

GAO

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Before the Subcommittee on Legislative
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U.S. House of Representatives

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U.S. GOVERNMENT
ACCOUNTABILITY OFFICE
OPERATIONS AND THE
POTENTIAL IMPACT OF
SEQUESTRATION

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Comptroller General of the United States



Highlights of [GAO-13-394T](#), a testimony before the Subcommittee on Legislative Branch, Committee on Appropriations, U.S. House of Representatives

Background

The Government Accountability Office (GAO) mission is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people. GAO provides nonpartisan, objective, and reliable information to the Congress, federal agencies, and to the public and recommends improvements, when appropriate, on a wide variety of issues. GAO's work spans the full breadth and scope of the federal government's responsibilities.

This testimony addresses (1) the GAO's approach to managing Congressional requests in a period of fiscal constraint and (2) the potential impact of a sequester on its ability to carry out its mission – now and in the future.

GAO provides products spanning the extensive interests of the Congress. In fiscal year 2012, GAO provided reports to 95 percent of the standing committees of the Congress and about 60 percent of their subcommittees. Additionally, senior GAO officials testified at 159 hearings on national and international issues.

GAO's annualized fiscal year 2013 continuing resolution (CR) funding level of \$514.4 million reflects a decrease of about \$42 million from fiscal year 2010 levels. Since fiscal year 2010, GAO's staffing level fell by 10.5 percent—due to extremely limited hiring in the face of ongoing attrition—dropping its full-time equivalent level (FTE) below 3,000 for the first time since 1935.

View [GAO-13-394T](#). For more information, contact Gene L. Dodaro at (202) 512-5500 or dodarog@gao.gov.

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U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Operations and Potential Impact of Sequestration

In just this past fiscal year alone, GAO's work yielded significant results across the government, including \$55.8 billion in financial benefits—a return of \$105 for every dollar invested in GAO and 1,440 other benefits—that is, recommendations that helped to change laws, improve public services, and promote sound management throughout government. Since 2002, GAO's work has resulted in over ½ trillion dollars in financial benefits and over 14 thousand other benefits for the American people.

To manage its workload during a period of declining budgets and staff size, GAO gives priority to work that is statutorily mandated by Congress and to requests from Congressional Committee leaders which allows it to support these committees as they carry out their appropriation, authorization, and oversight activities. GAO also focuses on areas where there is the greatest potential for results, such as recommendations that identify cost savings and improve government operations and programs. Strategic planning and continuous dialog with Congressional leaders and their staffs also help GAO anticipate and respond to Congressional needs.

In this period of fiscal austerity, GAO has been guided by two core principles—maximizing its ability to provide Congress with high-quality, relevant, and insightful analyses and minimizing the impact on GAO's people. To do so, GAO reduced engagement support costs, such as travel, by nearly 36 percent and infrastructure support costs, such as information technology, by nearly 21 percent.

During fiscal year 2012, GAO began prudently planning for the possibility of a funding sequester in fiscal year 2013. Given the reductions in operational costs made already, a sequester at the proposed level of \$27.3 million would impact the size of GAO's workforce. It would reduce planned hiring by sixty percent, eroding the current staffing level to 2,875 FTE, which represents a significant reduction of 472 FTEs, or more than 14 percent over the last 3 years. GAO would also reduce employee benefits which will negatively impact our ability to recruit and retain highly qualified staff and severely jeopardize our ability to build and develop the needed workforce for the future. It also would further reduce travel and contract resources used to complete Congressional engagements; and further reduce planned investments in information technology that have the potential to increase GAO's efficiency and effectiveness and reduce costs in the future. The additional staffing reductions would also adversely impact GAO's ability to:

- identify cost savings and other suggestions to help Congress address the government's serious deficit and debt issues;
- provide timely and responsive information to support Congressional deliberations or reauthorization activities for pending programs; and
- effectively assist Congress in addressing the broad array of social, economic, and security challenges facing the nation.

It is imperative that GAO rebuild its staff capacity to a level that will enable us to optimize the benefits we yield for Congress and the nation. Given the size of the federal budget and the multi-year actions needed to address the seriousness of the government's fiscal condition, investing resources to restore some of GAO's staff capacity would be a prudent and wise investment that will produce positive outcomes for the Congress and our country.

Mr. Chairman, Ranking Member Wasserman Schultz, and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the U.S. Government Accountability Office's (GAO) management of Congressional requests, actions GAO has taken to reduce operating costs and achieve efficiencies, and the potential impact of a sequester on our ability to carry out our mission. Before I begin, I want to thank the subcommittee for its continued support of GAO. We very much appreciate the confidence you have shown in our efforts to help support the Congress in carrying out its constitutional responsibilities and to help improve government performance and accountability for the benefit of the American people.

