a tag. According to DOD, the use of RFID tags to provide visibility of sustainment cargo at the tactical leg (i.e., the last segment of the distribution system) resulted in \$1.4 million annual cost savings.

DOD's actions for the materiel distribution segment of this high-risk area included (1) making progress in developing its suite of distribution performance metrics; (2) incorporating distribution metrics, as appropriate, on the performance of all legs of the distribution system, including the tactical leg; (3) making progress in refining its Materiel Distribution Improvement Plan and incorporating additional actions based on interim progress and results; and (4) improving its capability to comprehensively measure distribution performance, identifying distribution problems and root cause, and implementing solutions.

According to DOD, initiatives focused on distribution process and operational improvements have resulted in at least \$1.56 billion in distribution cost avoidances to date.

As we have with areas previously removed from the High-Risk List, we will continue to monitor this area to ensure that the improvements we have noted are sustained.<sup>5</sup> Appendix I provides additional information on this high-risk area.

**Mitigating Gaps in Weather Satellite Data Removed From the High-Risk List**



Source: GAO analysis. | GAO-19-157SP

We are removing the area of Mitigating Gaps in Weather Satellite Data from the High-Risk List because—with strong congressional support and oversight—the National Oceanic and Atmospheric Administration (NOAA) and DOD have made significant progress since 2017 in establishing and implementing plans to mitigate potential gaps in weather satellite data.

The United States relies on polar-orbiting satellites to provide a global perspective on weather every morning and afternoon. NOAA is responsible for the polar satellite program that crosses the equator in the afternoon while DOD is responsible for the polar satellite program that crosses the equator in the early morning orbit. NOAA's actions for polar-orbiting weather satellites that addressed the remaining criteria of action plan and demonstrated progress included (1) issuing three updates to its gap mitigation plan between January 2016 and February 2017 to address shortfalls we had identified previously; and (2) successfully launching the NOAA-20 satellite in November 2017, which is currently operational and is being used to provide advanced weather data and forecasts. Moreover, NOAA is also working to build and launch the next satellites in the polar satellite program.

DOD's actions for polar-orbiting weather satellites, pursuant to statutes and accompanying congressional direction, included DOD leadership (1) developing and implementing plans to acquire satellites as part of a family of systems to replace its aging legacy weather satellites, including awarding a contract for its Weather System Follow-on–Microwave program, planned for launch in 2022; (2) establishing plans to meet its highest-priority weather monitoring data collection needs that will not be covered by the Weather System Follow-on–Microwave program, including by acquiring and launching the Electro-Optical/Infrared Weather Systems satellite in 2024; and (3) monitoring the Weather System Follow-on-

<sup>5</sup>For additional details on the reasons for removing this high-risk area, see p. 57 of this statement.

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Microwave satellite program's progress toward addressing critical needs and assessing its operations and sustainment costs.

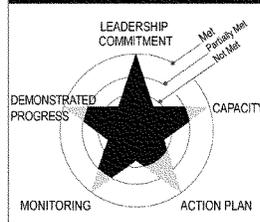
As we have with areas previously removed from the High-Risk List, we will continue to monitor this area to ensure that the improvements we have noted are sustained.<sup>6</sup> Appendix I provides additional information on this high-risk area.

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<sup>6</sup>For additional details on the reasons for removing this high-risk area, see p. 64 of this statement.

### Government-wide Personnel Security Clearance Process Added to the High-Risk List

#### Government-wide Personnel Security Clearance Process



Sources: GAO analysis. | GAO-19-1575P

Executive branch agencies are not meeting investigation timeliness objectives, and these processing delays have contributed to a significant backlog that the National Background Investigations Bureau (NBIB)—the agency responsible for personnel security clearance investigations—reported to be approximately 565,000 investigations as of February 2019. In addition, the executive branch has not finalized performance measures to ensure the quality of background investigations and some long-standing key reform initiatives remain incomplete. Further, information technology (IT) security concerns may delay planned milestones for the development of a new background investigation IT system.

We included the DOD program on our High-Risk List in 2005 and removed it in 2011 because of improvements in the timeliness of investigations and adjudications, and steps toward measuring the quality of the process. We put the government-wide personnel security clearance process on our High-Risk List in January 2018 because of significant challenges related to the timely processing of security clearances and completing the development of quality measures. In addition, the government's effort to reform the personnel security clearance process, starting with the enactment of the Intelligence Reform and Terrorism Prevention Act of 2004, has had mixed progress, and key reform efforts have not been implemented government-wide.<sup>7</sup> Since adding this area to the High-Risk List, the Security Clearance, Suitability, and Credentialing Performance Accountability Council (PAC), including its four principal members—the Deputy Director for Management of the Office of Management and Budget (OMB), the Director of National Intelligence (DNI); the Under Secretary of Defense for Intelligence; and the Director of the Office of Personnel Management (OPM)—have not fully met the five criteria for high-risk removal.

Several issues contribute to the risks facing the government-wide personnel security clearance process:

- Clearance processing delays.** Executive branch agencies are not meeting most investigation timeliness objectives. The percentage of executive branch agencies meeting established timeliness objectives for initial secret clearances, initial top secret clearances, and periodic reinvestigations decreased each year from fiscal years 2012 through 2018. For example, 97 percent of the executive branch agencies we

<sup>7</sup>Pub. L. No. 108-458, 118 Stat. 3638 (2004).

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reviewed did not meet the timeliness objectives for initial secret clearance investigations in fiscal year 2018.

- **Lack of quality measures.** While the executive branch has taken steps to establish government-wide performance measures for the quality of background investigations—including establishing quality assessment standards and a quality assessment reporting tool—it is unclear when this effort will be completed.
- **Security clearance reform delays.** The executive branch has reformed many parts of the personnel security clearance process—such as updating adjudicative guidelines to establish common adjudicative criteria for security clearances; however, some long-standing key initiatives remain incomplete—such as completing plans to fully implement and monitor continuous evaluation.
- **IT security.** DOD is responsible for developing a new system to support background investigation processes, and DOD officials expressed concerns about the security of connecting to OPM's legacy systems since a 2015 data breach compromised OPM's background investigation systems and files for 21.5 million individuals. As of December 2018, OPM has not fully taken action on our priority recommendations to update its security plans, evaluate its security control assessments, and implement additional training opportunities.

However, since we added this area to our High-Risk List, the PAC has demonstrated progress in some areas. For example, NBIB reported that the backlog of background investigations decreased from almost 715,000 cases in January 2018 to approximately 565,000 cases in February 2019. NBIB officials credit an Executive Memorandum—issued jointly in June 2018 by the DNI and the Director of OPM and containing measures to reduce the investigation backlog—as a driver in backlog reduction.

Further, in response to a requirement in the Securely Expediting Clearances Through Reporting Transparency (SECRET) Act of 2018, in September 2018, NBIB reported to Congress, for each clearance level, (1) the size of the investigation backlog, (2) the average length of time to conduct an initial investigation and a periodic reinvestigation, and (3) a discussion of the factors contributing to investigation timeliness.<sup>8</sup> The PAC is also reporting publicly on the progress of key reforms through [www.performance.gov](http://www.performance.gov), and for fiscal year 2018, the website contains quarterly action plans and progress updates, which present figures on the

<sup>8</sup>Pub. L. No. 115-173, § 3, 132 Stat. 1291, 1291–1292 (2018).

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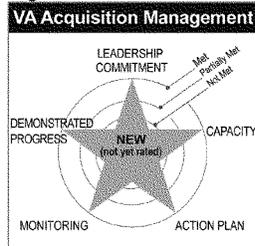
average timeliness of initial investigations and periodic reinvestigations for the executive branch as a whole, investigation workload and backlog, and investigator headcounts.

We have made numerous recommendations to PAC members to address risks associated with the personnel security clearance process between 2011—when we removed DOD’s personnel security clearance program from the High-Risk List, and 2018—when we placed the government-wide personnel security clearance process on the High-Risk List. We consider 27 of these recommendations key to addressing the high-risk designation. Eight recommendations key to the high-risk designation have been implemented, including three since January 2018.

Nineteen of these key recommendations remain open—including recommendations that the principal members of the PAC (1) conduct an evidence-based review of investigation and adjudication timeliness objectives, (2) develop and report to Congress on investigation quality measures, (3) prioritize the timely completion of efforts to modernize and secure IT systems that affect clearance holders government-wide, and (4) develop and implement a comprehensive workforce plan that identifies the workforce needed to meet current and future demand for background investigations services and to reduce the investigations backlog.

See page 170 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

## VA Acquisition Management Added to the High-Risk List



Source: GAO analysis. | GAO-19-1575P

VA spends tens of billions of dollars to procure a wide range of goods and services—including medical supplies, IT, and construction of hospitals, clinics, and other facilities—to meet its mission of providing health care and other benefits to millions of veterans. VA has one of the most significant acquisition functions in the federal government, both in obligations and number of contract actions. The Veterans Health Administration (VHA) provides medical care to veterans and is by far the largest administration in the VA. Since we began focusing on VA's acquisition management activities in 2015, we have reported numerous challenges in this area. Since 2015, we have made 31 recommendations, 21 of which remain open, that cover a range of areas to address challenges in VA's acquisition management.

In fiscal year 2019, VA received the largest discretionary budget in its history—\$86.5 billion, about \$20 billion higher than in 2015. About a third of VA's discretionary budget in fiscal year 2017, or \$26 billion, has been used to contract for goods and services. VA's acquisition management continues to face challenges including (1) outdated acquisition regulations and policies; (2) lack of an effective medical supplies procurement strategy; (3) inadequate acquisition training; (4) contracting officer workload challenges; (5) lack of reliable data systems; (6) limited contract oversight and incomplete contract file documentation; and (7) leadership instability.

In light of these challenges and given the significant taxpayer investment, it is imperative that VA show sustained leadership commitment to take steps to improve the performance of its procurement function so that it can use its funding in the most efficient manner possible to meet the needs of those who served our country.

This area has been added to the High-Risk List for the following reasons in particular:

- **Outdated acquisition regulations and policies.** VA's procurement policies have historically been outdated, disjointed, and difficult for contracting officers to use. In September 2016, we reported that the acquisition regulations contracting officers currently follow have not been fully updated since 2008 and that VA had been working on completing a comprehensive revision of its acquisition regulations since 2011. VA's delay in updating this fundamental source of policy has impeded the ability of contracting officers to effectively carry out their duties. We recommended in September 2016 that VA identify

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measures to expedite the revision of its acquisition regulations and clarify what policies are currently in effect. VA concurred with this recommendation but has not yet fully implemented it.

- **Lack of an effective medical supplies procurement strategy.** VA's Medical Surgical Prime Vendor-Next Generation (MSPV-NG) program for purchasing medical supplies to meet the needs of about 9 million veterans at 172 medical centers has not been effectively executed, nor is it in line with practices at leading hospitals that have launched similar programs. We reported in November 2017 that VA's approach to developing its catalog of supplies was rushed and lacked key stakeholder involvement and buy-in. As a result, VA was not able to accomplish some of the key efficiencies the program was intended to achieve, such as streamlining the purchase of medical supplies and saving money. We recommended in November 2017 that VA develop, document, and communicate to stakeholders an overarching strategy for the program. VA concurred with this recommendation and reported that it would develop a new strategy by March 2019.
- **Contracting officer workload challenges.** The majority of our reviews since 2015 have highlighted workload as a contributing factor to the challenges that contracting officers face. Most recently, in September 2018, we reported that about 54 percent of surveyed VA contracting officers said their workload was not reasonable. In addition, in September 2016, we reported that VHA contracting officers processed a large number of emergency procurements of routine medical supplies, which accounted for approximately 20 percent of VHA's overall contract actions in fiscal year 2016, with obligations totaling about \$1.9 billion.

Contracting officers told us that these frequent and urgent small-dollar transactions reduce contracting officers' efficiency and ability to take a strategic view of procurement needs. We recommended in November 2017 that VHA network contracting offices work with medical centers to identify opportunities to more strategically purchase goods and services frequently purchased on an emergency basis. VA concurred with this recommendation and reported in December 2018 that it is utilizing a supply chain dashboard to track items purchased on an emergency basis and determine which of those items to include on the catalog. VA noted that it added 13,300 items to the catalog from June 2018 to December 2018, including items often purchased on an emergency basis. We requested documentation showing which items added to the catalog were previously purchased on an emergency basis, but as of January 2019, VA had not yet provided it.

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Among other things, VA should implement our 21 open recommendations and specifically needs to take the following steps to demonstrate greater leadership commitment and strategic planning to ensure efficient use of its acquisition funding and staffing resources:

- Prioritize completing the revision of its acquisition regulations, which has been in process since 2011.
- Develop, document, and communicate to stakeholders a strategy for the Medical Surgical Prime Vendor program to achieve overall program goals.
- Identify opportunities to strategically purchase goods and services that are frequently purchased on an emergency basis.

See page 210 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

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**Emerging Issue Requiring  
Close Attention: Federal  
Efforts to Prevent Drug  
Misuse**

In addition to specific areas that we have designated as high risk, other important challenges facing our nation merit continuing close attention. One of these is the use of illicit drugs and the misuse of prescription drugs and the ways they affect individuals, their families, and the communities in which they live. Over 70,000 people died from drug overdoses in 2017—about 191 people every day—according to the Centers for Disease Control and Prevention, with the largest portion of these deaths attributed to opioids. Further, drug overdoses are the leading cause of death due to injuries in the United States. They are currently at their highest ever recorded level and, since 2011, have outnumbered deaths by firearms, motor vehicle crashes, suicide, and homicide, according to the Drug Enforcement Administration. The Council of Economic Advisors estimates that in 2015, the economic cost of the opioid crisis alone was more than \$500 billion when considering the value of lives lost due to opioid-related overdose.

Federal drug control efforts spanning prevention, treatment, interdiction, international operations, and law enforcement represent a considerable federal investment. According to the President's fiscal year 2019 budget, federal drug control funding for fiscal year 2017 was \$28.8 billion. Multiple federal agencies have ongoing efforts to respond to this crisis, including efforts to reduce the supply and demand for illicit drugs, to prevent misuse of prescription drugs, and to treat substance use disorders.

However, we previously found that many efforts lacked measures to gauge the success of the federal response. Further, we have long advocated an approach to decision-making based on risk management. Such an approach would (1) link agencies' plans and budgets to achieving their strategic goals, (2) assess values and risks of various courses of actions to help set priorities and allocate resources, and (3) provide for the use of performance measures to assess progress.

The Office of National Drug Control Policy (ONDCP) is responsible for overseeing and coordinating the implementation of U.S. drug policy, including developing the National Drug Control Strategy (Strategy). ONDCP released the 2019 Strategy on January 31, 2019. The Strategy focuses on approaches related to prevention, treatment and recovery, and steps to reduce the availability of illicit drugs in the United States. We will continue to monitor the extent to which ONDCP and other federal agencies are employing a risk management and coordinated approach to their efforts to limit drug misuse.

In particular, we have ongoing and planned work to assess ONDCP's operations, including its (1) leadership and coordination of efforts across the federal government; (2) the effects of the drug crisis on labor force participation and productivity and on people with disabilities and other vulnerable populations; (3) key federal efforts to reduce the availability of illicit drugs; and (4) agency efforts around drug education and prevention. We will determine whether this issue should be added to the High-Risk List once we have completed this ongoing and planned work.

## High-Risk Areas That Made Progress

Agencies can show progress by addressing our five criteria for removal from the list: leadership commitment, capacity, action plan, monitoring, and demonstrated progress.<sup>9</sup> As shown in table 1, 24 high-risk areas, or about two-thirds of all the areas, have met or partially met all five criteria for removal from our High-Risk List; 20 of these areas fully met at least one criterion. Compared with our last assessment, 7 high-risk areas showed progress in one or more of the five criteria without regressing in any of the criteria. Ten high-risk areas have neither met nor partially met one or more criteria. Two areas showed mixed progress by increasing in at least one criterion and also declining in at least one criterion. Three

<sup>9</sup>Additional detail on our high-risk criteria and ratings is in appendix I on page 69 of the report.

areas declined since 2017. These changes are indicated by the up and down arrows in table 1.

