



Testimony

Before the Subcommittee on the Legislative Branch,
Committee on Appropriations,
U.S. Senate

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FISCAL YEAR 2002 BUDGET REQUEST

U.S. General Accounting Office

Statement of David M. Walker
Comptroller General of the United States



Mr. Chairman and Members of the Subcommittee:

Good morning! As the Comptroller General of the United States, it is a pleasure to appear before you today to present the General Accounting Office's (GAO's) budget request for fiscal year 2002. I am proud to say that we served the Congress and the American people well in fiscal year 2000. Our work resulted in substantial financial savings and significant improvements to government that will benefit all Americans. I am confident that fiscal year 2001 will be just as productive.

At the outset, I want to thank the Committee for its support in helping enact GAO's human capital legislation. This legislation will go a long way toward helping us address many of our human capital requirements and ensuring that GAO remains prepared to meet the Congress' needs in the future. We have issued implementing regulations for the early retirement and scientific and technical staff provisions and plan to issue authorizing regulations later this year to guide any potential future buy-outs and reductions-in-force.

GAO's fiscal year 2002 budget request is critical to our continuing efforts to reorganize and reshape the agency, reengineer our business processes, and train and equip our staff with up-to-date technology to help meet Congress' current and future needs. Congressional mandates and requests continue to represent over 90 percent of our work, and our workload and productivity remain at near-record levels. Our budget request represents our needs--not wants--to sustain this level of effort and support to the Congress.

Since becoming the Comptroller General at the beginning of fiscal year 1999, GAO's appropriations have been insufficient to fund mandatory and inflation expenses associated with employee compensation and benefits, and make needed investments in critical areas, such as technology, training, and performance recognition. We have managed our resource shortages by reducing our staffing levels and underfunding critical investments. We cannot, and should not, continue this trend.

The funds we are requesting are essential to helping us remain prepared to meet the complex, controversial, and multidimensional issues and challenges confronting the Congress now and in the future. Our request includes only those funds we need to stabilize at our approved 3,275 full-time equivalent staffing level and to incrementally increase investments needed in training, technology, performance recognition, and other key support items to a level consistent with best practices of other comparable government and private sector entities.

Before I begin detailing our fiscal year 2002 budget needs, I would like to highlight some of GAO's accomplishments and achievements in fiscal year 2000 and the major challenges confronting us.

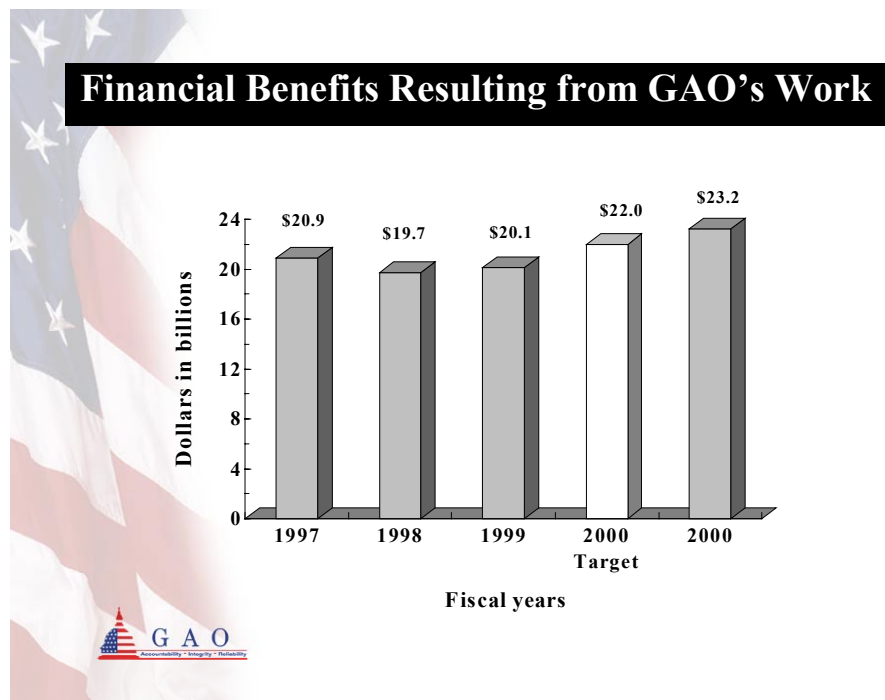
A REVIEW OF GAO'S FISCAL YEAR 2000 ACCOMPLISHMENTS

GAO had a tremendous year in fiscal year 2000. As a result of actions taken on our work by the Congress and federal departments and agencies, taxpayers benefited from over \$23 billion in financial savings—a \$61 return on every \$1 invested in GAO. Our work also resulted in

significant improvements in government operations and services that will benefit all Americans. Among other things, by acting on our recommendations, the government improved public health and safety, strengthened national security, better protected consumers, and improved its financial management and information systems. We also contributed critical information to public debates on Social Security and Medicare reform and called attention to looming problems, such as the security of government computer systems and the knowledge and skills needed in the federal workforce in coming years. Other indicators of our performance, such as the number of testimonies our senior executives provided and recommendations implemented, exceeded that of most recent years. I also am pleased to report that we made significant progress toward addressing many of the organizational, human capital, and information technology challenges that I outlined for you at last year's hearing. We had a very busy and productive year.