Since fiscal year 2010, GAO has dramatically reduced its staffing level and operating costs in response to budget constraints. GAO's Executive Committee has been guided by two core principles throughout this environment of constrained resources and fiscal austerity. First, GAO continues to seek ways to maximize its support to the Congress and the nation. Second, we have sought to minimize the impact on GAO's dedicated and talented people. It is through the commitment, hard work, and expertise of our staff that GAO is able to provide a continuing valuable service to the Congress and the nation.

During this period, GAO's staffing level dropped by 350 full-time equivalents (FTE) in fiscal year 2012, falling below 3,000 FTE for the first time since 1935 due to extremely limited hiring in the face of ongoing attrition. This significant reduction in our staffing level severely jeopardizes our ability to adequately support the Congress in a timely manner, now and into the future. It is imperative that we rebuild our staff capacity to a level that will enable us to optimize the benefits we yield for the Congress and the nation going forward. Given the size of the federal budget and the multiyear actions needed to address the seriousness of the government's fiscal condition, investing resources to restore some of our staff capacity would be both prudent and wise.

Managing Workload by Focusing Resources on Congressional Priorities and Achieving Results

To manage our congressional workload during this period of declining budgets and staff resources, we continue to take steps to ensure our work supports Congressional legislative and oversight priorities and focuses on areas where there is the greatest potential for results in producing cost savings and improving government's performance.

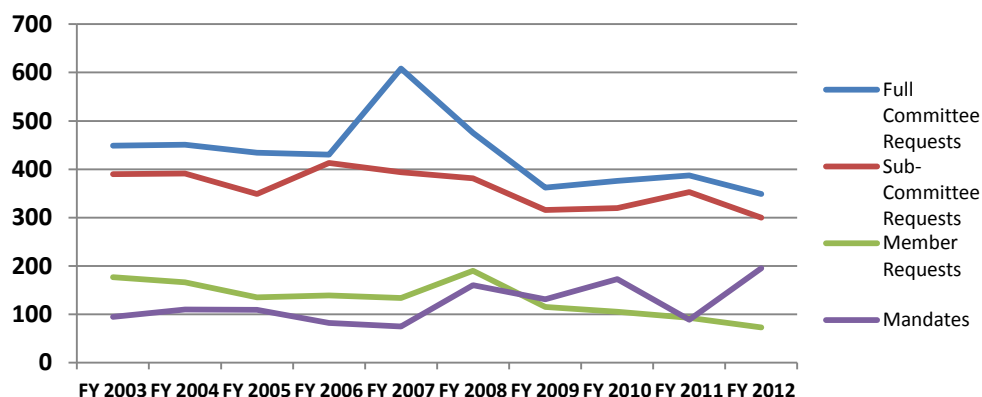
GAO gives priority to mandates and requests from Congressional committee leaders which allows us to support Congressional committees as they carry out their appropriation, authorization, and oversight activities. GAO also focuses on areas where there is the greatest potential for results, such as recommendations that identify cost savings, improve government agencies, and provide other benefits, such as improving public safety and security.

High demand coupled with continuing budget constraints and fewer resources necessitates that we prioritize requests for our work in close consultation with Congressional committee leaders.

Focusing on Congressional Priorities

In fiscal year 2012 demand for our services remained high with 924 congressional requests and mandates¹ as illustrated in Figure 1.

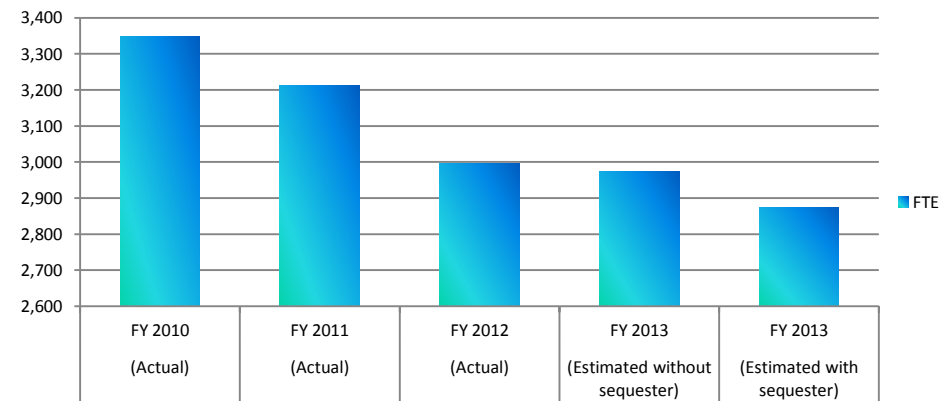
Figure 1: Congressional Requests Received – FY 2003 - FY 2012



¹ Congress may enact legislation that includes a requirement for GAO to conduct a particular study; we refer to these types of statutorily mandated work as "mandates." Repeal or modification of a statutory mandate that has not already been fulfilled requires a statutory change. Committee and Conference Reports may also include requests that GAO study a particular problem or issue. At GAO, we also refer to these report requests as "mandates," even though the requested work is not required by law and does not require a statutory change to modify it.

