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STATEMENT OF
KENNETH W. HUNTER
U.S. General Accounting Office
NINETY-THIRD CONGRESS

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(II)

STATEMENT OF KENNETH W. HUNTER¹

(U.S. General Accounting Office)

Mr. Chairman and Members of the Select Committee, I appreciate this opportunity to discuss our thoughts on improving Federal fiscal, budgetary and program information for the Congress.

In this paper I will cover (1) the congressional needs for Federal fiscal, budgetary, and program information as the General Accounting Office has defined them, (2) the major existing reporting to the Congress, and (3) several suggestions regarding policies and actions the Congress and the General Accounting Office can take to meet these needs.

The latest broad expression of congressional desire for improvement of fiscal, budgetary, and program information is in the Legislative Reorganization Act of 1970. Sections 201, 202, and 203 of that Act require:

Development, establishment and maintenance of a standardized information and data processing system for budgetary and fiscal data, for use by all Federal agencies.

Development, establishment, and maintenance of standard classifications of programs, activities, receipts, and expenditures of Federal agencies.

To meet the needs of the various branches of the Government, and

To facilitate the use of modern automatic data processing techniques in the standardized data processing system.

Furnishing committees information as to the location and nature of data available in the agencies and preparing summary tables of data for committees.

These provisions of the Act require action by the Secretary of the Treasury and the Director of the Office of Management and Budget, in cooperation with the Comptroller General of the United States. The role of the Comptroller General is generally defined as the agent of the Congress to insure that the interests of the Congress will be represented and taken into consideration in the development, establishment, and maintenance of the system and to insure that provision be made for congressional access to needed data.

¹ Kenneth W. Hunter—Assistant Director, Financial and General Management Studies Division, U.S. General Accounting Office. A certified Public Accountant, Mr. Hunter is responsible for GAO's role in developing a standardized information and data processing system for budgetary and fiscal data as required by Sections 201-203 of the Legislative Reorganization Act of 1970. A 14 year careerist with GAO he has had extensive field experience reviewing information systems throughout the Federal government. Since 1969 Mr. Hunter has been involved directly in the definition of Congressional information requirements.

BACKGROUND OF THE LEGISLATIVE REORGANIZATION ACT OF 1970

Prior legislation concerning Federal financial management, in 1921, 1946, 1950, and 1956, stressed agency accounting systems; that is controls, disclosure, auditing and procedural improvements at the agency level. These acts also spell out the roles of the General Accounting Office, the budget functions of the Office of Management and Budget, the central accounting functions of the Department of the Treasury, and the Joint Financial Management Improvement Program.

During the last half of the 1960's the Congress became more concerned over its need to be able to compare similar activities across agency lines and in maintaining its ability to track programs and projects from year to year. Modern data processing technology offered a hope of a quick fix solution. But both the Congress and the executive branch found that lack of uniform overnment-wide accounting and reporting systems made the use of this new technology for comparisons and tracking difficult if not impossible.

The Legislative Reorganization Act of 1970, for the *first* time, stressed in law the importance of Government-wide classifications and standard data systems to facilitate the consolidations of financial data; to provide more meaningful summary data to the Congress, including comparisons of like activities; to provide more timely reporting; and to facilitate the use of modern data processing techniques.

INITIAL STEPS TO IMPLEMENT THE ACT

The executive branch has devoted very little effort to implementing the budgetary and fiscal information provisions of the Act. The Comptroller General advised the Congress of our dissatisfaction with the progress of the executive branch. During 1972, the Joint Committee on Congressional Operations, chaired by Congressman Jack Brooks in the 92nd Congress and now by Senator Lee Metcalf, reviewed the progress or lack thereof. The Joint Committee recommended on August 15, 1972, that the OMB develop an effective plan for implementing the Act, including a realistic budget to move the project along in a timely and orderly manner.

In their Second Annual Report to the Congress, on September 1, 1972, the Director of the Office of Management and Budget and the Secretary of the Treasury reported (1) that they intend to proceed with basic improvements, which are required largely to meet urgent *executive* branch needs; (2) that *substantial* additional resources would be needed to meet the needs of the *Congress* as we have defined them; and (3) *no* further resources will be applied until agreement is reached on congressional requirements.