Taxpayers Benefit from \$23 Billion in Financial Savings

In fiscal year 2000, GAO helped achieve about \$23.2 billion in direct financial benefits for the American taxpayer. These benefits are a result of the Congress or federal departments and agencies implementing our recommendations to make government services more efficient, improve the budgeting and spending of tax dollars, and strengthen the management of federal resources. The estimated financial benefits include budget reductions, costs avoided, resources reallocated, and revenue enhancements. These results exceeded our target of \$22 billion and were greater than that of the previous three fiscal years, as illustrated in the following graphic.



Some examples of GAO's work that contributed to these financial savings include the following.

Helping to Prevent Fraud and Abuse in Medicare: GAO had long advocated increased funding specifically for activities to prevent fraud and abuse in the Medicare program. In

1996, the Congress passed the Health Insurance Portability and Accountability Act, which provided the additional funding. As a result of these activities, the Medicare program's net savings were about \$3 billion in fiscal year 2000.

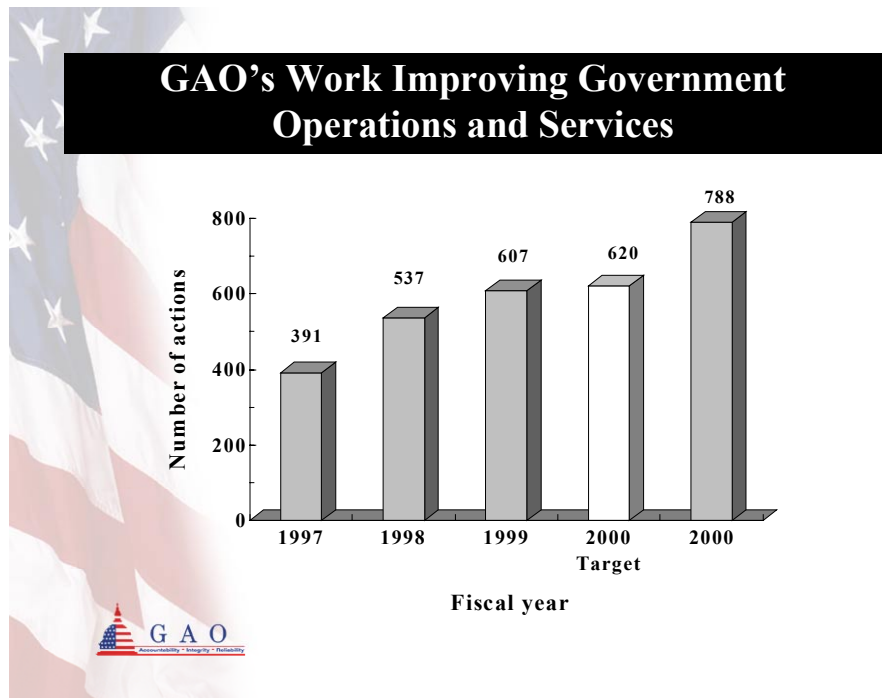
Cutting Costs of the F-22 Aircraft Program: In a series of reports beginning in the mid-1990s, GAO questioned various aspects of the Air Force's F-22 aircraft acquisition program. We reported that the acquisition strategy was risky and that the program was experiencing cost growth, manufacturing problems with test aircraft, and testing delays. Our analysis helped the Congress reduce the final fiscal year 2000 appropriation request for the F-22 by about \$552 million and to identify conditions that should be met before the Department of Defense could begin full production.

Supporting Oversight of the Internal Revenue Service (IRS): GAO continued to support congressional oversight of IRS' operations, including IRS' implementation of the 1998 IRS Restructuring and Reform Act, its budget requests, and administration of various tax functions. For example, our testimony on IRS' broad-based modernization efforts provided an integrated assessment of the challenges IRS continues to face in its tax enforcement and customer service operations and its modernization of performance management, information systems, and business practices. At the same time, our work generated savings and potential reductions in taxpayer burden. Our work on the improved use of information returns in IRS' tax enforcement operations yielded \$83 million in savings this year. IRS also agreed to begin tracking information that has the potential of clarifying its notices to taxpayers and easing their task in complying with those notices.

Recapturing Excess HUD Funding: GAO identified funding from several sources in the Department of Housing and Urban Development's budget, including unexpended balances no longer needed, that could be recaptured in fiscal years 1998 and 1999. The Congress rescinded \$1.65 billion from the Section 8 housing program's fiscal year 1998 budget authority and rejected \$1.3 billion of HUD's fiscal year 1999 request for housing assistance for a total reduction of \$2.95 billion. Subsequently, GAO and HUD worked together to revise HUD's analysis to show that, by using recaptured funds, HUD had sufficient funding to meet its needs.

Almost 800 Actions Taken To Improve Government Operations or Services

GAO's recommendations and audit findings also resulted in or contributed to many improvements in the effectiveness and efficiency of government operations and services during fiscal year 2000. While immeasurable in dollar terms, they contributed to improving public safety and consumer protection, establishing more effective and efficient government operations, and safeguarding the nation's physical and information infrastructure. We recorded 788 actions taken in response to our recommendations to improve how the federal government operates, a number far exceeding that of the preceding 3 years as illustrated in the following graphic.



Examples of GAO's work that resulted in these accomplishments follow.