While we have worked extremely hard to prioritize our work and produce results, GAO is at its lowest staffing level since 1935. As shown in Figure 2, our staffing levels have dramatically decreased over the last three years – a decline of 350 full time equivalent (FTE) or a reduction of 10.5 percent.

Figure 2: Actual and Estimated Staffing — FY 2010 - FY 2013



Producing Results

GAO’s results include generating recommendations that save resources and increase revenue; improve the accountability, operations, and services of government agencies; increase the effectiveness of federal spending, and provide other benefits. Additional information on GAO’s mission and services to support the Congress is included in Appendix I.

- Since fiscal year 2002, GAO’s work has resulted in substantial financial and other benefits for the American people, including:
- over ½ trillion dollars in financial benefits;
 - 14,083 program and operational benefits that helped to change laws, improve public services, and promote sound management throughout government; and
 - 12,485 products including 22,548 recommendations.

Scope of GAO’s Work

In fiscal year 2012 alone, GAO provided services that spanned across the broad range of federal programs and activities. We provided results that supported 95 percent of the standing committees of the Congress and about 60 percent of their subcommittees. Senior GAO officials testified at 159 hearings on national and international issues as shown in Table 1.

**Table 1: Selected Testimony Topics for Fiscal Year 2012
by Strategic Goal²**

Goal 1: Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People

- | | |
|--|---|
| • DOD and VA Health Care Integration | • Fragmented Economic Development Programs |
| • Medicare Durable Medical Equipment | • Mortgage Finance Risk Management |
| • FDA's Ability to Respond to Drug Shortages | • Federal Reserve System's Emergency Assistance |
| • Oversight of Medicaid Payments | • Climate Change Adaptation |
| • Urgent Local Workforce Needs | • Unmanned Aircraft Systems |
| • Modernizing SSA's Disability Programs | • Unconventional Oil and Gas Production |
| • Unemployed Older Workers | • Commercial Space Transportation |
| • School Bullying | • Improving Homelessness Programs |
| • Transportation Issues and Management Challenges | • Los Angeles Federal Courthouse Construction |
| • Small Employers Challenges to Pension Plan Sponsorship | • Federal Housing Administration's Mutual Mortgage Insurance Fund |
| • Federal Real Property Management | |

Goal 2: Respond to Changing Security Threats and the Challenges of Global Interdependence

- | | |
|---|--|
| • National Nuclear Security Administration Management | • DOD's Civilian Workforce |
| • Deepwater Horizon | • Personnel Security Clearances |
| • Securing the Modernized Electricity Grid | • Military Base Realignments and Closures |
| • Visa Waiver Program | • Joint Striker Fighter Restructuring |
| • TSA's Process for Vetting Foreign Flight Students | • DOD Satellite Acquisitions |
| • DHS's Container Security Programs | • DOD's Acquisition Workforce Capacity |
| • FEMA's Management of Preparedness Grants | • Countering the Use of Improvised Explosive Devices |
| • DHS's Progress Improving and Integrating Management | • Support and Security Capabilities in Iraq |
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² Our complete set of strategic planning and performance and accountability reports are available on our website at <http://www.gao.gov/sp.html>.

