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GOVERNMENT 2.0: GAO UNVEILS NEW DUPLICABLE PROGRAM REPORT

HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

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CONTENTS

	Page
Hearing held on February 28, 2012	1
Statement of:	
Dodaro, Gene L., Comptroller General of the United States, U.S. Government Accountability Office, accompanied by Patricia Dalton, Chief Operating Officer, U.S. Government Accountability Office, and Janet St. Laurent, Managing Director of Defense Capabilities and Management, U.S. Government Accountability Office; and Hon. Tom Coburn, M.D., a U.S. Senator from the State of Oklahoma	8
Dodaro, Gene L.	8
Coburn, Hon. Tom, M.D.	75
Letters, statements, etc., submitted for the record by:	
Coburn, Hon. Tom, M.D., a U.S. Senator from the State of Oklahoma, prepared statement of	77
Connolly, Hon. Gerald E., a Representative in Congress from the State of Virginia, prepared statement of	114
Cummings, Hon. Elijah E., a Representative in Congress from the State of Maryland, prepared statement of	5
Dodaro, Gene L., Comptroller General of the United States, U.S. Government Accountability Office, prepared statement of	11

GOVERNMENT 2.0: GAO UNVEILS NEW DUPLICABLE PROGRAM REPORT

TUESDAY, FEBRUARY 28, 2012

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The committee met, pursuant to notice, at 9:30 a.m., in room 2154, Rayburn House Office Building, Hon. Darrell E. Issa (chairman of the committee) presiding.

Present: Representatives Issa, McHenry, Jordan, Chaffetz, Lankford, DesJarlais, Farenthold, Kelly, Cummings, Maloney, Norton, Kucinich, Tierney, Cooper, Connolly, Quigley, and Murphy.

Staff present: Ali Ahmad, communications advisor; Kurt Bardella, senior policy advisor; Robert Borden, general counsel; Lawrence J. Brady, staff director; John Cuaderes, deputy staff director; Adam P. Fromm, director of Member services and committee operations; Jennifer Hemingway, senior professional staff member; Christopher Hixon, deputy chief counsel, oversight; Justin LoFranco, press assistant; Mark D. Marin, director of oversight; Tegan Millspaw, research analyst; Lisa Cody, minority investigator; Kevin Corbin, minority deputy clerk; Ashley Etienne, minority director of communications; Jennifer Hoffman, minority press secretary; Carla Hultberg, minority chief clerk; Leah Perry, minority chief oversight counsel; Dave Rapallo, minority staff director; and Mark Stephenson, minority senior policy advisor/legislative director.

Chairman ISSA. The Oversight Committee will come to order.

We exist for two fundamental purposes: first, Americans have a right to know the money Washington takes from them is well spent and, second, Americans deserve an efficient, effective government that works for them. Our duty on the Oversight and Government Reform Committee is to protect these rights.

Our solemn responsibility is to hold government accountable to the taxpayers because taxpayers have a right to know what they get from their government. It is our job to work tirelessly in partnership with citizen watchdogs to deliver the facts to the American people and bring genuine reform to the Federal bureaucracy.

Today we are joined for just that purpose. The 2011 report from the GAO identified 81 areas of duplication, overlap, and fragmentation throughout the government. This year the GAO has identified 51 new areas on top of the 81. Let's make it very clear: we are going the wrong direction, not the right direction.

This committee is well known for looking at the party in power, the Office of the President, and calling strikes and balls. In this

case, the President has talked the talk; he hasn't walked the walk. But let me make it very clear here today: he is not the first president to talk about organizational efficiency and, at the end of his administration, have less of it, not more of it.

In fact, this problem began long before President George W. Bush and it will not end until some fundamental changes occur.

First of all, Congress is to blame. We create the stovepipes by our very nature. We have divided the Congress along historic lines for authorization and appropriation. That is all well and good to have expertise, but at the end of the day we do not have a committee on consolidation; we do not have, if you will, a standing Hoover Commission. As a result, fiefdoms build up here in the House that in fact protect redundant programs because they are under that authorization or under that cardinalship of appropriations.

Second, it is clear this President owns these 51 new areas, the 81 many of whom were not dealt with, and ultimately he owns the fact that he asked for reorganizational authority and offered us but a de minimis addition of a 23rd cabinet level position. We have to think bigger than that. The President and this administration has to be convinced to think much, much larger.

Ultimately, real savings, as we will hear today from Mr. Dodaro, will come from major changes in government and how we think, changes in the House and the Senate, changes in the executive branch.

Last, if we are to have a 21st century success story of making government as lean as it can be in the delivery of process, we are going to have to call out, and I will in a future hearing, companies like Lockheed Martin, Northrop Grumman, Boeing, Raytheon, General Dynamics, Booz Allen, and many, many more that we rely on for government contracting. In fact, this entire hearing could end before we could name the names of all the government contractors America employs, because ultimately those contractors also have a vested interest in the pot of money that they have or sometimes 4, 5, 6, 10 pots of money to do the same job for different parts of government.

As we explore whether in fact government gets a better deal by the same contractor having five different contracts, five slightly different instructions, producing often different software with different details, or in fact whether contractors need to be part of the solution in having a proactive responsibility to find existing programs at least within their own company and their partnerships. That is just the beginning of the solution.

I will, in the days to come, upon conclusion of a number of additional hearings, be calling in no uncertain terms for a Hoover commission. I will be calling for a thorough reorganization of government. And let me go on record here today: the President's request for reorganizational authority is dead on arrival in this committee unless the administration is willing to be much bigger in their thought.

If the administration, instead of asking for authority, delivering us virtually no facts and the facts they deliver showing a very small reorg for the sake of saying there is a reorg, if they are not

willing to talk about attacking the very problems we will see here today organizationally, then we have little to talk about.

My first question to the Honorable Gene Dodaro will in fact be, what is the status of the now-famous Goldwater-Nichols? What are the failures of it? What are the successes of it? And how can we begin looking at that kind of cross-government thinking in a way that will guaranty, if not next year, at least in years to come, these lists will be smaller to begin with and will have taken care of far more of their past sins?

With that, I recognize the ranking member for his opening statement.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Thank you, Mr. Dodaro. We welcome you back. And I thank GAO for testifying here today.

Because of our committee's uniquely broad jurisdiction, we have a tremendous opportunity to examine programs across the entire Federal Government. Today GAO is issuing a report to help us determine the most promising ways to improve the effectiveness and efficiency of these programs.

In my opinion, our committee does its best work when we are guided by a sincere effort to get more value out of Federal programs on behalf of the American people. I hope we can do that today.

For this reason, I hope we steer clear of politically charged rhetoric that condemns the entire government as being obese or bloated, and I hope we honor the millions of Federal workers who do so much for this country on a daily basis.

One of the most compelling facts in the GAO report is that Congress has a much worse record than the administration in implementing GAO's recommendations. Last year GAO identified 176 specific actions that Congress and the executive branch could take to address duplication in government programs and enhance taxpayer revenues. This year GAO reports that the administration has fully or partially implemented 76 percent of the recommendations relating to executive branch actions. The Congress has fully or partially implemented only 38 percent of the recommendations for legislative reform.

For example, GAO has reported that oil and gas companies, which are now making the highest profits of any industry in history, currently pay no royalties on some of their leases with the U.S. Government in the Gulf of Mexico. Even Chairman Issa has recognized this problem, estimating in a previous report that this unintended loophole is costing the American people up to $80 billion in foregone revenue.

Although Democrats have offered legislation to address this fundamental injustice, House Republicans have repeatedly rejected it. Although it is appropriate to examine the administration's record on these issues, I hope we will also look at our own record right here in Congress.

With respect to the recommendations for the executive branch, GAO reports that Federal agencies have taken substantial action to address them. For example, the administration has taken steps to reduce improper payments by the Federal Government. Agencies have also achieved $1.5 billion in savings through the disposal of

excess or underutilized Federal buildings, as well as identifying additional savings opportunities.

In addition, the President has proposed reorganizing and consolidating a number of our Nation's trade agencies into a single department to improve coordination and effectiveness, while saving billions of dollars in the process.

Of course, GAO's reports finds that many challenges still remain. For example, the Departments of Defense and Veterans Affairs need to improve integration of health care and case management to reduce duplication and provide more effective assistance to our service members, particularly as they leave active duty and transition into the VA system. This is something that our National Security Subcommittee has focused in on closely, and I know their efforts will continue.

So I look forward to today's testimony from GAO, as well as the testimony from Senator Coburn, who has also been very active on these issues.

With that, Mr. Chairman, I yield back.

[The prepared statement of Hon. Elijah E. Cummings follows:]

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Opening Statement
Rep. Elijah E. Cummings, Ranking Member

Hearing on "Government 2.0: GAO Unveils New Duplicative Program Report"

February 28, 2012

Thank you, Mr. Chairman, and welcome back, Mr. Dodaro. I thank GAO for testifying here today.

Because of our Committee's uniquely broad jurisdiction, we have a tremendous opportunity to examine programs across the entire federal government. Today, GAO is issuing a report to help us determine the most promising ways to improve the effectiveness and efficiency of these programs.

In my opinion, our Committee does its best work when we are guided by a sincere effort to get more value out of federal programs on behalf of the American taxpayers. I hope we can do that today. For this reason, I hope we steer clear of politically charged rhetoric that condemns the entire government as "obese" or "bloated," and I hope we honor the millions of federal workers who do so much for this country on a daily basis.

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I look forward to today's testimony from GAO, as well as the testimony from Senator Coburn, who has also been very active on these issues.

Thank you, Mr. Chairman.

Mr. QUIGLEY. Mr. Cummings, would the gentleman yield?

Mr. CUMMINGS. I yield.

Mr. QUIGLEY. Thank you to the ranking member and the chairman.

When I was a county commissioner I wrote eight reports about this, about government efficiency and what we can do, and it reminded me of something very political, what the President said when he accepted the nomination in Denver. He said, in the middle of the speech, and it didn't get a lot of attention, he said we're not the far right who thinks that government doesn't matter and we can't be the far left that thinks we can tax and spend our way out of all of our problems, because we need to meet in the middle, streamline and consolidate our government and make it the most efficient.

So, to me, that is what both the chairman and the ranking member were alluding to. We can do this on a bipartisan basis by asking ourselves just the following question, what should we do, who should do it, and how should it be done, when we look at any government function, not because government doesn't matter, but because the mission matters and we can operate it more efficiently.

Thank you.

Chairman ISSA. Thank you.

Would the ranking member further yield?

Mr. CUMMINGS. Definitely.

Chairman ISSA. You brought up in your opening statement, I think it is noteworthy, even though it is a little off subject, the history of the MMS flawed contracts. That is an area in which we have tried to operate on a bipartisan basis.

I would offer to the ranking member that if the pieces of legislation that have been offered, most of which that I have seen duplicate ones that were offered and went nowhere under the 4-years of Speaker Pelosi, because this problem goes all the way back to the Clinton administration; not to them personally, but to actions of nonpolitical appointees during that time.

If you can in fact bring to the committee agreement by this staff that we have a piece of legislation which can pass the contract sanctity test, I am perfectly happy to hold a hearing on it and, if we can reach that consensus, a markup. It has been vexing to us on both sides. We pushed hard under President Bush to try to get a solution prior to some of these companies being sold and so on.

But I stand with the ranking member that this is still an area that if we can find something which we are not simply passing a law that ultimately would be struck down in the court based on the contract sanctity rule, I am there for you and would love to have a further hearing on it.

Mr. CUMMINGS. With that, I appreciate it. We will work with you to make that happen. Matter of fact, I welcome the bipartisanship.

Chairman ISSA. I thank the gentleman.

With that, having settled at least $60 billion to $80 billion worth of past failures right here——

Mr. CUMMINGS. In 1 minute.

Chairman ISSA [continuing]. In 1 minute, we now recognize the Honorable Gene Dodaro, Comptroller General of the United States, returning here for, I should have it here, about the fifth or sixth

time in this role and, of course, several times before he had the job. He is accompanied today by Ms. Patricia Dalton, who is Chief Operating Officer of the GAO. Additionally, Ms. Janet St. Laurent, who is Managing Director of Defense Capabilities and Management at the GAO.

I understand that Ms. Dalton and Ms. St. Laurent do not have opening statements, but to make it clear that they could answer questions directly or obviously advise the general. We will have all of you sworn in.

Additionally, an additional witness is expected about halfway through this process, and that would be our friend and colleague on waste control, Senator Tom Coburn of Oklahoma.

So, with that, would you please rise to take the oath?

[Witnesses sworn.]

Chairman ISSA. Let the record indicate all three answered in the affirmative.

Unlike some of our hearings, we are not taxed for time in the time that you choose to begin the briefing. You are an experienced witness who knows that if we, the Congress, want you to give a prepared statement, you go ahead and give it. Take as much time as you want. Quite frankly, I would love to get to questions quickly, but at the same time this is all about your report and the message you want to deliver to us.

The general is recognized.

STATEMENTS OF GENE L. DODARO, COMPTROLLER GENERAL OF THE UNITED STATES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE, ACCOMPANIED BY PATRICIA DALTON, CHIEF OPERATING OFFICER, U.S. GOVERNMENT ACCOUNTABILITY OFFICE, AND JANET ST. LAURENT, MANAGING DIRECTOR OF DEFENSE CAPABILITIES AND MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; AND HON. TOM COBURN, M.D., A U.S. SENATOR FROM THE STATE OF OKLAHOMA

STATEMENT OF GENE L. DODARO

Mr. DODARO. Thank you very much, Mr. Chairman. I am very pleased to be here today before the committee, Ranking Member Cummings, members of the committee, to talk about GAO's body of work on overlap, duplication, and fragmentation in the Federal Government, and opportunities to achieve greater efficiencies and effectiveness in Government. Our report this year, for 2012, like the report last year, touches on many parts of the Federal Government, most civilian major departments and agencies, as well as the Defense Department.

In Defense, for example, one of the areas we point out is unmanned aircraft systems, of which the Department plans to spend over $37 billion over the next 4 years to purchase not only aircraft, but payloads, which are operating systems, sensors, etc., as well as ground control stations.

Now, we found that the service-centered requirements, rather than an effective overall Department strategy, is causing a great degree of overlap in this effort. For example, the Navy was unable to provide us justification why it was going to develop an aircraft

similar to the Air Force Global Hawk aircraft, as opposed to buying additional Global Hawk aircrafts. And also the Army and Navy are separately pursuing software for cargo and surveillance technologies that are likely to produce similar requirements going forward.

So we have made a number of recommendations to strengthen management of this program. There are huge opportunities for significant savings if the Department can better manage these programs and focus on commonality of requirements and making sure that there is effective management of this program. This is especially important since, in the new defense strategy, there is going to be greater reliance on unmanned aircraft systems. We point out in our report the same things are true in the Department's efforts for electronic warfare and also countermeasures for improvised explosive devices.

Now, on the civilian front, one good example is in the housing area, which is a new area for this year. We point out there are over 20 different entities managing over 160 different programs, tax expenditures and other activities to promote home ownership and to provide rental support to Americans. One area that we have singled out this year for consolidation potential is in the areas involving the Agriculture Department and the Housing Department.

Now, in 2009 you have eight times as many single-family home loans given to economically distressed rural communities by HUD than you do by Agriculture. Conversely, Agriculture has given many of its loans near urban areas. In fact, 56 percent of them in 2009 were given in metropolitan counties. So there are opportunities here. The administration has a task force they are putting together to look at the housing areas. We are looking more closely at it. But I think that is one area that is very ripe for potential consolidation and streamlining activities.

Also, there are many support operations of the Federal Government where there is a need for streamlining and efficiency. For example, we looked at the Department of Defense and Energy and the Department of Homeland Security to look to see if they had duplicative IT investments and, indeed, we found 37 different areas within Defense and Energy alone that were potentially duplicative IT investments, and those investments represented over $1 billion in funding for those areas. We didn't find any on our own in the Department of Homeland Security, but they found some on their own that saved $41 million and identified other opportunities.

There are also opportunities we found in facility security assessments. Agencies were doing their own facility security investments while also paying the Department of Homeland Security Federal Protective Service for doing security assessments that they weren't doing, so there was duplication there.

The same thing is true in background investigations for security clearances. We find a number of areas where agencies were standing up on their own case management and adjudication systems, rather than a shared common system across the Federal Government, so that there was redundancies there and money spent that did not have to be spent.

Now, like last year's report, in addition to overlap, duplication, and fragmentation, we highlight additional cost savings opportuni-

ties and opportunities for revenue enhancements. For example, in cost savings, there are billions of dollars that could be saved through wider use of information technology to deal with improper payments in the Medicare and Medicaid areas.

There are also refinements that could be made in the process by which there are adjustments made to the Medicare advantage payments based upon the diagnosis given beneficiaries and the differences between their coding systems and the fee-for-service system. We have estimated that could be between $1.2 billion and $2.7 billion right there.

On the revenue enhancement side, we point out many opportunities such as the potential for selling excess uranium inventories that the Department of Defense have. There are user fees that could be adjusted to be more contemporary for international travelers coming into the country that could take away from the need to use general appropriations to pay for those activities.

And there are many opportunities for the Internal Revenue Service to deal with tax enforcement of what is now estimated to be a $385 billion gap between taxes owed under the current system and taxes paid. That is up from $290 billion the last time I appeared before this committee. So we recommend a number of activities in those areas.

In addition, we published a separate report, Mr. Chairman, as you alluded to in your statement and Representative Cummings, about progress from last year, and we found, of the 81 areas, 4 had been fully addressed, 60 had been partially addressed, and 17 had not been addressed.

So there are many opportunities. We think collectively, through the opportunities pointed out in our report last year and the new ones this year, there are tens of billions of dollars that could be saved and, more importantly, more effective and streamlined government serving the American people.

So I look forward to answering your questions and I appreciate the opportunity to be here today. So thank you very much.

[The prepared statement of Mr. Dodaro follows:]

United States Government Accountability Office

GAO

Testimony
Before the Committee on Oversight and Government Reform, House of Representatives

For Release on Delivery
Expected at 9:30 a.m. EST
Tuesday, February 28, 2012

More Efficient and Effective Government: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue

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

GAO-12-449T

Mr. Chairman, Ranking Member Cummings, and Members of the Committee:

Thank you for the opportunity to discuss our 2012 annual report, which presents 51 areas where programs may be able to achieve greater efficiencies or become more effective in providing government services by reducing potential duplication, overlap, or fragmentation in federal programs and activities.[1] We have also continued to monitor developments in the 81 areas that we identified a year ago in the first report we issued in this series.[2] Our 2011 follow-up report released today describes the extent to which progress has been made to address these areas.[3] Appendix I presents a summary of our assessment of the overall progress made in each area.

My testimony is based on our 2012 annual and 2011 follow-up reports. Specifically, it addresses: (1) federal programs or functional areas where unnecessary duplication, overlap, or fragmentation exists, as well as other opportunities for potential cost savings or enhanced revenues; (2) status of actions taken by Congress and the executive branch to address the areas we identified in our 2011 report; (3) aspects of the GPRA Modernization Act of 2010 that may contribute to addressing and preventing duplication, overlap and fragmentation among federal programs; and (4) our approach to identifying duplication or cost savings in federal programs and activities. We conducted our work in accordance with generally accepted government auditing standards or with our quality assurance framework, as appropriate. For issues where information is being reported on for the first time in this report, we sought comments from the agencies involved, and incorporated those comments as appropriate. In updating the actions we identified in the 2011 annual report, we asked the agencies involved and the Office of Management

[1]GAO, *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP (Washington, D.C.: Feb. 28, 2012).

[2]GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

[3]GAO, *Follow-up on 2011 Report: Status of Actions Taken to Reduce Duplication, Overlap, and Fragmentation, Save Tax Dollars, and Enhance Revenue*, GAO-12-453SP (Washington, D.C.: Feb. 28, 2012).

and Budget (OMB) for their review and incorporated comments as appropriate.

We identified 51 areas in our 2012 annual report, including 32 areas of potential duplication, overlap, or fragmentation as well as 19 opportunities for agencies or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collections for the Treasury. These areas involve a wide range of government missions including agriculture, defense, economic development, education, energy, general government, health, homeland security, international affairs, science and the environment, and social services. Within and across these missions, the 2012 annual report touches on virtually all major federal departments and agencies. We expanded the scope of our work for this year's report to focus on areas where a mix of federal approaches is used, such as tax expenditures, direct spending, and federal grant or loan programs.

In our 2011 follow-up report, we assessed the extent to which Congress and the executive branch addressed the 81 areas—including a total of 176 actions—to reduce or eliminate unnecessary duplication, overlap, or fragmentation or achieve other potential financial benefits. As of February 10, 2012, Congress and the executive branch have made some progress in addressing the majority of the 81 areas we identified; however, additional steps are needed to fully implement the remaining actions. Specifically, our assessment found that all actions had been addressed in 4 areas, partially addressed in 60 areas, and not addressed in 17 areas. In addition, OMB has instructed agencies to consider areas of duplication or overlap identified in our 2011 report and by others in their fiscal year 2013 budget submissions and management plans. The OMB guidance also advised agencies to take a number of other steps to enhance efficiency, such as identifying and including in their budget submissions cost-saving efforts that will improve operational efficiency and taxpayers' rate of return, including program integration, reorganizations within and between agency components, and resource realignment to improve public services.

Under requirements established by the GPRA Modernization Act of 2010 (the Act),[4] OMB is also required to coordinate with agencies to establish

[4]Pub. L. No. 111-352, 124 Stat. 3866 (2011), amending Pub. L. No. 103-62, 107 Stat. 285 (1993).

outcome-oriented goals covering a limited number of crosscutting policy areas as well as goals to improve management across the federal government, and develop a governmentwide performance plan for making progress toward achieving those goals. The President's budget for 2013 includes 14 such crosscutting policy goals. Aspects of several of these goals—including Science, Technology, Engineering, and Math Education, Entrepreneurship and Small Businesses, Job Training, Cybersecurity, Information Technology Management, Procurement and Acquisition Management, and Real Property Management—are discussed in our March 2011 and February 2012 reports. The Act's requirements provide a much needed basis for more fully integrating a wide array of potentially duplicative, overlapping, or fragmented federal activities as well as a cohesive perspective on the long-term goals of the federal government focused on priority policy areas.