Improving Nursing Home Quality of Care: The Health Care Financing Administration (HCFA) and several states—including California, Maryland, and Michigan—improved their oversight and enforcement of nursing homes' quality of care standards in response to GAO's recommendations highlighting weaknesses in existing processes.

Improvements included increased funding for nursing home surveyors, more prompt investigation of complaints alleging serious harm to residents, more immediate enforcement actions for homes with repeated serious problems, a reorganization of HCFA's regional staff to improve consistency in oversight, and increased funding for administrative law judges to reduce the backlog of appealed enforcement actions.

Managing Wildfire Prevention: "Federal Experts Saw Massive Wildfires Coming" read an August 7, 2000, news headline. The article was referring to GAO's April 1999 report on wildfires. Since then, GAO has used the increased risk of uncontrollable and often catastrophic wildfires as an example of the need for "strategic budgeting" to address issues that are not aligned with the current budget and organizational structures of the four major federal land management agencies. Responding to the wildfires that burned over 6.5 million acres of public and private land in 2000, the Congress appropriated an additional \$240 million in fiscal year 2001 to reduce hazardous fuels in high-risk locations where wildlands and urban areas meet. GAO testified on the need for the four land management agencies to act quickly to develop a framework to spend funds effectively and to account accurately for what they accomplish with the funds.

Improving Human Capital Practices: Our work on human capital issues helped focus the attention of the executive and legislative branches on the importance of these issues,

particularly in managing for results. We helped spur the administration to make human capital a priority management objective in the fiscal year 2001 budget submission, and our framework for human capital self-assessment is being used at other agencies, including the Social Security Administration, Small Business Administration, National Aeronautics and Space Administration, and Environmental Protection Agency. The framework also is used throughout GAO to help guide our research and development work and our congressionally driven examinations of how well agencies are pursuing strategic human capital management in support of their missions and goals. We have designated strategic human capital management as one of the federal government's high risk areas in our *2001 Performance and Accountability Series and High-Risk Update*.

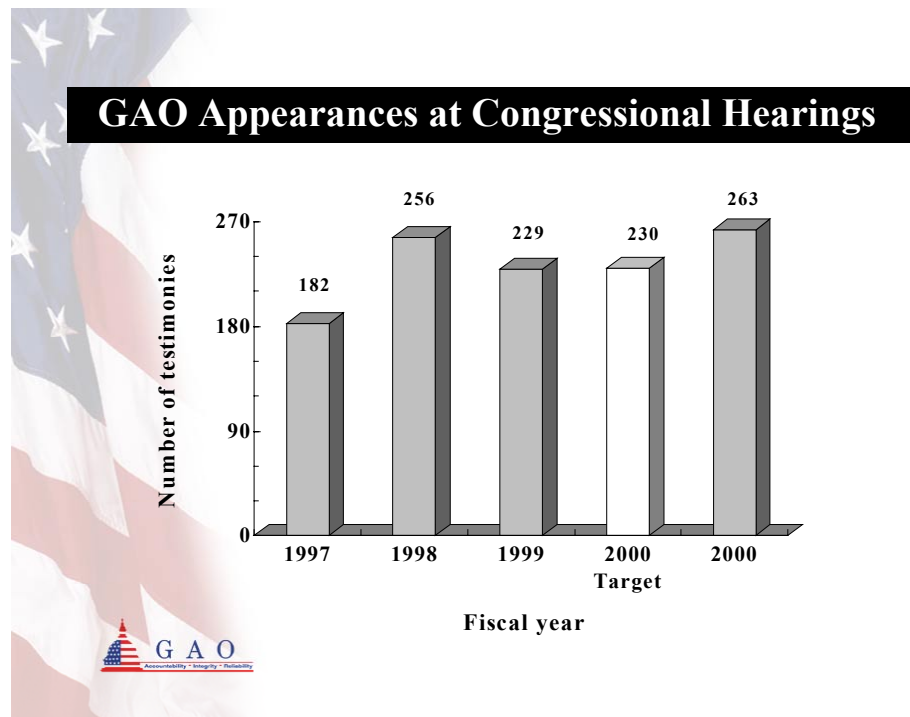
Strengthening Information Security: GAO has evaluated the security of critical information systems at federal agencies and recommended numerous improvements, most recently at three Treasury agencies, the Department of Energy, Department of Veterans Affairs, and the Environmental Protection Agency. In September 2000, GAO issued a governmentwide perspective on federal information security that covered Inspector General and GAO audit findings reported since July 1999. We concluded that weak security continues to be a widespread problem that places critical and sensitive federal operations at risk of tampering, disruption, and inappropriate disclosure. In October 2000, government information security reform provisions were enacted into law to strengthen information security practices throughout the government.

Stabilizing the Balkans: Despite the presence of two large forces led by the North Atlantic Treaty Organization, the Balkans remain volatile. GAO's work has shown that the international operations in Bosnia and Kosovo face severe obstacles to achieving enduring peace and stability. Most local leaders and members of their respective ethnic groups have not embraced the political and social reconciliation needed to build multiethnic, democratic societies. Our work also has shown that the international community has not provided the resources that the United Nations mission in Kosovo says it needs, particularly for building a civilian police force. If progress is not made with these matters, violence may escalate or armed conflict may result.