Table 1: Selected Testimony Topics – Continued

Goal 3: *Help Transform the Federal Government to Address National Challenges*

- | | |
|---|--|
| • Arlington National Cemetery Contract Management | • Information Technology Reform |
| • Coast Guard’s Deepwater Program | • Environmental Satellite Program Risks |
| • Suspension and Debarment Oversight | • Federal Workforce Challenges |
| • Medicare Part D Fraud and Prescription Drug Abuse | • Effective Long-term Disaster Recovery |
| • Reducing Improper Payments | • Evaluating Expiring Tax Provisions |
| • Army Financial Audit Readiness | • Strategies to Reduce Taxpayer Noncompliance |
| • Improving 2020 Census Cost Effectiveness | • IRS’s Opportunities to Improve the Taxpayer Experience |
| • Internet Availability of Counterfeit Military-Grade Electronic Parts | • Oversight of Psychotropic Prescription Drugs for Foster Children |
| • Fiscal Year 2011 U. S. Government Financial Statements | • Centers for Medicare & Medicaid Fraud Detection Systems |
| • Fraud Prevention in Service-Disabled Veteran-Owned Small Business Program | • Social Security Administration Technology Modernization |
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Our work issued in fiscal year 2012 addressed various topics such as continued work on duplication, overlap, and fragmentation in the federal government; the war in Afghanistan; Postal Service financial issues; implementation of Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and the federal, state, and local government fiscal outlook. GAO also reviewed government programs and operations that are at high risk for fraud, waste, abuse, and mismanagement, as well as reviews of agencies’ budget requests to help support congressional decision-making. GAO’s recently released latest High Risk list is included in Appendix II.

GAO remains one of the best investments in the federal government, and our dedicated staff continues to deliver high quality results. GAO’s findings and recommendations produce measurable financial benefits after Congress acts or an agency implements them and the funds are made available to reduce government expenditures or are reallocated to other areas.

GAO’s fiscal year 2012 work yielded significant results across the government, including \$55.8 billion in financial benefits—a return of

\$105 for every dollar invested in GAO. Examples of fiscal year 2012 financial benefits resulting from GAO recommendations implemented by Congress or federal agencies include:

- *\$12.4 billion from legislated reductions in payments to Medicare Advantage plans:* GAO analysis found that Medicare Advantage plans spent less on medical expenses than projected, thus gaining much higher profits than originally estimated;
- *\$8.0 billion from cancellation of NASA's Constellation program:* GAO questioned the project's affordability, acquisition strategy, and overall business plan;
- *\$4.5 billion from elimination of the ethanol excise tax credit for corn:* GAO found that this tax credit was duplicative of a federal renewable fuel standard that requires U.S. transportation fuels to contain certain volumes of biofuels, such as ethanol; and
- *\$3.1 billion from cancellation of DOD plans to lengthen South Korea tours of duty:* After conducting a GAO-recommended analysis of benefits, costs, and alternatives to a planned initiative to increase lengths of U.S. service members' tours in South Korea, DOD decided the initiative was unaffordable, avoiding \$3.1 billion in costs.

In fiscal year 2012, GAO also contributed to 1,440 program and operational benefits that helped to change laws, improve public services, and promote sound management throughout government. Thirty six percent of these benefits are related to public safety and security, 35 percent are related to business process and management, and 14 percent are related to program efficiency and effectiveness, and included:

- *Public Insurance and Benefits* – Improving Social Security Administration performance goals and risk assessments in support of the disability claims process.
- *Public Safety and Security* – Addressing weaknesses in how agencies create and use the terrorist watchlist.
- *Acquisition and Contract Management* – More robust planning for contractor demobilization and personnel accountability by the Department of Defense (DOD).
- *Tax Law Administration* – Strengthening IRS' use of existing tax collection tools.

Strategic Plan for Serving Congress

To ensure we prioritize our work to align with Congressional leadership priorities and potential for results, we consult continuously with Congressional committees to ensure that our work is focused on their highest priorities. Communicating frequently with Congressional clients helps GAO stay abreast of their needs as shifts in congressional priorities can change the mix of work we are asked to perform. Our outreach includes my meetings with the Chairs and Ranking Members of many of the standing committees and their subcommittees. These sessions provide me the opportunity to hear first-hand the feedback from committee Chairs and Ranking Members on our performance, as well as provide an opportunity to highlight the need to prioritize requests for GAO's services to maximize the return on the investment in GAO, particularly in this time of financial and budgetary uncertainty. Further, when we receive multiple requests for work in areas of high priority for the Congress, we also look for opportunities, in consultation with Congressional committees and their staff, to merge these requests to create one body of work to meet multiple needs. In addition, much of our work—up to 45 percent in 2012—resulted from bipartisan requests or mandates.

To manage our workload from mandates, we also conduct congressional outreach regarding both potential and existing mandates. As bills are introduced weekly, we immediately review them to identify potential mandates for GAO work. As each potential mandate moves through the legislative process, we engage directly with the relevant committee or subcommittee to ensure that the mandate reflects a high priority requirement, is scoped appropriately for meeting the congressional objective, avoids duplication of recently completed or ongoing work, and calls for work that is within GAO's authority. In addition, we continue to work with Congressional committees to amend or repeal existing statutory mandates for GAO studies that have outlived their usefulness or do not represent the best use of GAO's resources given current congressional priorities.