Opportunities exist for the Congress and federal agencies to continue to address the needed actions identified in our March 2011 and February 2012 reports. Collectively, these reports show that, if the actions are implemented, the government could potentially save tens of billions of dollars annually. Cost savings related to reducing or eliminating duplication, overlap, and fragmentation can be difficult to estimate because the portion of agency budgets devoted to certain programs or activities is often unclear, or needed information on program performance or costs is not readily available. In some cases, there is sufficient information to estimate potential savings or other benefits if actions are taken to address individual issues. In other cases, estimates of cost savings or other benefits would depend upon what congressional and executive branch decisions were made, including how certain of our recommendations are implemented. Nevertheless, considering the amount of program dollars involved in the issues we have identified, even limited adjustments could result in significant savings. Additionally, we have found that agencies can often realize other kinds of benefits, such as improved customer service and decreased administrative burdens.

2012 Annual Report Identified 51 Opportunity Areas

Our 2012 annual report identified 51 areas where unnecessary duplication, overlap, or fragmentation exists as well as additional opportunities for potential cost savings or enhanced revenues. We identified about 130 specific actions that Congress or the executive branch could take to address these areas.

We identified 32 areas where government missions are fragmented across multiple agencies or programs; agencies, offices, or initiatives may

have similar or overlapping objectives or may provide similar services to similar populations or target similar users; and when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries (see table 1). We found instances where multiple government programs or activities have led to inefficiencies, and we determined that greater efficiencies or effectiveness might be achievable.

Table 1: Duplication, Overlap, and Fragmentation Areas Identified

Mission	Areas identified
Agriculture	1. **Protection of Food and Agriculture**: Centrally coordinated oversight is needed to ensure nine federal agencies effectively and efficiently implement the nation's fragmented policy to defend the food and agriculture systems against potential terrorist attacks and major disasters.
Defense	2. **Electronic Warfare**: Identifying opportunities to consolidate Department of Defense airborne electronic attack programs could reduce overlap in the department's multiple efforts to develop new capabilities and improve the department's return on its multibillion-dollar acquisition investments.
	3. **Unmanned Aircraft Systems**: Ineffective acquisition practices and collaboration efforts in the Department of Defense unmanned aircraft systems portfolio creates overlap and the potential for duplication among a number of current programs and systems.
	4. **Counter-Improvised Explosive Device Efforts**: The Department of Defense continues to risk duplication in its multibillion-dollar counter-improvised explosive device efforts because it does not have a comprehensive database of its projects and initiatives.
	5. **Defense Language and Culture Training**: The Department of Defense needs a more integrated approach to reduce fragmentation in training approaches and overlap in the content of training products acquired by the military services and other organizations.
	6. **Stabilization, Reconstruction, and Humanitarian Assistance Efforts**: Improving the Department of Defense's evaluations of stabilization, reconstruction, and humanitarian assistance efforts, and addressing coordination challenges with the Department of State and the U.S. Agency for International Development, could reduce overlapping efforts and result in the more efficient use of taxpayer dollars.
Economic development	7. **Support for Entrepreneurs**: Overlap and fragmentation among the economic development programs that support entrepreneurial efforts require the Office of Management and Budget and other agencies to better evaluate the programs and explore opportunities for program restructuring, which may include consolidation, within and across agencies.
	8. **Surface Freight Transportation**: Fragmented federal programs and funding structures are not maximizing the efficient movement of freight.
Energy	9. **Department of Energy Contractor Support Costs**: The Department of Energy should assess whether further opportunities could be taken to streamline support functions, estimated to cost over $5 billion, at its contractor-managed laboratory and nuclear production and testing sites, in light of contractors' historically fragmented approach to providing these functions.
	10. **Nuclear Nonproliferation**: Comprehensive review needed to address strategic planning limitations and potential fragmentation and overlap concerns among programs combating nuclear smuggling overseas.

Mission	Areas identified
General government	11. **Personnel Background Investigations**: The Office of Management and Budget should take action to prevent agencies from making potentially duplicative investments in electronic case management and adjudication systems.
	12. **Cybersecurity Human Capital**: Governmentwide initiatives to enhance the cybersecurity workforce in the federal government need better structure, planning, guidance, and coordination to reduce duplication.
	13. **Spectrum Management**: Enhanced coordination of federal agencies' efforts to manage radio frequency spectrum and an examination of incentive mechanisms to foster more efficient spectrum use may aid regulators' attempts to jointly respond to competing demands for spectrum while identifying valuable spectrum that could be auctioned for commercial use, thereby generating revenues for the U.S. Treasury.
Health	14. **Health Research Funding**: The National Institutes of Health, Department of Defense, and Department of Veterans Affairs can improve sharing of information to help avoid the potential for unnecessary duplication.
	15. **Military and Veterans Health Care**: The Departments of Defense and Veterans Affairs need to improve integration across care coordination and case management programs to reduce duplication and better assist servicemembers, veterans, and their families.
Homeland security/Law enforcement	16. **Department of Justice Grants**: The Department of Justice could improve how it targets nearly $3.9 billion to reduce the risk of potential unnecessary duplication across the more than 11,000 grant awards it makes annually.
	17. **Homeland Security Grants**: The Department of Homeland Security needs better project information and coordination among four overlapping grant programs.
	18. **Federal Facility Risk Assessments**: Agencies are making duplicate payments for facility risk assessments by completing their own assessments, while also paying the Department of Homeland Security for assessments that the department is not performing.
Information technology	19. **Information Technology Investment Management**: The Office of Management and Budget and the Departments of Defense and Energy need to address potentially duplicative information technology investments to avoid investing in unnecessary systems.
International affairs	20. **Overseas Administrative Services**: U.S. government agencies could lower the administrative cost of their operations overseas by increasing participation in the International Cooperative Administrative Support Services system and by reducing reliance on American officials overseas to provide these services.
	21. **Training to Identify Fraudulent Travel Documents**: Establishing a formal coordination mechanism could help reduce duplicative activities among seven different entities that are involved in training foreign officials to identify fraudulent travel documents.
Science and the environment	22. **Coordination of Space System Organizations**: Fragmented leadership has led to program challenges and potential duplication in developing multibillion-dollar space systems.
	23. **Space Launch Contract Costs**: Increased collaboration between the Department of Defense and the National Aeronautics and Space Administration could reduce launch contracting duplication.
	24. **Diesel Emissions**: Fourteen grant and loan programs at the Department of Energy, Department of Transportation, and the Environmental Protection Agency, and three tax expenditures fund activities that have the effect of reducing mobile source diesel emissions; enhanced collaboration and performance measurement could improve these fragmented and overlapping programs.
	25. **Environmental Laboratories**: The Environmental Protection Agency needs to revise its overall approach to managing its 37 laboratories to address potential overlap and fragmentation and more fully leverage its limited resources.

Mission	Areas identified
	26. **Green Building**: To evaluate the potential for overlap or fragmentation among federal green building initiatives, the Department of Housing and Urban Development, the Department of Energy, and the Environmental Protection Agency should lead other federal agencies in collaborating on assessing their investments in more than 90 initiatives to foster green building in the nonfederal sector.
Social services	27. **Social Security Benefit Coordination**: Benefit offsets for related programs help reduce the potential for overlapping payments but pose administrative challenges.
	28. **Housing Assistance**: Examining the benefits and costs of housing programs and tax expenditures that address the same or similar populations or areas, and potentially consolidating them, could help mitigate overlap and fragmentation and decrease costs.
Training, employment, and education	29. **Early Learning and Child Care**: The Departments of Education and Health and Human Services should extend their coordination efforts to other federal agencies with early learning and child care programs to mitigate the effects of program fragmentation, simplify children's access to these services, collect the data necessary to coordinate operation of these programs, and identify and minimize any unwarranted overlap and potential duplication.
	30. **Employment for People with Disabilities**: Better coordination among 50 programs in nine federal agencies that support employment for people with disabilities could help mitigate program fragmentation and overlap, and reduce the potential for duplication or other inefficiencies.
	31. **Science, Technology, Engineering, and Mathematics Education**: Strategic planning is needed to better manage overlapping programs across multiple agencies.
	32. **Financial Literacy**: Overlap among financial literacy activities makes coordination and clarification of roles and responsibilities essential, and suggests potential benefits of consolidation.

Source: GAO-12-342SP.

Overlap and fragmentation among government programs or activities can be harbingers of unnecessary duplication. In many cases, the existence of unnecessary duplication, overlap, or fragmentation can be difficult to determine with precision due to a lack of data on programs and activities. Where information has not been available that would provide conclusive evidence of duplication, overlap, or fragmentation, we often refer to "potential duplication" and, where appropriate, we suggest actions that agencies or Congress could take to either reduce that potential or to make programmatic data more reliable or transparent. In some instances of duplication, overlap, or fragmentation, it may be appropriate for multiple agencies or entities to be involved in the same programmatic or policy area due to the nature or magnitude of the federal effort.

Among the 32 areas highlighted in our 2012 annual report are the following examples of opportunities for agencies or Congress to consider taking action to reduce unnecessary duplication, overlap, or fragmentation.

- *Unmanned Aircraft Systems*: The Department of Defense (DOD) estimates that the cost of current Unmanned Aircraft Systems (UAS) acquisition programs and related systems will exceed $37.5 billion in fiscal years 2012 through 2016. The elements of DOD's planned UAS portfolio include unmanned aircraft, payloads (subsystems and equipment on a UAS configured to accomplish specific missions), and ground control stations (equipment used to handle multiple mission aspects such as system command and control). We have found that ineffective acquisition practices and collaboration efforts in DOD's UAS portfolio creates overlap and the potential for duplication among a number of current programs and systems. We have also highlighted the need for DOD to consider commonality in UAS—using the same or interchangeable subsystems and components in more than one subsystem to improve interoperability of systems—to reduce the likelihood of redundancies in UAS capabilities.

  Military service-driven requirements—rather than an effective departmentwide strategy—have led to overlap in DOD's UAS capabilities, resulting in many programs and systems being pursued that have similar flight characteristics and mission requirements. Illustrative of the overlap, the Department of the Navy (Navy) plans to spend more than $3 billion to develop the Broad Area Maritime Surveillance UAS, rather than the already fielded Air Force Global Hawk system on which it was based. According to the Navy, its unique requirements necessitate modifications to the Global Hawk airframe, payload interfaces, and ground control station. However, the Navy program office was not able to provide quantitative analysis to justify the variant. According to program officials, no analysis was conducted to determine the cost effectiveness of developing the Broad Area Maritime Surveillance UAS to meet the Navy's requirements versus buying more Global Hawks.

  The potential for overlap also exists among UAS subsystems and components, such as sensor payloads and ground control stations. DOD expects to spend about $9 billion to buy 42 UAS sensor payloads through fiscal year 2016. While the fact that some multiservice payloads are being developed shows the potential for collaboration, the service-centric requirements process still creates the potential for overlap, including 29 sensors in our review. Further, we identified overlap and potential duplication among 10 of 13 ground control stations that DOD plans to acquire at a cost of about $3 billion through fiscal year 2016. According to a cognizant DOD official, the associated software is about 90 percent duplicative because similar software is developed for each ground control station. DOD has created a UAS control segment working group, which is chartered to increase interoperability and enable software re-use and

open systems. This could allow for greater efficiency, less redundancy, and lower costs, while potentially reducing levels of contractor proprietary data that cannot be shared across UAS programs. However, existing ground control stations already have their own architecture and migration to a new service-oriented architecture will not happen until at least 2015, almost 6 years after it began.

DOD plans to significantly expand the UAS portfolio through 2040, including five new systems in the planning stages that are expected to become formal programs in the near future. While DOD has acknowledged that many UAS systems were acquired inefficiently and has begun to take steps to improve outcomes as it expands these capabilities over the next several years, the department faces challenges in its ability to improve efficiency and reduce the potential for overlap and duplication as it buys UAS capabilities. For example, the Army and Navy are planning to spend approximately $1.6 billion to acquire separate systems that are likely to have similar capabilities to meet upcoming cargo and surveillance requirements. DOD officials state that current requirements do not preclude a joint program to meet these needs, but the Army and Navy have not yet determined whether such an approach will be used.

To reduce the likelihood of overlap and potential duplication in its UAS portfolio, we have made several prior recommendations to DOD which have not been fully implemented. While DOD generally agreed with our recommendations, the overlap in current UAS programs, as well as the continued potential in future programs, shows that DOD must still do more to implement them. In particular, we have recommended that DOD (1) re-evaluate whether a single entity would be better positioned to integrate all crosscutting efforts to improve the management and operation of UAS; (2) consider an objective, independent examination of current UAS portfolio requirements and the methods for acquiring future unmanned aircraft; and (3) direct the military services to identify specific areas where commonality can be achieved. We believe the potential for savings is significant and with DOD's renewed commitment to UAS for meeting new strategic requirements, all the more imperative.

- *Housing assistance*: In fiscal year 2010, the federal government incurred about $170 billion in obligations for housing-related programs and estimated revenue forgone for tax expenditures of which tax expenditures represent $132 billion (about 78 percent). Support for homeownership in the current economic climate has expanded dramatically with nearly all mortgage originations having direct or indirect federal assistance. The

Department of the Treasury (Treasury) and the Board of Governors of the Federal Reserve System together invested more than $1.67 trillion in Fannie Mae and Freddie Mac, the government-sponsored enterprises, which issue and guarantee mortgage-backed securities. Examining the benefits and costs of housing programs and tax expenditures that address the same or similar populations or areas, and potentially consolidating them, could help mitigate overlap and fragmentation and decrease costs.

We identified 20 different entities that administer 160 programs, tax expenditures, and other tools that supported homeownership and rental housing in fiscal year 2010. In addition, we identified 39 programs, tax expenditures, and other tools that provide assistance for buying, selling, or financing a home and eight programs and tax expenditures that provide assistance to rental property owners. We found overlap in products offered and markets served by the Department of Agriculture's (USDA) Rural Housing Service (RHS) and the Department of Housing and Urban Development's (HUD) Federal Housing Administration (FHA), among others. In September 2000 and again as part of our ongoing work, we questioned the need for maintaining separate programs for rural areas. In September 2000, we recommended that Congress consider requiring USDA and HUD to examine the benefits and costs of merging programs, such as USDA's and HUD's single-family guaranteed loan and multifamily portfolio management programs.[5]

While USDA and HUD have raised concerns about merging programs, our recent work has shown increased evidence of overlap and that some RHS and FHA programs can be consolidated. For example, the two agencies overlap in products offered (mortgage credit and rental assistance), functions performed (portfolio management and preservation), and geographic areas served. Specifically, RHS and HUD guarantee single-family and multifamily loans, as well as offer rental subsidies using similar income eligibility criteria. And, both agencies have been working to maintain and preserve existing multifamily portfolios. Although RHS may offer its products only in rural areas, it is not always the insurer of choice in those areas. For example, in fiscal year 2009 FHA insured over eight times as many single-family loans in economically distressed rural counties as RHS guaranteed. And, many RHS loan

[5]GAO, *Rural Housing: Options for Optimizing the Federal Role in Rural Housing Development*, GAO/RCED-00-241 (Washington, D.C.: Sept. 15, 2000).

guarantees financed properties near urban areas—56 percent of single-family guarantees made in fiscal year 2009 were in metropolitan counties.

Regarding consolidation, we found that RHS relies on more in-house staff to oversee its single-family and multifamily loan portfolio of about $93 billion than HUD relies on to manage its single-family and multifamily loan portfolio of more than $1 trillion, largely because of differences in how the programs are administered. RHS has a decentralized structure of about 500 field offices that was set up to interact directly with borrowers. RHS relies on over 1,600 full-time equivalent staff to process and service its direct single-family loans and grants. While RHS limits its direct loans to low income households and its guaranteed loans to moderate income households, FHA has no income limits and does not offer a comparable direct loan program. HUD operates about 80 field offices and primarily interacts through lenders, nonprofits, and other intermediaries. RHS and FHA programs both utilize FHA-approved lenders and underwriting processes based on FHA's scorecard—an automated tool that evaluates new mortgage loans. RHS has about 530 full-time equivalent staff to process its single-family guaranteed loans. FHA relies on lenders to process its loans. Although FHA insures far more mortgages than RHS guarantees, FHA has just over 1,000 full-time equivalent staff to oversee lenders and appraisers and contractors that manage foreclosed properties. While the number of RHS field offices decreased by about 40 percent since 2000, its decentralized field structure continues to reflect the era in which it was established—the 1930s, when geography and technology greatly limited communication and transportation. These limitations have diminished and HUD programs can be used in all areas of the country.

We first recommended in September 2000 —and have followed up since then—that Congress consider requiring USDA and HUD to examine the benefits and costs of merging those programs that serve similar markets and provide similar products, and require these same agencies to explore merging their single family insured lending and multifamily portfolio management programs. At that time, USDA stated that some of the suggestions made in our report to improve the effectiveness of current programs may better serve rural areas. However, USDA also stated that the gap in housing affordability between rural and urban areas, as well as the importance of rural housing programs to the Department's broader Rural Development mission area, would make merging RHS's programs with HUD's programs unfeasible and detrimental to rural America. HUD also stated that it believes any opportunity to improve the delivery of rural housing services should be explored, but stated that the differences

between RHS's and FHA's single-family programs are sizable and that without legislative changes to product terms, efforts to merge the programs would likely result in a more cumbersome rather than a more efficient delivery system. HUD added that it had been working with USDA in a mutual exchange of information on best practices and would explore possible avenues of coordination.

The agencies have been working to align certain requirements of the various multifamily housing programs. In addition, in February 2011, the Administration reported to Congress that it would establish a task force to evaluate the potential for coordinating or consolidating the housing loan programs of HUD, USDA, and the Department of Veterans Affairs (VA). According to HUD, a benchmarking effort associated with the task force was recently begun. Our ongoing work considers options for consolidating these programs and we expect to make additional related recommendations.

Furthermore, Treasury and the Internal Revenue Service (IRS) provide numerous types of housing assistance through tax expenditures. Although often necessary to meet federal priorities, some tax expenditures can contribute to mission fragmentation and program overlap that, in turn, can create service gaps, additional costs, and the potential for duplication. For example, to qualify for a historic preservation tax credit, rehabilitation must preserve historic character, which may conflict with states' efforts to produce energy-efficient, low-income properties with tax credits, and could increase project costs.

We recommended in September 2005 and reiterated in March 2011 that coordinated reviews of tax expenditures with related spending programs could help policymakers reduce overlap and inconsistencies and direct scarce resources to the most-effective or least-costly methods to deliver federal support.[6] Specifically, we recommended that the Director of OMB, in consultation with the Secretary of the Treasury, develop and implement a framework for conducting performance reviews of tax expenditures. OMB, citing methodological and conceptual issues, disagreed with our 2005 recommendations. To date, OMB had not used its budget and performance review processes to systematically review tax expenditures

[6]See GAO, *Government Performance and Accountability: Tax Expenditures Represent a Substantial Federal Commitment and Need to Be Reexamined*, GAO-05-690 (Washington, D.C.: Sept. 23, 2005) and GAO-11-318SP.

and promote integrated reviews of related tax and spending programs. However, in its fiscal year 2012 budget guidance, OMB instructed agencies, where appropriate, to analyze how to better integrate tax and spending policies with similar objectives and goals. The GPRA Modernization Act of 2010 also envisions such an approach for selected cross-cutting areas. Such an analysis could help identify redundancies.

- *Military and veterans health care*: We found that DOD and VA need to improve integration across care coordination and case management programs to reduce duplication and better assist servicemembers, veterans, and their families. DOD and VA have care coordination[7] and case management[8] programs that are intended to provide continuity of care for wounded, ill, and injured servicemembers and veterans. DOD and VA established the Wounded, Ill, and Injured Senior Oversight Committee (Senior Oversight Committee) to address identified problems in providing care to wounded, ill, and injured servicemembers as well as veterans. Under the purview of this committee, the departments developed the Federal Recovery Coordination Program (FRCP), a joint program administered by VA that was designed to coordinate clinical and nonclinical services for "severely" wounded, ill, and injured servicemembers—who are most likely to be medically separated from the military—across DOD, VA, other federal agencies, states, and the private sector. Separately, the Recovery Coordination Program (RCP) was established in response to the National Defense Authorization Act for Fiscal Year 2008 to improve the care, management, and transition of recovering servicemembers. It is a DOD-specific program that was designed to provide nonclinical care coordination to "seriously" wounded, ill, and injured servicemembers, who may return to active duty unlike those categorized as "severely" wounded, ill, or injured. The RCP is implemented separately by each of the military services, most of which

[7]According to the National Coalition on Care Coordination, care coordination is a client-centered, assessment-based interdisciplinary approach to integrating health care and social support services in which an individual's needs and preferences are assessed, a comprehensive care plan is developed, and services are managed and monitored by an identified care coordinator.

[8]According to the Case Management Society of America, case management is defined as a collaborative process of assessment, planning, facilitation, and advocacy for options and services to meet an individual's health needs through communication and available resources to promote quality, cost-effective outcomes.

have implemented the RCP within their existing wounded warrior programs.[9]

As a result of these multiple efforts, many recovering servicemembers and veterans are enrolled in more than one care coordination or case management program, and they may have multiple care coordinators and case managers, potentially duplicating agencies' efforts and reducing the effectiveness and efficiency of the assistance they provide. For example, recovering servicemembers and veterans who have a care coordinator also may be enrolled in one or more of the multiple DOD or VA programs that provide case management services to "seriously" and "severely" wounded, ill, and injured servicemembers, veterans, and their families. These programs include the military services' wounded warrior programs and VA's Operation Enduring Freedom/Operation Iraqi Freedom Care Management Program, among others.

We found that inadequate information exchange and poor coordination between these programs have resulted in not only duplication of effort, but confusion and frustration for enrollees, particularly when case managers and care coordinators duplicate or contradict one another's efforts. For example, an FRCP coordinator told us that in one instance there were five case managers working on the same life insurance issue for an individual. In another example, an FRCP coordinator and an RCP coordinator were not aware the other was involved in coordinating care for the same servicemember and had unknowingly established conflicting recovery goals for this individual. In this case, a servicemember with multiple amputations was advised by his FRCP coordinator to separate from the military in order to receive needed services from VA, whereas his RCP coordinator set a goal of remaining on active duty. These conflicting goals caused considerable confusion for this servicemember and his family.

DOD and VA have been unsuccessful in jointly developing options for improved collaboration and potential integration of the FRCP and RCP care coordination programs, although they have made a number of attempts to do so. Despite the identification of various options, no final decisions to revamp, merge, or eliminate programs have been agreed upon.