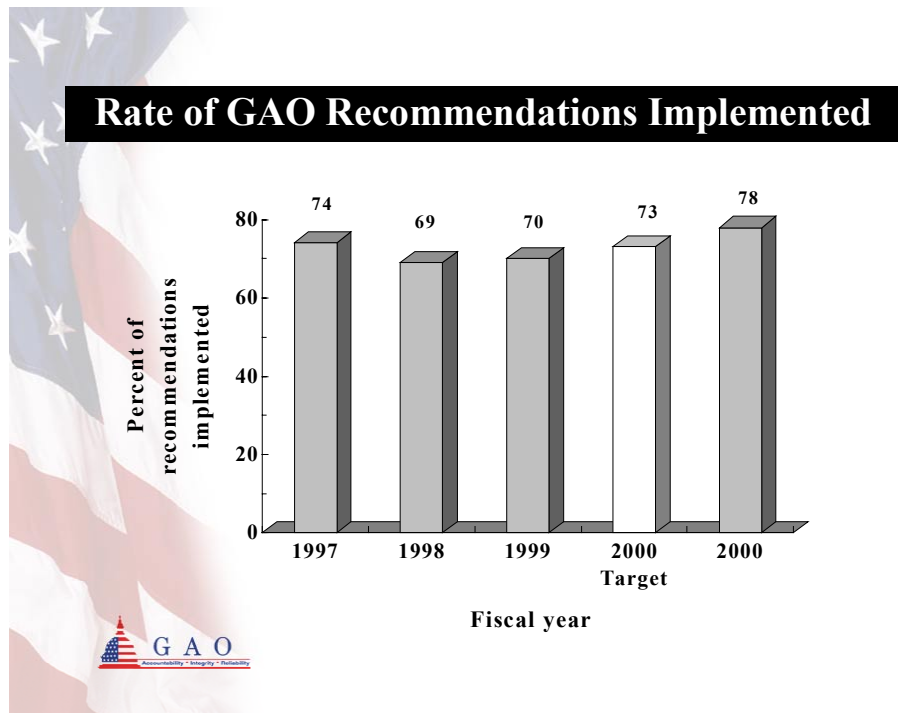
Requests for GAO Testimony and Implementation of Recommendations Increased

In fiscal year 2000, the number of times that GAO's senior executives testified before the Congress and the rate at which our recommendations were implemented exceeded that of most recent years. Because GAO's primary function is to support the Congress in carrying out its decision-making and oversight responsibilities, the number of times our experts testify before congressional panels each year is an indicator of our responsiveness and reflects the impact, importance, and value of our work. In fiscal year 2000, GAO officials testified 263 times before 104 different House and Senate Committees and Subcommittees, more than half of all congressional committees and subcommittees. Our experts testified on a broad range of issues of national importance, including arms control, health care, Social Security, human capital, nuclear waste cleanup, wildfire prevention, aviation safety and security, international trade, computer security, financial management and reform, and budget issues.

Our assistance to the Congress at public hearings continues to remain high, as illustrated below. However, it is clear that the number of congressional oversight hearings and other GAO testimony opportunities will decline significantly in fiscal year 2001 as a result of factors beyond our control. Among these include the slow start of the 107th Congress due to the power sharing arrangements in the Senate, closer margins and committee leadership changes in the House, and delay in filling many Bush Administration policy positions.



We also exceeded our performance of previous years with respect to the rate at which the recommendations we made 4 years ago were implemented. We use a 4-year interval because our historical data show that agencies often need time to take action on our recommendations. By the end of fiscal year 2000, 78 percent of the recommendations we made in fiscal year 1996 had been implemented. As illustrated in the graphic below, this rate exceeds that of the preceding 3 years. Implemented recommendations correct the underlying causes of problems, weaknesses in internal controls, failures to comply with laws or regulations, or other matters impeding effective and efficient performance.



Significant Progress Made Addressing Management and Operational Issues

Last year, I outlined for you a number of major management and operational challenges facing GAO. These challenges included human capital, information technology, organizational, job processes, and communication issues within the agency. I am pleased to report that we made significant progress toward addressing many of these issues.

We continued to enhance our effectiveness and efficiency through a variety of means during fiscal year 2000, including issuing a strategic plan, establishing congressional protocols, realigning the agency, implementing key human capital initiatives, and increasing the use of information technology. These efforts to enhance and strengthen GAO and its services to the Congress and the American people include the following.

In the Spring of 2000, we issued our first **strategic plan for the 21st century** based on input from the Congress and supplemented by GAO's own expertise and other outreach efforts. The plan focuses on how we intend to support the Congress in helping to shape a more efficient and effective government. It describes our role and mission in the federal government; the core values that guide our work; the trends, conditions, and external factors underlying our plan; and our goals, objectives, and strategies for serving the Congress. Our intent is to update the strategic plan every 2 years for each Congress.

We established a set of **congressional protocols** to govern our interactions with and ensure our accountability to the Congress. These protocols, which underwent a 9-month pilot test, set out clear, transparent, consistently applied policies and practices

for GAO's relations with the Congress to reduce miscommunication and ensure that all requesters are treated equitably. The final protocols were issued in November 2000.

We continued our **outreach efforts** to understand how best to meet congressional needs and assist the Congress in using our resources and services. During each Congress, I and other GAO executives plan to meet with the leadership of the Senate and House, all Committee Chairs and Ranking Minority Members, and Members of our oversight and appropriations committees to obtain feedback on our performance and information needed to update our strategic plan.