**Table 1: 2017 High-Risk Areas Rated Against Five Criteria for Removal from GAO's High-Risk List**

High-risk area	Change since 2017	Number of criteria		
		Met	Partially met	Not met
Department of Defense (DOD) Supply Chain Management	↑	5	0	0
Mitigating Gaps in Weather Satellite Data	↑	5	0	0
DOD Support Infrastructure Management	↑	2	3	0
Medicare Program & Improper Payments <sup>a</sup>	↑	2	3	0
DOD Financial Management	↑	1	3	1
DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management	↑	1	3	1
DOD Business Systems Modernization	↑	0	5	0
DOD Approach to Business Transformation	↑↓	1	4	0
USPS Financial Viability	↑↓	1	3	1
NASA Acquisition Management	↓	1	4	0
Transforming the Environmental Protection Agency's (EPA) Processes for Assessing and Controlling Toxic Chemicals	↓	0	5	0
Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks	↓	0	3	2
Strengthening Department of Homeland Security Management Functions	•	3	2	0
DOD Contract Management	•	1	4	0
DOD Weapon Systems Acquisition	•	1	4	0
Enforcement of Tax Laws	•	1	4	0
Ensuring the Cybersecurity of the Nation	•	1	4	0
Improving the Management of IT Acquisitions and Operations	•	1	4	0
Managing Federal Real Property	•	1	4	0
Protecting Public Health through Enhanced Oversight of Medical Products	•	1	4	0
Strategic Human Capital Management	•	1	3	1
Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests	•	0	5	0
Improving and Modernizing Federal Disability Programs	•	0	5	0
Management of Federal Oil and Gas Resources	•	0	5	0
Modernizing the U.S. Financial Regulatory System	•	0	5	0
National Flood Insurance Program	•	0	5	0
Strengthening Medicaid Program Integrity	•	0	5	0
Resolving the Federal Role in Housing Finance	•	0	4	1

High-risk area	Change since 2017	Number of criteria		
		Met	Partially met	Not met
Improving Federal Oversight of Food Safety	•	0	3	2
Managing Risks and Improving VA Health Care	•	0	2	3
2020 Decennial Census <sup>b</sup>		1	4	0
Government-wide Personnel Security Clearance Process <sup>b</sup>		1	3	1
Improving Federal Management of Programs that Serve Tribes and Their Members <sup>b</sup>		0	5	0
U.S. Government's Environmental Liability <sup>b</sup>		0	1	4
Funding the Nation's Surface Transportation System <sup>c</sup>				
Pension Benefit Guaranty Corporation Insurance Programs <sup>c</sup>				

(↑ indicates one or more areas progressed; ↓ indicates one or more areas declined since 2017; ↑ ↓ indicates mixed progress; • indicates no change)

Source: GAO. | GAO-19-157SP

<sup>a</sup>Medicare Program & Improper Payments was only rated on the Improper Payments program; we did not rate other elements of the Medicare program because the area is subject to frequent legislative updates and the program is in a state of transition.

<sup>b</sup>Four areas are receiving ratings for the first time because they were newly added in 2017 and 2018.

<sup>c</sup>Two high-risk areas were not rated because addressing them primarily involves congressional action (Funding the Nation's Surface Transportation System and Pension Benefit Guaranty Corporation Insurance Programs).

Figure 1 shows that since our 2017 update, the most progress was made on the action plan criterion—four high-risk areas received higher ratings. We rated two areas lower on leadership commitment and two areas lower on monitoring.

Figure 1: High-Risk Areas' Progress and Regress on High-Risk Criteria Since 2017



Source: GAO analysis of criteria for removal from the High-Risk List status. 1 GAO-19-157SP

**Leadership Attention Needed to Meet High-Risk Criteria**

Table 2 shows that 17 of the 34 high-risk areas we rated have met the leadership commitment criterion while two high-risk area ratings regressed on leadership commitment from met to partially met since our last report.

Leadership commitment is the critical element for initiating and sustaining progress, and leaders provide needed support and accountability for managing risks. Leadership commitment is needed to make progress on the other four high-risk criteria. Table 2 shows that only three high-risk areas met the criterion for capacity, six met the criterion for action plan, and two met the criterion for demonstrated progress. One high-risk area—U.S. Government's Environmental Liability—has partially met only

one criterion since we added the area to our list in 2017 and the rest are not met.

**Table 2: 2019 High-Risk Area Ratings on Five Criteria for Removal from GAO's High-Risk List**

High-risk area	Criteria				
	Leadership commitment	Capacity	Action plan	Monitoring	Demonstrated progress
Department Of Defense (DOD) Supply Chain Management	★	★	★	★	★
Mitigating Gaps in Weather Satellite Data	★	★	★	★	★
Strengthening Department of Homeland Security Management Functions	★	☆	★	★	☆
Medicare Program & Improper Payments <sup>a</sup>	★	★	☆	☆	☆
DOD Support Infrastructure Management	★	☆	★	☆	☆
2020 Decennial Census	★	☆	☆	☆	☆
DOD Contract Management	★	☆	☆	☆	☆
DOD Weapon Systems Acquisition	★	☆	☆	☆	☆
Enforcement of Tax Laws	★	☆	☆	☆	☆
Ensuring the Cybersecurity of the Nation	★	☆	☆	☆	☆
Improving the Management of Information Technology Acquisitions and Operations	★	☆	☆	☆	☆
Managing Federal Real Property	★	☆	☆	☆	☆
Protecting Public Health through Enhanced Oversight of Medical Products	★	☆	☆	☆	☆
DOD Approach to Business Transformation	☆	☆	★	☆	☆
NASA Acquisition Management	☆	☆	★	☆	☆
DOD Financial Management	★	☆	☆	☆	☆
Strategic Human Capital Management	★	☆	☆	☆	☆
Government-wide Personnel Security Clearance Process	★	☆	☆	☆	☆
DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management	★	☆	☆	☆	☆

High-risk area	Criteria				
	Leadership commitment	Capacity	Action plan	Monitoring	Demonstrated progress
USPS Financial Viability	★	★	★	★	☆
DOD Business Systems Modernization	★	★	★	★	★
Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests	★	★	★	★	★
Improving and Modernizing Federal Disability Programs	★	★	★	★	★
Improving Federal Management of Programs that Serve Tribes and Their Members	★	★	★	★	★
Management of Federal Oil and Gas Resources	★	★	★	★	★
Modernizing the U.S. Financial Regulatory System	★	★	★	★	★
National Flood Insurance Program	★	★	★	★	★
Strengthening Medicaid Program Integrity	★	★	★	★	★
Transforming the Environmental Protection Agency's (EPA) Processes for Assessing and Controlling Toxic Chemicals	★	★	★	★	★
Resolving the Federal Role in Housing Finance	★	★	★	★	☆
Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks	★	★	★	☆	☆
Improving Federal Oversight of Food Safety	★	★	☆	☆	★
Managing Risks and Improving VA Health Care	★	☆	★	☆	☆
U.S. Government's Environmental Liability	★	☆	☆	☆	☆

Legend: ★ Met    ☆ Partially Met    ☆ Not Met

Source: GAO. | GAO-19-1575P

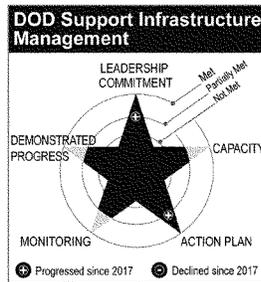
Notes: Two high-risk areas—Funding the Nation's Surface Transportation System and Pension Benefit Guaranty Corporation Insurance Programs—did not receive ratings against the five high-risk criteria because progress would primarily involve congressional action.

\*Medicare Program & Improper Payments was only rated on the Improper Payments, and we did not rate other elements of the Medicare program

**Progress in High-Risk Areas**

As noted, seven areas showed improvement in one or more criterion without regressing in any criteria. Two areas showed sufficient progress to be removed from the High-Risk List. The other five high-risk areas remaining on the 2019 list demonstrated improvement and are described below. Three of these five improving high-risk areas are the responsibility

of the Department of Defense (DOD)—DOD Support Infrastructure Management, DOD Financial Management, and DOD Business Systems Modernization. The two other improving areas are Department of Energy's (DOE's) Contract Management for the National Nuclear Security Administration and Office of Environmental Management, and Medicare Program & Improper Payments.



**DOD Support Infrastructure Management:** DOD manages a portfolio of real property assets that, as of fiscal year 2017, reportedly included about 586,000 facilities—including barracks, maintenance depots, commissaries, and office buildings. The combined replacement value of this portfolio is almost \$1.2 trillion and includes about 27 million acres of land at nearly 4,800 sites worldwide. This infrastructure is critical to maintaining military readiness, and the cost to build and maintain it represents a significant financial commitment. Since our 2017 High-Risk Report, DOD's rating for two criteria—leadership commitment and action plan—improved from partially met to met.

DOD has demonstrated leadership commitment by stating its commitment to addressing key recommendations we have made by, for example, (1) better forecasting the initial Base Realignment and Closure (BRAC) costs for military construction, IT, and relocating military personnel and equipment; (2) better aligning infrastructure to DOD force structure needs by, for example, improving the accuracy and sufficiency of its excess capacity estimates; and (3) pursuing an effort to consolidate and standardize leases, which includes analyzing whether it is feasible to relocate functions from commercial leased space to existing space on an installation, thereby reducing leases and better utilizing excess space.

DOD has developed action plans to better identify excess infrastructure and thus be positioned to dispose of it. For example, in the 2017 High-Risk Report, we stated that DOD's Real Property Efficiency Plan includes DOD's goals for reducing the footprint of its real property inventory and metrics to gauge progress, to be implemented by the end of 2020. We also found in 2018 that DOD was achieving cost savings and cost avoidances as it had begun using intergovernmental support agreements between military installations and local governments to obtain installation services, such as waste removal, grounds maintenance, and stray animal control. As a result of these and other actions, DOD now meets the action plan criterion for this high-risk area.

As of December 2018, 23 recommendations related to this high-risk area remain open. DOD continues to partially meet the criteria for capacity, monitoring, and demonstrated progress.



Source: GAO analysis. | GAO-19-157SP

See page 158 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

**DOD Financial Management:** Since our 2017 High-Risk Report, ratings for the DOD Financial Management high-risk area improved for the criteria of leadership commitment and monitoring. For the leadership commitment criterion, the high-risk area rating improved from partially met to met in 2019 due to several DOD leadership actions. For example, in 2018, DOD leadership met the goal of undergoing an agency-wide financial statement audit and established a process to remediate any audit findings—ultimately to improve the quality of financial information that is most valuable in managing the department’s day-to-day operations. In addition, according to a DOD official, audit remediation efforts have produced benefits in certain inventory processes that have led to operational improvements.

DOD leadership demonstrated its commitment to making needed improvements by developing a database that tracks hundreds of findings and recommendations that came out of the audits. In addition, senior leadership has been meeting bimonthly with military services’ leadership for updates on the status of corrective action plans to address audit findings and recommendations, and the Under Secretary of Defense (Comptroller) has been meeting frequently with the Secretary of Defense to review the plans.

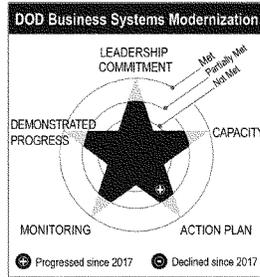
These same DOD actions also led to the high-risk area’s rating for the criterion of monitoring to improve from not met to partially met. For example, the database mentioned above is intended to capture, prioritize, and assign responsibility for auditor findings and related corrective action plans, which are meant to be used to measure progress towards achieving a clean audit opinion.

Further, DOD leadership has held frequent meetings to discuss the status of corrective action plans. In addition, DOD also established councils in certain areas (e.g., financial reporting) to review the status of audit remediation activities and challenges. All of these actions demonstrate an improvement in DOD’s monitoring activities for its financial management function.

However, DOD’s efforts to improve its financial management continue to be impaired by long-standing issues—including its decentralized environment; cultural resistance to change; lack of skilled financial management staff; ineffective processes, systems, and controls; incomplete corrective action plans; and the need for more effective monitoring and reporting. DOD remains one of the few federal entities

that cannot accurately account for and report on its spending or assets. As of December 2018, 53 recommendations for this high-risk area are open. The DOD Financial Management high-risk area continues to partially meet the capacity and action plan criteria and not meet the demonstrated progress criterion.

See page 147 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.



Source: GAO analysis. | GAO-19-157SP

**DOD Business Systems Modernization:** DOD spends billions of dollars each year to acquire modernized systems, including systems that address key areas such as personnel, financial management, health care, and logistics. This high-risk area includes three critical challenges facing DOD: (1) improving business system acquisition management, (2) improving business system investment management, and (3) leveraging DOD's federated business enterprise architecture.

DOD's capacity for modernizing its business systems has improved over time and, since our 2017 High-Risk Report, DOD's overall rating for the criterion of action plan improved from not met to partially met in 2019. DOD established a plan for improving its federated business enterprise architecture (i.e., description of DOD's current and future business environment and a plan for transitioning to the future environment). Specifically, the rating improved for DOD's federated business enterprise architecture segment of the high-risk area because DOD's assistant deputy chief management officer approved a business architecture improvement plan in January 2017.

Since 2017, we have made 10 recommendations related to this high-risk issue. As of December 2018, 27 recommendations are open. The leadership, capacity, monitoring, and demonstrated progress criteria remain partially met as in 2017.

See page 152 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.



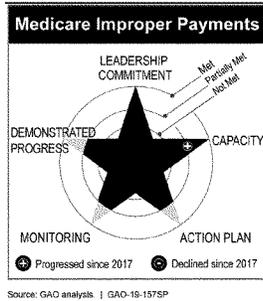
**DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management:** DOE oversees a broad range of programs related to nuclear security, science, energy, and waste cleanup, among other areas. As the largest civilian contracting agency in the federal government, DOE relies primarily on contractors to carry out its programs. For instance, DOE spends about 90 percent of its annual budget on contracts and acquiring capital assets. In fiscal year 2018, DOE's budget was \$34.5 billion.

The high-risk area focuses on contracts, as well as major projects—those with an estimated cost of \$750 million or greater—managed by DOE's National Nuclear Security Administration (NNSA) and Office of Environmental Management (EM).

Since our 2017 High-Risk Report, DOE has made progress by improving from a not met to a partially met rating for the demonstrated progress criterion. Specifically, through its Office of Cost Estimating and Program Evaluation, NNSA has enhanced its capability to estimate costs and schedules, and to assess alternatives for programs and projects, among other things. NNSA also made progress by adopting best practices in several areas, such as those for estimating costs and schedules in nuclear weapons refurbishment activities and capital asset acquisitions. For example, we determined that DOE's revised cost estimate of \$17.2 billion to construct a Mixed Oxide Fuel Fabrication Facility to dispose of surplus, weapons-grade plutonium substantially met best practices—providing assurance that the estimated costs could be considered reliable. This finding contributed to DOE's reevaluation of the project and ultimate termination, in October 2018, in favor of a potentially less costly disposal approach.

Fifty-one of our recommendations were open as of December 2018; 15 recommendations were made since the last high-risk update in February 2017. DOE continues to meet the criterion of leadership commitment, partially meet the criteria for action plan and monitoring, and not meet the criterion for capacity.

See page 217 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.



Source: GAO analysis. | GAO-18-1575P

**Medicare Program & Improper Payments:** In calendar year 2017, Medicare, which is overseen by the Centers for Medicare & Medicaid Services (CMS), financed \$702 billion worth of health services for approximately 58 million elderly and disabled beneficiaries. Medicare faces a significant risk with improper payments—payments that either were made in an incorrect amount or should not have been made at all—which reached an estimated \$48 billion in fiscal year 2018.

Since our 2017 High-Risk Report, estimated improper payment rates declined more than one percent across the Medicare program. In addition, CMS' rating for the capacity criterion of the improper payments segment improved from partially met to met in 2019 due to several actions. First, the Center for Program Integrity's (CPI) budget and resources have increased over time and the agency has established work groups and interagency collaborations to extend its capacity. For example, CMS allocated more staff to CPI after Congress provided additional funding. CPI's full-time equivalent positions increased from 177 in 2011 to 419 in 2017.