[9]The Navy, Air Force, and Marine Corps have all implemented the RCP within their existing wounded warrior programs. The Army and the U.S. Special Operations Command provide services that meet the requirements of the RCP, although they did not specifically implement this program.

The need for better collaboration and integration extends beyond the FRCP and RCP to also encompass other DOD and VA case management programs, such as DOD's wounded warrior programs that also serve seriously and severely wounded, ill, and injured servicemembers and veterans. In October 2011, we recommended that the Secretaries of Defense and Veterans Affairs direct the co-chairs of the Senior Oversight Committee to expeditiously develop and implement a plan to strengthen functional integration across all DOD and VA care coordination and case management programs that serve recovering servicemembers, veterans, and their families, including—but not limited to—the FRCP and RCP.[10] DOD and VA provided technical comments on the report, but neither specifically commented on our recommendation. We plan to track the extent to which progress has been made to address our recommendation.

- *Information technology investment management*: OMB reported that in fiscal year 2011, there were approximately 7,200 information technology (IT) investments totaling at least $79 billion. OMB provides guidance to agencies on how to report on their IT investments and requires agencies to identify each investment by a single functional category and sub-category. These categorizations are intended to enable OMB and others to analyze investments with similar functions, as well as identify and analyze potentially duplicative investments across agencies. We found that DOD and the Department of Energy (DOE) need to address potentially duplicative IT investments to avoid investing in unnecessary systems.

  In February 2012, we completed a review that examined the 3 largest categories of IT investments within DOD, DOE, and the Department of Homeland Security (DHS) and found that although the departments use various investment review processes to identify duplicative investments, 37 of our sample of 810 investments were potentially duplicative at DOD and DOE.[11] These investments account for about $1.2 billion in IT spending for fiscal years 2007 through 2012 for these two agencies. We found that DOD and DOE had recently initiated specific plans to address

[10]GAO, *DOD and VA Health Care: Action Needed to Strengthen Integration across Care Coordination and Case Management Programs*, GAO-12-129T (Washington, D.C.: Oct. 6, 2011).

[11]GAO, *Information Technology: Departments of Defense and Energy Need to Address Potentially Duplicative Investments*, GAO-12-241 (Washington, D.C.: Feb. 17, 2012).

potential duplication in many of the investments we identified—such as plans to consolidate or eliminate systems—but these initiatives had not yet led to the consolidation or elimination of duplicative investments or functionality.

In addition, while we did not identify any potentially duplicative investments at DHS within our sample, DHS officials have independently identified several duplicative investments and systems. DHS has plans to further consolidate systems within these investments by 2014, which it expects to produce approximately $41 million in cost savings. DHS officials have also identified 38 additional systems that they have determined to be duplicative.

Further complicating agencies' ability to identify and eliminate duplicative investments is that investments are, in certain cases, misclassified by function. For example, one of DHS's Federal Emergency Management Agency (FEMA) investments was initially categorized within the Employee Performance Management sub-function, but DHS agreed that this investment should be assigned to the Human Resources Development sub-function. Proper categorization is necessary in order to analyze and identify duplicative IT investments, both within and across agencies.

In February 2012, we recommended that the Secretaries of DOD and DOE direct their Chief Information Officers to utilize existing transparency mechanisms to report on the results of their efforts to identify and eliminate, where appropriate, each potentially duplicative investment that we identified, as well as any other duplicative investments. The agencies agreed with our recommendation. We also recommended that DOD, DOE, and DHS correct the miscategorizations of the investments we identified and ensure that investments are correctly categorized in agency submissions, which would enhance the agencies' ability to identify opportunities to consolidate or eliminate duplicative investments. DOD and DHS agreed with our recommendation, but DOE disagreed that two of the four investments we identified were miscategorized, explaining that its categorizations reflect funding considerations. However, OMB guidance indicates that investments should be classified according to their intended purpose. Consequently, we believe the recommendation is warranted.

- *Department of Homeland Security grants*: From fiscal years 2002 through 2011, FEMA, under DHS, allocated about $20.3 billion to grant recipients through four specific programs (the State Homeland Security Program, Urban Areas Security Initiative, Port Security Grant Program, and Transit

Security Grant Program) to enhance the capacity of states, localities, and other entities, such as ports or transit agencies, to prevent, respond to, and recover from a terrorism incident. We found that DHS needs better project information and coordination to identify and mitigate potential unnecessary duplication among four overlapping grant programs.

In February 2012, we identified multiple factors that contributed to the risk of FEMA potentially funding unnecessarily duplicative projects across these four grant programs. These factors include overlap among grant recipients, goals, and geographic locations, combined with differing levels of information that FEMA had available regarding grant projects and recipients.[12] We also reported that FEMA lacked a process to coordinate application reviews across the four grant programs and grant applications were reviewed separately by program and were not compared across each other to determine where possible unnecessary duplication may occur. Specifically, FEMA's Homeland Security Grant Program branch administered the Urban Areas Security Initiative and State Homeland Security Program while the Transportation Infrastructure Security branch administered the Port Security Grant Program and Transit Security Grant Program. We and the DHS Inspector General have concluded that coordinating the review of grant projects internally would give FEMA more complete information about applications across the four grant programs, which could help FEMA identify and mitigate the risk of unnecessary duplication across grant applications.[13]

We also identified actions FEMA could take to identify and mitigate any unnecessary duplication in these programs, such as collecting more complete project information as well as exploring opportunities to enhance FEMA's internal coordination and administration of the programs. We suggested that Congress may wish to consider requiring DHS to report on the results of its efforts to identify and prevent duplication within and across the four grant programs, and consider these results when making future funding decisions for these programs.

[12]GAO, *Homeland Security: DHS Needs Better Project Information and Coordination among Four Overlapping Grant Programs*, GAO-12-303 (Washington, D.C.: Feb. 28, 2012).

[13]Department of Homeland Security Office of Inspector General, *Efficacy of DHS Grant Programs*, OIG-1069 (Washington, D.C.: Mar. 22, 2010).

- *Science, Technology, Engineering, and Math education programs*: Federal agencies obligated $3.1 billion in fiscal year 2010 on Science, Technology, Engineering, and Mathematics (STEM) education programs. These programs can serve an important role both by helping to prepare students and teachers for careers in STEM fields and by enhancing the nation's global competitiveness. In addition to the federal effort, state and local governments, universities and colleges, and the private sector have also developed programs that provide opportunities for students to pursue STEM education and occupations. Recently, both Congress and the administration have called for a more strategic and effective approach to the federal government's investment in STEM education. For example, Congress directed the Office of Science and Technology Policy, within the Executive Office of the President, to establish a committee under its component National Science and Technology Council to, among other things, develop a 5-year governmentwide STEM education strategic plan and identify areas of duplication among federal programs.[14] We found that strategic planning is needed to better manage overlapping programs across multiple agencies.

  In January 2012, we reported that 173 of the 209 (83 percent) STEM education programs administered by 13 federal agencies overlapped to some degree with at least 1 other program in that they offered similar services to target groups—such as K-12 students, postsecondary students, K-12 teachers, and college faculty and staff—to achieve similar objectives.[15] These overlapping programs largely resulted from federal efforts to both create and expand programs across many agencies in an effort to improve STEM education and increase the number of students going into related fields. Overlapping programs can lead to individuals and institutions being eligible for similar services in similar STEM fields offered through multiple programs. For example, 177 of the 209 programs (85 percent) were primarily intended to serve two or more target groups. Overlap can frustrate federal officials' efforts to administer programs in a comprehensive manner, limit the ability of decision makers to determine which programs are most cost-effective, and ultimately increase program administrative costs.

[14]Pub. L. No. 111-358, § 101, 124 Stat. 3982, 3984 (2011).

[15]GAO, *Science, Technology, Engineering, and Mathematics Education: Strategic Planning Needed to Better Manage Overlapping Programs across Multiple Agencies*, GAO-12-108 (Washington, D.C.: Jan. 20, 2012).

Even when programs overlap, the services they provide and the populations they serve may differ in meaningful ways and would therefore not necessarily be duplicative. There may be important differences between the specific STEM field of focus and the program's stated goals. For example, we identified 31 programs that provided scholarships or fellowships to doctoral students in the field of physics. However, one program's goal was to increase environmental literacy related to estuaries and coastal watersheds while another program focused on supporting education in nuclear science, engineering, and related trades. In addition, programs may be primarily intended to serve different specific populations within a given target group. Of the 34 programs providing services to K-12 students in the field of technology, 10 are primarily intended to serve specific underrepresented, minority, or disadvantaged groups and 2 are limited geographically to individual cities or universities.

However, little is known about the effectiveness of federal STEM education programs. Since 2005, when we first reported on this issue, we have found that the majority of programs have not conducted comprehensive evaluations of how well their programs are working. Agency and program officials would benefit from guidance and information sharing within and across agencies about what is working and how to best evaluate programs. This would not only help to improve individual program performance, but could also inform agency- and governmentwide decisions about which programs should continue to be funded. Furthermore, although the National Science and Technology Council is in the process of developing a governmentwide strategic plan for STEM education, we found that agencies have not used outcome measures for STEM programs in a way that is clearly reflected in their own performance plans and performance reports—key strategic planning documents. The absence of clear links between the programs and agencies' planning documents may hinder decision makers' ability to assess how agencies' STEM efforts contribute to agencywide performance goals and the overall federal STEM effort.

We reported in January 2012 that numerous opportunities exist to improve the planning for STEM programs. For example, we recommended that the National Science and Technology Council develop guidance for how agencies can better incorporate governmentwide STEM education strategic plan goals and their STEM education efforts into their respective performance plans and reports, as well as determining the types of evaluations that may be feasible and appropriate for different types of STEM education programs. We also recommended that the National Science and Technology Council work with agencies, through

the strategic planning process, to identify STEM education programs that might be candidates for consolidation or elimination. OMB stated that our recommendations are critical to improving the provision of STEM education across the federal government. In separate comments, the Office of Science and Technology Policy said its own analysis of STEM education programs identified no duplicative programs and where it identified overlapping programs it found that some program characteristics differed. As an illustration, the Office of Science and Technology Policy explained that there could be two STEM education programs, one that worked with inner city children in New York City and another with rural children in North Dakota. We agree that it may be important to serve both of these populations, but it is not clear that two separate administrative structures are necessary to ensure both populations are served. The Office of Science and Technology Policy said it would address our recommendations in the 5-year Federal STEM Education Strategic Plan, which will be released in spring 2012. Furthermore, the President's Fiscal Year 2013 budget established STEM education programs as one of fourteen cross-agency priority goals. These goals are intended to enhance progress in areas needing more cross-government collaboration.

- *Coordination of space system organizations*: U.S. government space systems—such as the Global Positioning System (GPS) and space-based weather systems—provide a wide range of capabilities to a large number of users, including the federal government, U.S. businesses and citizens, and other countries. Space systems are usually very expensive, often costing billions of dollars to acquire. More than $25 billion a year is appropriated to agencies for developing space systems. These systems typically take a long time to develop, and often consist of multiple components, including satellites, ground control stations, terminals, and user equipment. Moreover, the nation's satellites are put into orbit by rockets that can cost more than $100 million per launch. We have found that costs of space programs tend to increase significantly from initial cost estimates. A variety of agencies, such as the Federal Aviation Administration, the National Oceanic and Atmospheric Administration, and DHS rely on government space systems to execute their missions, but responsibilities for acquiring space systems are diffused across various DOD organizations as well as the intelligence community and the National Aeronautics and Space Administration. Fragmented leadership has led to program challenges and potential duplication in developing multi-billion dollar space systems. In some cases, problems with these systems have been so severe that acquisitions were either canceled or the needed capabilities were severely delayed.

Fragmented leadership and lack of a single authority in overseeing the acquisition of space programs have created challenges for optimally acquiring, developing, and deploying new space systems. This fragmentation is problematic not only because of a lack of coordination that has led to delays in fielding systems, but also because no one person or organization is held accountable for balancing governmentwide needs against wants, resolving conflicts and ensuring coordination among the many organizations involved with space acquisitions, and ensuring that resources are directed where they are most needed. For example, we reported in April 2009 that the coordination of GPS satellites and user equipment segments is not adequately synchronized due to funding shifts and diffuse leadership in the program, likely leading to numerous years of missed opportunities to utilize new capabilities.[16] DOD has taken some steps to better coordinate the GPS segments by creating the Space and Intelligence Office within the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics and conducting enterprise level reviews of the GPS program. However, DOD has not yet established a single authority responsible for ensuring that all GPS segments, including user equipment, are synchronized to the maximum extent practicable.

DOD has also undertaken a number of initiatives to improve leadership over defense space acquisitions, but these actions have not been in place long enough to determine whether acquisition outcomes will improve. Moreover, the initiatives do not extend to the space activities across the government. We and others, including the Commission to Assess United States National Security Space Management and Organization, have previously recommended a number of changes to the leadership of the space community and have consistently reported that a lack of strong, centralized leadership has led to inefficiencies and other problems. But the question as to what office or leadership structure above the department level would be effective and appropriate for coordinating all U.S. government space programs and setting priorities has not been addressed.

We have suggested that OMB work with the National Security Council to assess whether a governmentwide oversight body for space acquisitions is needed. OMB agreed that coordinating space activities across the U.S.

[16]GAO, *Global Positioning System: Significant Challenges in Sustaining and Upgrading Widely Used Capabilities*, GAO-09-325 (Washington, D.C.: Apr. 30, 2009).

government has been and continues to be a major challenge, but is concerned that our recommendation would add an extra layer of space bureaucracy on top of ongoing coordination efforts as well as additional costs and possible confusion regarding roles and authorities among the existing mechanisms. We believe that the recommendation is sufficiently flexible to allow for an implementation approach that would address these concerns.

- *Defense Language and Culture Training:* DOD has emphasized the importance of developing language skills and knowledge of foreign cultures within its forces to meet the needs of current and future military operations and it has invested millions of dollars to provide language and culture training to thousands of servicemembers, including those deploying to ongoing operations. For example, we estimated that DOD invested about $266 million for fiscal years 2005 through 2011 to provide general purpose forces with training support, such as classroom instruction, computer-based training, and training aids. We found that DOD has not developed an integrated approach to reduce fragmentation in the military services' language and culture training approaches and overlap in the content of training products acquired by the military services and other organizations.

  In May 2011, we reported that language and culture training within DOD is not provided through a single department- or servicewide program, but rather multiple DOD organizations oversee the development and acquisition of language and culture training and related products and deliver training.[17] We recommended that the Office of the Under Secretary of Defense for Personnel and Readiness establish internal mechanisms to assist the department in reaching consensus with the military services and other DOD entities on training priorities, synchronize the development of service- and departmentwide plans with the budget process, and guide efforts to monitor progress. DOD agreed with our recommendation.

  We also found that the military services have not fully coordinated efforts to develop and acquire language and culture training products. As a result, the services have acquired overlapping and potentially duplicative

[17]GAO, *Military Training: Additional Actions Needed to Improve Planning and Coordination of Army and Marine Corps Language and Culture Training*, GAO-11-456 (Washington, D.C.: May 26, 2011).

products, such as reference materials containing country- or region-specific cultural information and computer software or web-based training programs that can be used within a distributed learning training environment. To illustrate, we analyzed 18 DOD language and culture training products and found that the content overlapped to some extent with at least one other training product. For Afghan languages, DOD invested in at least five products that were intended to build basic foreign language skills or specific language skills needed to perform military tasks.

We suggested that the Office of the Under Secretary of Defense for Personnel and Readiness and the military services designate organizational responsibility and a supporting process to inventory and evaluate existing language and culture products and plans for additional investments, eliminate any unnecessary overlap and duplication, and adjust resources accordingly, as well as take steps to develop and contract for new products that can be used by more than one military service. DOD agreed that departmentwide coordination efforts could be improved and noted that our analysis would be useful in targeting specific areas for improvement.

- *Federal facility risk assessments*: Federal facilities continue to be vulnerable to terrorist attacks and other acts of violence, as evidenced by the 2010 attacks on the IRS building in Austin, Texas, and the federal courthouse in Las Vegas, Nevada, which resulted in loss of life. DHS's Federal Protective Service (FPS) is the primary federal agency responsible for providing physical security and law enforcement services—including conducting risk assessments—for the approximately 9,000 federal facilities under the control and custody of the General Services Administration. We found that agencies are making duplicate payments for facility risk assessments by completing their own assessments, while also paying DHS for assessments that the department is not performing.

  We reported in June 2008 and also have recently found that multiple federal agencies are expending additional resources to assess their own facilities; although, according to an FPS official, the agency received $236 million from federal agencies for risk assessments and other security

services in fiscal year 2011.[18] For example, an IRS official stated that IRS completed risk assessments based on concerns about risks unique to its mission for approximately 65 facilities that it also paid FPS to assess. Additionally, Environmental Protection Agency officials said that the agency has conducted its own assessments based on concerns with the quality and thoroughness of FPS's assessments. These assessments are conducted by teams of contractors and agency employees, cost an estimated $6,000, and can take a few days to a week to complete.

FPS's planned risk assessment tool is intended to provide FPS with the capability to assess risks at federal facilities based on threat, vulnerability, and consequence; and track countermeasures to mitigate those risks, but it is unclear if the tool will help minimize duplication. According to an official, FPS planned to use its Risk Assessment and Management Program to complete assessments of about 700 federal facilities in fiscal year 2010 and 2,500 facilities in fiscal year 2011. However, as we reported in July 2011, FPS experienced cost overruns, schedule delays, and operational issues with developing this program and as a result the agency could not use it to complete risk assessments.[19] We found that since November 2009, the agency has only completed four risk assessments using its Risk Assessment and Management Program.

We identified several steps that DHS could take to address duplication in FPS's risk assessments. For example, in July 2011 we recommended that DHS develop interim solutions for completing risk assessments while addressing challenges with the Risk Assessment and Management Program. In addition, in February 2012, we suggested DHS work with federal agencies to determine their reasons for duplicating the activities included in FPS's risk assessments and identify measures to reduce this duplication. DHS agreed with our July 2011 recommendation and has begun taking action to address it, but did not comment on the action we identified in February 2012.

[18]GAO, *Homeland Security: The Federal Protective Service Faces Several Challenges That Hamper Its Ability to Protect Federal Facilities*, GAO-08-683 (Washington, D.C.: June 11, 2008).

[19]GAO, *Federal Protective Service: Actions Needed to Resolve Delays and Inadequate Oversight Issues with FPS's Risk Assessment and Management Program*, GAO-11-705R (Washington, D.C.: July 15, 2011).

Our 2012 annual report also summarized 19 areas—beyond those directly related to duplication, overlap, or fragmentation—describing other opportunities for agencies or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collection for the Treasury. These cost saving and revenue-enhancing opportunities also span a wide range of federal government agencies and mission areas (see table 2).

Table 2: Cost-Saving or Revenue-Enhancing Opportunities Identified

Mission	Areas identified
Defense	33. **Air Force Food Service:** The Air Force has opportunities to achieve millions of dollars in cost savings annually by reviewing and renegotiating food service contracts, where appropriate, to better align with the needs of installations.
	34. **Defense Headquarters:** The Department of Defense should review and identify further opportunities for consolidating or reducing the size of headquarters organizations.
	35. **Defense Real Property:** Ensuring the receipt of fair market value for leasing underused real property and monitoring administrative costs could help the military services' enhanced use lease programs realize intended financial benefits.
	36. **Military Health Care Costs:** To help achieve significant projected cost savings and other performance goals, DOD needs to complete, implement, and monitor detailed plans for each of its approved health care initiatives.
	37. **Overseas Defense Posture:** The Department of Defense could reduce costs of its Pacific region presence by developing comprehensive cost information and re-examining alternatives to planned initiatives.
	38. **Navy's Information Technology Enterprise Network:** Better informed decisions are needed to ensure a more cost-effective acquisition approach for the Navy's Next Generation Enterprise Network.
Economic development	39. **Auto Recovery Office:** Unless the Secretary of Labor can demonstrate how the Auto Recovery Office has uniquely assisted auto communities, Congress may wish to consider prohibiting the Department of Labor from spending any of its appropriations on the Auto Recovery Office and instead require that the department direct the funds to other federal programs that provide funding directly to affected communities.
Energy	40. **Excess Uranium Inventories:** Marketing the Department of Energy's excess uranium could provide billions in revenue for the government.
General government	41. **General Services Administration Schedules Contracts Fee Rates:** Re-evaluating fee rates on the General Services Administration's Multiple Award Schedules contracts could result in significant cost savings governmentwide.
	42. **U.S. Currency:** Legislation replacing the $1 note with a $1 coin would provide a significant financial benefit to the government over time.
	43. **Federal User Fees:** Regularly reviewing federal user fees and charges can help the Congress and federal agencies identify opportunities to address inconsistent federal funding approaches and enhance user financing, thereby reducing reliance on general fund appropriations.
	44. **Internal Revenue Service Enforcement Efforts:** Enhancing the Internal Revenue Service's enforcement and service capabilities can help reduce the gap between taxes owed and paid by collecting billions in tax revenue and facilitating voluntary compliance.
Health	45. **Medicare Advantage Payment:** The Centers for Medicare and Medicaid Services could achieve billions of dollars in additional savings by better adjusting for differences between Medicare Advantage plans and traditional Medicare providers in the reporting of beneficiary diagnoses.

Mission	Areas identified
	46. **Medicare and Medicaid Fraud Detection Systems:** The Centers for Medicare and Medicaid Services needs to ensure widespread use of technology to help detect and recover billions of dollars of improper payments of claims and better position itself to determine and measure financial and other benefits of its systems.
Homeland security/Law enforcement	47. **Border Security:** Delaying proposed investments for future acquisitions of border surveillance technology until the Department of Homeland Security better defines and measures benefits and estimates life-cycle costs could help ensure the most effective use of future program funding.
	48. **Passenger Aviation Security Fees:** Options for adjusting the passenger aviation security fee could further offset billions of dollars in civil aviation security costs.
	49. **Immigration Inspection Fee:** The air passenger immigration inspection user fee should be reviewed and adjusted to fully recover the cost of the air passenger immigration inspection activities conducted by Department of Homeland Security's U.S. Immigration and Customs Enforcement and U.S. Customs and Border Protection rather than using general fund appropriations.
International affairs	50. **Iraq Security Funding:** When considering new funding requests to train and equip Iraqi security forces, Congress should consider the government of Iraq's financial resources, which afford it the ability to contribute more toward the cost of Iraq's security.
Social services	51. **Domestic Disaster Assistance:** The Federal Emergency Management Agency could reduce the costs to the federal government related to major disasters declared by the President by updating the principal indicator on which disaster funding decisions are based and better measuring a state's capacity to respond without federal assistance.