We issued our first-ever **Accountability Report to the Congress** discussing our performance and accountability in serving the Congress and the American people in fiscal year 1999. The report reviews our accomplishments in meeting our mission and sustaining our core values of accountability, integrity, and reliability. We also issued a **performance plan** for fiscal year 2001 that contains the performance measures and annual performance targets we will use to gauge progress toward accomplishing our strategic goals and objectives.

We also **realigned the agency** to better support the Congress and prepare ourselves with current and expected resource levels to meet the future challenges outlined in our strategic plan. To align GAO's structure with the goals in our strategic plan, we reorganized both our field and headquarters operations. The changes were primarily designed to better align our resources with our strategic plan, eliminate a layer of managerial hierarchy, reduce the number of organizational units, increase internal and external coordination activities with the Congress and other accountability organizations, clarify the roles and responsibilities of management, increase the number of personnel who perform rather than manage or review work, and increase the critical mass and enhance the flexibility of field resources.

We also began implementing a range of new and enhanced human capital and information technology strategies to position GAO for future success. Thanks to the Congress, we now have legislative authority that provides us greater flexibility to effectively manage our human capital. This legislation, enacted into law in October 2000, grants us the authority to establish new senior-level scientific and technical positions; offer targeted voluntary early-outs and buy-outs; and carry out reductions in force to downsize, realign, or correct skills imbalances within our agency. We have issued implementing regulations for early-outs and the scientific and technical positions and plan to issue buy-out and reductions-in-force authorizing regulations later this year.

Other accomplishments within the human capital area include:

Completion of a first-ever electronic **knowledge and skills assessment and inventory** that is being used to help identify skill gaps and succession planning needs within the agency. In addition, staff completed an **employee preference survey** that is being used along with the results of the knowledge and skills inventory to meet our

institutional work needs while accommodating staff preferences for engagements to the extent possible.

Significant **recruiting and college relations efforts** on the nation's campuses. Aggressive efforts are underway to attract, recruit, and hire high-caliber staff with the skills and abilities needed to assist GAO in achieving our strategic goals and objectives.

Revised performance standards for all staff that incorporate GAO's core values and strategic goals, update descriptions of performance to better reflect the current nature of GAO's work, and include key management and performance concepts, such as leadership by example, client service, and measurable results. Also, during fiscal year 2000, we began a major initiative to develop a **competency-based performance appraisal system for analysts** to reflect prevailing best practices. In fiscal year 2001, we will begin updating the performance systems for attorneys and mission support staff to reflect prevailing best practices.

Enhanced internal communications that remain a vital tool for change management throughout the agency. Throughout fiscal year 2000, I conducted a number of telecasts to all agency staff to discuss GAO's strategic plan and congressional protocols, client service, employee survey results, initiatives to enhance the agency's human capital programs and legislative proposals, work processes, organizational alignment, information technology, and other areas of interest to the staff. Also, to engage our employees more fully in improving the agency's performance, we established the Comptroller General's Employee Advisory Council to discuss current and emerging issues of mutual interest and concern and implemented an employee suggestion program that received more than 800 submissions in its first year of operation.

We also made significant gains in strengthening and improving our operations and processes in fiscal year 2000. We implemented two new management strategies: **risk management and matrix management**. GAO's risk management approach allows management to identify and involve key stakeholders throughout an engagement to transcend traditional organizational boundaries to maximize institutional value and minimize related risks. GAO's matrix management approach maximizes our value to the Congress by leveraging the knowledge, skills, and experience of all employees to ensure the highest quality products and services and to help the Congress address the challenging, complex, multidimensional problems facing the nation.

Throughout fiscal year 2000, we also continued to improve our use of information technology as a tool for productivity and knowledge management. To provide our teams of analysts with a mechanism for simplifying and standardizing their work, we launched the Electronic Assistance Guide for Leading Engagements--the EAGLE, which is a prototype of a comprehensive Web-based guide to conducting GAO engagements. We also continued to enhance the capabilities of our computer network and successfully made our systems Y2K compliant. In addition, we began a number of projects on enabling technologies, including software upgrades, the deployment of notebook computers, and improved remote access to allow teams to work more efficiently in the

field. Also, to carry out GAO's responsibilities under the Presidential Transition Act of 2000, we developed a separate section on our Internet web site with links to key GAO contacts and reports on the major executive branch agencies, which was completed at the beginning of fiscal year 2001.

FISCAL YEAR 2001 PLANS AND FUTURE CHALLENGES

During fiscal year 2001, we will continue to focus our work on the major issues facing the Congress, including Social Security solvency, education, economic development, Medicare reform, national security, international affairs, and government management reforms and computer security. Another top priority this year will be working with leaders on the Hill to help the Congress strengthen its approach to oversight, with an emphasis on looking hard at what government does, how it does it, and the long-term consequences of today's policy choices. GAO's *2001 Performance and Accountability Series and High-Risk Update* will serve as a solid foundation for congressional oversight. Also, as I mentioned earlier, we have several key initiatives in progress to improve how we serve the Congress, among them an expanded client feedback system; protocols governing our dealings with federal agencies; new high-level advisory bodies to gain the expertise of business leaders, former Cabinet officials, and other experts; and new avenues for sharing our own expertise with other accountability organizations.