Additionally, in August 2017, we reported that CMS's Fraud Prevention System, which analyzes claims to identify health care providers with suspect billing patterns, helped speed up certain fraud investigation processes. Further, the Healthcare Fraud Prevention Partnership helped improve information sharing among payers inside and outside of the government.

Since 1990, when we added Medicare to our High-Risk List, we have made many recommendations related to the Medicare program, 28 of which were made since the last high-risk update in February 2017. As of December 2018, more than 80 recommendations remain open. CMS continues to meet the criterion of leadership commitment and to partially meet the remaining three criteria of action plan, monitoring, and demonstrated progress.

See page 241 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

**Congressional Action Aided Progress on High-Risk Issues**

Congress enacted several laws since our last report in February 2017 to help make progress on high-risk issues. Table 3 lists selected examples of congressional actions taken on high-risk areas.

Table 3: Examples of Congressional Actions Taken on High-Risk Areas

High-risk area	Congressional actions taken	How GAO work contributed to congressional actions	Impact on high-risk area
<b>Department of Defense (DOD) Approach to Business Transformation</b>	Section 901(c) of the National Defense Authorization Act (NDAA) for Fiscal Year 2017 created the position of Chief Management Officer (CMO) within DOD, effective February 1, 2018. <sup>8</sup>	The 2016 passage of the NDAA is consistent with our February 2005 report, in which we identified the need for DOD to have a full-time CMO position created through legislation, with responsibility, authority, and accountability for DOD's overall business transformation efforts.	Based on congressional direction, DOD established and is beginning to restructure its CMO office to fulfill its responsibilities given by Congress. Continued leadership commitment at the highest levels will help sustain focus on this business transformation. The longer this critical position is filled by someone in an acting capacity, the greater the risk that DOD's transformation efforts could be impacted. <b>(Leadership commitment)</b>
<b>Improving the Management of Information Technology (IT) Acquisitions and Operations</b>	Subtitle G of title X of the NDAA for Fiscal Year 2018 established a Technology Modernization Fund and Board, and allowed agencies to establish agency information technology system modernization and working capital funds. <sup>9</sup>	We identified the need to better manage the billions of dollars the federal government spends annually on legacy IT when we added this area to the High-Risk List in 2015. We further examined the government's heavy reliance on legacy IT systems in our 2016 report.	These provisions (1) allowed agencies to establish working capital funds for use in transitioning away from legacy IT systems and (2) created a technology modernization fund to help agencies retire and replace legacy systems, as well as acquire or develop new systems. <b>(Capacity)</b>
<b>Government-wide Personnel Security Clearance Process</b>	Section 925(k) of the NDAA for Fiscal Year 2018 requires the Director of National Intelligence, in coordination with the Chair and other principals of the Suitability, Security, and Credentialing Performance Accountability Council, to provide an annual assessment of any impediments to the timely processing of personnel security clearances. <sup>7</sup>	The 2017 passage of the NDAA is consistent with our December 2017 report, in which we asked Congress to consider both reinstating and adding to the requirement in the Intelligence Reform and Terrorism Prevention Act of 2004 for the executive branch to report to appropriate congressional committees annually on its background investigation process.	Annual assessments will help Congress monitor the timeliness of the executive branch's background investigations to monitor its own timeliness. The act requires the executive branch to report the length of time for initiating and conducting investigations and finalizing adjudications, and case load composition and costs, among other matters deemed relevant by Congress. <b>(Monitoring)</b>

High-risk area	Congressional actions taken	How GAO work contributed to congressional actions	Impact on high-risk area
<b>Mitigating Gaps in Weather Satellite Data</b>	Provisions of the NDAA for Fiscal Year 2015 limited the availability of certain funds until the Secretary of Defense submitted to congressional defense committees a plan related to weather satellites. <sup>8</sup> Similarly, the NDAA for Fiscal Year 2016 limited the availability of certain funds until (1) the Secretary of Defense briefed the congressional defense committees on a plan for cloud characterization and theater weather imagery, and (2) the Chairman of the Joint Chiefs of Staff certified to the committees that the plan would meet DOD requirements without negatively affecting commanders of combatant commands. <sup>9</sup>	We found that DOD was slow to establish plans for its Weather System Follow-on–Microwave program in our 2017 High-Risk Report. We also found it had made little progress in determining how it would meet weather satellite requirements for cloud descriptions and area-specific weather imagery.	These provisions (1) encouraged DOD to develop and implement plans to address its weather satellite requirements and (2) helped Congress monitor DOD plans and actions to address these requirements. <b>(Action plan)</b>
<b>Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks</b>	Section 1234(a)(5) of the Disaster Recovery Reform Act of 2018 allows the President to set aside, with respect to each major disaster, a percentage of certain grants to use for pre-disaster hazard mitigation. Section 1206(a)(3) makes federal assistance available to state and local governments for building code administration and enforcement. <sup>f</sup>	We found that federal investments in resilience could be more effective if post-disaster hazard mitigation efforts were balanced with resources for pre-disaster hazard mitigation, as part of a comprehensive resilience investment strategy. We also found that enhancing state and local disaster resilience could help reduce federal fiscal exposure.	These provisions could improve state and local resilience to disasters by increasing the amount of funding available for pre-disaster hazard mitigation and increasing state and local adoption and enforcement of the latest building codes. <b>(Capacity)</b>
<b>Ensuring the Cybersecurity of the Nation</b>	An explanatory statement accompanying the Consolidated Appropriations Act, 2018 directed the National Protection and Programs Directorate to brief the appropriations committees on its specific plans to address GAO recommendations including the National Cybersecurity and Communications Integration Center's (NCCIC) implementation of the recommendations for ensuring that it fulfills its statutory functions, such as sharing information about cyber threats, by timely reporting information that is relevant and actionable, and establishing appropriate performance metrics. <sup>g</sup>	We reported that NCCIC had taken steps to perform each of the Department of Homeland Security's (DHS) statutorily required cybersecurity functions. However, the extent to which NCCIC performed the actions was unclear, in part, because the center had not yet established metrics and methods by which to evaluate its performance.	As of January 2019, DHS had fully addressed two of the nine recommendations we made to enhance the effectiveness and efficiency of NCCIC, and had taken initial actions toward addressing several others. <b>(Demonstrated progress)</b>

High-risk area	Congressional actions taken	How GAO work contributed to congressional actions	Impact on high-risk area
<b>Managing Risks and Improving VA Health Care</b>	The No Veterans Crisis Line Call Should Go Unanswered Act directs the Department of Veterans Affairs (VA) to develop a quality assurance document for carrying out the toll-free Veterans Crisis Line, and requires VA to develop a plan to ensure that each telephone call, text message, and other communication received is answered in a timely manner. <sup>h</sup>	About 6 months prior to the passage of this legislation, our May 2016 report identified the need for VA to take several steps to better test, track, and assess the performance of the Veterans Crisis Line in order to improve the timeliness and quality of its responses to veterans and others.	In July 2017, VA updated a quality assurance plan with measurable targets and time frames for key performance indicators needed to assess Veterans Crisis Line performance. VA also established an Executive Leadership Council in March 2017 to monitor data on the key performance indicators. These two actions will assist with the oversight and accountability of the Veterans Crisis Line, and the services provided to veterans. <b>(Leadership commitment, Action plan, and Monitoring)</b>
<b>Improving Federal Management of Programs that Serve Tribes and Their Members</b>	An explanatory statement accompanying the Consolidated Appropriations Act, 2018 directed the Indian Health Service (IHS) to report to the appropriations committees on the status of its efforts on improving wait times for patients seeking primary and urgent care, including an explanation of how these efforts will address GAO recommendations. <sup>i</sup>	We found that IHS had not conducted any systematic, agency-wide oversight of the timeliness of primary care in its federally operated facilities and recommended that IHS communicate specific agency-wide standards for patient wait times; monitor patient wait times; and ensure corrective actions are taken when standards are not met.	IHS developed specific standards for patient wait times and developed a plan and timeline for implementing an agency-wide standard for patient wait times. It is also in the process of updating its patient wait time policy to include emergency department wait times and developing automated data collection for wait times. <b>(Leadership commitment, Action plan, Monitoring)</b>

Source: GAO analysis. | GAO-19-1578P

<sup>h</sup>Pub. L. No. 114-328, § 901(e), 130 Stat. 2000, 2341 (2016).

<sup>i</sup>Pub. L. No. 115-91, §§ 1076–1078, 131 Stat. 1283, 1586–1594 (2017).

<sup>j</sup>Pub. L. No. 115-91, § 925(k)(1)(F), (3)(j), 131 Stat. 1283, 1530, 1532 (2017).

<sup>k</sup>Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, § 1612, 128 Stat. 3292, 3628 (2014).

<sup>l</sup>National Defense Authorization Act for Fiscal Year 2016, Pub. L. No. 114-92, § 1615, 129 Stat. 726, 1105 (2015).

<sup>m</sup>FAA Reauthorization Act of 2018, Pub. L. No. 115-254, div. D, §§ 1206(a)(3), 1234(a)(5) 132 Stat. 3186, 3440, 3462 (2018).

<sup>n</sup>Chairman Rodney P. Frelinghuysen of the Committee on Appropriations of the House of Representatives filed an explanatory statement relating to the House amendment of H.R. 1625 in the Congressional Record on March 22, 2016. 164 Cong. Rec. H2045, H2557. Section 4 of the Consolidated Appropriations Act, 2018, states that this explanatory statement shall have the same effect with respect to the allocation of funds and implementation of divisions A through L of the act as if it were a joint explanatory statement of a committee of conference. Pub. L. No. 115-141, § 4, 132 Stat. 348, 350 (2016).

<sup>o</sup>Pub. L. No. 114-247, 130 Stat. 996 (2016).

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<sup>9</sup>Chairman Rodney P. Frelinghuysen of the Committee on Appropriations of the House of Representatives filed an explanatory statement relating to the House amendment of H.R. 1625 in the Congressional Record on March 22, 2016. 164 Cong. Rec. H2045, H2628. Section 4 of the Consolidated Appropriations Act, 2016, states that this explanatory statement shall have the same effect with respect to the allocation of funds and implementation of divisions A through L of the act as if it were a joint explanatory statement of a committee of conference. Pub. L. No. 115-141, § 4, 132 Stat. 348, 350 (2018).

Congressional oversight also plays a vital role in addressing high-risk issues. For example, at a May 2018 hearing, we testified that the Census Bureau's (Bureau) cost estimate was not reliable, and that the actual cost could be higher than planned.<sup>10</sup> Further, the Secretary of Commerce created a dedicated team to provide oversight and guidance to the Bureau on cost estimation.

In addition to its instrumental role in supporting progress in individual high-risk areas, Congress also enacted the following statutes that, if implemented effectively, will help foster progress on high-risk issues government-wide:

- **Fraud Reduction and Data Analytics Act of 2015 (FRDAA):**<sup>11</sup> FRDAA is intended to strengthen federal antifraud controls. OMBFRDAA requires OMB to use our Fraud Risk Framework<sup>12</sup> to create guidelines for federal agencies to identify and assess fraud risks, and then design and implement control activities to prevent, detect, and respond to fraud. Agencies, as part of their annual financial reports beginning in fiscal year 2017, are further required to report on their fraud risks and their implementation of fraud reduction strategies, which should help Congress monitor agencies' progress in addressing and reducing fraud risks.

To aid federal agencies in better analyzing fraud risks, FRDAA requires OMB to establish a working group tasked with developing a plan for creating an interagency library of data analytics and data sets to facilitate the detection of fraud and the recovery of improper payments. This working group and the library should help agencies coordinate their fraud detection efforts and improve their ability to use data analytics to monitor databases for potential improper payments. The billions of dollars in improper payments,

<sup>10</sup>GAO, *2020 Census: Actions Needed to Mitigate Key Risks Jeopardizing a Cost-Effective and Secure Enumeration*, GAO-18-543T (May 8, 2018).

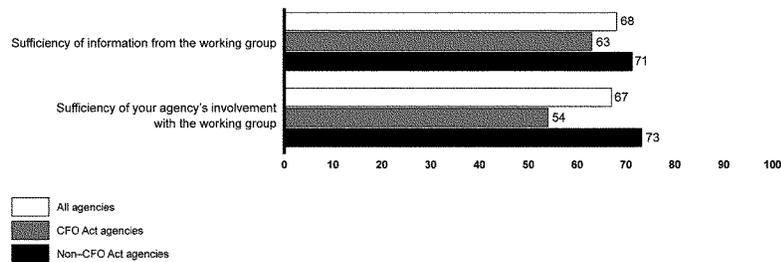
<sup>11</sup>Pub. L. No. 114-186, 130 Stat. 546 (2016).

<sup>12</sup>GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C.: July 2015).

some of which may be a result of fraud, are a central part of the Medicare Program, Medicaid Program, and Enforcement of Tax Laws (Earned Income Tax Credit) high-risk areas.

We reported in 2018 that, among other things, OMB did not involve all agencies subject to the act as required by FRDAA or hold the required minimum number of working-group meetings in 2017.<sup>13</sup> As shown in figure 2, a majority of the 72 agencies surveyed indicated a lack of involvement with and information from the working group as challenges in implementing FRDAA. We made three recommendations, including that OMB ensure the working group meets FRDAA's requirements to involve all agencies that are subject to the act and ensure that mechanisms to share controls, best practices, and data-analytics techniques are in place. OMB did not concur with our recommendations. We continue to believe the recommendations are valid, as discussed in the 2018 report.

**Figure 2: Percentage of Agencies That Identified Their Involvement with the Fraud Reduction and Data Analytics Act of 2015 Working Group as a Great or Moderate Challenge**



Source: GAO analysis of survey data. | GAO-19-187SP

<sup>13</sup>GAO, *Fraud Risk Management: OMB Should Improve Guidelines and Working-Group Efforts to Support Agencies' Implementation of the Fraud Reduction and Data Analytics Act*, GAO-19-34 (Washington, D.C.: December 4, 2018).

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- **IT Acquisition Reform, statutory provisions known as the Federal Information Technology Acquisition Reform Act (FITARA):**<sup>14</sup> FITARA, enacted in December 2014, was intended to improve how agencies acquire IT and better enable Congress to monitor agencies' progress in reducing duplication and achieving cost savings. Since the enactment of these provisions, OMB and federal agencies have paid greater attention to IT acquisition and operation, resulting in improvements to the government-wide management of this significant annual investment. These efforts have been motivated in part by sustained congressional support for improving implementation of this law, as highlighted in agencies' FITARA implementation scores issued biannually by the House Committee on Oversight and Reform.

This continuing oversight has produced positive results. For example, in the committee's December 2018 FITARA implementation scorecard, 18 of the 24 major federal agencies received the highest possible rating for their efforts to improve the management of software licenses, of which we have found there are thousands annually across the government. Seven months earlier, in the prior scorecard, only eight agencies had achieved this rating. Moreover, federal agencies have taken actions to address 106 of the 136 related recommendations that we have made in this area since 2014.

FITARA includes specific requirements related to seven areas: the federal data center consolidation initiative, enhanced transparency and improved risk management, agency Chief Information Officer authority enhancements, portfolio review, expansion of training and use of IT acquisition cadres, government-wide software purchasing, and maximizing the benefit of the federal strategic sourcing initiative.

In November 2017, Congress extended or removed the sunset dates of several of these statutory requirements that were originally to end in 2018 and 2019.<sup>15</sup> While all of the 24 federal agencies covered by this law have developed FITARA implementation plans, the agencies need to effectively execute these plans. Successfully addressing FITARA requirements is central to making progress in improving the Management of IT

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<sup>14</sup>FITARA was enacted into law as part of the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291 (2014), div. A, title VIII, subtitle D, §§ 831-837, 128 Stat. 3292, 3438-3450.

<sup>15</sup>FITARA Enhancement Act of 2017, Pub. L. No. 115-88, 131 Stat. 1278 (2017).

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Acquisitions and Operations, which has been on our High-Risk List since 2015.