During the second session of the 112th Congress we collaborated with the Congress to revise or repeal 16 of GAO's mandated reporting requirements which had, over time, lost relevance or usefulness, including:

- a triennial review of the costs of the Judicial Survivors' Annuities Fund that had yielded no new findings, repealed by the GAO Mandates Revision Act of 2012 – Pub. L. No. 112-234;

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- an annual review of the Earned Import Allowance Program, an inactive program, repealed by the GAO Mandates Revision Act of 2012 – Pub. L. No. 112-234; and
 - an annual audit of the American Battle Monuments Commission that should be the responsibility of an executive branch, rather than a legislative branch agency, repealed by the GAO Mandates Revision Act of 2012, Pub. L. No. 112-234.

GAO is also seeking repeal of a recurring reporting requirement that originally appeared in the Legislative Branch Appropriations section of the American Recovery and Reinvestment Act. This requirement required bimonthly reviews of state and local use of Recovery Act funds. As the vast majority of Recovery Act funds have been spent, GAO's reviews are providing diminishing returns for the Congress. We will propose to sunset this bimonthly requirement by October 2013.

In February 2012, GAO issued an interim update to its strategic plan for serving the Congress for fiscal years 2010 – 2015. Our strategic planning efforts also help us anticipate and respond to Congressional needs. To be prepared to address timely and relevant issues, we use eight broad trends identified in our strategic plan to guide our work plans. GAO plans to issue the next full five-year update in 2014. Our strategic plan framework is attached as Appendix III.

Actions Taken to Reduce Operating Costs and Achieve Efficiencies

Since fiscal year 2010, GAO has significantly reduced spending, reorganized our administrative support structure, improved business practices, and leveraged technology to enhance the overall efficiency of our operations. From fiscal year 2010 to 2012, GAO's staffing level dropped by 350 full-time equivalent (FTE) staff—a reduction of 10.5 percent—due to extremely limited hiring in the face of ongoing attrition. As a result, our FTE level dropped below 3,000 for the first time since 1935. This significant reduction in our staffing level threatens our ability to adequately support the Congress in a timely manner.

Also, the number of entry-level staff is not sufficient to provide a pipeline of experienced staff in the future. A significant proportion of GAO employees will be retirement eligible at the end of fiscal year 2013, including about 40 percent of our senior executive staff and about 26 percent of our supervisory analysts. These factors combine to make GAO's overarching human capital challenge one of ensuring that we have the future capability to support the mission of the agency

Increasing Efficiency of GAO's Processes is a Top Priority

to serve the Congress with the right resources, where and when they are needed.

During this same period, GAO also reduced engagement support costs, such as travel by nearly 36 percent, and infrastructure support costs, such as information technology, building and security services, and administrative support services by nearly 21 percent. GAO plans to maintain these reduced funding levels in fiscal year 2013.

In addition, we have implemented and are continuing to aggressively explore other opportunities to reduce our infrastructure costs, provide staff more flexibility, and increase our effectiveness and efficiency.

- **Space Optimization Generates Additional Rental Income**

In fiscal year 2012, we completed activities to better optimize space in the GAO headquarters building and released a significant amount of space which we have leased to the Department of Justice (DOJ) under a 10-year agreement which will provide \$2.1 million annually to help offset our costs. DOJ began occupying the space in January 2013.

- **Enhanced Telework/Workspace-Sharing Reduces Infrastructure Costs**

Also, in fiscal year 2013, we expect to reduce our physical presence in several field offices resulting in savings of \$1.2 million in lease costs, with additional savings projected in future years. In fiscal year 2012, we implemented an enhanced telework pilot, including workspace sharing and hoteling components, to reduce infrastructure costs and enhance flexibility for employees by allowing them to spend more time working at home or at an alternate worksite. We are expanding this capability to additional field offices throughout fiscal year 2013.

We also plan to implement targeted investments to improve the efficiency of our information technology infrastructure and building systems. For example, in fiscal year 2013, we will be piloting an effort to streamline and virtualize our information technology infrastructure that will reduce our maintenance and operating costs, improve system performance, increase data security, and increase availability of tools for staff—particularly our increasingly mobile workforce. In a virtualized environment, all GAO operating systems, applications, software, and data would be housed in a secure datacenter, rather than on a user's computer. In addition, we will continue progress towards upgrading building infrastructure heating and ventilation systems to ensure continued operation and efficiency. The funding for

these essential investments will come from savings within these programs.