Source: GAO-12-342SP.

Examples of opportunities for agencies or Congress to consider taking action that could either reduce the cost of government operations or enhance revenue collections include:

- *Air Force food service*: According to Air Force officials, most Air Force installations have their own individual contracts for food service, with a total cost of approximately $150 million per year for all Air Force installations. We found that the Air Force has opportunities to reduce its overall food service costs by millions of dollars annually by reviewing food service contracts and adjusting them, when appropriate, to better meet the needs of its installations, including aligning labor needs with the actual number of meals served by the dining facilities.

  The Air Force recently undertook an initiative to improve food service at six pilot installations, with intentions to eventually expand this initiative to more Air Force installations. Among other intended outcomes, Air Force officials stated that the first group of pilot installations achieved cost savings when compared to their previous contracts while also increasing hours of operation in the dining facilities and serving an additional 500,000 meals per year. We compared the estimated amount of food service labor at the six pilot installations under prior contracts to the projected work schedules under the initiative and found that by adjusting

staffing levels for contractor staff at dining facilities, the contractor reduced the total number of labor hours at five of the six pilot installations by 53 percent. For example, at one installation, the number of estimated labor hours decreased from approximately 2,042 hours per week to 920. For the sixth installation where the labor hours did not decrease, the Air Force Audit Agency had recently conducted a review that found that the number of food service personnel did not align with workload estimates. As a result, the Air Force renegotiated its workload estimates and pay rates, resulting in savings of approximately $77,000 annually.

During our review, we discussed the potential opportunity for achieving additional savings by reviewing staffing levels at other installations outside of the initiative with Air Force officials. As a result, the Air Force issued a memorandum directing a review of existing food service contracts to determine if the contracts meet current mission needs. The memorandum indicated that special attention must be given to whether the food service contract workload estimates were properly aligned with the actual number of meals served. In July 2011, we recommended that the Secretary of the Air Force monitor the actions taken in response to the direction to review food service contracts, and take actions, as appropriate, to ensure that cost-savings measures are implemented.[20] According to Air Force officials, eight installations have recently reviewed and renegotiated their food service contracts for a total savings of over $2.5 million per year. The potential exists for other installations that rely on contracts to meet their food service needs to achieve similar financial benefits. For example, the Air Force has requested that each of its installations conduct a 100 percent review of existing food service contracts to determine if their current contract workload estimates meet current mission needs or if the contracts require modification. In addition, the Office of the Secretary of Defense planned to share the results of the Air Force's review of its food service labor costs to achieve cost savings with the other military services.

- *Navy information technology network*: In 2007, the Navy established the Next Generation Enterprise Network program (NGEN) to replace and improve the Navy Marine Corps Intranet. According to the President's fiscal year 2012 budget request, the NGEN program has spent about $434 million on work associated with the transition from the Navy Marine

[20]GAO, *Defense Management: Actions Needed to Improve Management of Air Force's Food Transformation Initiative*, GAO-11-676 (Washington, D.C.: July 26, 2011).

Corps Intranet. The Navy estimated that NGEN would cost approximately $50 billion to develop, operate, and maintain through fiscal year 2025. We found that better informed decisions were needed to ensure a more cost-effective acquisition approach for the Navy's NGEN program.

We reported in March 2011 that the Navy selected an approach that was not considered as part of its analysis of alternatives and that it estimated would cost at least $4.7 billion more than any of the four assessed alternatives.[21] In addition, we reported that the Navy's schedule for NGEN also did not provide a reliable basis for program execution because it did not adequately satisfy key schedule estimating best practices, such as establishing the critical path (the sequence of activities that, if delayed, impacts the planned completion date of the project) and assigning resources to all work activities. We also found that the Navy's acquisition decisions were not always performance- or risk-based. In particular, senior executives approved the NGEN program's continuing progress in the face of known performance shortfalls and risks.

To address these weaknesses, we recommended in March 2011 that the Navy limit further investment in NGEN until it conducts an immediate interim review to reconsider the selected acquisition approach. We also identified an additional action that the Navy could take to facilitate implementation of the approach resulting from this review by ensuring that the NGEN schedule reflects key schedule estimating practices and future program reviews and decisions fully reflect the program's performance and exposure to risk. DOD agreed with our recommendation to ensure that future NGEN acquisition reviews and decisions fully reflect the state of the program's performance and its exposure to risks. The department did not agree with our recommendation to reconsider its acquisition approach; however, the Navy is currently in the process of reviewing and making changes to the NGEN acquisition strategy. We are undertaking work that will assess the extent to which the Navy has conducted its interim review to reconsider its acquisition approach and evaluate the revised strategy.

- *DOD health care costs*: DOD spends billions of dollars annually on its worldwide healthcare system. Currently, health care costs constitute nearly

[21]GAO, *Information Technology: Better Informed Decision Making Needed on Navy's Next Generation Enterprise Network Acquisition*, GAO-11-150 (Washington, D.C.: Mar. 11, 2011).

10 percent of DOD's baseline budget request. For its fiscal year 2012 budget, according to DOD documentation, DOD received $52.7 billion[22] to provide health care to approximately 9.6 million active duty servicemembers, reservists, retirees, and their dependents. DOD recognizes that it must address the rate at which health care costs are rising and has stated that it intends to continue to develop health care initiatives that will improve the quality and standard of care, while reducing growth in overall costs.[23] Our ongoing work has found that DOD has identified 11 initiatives intended to slow the rise in its health care costs, but it has not fully applied results-oriented management practices to its efforts or an overall monitoring process, which limits its effectiveness in implementing these initiatives and achieving related cost savings goals.

DOD's initiatives consist primarily of changes to clinical and business practices in areas ranging from primary care to psychological health to purchased care reimbursement practices. Partly in response to our ongoing work assessing DOD's management of its initiatives, the department has taken some initial steps toward managing their implementation by developing a number of high-level, non-monetary metrics and corresponding goals for each strategic initiative, and other management tools, such as implementation plans that will include key elements such as investment costs and savings estimates. However, DOD currently has completed only one implementation plan, which contains the one available cost savings estimate among all the initiatives. Without completing its plans and incorporating elements such as problem definitions, resources needed, goals, performance measures, and cost estimates into them, DOD will not be fully aware if these initiatives are achieving projected cost savings and other performance goals.

In addition, DOD has not completed the implementation of an overall monitoring process across its portfolio of initiatives for overseeing the initiatives' progress or identified accountable officials and their roles and responsibilities for all of its initiatives. DOD's 2007 *Task Force on the Future of Military Health Care* noted that the current Military Health

[22]DOD's fiscal year 2012 budget of $52.7 billion for its Unified Medical Budget includes $32.5 billion for the Defense Health Program, $8.3 billion for military personnel, $1.1 billion for military construction, and $10.8 billion for the Medicare Eligible Retiree Health Care Fund. The total excludes overseas contingency operations funds and other transfers.

[23]DOD, *Quadrennial Defense Review Report*, February 2010.

System does not function as a fully integrated health care system.[24] For example, while the Assistant Secretary of Defense for Health Affairs controls the Defense Health Program budget, the services directly supervise their medical personnel and manage their military treatment facilities. Therefore, as Military Health System leaders develop and implement their plans to control rising health care costs, they will need to work across multiple authorities and areas of responsibility. Until DOD fully implements a military-wide mechanism to monitor progress and identify accountable officials, including their roles and responsibilities across its portfolio of initiatives, DOD may be hindered in its ability to achieve a more cost-efficient military health system.

In order to enhance its efforts to manage rising health care costs and demonstrate sustained leadership commitment for achieving the performance goals of the Military Health System's strategic initiatives, we plan to recommend as part of our ongoing work that DOD complete and fully implement detailed implementation plans for each of the approved health care initiatives in a manner consistent with results-oriented management practices, such as the inclusion of upfront investment costs and cost savings estimates; and complete the implementation of an overall monitoring process across its portfolio of initiatives for overseeing the initiatives' progress and identifying accountable officials and their roles and responsibilities for all of its initiatives. We believe that DOD may realize projected cost savings and other performance goals by taking these actions to help ensure the successful implementation of its cost savings initiatives. Given that DOD identified these initiatives as steps to slow the rapidly growing costs of its medical program, if implemented these initiatives could potentially save DOD millions of dollars. DOD generally agreed with our planned recommendations.

- *Excess uranium inventories*: DOE maintains large inventories of depleted and natural uranium that it no longer requires for nuclear weapons or fuel for naval nuclear propulsion reactors. We reported in March and April 2008 and again in June 2011 that under certain conditions, the federal

[24]Defense Health Board, *Task Force on the Future of Military Health Care*, December 2007.

government could generate billions of dollars by marketing inventories of excess uranium to commercial power plants to use in their reactors.[25]

Specifically, we identified options that DOE could take to market the excess uranium inventories for commercial use. For example, DOE could contract to re-enrich inventories of depleted uranium hexafluoride (a by-product of the uranium enrichment process), consisting of hundreds of thousands of metric tons of material that are stored at DOE's uranium enrichment plants. Although DOE would have to pay for processing, the resulting re-enriched uranium could be potentially sold if the sales price of the uranium exceeded processing costs. DOE could also pursue an option of selling the depleted uranium inventory "as-is". This approach would require DOE to obtain the appropriate statutory authority to sell depleted uranium in its current unprocessed form. Firms such as nuclear power utilities and enrichment companies might find it cost effective to purchase the uranium and re-enrich it as a source of nuclear fuel.

If executed in accordance with federal law, DOE sales of natural uranium could generate additional revenue for the government. Natural uranium on its own cannot fuel nuclear reactors and weapons. Rather, it is shipped to a conversion facility, where it is converted for the enrichment process. We reported in September 2011 that in 7 transactions executed since 2009 DOE has, in effect, sold nearly 1,900 metric tons of natural uranium into the market, using a contractor as a sales agent, to fund environmental cleanup services.[26] DOE characterized these sales as barter transactions—exchanges of services (environmental cleanup work) for materials (uranium). While DOE received no cash directly from the transactions, it allowed its contractor to keep cash from the sales, which DOE would otherwise have owed to the United States Treasury. Because federal law requires an official or agent of the government receiving money for the government from any source to deposit the money in the

[25]See GAO, *Nuclear Material: DOE Has Several Potential Options for Dealing with Depleted Uranium Tails, Each of Which Could Benefit the Government*, GAO-08-606R (Washington, D.C.: Mar. 31, 2008); *Nuclear Material: Several Potential Options for Dealing with DOE's Depleted Uranium Tails Could Benefit the Government*, GAO-08-613T (Washington, D.C.: Apr. 3, 2008); and *Nuclear Material: DOE's Depleted Uranium Tails Could Be a Source of Revenue for the Government*, GAO-11-752T (Washington, D.C.: June 13, 2011).

[26]GAO, *Excess Uranium Inventories: Clarifying DOE's Disposition Options Could Help Avoid Further Legal Violations*, GAO-11-846 (Washington, D.C.: Sept. 26, 2011).

Treasury, we found that these transactions violated the miscellaneous receipts statute.

We have reported that congressional action may be needed to overcome legal obstacles to the pursuit of certain options for the sale of depleted and natural uranium. Specifically, our March 2008 report suggested that Congress may wish to explicitly provide direction about whether and how DOE may sell or transfer depleted uranium in its current form. Our September 2011 report suggested that if Congress sees merit in using the proceeds from the barter, transfer, or sale of federal uranium assets to pay for environmental cleanup work, it could consider providing DOE with explicit authority to barter excess uranium and to retain the proceeds from these transactions. We also suggested that Congress could direct DOE to sell uranium for cash and make those proceeds available by appropriation for environmental cleanup work.

Congress has taken some actions in response to our work. For example, the Consolidated Appropriations Act, 2012, among other things, requires the Secretary of Energy to provide congressional appropriations committees with information on the transfer, sale, barter, distribution, or other provision of uranium in any form and an estimate of the uranium value along with the expected recipient of the material. The Consolidated Appropriations Act, 2012 also requires the Secretary to submit a report evaluating the economic feasibility of re-enriching depleted uranium.

- *Medicare and Medicaid fraud detection systems*: We have designated Medicare and Medicaid as high-risk programs, in part due to their susceptibility to improper payments—estimated to be about $65 billion in fiscal year 2011. To integrate data about all types of Medicare and Medicaid claims and improve its ability to detect fraud, waste, and abuse in these programs, the Centers for Medicare and Medicaid Services (CMS) initiated two information technology programs—the Integrated Data Repository, which is intended to provide a centralized repository of claims data for all Medicare and Medicaid programs, and One Program Integrity, a set of tools that enables CMS contractors and staff to access and analyze data retrieved from the repository. According to CMS officials, the systems are expected to provide financial benefits of more than $21 billion by the end of fiscal year 2015. We found that CMS needs to ensure widespread use of technology to help detect and recover billions of dollars of improper payments of claims and better position itself to determine and measure financial and other benefits of its systems.

We reported in June 2011 that CMS had developed and begun using both systems, but was not yet positioned to identify, measure, or track benefits realized from these programs.[27] For example, although in use since 2006, the Integrated Data Repository did not have Medicaid claims data or information from other CMS systems that store and process data related to the entry, correction, and adjustment of claims due to funding and other technical issues. These data are needed to help analysts prevent improper payments. Program officials told us that they had begun incorporating these data in September 2011 and planned to make them available to program integrity analysts in spring 2012. Regarding Medicaid data, agency officials stated that they did not account for difficulties associated with integrating data from the various types and formats of data stored in disparate state systems or develop reliable schedules for its efforts to incorporate these data. In particular, program officials did not consider certain risks and obstacles, such as technical challenges, as they developed schedules for implementing the Integrated Data Repository. Lacking reliable schedules, CMS may face additional delays in making available all the data that are needed to support enhanced program integrity efforts.

In addition, CMS had not trained its broad community of analysts to use the One Program Integrity system because of delays introduced by a redesign of initial training plans that were found to be insufficient. Specifically, program officials planned for 639 analysts to be using the system by the end of fiscal year 2010; however only 41—less than 7 percent—were actively using it as of October 2010. Because of these delays, the initial use of the system was limited to a small number of CMS staff and contractors. In updating the status of the training efforts in November 2011, although we did not validate these data, CMS officials reported that a total of 215 program integrity analysts had been trained and were using the system. However, program officials had not finalized plans and schedules for training all intended users.

In June 2011, we recommended that CMS take a number of actions to help ensure the program's success toward achieving the billions of dollars in financial benefits that program integrity officials projected, such as

[27]GAO, *Fraud Detection Systems: Centers for Medicare and Medicaid Services Needs to Ensure More Widespread Use*, GAO-11-475 (Washington, D.C.: June 30, 2011).

finalizing plans and reliable schedules for incorporating additional data into the Integrated Data Repository and conducting training for all analysts who are intended to use the One Program Integrity system. CMS agreed with our recommendations and identified steps the agency is taking to implement them. We plan to conduct additional work to determine whether CMS has addressed our recommendations and identified financial benefits and progress toward meeting agency goals resulting from the implementation of its fraud detection systems.

- *Medicare Advantage*: In fiscal year 2010, the federal government spent about $113 billion on the Medicare Advantage program, a private plan alternative to the original Medicare program that covers about a quarter of Medicare beneficiaries. CMS, the agency that administers Medicare, adjusts payments to Medicare Advantage plans based on the health status of each plan's enrollees. The agency could achieve billions of dollars in additional savings by better adjusting for differences between Medicare Advantage plans and traditional Medicare providers in the reporting of beneficiary diagnoses.

  CMS calculates a risk score for every beneficiary—a relative measure of health status—which is based on a beneficiary's demographic characteristics, such as age and gender, and major medical conditions. To obtain information on the medical conditions of beneficiaries in traditional Medicare, CMS generally analyzes diagnoses—numerically coded by providers into Medicare defined categories—on the claims that providers submit for payment. For beneficiaries enrolled in Medicare Advantage plans, which do not submit claims, CMS requires plans to submit diagnostic codes for each beneficiary. Analysis has shown that risk scores are higher for Medicare Advantage beneficiaries than for beneficiaries in traditional Medicare with the same characteristics.

  Medicare Advantage plans have a financial incentive to ensure that all relevant diagnoses are coded, as this can increase beneficiaries' risk scores and, ultimately, payments to the plans. Many traditional Medicare providers are paid for services rendered, and providers have less incentive to code all relevant diagnoses. Policymakers have expressed concern that risk scores for Medicare Advantage beneficiaries have grown at a faster rate than those for traditional Medicare, in part because of differences in coding diagnoses. In 2005, Congress directed CMS to analyze and adjust risk scores for differences in coding practices, and in 2010, CMS estimated that 3.41 percent of Medicare Advantage risk scores were due to differences in diagnostic coding practices. It reduced the scores by an equal percentage, thereby saving $2.7 billion.

We identified shortcomings in CMS's method for adjusting Medicare Advantage payments to reflect differences in diagnostic coding practices between Medicare Advantage and traditional Medicare. CMS did not use the most recent risk score data for its estimates; account for the increasing annual impact of coding differences over time; or account for beneficiary characteristics beyond differences in age and mortality between the Medicare Advantage and traditional Medicare populations, such as sex, Medicaid enrollment status, and beneficiary residential location. We estimated that a revised methodology that addressed these shortcomings could have saved Medicare between $1.2 billion and $3.1 billion in 2010 in addition to the $2.7 billion in savings that CMS's 3.41 percent adjustment produced. We expect that savings in future years will be greater. In January 2012, we recommended that CMS take action to help ensure appropriate payments to Medicare Advantage plans and improve the accuracy of the adjustment made for differences in coding practices over time.[28] The Department of Health and Human Services characterized our results as similar to those obtained by CMS.

- *User fees*: User fees assign part or all of the costs of federal programs and activities—the cost of providing a benefit that is above and beyond what is normally available to the general public—to readily identifiable users of those programs and activities. Regularly reviewing federal user fees and charges can help the Congress and federal agencies identify opportunities to address inconsistent federal funding approaches and enhance user financing, thereby reducing reliance on general fund appropriations.

  The Chief Financial Officers Act of 1990 (CFO Act) requires agencies to biennially review their fees and to recommend fee adjustments, as appropriate; additionally, OMB Circulars No. A-11 and No. A-25 direct agencies to discuss the results of these reviews and any resulting proposals, such as adjustments to fee rates, in the CFO annual report required by the CFO Act.[29] In 2011, we surveyed the 24 agencies covered by the CFO Act on their review of user fees. 21 of the 23 agencies that responded reported charging more than 3,600 fees and

[28]GAO, *Medicare Advantage: CMS Should Improve the Accuracy of Risk Score Adjustments for Diagnostic Coding Practices*, GAO-12-51 (Washington, D.C.: Jan. 12, 2012).

[29]Pub. L. No. 101-576 (1990).

collecting nearly $64 billion in fiscal year 2010, but agency responses indicated varying levels of adherence to the biennial review and reporting requirements. The survey responses indicated that for most fees, agencies (1) had not discussed fee review results in annual reports, and (2) had not reviewed the fees and were inconsistent in their ability to provide fee review documentation.

We found specific examples where a comprehensive review of user fees could lead to cost savings or enhanced revenues for the government. For example, reviewing and adjusting as needed the air passenger immigration inspection user fee to fully recover the cost of the air passenger immigration inspection activities could reduce general fund appropriations for those activities. International air passengers arriving in the United States are subject to an immigration inspection to ensure that they have legal entry and immigration documents. International air passengers pay the immigration inspection fee when they purchase their airline tickets, but the rate has not been adjusted since fiscal year 2002. In recent years, U.S. Immigration and Customs Enforcement and U.S. Customs and Border Protection, the agencies responsible for conducting inspection activities, have relied on general fund appropriations to help fund activities for which these agencies have statutory authority to fund with user fees. In fiscal year 2010, this amounted to over $120 million for the U.S. Customs and Border Protection alone. In September 2007, we recommended that the Secretary of Homeland Security report immigration inspection activity costs to ensure fees are divided between U.S. Immigration and Customs Enforcement and U.S. Customs and Border Protection according to their respective immigration inspection activity costs and to develop a legislative proposal to adjust the air passenger immigration inspection fee if it was found to not recover the costs of inspection activities. DHS agreed with our recommendations, but some of the recommendations remain unimplemented.[30] In February 2012, we suggested that Congress may wish to require the Secretary of Homeland Security to fully implement these recommendations which would serve to help to better align air passenger immigration inspection fee revenue with the costs of providing these services and achieve cost savings by reducing the reliance on general fund appropriations.

[30]GAO, *Federal User Fees: Key Aspects of International Air Passenger Inspection Fees Should Be Addressed Regardless of Whether Fees Are Consolidated*, GAO-07-1131 (Washington, D.C.: Sept. 24, 2007).

Similarly, we identified options for adjusting the passenger aviation security fee, a uniform fee on passengers of U.S. and foreign air carriers originating at airports in the United States. Passenger aviation security fees collected offset amounts appropriated to the Transportation Security Administration for aviation security. In recent years, several options have been considered for increasing the passenger aviation security fee. However, the fee has not been increased since it was imposed in February 2002. We suggested that Congress may wish to consider increasing the passenger security fee. Such an increase could further offset the need for appropriated funds to support civil aviation security costs from about $2 billion to $10 billion over 5 years.

- *Tax gap*: The financing of the federal government depends largely on the IRS's ability to collect federal taxes every year, which totaled $2.34 trillion in 2010. For the most part, taxpayers voluntarily report and pay their taxes on time. However the size and persistence of the tax gap—estimated in 2012 for the 2006 tax year to be a $385 billion difference between the taxes owed and taxes IRS ultimately collected for that year—highlight the need to make progress in improving compliance by those taxpayers who do not voluntarily pay what they owe. Given that tax noncompliance ranges from simple math errors to willful tax evasion, no single approach is likely to fully and cost-effectively address the tax gap. A multifaceted approach to improving compliance that includes enhancing IRS's enforcement and service capabilities can help reduce the tax gap.