- **Program Management Improvement Accountability Act (PMIAA).**<sup>16</sup> Enacted in December 2016, the act is intended to improve program and project management in certain larger federal agencies. Among other things, the act requires the Deputy Director for Management of OMB to adopt and oversee implementation of government-wide standards, policies, and guidelines for program and project management in executive agencies. The act also requires the Deputy Director to conduct portfolio reviews to address programs we identify as high-risk. It further creates a Program Management Policy Council to act as the principal interagency forum for improving practices related to program and project management. The council is to review programs identified as high-risk and make recommendations to the Deputy Director or designee.

OMB has produced a general strategy for implementing the law through 2022 and met some initial milestones required by PMIAA. For example, in June 2018, OMB issued OMB Memorandum M-18-19, which includes: (1) agency guidance for implementing PMIAA, (2) a five-year strategic outline for improving program and project management, and (3) initial program management standards and principles.<sup>17</sup> Further, agencies have designated Program Management Improvement Officers to guide their implementation of PMIAA.

According to OMB, it began implementing PMIAA's requirement to conduct portfolio reviews on high-risk areas by requiring relevant agencies to provide several items for discussion during the 2018 Strategic Review meetings. These annual meetings are to consist primarily of a discussion of agency progress towards each of the strategic objectives outlined in their strategic plans, but also cover other management topics such as enterprise risk management and high-risk area progress. According to OMB documents, in advance of these meetings, OMB required agencies to provide a high-level summary of (1) any disagreements with our recommendations, (2) progress barriers, and (3) actions needed

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<sup>16</sup>Pub. L. No. 114-264, 130 Stat. 1371 (2016).

<sup>17</sup>Office of Management and Budget, *Improving the Management of Federal Programs and Projects through Implementing the Program Management Improvement Accountability Act (PMIAA)*, OMB Memorandum M-18-19 (Washington, D.C.: June 25, 2018).

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by OMB, other agencies, or Congress to help the agency achieve progress towards removal from our High-Risk List.

OMB officials told us their 2018 Strategic Review meetings did not address each high-risk area but did address government-wide high-risk areas, such as cybersecurity, information technology, and strategic human capital as they related to the President's Management Agenda.

In the past, senior management officials from OMB, applicable agencies, and our agency have met to address areas where additional management attention could be beneficial to high-risk issues. These trilateral meetings, beginning in 2007 and pre-dating PMIAA's 2016 enactment, have continued across administrations.

However, OMB has organized only one of these high-risk meetings since the last high-risk update in 2017, on the Government-wide Personnel Security Clearance Process. In November 2018, OMB told us of plans to hold additional meetings on priority high-risk areas, including the 2020 Decennial Census, Strategic Human Capital Management, Ensuring the Cybersecurity of the Nation, National Aeronautics and Space Administration (NASA) Acquisition Management, and Managing Federal Real Property.

Effective implementation of PMIAA provides an important opportunity to enhance progress on high-risk areas by focusing leadership attention through the portfolio reviews and trilateral meetings. Further, a number of high-risk areas have longstanding or significant program and project management concerns, including the acquisition-related high-risk areas for DOD, DOE, NASA, and VA. These and other programs can benefit from improving program and project management. In December 2019, we will report on OMB's progress in implementing PMIAA, including what further steps it has taken to use the portfolio review process required in PMIAA to address issues on our High-Risk List.

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**Executive Branch Action on Our Recommendations Aided Progress on High-Risk Issues**

Agency leaders took actions to implement our recommendations. These resulted in numerous improvements to programs and operation and improved service. Further, these actions to implement our recommendations resulted in significant financial benefits. Table 4 shows some examples of the financial benefits achieved since our last High-Risk Report.

**Table 4: Examples of GAO High-Risk Area Recommendations Leading to Financial Benefits**

High-risk area	GAO recommendations leading to financial benefits	Financial benefits achieved
<b>Strengthening Medicaid Program Integrity</b>	In multiple reports, we found that demonstration spending limits approved by the Department of Health and Human Services (HHS) often were not budget neutral, as required by HHS policy. This increased the federal government's fiscal liability by billions of dollars. We recommended that HHS better ensure that valid methods are used to determine spending limits.	HHS responded by limiting the amount of unspent funds states may accrue and reducing the federal government's fiscal liability. As a result, the Centers for Medicare & Medicaid Services was able to identify a total of \$23.5 billion in financial benefits for fiscal year (FY) 2017.
<b>Improving the Management of Information Technology (IT) Acquisitions and Operations</b>	In multiple reports, we made recommendations for improving the management of IT portfolios, which resulted in reduced agency commodity IT spending and fewer duplicative investments.	Agencies have achieved about \$2.5 billion in savings from fiscal years 2012 to 2017 through the Office of Management and Budget's PortfolioStat that was intended to consolidate and eliminate duplicative systems. Agencies have the potential to achieve about \$3.5 billion in additional savings.
<b>Resolving the Federal Role in Housing Finance</b>	In June 2013, we recommended actions for the Federal Housing Administration (FHA) to increase returns on sales of foreclosed properties with FHA-insured mortgages.	FHA's actions in response to our recommendations improved its returns and led to financial benefits totaling about \$1.3 billion in 2017.
<b>Medicare Program &amp; Improper Payments</b>	In December 2015, we recommended that Congress consider directing the Secretary of HHS to equalize payment rates between physician offices and hospital outpatient departments for evaluation and management services and to return the associated savings to the Medicare program.	This change in reimbursement resulted in estimated cost savings to the program of \$1.6 billion in FYs 2017 and 2018, and will result in additional savings going forward.
<b>Enforcement of Tax Laws</b>	In June 2015, we expressed concerns to Internal Revenue Service (IRS) officials about fraudsters potentially using taxpayer account information stolen in the 2014 and 2015 "Get Transcript" online service data breach to file multiple fraudulent returns and receive refunds. In response, IRS changed its authentication and monitoring procedures for accounts affected by the breach.	As a result of our suggestion and the new authentication procedures, in August 2017 we found that IRS prevented paying a total of \$480.2 million in fraudulent refunds in FYs 2015 and 2016. In 2018, we found that IRS prevented an additional \$110 million in FY 2017.
<b>National Flood Insurance Program</b>	Staff from the Federal Emergency Management Administration (FEMA) identified a number of actions that the agency has taken or has underway to address issues we raised related to its rate-setting methods in June 2011. In response to a congressional matter we made, congressional staff notified us that Congress passed the Biggert-Waters Flood Insurance Reform Act of 2012 which eliminated or phased out subsidized premium rates for several types of properties.	As a result of changes FEMA has made in rates for certain subsidized properties, we estimate that policyholders with these subsidized premiums paid \$338.4 million (net present value) more in premiums as of the end of FY 2017 than they would have paid prior to the enactment of the Biggert-Waters Act.

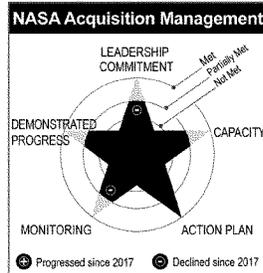
Source: GAO analysis | GAO-19-1578P

## High-Risk Areas Needing Significant Attention

In the 2 years since our last High-Risk Report, three areas—NASA Acquisition Management, Transforming EPA's Process for Assessing and Controlling Toxic Chemicals, and Limiting the Federal Government's Fiscal Exposure By Better Managing Climate Change Risks—have regressed in their ratings against our criteria for removal from the High-Risk List. In addition, while progress is needed across all high-risk areas, we have identified nine additional areas that require significant attention to address imminent, longstanding, or particularly broad issues affecting the nation.

### Three High-Risk Areas That Regressed

#### NASA Acquisition Management



Source: GAO analysis. | GAO-19-157SP

NASA plans to invest billions of dollars in the coming years to explore space, improve its understanding of the Earth's environment, and conduct aeronautics research, among other things. We designated NASA's acquisition management as high risk in 1990 in view of NASA's history of persistent cost growth and schedule delays in the majority of its major projects.

Following several years of continuing a generally positive trend of limiting cost growth and schedule delays for its portfolio of major projects, we found that NASA's average launch delay increased from 7 to 12 months between May 2017 and May 2018. Further, the overall development cost growth increased from 15.6 percent to at least 18.8 percent over the same time period. NASA's largest science project, the James Webb Space Telescope, has experienced schedule delays of 81 months and cost growth of 95 percent since the project's cost and schedule baseline was first established in 2009.

NASA is at risk for continued cost growth and schedule delays in its portfolio of major projects. Since our 2017 high-risk update, we have lowered NASA acquisition management from meeting the rating to partially meeting the rating in two criteria—leadership commitment and monitoring. The other three criteria ratings remained the same as in 2017. Ratings for capacity and demonstrated progress remain partially met and the rating for action plan remains met.

Over the next several years, NASA plans to add new, large, and complex projects to the portfolio, including a lunar Gateway—currently being discussed as a platform in a lunar orbit to mature deep space exploration

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capabilities. In addition, many of NASA's current major projects, including some of the most expensive ones, are in the phase of their life cycles when cost growth and schedule delays are most likely.

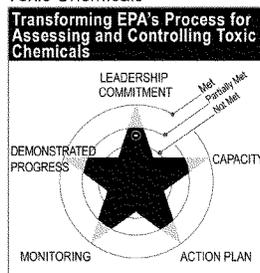
NASA acquisition management requires significant attention for the following reasons:

- NASA leadership has approved risky programmatic decisions for complex major projects, which compounded technical challenges. For example, leadership has approved some programs to proceed (1) with low cost and schedule reserves, (2) with overly aggressive schedules, and (3) without following best practices for establishing reliable cost and schedule baselines.
- NASA leadership has also not been transparent about cost and schedule estimates for some of its most expensive projects. Without transparency into these estimates, both NASA and Congress have limited data to inform decision making.
- NASA has not yet instituted a program for monitoring and independently validating the effectiveness and sustainability of the corrective action measures in its new action plan, which NASA finalized in December 2018.

In addition, while NASA has taken some steps to build capacity to help reduce acquisition risk, including updating tools aimed at improving cost and schedule estimates, other areas still require attention. For example, we reported in May 2018 that several major NASA projects experienced workforce challenges, including not having enough staff or staff with the right skills. NASA has also identified capability gaps in areas such as scheduling, earned value management, and cost estimating, and has efforts underway to try to improve capacity in these areas.

Since 2017, we have made 9 recommendations on this high-risk area, and as of December 2018, 15 recommendations remain open. These recommendations include that NASA needs to improve transparency of major project cost and schedule estimates, especially for its human spaceflight programs, as well as continue to build capacity to reduce acquisition risk. NASA will also need to implement its new action plan and track progress against it. See page 222 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

### Transforming EPA's Process for Assessing and Controlling Toxic Chemicals



Source: GAO analysis. | GAO-19-157SP

The Environmental Protection Agency's (EPA's) ability to effectively implement its mission of protecting public health and the environment is dependent on it assessing the risks posed by chemicals in a credible and timely manner. Such assessments are the cornerstone of scientifically sound environmental decisions, policies, and regulations under a variety of statutes.

Based on our work since our 2017 High-Risk Report, the overall rating for leadership commitment decreased from met to partially met due to limited information for completing chemical assessments and proposed budget cuts in the Integrated Risk Information System (IRIS) Program. The ratings for the remaining four criteria remain unchanged and are partially met.

The EPA Acting Administrator indicated his commitment to fulfill the agency's obligations under the Toxic Substances Control Act (TSCA) as amended by the 2016 Frank R. Lautenberg Chemical Safety for the 21 Century Act (Lautenberg Act) and ensure chemicals in the marketplace are safe for human health and the environment. Nonetheless, EPA needs to give more attention to several areas to fully realize the benefits of the new law, and to demonstrate additional progress in the IRIS Program, such as:

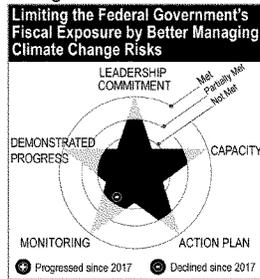
- While EPA released a document in late December 2018 called the IRIS Program Outlook, the Outlook fails to list the projected date for most of the assessments and includes no information regarding assessment prioritization—including how these assessments will meet program and regional office needs.
- The Lautenberg Act increases both EPA's responsibility for regulating chemicals and its workload. EPA recently issued a rule under the act to collect fees from certain companies to defray a portion of the implementation costs, but it is unclear whether the fees collected will be sufficient to support relevant parts of the program.
- EPA issued a First Year Implementation Plan in June 2016 noting that this document is intended to be a roadmap of major activities EPA will focus on during the initial year of implementation. As of mid-February 2019 the plan has not been updated, according to publicly available information, although EPA had indicated that it is a living document that will be further developed over time.

EPA needs to ensure that the people and resources dedicated to the IRIS Program and TSCA implementation are sufficient. Our March 2019

report on chemical assessments provides information on what remains to be done to address challenges in the IRIS program and implement the Lautenberg Act.<sup>18</sup>

Since we added this area to our High-Risk List in 2009, we have made 12 recommendations to EPA related to IRIS and TSCA. As of February 2019, seven recommendations remain open. See page 204 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

**Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks**



Numerous studies have concluded that climate change poses risks to many environmental and economic systems and creates a significant fiscal risk to the federal government. The rising number of natural disasters and increasing reliance on the federal government for assistance is a key source of federal fiscal exposure. As of December 2018, total federal funding for disaster assistance since 2005 is approaching half a trillion dollars (about \$430 billion), most recently for catastrophic hurricanes, flooding, wildfires, and other losses in 2017 and 2018. The costliness of disasters is projected to increase as extreme weather events become more frequent and intense due to climate change. There are five areas where government-wide action is needed to reduce federal fiscal exposure, including, but not limited to, the federal government's role as (1) the insurer of property and crops; (2) the provider of disaster aid; (3) the owner or operator of infrastructure; (4) the leader of a strategic plan that coordinates federal efforts and informs state, local, and private-sector action; and (5) the provider of data and technical assistance to decision makers.

Neither global efforts to mitigate climate change causes nor regional adaptation efforts currently approach the scales needed to avoid substantial damages to the U.S. economy, environment, and human health over the coming decades, according to the November 2018 Fourth National Climate Assessment. Government-wide action is needed to improve the nation's resilience to natural hazards and reduce federal fiscal exposure to climate change impacts.

Congress continues to show its commitment to progress on this high-risk issue by enacting legislation. For example, in October 2018, the Disaster Recovery Reform Act was enacted, which, among other things, allows the President to set aside, with respect to each major disaster, a percentage

<sup>18</sup>GAO, *Chemical Assessments: Status of EPA's Efforts to Produce Assessments and Implement the Toxic Substances Control Act*. GAO-19-270. Washington, D.C.: March 4, 2019.

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of certain grants to use for pre-disaster hazard mitigation. In addition, the National Defense Authorization Act of 2018, required, among other things, DOD to report on climate impacts to its installations. However, the federal government has not made measurable progress since 2017 to reduce its fiscal exposure to climate change, and in some cases, has revoked prior policies designed to do so. Specifically, since 2017, the ratings for four criteria remain unchanged—three at partially met and one at not met. The rating for one criterion—monitoring—regressed to not met.

Limiting the federal government's fiscal exposure to climate change requires significant attention because the federal government has revoked prior policies that had partially addressed this high-risk area and has not implemented several of our recommendations that could help reduce federal fiscal exposure. For example, since our 2017 high-risk update, the federal government:

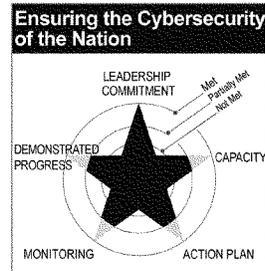
- revoked Executive Order 13690, which had established a government-wide federal flood risk management standard to improve the resilience of communities and federal assets against the impacts of flooding. This action could increase federal fiscal exposure, as taxpayer-funded projects may not last as long as intended because they are not required to account for future changes in climate-related risk.
- rescinded its guidance directing agencies to consider climate change in their National Environmental Policy Act of 1969 reviews for certain types of federal projects.
- has not implemented our July 2015 recommendation to establish a comprehensive investment strategy identifying, prioritizing, and implementing federal disaster resilience investments that could reduce federal fiscal exposure to climate change.
- has not implemented our November 2015 recommendations to create a national climate information system providing authoritative, accessible information useful for state, local, and private-sector decision making.