The Comptroller General reported to the 93d Congress, on February 7, 1973, the continuing lack of progress and the position of the executive branch. Through a series of official discussions between the Comptroller General and the Director of the Office of Management and Budget and the Secretary of the Treasury during the past few months, agreement has been reached that an increased effort is needed. On June 1, 1973, a six person task group was created to develop a detailed plan for implementing the requirements of the 1970 Act. A key element of the implementation is the incorporation of congressional reporting requirements.

GENERAL ACCOUNTING OFFICE EFFORTS TO IMPLEMENT THE ACT

During the past two years, the General Accounting Office has been determining the information needs of the Congress. We conducted an interview survey of 258 people representing 44 committees and 69 Members of Congress. The results of the survey were described in a report which was sent to all committees and Members of Congress on February 17, 1972, for their review and comment. A revised report incorporating some additional needs was issued to the Congress and sent to the executive branch on November 10, 1972. Since completion of the initial survey, our staff has been working very closely with the committee staffs, especially the Appropriations Committee to define their needs in much greater detail so that specific data requirements can be issued to the executive branch.

From our survey, we have documented and reported that Congress needs to be able to easily—I would like to emphasize easily—obtain information falling into the following three broad categories of Federal activity.

1. Federal programs and projects.
2. Federal fiscal policies.
3. Federal financial actions affecting States and political subdivisions.

We found that Members of Congress and their staffs must consult numerous sources to monitor the basic financial status and operations of Federal programs and projects, Federal fiscal policies, national economic conditions, and Federal financial actions affecting States and their political subdivisions.

Much of the needed information is obtainable from a variety of sources, including the President's budget, Federal agency justifications, special analyses, private sector compilations, and congressional staff studies.

The use of multiple information sources requires extensive staff work and usually makes analyses or simple comparisons extremely difficult because of a lack of such factors as standard definitions, uniform accounting and reporting procedures, and compatible coding or data systems.

INFORMATION ON FEDERAL PROGRAMS AND PROJECTS

Regarding Federal programs and projects that Congress authorizes and funds, the Congress must have the ability to easily obtain, in a form readily adaptable for congressional use, the following basic financial information.

Budget amounts requested by the Federal agency.

Amounts requested in the President's Budget.

References to authorizing legislation.

Amounts authorized.

Estimated 5-year costs.

References to appropriating legislation.

Amounts appropriated.

Amounts of all other types of budget authority, including contract authority, authorizations to spend debt receipts, reappropriations, reauthorizations, loan authority, and supplemental budget authority.

Amounts apportioned by the Office of Management and Budget.

Amounts impounded by executive branch action.

Amounts obligated by the Federal agency.

Amounts expended or loaned by the Federal agency.

Amounts transferred among Federal agencies.

Amounts reprogramed.

Amounts of funds not used.

Furnishing this detailed information to the Congress is *not* an impossible task to be demanded of the Federal financial managers. This data is available or can be developed for each Federal program or project and we are developing detailed requirements for reporting it to the Congress.

INFORMATION OF SOCIAL AND ECONOMIC POLICIES

Congressional fiscal policy considerations should involve the entire national economic condition which, in turn, depends on measurements and indicators derived from a broad range of Federal Government information sources. The variety and number of these multiple information sources, especially relating to national estimates and socioeconomic indicators, have posed comparability and reliability problems to the congressional users of such information. Because discussion of this broad area of needs is being addressed by another panelist and because it could be expanded into a major discussion. I would like to mention just some of the types of information needed.

Data on the operation and status of the economy, including gross national product factors, investments, plant utilization, demand savings deposits, balance of payments, international trade balances, and statistics on employment and unemployment.

Statistics on income and taxes accumulated by various categories, such as corporations, individuals, consumers, and poverty levels by geographic area.

Statistics which measure social well-being, such as measures of health, housing, pollution, and education.

Federal revenues and expenditures reported weekly, monthly, quarterly, and annually and their estimated future levels.

National and geographic area price and cost indicators, including consumer and wholesale price indices, cost-of-living indices, and various trend estimates.

State and local governmental tax collections.

There are also specific requirements for more comprehensive reporting on subsidy programs and their effects on economic behavior; better identification and reporting on tax expenditures; and specific reporting on our foreign currency activities.

You will note again that these congressional information requirements for socioeconomic data represent a mixture of what can be met to some extent by current reporting; what can be met to some extent with data from existing agency systems which is not being reported to the Congress now; and to some extent what can be made available only by creating new data collection, analysis, and reporting systems.