We also are preparing to carry out two new responsibilities mandated by the previous Congress. We will chair a panel to review the government's A-76 process for obtaining services through competitive sourcing. Also, if the needed funding is provided, we will review the costs and benefits of major regulations under the Truth in Regulating Act (P.L. 106-312, Oct. 17, 2000). We have a request pending for \$2.6 million in supplemental funding for fiscal year 2001 and are requesting \$5.2 million for fiscal year 2002 to meet the requirements created by the Truth in Regulating Act.

Internally, we will continue to emphasize initiatives to address our two major management challenges: human capital and information technology. With about 80 percent of our resources devoted to staff salary and benefits, the area of human capital presents a major challenge. A significant percentage of our workforce is nearing retirement age, while marketplace, demographic, economic, and technological changes indicate that competition for skilled workers will be greater in the future. With our agency realigned to facilitate our work for the Congress and new legislative authority in hand to manage our workforce more effectively, we are pursuing several initiatives to strengthen our human capital. For example, we are recruiting diverse, high-caliber staff with the skills and abilities we need to achieve our strategic goals and objectives. We will be putting into place a competency-based performance appraisal system and using the results of our staff knowledge and skills inventory to help us in workforce planning. We also have reestablished and are expanding training opportunities for our staff—from the senior executives to the new hires.

Another major management challenge is building an integrated and reliable information technology (IT) infrastructure that supports the achievement of our goals. We are conducting a comprehensive IT review to identify opportunities to increase our efficiency, effectiveness, and productivity. We also are mapping our business processes to our IT architecture and will link

future IT investments to our business goals. In addition, we plan to continue initiatives to increase our employees' productivity, maximize the use of technology, and enhance the Web-based knowledge-sharing applications on the desktop. Last, we also must heighten the security of our network.

FY 2002 BUDGET REQUEST

To fully support the Congress as outlined in our strategic plan and the additional congressional mandates received since its issuance, we are requesting a budget for fiscal year 2002 of about \$430.3 million. This funding level will allow us to support and staff to our approved level of 3,275 full-time equivalent personnel. We will increase our emphasis on areas of congressional and public interest and, internally, will continue to emphasize initiatives to address our two major management challenges: human capital and information technology. Our request also includes \$5.2 million to carry out new responsibilities created by the Truth in Regulating Act. In addition, we are seeking a nominal increase in GAO's representation expenses, from \$10,000 to \$12,500, to accommodate our expanded role with both domestic and international accountability organizations.

Additional funding in fiscal year 2002 is being requested for:

mandatory pay and benefit costs resulting primarily from federal cost-of-living and locality pay adjustments, based on Office of Management and Budget (OMB) guidance, increased participation in the Federal Employees Retirement System, and an increase in the estimated number of retirees--\$17,554,000;

uncontrollable inflationary increases in transportation, lodging, postage, printing, supplies, contracts, and other essential mission support services, based on OMB's 2-percent inflation index and other factors--\$1,565,000; and

uncontrollable contract rate increases in building operations and maintenance and information technology programs--\$1,453,000.

Funding of \$8,004,000 for salaries and benefits also is being requested to staff and support our approved 3,275 full-time equivalent staffing level. We plan to use these resources to enhance our review efforts in areas of congressional and public interest and concern, such as government computer security, Social Security solvency, education, economic development, Medicare reform, and international affairs.

The additional funds requested also would be used to continue initiatives begun in fiscal year 2000 that are critical to supporting the Congress and the goals and objectives identified in our strategic plan. These initiatives include human capital initiatives and enabling technological advances to enhance the performance and productivity of our workforce as follows.

Human capital initiatives--\$3,324,000:

- Mass transit subsidy allowance comparable to the mandatory benefit provided in the executive branch--\$1,500,000;
- Performance-based recognition and compensation programs--\$1,014,000;
- Training and professional development activities to continue efforts begun in fiscal year 2000 to address skill gaps, maximize staff productivity and effectiveness, and update our training curriculum to address organizational, change management, and technical needs of both individuals and the agency--\$400,000;
- Education loan repayments to provide recruitment and retention incentives and benefits comparable to the executive branch--\$410,000.

Enabling technology initiatives to increase employee productivity, maximize the use of technology, and enhance employee tools available at the desktop, including such initiatives as reengineering business processes, upgrading hardware and software applications, expanding our videoconferencing capabilities, and implementing a best practices network security program--\$2,585,000.

Other efforts include:

Enhancing security and removing asbestos within the GAO Building to protect the health and safety of our most important asset—our staff--\$2,839,000;

Upgrading GAO's computer security facility to ensure our continued ability to conduct effective, comprehensive computer security controls testing of complex, diverse, and interconnected executive branch systems and to attract and retain skilled, technical staff--\$750,000;

Enhancing the International Organization of Supreme Audit Institution's efforts to combat government related corruption around the world, multi-lateral training efforts with eastern-bloc and selected South and Latin American countries, and bilateral assistance to Russia--\$250,000; and