We have made 62 recommendations related to this high-risk area, 12 of which were made since our February 2017 high-risk update. As of December 2018, 25 remain open. The federal government needs a cohesive strategic approach with strong leadership and the authority to manage climate change risks across the entire range of federal activities.

See page 110 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

**Additional High-Risk Areas That Need Significant Attention**

**Ensuring the Cybersecurity of the Nation**



Source: GAO analysis | GAO-19-157SP

Federal agencies and the nation's critical infrastructures—such as energy, transportation systems, communications, and financial services—are dependent on information technology systems to carry out operations. The security of these systems and the data they use is vital to public confidence and national security, prosperity, and well-being. The risks to systems underpinning the nation's critical infrastructure are increasing as security threats evolve and become more sophisticated.

We first designated information security as a government-wide high-risk area in 1997. This was expanded to include protecting cyber critical infrastructure in 2003 and protecting the privacy of personally identifiable information in 2015. In 2018, we updated this high-risk area to reflect the lack of a comprehensive cybersecurity strategy for the federal government.

Since 2010, we have made over 3,000 recommendations to agencies aimed at addressing cybersecurity shortcomings, including protecting cyber critical infrastructure, managing the cybersecurity workforce, and responding to cybersecurity incidents. Of those 3,000 recommendations, 448 were made since our last high-risk update in February 2017. Although many recommendations have been addressed, about 700 have not yet been implemented.

Despite the number of unimplemented recommendations, since our 2017 High-Risk Report, the administration has made progress in this high-risk area as it continues to meet the leadership commitment criterion through various actions. These include the President issuing (1) an executive order in May 2017 requiring federal agencies to take a variety of actions, including better managing their cybersecurity risks and coordinating to meet reporting requirements related to cybersecurity of federal networks and critical infrastructure<sup>19</sup> and (2) a National Security Strategy in

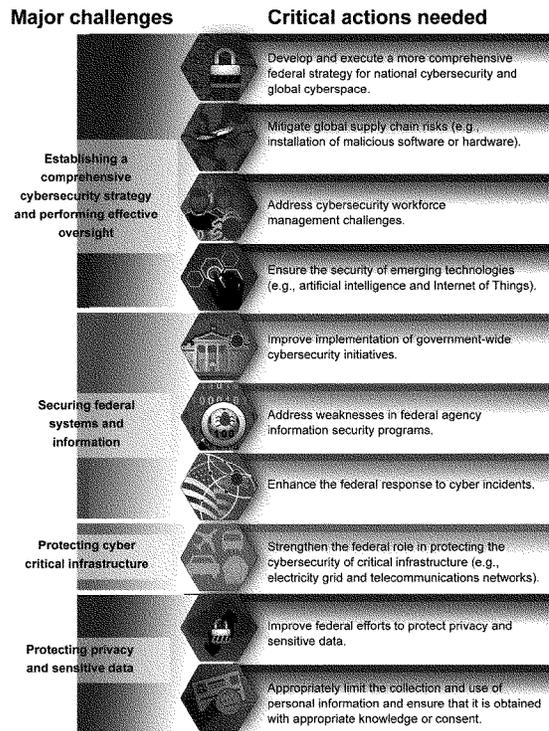
<sup>19</sup>Executive Order 13,800, 82 Fed. Reg. 22,391 (May 16, 2017).

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December 2017 citing cybersecurity as a national priority and identifying needed actions. Further, the administration issued a government-wide reform plan and reorganization recommendations in June 2018 with, among other things, proposals for solving the federal cybersecurity workforce shortage. Additionally, the administration released a National Cyber Strategy in September 2018 outlining activities such as securing critical infrastructure, federal networks, and associated information.

However, additional actions are needed. We have identified four major cybersecurity challenges facing the nation: (1) establishing a comprehensive cybersecurity strategy and performing effective oversight, (2) securing federal systems and information, (3) protecting cyber critical infrastructure, and (4) protecting privacy and sensitive data. To address the four major cybersecurity challenges, we identified 10 critical actions the federal government and other entities need to take. These critical actions include, for example, developing and executing a more comprehensive federal strategy for national cybersecurity and global cyberspace; addressing cybersecurity workforce management challenges; and strengthening the federal role in protecting the cybersecurity of critical infrastructure (see figure 3).

Figure 3: Ten Critical Actions Needed to Address Four Major Cybersecurity Challenges



Source: GAO analysis. | GAO-19-157SP

Until these shortcomings are addressed, federal agencies' information and systems will be increasingly susceptible to the multitude of cyber-related threats that exist. See page 178 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

**Resolving the Federal Role in Housing Finance**



Source: GAO analysis. | GAO-19-1575P

The expanded federal role in housing finance that began during the 2007–2009 financial crisis has substantially increased the government's exposure to potential mortgage losses. Federally supported mortgages include those backed by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac)—collectively, the enterprises—which the Federal Housing Finance Agency (FHFA) placed into government conservatorships in 2008. Federal support also occurs through Federal Housing Administration (FHA) mortgage insurance and Government National Mortgage Association (Ginnie Mae) guarantees on mortgage-backed securities. The substantial financial assistance the enterprises required during and after the crisis, coupled with the large fiscal exposure they and other federal mortgage entities represent today, underscore the need to reform the federal role in housing finance.

Delay in resolving the federal role in housing finance poses considerable risks. Through the enterprises, FHA, and Ginnie Mae, the federal government is exposed to potential losses on several trillion dollars in mortgage debt. A severe economic downturn could trigger significant taxpayer assistance to one or more of these entities.

Congress and federal agencies have taken some steps to facilitate the transition to a revised federal role, such as holding hearings, introducing legislation, issuing regulations, and developing market monitoring tools. For example, in 2013 and 2014, housing and regulatory agencies finalized rules designed to prevent a recurrence of risky practices in originating and securing mortgages that contributed to the financial crisis. Additionally, FHFA and the Consumer Financial Protection Bureau have developed a representative database of mortgage information that could be useful for examining the effect of mortgage market reforms. However, overall progress on resolving the federal role will be difficult to achieve until Congress provides further direction by enacting changes to the housing finance system.

Several issues contribute to the risks facing federal housing finance, including the following:

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- More than 10 years after entering federal conservatorships, the enterprises' futures remain uncertain and billions of taxpayer dollars remain at risk. Under agreements with the Department of the Treasury (Treasury), the enterprises have received \$191.4 billion in capital support as of the end of fiscal year 2018 and have paid dividends to the department exceeding that amount. If they were to incur major additional losses, they would draw required amounts from their remaining \$254.1 billion in Treasury commitments. In addition, prolonged conservatorships could hinder development of the broader mortgage securities market by creating uncertainty and crowding out private investment.
  - Nonbanks (lenders and loan servicers that are not depository institutions) have played an increasingly large role in the mortgage market in recent years. While nonbanks have helped provide access to mortgage credit, they also may pose additional risks, in part because they are not federally regulated for safety and soundness. However, FHFA lacks statutory authority to examine nonbank mortgage servicers and other third parties who do business with and pose potential risks to the enterprises.
  - The statutory 2 percent capital requirement for FHA's \$1.26 trillion mortgage insurance fund is not based on a specified risk threshold, such as the economic conditions the fund would be expected to withstand. As a result, it may not provide an adequate financial cushion under scenarios in which Congress may anticipate the fund would be self-sufficient. During the last housing downturn, the fund's capital ratio fell below the required level and remained there for 6 consecutive years. At the end of fiscal year 2013, the fund required supplemental funds—about \$1.7 billion—for the first time in its history.

Six of our federal housing recommendations remain open, including those we made in June 2015 on assessing the effects of mortgage reforms already in place.

Further, as we previously recommended in November 2016 and January 2019, Congress should consider housing finance reform legislation that:

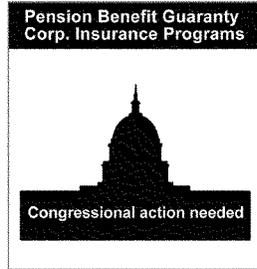
- establishes objectives for the future federal role in housing finance, including the role and structure of the enterprises within the housing finance system;
- provides a transition plan to a reformed system that enables the enterprises to exit federal conservatorship; and

- addresses all relevant federal entities, including FHA and Ginnie Mae.

As we recommended in March 2016 and November 2017, respectively, Congress also should consider granting FHFA explicit authority to examine nonbank servicers and other third parties that do business with the enterprises, and specifying the economic conditions FHA's insurance fund would be expected to withstand without a substantial risk of requiring supplemental funds. See page 95 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

Due to the significance and risk associated with Resolving the Federal Role in Housing Finance, we are separating it from the high-risk area of Modernizing the U.S. Financial Regulatory System. These areas were combined in our 2017 High-Risk report. See page 95 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

Pension Benefit Guaranty Corporation Insurance Programs



Source: GAO analysis. | GAO-19-1575P

The Pension Benefit Guaranty Corporation (PBGC) is responsible for insuring the defined benefit pension plans for nearly 37 million American workers and retirees, who participate in about 24,800 private sector plans. PBGC faces an uncertain financial future due, in part, to a long-term decline in the number of traditional defined benefit plans and the collective financial risk of the many underfunded pension plans that PBGC insures.

PBGC's financial portfolio is one of the largest of all federal government corporations. While PBGC's single employer program had a net surplus of about \$2.4 billion at the end of fiscal year 2018, its multiemployer program had a net deficit of about \$54 billion—or a combined net accumulated financial deficit of over \$51 billion. Its deficit has increased by nearly 45 percent since fiscal year 2013. PBGC has estimated that, without additional funding, its multiemployer insurance program will likely be exhausted by 2025 as a result of current and projected pension plan insolvencies. The agency's single-employer insurance program is also at risk due to the continuing decline of traditional defined benefit pension plans, as well as premiums that are not well aligned to the financial risk presented by the plans it insures.

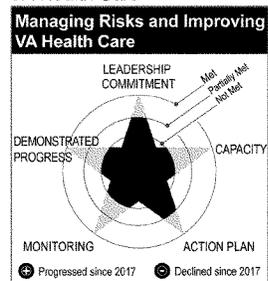
While Congress and PBGC have taken significant and positive steps to strengthen the agency in the past 5 years, challenges related to PBGC's funding and governance structure remain. Congress established a temporary Joint Select Committee on multiemployer pension plans in

2018—with the goal of improving the solvency of the multiemployer program. However, the committee did not release draft legislation. Addressing the significant financial risk and governance challenges that PBGC faces will require additional congressional action.

Over the years since we added PBGC to the High-Risk List, we have suggested a number of matters for congressional consideration, including: (1) authorizing a redesign of PBGC's single employer program premium structure to better align premium rates with sponsor risk; (2) adopting additional changes to PBGC's governance structure—in particular, expanding the composition of its board of directors; (3) strengthening funding requirements for plan sponsors as appropriate given national economic conditions; (4) working with PBGC to develop a strategy for funding PBGC claims over the long term as the defined benefit pension system continues to decline; and (5) enacting additional structural reforms to reinforce and stabilize the multiemployer system, and balance the needs and potential sacrifices of contributing employers, participants, and the federal government.

Absent additional steps to improve PBGC's finances, the long-term financial stability of the agency remains uncertain, and the retirement benefits of millions of American workers and retirees could be at risk of dramatic reductions. See page 267 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

**Managing Risks and Improving VA Health Care**



Source: GAO analysis. | GAO-19-157SP

VA operates one of the largest health care delivery systems in the nation through its Veterans Health Administration (VHA), with 172 medical centers and more than 1,000 outpatient facilities organized into regional networks. VA has faced a growing demand by veterans for its health care services—due, in part, to the needs of an aging veteran population—and that trend is expected to continue. The total number of veterans enrolled in VA's health care system rose from 7.9 million to more than 9 million from fiscal year 2006 through fiscal year 2017. Over that same period, VHA's total budgetary resources have more than doubled, from \$37.8 billion in fiscal year 2006 to \$92.3 billion in fiscal year 2017.

Given the importance of VHA's mission, coupled with its lack of progress in addressing its high-risk designation, we continue to be concerned about VHA's ability to ensure its resources are being used effectively and efficiently to improve veterans' timely access to safe and high-quality health care. We have identified five areas of concern: (1) ambiguous policies and inconsistent processes; (2) inadequate oversight and

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accountability; (3) IT challenges; (4) inadequate training for VA staff; and (5) unclear resource needs and allocation priorities. VHA has begun to address each of these areas but, prior to Secretary Robert Wilkie's July 2018 confirmation, its efforts were impeded by leadership instability. Since taking office, Secretary Wilkie has demonstrated his commitment to addressing the department's high-risk designation by, among other things, creating an office to direct an integrated, focused high-risk approach and communicating to VA leaders the importance of addressing our recommendations.

While VHA completed root cause analyses for each area of concern and developed an action plan in response, the plan lacks milestones and metrics needed to effectively monitor its implementation and demonstrate progress made in addressing the high-risk designation. Additionally, many of VHA's capacity-building initiatives are either in the initial stages of development or are lacking necessary funding and resources. As such, VHA has not made sufficient progress since our 2017 update to improve its overall ratings, as two high-risk criteria remain partially met and three criteria remain unmet.

We remain concerned about VHA's ability to oversee its programs, hold its workforce accountable, and avoid ambiguous policies and inconsistent processes that jeopardize its ability to provide safe, high-quality care to veterans:

- In November 2017, we reported that, due in part to misinterpretation or lack of awareness of VHA policy, VA medical center officials did not always document or conduct timely required reviews of providers when allegations were made against them. As a result, we concluded that VA medical center officials may have lacked necessary information to reasonably ensure that their providers were competent to provide safe, high-quality care to veterans and to grant approvals about these providers' privileges to perform specific clinical services at VA medical centers. We made four recommendations related to this and other findings, all of which remain open.
- In June 2018, we reported that VHA could not systematically monitor the timeliness of veterans' access to Veterans Choice Program (VCP) care because it lacked complete, reliable data to do so. We also found that veterans, who were referred to the VCP for routine care because health care services were not available in a timely manner, could potentially wait for care up to 70 calendar days if the maximum amount of time allowed by VA processes is used. This wait time exceeds the statutory requirement that veterans receive VCP care

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within 30 days of the dates their VA health care providers indicated they should receive appointments, or if no such date existed, within 30 days of the veteran's preferred date. We made 10 recommendations related to this and other findings, all of which remain open.

- Similarly, in July 2018, we reported that VA collected data related to employee misconduct and disciplinary actions, but data fragmentation and reliability issues impeded department-wide analysis of those data. Additionally, we found that VA did not consistently ensure that allegations of misconduct involving senior officials were reviewed according to its investigative standards or ensure these officials were held accountable. We made 16 recommendations related to this and other findings, all of which remain open.
- In November 2018, we reported that VHA's suicide prevention media outreach activities declined in recent years due to leadership turnover and reorganization. Additionally, we found that VHA did not assign key leadership responsibilities or establish clear lines of reporting for its suicide prevention media outreach campaign, which hindered its ability to oversee the campaign. Consequently, we concluded that VHA may not be maximizing its reach with suicide prevention media content to veterans, especially those who are at-risk. This is inconsistent with VHA's efforts to reduce veteran suicides, which is VA's highest clinical priority. We made two recommendations related to this and other findings, both of which remain open.

VA needs to further develop its capacity-building initiatives and establish metrics to monitor and measure its progress addressing the high-risk areas of concern. It is also important that our recommendations continue to be implemented. The department has implemented 209 of the 353 recommendations related to VA health care that we made from January 1, 2010 through December 2018, but more than 125 recommendations remain open as of December 2018. This includes 17 that are older than 3 years. In addition to addressing our recommendations, VA needs to make systemic change to department management and oversight in order to fully address the high-risk issues and improve the health care provided to our nation's veterans.

See page 275 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

Strategic Human Capital Management

**Strategic Human Capital Management**



Source: GAO analysis. | GAO-18-1578P

Mission-critical skills gaps both within federal agencies and across the federal workforce impede the government from cost-effectively serving the public and achieving results. For example, the difficulties in recruiting and retaining skilled health care providers and human resource staff at VHA's medical centers make it difficult to meet the health care needs of more than 9 million veterans. As a result, VHA's 168 medical centers have large staffing shortages, including physicians, registered nurses, physician assistants, psychologists, physical therapists, as well as human resource specialists and assistants.