  One approach we have identified is the expansion of third-party information reporting, which improves taxpayer compliance and enhances IRS's enforcement capabilities. The tax gap is due predominantly to taxpayer underreporting and underpayment of taxes owed. At the same time, taxpayers are much more likely to report their income accurately when the income is also reported to IRS by a third party. By matching information received from third-party payers with what payees report on their tax returns, IRS can detect income underreporting, including the failure to file a tax return. Expanding information reporting to cover payments for services by all owners of rental real estate and to cover payments to corporations for services would improve payee compliance. The Joint Committee on Taxation estimated revenue increases of $5.9 billion over a 10-year period for just these two expansions.

Status of Actions Taken to Address the Areas Identified in 2011 Annual Report

In our 2011 annual report, we suggested a wide range of actions for the Congress and the executive branch to consider such as developing strategies to better coordinate fragmented efforts, implementing executive initiatives to improve oversight and evaluation of overlapping programs, considering enactment of legislation to facilitate revenue collection and examining opportunities to eliminate potential duplication through streamlining, collocating, or consolidating efforts or administrative services.

Our assessment of progress made as of February 10, 2012, found that 4 (or 5 percent) of the 81 areas GAO identified were addressed; 60 (or 74 percent) were partially addressed; and 17 (or 21 percent) were not addressed. Appendix I presents GAO's assessment of the overall progress made in each area. We applied the following criteria in making these overall assessments for the 81 areas. We determined that an area was:

- "addressed" if all actions needed in that area were addressed;
- "partially addressed" if at least one action needed in that area showed some progress toward implementation, but not all actions were addressed; and
- "not addressed" if none of the actions in that area were addressed.

As of February 10, 2012, the majority of 176 actions needed within the 81 areas identified by GAO have been partially addressed. Specifically, 23 (or 13 percent) were addressed;[31] 99 (or 56 percent) were partially addressed; 54 (or 31 percent) were not addressed. We applied the following criteria in making these assessments.

[31]In one instance, the legislative action needed required Congress to consider several options, including allowing a tax credit to expire. Thus, because Congress did not renew the provision, the action was considered addressed.

For legislative branch actions:

- "addressed," means relevant legislation is enacted and addresses all aspects of the action needed;[32]
- "partially addressed," means a relevant bill has passed a committee, the House or Senate, or relevant legislation has been enacted, but only addressed part of the action needed; and
- "not addressed," means a bill may have been introduced, but did not pass out of a committee, or no relevant legislation has been introduced.

For executive branch actions:

- "addressed," means implementation of the action needed has been completed.
- "partially addressed," means the action needed is in development; started but not yet completed; and
- "not addressed," means the administration and/or agencies have made minimal or no progress toward implementing the action needed.

In addition to the actions reported above, Congress has held a number of hearings and OMB has provided guidance to executive branch agencies on areas that we identified that could benefit from increased attention and ongoing oversight. Since the issuance of our March 2011 report, we have testified numerous times on our first annual report and on specific issues highlighted in the report.

[32]In situations where the action we identified as needed suggested that Congress should let a provision expire, we classified it as "addressed" if Congress permitted such expiration to happen.

GPRA Modernization Act Provides Opportunities to Address Duplication, Overlap, and Fragmentation

Many federal efforts, including those related to protecting food and agriculture, providing homeland security, and ensuring a well trained and educated workforce, transcend more than one agency, yet agencies face a range of challenges and barriers when they attempt to work collaboratively. Both Congress and the executive branch have recognized this, and in January 2011, the GPRA Modernization Act of 2010 (the Act) was enacted, updating the almost two-decades-old Government Performance and Results Act. The Act establishes a new framework aimed at taking a more crosscutting and integrated approach to focusing on results and improving government performance. Effective implementation of the Act could play an important role in clarifying desired outcomes, addressing program performance spanning multiple organizations, and facilitating future actions to reduce unnecessary duplication, overlap, and fragmentation.

The Act requires OMB to coordinate with agencies to establish outcome-oriented goals covering a limited number of crosscutting policy areas as well as goals to improve management across the federal government, and to develop a governmentwide performance plan for making progress toward achieving those goals. The performance plan is to, among other things, identify the agencies and federal activities—including spending programs, tax expenditures, and regulations—that contribute to each goal, and establish performance indicators to measure overall progress toward these goals as well as the individual contribution of the underlying agencies and federal activities. The President's budget for fiscal year 2013 includes 14 such crosscutting goals. Aspects of several of these goals—including Science, Technology, Engineering, and Math Education, Entrepreneurship and Small Businesses, Job Training, Cybersecurity, Information Technology Management, Procurement and Acquisition Management, and Real Property Management—are discussed in our 2011 or 2012 annual report. The Act also requires similar information at the agency level. Each agency is to identify the various federal organizations and activities—both within and external to the agency—that contribute to its goals, and describe how the agency is working with other agencies to achieve its goals as well as any relevant crosscutting goals. OMB officials stated that their approach to responding to this requirement will address fragmentation among federal programs.

GAO's Approach to Identifying Potential Areas for Examination

The areas identified in our annual reports are not intended to represent the full universe of duplication, overlap, or fragmentation within the federal government, but we have conducted a systematic examination across the federal government to ensure that we have identified major instances of potential duplication, overlap, and fragmentation governmentwide by the time we issue our third annual report in 2013.

Our examination involved a multiphased approach. First, to identify potential areas of overlap, we examined the major budget functions and sub-functions of the federal government as identified by OMB.[33] This was particularly helpful in identifying issue areas involving multiple government agencies. Second, our subject matter experts examined key missions and functions of federal agencies—or organizations within large agencies—using key agency documents, such as strategic plans, agency organizational charts, and mission and function documents. This further enabled us to identify areas where multiple agencies have similar goals, or where multiple organizations within federal agencies are involved in similar activities. Next, we canvassed a wide range of published sources—such as congressional hearings and reports by the Congressional Budget Office, OMB, various government audit agencies, and private think tanks—that addressed potential issues of duplication, overlap, and fragmentation. We have work under way or planned in the coming year to evaluate major instances of duplication, overlap, or fragmentation that we have not yet covered in our first two annual reports.

Identifying, preventing, and addressing unnecessary duplication, overlap, and fragmentation within the federal government is clearly challenging. These are difficult issues to address because they may require agencies and Congress to re-examine within and across various mission areas the fundamental structure, operation, funding, and performance of a number of long-standing federal programs or activities with entrenched constituencies. Implementing the Act—such as its emphasis on establishing priority outcome-oriented goals, including those covering crosscutting policy areas—could play an important role in clarifying desired outcomes, addressing program performance spanning multiple organizations, and facilitating future actions to reduce unnecessary

[33]The federal budget is divided into 18 broad areas (functions). Each function, in turn, is divided into basic groupings of programs, called sub-functions.

duplication, overlap, and fragmentation. Continued oversight by Congress and OMB will also be critical.

In conclusion Mr. Chairman, Ranking Member Cummings, and Members of the Committee, opportunities exist for the Congress and federal agencies to continue to address the identified actions needed in our 2011 and 2012 annual reports. Collectively, these reports show that, if the actions are implemented, the government could potentially save tens of billions of dollars annually. A number of the issues are difficult to address and implementing many of the actions identified will take time and sustained leadership. This concludes my prepared statement. I would be pleased to answer any questions you may have. Thank you.

For further information on this testimony or our February 28, 2012, reports, please contact Janet St. Laurent, Managing Director, Defense Capabilities and Management, who may be reached at (202) 512-4300, or StLaurentJ@gao.gov; and Zina Merritt, Director, Defense Capabilities and Management, who may be reached at (202) 512-4300, or MerrittZ@gao.gov. Specific questions about individual issues may be directed to the area contact listed at the end of each area summary in the reports. Contact points for our Congressional Relations and Public Affairs offices may be found on the last page of this statement.

Appendix I: Overall Progress Made in Each of the 81 Areas Identified in GAO's 2011 Annual Report

This appendix presents a summary of GAO's assessment of the overall progress made in each of the 81 areas that we identified in our March 2011 report[1] in which the Congress and the executive branch could take actions to reduce or eliminate potential duplication, overlap, and fragmentation or achieve other potential financial benefits. For each of the 34 areas related to duplication, overlap, or fragmentation that GAO identified, table 3 presents GAO's assessment of the overall progress made in implementing the actions needed in that area. For each of the 47 areas where GAO identified cost saving or revenue enhancement opportunities, table 4 presents GAO's assessment of the overall progress made in implementing the actions GAO identified.

Table 3: Overall Progress Made in Each of the GAO Identified Areas of Potential Duplication, Overlap, and Fragmentation, as of February 10, 2012

Mission	Areas identified	Assessment
Agriculture	1. Fragmented **food safety** system has caused inconsistent oversight, ineffective coordination, and inefficient use of resources	◐
Defense	2. Realigning **DOD's military medical command** structures and consolidating common functions could increase efficiency and result in projected savings ranging from $281 million to $460 million annually	◐
	3. Opportunities exist for consolidation and increased efficiencies to maximize response to **warfighter urgent needs**	◐
	4. Opportunities exist to avoid unnecessary redundancies and improve the coordination of **counter-improvised explosive device efforts**	◐
	5. Opportunities exist to avoid unnecessary redundancies and maximize the efficient use of **intelligence, surveillance,** and **reconnaissance** capabilities	◐
	6. A departmentwide acquisition strategy could reduce DOD's risk of costly duplication in purchasing **Tactical Wheeled Vehicles**	◐
	7. Improved joint oversight of DOD's **prepositioning programs** for equipment and supplies may reduce unnecessary duplication	◐
	8. **DOD's business systems** modernization: opportunities exist for optimizing business operations and systems	◐

[1]GAO, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

Mission	Areas identified	Assessment
Economic development	9. The efficiency and effectiveness of fragmented **economic development programs** are unclear	◐
	10. The federal approach to **surface transportation** is fragmented, lacks clear goals, and is not accountable for results	◐
	11. Fragmented federal efforts to meet **water needs** in the **U.S.-Mexico border region** have resulted in an administrative burden, redundant activities, and an overall inefficient use of resources	○
Energy	12. Resolving conflicting requirements could more effectively achieve **federal fleet energy goals**	○
	13. Addressing duplicative federal efforts directed at increasing **domestic ethanol production** could reduce revenue losses by more than $5.7 billion annually	●
General government	14. **Enterprise architectures:** key mechanisms for identifying potential overlap and duplication	◐
	15. Consolidating **federal data** centers provides opportunity to improve government efficiency	◐
	16. Collecting improved data on **interagency contracting** to minimize duplication could help the government leverage its vast buying power	◐
	17. Periodic reviews could help identify ineffective **tax expenditures** and redundancies in related tax and spending programs, potentially reducing revenue losses by billions of dollars	○
Health	18. Opportunities exist for **DOD** and **VA** to jointly modernize their **electronic health record systems**	◐
	19. **VA** and **DOD** need to control **drug** costs and increase **joint contracting** wherever it is cost-effective	◐
	20. The Department of Health and Human Services needs an overall strategy to better integrate nationwide **public health information** systems	○
Homeland security/ Law enforcement	21. Strategic oversight mechanisms could help integrate fragmented interagency efforts to defend against **biological threats**	◐
	22. DHS oversight could help eliminate potential duplicating efforts of interagency forums in **securing** the **northern border**	○
	23. The Department of Justice plans actions to reduce overlap in **explosives investigations**, but monitoring is needed to ensure successful implementation	●
	24. **The Transportation Security Administration's (TSA) security assessments** on commercial trucking companies overlap with those of another agency, but efforts are under way to address the overlap	◐

Mission	Areas identified	Assessment
	25. DHS could streamline mechanisms for **sharing security-related information** with **public transit agencies** to help address overlapping information	◐
	26. **FEMA** needs to improve its oversight of **grants** and establish a framework for assessing capabilities to identify gaps and prioritize investments	◐
International affairs	27. Lack of information sharing could create the potential for duplication of efforts between U.S. agencies involved in **development efforts** in **Afghanistan**	◐
	28. Despite restructuring, overlapping roles and functions still exist at the Department of State's **Arms Control** and **Nonproliferation Bureaus**	●
Social services	29. Actions needed to reduce administrative overlap among **domestic food assistance** programs	○
	30. Better coordination of federal **homelessness** programs may minimize fragmentation and overlap	◐
	31. Further steps needed to improve cost-effectiveness and enhance services for **transportation-disadvantaged** persons	◐
Training, employment, and education	32. Multiple **employment** and **training** programs: providing information on collocating services and consolidating administrative structures could promote efficiencies	◐
	33. **Teacher quality**: proliferation of programs complicates federal efforts to invest dollars effectively	◐
	34. Fragmentation of **financial literacy** efforts makes coordination essential	◐

Legend:

● = Addressed, meaning all actions needed in that area were addressed.

◐= Partially addressed, meaning at least one action needed in that area showed some progress toward implementation, but not all actions were addressed.

○ = Not addressed, meaning none of the actions needed in that area were addressed.

Source: GAO analysis.

As noted above, table 4 presents GAO's assessment of the overall progress made in addressing the 47 cost-saving and revenue-enhancing areas.

Table 4: Overall Progress Made to Address GAO-Identified Cost-Saving and Revenue-Enhancing Areas, as of February 10, 2012

Mission	Areas identified	Assessment
Agriculture	35. Reducing some **farm program payments** could result in savings from $800 million over 10 years to up to $5 billion annually	○
Defense	36. DOD should assess costs and benefits of **overseas military presence** options before committing to costly personnel realignments and construction plans, thereby possibly saving billions of dollars	◐
	37. Total compensation approach is needed to manage significant growth in **military personnel costs**	◐
	38. Employing best management practices could help DOD save money on its **weapon systems acquisition programs**	◐
	39. More efficient management could limit future costs of **DOD's spare parts** inventory	◐
	40. More comprehensive and complete cost data can help DOD improve the cost-effectiveness of **sustaining weapon systems**	◐
	41. Improved **corrosion prevention** and control practices could help DOD avoid billions in unnecessary costs over time	◐
Economic development	42. Revising the **essential air service** program could improve efficiency	◐
	43. Improved design and management of the **universal service fund** as it expands to support broadband could help avoid cost increases for consumers	◐
	44. The **Corps of Engineers** should provide Congress with project-level information on **unobligated balances**	◐
Energy	45. Improved management of federal **oil and gas resources** could result in approximately $1.8 billion over 10 years[a]	◐
General government	46. Efforts to address **governmentwide improper payments** could result in significant cost savings	◐
	47. Promoting **competition for** the over $500 billion in **federal contracts** could potentially save billions of dollars over time	◐
	48. Applying **strategic sourcing** best practices throughout the federal procurement system could saves billions of dollars annually	◐
	49. Adherence to new guidance on **award fee contracts** could improve agencies' use of award fees to produce savings	◐
	50. Agencies could realize cost savings of at least $3 billion by continued disposal of **unneeded federal real property**	◐
	51. Improved cost analyses used for making **federal facility ownership** and **leasing** decisions could save tens of millions of dollars	◐
	52. OMB's **IT Dashboard** reportedly has already resulted in $3 billion in savings and can further help identify opportunities to invest more efficiently in information technology	◐
	53. Increasing **electronic filing** of individual income **tax returns** could reduce IRS's processing costs and increase revenues by hundreds of millions of dollars	◐
	54. Using **return on investment** information to better target IRS enforcement could reduce the tax gap; for example, a 1 percent reduction would increase tax revenues by $3.8 billion[b]	◐

Mission	Areas identified	Assessment
	55. Better management of **tax debt collection** may resolve cases faster with lower IRS costs and increase debt collected	◐
	56. Broadening IRS's authority to correct **simple tax return errors** could facilitate correct tax payments and help IRS avoid costly, burdensome audits	○
	57. Enhancing **mortgage interest information** reporting could improve tax compliance	○
	58. More information on the types and uses of canceled debt could help IRS limit revenue losses of **forgiven mortgage debt**	◐
	59. Better information and outreach could help increase revenues by tens or hundreds of millions of dollars annually by addressing overstated **real estate tax deductions**	◐
	60. Revisions to content and use of **Form 1098-T** could help IRS enforce higher education requirements and increase revenues	◐
	61. Many options could improve the tax compliance of **sole proprietors** and begin to reduce their $68 billion portion of the tax gap	○
	62. IRS could find additional **businesses not filing tax returns** by using third-party data, which show such businesses have billions of dollars in sales	◐
	63. Congress and IRS can help **S corporations** and their shareholders be more tax compliant, potentially increasing tax revenues by hundreds of millions of dollars each year	◐
	64. IRS needs an agencywide approach for addressing tax evasion among the at least 1 million **networks of businesses** and related entities	◐
	65. Opportunities exist to improve the targeting of the $6 billion **research tax credit** and reduce forgone revenue	○
	66. Converting the **new markets tax credit** to a grant program may increase program efficiency and significantly reduce the $3.8 billion 5-year revenue cost of the program	○
	67. Limiting the tax-exempt status of certain **governmental bonds** could yield revenue	○
	68. Adjusting **civil tax penalties** for inflation potentially could increase revenues by tens of millions of dollars per year, not counting any revenues that may result from maintaining the penalties' deterrent effect	◐
	69. IRS may be able to systematically identify **nonresident aliens** reporting unallowed tax deductions or credits	●
	70. Tracking **undisbursed balances** in **expired grant accounts** could facilitate the reallocation of scarce resources or the return of funding to the Treasury	○
Health	71. Preventing billions in **Medicaid improper payments** requires sustained attention and action by CMS	◐
	72. Federal oversight over **Medicaid supplemental payments** needs improvement, which could lead to substantial cost savings	○
	73. Better targeting of **Medicare's** claims review could reduce **improper payments**	◐
	74. Potential savings in **Medicare's payment** for **health care**	◐

Mission	Areas identified	Assessment
Homeland security/ Law enforcement	75. **DHS's management of acquisitions** could be strengthened to reduce cost overruns and schedule and performance shortfalls	◐
	76. Improvements in **managing research and development** could help reduce inefficiencies and costs for homeland security	◐
	77. Validation of **TSA's behavior-based screening program** is needed to justify funding or expansion	◐
	78. More efficient **baggage screening systems** could result in about $470 million in reduced TSA personnel costs over the next 5 years	◐
	79. Clarifying availability of certain **customs fee collections** could produce a one-time savings of $640 million	◐
Income security	80. **Social Security** needs data on pensions from noncovered earnings to better enforce **offsets** and ensure benefit fairness, estimated to result in $2.4-$2.9 billion savings over 10 years	○
International affairs	81. Congress could pursue several options to improve collection of **antidumping** and **countervailing duties.**	○

Legend:

● = Addressed, meaning all actions needed in that area were addressed.

◐= Partially addressed, meaning at least one action needed in that area showed some progress toward implementation, but not all actions were addressed.

○ = Not addressed, meaning none of the actions needed in that area were addressed.

Source: GAO analysis.

[a]The Department of the Interior, Bureau of Land Management, updated the anticipated revenues from $1.75 billion to $1.8 billion in its fiscal year 2012 budget justification.

[b]The net tax gap was updated in 2012 and estimated to be $385 billion for the 2006 tax year. Thus, a 1 percent reduction would increase tax revenues by $3.8 billion.

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Chairman ISSA. Thank you. I now recognize myself for a few questions.

General, you mentioned what the administration got, what they closed, what they partially addressed. In your estimation, and I say this because one of my predecessors, Mr. Waxman, held a hearing just to ridicule the Bush administration for how many they had been notified to, both IGs and GAO reports, and how many they closed, and didn't give much credit for the fact that the vast majority of them were from roughly the last year.

What would you say was reasonable with any president to have closed, and how many more these that have been partially acted on, the 60, would you expect to make further progress and be completed the following year? In other words, should we look at a 1-year time line? And I want you to give us the 1-year time, but is this a satisfactory direction on these other sub–81 where we are looking at the final report at the end of 2 or 2½ years would look different?

Mr. DODARO. First, I would say last year's report was an accumulation of issues we identified previously as well, so I think there was more than 1 year opportunity to deal with some of those issues.

Chairman ISSA. You mean you had to reiterate what hadn't been fixed either by this President or his predecessor.

Mr. DODARO. That is correct. Or actions that we had recommended to the Congress and they hadn't taken action on. So this year we are positing new ones, so the 1-year timeframe I would expect would be more reasonable as a benchmark, compared to what you were talking about.

But I would hope that of the 60 areas that are partially addressed, that many of those areas can be closed within the next year activities. I think it is within the grasp of the administration and the Congress to do that and I would hope to see progress.

I was pleased that the administration required the agencies, through their budget submission process, to address all the areas that we identified in the report. So that was a good step. But there needs to be more assertive action, particularly across government. Many of the areas we identified transcend one department and agency, so they really require OMB and the administration to take a very active role in looking at these activities across government.

Chairman ISSA. I am going to go back to my opening statement and what I alluded to. I have looked at the military both before and after Goldwater-Nichols. Before Goldwater-Nichols, as an Army officer, I thought Army, I bled Army, and all I really thought about was beat Navy, because we didn't care about those former Army people known as the Air Force. So that changed to a great extent with the requirement for senior officers, as part of their career, to have joint assignments, very often being trained in another war college or another commanding general staff.

How is that going and is it a partial blueprint for a more governmentwide system, particularly with civil service? Do we need to cross-pollinate in order to drive down this tendency to stovepipe differences that may be of no purpose other than to facilitate additional cost?

Mr. DODARO. That clarification that you mentioned, of roles and responsibility and the jointness and rotations and training programs, joint exercises, that part of the Goldwater-Nichols reform has gone very well in our opinion, made a material difference and greatly improved the ability of the Department to carry out operations.

On the side in terms of the management reforms under Goldwater-Nichols, the requirements part of the process, they introduced some joint processes. That is not going as well. In fact, many of the areas that I mentioned in my opening statement and our report are because the management of those joint requirements aren't going as effectively as they could be.

Now, in terms of the lessons learned, on the jointness, as you point out, I think there are tremendous opportunities to use that in the rest of the Federal Government. In fact, we pointed out where that could be expanded with the National Security agencies to be more effective as well, but also with the civilian agencies I think it is very important.

More and more problems are requiring a number of agencies to work together to resolve those problems, whether we are talking homeland security, food safety, or a number of other areas. So I think that is an excellent course to pursue, Mr. Chairman, and we would be happy to support you in your efforts in that arena.

Chairman ISSA. In my final 15 or so seconds, do you also support the idea that reorganization of government would need to be done much more in the Hoover Commission fashion, one in which we start off with a much larger goal, much more jointness, if you will, between Executive and, to be honest, your organization and a few Members of Congress, to set much bigger goals, much longer, for a long-term reorganization, including some of the things you are presenting today?