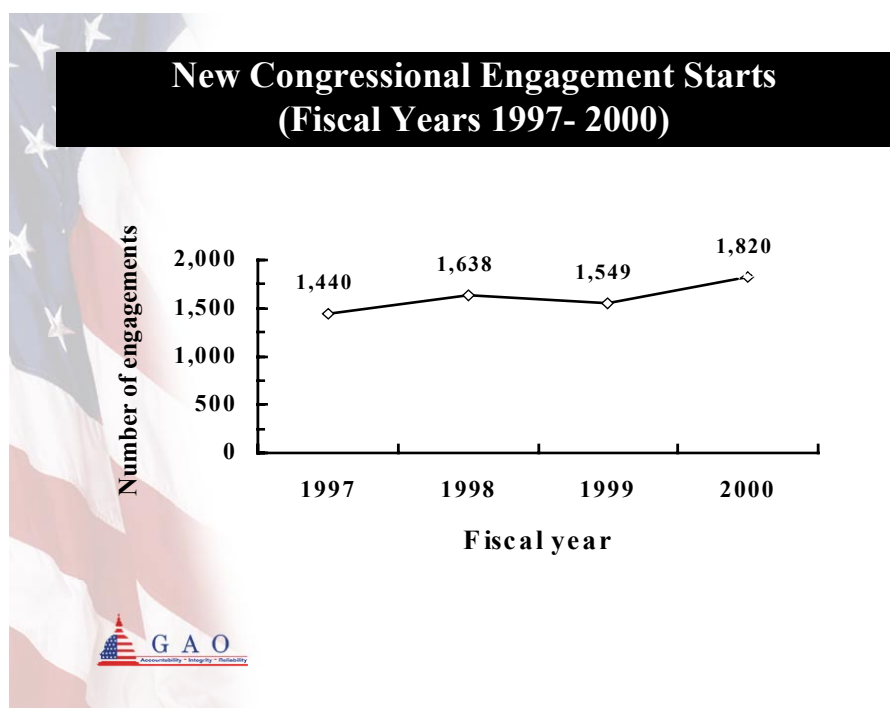
Contracting for the development of a requirements document to be used along with other legislative branch agencies to jointly procure and share a common financial management system--\$250,000.

In addition, as previously mentioned, we are requesting \$5.2 million to provide the annual funding requirement specified in the Truth in Regulating Act.

BUDGET REQUEST CRITICAL TO SUSTAINING EXISTING LEVEL OF SERVICE TO THE CONGRESS

The resources we are requesting for fiscal year 2002 are critical to addressing our human capital and information technology challenges and ensuring our ability to effectively meet the increasing congressional requests for GAO services. We have reached a point that if sufficient funding is not received to address these issues and properly support our staff, we will need to take actions that will negatively impact our service and responsiveness to the Congress.

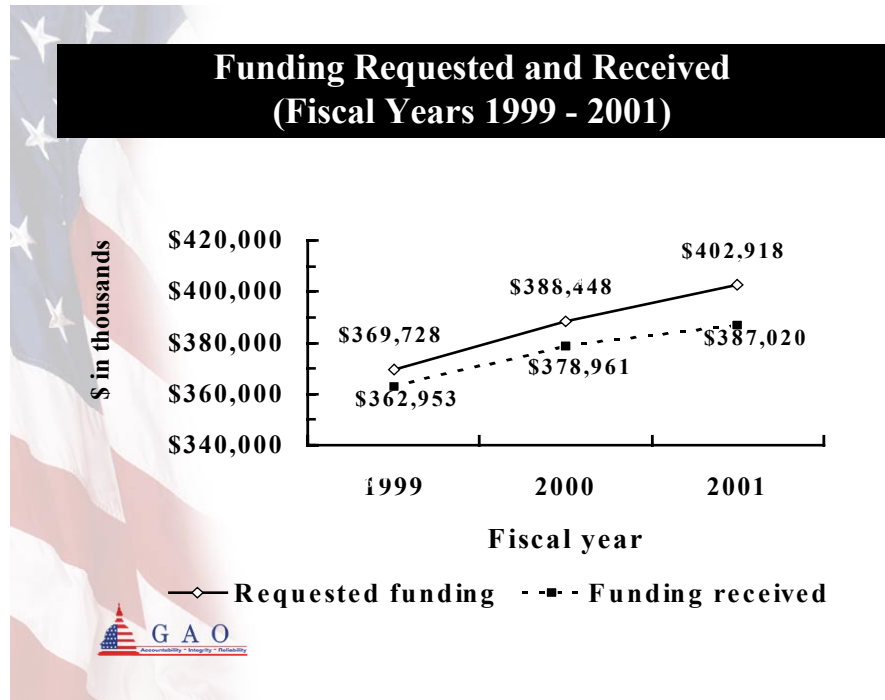
Congressional demand for GAO services continues to increase. For example, as illustrated below, the number of engagements begun as a result of a congressional request has increased during the past 4 years. These numbers do not include hundreds of other requests that had not yet been started.