OPM continues to demonstrate top leadership commitment through its numerous efforts to assist agencies' in addressing mission-critical skills gaps within their workforces. This includes providing guidance, training and on-going support for agencies on the use of comprehensive data analytic methods for identifying skills gaps and the development of strategies to address these gaps. However, since we first added strategic human capital management to our High-Risk List in 2001, we have reported on the need for agencies to address their workforce skills gaps.

As of December 2018, OPM had not fully implemented 29 of our recommendations made since 2012 relating to this high-risk area. Staffing shortages and the lack of skills among current staff not only affect individual agencies but also cut across the entire federal workforce in areas such as cybersecurity and acquisition management. Skills gaps caused by insufficient number of staff, inadequate workforce planning, and a lack of training in critical skills are contributing to our designating other areas as high-risk.

As table 5 shows, of the 34 other high-risk areas covered in this report, skills gaps played a significant role in 16 of the areas.

**Table 5: Skills Gaps Related to High-Risk Areas**

High-risk area	Examples of skills gaps and causes
2020 Decennial Census	<b>Staffing:</b> Lack of staff to oversee the \$896 million contract for integrating the Information Technology (IT) systems needed to conduct the 2020 Census.
Strengthening DHS Management Functions	<b>Workforce Planning:</b> Lack of guidance on how to identify critical cybersecurity and acquisition skills needed to support its new IT delivery model. <b>Training:</b> Insufficient technical skills to support its biometric identification services program.

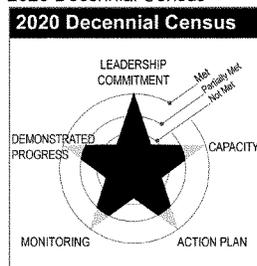
High-risk area	Examples of skills gaps and causes
<b>DOD Business Systems Modernization</b>	<p><b>Workforce Planning:</b> Incomplete assessment of the extent to which DOD personnel meet IT management knowledge and skill requirements.</p> <p><b>Staffing:</b> Slow and inefficient hiring processes have led to challenges in recruiting and retaining qualified chief information officers (CIO) and IT personnel.</p> <p><b>Training:</b> Statutorily required guidance and training for cross-functional team members and presidential appointees not completed.</p>
<b>DOD Financial Management</b>	<p><b>Staffing:</b> Financial management staff remains insufficient in number, qualifications, and expertise.</p>
<b>DOD Contract Management</b>	<p><b>Staffing:</b> Challenges in recruiting talent for acquisition management.</p>
<b>DOE's Contract Management for the National Nuclear Security Administration and Office of Environmental Management</b>	<p><b>Workforce Planning:</b> Unmet critical staffing needs and evidence that the agency is understaffed across all functions.</p> <p><b>Staffing:</b> Competing agency priorities and limited hiring have contributed to critical staff shortages to manage and oversee strategic materials programs.</p>
<b>U.S. Government's Environmental Liability</b>	<p><b>Workforce Planning:</b> Lack of information to evaluate overall project and program performance, including number of staff and skills needed to meet its environmental management cleanup mission.</p>
<b>Improving Federal Management of Programs that Serve Tribes and Their Members</b>	<p><b>Staffing:</b> Lack of expert staff to review proposals for wind and solar projects, or petroleum engineers to review oil and gas proposals. Additionally, shortages of health care providers, including physicians, nurses, midwives, dentists, and pharmacists.</p> <p><b>Training:</b> Limited funding and lack of a safety training plan contributed to incomplete training to protect Bureau of Indian Education schools.</p>
<b>Management of Federal Oil and Gas Resources</b>	<p><b>Workforce Planning:</b> Lacks plan for identifying key oil and gas positions and their respective technical competencies. No evaluation of the effectiveness of its recruitment and retention incentives as well as its student loan repayment program.</p> <p><b>Training:</b> No evaluation of its training needs, training effectiveness, or opportunities for its bureaus to share training resources.</p>
<b>NASA Acquisition Management</b>	<p><b>Staffing and Skills:</b> Lacks staff or staff with skills in the areas of avionics, flight software, systems engineering, business management, software development for certain acquisition projects, as well as gaps in areas such as cost estimating and earned value management capabilities.</p>
<b>Protecting Public Health Through Enhanced Oversight of Medical Products</b>	<p><b>Staffing:</b> At times, significant gaps in staffing still remain during the time staff complete necessary processes to be stationed overseas.</p>
<b>Improving and Modernizing Federal Disability Programs</b>	<p><b>Staffing:</b> SSA's disability appeals plan calls for increased hiring to reduce disability appeals backlogs and improve timeliness, and VA has not completed hiring and planning efforts to ensure it has the capacity to comprehensively update its disability eligibility criteria.</p>
<b>VA Acquisition Management</b>	<p><b>Training:</b> Lack of training for contracting officers.</p>
<b>Managing Risks and Improving VA Health Care</b>	<p><b>Workforce Planning:</b> No annual tracking and reviewing of data related to IT skills needed in the future.</p> <p><b>Staffing:</b> Insufficient number of community care staff and medical support assistants.</p> <p><b>Training:</b> No assessment of the training needs or monitoring of completed training for patient advocate positions.</p>
<b>Ensuring the Cybersecurity of the Nation</b>	<p><b>Staffing and Training:</b> The administration's June 2018 government reform plan includes recommendations for solving the federal cybersecurity workforce shortage, including prioritizing and accelerating efforts to reform how the federal government recruits, evaluates, selects, pays, and places cyber talent.</p>

High-risk area	Examples of skills gaps and causes
<b>Improving the Management of IT Acquisitions and Operations</b>	<b>Workforce Planning:</b> None of the 24 major federal agencies had IT management policies that fully addressed the role of their CIOs. The majority of the agencies minimally addressed or did not address their CIO's role in assessing agency IT workforce needs, and developing strategies and plans for meeting those needs.

Source: GAO analysis. | GAO-19-1575P

Over the years since we added this area to our High-Risk List, in addition to recommendations to address critical skills gaps in individual high-risk areas, we have made numerous recommendations to OPM related to this high-risk issue, 29 of which remain open. Agencies also need to take action to address mission-critical skills gaps within their own workforces -- a root cause of many high-risk areas. See page 75 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

2020 Decennial Census



Source: GAO analysis. | GAO-19-1575P

The 2010 Census was the costliest in history at about \$12.3 billion; as of October 2017, the 2020 Census is projected to cost about \$15.6 billion, a 27 percent increase. For the 2020 Census, the U.S. Census Bureau (Bureau) plans to implement several innovations, including new IT systems. Implementing these innovations, along with other challenges, puts the Bureau's ability to conduct a cost-effective census at risk.

The decennial census is mandated by the U.S. Constitution and provides vital data for the nation. Census data are used, among other purposes, to apportion seats in the Congress and allocate billions of dollars in federal assistance to state and local governments. To ensure its success, this complicated and costly undertaking requires careful planning, risk management, and oversight. Census activities, some of which are new for the 2020 cycle, must be carried out on schedule to deliver the state apportionment counts to the President by December 31, 2020.

The Bureau and the Department of Commerce (Commerce) have strengthened leadership commitment with executive-level oversight of the 2020 Census by holding regular meetings on the status of IT systems and other risk areas. In addition, in 2017 Commerce designated a team to assist senior Bureau management with cost estimation challenges. These examples demonstrate both the Bureau's and Commerce's strong leadership commitment to implementing the 2020 Census.

One of the Bureau's major challenges is to control any further cost growth and develop cost estimates that are reliable and reflect best practices for the 2020 Census. According to the Bureau, the total cost of the 2020 Census is now estimated to be approximately \$15.6 billion, more than \$3

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billion higher than previously estimated by the Bureau. The higher estimated life-cycle cost is due, in part, to the Bureau's failure to previously include all cost associated with the decennial census.

The Bureau's schedule for developing IT systems has experienced delays that have compressed the time available for system testing, integration testing, and security assessments. These schedule delays have contributed to systems experiencing problems after deployment, as well as cybersecurity challenges. For example, as of December 2018, the Bureau had identified nearly 1,100 system security weaknesses that needed to be addressed. Continued schedule management challenges may compress the time available for the remaining system testing and security assessments, and increase the risk that deployed systems will either not function as intended, have security vulnerabilities, or both.

As of January 2019, 30 of our recommendations related to this high-risk area had not been implemented. To make continued progress, the Bureau needs to ensure that its approach to strategic planning, IT management, cybersecurity, human capital management, internal collaboration, knowledge sharing, as well as risk and change management are all aligned toward delivering more cost-effective outcomes. Among other things, the Bureau needs to ensure cost growth is controlled and that the development and testing of key systems is completed and fully integrated with all census operations before the 2020 Census. In addition, the Bureau needs to address cybersecurity weaknesses in a timely manner and ensure that security risks are at an acceptable level before systems are deployed. See page 134 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

Medicare, Medicaid, and  
Earned Income Tax Credit  
Improper Payments

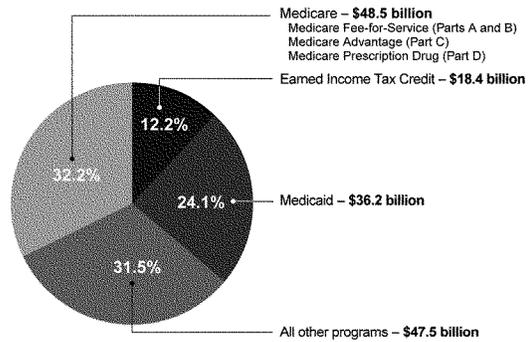
An improper payment is any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements. Reducing improper payments—such as payments to ineligible recipients or duplicate payments—is critical to safeguarding federal funds. However, the federal government has consistently been unable to determine the full extent of improper payments and reasonably assure that appropriate actions are taken to reduce them.

Since 2003—when certain agencies were required by statute to begin reporting improper payments—cumulative improper payment estimates have totaled about \$1.5 trillion. As shown in figure 4, for fiscal year 2018,

federal entities estimated about \$151 billion in improper payments. Medicare and Medicaid improper payments and the Earned Income Tax Credit (EITC) improper payments—a part of the Enforcement of Tax Laws high-risk area—accounted for about 68.5 percent of this total.

Federal spending for Medicare programs and Medicaid is expected to significantly increase in the coming years, so it is especially critical to take appropriate measures to reduce improper payments in these programs. Internal Revenue Service estimates also show that the EITC has consistently had a high improper payment rate. OMB has designated Medicare programs, Medicaid, and EITC as high-priority programs for improper payments, indicating they are amongst the highest-risk programs where the government can achieve the greatest return on investment for the taxpayer by ensuring that improper payments are eliminated.

**Figure 4: Improper Payment Estimates Were Concentrated in Three Areas in Fiscal Year 2018**

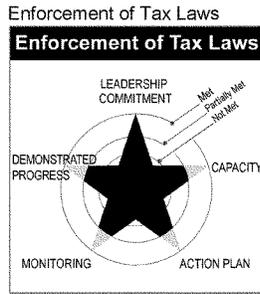


Source: GAO analysis of agencies' fiscal year 2018 data. | GAO-19-1575P

Our work has identified a number of strategic and specific actions agencies can take to reduce improper payments, which could yield significant savings, and help ensure that taxpayer funds are adequately safeguarded. Continued agency attention is needed to (1) identify

susceptible programs, (2) develop reliable methodologies for estimating improper payments, (3) report as required by statute, and (4) implement effective corrective actions based on root cause analysis. Absent such continued efforts, the federal government cannot be assured that taxpayer funds are adequately safeguarded.

See pages 241, 250, and 235 of the report (respectively) for additional detail on the Medicare Program & Improper Payments, Strengthening Medicaid Program Integrity, and Enforcement of Tax Laws high-risk areas, including more details on actions that need to be taken.



Source: GAO analysis. | GAO-19-157SP

The Internal Revenue Service (IRS) continues to face two pressing challenges in enforcing tax laws: addressing the tax gap—amounting to hundreds of billions of dollars each year when some taxpayers fail to pay the taxes that they owe—and combating identity theft (IDT) refund fraud. Enforcement of Tax Laws has been on GAO’s high risk list since 1990.

IRS enforcement of tax laws helps fund the U.S. government by collecting revenue from noncompliant taxpayers and, perhaps more importantly, promoting voluntary compliance by giving taxpayers confidence that others are paying their fair share. In 2016, IRS estimated that the average annual net tax gap, the difference between taxes owed and taxes paid on time, was \$406 billion, on average, for tax years 2008-2010.

While IRS continues to demonstrate top leadership support to address the tax gap, IRS’s capacity to implement new initiatives and improve ongoing enforcement and taxpayer service programs remains a challenge. For example, IRS’s strategic plan includes a goal to facilitate voluntary compliance and deter noncompliance that could address the tax gap. However, IRS could do more to identify specific efforts for improving compliance in its strategic plan, measure the effects of compliance programs—such as those used for large partnerships—and develop specific quantitative goals to reduce the tax gap. Such efforts would help IRS make more effective use of its resources and gauge the success of its strategies.

The second challenge facing IRS is IDT refund fraud, which occurs when an identity thief files a fraudulent tax return using a legitimate taxpayer’s identifying information and claims a refund. IRS estimates that at least \$12.2 billion in individual IDT tax refund fraud was attempted in 2016, of which it prevented at least \$10.5 billion (86 percent). Of the amount attempted, IRS estimated that at least \$1.6 billion (14 percent) was paid.

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IRS's ability to combat IDT fraud continues to be challenged as more personally identifiable information has become readily available as a result of large-scale cyberattacks on various entities. This makes it more difficult for IRS to distinguish between fraudsters and legitimate taxpayers.

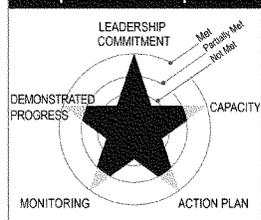
While IRS has demonstrated some progress by developing tools and programs to further detect and prevent IDT refund fraud, it has not completed updating its authentication procedures to be in compliance with new government standards. As a result, IRS may be missing an opportunity to implement the most secure, robust technologies to protect taxpayers.

As of December 2018, 189 GAO recommendations related to this high-risk area had not been implemented. To make continued progress on closing the tax gap, IRS needs to re-establish goals for improving voluntary compliance and develop and document a strategy that outlines how it will use its data to help address this issue. Reducing the tax gap will also require targeted legislative actions, including additional third-party information reporting, enhanced electronic filing, expanded math error authority (also referred to as correctible error authority), and paid preparer regulation. To help stay on top of IDT refund fraud, IRS should develop a comprehensive process to evaluate alternative options for improving taxpayer authentication. Given that IDT refund fraud continues to be a challenge, targeted legislative action, such as requiring a scannable code on returns prepared electronically but filed on paper could help IRS address such fraud.

See page 235 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

## Improving the Management of IT Acquisitions and Operations

### Improving the Management of IT Acquisitions and Operations



Source: GAO analysis. | GAO-19-157SP

The federal government currently invests more than \$90 billion annually in IT, and OMB has implemented several key initiatives intended to help better manage this investment. Additionally, enactment of FITARA, in conjunction with greater attention paid to the acquisition and operation of IT, has helped further improve the government-wide management of this significant annual investment.<sup>20</sup> OMB's current level of top leadership support and commitment to ensure that agencies successfully execute its guidance on implementing FITARA and related IT initiatives has helped this high-risk area meet the leadership commitment high-risk criteria.

Additional positive government-wide actions have enabled this high-risk area to partially meet the four remaining high-risk criteria. For example, OMB has established an IT Dashboard—a public website that provides detailed information on major IT investments at 26 federal agencies—and agencies' data center consolidation efforts have resulted in a total savings of slightly more than 80 percent of the agencies' planned \$5.7 billion in savings since 2011. However, major federal agencies have yet to fully address the requirements of FITARA and realize billions of dollars in planned or possible savings and improved government performance through more efficient budgeting and management of IT.