Mr. DODARO. I think that has tremendous potential and I am in favor of that. I think there is really no entity in the Federal Government focused on looking at organizational issues on a continual basis and having strategic planning, being able to look to see if we have the government that we need for the 21st century, and I think having a commission, a Hoover type of commission is an excellent way to build consensus on that. Because if you are going to have it work effectively, you need consensus, and a commission is a good way to develop consensus and take a broad view of it, and I think looking holistically makes a lot of sense so you don't have unintended consequences as well. And there is no magic one answer in these areas; you can reorganize a lot of different ways.

The commission could also focus on implementation plans. For example, in creating the Department of Homeland Security, we don't think enough attention was made to the implementation plans in that area. That could be rectified by a commission.

Chairman ISSA. Thank you.

Mr. Cummings.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Mr. Dodaro, you testified last year about what you considered to be some of the low-hanging fruit in these areas. You talked about actions that could be taken in the short-term to generate large payoffs for the Federal Government in the long-term. One of these

areas was improper payments, where you estimated that the Federal Government might be losing as much as $125 billion. How is the administration doing on that issue and have they taken significant steps toward addressing the problem?

Mr. DODARO. The administration has made that area a priority area. I think they have made some progress. They have collected over $1 billion in overpayments. The estimating process is still going on. There are still numbers of departments and agencies that haven't made estimates yet; they have set ambitious goals; they are focused on it.

One of the things that really needs to be done is that there are categories of why the improper payments are being made and really need to get to root causes. So I think there is progress being made there. There are still many, many issues that need to be resolved, but I think the administration is focused on it and I am pleased with that.

Mr. CUMMINGS. Can you name maybe the top three that you know of so far or is that information available? I know you said not all the departments. It seems kind of difficult to address the issue if you don't know how much money we are talking about. Do you have the reasons for $125 billion of improper payments?

Mr. DODARO. Well, half of the improper payments are in the Medicare and Medicaid area, and there you have problems in terms of providers that have been found not to be proper providers, so there is an element of fraud in that area. There are systems that have been tried to be put in place, we point out in our report, to do post-payment claim reviews, but the administration hasn't entered all the data in the systems yet from the Medicare program, nor trained people on how to use the technologies to detect those cases.

So the health care arena remains a big issue that needs to be grappled with it, and it starts with the enrollment of proper providers to do pre-payment screening processes with predictive analytical technologies, to do post-payment claim reviews, to do recoveries of known overpayments. So we are looking at all phases of that approach to make sure that we are making recommendations that can help guide them as they tackle this very important issue.

Mr. CUMMINGS. Well, as you make these recommendations, are these recommendations ongoing?

Mr. DODARO. Yes.

Mr. CUMMINGS. So, in other words, you don't just come at one point and say these are the recommendations, then you wait another year and then these are the recommendations?

Mr. DODARO. Right.

Mr. CUMMINGS. You are continuously making recommendations?

Mr. DODARO. Yes. Yes.

Mr. CUMMINGS. And how is that done? In other words, do you run into situations where you see a problem and do you immediately let the administration know that?

Mr. DODARO. Yes. Once we have confidence that our analysis is complete, yes, we do that. We provide all our reports to the agencies for comment and draft before we finalize them, but we have ongoing dialog with them, so we share that on a continual basis.

Mr. CUMMINGS. Can you give us a sense of how many of the proposals put forward by the administration in the 2013 budget address GAO's issue areas from the 2011 report? Do you have any idea?

Mr. DODARO. There are some of them. Unfortunately, the timing of our report was we had to close our field work before the President submitted his budget, so we weren't able to reflect all those in the report, but one we did mention is that the new requirement for the administration to designate crosscutting priority goals because of the Government Performance and Results Modernization Act of 2010, they identified 14 crosscutting goals, many of which touch on the areas in our 2011 report and our 2012 report.

Mr. CUMMINGS. Now, is it also true that the progress made in disposing of excess or underutilized property has there been progress there?

Mr. DODARO. Yes, yes. Actually, when I testified before this committee last year on our high risk list, we mentioned we had narrowed the focus of the high risk list on real property because they had made some progress in that area. It is also an area where they have submitted a legislative proposal. This committee has acted upon it, the House has; it is pending action in the Senate. So I think there is steady progress being made in that area as well.

Mr. CUMMINGS. So are you satisfied with that progress? I know it's ongoing. I'm just curious.

Mr. DODARO. Right. Well, I think that it would be good for legislative action to be taken to be able to deal with some of these barriers that they face in disposing of those real properties, and I think greater progress is possible and legislative action would provide an additional impetus and give the administration an additional tool to deal with that area. We are continually doing that.

Next year, when we testify before you, we will have a definitive answer in our high risk list, but I am expecting more progress; I think it is possible.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Chairman ISSA. Thank you.

We now go to the gentleman from Tennessee, Mr. DesJarlais.

Mr. DESJARLAIS. Thank you, Mr. Chairman, and thank you all for joining us today. Just a couple quick questions.

Mr. Dodaro, your testimony says that we could potentially save tens of billions of dollars annually. What are the most important areas we should focus on to realize these cost savings?

Mr. DODARO. There are a couple that are really important. I mentioned one in my opening statement in terms of the adjustment process. Congress mandated, in the Medicare advantage portion of the Medicare program, that there be a comparison with the fee-for-service program. There is a greater advantage to people in coding beneficiary diagnoses for Medicare advantage because they get paid based upon those claims, where fee-for-service programs the diagnosis isn't as important, if you will, going forward, to be as precise.

So they make an adjustment to the process. It was 3.41 percent that was developed because of these coding errors. We think the percentage is higher. So by refining CMS's process, we think they could save over $1 billion, up to $3 billion, and that is cumulative going forward every year.

Also, there is an area of where the Federal Government does not have enough information to offset pensions for Social Security, particularly spousal benefits from people who don't participate in the Social Security program, like State and local employees. The CBO has estimated that could be between $2 and $3 billion in that arena as well.

So those are a couple of really good examples that I think could yield very significant savings.

Mr. DESJARLAIS. In addition to cost savings, what are the most important advantages to reducing duplication in government?

Mr. DODARO. Well, I think there are many. I think you save administrative costs, you save program dollars, you can target more efficiently to help people. I think it also, from a citizens perspective, makes it easier to figure out where to go to get services, to get help, and improve the image and confidence in Government that it is operating as efficiently and effectively, and are in the best interest of the American taxpayers as people believe and deserve the right that it does.

Mr. DESJARLAIS. Okay, thank you.

I would like to yield the balance of my time to the gentleman from Utah, Mr. Chaffetz.

Mr. CHAFFETZ. Thank you. I appreciate it.

I appreciate all the work that you are doing. A question for you about the Inspectors General. I have some concern about the lack of appointments from the administration. We have vacancies at State Department, DOD, USAID, SIGAR.

For a moment, talk about the role that they play. One of the questions I have is long-term, organizationally, how should we move forward? Are they in the best position to actually achieve what they are supposed to achieve, or should we perhaps consider a reorganization? I wonder if maybe they should be part of your organization. Give me your perspective, if you would, general.

Mr. DODARO. Yes, I will do that. I also would like Patricia Dalton to comment on it. She was Deputy Inspector General at the Labor Department and Acting IG there for a year, so she has a unique perspective as well.

First, I too am concerned about the vacancies in those areas. It is very important to have somebody there. I know first-hand. I was acting for 2½ years in this position before I was confirmed. It makes a difference and it is important to have somebody in there that can provide the right type of leadership. The IGs are well positioned with proper leadership, and they have the tools and they have the legal authorities to be effective, and many of them carry out important areas.

I think it is important for each department and agency to have their own audit investigation shop there. It is hard for us to cover the entire Federal Government, but there are many more resources in the IG community than there is in the GAO across Government, so we try to focus on cross-governmental, cross-agency type of issues, which are very important.

So I think that if the proper leadership is there and the proper staffing, they can be effective, and that needs to be the case across government as well.

We work with them very carefully doing financial audits. They arrange for them at the departments and agencies; we do the consolidative financial statement. So I try to work effectively with them, but I haven't really thought about reorganization options. I will give that some additional thought.

Pat.

Ms. DALTON. One thing I would add is just where they are positioned in their cabinet agencies. I think it is an important and valuable position in that they are within the departments so that they can see close-up what is going on.

But the protection for them is that they also report to the Congress, so they do have dual reporting responsibilities, and it is very important that the Inspector Generals take to heart those responsibilities and recognize that they report to the Congress, as well as to working within the department. So I think it is very important.

There are some protections the way they are positioned, for example, for their budgets. The Congress is told exactly what they requested, it is not just what the administration passed through and requested for them. So those are important protections that provide some valuable insights to the Congress just by their position in the agencies, that they can see what is going on within it.

Mr. DODARO. I might point out also, Congressman Chaffetz, they have far more investigators to do criminal investigations than we do at the GAO. That is another important difference between our two organizations.

Mr. CHAFFETZ. Thank you.

My time has expired but, Mr. Chairman, I would hope that these vacancies be a priority for this administration because to have four of these major departments without an IG, one of them the State Department for more than 3 years, I think is totally unacceptable. It is vital to us to have the proper oversight within these departments.

I yield back.

Chairman ISSA. I share with the gentleman that feeling. I would note that your very clever question of should $2 billion worth of funding and 12,000 employees be added to the GAO was an excellent question. The general seemed to have ducked the answer of increasing his organization by that size.

With that, we go to the gentleman from Tennessee, Mr. Cooper.

Mr. COOPER. Thank you, Mr. Chairman.

If every politician were here who denounced waste, fraud, and abuse, this hearing room would be packed. If the lobbying community took our efforts seriously, the audience would be packed. But I am afraid what we are seeing here is a lot of political theater, and it is not even very good theater.

The GAO has put together an excellent report. We all know in our hearts that very few members of this committee will read it. We may or may not have a new Hoover commission. But the title of this committee is the Government Oversight and Reform Committee. It is our job to do this. I wish our colleague from the Senate, Senator Coburn, had been able to testify first, because his testimony highlights very clearly this is primarily a congressional responsibility that we have bungled. He also is very useful in reciting

the history of almost 100 years of congressional lip service to this problem and very little action.

So how do we solve this? There are a lot of excellent examples that have been brought forward in this committee, specific examples dealing with the details of government which, unless people are personally affected back home, they really don't care much about; they just want the problem solved, and they wonder why we take so long to solve it.

So I would like this committee to consider some procedural forums to encourage us to tackle these problems and take them more seriously, because today the political reward system is such that we are primarily benefited if we have good news speech material that excites voters back home, something new and improved.

And to be honest with you, most of us don't really care if it is a duplicative program as long as it sounds good to kids or seniors or veterans or whatever constituency we are appealing to. And it has worked this way in American politics for a long, long time.

So how do we change that equation? How do we incent to this committee or this body to read the report, to take it to heart, to enact legislation, to curb duplicative programs? What is the reward system in that?

In general, you know, the phrase in politics is friends come and go, enemies accumulate. And most folks are worried that there is going to be some group out there, and the pimento lobby was against me at one point. Yes, the little red thing in the olive has its own lobby, and somehow I was labeled as being anti-pimento. I had no idea. I didn't mean to be anti-pimento, but they care deeply about my pimento track record. So there are pimento lobbies all over the country and they have a constitutional right to lobby. Free speech is a great thing.

But we also have to manage this Government and we are doing a terrible job today. So how do we clean house? How do we get rid of obsolete laws? How do we stop duplicative programs? The same old, same old isn't going to do it. We can have all the commissions in the world and won't read that new report just like we won't read this report.

So, Mr. Chairman, we need to think of ways to get this committee to do its work.

I look forward to Senator Coburn's remarks because he has been one of the national leaders on this topic. Many people in both parties have tried to lead on this, but the same old approach will not do it. So let's put our heads together and think in some bipartisan way of not just blaming the administration, not just thinking that the cure-all for all of Congress's problems will be switching party leadership, because both parties are in cahoots on this and we have both bungled it.

So I would ask the GAO, at least in your spare time, and you already do an excellent job, we need help in creating a different system so that we are not always seeking new speech material, not always new and improved, without caring what is duplicative. In some State legislatures they have proposed that you can't pass a new law until you get rid of two old ones. That is an interesting approach to it.

Maybe if the media paid more attention to our overall record of cosponsorships, how many folks have sponsored billions, trillions of new ideas without looking at how much could be reduced, because Government is obese and we have to figure out a better solution than the current same old, same old or the blame game.

We are great at blaming the administration, we are great at blaming the other party, but that is not getting the job done. That is not solving the problem for folks back home.

So I look forward to talking with you, Mr. Chairman, about this and the ranking member. There has to be a better approach than what we are doing right now.

Chairman ISSA. Would the gentleman yield?

Mr. COOPER. I would be delighted.

Chairman ISSA. I couldn't agree with you more that we do have a long history of having hearings and then having a similar hearing a year later. One question you might ask the general, though, is what is he doing to reduce costs at the GAO in light of an 11 percent cutback in his funding.

Mr. COOPER. Well, the gentleman has already asked the question.

Would the gentleman like to respond?

Mr. DODARO. Well, we have taken an approach to look at a line-by-line item of our budget and scrubbed it to be more efficient in terms of cutting back on our administrative operations and really making sure that they are operating effectively. We are experimenting with more telework in the field to reduce our rental cost by 40 percent.

Unfortunately, all the actions that we have taken in order to improve the efficiency of our operations hasn't been enough to absorb the cuts. Since we are an agency of 80 percent personnel costs, we have had to reduce the number of people at the GAO. This year we will be 11 percent smaller, which is about 365 people, which will be the lowest level in GAO staffing since 1935. So I have been concerned about this.

I have testified before the House Appropriations Committee, asked for a partial restoration of the staff support. I believe we have good justification. Our recommendations, many of them are adopted; many are not, they are still in process. But those that have been adopted have returned $81 to the American taxpayer for every dollar invested in GAO. So I look forward to continuing to work with the Congress on this issue.

Chairman ISSA. Great question, Mr. Cooper.

With that, we go to Mr. Chaffetz for 5 minutes.

Mr. CHAFFETZ. Thank you.

I want to go to one of the sections in here that talks about the lost revenue, if you will, from the IRS failing to collect some $385 billion. Can you expand on that a little bit? You know, a lot of discussion we have here in Congress is about should we increase taxes, should we cut taxes, and here we have $385 billion? That is an annual number from 2006, correct?

Mr. DODARO. Right. One of the things, Congressman, I am glad you asked this question. First of all, IRS had not been doing regular estimates of the tax gaps, so we had made recommendations to that issue. We had placed administration of the tax laws on our

high risk list many years ago, starting out with fraud in the earned income tax credit, but we expanded it more broadly. There is a lot of under-reporting of income in this area, but the first part was to figure out how much and then where is it occurring.

So the IRS is continuing now to do active research in all those areas and GAO is doing a lot of research. Some of the things that we have recommended, for example, have been to have IRS use third-party information more to check against the records. For most wage earners, the taxes are deducted, but for many others they are not. So that is an area.

In real estate, for example, real estate owners, for services that are provided to corporations there could be third-party reporting. The Joint Committee on Taxation, just from implementing those two recommendations alone, estimates $5.9 billion that could be collected over a 10 year period of time.

We have also recommended that they could perhaps do a better job providing assistance to taxpayers to ensure greater voluntary compliance through automating some of their responses as well. We have recommended in the past, and now it is being implemented, that paid tax preparers, who many people use, have to have certification and ongoing education requirements as well.

So it is really a multifaceted strategy that we have recommended, and we continue to do work in this area to try to do it. We shouldn't ask people to pay more if the people currently aren't carrying their share of the burden.

Mr. CHAFFETZ. And I guess that is the point, Mr. Chairman, that while there is talk about raising taxes again, here we have $385 billion not collected in just one 12-month period, and then you combine that with the tens of billions of dollars in waste, fraud, and abuse. If we want to have an economic impact upon the financial books of this country and our ability to have a government that is limited, but also funded in a proper way, these are two things that we cannot ignore, and that is why I am so excited about this committee and the work that we are doing here.

I have just less than 2 minutes here. I want to talk about the border security, point number 47 in the report. We had spent an unbelievable amount of money on SBInet, which basically doesn't work, but the Arizona Border of Surveillance Technology plan, you are somewhat critical of that plan. Can you expand verbally on the concerns that you have with the border security initiative that Homeland Security is putting forward?

Mr. DODARO. Yes. We have concerns that it is unclear as to what the benefits are going to achieve and how they are going to measure performance under the program, and also estimating the life cycle costs of these activities.

Continually, when we look at these technology investments, it is always not quite clear up front exactly what the benefit is that is going to be achieved, how it is going to be achieved, how you are going to measure whether you know that there is success there, and do you have a realistic estimate of how much it is going to cost before you start proceeding down the path and have well defined requirements.

If you don't have those things up front, it is a recipe for disaster later on, and a lot of wasted resources and time and energy, so in

this case we are saying that those things ought to be well defined up front. The Department agrees, I believe, with our recommendations and hopefully they will be able to provide these type of clarifications and additional analysis.

Mr. CHAFFETZ. And one thing that I would hope that the GAO would look at is how the statistics are gathered on the border. There is some concern that there has been an adjustment or a change in how those statistics have initially come about. How are we tracking the turn-back souths or the getaway categories? Here we are trying to quantify things which, as you say, having the metrics in place is imperative to coming to a proper decision, so I would just encourage you look at that.

My time has expired. I yield back, Mr. Chairman.

Mr. DODARO. We are looking at that issue right now. We will have a report soon.

Mr. CHAFFETZ. Thank you.

Chairman ISSA. I thank the gentleman.

We now go to the gentlelady from New York, Mrs. Maloney, for 5 minutes.

Mrs. MALONEY. Thank you so much.

Congratulations, Mr. Dodaro and your team, on this really excellent report. I would like to be associated with the comments of my friend, Mr. Cooper. I am going to take this home, I am going to put it by my bed, and I am going to read it every night before I go to bed, because let me tell you, I think that saving taxpayers money and making government work better is a really exciting goal and something that we can both work together on all sides of the aisle to make happen.

I understand before I got here there was an agreement on one of your areas that you have highlighted for many years, the loophole for oil and gas companies, that they are literally leases to extract oil and gas from land owned by the American taxpayer and absolutely nothing is coming in from it. You estimated $21 to $53 billion.

I believe the chairman or the Republican report had $80 billion, so certainly whether it is $80 or $53 billion, it is a lot of money, and I am thrilled that we are going to work together to close that loophole and move forward; that could help our economy and help pay down our deficit.

You also talked about management and improving management of oil and gas resources as really an area we need to focus on. Based on your report, you said we are not getting a fair return from the leasing of Federal land that belongs to U.S. taxpayers. In fact, you said we were absolutely 93rd in the world, to be exact, in collecting revenue from oil and gas leases, and the only countries doing worse than we are are Peru and Pakistan in collecting greater. That is not a very good record, is it? So we are going to have to work on that.

In your report, you indicate that over the last year improved management by the Interior of Federal oil and gas resources could result in an additional revenue of $1.8 billion over 10 years. Can you elaborate on what the Interior is doing, what steps we need to take, and could you just point out more information in that area?

Mr. DODARO. Sure. I am going to ask Ms. Dalton to address that issue; she was responsible for that work.

Mrs. MALONEY. Okay, great.

Ms. DALTON. Thank you.

There are a number of things that Interior can do, and in fact they are starting to do that we have pointed out in our report. One is to gather good data on what actually is coming out of the wells to determine how much is being owed to the Federal Government. It is important to have third-party information and not self-reported information.

It is also important to have quality information coming in so that it is verified, again, so that we know exactly what is being owed. I think those are two important things that will help in the Federal Government receiving exactly what it——

Mrs. MALONEY. And Interior is working on this now?

Ms. DALTON. They are working on it. They have made some progress, but there is more to be done. Interior is also working at hiring additional people. They have gone through a reorganization. They need to have the right people and the right skills to do the important work that they are charged to do.

One thing Interior has done recently, which we pointed out in your report and you mentioned in terms of where the Federal Government is as a resource owner in the amounts that we are charging, Interior has just completed a study of our royalty rates and has made adjustments in those. There is one area that you allude to in terms of non-producing lands. There is a request by the administration to provide an annual rental fee if a lease is not producing, that the lessor would be required to make a payment based on the acreage leased, to which many resource owners do in fact charge.

When we did our study, what we were doing was comparing what we in the Federal Government do and the Department of Interior does with other resource owners, whether it is States, other countries, private citizens that own valuable oil and gas resources and other minerals.

Mrs. MALONEY. Well, my time is almost up. I would like to ask each of you, you have worked hard on this report, if you could recommend one area, just one simple area that is not divisive, that every American could agree on, that even Congress could agree on and work together on to help improvement management that would help the bottom line of our country, what would it be? Do you want to start, Ms. Dalton?

Ms. DALTON. I think one of the things that I think is most important that crosses all of the areas is having good information on what exactly are we getting. Are we matching the outcomes that we are receiving? Because then we can start making decisions on how we can be more efficient and more effective.

Mrs. MALONEY. Mr. Dodaro.

Mr. DODARO. I just would like to underline Pat's comments, because the one thing that has really surprised me out of this whole exercise that we have been doing for the past 2 years is how much we do not know about the effectiveness of many of these programs. They may have overlapping responsibilities, but in trying to figure out how to handle this, you really don't have a lot of good informa-

tion about what we are getting for the value of many of these programs and activities, and I think unless you have that it is very important.

The other thing is I think we have to get better organized to deal with the problems according to the comments that were made earlier by the chairman on this area. I don't think we are organized properly to be able to tackle these problems with the administration or within the Congress, so I think innovative approaches are required.

Mrs. MALONEY. And Ms. St. Laurent.

Ms. ST. LAURENT. Thank you. I think both of our reports highlight a number of areas where just better attention to good management practices and good business practices would yield significant benefits.

Mrs. MALONEY. Such as?

Ms. ST. LAURENT. For example, we have several suggestions from last year's report regarding contracting, the need to get better competition in contracting, better manage the use of multiple award contracts, etc., or interagency contracts. Also, the efforts that are going on now to consolidate data centers I think are very important and have potential for saving significant costs as well. So those are a couple of examples.

Mrs. MALONEY. Thank you.

Chairman ISSA. I thank the gentlelady.

With that, we go to the gentleman from Pennsylvania, Mr. Kelly, for 5 minutes.