INFORMATION ON FEDERAL FINANCIAL ACTIONS AFFECTING STATES AND POLITICAL SUBDIVISIONS

The availability, accuracy, and, in some cases, existence of information relating to Federal financial actions affecting States and their political subdivisions pose a significant and time-consuming problem to the Members of Congress and their staffs. The Members of Congress need to obtain easily and rapidly accurate basic financial information (e.g., revenues and outlays) and domestic assistance program information accumulated by States and their political subdivisions. The need to relate data to political subdivisions exists because we elect people to manage or represent political jurisdictions, to be mayors, councilmen, supervisors, governors, congressmen and senators. These elected officials are held accountable to their constituents at the polls. We do not elect people to represent standard metropolitan statistical areas or regions; therefore, data on these bases is not as useful to elect officials or to the public as would be data tailored to the political subdivision.

At present, much of the basic financial information relating to Federal revenues and outlays of political subdivisions is not available or useful. There is no report of Federal revenues by congressional districts, and the current Federal outlays report is a mixture of obligations, expenditures, loans, and rough statistical allocations.

Although the current Catalog of Federal Domestic Assistance contains some useful financial and operational program information, congressional members' staffs must spend considerable time in obtaining additional information.

The information most frequently needed includes:

- Grant programs available, including any requirements for matching funds.

- Identifications of the Federal organizations managing the programs.

- Amounts of funds available.

- Total dollar amounts of application on file.

- Status of applications in the grant process, including amounts of matching funds supplied by grantees.

Some of this information is easily available, but most of it is very difficult or impossible to obtain by the Congress and the public.

CONGRESSIONAL INFORMATION USER PATTERNS

To satisfy congressional needs the data must be classified such that meaningful summaries can be prepared for various congressional user groups. Each user group has a different basic perspective.

Some needs are expressed from the perspective of authorizing and appropriating legislation and responsible congressional committees.

Some needs concern the responsible Federal organization—its management and efficiency.

Some needs focus on Federal program and project objectives and broad subject areas such as drug abuse control or aircraft noise abatement.

Some needs reflect the concern of the elected officials for the impact on their political subdivisions, as I have just mentioned.

At this particular time, there is a strongly expressed need for the ability to identify the impact of Federal financial actions on rural and urban areas.

Some needs focus on the target groups and beneficiaries of Federal programs.

INFORMATION AND ANALYSES NEEDED FOR CONGRESSIONAL BUDGETARY CONTROL

Since our initial survey was completed and the information needs described above were reported by the Comptroller General on November 10, 1972, our attention has been directed at the more specific information and analyses requirements needed for congressional budgetary control. Following are some of the specific types of information we believe will be most urgently needed by the proposed budget committees, the appropriations committees, and the authorization committees in their consideration of overall budgetary targets or limits and allocations of these limits to committees or on the basis of programs.

1. The subdivision of budget authority and outlays submitted in the President's Budget in accordance with the jurisdictions of the committees and subcommittees, together with estimates of the effect on outlays of budget authority granted in prior years identified for each committee and subcommittee. Budget authority and outlays are now included in the President's Budget along agency and functional lines, which do not necessarily follow the lines of committee jurisdiction.

2. Longer-term projections. Estimates are made for only one year beyond the budget year. To the extent practicable, estimates should be projected in the Budget for additional future years, say, for a 3 or 5-year period.

3. The same kind of breakdown and projection on a program basis. Quite likely this might be best provided separately from the Federal Budget, or included in the Special Analyses of the Budget.

4. An analysis of (a) budget authority and outlays which are relatively fixed or uncontrollable; (b) budget authority and outlays which are discretionary; and (c) the effect of reductions or increases in budget authority for the budget year on outlays for that year, and for subsequent years, to the extent feasible.

5. Analyses of the basis for and the validity of the assumptions made in the President's Budget with respect to workload changes, program increases or decreases under current legislation, productivity increases, cost growth, and so forth.

6. Estimates made by various organizations on the effect of an increase or decrease in the employment rate and economic growth assumptions on various statutory programs such as veterans benefits, unemployment compensation, social security, public assistance, housing, etc.

7. Estimates made by various organizations on the effect of changes in budget authority and outlay levels upon employment (a) within the Government and, (b) outside the Government.