We also have made it our priority to increase the efficiency with which we conduct our mission work. This effort focuses on improving the way we manage and conduct engagements, use our resources, and communicate our message. We made significant progress in fiscal year 2012 to improve the efficiency of the processes we follow to produce GAO products. For example, we completed an end-to-end analysis of our engagement process and identified several areas of opportunity for improved efficiency, including 31 recommendations for engagement-management improvements. For example, a number of projects are ongoing, including:

- identifying changes to key steps and decision points in our engagement process to ensure resource investments on individual engagements are in line with congressional needs and needed scope of work;
- taking steps to more efficiently create content, standardize our review and fact-checking procedures within our rigorous quality assurance framework, as well as to distribute and publish our reports and content in multiple formats; and
- pursuing major enhancements to key engagement support and management systems to reduce rework and improve systems support and management information.

We also created the new Office of Continuous Process Improvement to oversee and implement these and other improvement projects. Under the auspices of this new office, 7 projects have been completed; 25 are underway; and next steps for fiscal year 2013 have been developed. We also created an executive-level governance structure for prioritizing and directing process improvement initiatives.

In fiscal year 2013 we will continue to identify other areas of opportunity for improved efficiency, and will continually prioritize how to use resources to ensure the most significant efficiency gains. In addition, we will develop performance metrics for the process improvement program to show the effect improvement initiatives are having on our operations. When implemented, these improvements will allow us to streamline and standardize our processes to achieve greater efficiency in our work without sacrificing quality, to increase our responsiveness to the Congress, and to deliver products to the Congress and the public more effectively and efficiently.

Impact of Possible Fiscal Year 2013 Sequester

During fiscal year 2012, GAO began prudently planning for the possibility of a funding sequester in fiscal year 2013. We have updated our planning scenario based on recent guidance from this subcommittee to reflect a possible reduction of 5.3 percent or \$27.3 million from the annualized continuing resolution funding level.

As a knowledge-based organization, about 81 percent of GAO's resources are allocated to its people, with the balance of our resources funding critical operating expenses, such as information technology, security services, rent for our field office locations, and other critical services required for ongoing operations. Since we have made significant reductions in funding for engagement support and infrastructure programs over the last few years, our ability to absorb a reduction of this magnitude without reducing staff is severely limited.

Our fiscal year 2013 operating plan, assuming funding of at least the annualized continuing resolution level of \$514.4 million, included the capacity to hire 200 interns, 200 entry-level people into our Professional Development Program (PDP), and 100 critical hires in our more senior and specialized areas to help address succession planning needs and critical skill gaps. A sequester at the proposed level would require that we reduce planned hiring by approximately sixty percent, further eroding our staffing level to a nearly historic low of 2,875 FTE, a reduction of 472 FTE, or more than 14 percent over the last 3 years.

Table 2: FTE Staffing Profile – FY 2010 - 2013

Fiscal Year 2010 Actual	Fiscal Year 2011 Actual	Fiscal Year 2012 Actual	Fiscal Year 2013 w/o Sequester	Fiscal Year 2013 w/ Sequester
3,347	3,212	2,997	2,975	2,875

Beyond the cuts to our hiring plan, GAO would also take the following actions in the event of sequestration:

- reduce employee benefits, such as student loan repayments and performance-based compensation which will negatively impact our ability to recruit and retain highly qualified staff;
- further reduce travel and contract resources for specialized data and expertise used to complete congressional engagements; and
- further reduce planned investments in information technology that have the potential to increase GAO's efficiency and effectiveness and reduce support costs in the future.

This third consecutive year of dramatic staffing reductions would diminish our ability to find cost savings in the federal government at a time when Congress needs us most given the federal government's fiscal position. For example, GAO's reduced staffing levels would adversely impact GAO's ability to:

- identify cost savings and improvements in government operations, improve services to the public, conserve federal financial resources, and initiate government-wide reforms;
- effectively assist the Congress in addressing the broad array of social, economic, and security challenges facing the nation;
- provide timely and responsive information to support congressional deliberations or reauthorization activities for pending programs; and
- staff requested engagements, resulting in delays in starting congressional requests.

Concluding Remarks

Fiscal year 2013 brings more challenges with responsibilities to further assess and report on government programs and financial regulatory reform efforts, among many other pressing issues. However, the impending sequestration would further erode GAO's staffing level and severely limit GAO's ability to conduct its mission in an efficient and effective manner now and into the future. We have been and will continue to reach out to our congressional clients to ensure they recognize our financial situation, to help focus our work on the highest-priority areas, and help prioritize our work to obtain the maximum benefit in this resource-constrained environment. We remain committed to providing accurate, objective, nonpartisan, and constructive information to the Congress to help it conduct effective oversight and fulfill its constitutional responsibilities.