Mr. KELLY. Thank you, Mr. Chairman.

General, good seeing you again.

My concern is more when we go to the auto bailouts. There was $62 billion spent, and when we talk about the Auto Recovery Office, part of the Department of Labor, I noticed in item 39 we are talking about an office that spent, I think, roughly last year $1.2 million in travel expenses going to communities that were hardest hit by plant closings and the effect that it is going to have. Can you see any positive results from that?

I read your report. There seems to me that there is a great deal of overlap with that Department, and maybe they have missed their mark as far as what they were initially set to do.

Mr. DODARO. Basically, our fundamental point is right on your question. We have asked them to provide justification for what they think they have done in order to promote effectiveness, because when we went out and talked to communities, many of them got help, but pointed to other parts of the Federal Government that they got assistance from.

So our fundamental question is either for the office to produce some tangible concrete examples of exactly how they have improved their effectiveness or those funds could be better spent perhaps going to departments that are providing direct assistance to the communities.

Mr. KELLY. Yes, because it seems to me there is an awful lot of duplication there and a lot of just back and forth on things that didn't really accomplish anything. And I am greatly concerned now because as we talk about the auto bailout somewhere, and I don't think this is a time to take a victory lap, I know and you know.

And after being in the automobile business all my life, I do know that the cost of gasoline does kind of effect what the market is and who can afford to buy a car and what they are going to continue to do. So while we may think we have made some type of a dramatic recovery, and I just looked to this past weekend, if you add all the manufacturers' numbers together, you know what they are projecting, the czar is, for this year? That is the annual sales rate; $16.5 million. Now, that is their projection if you take each one individually.

I am a little skeptical of that ever coming to a reality, but the dramatic impact of that is all of these projections go forward as to what you are going to do as far as production is concerned; how you are going to use your suppliers, what they are going to be asked to provide for you. And we know from that last downturn, and I went through it personally at the time, I was an automobile dealer solely, I was not a Member of Congress. The market dropped 35 to 40 percent over a weekend.

Now, that also affected especially trucks and SUVs. When the price of fuel goes up, those just fall off a cliff; I mean, they absolutely fall. The problem you have is that people owe so much more on that vehicle, they can't even trade it in; there is no way you can bring it back.

Now, people say what the heck is he talking about, what does that have to do with anything? If you are in a community that builds trucks and SUVs, that has a dramatic effect and I am more concerned. I know we have done a lot of things that we think are going to ensure somehow a safe landing or some type of a parachute that is going to make it a little bit easier. I see what is going on right now as absolutely a harbinger of what is to come. As much as we may talk about it and have all kinds of studies about what is best for those communities, there is nothing like a strong market and a strong economy.

So no matter how many studies we do, and I know that people talk about we need to have a better ROI on the studies that we do, but the truth of the matter is the shareholders don't have a vote in this, the stakeholders don't have a vote in this. We just tax them and take their revenue; we decide where to spend it, as much as we would like to see it spent better.

And I am not one that will stay up all night reading the report, I read some parts of it that really affect me, but I tell you what, you have done a wonderful job on it. I appreciate what you are doing and I wish we could incorporate much more quickly those ideas that you have and those fixes to it; it would certainly bode well for the stakeholders and shareholders of this business, which are the hardworking American taxpayers.

So I thank you for your time. I know that there is a lot of duplication in this office. While it doesn't really hit high on the amount of expenses, this is one of those times where $1.2 million sounds like chump change, but when it comes out of your pocket after working all week, it is a great deal of money. So thanks, keep up the good work, and we will try to work with you and get to some answers. But thank you for your time.

Chairman ISSA. Would the gentleman yield?

General Dodaro, specifically on the auto bailout effectiveness, I think you have weighed in previously on that. Would you like to give us an update on how successful those funds relocation, the effort has been?

Mr. DODARO. There are, and I comment on it both in terms of the automakers, but also other parts of the TARP, there are still a couple of key issues where the story isn't completely written yet, and one is whether or not Treasury decides when to divest in some of these investments that have been made in the auto companies.

AIG, for example, we have made recommendations to make sure that they have the right type of expertise to decide when to divest and how to do it in order to make sure that the taxpayers are best protected in that area. And I might also take the opportunity to comment that another large part of the bailout activities is resolving the issues with Fannie Mae and Freddie Mac, and that is a big issue. That will end up being one of the major costs incurred through this financial bailout process.

Chairman ISSA. I thank the gentleman.

Mrs. MALONEY. Would the gentleman yield? May I ask a question? Would the gentleman yield?

Mr. KELLY. My time has expired.

Mrs. MALONEY. On this particular issue, on the TARP. I ask unanimous consent to ask a question on TARP.

Chairman ISSA. If the gentlelady from Washington, DC, will forego, I would ask unanimous consent the gentlelady have 30 seconds for a question. Without objection.

Mrs. MALONEY. This is a critical point and we really need more information on it. We had a bill, a bipartisan bill passed in the last Congress that would track everything TARP passed our House, overwhelmingly died in the Senate.

I think I would like to request the chairman to request, since I know I don't have the power to request, a report on where we are in TARP from the GAO. Where did all that money go? What is still out there? What are these questions that you sort of lightly touched that we could look at in a better way to figure out how to make smart decisions on what is remaining to be done.

I still am fuzzy on where it was paid back, what time, in what form, and I think that that would be a really helpful thing for the economy and ways to manage in the future and manage what is right before us right now.

I yield back. Thank you.

Chairman ISSA. I thank the gentlelady and I will take your request as an order to work with the GAO on bringing that to the full committee.

With that, we recognize the gentlelady from the District of Columbia for 5 minutes.

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

And thank you, Mr. Dodaro, for this report. Actually, I want to suggest one doesn't have to stay up all night reading the report because that is not how it is organized. It is really organized so that you can go in agency by agency and look at and extract the particular areas where you could really get some bang for whatever buck it is you are looking for.

If you believe the Government does a great deal of good, as I think the American people really do, you want it managed very well, and every time something comes out, it is being poorly managed. There are those who will take advantage of that to say that the whole thing ought to be sent up in smoke.

But essentially, Mr. Dodaro, this is a management responsibility. When I chaired the EEOC, I reorganized the agency, but I didn't do it just to pull the programs from one place to another, enabled me to go to a settlement strategy, for example, instead of litigating everything. I can see the value of eliminating duplication. In order to do it, I had to reorganize the entire agency.

Now, the closest thing we have to eliminating duplication, overlap, etc., is the President's proposal on reorganization, so I have to ask you about that, because we can talk about it as much as we want to, but it is the administration, it is management that runs the agency. So just to take one of the functions, the President wants to do this in a way just like you have done it. He doesn't do the whole elephant and say throw it up and let's get it all done; he focuses in on agencies which suggest reorganization would save money.

The trade functions, for example, where he says over 10 years you could save over $3 billion. You would think Congress would be all over that as much as we want to save funds, but in light of your own report on duplication, I would be most interested in your opinion of the President's reorganization proposal.

Mr. DODARO. First, I would say there are a couple issues. One is the request for the sort of fast-tracked authority for the Congress. I think that the real policy decision that the Congress is going to have to wrestle with——

Ms. NORTON. Why do you think the President did that? Congress will always have problems with that; that is the only way we have to get into the struggle in the first place.

Mr. DODARO. Well, I am not sure, to be honest with you. I think the Congress worked with the administration in the reorganization for the Department of Homeland Security. Presidents have requested but we really haven't had that fast-track authority since President Reagan was given the authority for a brief period of time many years ago.

Ms. NORTON. Did it work for President Reagan?

Mr. DODARO. Well, I don't think that he made any proposals through it because it was only given to him for a couple of weeks, so there was a short window of opportunity there. But I think there is a real deliberative process, and the question is one of the things I think needs to be thought about is how the Congress needs to engage the administration in the development of these proposals so that there is consensus so that they work effectively over time; and that applies to any sort of proposal, because if you don't have that consensus, then people start trying to undo the——

Ms. NORTON. Mr. Dodaro, let me ask you this, then, because I am not here to make the case for fast-track. I am much more interested in his reorganization proposals.

Mr. DODARO. Well, I think there are a couple of issues there that need to be taken into consideration. One would be exactly what problem they are trying to address. I think the issue about the U.S.

Trade Representative being included in the Department is one that has to carefully be considered because of the prominence of that position in dealing internationally and also its special relationship with the Congress and Congress's authorities in the trade areas.

Some of the other opportunities for coordination I think have merit and should be considered. There are different ways to get coordination, but I think they also have to go into this with the recognition that however they are reorganized in the trade areas, because of the wide areas of responsibility, coordination with other departments and agencies will still be important over time. I think there needs to be a good transition plan that has to be talked about up front. I don't think that was given enough consideration for the Department of Homeland Security. So there are a lot of facets of that activity. I think any reorganization proposal has merit to be discussed and deliberated on, and to really take careful deliberative action is appropriate.

Ms. NORTON. Thank you. Thank you very much.

Chairman ISSA. I thank the gentlelady.

We are now joined by Senator Coburn. Pursuant to our rules, active Members of the House and Senate are not sworn in, so I now take great pleasure in recognizing the gentleman for roughly 5 minutes.

STATEMENT OF HON. TOM COBURN, M.D.

Senator COBURN. Well, thank you, Mr. Chairman, Ranking Member Cummings, and members of the committee. First of all, let me applaud you for having this hearing. What is disappointing is so few Members of your body are here, which identifies what the real problem is in Congress. I also want to thank Gene Dodaro for being here.

Chairman ISSA. Too many committee assignments like a markup next door, I am afraid.

Senator COBURN. Sure. But the fact is that calls a lack of leadership in organization of Congress so that we pay attention to the things that are really important. I don't know what the markup is, but the fact is that the country is drowning in debt. We have a $1.3 trillion deficit.

We have totally vanquished opportunity for our kids in the future, and we have brought to us by GAO some things that we as Members of Congress on both sides of the aisle can do, and yet not one major thing was done off their report last year, except what Virginia Fox did in terms of consolidating some 35 work and job training programs, which were recommended in last year's study.

I would tell the delegate from D.C. that I applaud the administration's proposal. I am supportive and I am working with them to try to do it. But I would take issue with the point that we created 82 teacher training programs, the administration didn't. We created 47 different job training programs. We created 56 different financial literacy programs. We created 100-plus transportation programs through seven different agencies. We created 209 different science, technology, engineering, and mathematic education programs.

So it is true that the administration is leading in trying to consolidate this, and I applaud them and I am going to help them try

to move it through the Senate, but the responsibility lies on us because we in fact have created the mess. We have one department in this Government that knows all their programs, only one. The rest of them have no idea all their programs. We can't even get a bill through the Senate that says that agencies should give a list of all their programs every year. Nobody on that panel knows all the programs for all those different agencies.

Well, if nobody knows, how are we ever going to solve the problem? And we are not unless we as Members of Congress take the initiative to start solving it.

What I would tell you today is this is a good first start. What Gene Dodaro and his group have done has given us some areas where we can make major changes that not only address the needs that are out there that are not being met now, but can do it in an economical and efficient way, and eliminate significant duplication that by their own report, both last year and this year, says that sometimes actually harms those people that we are trying to help.

So I think we have a great opportunity to try to fix things. They put it on a platter for us and, unfortunately, we have done nothing with it. And given the fact that our country is bankrupt, not going bankrupt, we are bankrupt. If you add all the total unfunded liabilities, we are over $130 trillion, if you add $15, $16 trillion worth of debt, there is no way we can fix our country unless we as Members of Congress start looking at what we are already doing.

The other thing that I would propose that you all ought to pass, we have attempted it twice in the Senate; we got 64 votes once and 60 the second, is have CRS look at every bill before it goes through for a vote to make sure it is not duplicating another program; in other words, to give us the knowledge to say before you pass another bill, are you duplicating something that is already out there so that we don't keep digging the hole deeper. I think those are things that we can do.

We put forward what we have done the last 7 years in a book called Back in the Black. A lot of people won't agree with all that is in it, I understand that, but there is $9 trillion worth of savings in this. If we could come to consensus on $3 or $4 trillion, we could make a significant difference in the outlook and future for our country and our kids.

So I would hope that you would look at that at some point in the future and critique it. But we have to come together. I think we have well earned our 15 percent approval rating for the American people.

With that, I would be happy to answer any questions.

[The prepared statement of Senator Coburn follows:]

Tom A. Coburn, M.D.
United States Senate
Written Testimony

Committee on Oversight and Government Reform
U.S. House of Representatives
"Government 2.0: GAO Unveils New Duplicative Program Report"

February 28, 2012

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

Thank you for the opportunity to participate in today's hearing on the release of the Government Accountability Office's (GAO) second annual report on duplicative federal programs. Director Dodaro and the staff at GAO are to be commended for their excellent work and dedication to such a large endeavor, one few others in Washington are willing to undertake, but the topic of which is of upmost importance.

Federal duplication and the mismanagement of taxpayer funding in the current labyrinth of government programs is one of the most critical matters currently facing Congress. We must eliminate duplication immediately wherever we find it, and stop making the maze more tangled with our shortsightedness by continuing to create new, unnecessary and duplicative programs. If we do not, Congress will be unable to reign in federal spending and our financial situation will only continue to worsen, while thousands of ineffective government programs continue to fall short of meeting the needs of those we intend to help.

My testimony today will examine some of the primary pitfalls of our current state as a nation of duplication, and provide a look at past and present efforts to eliminate duplication including the comprehensive deficit reduction plan I released last year, and also discuss ways Congress can prevent duplication in the future.

DUPLICATION NATION

The findings of GAO's 2012 report, as detailed by Director Dodaro, are a sobering reminder and a revealing look at a government grown far beyond what many imagined possible, funding hundreds of programs decidedly outside the scope of the Enumerated Powers as enshrined in the Constitution. And like last year's report, which identified more than $100 billion in budgetary savings by simply eliminating duplicative programs, today's findings are a testament to failed congressional efforts of oversight and a reminder Congress continue to shirk its duty to address even blatant areas of waste and mismanagement of taxpayer funding.

Not one corner of our daily life remains untouched by a government program or federal effort. From what we eat and drink, to where we live, work, and socialize, nearly every aspect of human behavior and American society are addressed by multiple government programs. Nearly every federal agency runs a program overlapping with a handful of other programs across several additional agencies. Whether carrying out similar missions or funding similar projects, everything the government is doing once it is likely doing twice or three times and often not very well.

In just a few examples from last year's report,[1] nearly 430 programs are listed as part of extensive duplication across dozens of agencies:

- 100+ surface transportation programs;
- 88 economic development programs;
- 82 teacher quality programs;
- 56 financial literacy programs;
- 47 job training programs;
- 20 homelessness prevention and assistance programs;
- 18 food for the hungry programs; and
- 17 disaster response and preparedness programs.

Though some view this permeation of government as success, its enormity may actually now work against original intentions and instead keep those who need the help from finding it. In their 2011 duplication report, GAO noted, "This fragmentation can create difficulties for people in accessing services as well as administrative burdens for providers who must navigate various application requirements." GAO went on to explain, the "lack of coordination" caused by duplication poses a "barrier to the delivery of serves" to those in need.[2]

Consider, the entirety of federal programs cannot even be compiled in a list for review. No one single inventory of all federal programs exists. Those in Congress tasked with reviewing these programs, since they refuse to do it themselves, cannot even do so in one year's time. Federal agencies and departments have proven themselves incapable of providing a full account of each program in their own jurisdiction.

Who is to blame for this maze of government programs? Very simply, it is Congress. We are all culpable. And to be sure, the blame does not rest on one party or the other, it lies with both. Duplication in this country has been created by the ruling class of career politicians seeking to slap short-term fixes on problems in order to claim credit at home and recognition in Washington.

Though the Executive Branch is not without fault, Congress is the main offender. We set the budget, we pass the appropriations bills and we authorize new activities at the federal agencies. We refuse to apply metrics and standards to the programs we create. We ignore our duty to conduct oversight. And we choose to remain uninformed about existing efforts before creating new ones. Despite the thousands of existing federal programs on the books, nearly every passing week Congress creates more programs and federal efforts, piling new initiatives on top of the old ones, which were created on top of even older programs.

In an often frantic effort to claim credit for addressing the latest social or economic problem of the day, members of Congress propose and pass legislation, while the president signs into law, new programs and even new federal agencies, duplicating existing efforts, few of which can be shown to demonstrate any measurable results. For example, Congress recently rushed to pass the Dodd-Frank financial

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[1] Government Accountability Office, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, March 2001, GAO-11-318SP, http://www.gao.gov/assets/320/315920.pdf

[2] Government Accountability Office, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, March 2001, GAO-11-318SP, http://www.gao.gov/assets/320/315920.pdf

regulatory legislation, which created three new federal entities, the Financial Stability Oversight Council, the Office of Financial Research, and the Bureau of Consumer Financial Protection. Yet, in January 2009, GAO described the already extensive federal financial regulatory system as "fragmented and complex", and "ill-suited to meet the nation's needs in the 21st century," stating, "Today, responsibilities for overseeing the financial services industry are shared among almost a dozen federal banking, securities, futures, and other regulatory agencies, numerous self-regulatory organizations, and hundreds of state financial regulatory agencies."[3]

A 1966 *Nation's Business* article outlined the issue clearly, and more than four decades later, the problem remains.

> "Any organization that spends more than $140 billion a year as the federal government does....is certain to have confusion, duplication, and waste in its operation." There is no large private enterprise which does not have some of the same."
>
> "However, the volume of duplication and confusion in federal ranks has now grown so large that even those who claim liberal attitudes toward both big government and centralized superplanning swallow hard at the thought of it all."
>
> "Scores of others departments, agencies, programs, plans and projects were created either by Congress acting on its own, under White House pressure or through that misty process by which bureaucrats expand and multiply their jobs, their paper work, their agencies and even multiply themselves."[4]

Not only is the web of government programs placing an enormous strain on taxpayers, and likely reducing the effectiveness of the delivery of many services, it is so interwoven and completely unmanageable, that the goals of many programs now stand in direct contradiction to each other.

Take for example, something as simple as potato chips. The government, namely Congress and the Executive Branch, cannot decide if they like them or not, if fried potatoes are healthy, if we should eat them or if they should be banned, or if instead, we should spend money promoting the chip industry. In their first report on duplication, the GAO found the federal government "spent more than $62.5 billion on 18 domestic food and nutrition assistance programs in fiscal year 2008."[5] While many of these programs, such as the Supplemental Nutrition Assistance Program (SNAP) allow federal funds to purchase potato chips, dozens of other government wide initiatives, are aimed at keeping Americans healthy, specifically suggesting food like potato chips should be limited in intake, and perhaps even taken out of public schools all together. At the same time, just this year the Department of Agriculture announced a nearly $50,000 federal grant was being doled out to a private potato chip company in New York. According the proposal, this money would be used to overhaul their media strategy and "raise brand awareness and consumer knowledge"—essentially encouraging people to buy and consume potato

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[3] Government Accountability Office, *Financial Regulation: A Framework for Crafting and Assessing Proposals to Modernize the Outdated U.S. Financial Regulatory System*, January 2009, GAO-09-216, http://www.gao.gov/new.items/d09216.pdf

[4] "Government by Totem Pole," *Nation's Business*, October 1966

[5] Government Accountability Office, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, March 2001, GAO-11-318SP, http://www.gao.gov/assets/320/315920.pdf

chips![6] Meanwhile, potato chips sales in the United States alone exceed $6 billion annually,[7] which begs the question why the taxpayers are now asked to subsidize promotion and marking for the industry.

The effectiveness of the existing myriad of government programs can scarcely be demonstrated, while Congress refuses to conduct oversight of existing efforts, piling layers upon layers of costly, unneeded bureaucracy. Meanwhile, taxpayers are paying for duplication, contradiction, and getting little in return except confusion, a trillion dollar deficit, and if we do not fix it soon, likely higher taxes in the future.

ELIMINATING DUPLICATION: LOOKING BACK

Proposals to address duplication are not a new trend in Washington. This of course means duplication in the beltway bureaucracy is not new either. Over the course of more than 100 years, Washington has created thousands of government programs, hundreds of which overlap hundreds more. Duplication is a longstanding federal issue, and along the way, many have tried to raise the warning sign. Numerous efforts have been launched by both members of Congress and presidents to eliminate duplicative government programs, and prevent the problem from multiplying, in hopes Washington could stop itself before the problem grew out of control.

Even in 1905, some in Washington recognized government's bent toward duplication and mismanagement of taxpayer dollars. That year, *the San Francisco Chronicle* editorialized, "It is in the superabundance of officials, the duplication of work growing out of the squabbles of the bureaus and departments, unnecessary travelling and printing, luxurious equipment and the like. No possible retrenchment in this direction will extinguish the deficit, but it can reduce it by some millions."[8]

By 1909, the Senate Budget Committee adopted a resolution to investigate "the business methods observed" by executive branch agencies because of "a lack of cooperation, duplication of work," by agencies and independent agencies which costs "hundreds of thousands a year."[9]

Less than ten years later, in 1920, a group of senators started a war on duplicative spending in the federal government with the intent to cut "through the entanglements of red tape, the outer defense of the bureaucrat and his battalions of pencil-pushers and typewriters to put the United States Government, with its war debts of more than $20,000,000,000 on a businesslike basis."[10] At the time, the *New York Times* opined on the topic noting in 1920, "The cynics at the national capital laugh and say that all attempts to make genuine reform in Congress and in the departments will fail as they have in the past. But many men of reputed wisdom predict that Congress, now at a low ebb in the esteem of the people, much at last act with deep-cutting thoroughness to regain a position of respect."[11]

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[6] Press Release, Office of Senator Gillibrand, "Gillibrand Announces Nearly $50,000 in Value-Added Producer Grant for Long Island Farm," February 8, 2012, http://www.gillibrand.senate.gov/newsroom/press/release/gillibrand-announces-nearly-50000-in-value-added-producer-grant-for-long-island-farm

[7] Snack Food Association, A Century and a Half of Crunch: The Potato Chip Turns 150!, http://www.sfa.org/potato150.aspx

[8] Editorial, "Economical Administration: The President's Task on Overhauling the Government Departments," San Francisco Chronicle, June 28, 1905

[9] O'Laughlin, John Callan, "Committee Seeks Federal Economy: Senate Body Will Investigate Departments to End Useless Expense, Chicago Tribune, June 5, 2009

[10] Tiller, Theodore, "Congress Starts Drive on Waste in Governmental Departments," Baltimore Sun, April 18, 1920.