8. Historical comparisons of current budget requests which take into account changes in budgetary classifications, amendments to legislation, discontinuance of programs, and the reconstitution of programs under different authority or different budget activity classifications. The objective would be primarily to provide greater consistency in agency reporting of program and activity information over longer periods of time.

9. An inventory or directory of sources of basic financial information on Federal programs and projects affecting State and local governments and on trends in State and local revenues and expenditures by program area.

10. Status reports on the current year's budget authority with respect to such matters as anticipated supplemental appropriation requests, obligational commitments made, outlays made, loan repayments, revolving funds transactions, funds reserved or impounded and not apportioned, etc.

11. Updated reports on actual revenues for the current year, and estimates for the budget and later years, based on alternative economic assumptions.

12. Analyses of the costs and benefits of alternatives to new legislative proposals or major expansions in existing programs, projected over a period of years. In this connection, it should be noted that section 221 of the Legislative Reorganization Act of 1970 provides that the President must submit by June 1 of each year estimates for four future fiscal years of the costs of programs which have a legal commitment for that period of time. We believe consideration should be given to advancing the date for the submission of this information from June 1 to an earlier date. Perhaps it could be submitted to Congress with the Budget as are projections of the cost of proposals for new and expanded programs.

WHAT CONGRESS GETS NOW

Frequent comments by executive branch officials at this point in a discussion of congressional information needs are "but they get that now" or "that's available, if they would use what we send them." So, let's review what the Congress does get.

The Federal budget, its appendix, and the special analyses. About 1,800 pages.

The detailed agency budget justifications. Thousands of pages of words and numbers.

Testimony to the appropriations and the authorizing committees. More thousands of pages of words mostly.

The monthly and annual reports of Receipts, Expenditures and Balances of the United States Treasury. The Annual Report is about 600 pages, almost all numbers.

The Catalog of Domestic Assistance Programs. This loose-leaf volume is useful and usable.

The annual report of Federal Outlays. I didn't count the pages. There are 51 thin booklets—one for each state and a summary. It takes up 18 inches on my book shelf.

Many statistical reports about prior fiscal year's activities. It seems like every executive organization issues a statistical report of some kind. HUD on housing, Labor on employment, etc. I acquired a copy of the 1971 HUD Statistical Yearbook from the staff director of a Senate committee in January 1973. We were talking about the timeliness of reporting—he said he had received this report that day and he had no use for it; that statistics about 1971 are not timely when his attention is being directed to the budget for fiscal year 1974.

Special reports from the General Accounting Office and the Congressional Research Service, as well as numerous other sources.

About 750 required recurring reports. These represent about 1,600 separate transmittals, since some reports are required from all agencies.

In addition there is much more information that Congress could get by asking:

About 60,000 research reports sponsored by the Federal Government each year. The National Technical Information Service acts as a clearinghouse for many of these reports.

Output from the various statistical activities of the Federal Government. The Fiscal Year 1974 Budget contains requests for over \$300 million for statistical programs. These include statistics on labor, prices, production and distribution, construction and housing, national income and business financial accounts, health population, education, crime, social security and welfare, and the environment.

This is an impressive volume of reporting. They contain a vast amount of information which the Congress needs. But it is *not* easy to use.

Thus, the major problems in meeting the needs of the Congress are not the lack of data, but (1) the fact that data is scattered in many different documents and files, fragmented, difficult to aggregate in consistent formats, and (2) committees often cannot go to any one source to obtain information which cuts across agency lines. Translated into the provisions of the Legislative Reorganization Act of 1970 this calls for standardization and establishment of the means for congressional use of needed data.

WHERE DO WE GO FROM HERE?

Before we charge off to solve the information problems of the Federal Government in general and the Congress in particular, some policies and principles should be agreed upon by the parties involved. Based on our experience and the experience of others, the development of information systems and standard classifications of programs, activities, receipts, and expenditures, and the use of computer-aided techniques in the analysis of such data are extremely complicated tasks and ones which certainly should not be attempted on a crash basis. Several points should be emphasized:

1. To the maximum extent practicable, information systems already developed and in operation for other purposes within the executive branch should be used. This information should be made available to the Congress in the most usable form possible, on a priority basis.

2. The Congress itself needs to specify priorities, for the information it wants, but should recognize the fact that the development of such a capability requires time and is extremely expensive to develop and maintain.