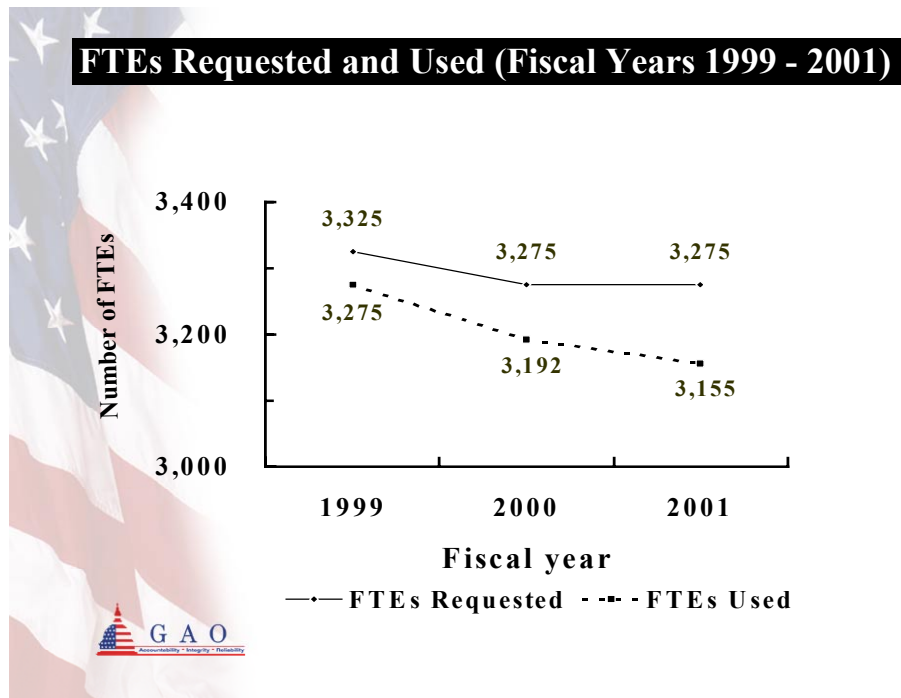
We have worked hard over the past 3 years with available resources to significantly increase our productivity levels to successfully meet increasing congressional demand. For example, we realigned our organization, reengineered many of our business processes, retooled our engagement and risk management practices, revised our performance appraisal and recognition systems, and updated our information technology infrastructure. However, we have reached a point that significant additional productivity gains are unlikely without sufficient funding to further enhance our human capital and information technology programs.

We are concerned about our ability to continue to increase our productivity levels, sustain our return on investment, and meet future congressional demands given the recent trend in our funding levels. Since becoming the Comptroller General at the beginning of fiscal year 1999, I have not asked for any increase in our approved 3,275 full-time equivalent staffing level. I have

only requested the funding necessary to properly maintain and support this staffing level and cover mandatory expenses, including inflation and compensation costs. However, as illustrated in the following graphic, the funding GAO received has been significantly less than what we requested and needed to support our approved staffing level.



In order to cover our mandatory expenses during the past 3 years, we had to staff well below our approved staffing level, as illustrated below, and delayed or made reduced investments in important human capital and information technology initiatives. As a result of these funding shortfalls and the mandated funding reductions in the mid-1990s, our training, performance-based recognition and rewards programs are not where they need to be. Consequently, we are at a competitive disadvantage with the executive branch in some areas, such as performance rewards. In addition, we have some management information systems that are obsolete and incapable of interfacing within our network environment and a variety of software that needs to be upgraded to ensure continued vendor maintenance and support. We cannot continue down this path. We have reached the point at which investments in these critical programs and other areas must be made in order to effectively support our staff and provide the high level of service expected and required by the Congress.



The funds we are requesting are critical to addressing our succession planning challenges and enhancing the knowledge, skills, and abilities of our workforce. A large percentage of our workforce will become eligible for retirement within the next 5 years. More than 35 percent of our analysts and 50 percent of our senior executives will be retirement eligible within that time period. We need to aggressively continue our efforts to hire new staff, develop existing staff, and otherwise build the future GAO. In order to be competitive in attracting, hiring, and retaining high caliber and talented staff, we need to be able to further enhance our human capital programs. Thus, the funding we are requesting for training, performance-based recognition and compensation programs, education loan repayments, mass transit subsidy allowance, and enabling technology is critical. Without such funding, we will not be competitive in attracting and retaining the best, brightest, and expertise needed to effectively serve the Congress in addressing the complex, controversial, and multidimensional issues and challenges it faces each year.

If the funding trend of the past 3 years is continued, we will need to restrict our work to only responding to requests from committees and subcommittees, thus severely limiting—and potentially eliminating—work done for individual members. Such a restriction also would further reduce the limited flexibility we have to research and develop expertise on emerging issues, thereby limiting our ability to respond to the Congress when related issues arise on short notice. For example, were it not for the advance research and development work we had done on computer security, China, the World Trade Organization, and last year's presidential election issues, we would have been unable to be responsive to the congressional requests and public debates on these real time, event driven issues. We need sufficient funding to build and ensure we have the capacity and expertise to address such emerging issues on short notice in the future.

CONCLUDING REMARKS

Fiscal year 2000 was a tremendous year of accomplishment and achievement for GAO – a year of great service to the Congress and of great benefit to the American taxpayer. We have made significant progress in addressing many of the areas in need of improvement in GAO and need to continue these efforts. The resources we are requesting for fiscal year 2002 are critical to sustaining our high-level of performance and service to the Congress. We are the nation's and possibly the world's leading accountability organization. We need these additional resources to continue our efforts to further strengthen GAO and be a model organization for the rest of the federal government and accountability organizations around the world. In addition, given GAO's impressive results and return on investment, it only makes sense for GAO to receive resource allocations that are well above average for other federal entities. To do otherwise would send a troubling message to GAO's employees, the press, and the public.

We look forward to your continued support and working even more closely with you and your staff this year and in fiscal year 2002. This concludes my statement. I would be pleased to respond to any questions that the Members of the Subcommittee may have.

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