As government-wide spending on IT increases every year, the need for appropriate stewardship of that investment increases as well. However, OMB and federal agencies have not made significant progress since 2017 in taking the steps needed to improve how these financial resources are budgeted and utilized. While OMB has continued to demonstrate its leadership commitment through guidance and sponsorship of key initiatives, agencies still have not fully implemented all requirements of FITARA, such as putting into place authorities the law requires for chief information officers (CIO). Additionally, while the President's Management Agenda has a goal to improve IT spending transparency, agencies are underreporting IT contract obligations by billions of dollars. OMB and the agencies also have not yet implemented hundreds of our recommendations on improving shortcomings in IT acquisitions and operations.

In an August 2018 review of the 24 federal agencies covered by FITARA, none had IT management policies that fully addressed the role of their CIOs consistent with federal laws and guidance. Specifically, the majority

<sup>20</sup>FITARA was enacted into law as part of the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, Pub. L. No. 113-291, div. A, title VIII, subtitle D, §§ 831-837, 128 Stat. 3292, 3438-3450 (2014).

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of the agencies only minimally addressed, or did not address, their CIO's role in assessing agency IT workforce needs and developing strategies and plans for meeting those needs. Correspondingly, the majority of the 24 CIOs acknowledged that they were not fully effective at implementing IT management responsibilities, such as IT strategic planning and investment management.

Further, in January 2018, we reported that the majority of 22 agencies did not identify all of their IT acquisition contracts, totaling about \$4.5 billion in IT-related contract obligations beyond those reported by agencies. In addition, in November 2018 we reported that four selected agencies lacked quality assurance processes for ensuring that billions of dollars requested in their IT budgets were informed by reliable cost information. Until agencies properly identify IT contracts and establish processes for ensuring the quality of cost data used to inform their budgets, agency CIOs are at risk of not having appropriate oversight of IT acquisitions and may lack adequate transparency into IT spending to make informed budget decisions.

As of December 2018, OMB and federal agencies had fully implemented only 59 percent of the recommendations we have made since fiscal year 2010 to address shortcomings in IT acquisitions and operations. OMB and agencies should work toward implementing our remaining 456 open recommendations related to this high-risk area. These remaining recommendations include 12 priority recommendations to agencies to, among other things, report all data center consolidation cost savings to OMB, plan to modernize or replace obsolete systems as needed, and improve their implementation of PortfolioStat—an initiative that is to consolidate and eliminate duplicative systems.

OMB and agencies need to take additional actions to (1) implement at least 80 percent of our open recommendations related to the management of IT acquisitions and operations, (2) ensure that a minimum of 80 percent of the government's major IT acquisitions deliver functionality every 12 months, and (3) achieve at least 80 percent of the over \$6 billion in planned PortfolioStat savings.

See page 123 of the report for additional detail on this high-risk area, including more details on actions that need to be taken.

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Our high-risk program continues to be a top priority at GAO and we will maintain our emphasis on identifying high-risk issues across government

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and on providing recommendations and sustained attention to help address them, by working collaboratively with Congress, agency leaders, and OMB. As part of this effort, we hope to continue to participate in regular meetings with the OMB Deputy Director for Management and with top agency leaders to discuss progress in addressing high-risk areas. Such efforts have been critical for the progress that has been made.

This high-risk update is intended to help inform the oversight agenda for the 116th Congress and to guide efforts of the administration and agencies to improve government performance and reduce waste and risks.

Thank you, Chairman Cummings, Ranking Member Jordan, and Members of the Committee. This concludes my testimony. I would be pleased to answer any questions.

For further information on this testimony, please contact J. Christopher Mihm at (202) 512-6806 or [Mihm.J@gao.gov](mailto:Mihm.J@gao.gov). Contact points for the individual high-risk areas are listed in the report and on our high-risk website. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement.

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## Appendix I: Areas Removed From the High-Risk List

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The following pages provide overviews of the two areas removed from the High-Risk List. Each overview discusses (1) why the area was high risk, and (2) why the area is being removed from the list. Each of these high-risk areas is also described on our High-Risk List website, <http://www.gao.gov/highrisk/overview>.

# DOD Supply Chain Management

We are removing this high-risk area because the Department of Defense (DOD) has made sufficient progress on the remaining seven actions and outcomes we recommended for improving supply chain management. Congressional attention, DOD leadership commitment, and our collaboration contributed to this successful outcome.

### Why Area Was High Risk

DOD manages about 4.9 million secondary inventory items, such as spare parts, with a reported value of \$92.9 billion as of September 2017. Effective and efficient supply chain management is critical for (1) supporting the readiness and capabilities of the force and (2) helping to ensure that DOD avoids spending resources on unneeded inventory that could be better applied to other defense and national priorities. We define supply chain management as including three segments—inventory management, asset visibility, and materiel distribution.

DOD Supply Chain Management has been on our High-Risk List since 1990—starting with inventory management—because of inefficient and ineffective management practices leading to excess inventory. In 2005, we added asset visibility and materiel distribution to this high-risk area due to weaknesses identified during operations in Iraq and Afghanistan, including backlogs of hundreds of pallets and containers at distribution points.

In 2017, we removed inventory management from this area because DOD made key improvements, such as reducing on-order excess inventory by about \$800 million and addressing each of our high-risk criteria, resulting in demonstrable and sustained improvements.

### Contact Information

For additional information about this high-risk area, contact Diana Maurer at 202-512-9627 or maurerd@gao.gov.

### DOD Supply Chain Management



Source: GAO analysis. | GAO-19-157SP

From 2014 to 2017, we identified 18 actions and outcomes DOD needed to implement in order for its supply chain management to be removed from our High-Risk List. In our 2017 High-Risk Report, we reported that DOD had made progress in addressing 11 actions and met the criteria of leadership commitment, capacity, and action plan for asset visibility and materiel distribution.

### Why High-Risk Area is Being Removed

However, DOD needed to take additional actions to fully implement the remaining seven actions and outcomes related to the monitoring and demonstrated progress criteria (see figure 5).

Figure 5: Segments of GAO's Department of Defense's Supply Chain Management High-Risk Area



**Asset visibility** is DOD's ability to provide timely and accurate information on the location, quantity, condition, movement, and status of its inventory. DOD had weaknesses in maintaining visibility of supplies, such as problems with inadequate radio-frequency identification information to track all cargo movements.



**Materiel distribution** is DOD's ability to operate its global distribution pipeline to deliver the right item, to the right place, at the right time, and at the right cost. DOD faced challenges in delivering supplies and equipment, including meeting delivery standards and timelines for cargo shipments as well as maintaining complete delivery data for surface shipments.

Source: GAO. | GAO-19-157SP

We are removing DOD Supply Chain Management from the High-Risk List because, since 2017, DOD has addressed the remaining two criteria (monitoring and demonstrated progress) for asset visibility and materiel distribution by addressing the seven actions and outcomes identified in our 2017 High-Risk Report.

Asset Visibility



Source: GAO analysis. | GAO-19-157SP

Since our 2017 High-Risk Report, DOD has continued to meet the criteria of leadership commitment, capacity, and action plan for asset visibility. Further, DOD has fully addressed the three remaining actions and outcomes we outlined in 2017 in order to mitigate or resolve long-standing weaknesses in asset visibility. Consequently, DOD has met the monitoring and demonstrated progress criteria for asset visibility to remove this area from our High-Risk List.

**Leadership commitment: met.** Senior leaders have continued to demonstrate commitment through their involvement in groups such as the Supply Chain Executive Steering Committee—senior-level officials responsible for overseeing asset visibility improvement efforts—and through the Asset Visibility Working Group, which identifies opportunities for improvement and monitors the implementation of initiatives by issuing its Strategy for Improving DOD Asset Visibility (Strategy) in 2014, 2015, and 2017.

**Capacity: met.** DOD continues to demonstrate that it has the capacity—personnel and resources—to improve asset visibility. For example, DOD’s 2015 and 2017 Strategies advise the components to consider items such as staffing, materiel, and sustainment costs when documenting cost estimates for the initiatives in the Strategy, as we recommended in January 2015.

**Action plan: met.** A provision in the National Defense Authorization Act for Fiscal Year 2014 required DOD to submit to Congress a comprehensive strategy and implementation plans for improving asset tracking and in-transit visibility. In January 2014, DOD issued the Strategy and accompanying implementation plans, which outlined initiatives intended to improve asset visibility. DOD updated its 2014 Strategy in October 2015 and in August 2017.

Importantly, since 2017 DOD addressed the three remaining actions and outcomes related to the monitoring and demonstrated progress criteria through updates to and implementation of the Strategies (see table 6).

**Table 6: Status of Asset Visibility Remaining Action Items Required to Remove Supply Chain Management from GAO's High-Risk List**

Action items	Action item status	High-risk category
1. Incorporate the attributes of successful performance measures (e.g., clear, quantifiable, objective, and reliable), as appropriate, in subsequent updates to the Strategy for Improving DOD Asset Visibility	Met	Monitoring
2. Take steps to incorporate into after-action reports information relating to performance measures for the asset visibility initiatives	Met	Monitoring
3. Demonstrate sustained progress in implementing initiatives that result in measurable outcomes and progress towards realizing the goals and objectives in the Strategy for Improving DOD Asset Visibility	Met	Demonstrated progress

Source: GAO analysis and prior GAO report. | GAO-19-157SP

**Monitoring: met.** DOD provided guidance in its 2017 update to the Strategy for the military components to consider key attributes of successful performance measures during metric development for their improvement initiatives. As appropriate, the military components have followed the guidance and provided high-level summary metrics updates to the Asset Visibility Working Group. In addition, DOD has taken steps to monitor asset visibility by incorporating into after-action reports, as appropriate, information relating to performance measures. These after-action reports serve as closure documents and permanent records of each initiative's accomplishments.

**Demonstrated progress: met.** DOD has demonstrated sustained progress by completing 34 of the 39 initiatives to improve asset visibility and continues to monitor the remaining 5 initiatives. These initiatives have supported DOD's goals and objectives, which include: (1) improving visibility efficiencies of physical inventories, receipt processing, cargo tracking, and unit moves; (2) ensuring asset visibility data are discoverable, accessible, and understandable to support informed decision-making across the enterprise; and (3) increasing efficiencies for delivery accuracy and cycle times. Also, the Asset Visibility Working Group meets regularly to identify opportunities to further improve asset visibility within DOD.

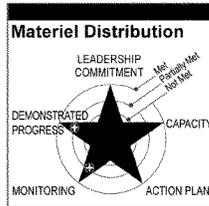
DOD has taken the following actions to demonstrate sustained progress: (1) created an integrated single portal system providing 7,500 users access to near-real-time, in-transit visibility of eight million lines of items of supply and transportation data; and (2) increased its visibility of assets through radio-frequency identification (RFID), an automated data-capture technology that can be used to electronically identify, track, and store information contained on a tag. There are two main types of RFID tags,

passive and active, which show whether assets are in-storage, in-transit, in-process, or in-use. Passive tags, such as mass transit passes, do not contain their own power source and cannot initiate communication with a reader; while active tags, such as an "E-Z pass," contain a power source and a transmitter, and send a continuous signal over longer distances.

DOD closed nine initiatives from its Strategies by implementing RFID technology. For example, the Marine Corps implemented long-range passive RFID for visibility and accountability of items, resulting in improvements that include an increased range for "reading" an item—from 30 feet to 240 feet—and reduced inventory cycle times from 12 days to 10 hours. Also, the Navy reported that the use of passive RFID technology to support the overhaul of its nuclear-powered attack submarines enabled the Navy to better track parts, resulting in 98 percent fewer missing components and an average cost avoidance of \$1.3 million per boat.

Additionally, according to DOD, the use of RFID tags to provide visibility of sustainment cargo at the tactical leg resulted in \$1.4 million annual cost savings. Further, DOD reported that the migration of the active RFID enterprise from a proprietary communication standard to a competitive multivendor environment reduced the cost of active RFID tags by half, resulting in an estimated \$5.7 million annual reduction in costs.

## Materiel Distribution



Source: GAO analysis. | GAO-19-1575P

Since our 2017 High-Risk Report, DOD has continued to meet the criteria of leadership commitment, capacity, and action plan for materiel distribution. Further, DOD has fully addressed the four remaining actions and outcomes we outlined in 2017 in order to mitigate or resolve long-standing weaknesses in materiel distribution. Consequently, DOD has met the monitoring and demonstrated progress criteria for materiel distribution to remove this area from our High-Risk List.

**Leadership commitment: met.** Senior leaders continue to demonstrate commitment through their involvement in groups such as the Supply Chain Executive Steering Committee—senior-level officials responsible for overseeing materiel distribution corrective actions—and through the Distribution Working Group, which helped develop the Materiel Distribution Improvement Plan (Improvement Plan) in 2016.

**Capacity: met.** DOD has continued to demonstrate that it has the personnel and resources, such as key organizations and the associated

governance structure, to improve materiel distribution. The Improvement Plan recognizes that additional resources will be required to accomplish its corrective actions and close any identified performance gaps within the time frame specified.

**Action plan: met.** In 2016, DOD developed its corrective action plan to address the department’s materiel distribution challenges. The Improvement Plan details specific goals and actions to better measure the end-to-end distribution process, ensure the accuracy of underlying data, and strengthen and integrate distribution policies and the governance structure.

Importantly, since 2017, DOD has fully addressed the four remaining actions and outcomes related to monitoring and demonstrated progress to mitigate or resolve long-standing weaknesses in materiel distribution (see table 7).

**Table 7: Status of Materiel Distribution Remaining Action Items Required to Remove Supply Chain Management from GAO’s High-Risk List**

Action items	Action item status	High-risk category
1. Make progress in developing Department of Defense’s (DOD’s) suite of distribution performance metrics, improving the quality of data underlying those metrics, and sharing metrics information among stakeholders.	Met	Monitoring
2. Integrate distribution metrics data, including cost data, from the combatant commands and other DOD components, as appropriate, on the performance of all legs of the distribution system, including the tactical leg. <sup>a</sup>	Met	Monitoring
3. Refine existing actions in the Materiel Distribution Improvement Plan or incorporate additional actions based on interim progress and results, and update the Materiel Distribution Improvement Plan accordingly.	Met	Monitoring
4. Demonstrate that the actions implemented under its Materiel Distribution Improvement Plan improve its capability to comprehensively measure distribution performance, identify distribution problems and root causes, and identify and implement solutions.	Met	Demonstrated progress

Source: GAO analysis and prior GAO report. | GAO-19-157SP

<sup>a</sup>The tactical leg is the last segment of the distribution system between the supply points in a military theater of operations and the forward operating bases and units.

**Monitoring: met.** DOD has monitored materiel distribution by making progress in developing its suite of distribution performance metrics, improving the quality of their underlying data, and sharing metrics information with stakeholders. For example, in January 2017, DOD developed a suite of performance metrics that provides a comprehensive picture of the distribution process, including whether supplies are

delivered on time and at sufficient quantity and quality. Also, DOD implemented checklists to assess the quality of data underlying each performance metric based on relevance, accuracy, comparability, and interpretability.

The checklists and their standards assist in identifying root causes and addressing areas where performance data quality may be lacking. DOD has also incorporated internal control requirements in its supply chain management guidance to increase confidence in the performance data. Additionally, DOD has revised its policy documents to require stakeholders to routinely capture and share distribution performance metrics, including cost data, and the department maintains websites to provide current performance information to distribution stakeholders.

DOD has also incorporated distribution metrics, as appropriate, on the performance of all legs of the distribution system, including the tactical leg (i.e., the last segment of the distribution system). We previously reported on DOD's deficiencies to accurately assess its distribution performance at the tactical leg, such as missing delivery dates for shipments in Afghanistan. Since that time, the geographic combatant commands have been tracking metrics at the tactical leg, including required delivery dates, to determine the movement and causes of delays for shipments, and have been sharing distribution performance information with the U.S. Transportation Command (TRANSCOM) through their deployment and distribution operations centers. DOD is implementing a cost framework to incorporate transportation costs for all legs of the distribution system, which will provide an additional metric for distribution stakeholders to assess the efficiency of the system. The first phase of the cost framework began operating in August 2018 and is expected to be fully implemented in 2019.

DOD is making progress in refining its Improvement Plan and is incorporating additional actions based on interim progress and results. Since DOD issued the Improvement Plan in September 2016, the agency has (1) documented the results and monitored the status of each corrective action, (2) revised completion dates as needed, and (3) periodically provided decision makers with summary action charts, plans, and milestones. DOD is also updating its instruction on management and oversight of the distribution enterprise to clarify the roles and responsibilities of all distribution stakeholders. DOD officials have not determined a date for when this instruction will be issued.