3. The Congress should make a greater effort than in the past to specify the type of data and evaluations which it needs, including studies of alternative proposals, in the enactment of authorization and appropriation measures. Too frequently the agencies are left "in the dark" or advised too late to provide the necessary information. It should be unnecessary for the Congress to duplicate data collection and analyses which the agencies may well need for their own operating purposes and particularly where such data can be obtained now through operating reports of the executive agencies. We believe also that greater consideration should be given to spelling out in program legislation in specific terms the objectives of the substantive periodic reports needed by the Congress on how the legislation is being carried out, and the timing for such recurring reports.

4. There needs to be a capability through the staff of the committees and/or the General Accounting Office to supply on a "quick response" basis information for the Congress. Much of the needed information can be obtained and made available within a short timeframe with a minimum of analysis and investigation if there is sufficient familiarity with the sources of information.

5. In restructuring the basic budgetary information and reporting formats, we must start with the detailed schedules which are supposed to describe what the agencies are doing with the funds and get the descriptions of these programs and activities expressed in clear, consistent terms. As we get groups of similar programs and activities consistently described, we can rearrange them into more logical groupings. This is called the "bottom-up" approach as contrasted with the "top-down" approach which starts with national goals, then functions, then programs, etc., down to the activities. Prior efforts from the "top-down" had very limited success because they were not able to get to the bottom where the action is, thus, they were not able to impact the actual activities of the Government.

6. Don't expect computers and "terminals-on-the-desk" to easily solve information problems—there are no quick-fixes. Once reporting requirements are defined, the data base is specified and the procedures for acquiring reliable and timely data are developed, computers and "terminals-on-the-desks" can be effectively employed. A good example is the Federal Budget. The budget account totals and the object classification schedules are available in machine readable form. But, the activity schedules, which tell more about what the agency is doing with the funds, are not automated because there is no consistency (standardization) among

accounts. Thus some analyses can be made for committees now, but we have a great deal of work to do on the standardization of budget information before computers can be used to the extent people would like now.

Following is an outline of the activities we in the General Accounting Office are proposing to undertake as the agent of the Congress concerning fiscal, budgetary and program information.

I. Continued definition of congressional reporting requirements and related classifications.

A. First priority will be given to improvement of budgetary information.

B. The classification structure of the U.S. Code and statutes and committee jurisdictions are being examined in relationship to appropriation accounts and Federal programs. Part of this effort is being performed at the request of the House Select Committee on Committees.

C. We will continue to emphasize the need for improvement in the quality of the information on the financial impact of Federal financial actions on political jurisdictions. Almost 80 percent of the congressional districts do *not* coincide with local political jurisdictions. Therefore, data on a congressional district basis will continue to be difficult to obtain.

II. We could also assist the Congress in using existing data to meet current requirements, as requested by committees. The Comptroller General in his statements to the Joint Study Committee on Budget Control on March 7, 1973, and to the Senate Subcommittee on Budgeting, Management and Expenditures on May 1, 1973, and in his comments to the Select Committee on Committees outlined the types of assistance we could provide the committees.

To strengthen our authority to act as the agent of the Congress in defining reporting requirements and providing assistance in using data, the Comptroller General has recommended the following legislation as part of a bill introduced by Senator Ervin on June 21, 1973 (S. 2049).

TITLE III—BUDGET, FISCAL AND PROGRAM INFORMATION FOR THE CONGRESS

SEC. 301. (a) The Comptroller General shall conduct a continuing program to ascertain the needs of the committees and Members of the Congress for fiscal, budgetary, and program information and shall recommend to the Congress and to the executive agencies, as appropriate, improvements in developing and reporting such information to meet these needs most effectively.

(b) The Comptroller General shall assist committees in developing specifications for legislative requirements for executive branch evaluations of Federal programs and activities, including reporting the results of such evaluations to the Congress.

(c) The Comptroller General shall monitor the various recurring reporting requirements of the Congress and committees and make recommendations to the Congress and committees for changes in improvements in these reporting requirements to meet the congressional information needs ascertained by the Comptroller General, to enhance their usefulness to the congressional users and to eliminate duplicative or unneeded reporting.

The nature and extent of the work we at the GAO do to improve the information and analysis support of the Congress is closely linked to the policies, organization, and procedures of the House of Representatives which the Select Committee on Committees is now considering. Thus, we feel that it is essential that the Committee continue to consider this subject of information and analysis support as an integral part of its proposed changes to Rules X and XI of the House of Representatives.

We are always available to assist you in any way we can.



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