As the Congress and the administration debate ways to improve the federal government's long-term fiscal outlook, GAO's mission becomes ever more critical to help identify billions of dollars in cost-saving opportunities to tighten federal budgets in a thoughtful, targeted way and identify revenue-enhancement opportunities in a prudent manner.

Mr. Chairman, Ranking Member Wasserman Schultz, and Members of the Subcommittee, this concludes my prepared statement. I appreciate, as always, your careful consideration of our circumstances and budgetary needs and look forward to discussing the matter with you.

Appendix I: GAO's Mission and Services in Support of Congressional Decision-Making

GAO Supports Congressional Decision-making, Saves Resources, and Helps Improve Government

The Government Accountability Office is an independent, nonpartisan professional services agency in the legislative branch of the federal government. Commonly known as the audit and investigative arm of the Congress or the “congressional watchdog,” GAO examines how taxpayer dollars are spent and advises lawmakers and agency heads on ways to make government work better. Our mission is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. We accomplish our mission by providing objective, fact-based, and reliable information and informed analysis to the Congress, federal agencies, and the public, and we recommend improvements, where appropriate, on a wide variety of issues.

GAO is unique in our audit and evaluation capacity to support the Congress by performing original research, providing technical assistance, and conducting analyses to help the Congress make informed decisions across all segments of the federal budget resulting in tangible benefits and enhanced oversight. GAO provides services that span the vast interests of the Congress and the Nation.

In February 2012, GAO issued an interim update to its strategic plan for fiscal years 2010 through 2015. Our strategic plan framework is attached as Appendix III.¹ GAO's strategic goals and objectives reflect the wide array of national and international issues that GAO covers in its mission to support the Congress, such as:

- addressing current and emerging challenges to the well-being and financial security of the American people;
- responding to changing security threats and the challenges of global interdependence;
- helping transform the federal government to address national challenges; and
- maximizing the value of GAO by enabling quality, timely service to the Congress and being a leading practices federal agency.

¹ A complete set of GAO's strategic planning and performance and accountability reports are available on our website at <http://www.gao.gov/sp.html>. The annual performance and accountability report informs the Congress and the American people about what we have achieved on their behalf with the funds entrusted to us.

To implement the performance goals and key efforts related to our three external goals, we develop and present information in a number of ways, including:

- evaluations of federal policies, programs, and the performance of agencies;
- oversight of government operations through financial and other management audits to determine whether public funds are spent efficiently, effectively, and in accordance with applicable laws;
- investigations to assess whether illegal or improper activities are occurring;
- analyses of the financing for government activities;
- constructive engagements in which we work proactively with agencies, when appropriate, to provide advice that may assist their efforts toward positive results;
- legal opinions that determine whether agencies are in compliance with applicable laws and regulations;
- policy analyses to assess needed actions and the implications of proposed actions; and
- assistance to the Congress in support of its oversight and decision-making responsibilities.

In addition to studies in response to congressional requests, GAO issues products that provide agencies with guidance and best practices, or otherwise support greater accountability and oversight in government.

As part of fulfilling our commitments under the Presidential Transition Act, as amended, GAO serves as a key resource for the Congress and the Administration on major challenges needing the attention of the 28 largest departments and agencies across government, as well as issues facing our nation that require urgent attention and continuing oversight.

GAO seeks both to help position the government to better manage risks that could compromise the nation's security, health, and solvency, and to identify opportunities for managing government resources wisely for a more sustainable future. GAO is a valuable tool for helping the Congress review, reprioritize, and revise existing mandatory and discretionary spending programs and tax policies. Our dedicated and multidisciplinary staff have substantive agency and program expertise, as well as expertise in conducting financial and performance audits, program

evaluations, policy analyses, and technology assessments. Additionally, through its involvement domestically with the federal, state, and local audit community and internationally with its national audit office counterparts, GAO has played an important role in helping ensure the financial integrity of U.S. funds expended at home and abroad.

Assisting the Congress and the Nation During Challenging Times

Annually we issue hundreds of reports based on our work. In fiscal year 2012, GAO's work covered a broad range of issues relevant to all Americans, including:

- retirement security
- foreclosure mitigation
- national security
- health care
- transportation safety
- counterterrorism
- cybersecurity
- the debt limit

During fiscal year 2012 we also issued our second report identifying duplication, overlap, cost-saving opportunities, and revenue enhancements. This report identified 51 additional areas where programs may be able to achieve greater efficiencies or become more effective, including:

- agriculture
- defense
- economic development
- education
- energy
- general government
- health
- homeland security
- international affairs
- science and the environment
- social services

We also issued a companion publication describing the extent to which progress was made in addressing the 81 areas identified in our 2011 report and launched a new content area on our website titled "Improving Efficiency and Effectiveness" to make this work more easily accessible to the public. We issued 11 products in response to the Dodd-Frank Wall Street Reform and Consumer Protection Act on financial institutions and securities markets and several reports on insurance markets and publicly financed health insurance programs related to the Patient Protection and Affordable Care Act. In addition, we continued to regularly report the results of our work on the Troubled Asset Relief Program and the American Recovery and Reinvestment Act.