**Demonstrated progress: met.** DOD has demonstrated sustained progress in improving its capability to comprehensively measure distribution performance, identify distribution problems and root causes, and implement solutions. DOD has implemented 10 of 18 corrective actions in its Improvement Plan and is on track to implement the

remaining 8 by September 2019. Because of this progress, DOD's monthly shipment reports have assessed performance against enhanced metrics across the distribution system. For example, in December 2017, TRANSCOM investigated performance standards for truck deliveries from its Defense Logistics Agency warehouses in Bahrain to customers in Kuwait due to frequent delays in shipments. TRANSCOM determined that inadequate time for clearing customs in Kuwait resulted in an unrealistic delivery standard.

TRANSCOM, in coordination with distribution stakeholders, adjusted the delivery standard to adequately account for the in-theater customs process. In addition, TRANSCOM, in partnership with the Defense Logistics Agency and the General Services Administration, developed and implemented initiatives focused on distribution process and operational improvements to reduce costs and improve distribution services to the warfighter. According to DOD, these efforts have resulted in at least \$1.56 billion in distribution cost avoidances to date.

#### Monitoring After Removal

DOD has demonstrated commendable, sustained progress improving its supply chain management. This does not mean DOD has addressed all risk within this area. It remains imperative that senior leaders continue their efforts to implement initiatives and corrective actions to maintain visibility of supplies, track cargo movements, meet delivery standards, and maintain delivery data for shipments. Continued oversight and attention are also warranted given the recent reorganization of the Office of the Under Secretary of Defense for Acquisition and Sustainment and the resulting change in the oversight structure of Supply Chain Management. We will therefore continue to conduct oversight of supply chain management at DOD.

#### Related GAO Products

*Defense Logistics: Improved Performance Measures and Information Needed for Assessing Asset Visibility Initiatives.* GAO-17-183. Washington, D.C.: Mar. 16, 2017.

*Defense Logistics: DOD Has Addressed Most Reporting Requirements and Continues to Refine its Asset Visibility Strategy.* GAO-16-88. Washington, D.C.: Dec. 22, 2015.

*Defense Logistics: Improvements Needed to Accurately Assess the Performance of DOD's Materiel Distribution Pipeline.* GAO-15-226. Washington, D.C.: Feb. 26, 2015.

## Mitigating Gaps in Weather Satellite Data

We are removing this high-risk area because—with strong congressional support and oversight—the National Oceanic and Atmospheric Administration (NOAA) and the Department of Defense (DOD) have made significant progress in establishing and implementing plans to mitigate potential gaps in weather satellite data.

### Why Area Was High Risk

The United States relies on two satellite systems for weather forecasts and observations: (1) polar-orbiting satellites that provide a global perspective every morning and afternoon and (2) geostationary satellites that maintain a fixed view of the nation. NOAA is responsible for the polar satellite program that crosses the equator in the afternoon and for the geostationary satellite program that crosses the equator in the early morning orbit. DOD is responsible for the polar satellite program that crosses the equator in the early morning orbit. These agencies are planning or executing major satellite acquisition programs to replace existing polar and geostationary satellites that are nearing the end of, or are beyond, their expected life spans.

A gap in satellite data would result in less accurate and timely weather forecasts and warnings of extreme events—such as hurricanes and floods. Given the criticality of satellite data to weather forecasts, the likelihood of significant gaps in weather satellite data, and the potential impact of such gaps on the health and safety of the U.S. population and economy, we concluded that the potential gap in weather satellite data was a high-risk area and added it to the High-Risk List in 2013. More recently, in recognition of NOAA's progress, we removed the geostationary satellite segment from the high-risk area in 2017.

### Contact Information

For additional information about this high-risk area, contact Carol C. Harris at 202-512-4456 or at [harriscc@gao.gov](mailto:harriscc@gao.gov).

### Mitigating Gaps in Weather Satellite Data



Source: GAO analysis. | GAO-19-1573P

### Why High-Risk Area Is Being Removed

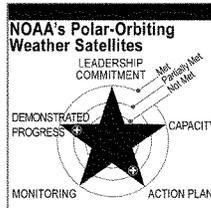
In our 2017 High-Risk Report, we reported that NOAA had fully implemented criteria associated with demonstrating leadership commitment, having the needed capacity to address risks, and monitoring progress.

We also reported that NOAA had partially implemented the criteria for establishing an action plan and demonstrating progress. In addition, our 2017 report noted DOD's slow progress in

establishing plans for its follow-on weather satellite program and for determining how it would fulfill other weather requirements in the early morning orbit.

Since that time, (1) NOAA has fully implemented actions in response to the remaining two criteria that had previously been partially implemented and (2) DOD, pursuant to statutes and accompanying congressional direction, established and began implementing plans both for its follow-on weather satellite program and for addressing the key requirements that were not included in that satellite program. Consequently, we are removing the need to mitigate gaps in weather satellite data from our High-Risk List.

## NOAA's Polar-Orbiting Weather Satellites



Source: GAO analysis. | GAO-19-1575P

Since our last high-risk update in 2017, NOAA continues to meet the criteria of leadership commitment, capacity, and monitoring and now also meets the criteria of action plan and demonstrated progress.

**Leadership commitment: met.** NOAA program officials met the leadership commitment criteria in 2015 and have continued to sustain their strong leadership commitment to mitigating potential satellite data gaps since that time. For example, NOAA issued and frequently updated its polar satellite gap mitigation plan, which identifies the specific technical, programmatic, and management steps the agency is taking to ensure that satellite mitigation options are viable. In addition, NOAA executives continue to oversee the acquisition of polar-orbiting satellites through monthly briefings on the cost, schedule, and risks affecting the satellites' development.

**Capacity: met.** NOAA continues to meet the criterion of improving its capacity to address the risk of a satellite data gap. In December 2014, we recommended that NOAA investigate ways to prioritize the gap mitigation projects with the greatest potential benefit to weather forecasting, such as by improving its high-performance computing capacity. NOAA agreed with this recommendation and implemented it. For example, NOAA upgraded its high-performance computers, which allowed the agency to move forward on multiple other mitigation activities, including experimenting with other data sources and assimilating these data into its weather models.

**Action plan: met.** NOAA now meets the criterion for having a plan to address the risk of a polar satellite data gap, which is an increase over its rating in 2017. In June 2012, we reported that, while NOAA officials communicated publicly and often about the risk of a polar satellite data gap, the agency had not established plans to mitigate the gap. We recommended that NOAA establish a gap mitigation plan, and the agency did so in February 2014. However, in December 2014, we recommended that NOAA revise its plan to address shortfalls, including (1) adding recovery time objectives for key products, (2) identifying opportunities for accelerating the calibration and validation of satellite data products, (3) providing an assessment of available alternatives based on their costs and impacts, and (4) establishing a schedule with meaningful timelines and linkages among mitigation activities.

The agency agreed with the recommendation and subsequently addressed it. Specifically, NOAA issued three updates to its gap

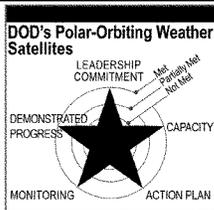
mitigation plan between January 2016 and February 2017. With the last of the updates, the agency addressed the shortfalls we had identified.

**Monitoring: met.** NOAA met this criterion in 2017, and continues to meet it now, by implementing our recommendations to more consistently and comprehensively monitor its progress on gap mitigation activities. For example, all three NOAA organizations responsible for gap mitigation projects regularly brief senior management on their progress.

**Demonstrated progress: met.** NOAA now meets the criterion for demonstrated progress, which is an increase over its prior rating. In our 2017 High-Risk Report, we noted that NOAA had identified 35 different gap mitigation projects and was making progress in implementing them. These projects fell into three general categories: (1) understanding the likelihood and impact of a gap, (2) reducing the likelihood of a gap, and (3) reducing the impact of a gap. Nevertheless, one of the most important steps in reducing the likelihood of a gap—keeping the launch of the next polar satellite on schedule—had encountered problems. Specifically, agency officials decided to delay the launch due to challenges in developing the ground system and a critical instrument on the spacecraft. This delay exacerbated the probability of a satellite data gap.

More recently, however, NOAA was able to demonstrate progress by successfully launching the satellite in November 2017. That satellite, now called NOAA-20, is currently operational and is being used to provide advanced weather data and forecasts. Moreover, the agency is also working to build and launch the next satellites in the polar satellite program.

### DOD's Polar-Orbiting Weather Satellites



Source: GAO analysis. | GAO-19-392T

Since our last high-risk update in 2017, DOD now meets all five high-risk criteria.

**Leadership commitment: met.** With strong congressional oversight, DOD now meets this criterion. Pursuant to enactment of the Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 (NDAA for FY 2015), the National Defense Authorization Act for Fiscal Year 2016 (NDAA for FY 2016), and the Consolidated Appropriations Act, 2016,

DOD leadership committed to developing and implementing plans to address its weather satellite requirements. For example, in late 2017, the department awarded a contract for its Weather System Follow-on—Microwave satellite to fulfill core weather requirements.

**Capacity: met.** With strong congressional oversight, DOD now meets the capacity criterion. Specifically, the NDAA for FY 2015 restricted the availability of 50 percent of the FY 2015 funds authorized for the Weather Satellite Follow-on System (now called the Weather System Follow-on—Microwave satellite program) until DOD submitted to the congressional defense committees a plan to meet weather monitoring data collection requirements. In addition, the explanatory statement that accompanied the Consolidated Appropriations Act, 2016, recommended that the Air Force focus on ensuring that the next generation of weather satellites meet the full spectrum of requirements and work with civil stakeholders to leverage appropriate civil or international weather assets.

As called for in the law and the explanatory statement, DOD established plans to meet weather monitoring data collection needs, including by acquiring satellites as part of a family of systems to replace its aging legacy weather satellites. Additionally, DOD formally coordinated with NOAA on weather monitoring data collection efforts. In January 2017, the Air Force and NOAA signed a memorandum of agreement, and in November 2017, signed an annex to that agreement, to allow for the exchange of information and collaboration on a plan for collecting weather monitoring data. The Air Force and NOAA are now developing plans to relocate a residual NOAA satellite over the Indian Ocean, an area of concern for cloud characterization and area-specific weather imagery coverage.

**Action plan: met.** In our 2017 High-Risk Report, we reported that DOD was slow to establish plans for its Weather System Follow-on—Microwave program and had made little progress in determining how it would meet weather satellite requirements for cloud characterization and area-specific weather imagery. Pursuant to the NDAA for FY 2015, the NDAA for FY 2016, and the explanatory statement that accompanied the Consolidated Appropriations Act, 2016, the department developed and began implementing plans to address its weather satellite requirements. As mentioned above, in late 2017, the department awarded a contract for its Weather System Follow-on—Microwave satellite to fulfill core weather requirements. Under this program, the department may launch a demonstration satellite in 2021 and plans to launch an operational satellite in 2022.

DOD also developed plans for providing its two highest-priority capabilities—cloud characterization and area-specific weather imagery data collection—that will not be covered by the Weather System Follow-on—Microwave satellite program. The department is planning a longer-term solution, called the Electro-Optical/Infrared Weather Systems program, to meet these needs, with a planned satellite launch in 2024. Meanwhile, DOD is in the process of acquiring a small prototype satellite, called the Operationally Responsive Space-8 satellite, to provide interim

capabilities. DOD plans to launch Operationally Responsive Space-8 as early as 2022.

**Monitoring: met.** DOD now meets the monitoring criterion as evidenced by its actions to initiate a major acquisition program, the Weather System Follow-on–Microwave, and award a contract for the first satellite. In addition, program officials stated that they plan to monitor the program’s progress toward addressing critical needs and assess its operations and sustainment costs.

**Demonstrated progress: met.** DOD now meets the demonstrated progress criterion because it has developed plans and taken actions to address gaps in weather data through its plans to launch the Weather System Follow-on–Microwave satellite in 2022. The department also plans to launch the Electro-Optical/Infrared Weather Systems satellite in 2024 and provide interim capabilities beginning as early as 2022. By developing these plans, DOD has reduced the risk of a gap in weather satellite data and addressed the concerns about a lack of planning that we identified in our 2017 High-Risk Report. DOD’s effective implementation of its plans will be key to further reducing the risks of gaps in weather satellite data in the future.

#### Monitoring After Removal

Moving forward, we will continue to monitor both NOAA and DOD efforts to develop and launch the next satellites in their respective weather satellite programs. NOAA plans to launch its next geostationary weather satellite in 2021 and to launch its next polar weather satellite in 2022. DOD plans satellite launches in 2021 (potentially), 2022, and 2024. In addition, we will continue to monitor DOD’s efforts to develop long-term plans to meet its weather satellite requirements.

#### Related GAO Products

*Weapon Systems Annual Assessment: Knowledge Gaps Pose Risks to Sustaining Recent Positive Trends.* GAO-18-360SP. Washington, D.C.: Apr. 25, 2018.

*Satellite Acquisitions: Agencies May Recover a Limited Portion of Contract Value When Satellites Fail.* GAO-17-490. Washington, D.C.: June 9, 2017.

*Defense Acquisitions: Assessments of Selected Weapon Programs.* GAO-17-333SP. Washington, D.C.: Mar. 30, 2017.

*Defense Weather Satellites: DOD Faces Acquisition Challenges for Addressing Capability Needs.* GAO-16-769T. Washington, D.C.: July 7, 2016.

*Polar Satellites: NOAA Faces Challenges and Uncertainties that Could Affect the Availability of Critical Weather Data.* GAO-16-773T. Washington, D.C.: July 7, 2016.

*Polar Weather Satellites: NOAA Is Working to Ensure Continuity but Needs to Quickly Address Information Security Weaknesses and Future Program Uncertainties.* GAO-16-359. Washington, D.C.: May 17, 2016.

*Defense Weather Satellites: Analysis of Alternatives Is Useful for Certain Capabilities, but Ineffective Coordination Limited Assessment of Two Capabilities.* GAO-16-252R. Washington, D.C.: Mar. 10, 2016.

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

441 G St. N.W.  
Washington, DC 20548

May 9, 2018

The Honorable Donald F. McGahn, II  
Assistant to the President and  
White House Counsel  
The White House

Dear Mr. McGahn:

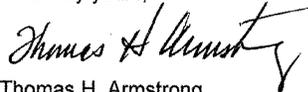
I write to express concern about the policy of certain White House offices regarding communication with the Government Accountability Office (GAO). Specifically, I understand that attorneys from your office and the National Security Council (NSC) will not respond to inquiries or otherwise engage with GAO staff during the course of our reviews. This approach represents a clear departure from past practice.

Generally, GAO's need to interact with these White House offices is fairly limited, arising most frequently in the context of matters involving White House or NSC coordination among executive branch agencies on interagency initiatives. On these occasions, GAO has a history of working with attorneys from your office and the NSC to obtain information needed for our reports. GAO staff contact these attorneys with targeted requests for critical information after completing work at the agencies or entities primarily responsible for the programs or activities under review. Under these circumstances, we seek the information or perspective that only these staff can provide. Notably, our interaction also provides White House Counsel and the NSC with visibility into the ongoing work of GAO.

Over the past year, GAO has requested information and meetings when preparing reports on topics clearly involving White House interests and expertise. These reports concern such diverse topics as the role of the NSC in the coordination of conflict prevention, mitigation, and stabilization efforts abroad; Inspector General vacancies; and the cost of presidential travel and related security measures. In response to our requests, White House Counsel and NSC staff have either refused to have any discussion with GAO staff or not responded at all, illustrating the recent change in policy.

I am concerned about the implications of this new policy regarding communication with GAO, particularly in our performance of a core function, namely, contributing to Congress's constitutional oversight. Given the importance of this matter, I would ask that you correct any misunderstanding that we may have or reconsider this approach to engaging with GAO. I look forward to hearing from you at your earliest convenience and would appreciate a response no later than May 25, 2018.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Thomas H. Armstrong". The signature is written in a cursive style with a large, sweeping initial "T".

Thomas H. Armstrong  
General Counsel