Every two years, GAO provides Congress with an update on its High Risk Series which highlights major programs that are at high risk due to their greater vulnerabilities to waste, fraud, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness

challenges. In fiscal year 2012, we issued 188 reports, delivered 55 testimonies to the Congress, and prepared several other products, such as briefings and presentations related to our High Risk work. These products spanned the following broad categories:

- Strengthening the Foundation for Efficiency and Effectiveness
- Transforming DOD Program Management
- Ensuring Public Safety and Security
- Managing Federal Contracting More Effectively
- Assessing the Efficiency and Effectiveness of Tax Law Administration
- Modernizing and Safeguarding Insurance and Benefit Programs.

Financial benefits resulting from this work totaled \$28.4 billion in fiscal year 2012. Solutions to high risk problems offer the potential to save billions of dollars, improve services to the public, and strengthen the performance and accountability of the U. S. government. Earlier this month we issued the biennial update and report on progress made and what remains to be done to address each of the high risk areas. Our High Risk List identifies 30 troubled areas across government and is included as Appendix II.

Appendix II: GAO's 2013 High-Risk List

Strengthening the Foundation for Efficiency and Effectiveness

- Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks (*new*)
- Management of Federal Oil and Gas Resources
- Modernizing the U.S. Financial Regulatory System and Federal Role in Housing Finance
- Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability
- Funding the Nation's Surface Transportation System
- Strategic Human Capital Management
- Managing Federal Real Property

Transforming DOD Program Management

- DOD Approach to Business Transformation
- DOD Business Systems Modernization
- DOD Support Infrastructure Management
- DOD Financial Management
- DOD Supply Chain Management
- DOD Weapon Systems Acquisition

Ensuring Public Safety and Security

- Mitigating Gaps in Weather Satellite Data (*new*)
- Strengthening Department of Homeland Security Management Functions
- Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland
- Protecting the Federal Government's Information Systems and the Nation's Cyber Critical Infrastructures
- Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests
- Revamping Federal Oversight of Food Safety
- Protecting Public Health through Enhanced Oversight of Medical Products
- Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals

Managing Federal Contracting More Effectively

- DOD Contract Management
- DOE's Contract Management for the National Nuclear Security Administration & Office of Environmental Management
- NASA Acquisition Management

Assessing the Efficiency and Effectiveness of Tax Law Administration

- Enforcement of Tax Laws

Modernizing and Safeguarding Insurance and Benefit Programs

- Improving and Modernizing Federal Disability Programs
- Pension Benefit Guaranty Corporation Insurance Programs
- Medicare Program
- Medicaid Program
- National Flood Insurance Program

Appendix III: GAO's Strategic Plan Framework



Serving the Congress and the Nation GAO's Strategic Plan Framework

MISSION

GAO exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people.

TRENDS

National Security Threats Fiscal Sustainability Challenges Economic Recovery and Growth Global Interdependence Science and Technology Networks and Virtualization Shifting Roles of Government Demographic and Societal Change

Goals	Objectives
Provide Timely, Quality Service to the Congress and the Federal Government to... ...Address Current and Emerging Challenges to the Well-being and Financial Security of the American People related to...	<ul style="list-style-type: none"> Health care needs Lifelong learning Benefits and protections for workers, families, and children Financial security Effective system of justice Viable communities Stable financial system and consumer protection Stewardship of natural resources and the environment Infrastructure
...Respond to Changing Security Threats and the Challenges of Global Interdependence involving...	<ul style="list-style-type: none"> Homeland security Military capabilities and readiness U.S. foreign policy interests Global market forces
Help Transform the Federal Government to Address National Challenges by assessing...	<ul style="list-style-type: none"> Government's fiscal position and options for closing gap Fraud, waste, and abuse Major management challenges and program risks
Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and Being a Leading Practices Federal Agency in the areas of...	<ul style="list-style-type: none"> Efficiency, effectiveness, and quality Diverse and inclusive work environment Professional networks and collaboration Institutional stewardship and resource management

CORE VALUES

Accountability

Integrity

Reliability

Source: GAO.

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

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