[11] "Will Congress Stop Federal Wastefulness?" New York Times, March 14, 1920

Even presidents were involved in the effort, and in 1925, President Calvin Coolidge initiated an investigation of government "red tape and duplication of effort in the smaller departments of the federal government."[12]

In 1950, Senator Styles Bridges designed an eight-point proposal to cut $6 billion from the federal budget. Senator Bridges included a proposal to abandon creating new programs "until we could afford them," and also to eliminate duplication from the federal budget. Meanwhile, the Joint Committee on Reduction of Non-Essential Federal Expenditures found that 37 agencies were conducting activities related to public health, 64 in business relations and 24 in mapmaking.[13]

In his book "With No Apologies," former Senator Barry Goldwater detailed one account of duplication discovered during the Roth investigation. "Congressman William Roth, a young member from Delaware had spent two year trying to determining how many public assistance programs were available in the federal establishment. He fund there were 1,300 programs administered by a variety of agencies. They operated separately. There was no communication in between them, and they were unknown to many of the people they were established to help."[14]

In the 1970s, Senator Edmund Muskie of Maine explained the proliferation of federal programs, accompanied by duplication and inefficiencies had created "a bumper crop of public disenchantment with government so unresponsive that it cannot even perform simple day-to-day tasks that need to be done." He pointed out in 1975 the government listed 1,030 aid programs (including 228 for health) and 1,249 advisory boards, committees, commissions and councils[15]

Current Secretary of Defense, Leon Panetta, acknowledged in 1997 the prolific duplication that exists in our government, including the Defense Department, which as today's GAO report clearly outlines, little has changed 15 years later. "Sometimes, in all the confusion about budgeting, programs that have become inefficient or simply irrelevant get rubber-stamped, surviving many years beyond their usefulness. The waste and duplication show up in civilian and military programs alike, and for the citizen it boils down to more red tape – and more taxes."[16]

ELIMINATING DUPLICATION: TODAY IN WASHINGTON

Though these examples remind us duplication has long been a problem in the Washington bureaucracy, we have little to show in the win column when it comes to specifically addressing and eliminating duplication. Throughout history, these efforts have continually been met with opposition from career politicians, congressional staff and lobbyists, and defenders of special interests entrenched in a culture that screams Washington knows best and places personal ambition and comfort above doing what is right for the country.

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[12] "To Investigate Government Red Tape," Wall Street Journal, April 10, 1925
[13] "Bridge Proposes Slash in Spending: Offers an 8-Point Program for Cutting $6,000,000,000 From Appropriations," New York Times, May 16, 1950
[14] Barry Goldwater, "With No Apologizes, The Personal and Political Memoirs of United States Senator Barry Goldwater,"
[15] "How to leash runaway U.S. Programs," The Christian Science Monitor, May 17, 1976
[16] Panetta, Leon E, "A Blueprint for Fiscal Disaster" Los Angeles Times, December 6, 1997

Even today, we're witnessing the same. The second report released today by GAO is a report card, outlining what Congress and this administration have and have not done to address the dozens of areas of duplication GAO exposed last year. While no one in Washington is without fault, Congress has done virtually nothing to implement the 176 specific recommendations included in last year's report. In nearly half of the areas listed as requiring congressional action, Congress has done nothing. Of the 81 general areas reviewed in the report, only four have been completely addressed by Congress and the president, while 17 have not been addressed in any way GAO could identify.

For example, the 2011 GAO report outlined there are more than 173 tax expenditures, many of which have related mission areas to spending programs in the discretionary budget. Yet, Congress continues to ignore tax reform, refuses to eliminate any duplicative tax credits, and instead is set to extend them once again, at a cost of hundreds of billions of dollars.

Even though the current administration has not done enough to address duplication, they are taking steps to propose eliminations and consolidations, and have done so with little help from Congress. In fact, their efforts to simply propose a draft framework for consolidating the six primary departments and agencies focused on business and trade in the federal government were met with opposition in Congress. It is clear they will have little help from those in Congress with jurisdiction over these programs, who are instead are waging a turf war and holding tight to their parochial interests.

Despite an overall lack of interest or action by Congress to address last year's duplication findings, one notable and promising exception, worth highlighting today, is legislation introduced in December by Rep. Virginia Foxx (R-NC), chairwoman of the Subcommittee on Higher Education and Workforce Training.

A year ago, the GAO identified a sprawl of federal job training and employment programs that only politicians and government bureaucrats could dream up. GAO found 47 federal job training programs, with separate administrative structures, costing $18 billion annually. All but three programs were found to duplicate at least one other program, providing similar services to similar populations.

Given the dearth of meaningful program evaluations, GAO found "little is known about the effectiveness of these programs." Only five of the 47 programs have had an impact study since 2004, and only half have had a program evaluation. What's more, GAO identified another 51 programs that potentially could have been identified as job training programs but failed to meet GAOs narrow definition of a program. For example, the Social Security Administration's Ticket to Work program was not considered by GAO to be a "job training and employment program."

A year after publication of this report, Congress has not acted to meaningfully consolidate programs and has all but ignored GAOs findings. However, Chairwoman Foxx introduced the *Streamlining Workforce Development Programs Act (H.R. 3610)*, legislation that consolidates 33 of the 47 job training programs identified in GAO's 2011 report. This legislation also seeks to increase accountability of the programs and create an outcome driven job training system. I am wholeheartedly in support of her effort, and grateful for the work she has done in this area. Now, it is Congress' job to finish this work and pass this legislation, and put it on the president's desk to be signed.

Even more, it is time for the rest of Congress, and every congressional committee to do the same. Every committee must begin addressing the areas of duplication in their jurisdiction and putting forth creative and commonsense proposals to consolidate, streamline, eliminate, downsize, and make the government more efficient. It is time to do more with less, not less with more.

***BACK IN BLACK*: A $9 TRILLION DEFICIT REDUCTION PLAN**

As part of my own efforts to address duplication throughout the federal budget, in July 2011, I released *Back in Black*, a comprehensive deficit reduction plan scrutinizing every corner of the federal budget for savings.[17] *Back in Black* listed more hundreds of specific proposals which together would eliminate more than $9 trillion of deficit spending over ten years.

Back in Black was the culmination of many years of work in my office that began with smaller iterations of lists of government waste, mismanagement and duplication, divided by agency. I remained unsatisfied with answers received when requesting lists of federal programs for purposes of determining duplication, and disappointed there was not a single depository for areas of potential savings to taxpayers from elimination of waste and duplication. At the same time, my staff had for years, on a daily basis, found examples of waste and duplication at nearly every since federal agency. Compiling this information into a comprehensive look at the government would give us a full picture of just exactly how bad the mess is Washington has created. As such, this summer I asked my staff to dedicate six weeks to compiling everything we had on every government program, office, task force, commission, entitlement program, agency and department.

The result was a 622-page document with hundreds of specific recommendations for savings, based on our findings of rampant duplication, mismanagement, fraud, and waste throughout every single government entity. Beginning with discretionary spending, the plan calls for $4 trillion over ten years in savings from this portion of the budget, with no department left untouched, from the Defense Department to the Congress and the White House, and every agency in-between. In addition, *Back in Black* includes detailed proposals reforming Medicare and Medicaid to save $2.6 trillion over ten years, while also reforming Social Security, making it fully solvent for the next 75 years. *Back in Black* also makes a large down payment on comprehensive tax reform with a thorough examination of the tax code. The plan calls for eliminating and reforming more than more 40 tax credits and deductions, many of which are little more than socialist spending programs masquerading as tax cuts that allow certain groups and companies to pay lower taxes simply because they are well-connected in Washington. If all of these reductions and reforms are implemented, federal borrowing will decrease dramatically, saving taxpayers an additional $1.3 trillion in interest payments on the national debt.

Instead of relying on arbitrary across-the-board reductions in spending, which show little deference to programs that may be working and do little to target spending to those in need, the approach of *Back in Black* was meant to be thoughtful, comprehensive, and hopefully a path toward compromise, that left no sacred cow of Washington un-tipped, as it looked at the Defense budget, the tax code, Social Security, and every other corner of the budget. As stated in the first pages of *Back in Black*, "This plan recognizes all spending is not created equal by asking those with more to take less to ensure those who gave more will not be left with nothing. It ensures health care for wounded combat veterans, while ending

[17] Office of Senator Tom Coburn, *Back in Black*, June 2011, http://1.usa.gov/qCwHD8

unemployment benefits for jobless millionaires."[18] I set out to find the most commonsense places for reductions and eliminations, hoping to make the case based on evidenced waste, fraud, and duplication, that members of Congress on both sides could not deny, but instead would join together to eliminate.

Many of the proposals in *Back in Black* are closely intertwined with GAO findings, as well as our own, on duplication throughout the Washington bureaucracy. In fact, the word duplicate is found 322 times throughout the plan. In every agency, in every section of the report, we found and compiled hundreds of examples of duplication, including many from the GAO report. The more we dug, the more we found. Every single agency is participating in nearly every activity one could imagine. Eradicating duplication was a large part of the savings found throughout *Back in Black*, and the plan assumed a conservative estimate of $50 billion in savings over ten years from addressing duplication in many different areas including job training, economic development, STEM programs, financial literacy, housing assistance, Department of Justice programs, Homeland Security grants and dozens more.[19]

I understand few may agree with every single recommendation of *Back in Black.* But, if on a list with hundreds of ideas, we could find even half on which to agree, then Congress would be $4.5 trillion further along in addressing our country's debilitating deficit and rising debt.

Examples of Proposals in *Back in Black*

Eliminate Sweet Heart Deals for Government Contractors
Savings: At least $2 billion over ten years

Collect Unpaid Taxes Owed by Federal Employees
Savings: $1 billion over ten years

Reduce Congress' Spending on Itself
Savings: $3.82 billion over ten years

Stop Overpaying Drug Companies
Savings: $480 million over ten years

End Unemployment Payments to Millionaires
Savings: $186 million over ten years

Reduce Advertising by the Federal Government
Savings: $5.6 billion over ten years

Use Better Measure of Inflation to Determine Increases in Benefit Payments
Savings: Approximately $180 billion over ten years

End Payments for Coal Cleanup When Projects Have Been Certified as Being Completed
Savings: $1.23 billion over ten years

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[18] Office of Senator Tom Coburn, *Back in Black*, June 2011, http://1.usa.gov/qCwHD8

[19] Appendix A includes a series of charts summarizing the overall recommendations in Back in Black, as well as highlights of proposals from several specific areas of concentration.

Get the Department of Defense Out of Education and the Grocery Store Business
Savings: $19 billion over ten years

Terminate HHS's Community Economic Development Program
Savings: $38 million over ten years.

End Federal Subsidies to Wealthy Doctors and Hospitals for Health Information Technology
Savings: $15.6 billion over ten years.

Stop Medicare Payments for Uncovered Services
Savings: $1.97 billion over ten years.

PREVENTING FUTURE DUPLICATION

Since release of GAO's first report on duplication, the Senate has twice rejected bipartisan legislation aimed at preventing future duplication.

The amendment would require for every bill before consideration in the Senate:

- an analysis by the Congressional Research Service (CRS) to determine if the bill creates any new federal program, office, or initiative that would duplicate or overlap any existing federal program, office, or initiative with similar mission, purpose, goals, or activities;
- a listing of all of the overlapping or duplicative federal program or programs, office or offices, or initiative or initiatives; and
- an explanation provided by the committee as to why the creation of each new program, office, or initiative is necessary if a similar program or programs, office or offices, or initiative or initiatives already exist.

This CRS "duplication score," similar to a Congressional Budget Office cost analysis also required before congressional consideration, would serve as a tool to further inform members and the public of the impact and ramifications of a bill.

The measure received 64 votes in June of last year, but fell three votes shy of the 67 votes required for passage of any change to Senate rules.[20] The Senate voted on the measure a second time this year, and again, it failed to garner the votes necessary for passage.[21]

I plan to offer this amendment to every moving vehicle considered in the Senate until it is accepted. The House should also immediately pass similar legislation requiring a rules change to provide for a CRS duplication score on any legislation before consideration in the House.

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[20] 112th Congress, 1st Session, Senate Roll Call Vote #102, June 29, 2011, S. Amdt. 521 to S. Res. 116, http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=112&session=1&vote=00102
[21] 112th Congress, 2nd Session, Senate Roll Call Vote #10, February 2, 2012, S.Amdt. 1473 to S. Amdt. 1470 to S. 2038, http://www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=112&session=2&vote=00010

Requiring a duplication score before Congress votes on legislation, will help guard against our own worst tendencies, ensuring full knowledge and disclosure when duplicative programs are created in the future.

Further, members of Congress should begin to find government waste and duplication in their own states and bring it to light. In July 2011, I released a 41-page report detailing 30 specific programs and projects funded by the federal government within my own state of Oklahoma, costing taxpayers at least $170 million.[22] The "Oklahoma Waste Report: Exposing Washington's Wasteful Spending Habits in our Own Backyard" exposed several areas of government duplication, in Oklahoma, including state grant awards from duplicative Department of Agriculture programs assisting in the development of farmers' markets, and more than $1 million in FY 2010 from the duplicative Resource Conservation and Development program, which was targeted for elimination by both President Obama and President Bush alike. I strongly encourage members of Congress to bring to light examples of duplication from their own states, and use this as a foundation to consolidated overlapping federal efforts.

GAO'S REPORT ON DUPLICATION: THE PATH FORWARD

With the release of today's GAO report, combined with last year's recommendations, Congress and the administration have been given extensive details in 132 areas of government duplication and opportunities for significant cost savings, with dozens recommendations for how to address the duplication and find these savings.

The problem in Congress today is not an issue of ignorance—it is one of indifference and incompetence. We know we have a problem. We know we have cancer. Yet, we refuse to stop making it worse, we refuse to apply the treatment, and we refuse take the pain of the medication for the long-term benefit of a cure.

The GAO report released today provides a very clear and concise listing of dozens of areas ripe for reform and in need of collaboration from members on both sides of the aisle, to find solutions to address these issues. And yet, the second GAO report released today, our report card, demonstrates the clear unwillingness of Congress to do any work to address duplication, even when the information, background, and even specific recommendations, are delivered to directly to our door.

It was said last year by both Republicans and Democrats that GAO's first report on duplication would serve as a roadmap for extensive federal savings, to help put us on a path of fiscal solvency and begin reducing our deficit. These pledges were quickly set aside, and exchanged for partisan bickering and a refusal to find even the simplest areas of commonality.

We are looking into a future of trillion dollar deficits and a national debt quickly headed toward $20 trillion. Our nation is not on the verge of bankruptcy—it is already bankrupt. We have maxed out our own credit cards and are now living off our children's credit cards, while funding a government with so many duplicative programs they cannot even all be written down in a more than 420 page report.

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[22] Office of Senator Tom Coburn, "Oklahoma Waste Report: Exposing Washington's Wasteful Spending Habits in our Own Backyard," July 2011, http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=4f875398-b8bd-4fff-a37a-2cfe984bc3ec

Over the last two years, there have been countless discussion and bipartisan talks about how to address our debt and deficit, turn our country around, and get the economy back on its feet and growing. Yet, there has been little agreement, and at the end of this year we will be faced with another tax extenders package and another increase in the debt limit, all while sequestration will be poised to kick in and achieve the savings Congress has been unable to muster the courage to pass.

But, before us today, we have part of the answer. GAO's work presents Washington with literally hundreds of options for areas in which we could make a decision now to start finding savings, potentially hundreds of billions of dollars. If we, as members of Congress, are unable to agree on eliminating even one small duplicative program or tax credit, when clearly we know there are hundreds, we have little hope of ever coming to a comprehensive compromise for fixing our floundering budget.

How many more housing programs do we need before we have solved the homeless problem? How many food assistance programs do we need to ensure the hungry are fed? How many education programs do we need to improve our schools? Ten? Twenty? Hundreds? Just remember, next time someone in Congress proposes a bill to create a new program to address a problem, ask yourself, are we not addressing this problem already? Instead of creating a new program, we must demand results from the ones that already exist.

For the sake of our future as a nation, in the coming days and weeks, as we once again hear similar promises from Washington to address the issues exposed by GAO today, I can only hope Congress will this time work together to implement these recommendations and heed the advice found in the pages of this report.

BACK IN BLACK

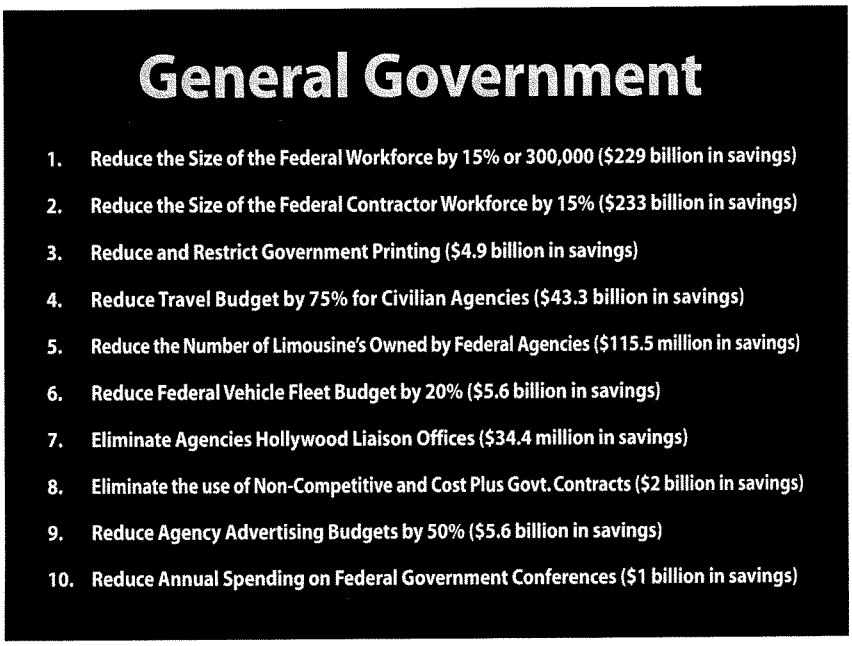
A Deficit Reduction Plan

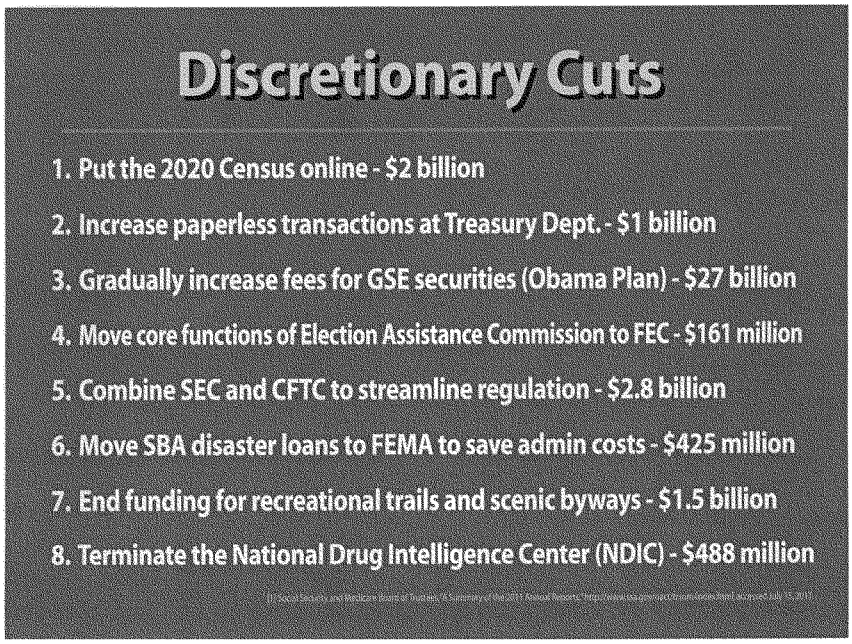
Senator Tom Coburn, M.D.

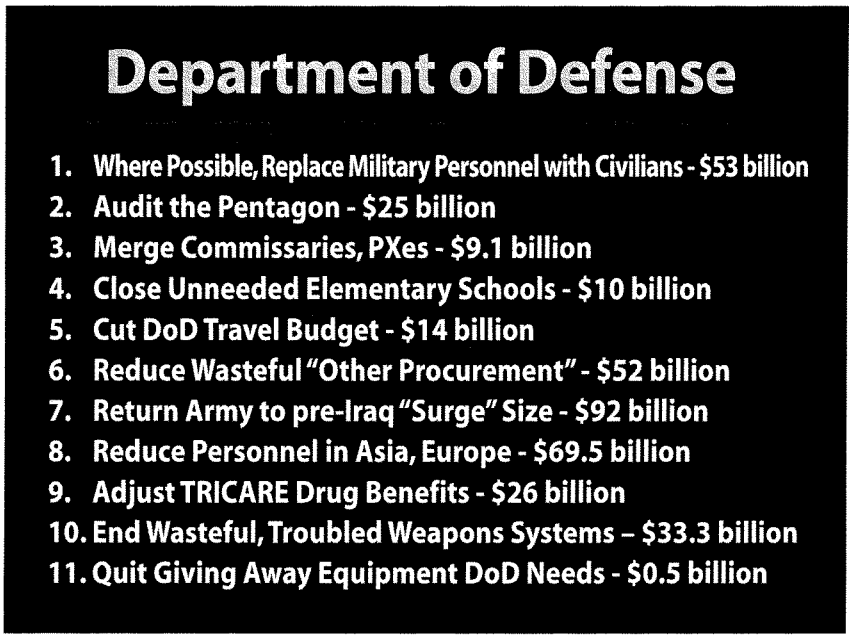
July 2011

Back in Black

Discretionary & Other Mandatory	*Deficit Reduction*
General Government Reforms	$974.08 billion
Congress	$4.28 billion
Executive Branch	$5.40 billion
Judiciary Branch	$7.78 billion
Department of Agriculture	$346.40 billion
Department of Commerce	$26.84 billion
Department of Defense	$1.006 trillion
Department of Education	$409.10 billion
Department of Energy	$101.77 billion
Department of Health & Human Services	$106.70 billion
Department of Homeland Security	$23.29 billion
Dept. of Housing and Urban Development	$88.73 billion
Department of the Interior	$26.44 billion
Department of Justice	$34.54 billion
Department of Labor	$268.04 billion
Department of State and Foreign Aid	$192.12 billion
Department of Transportation	$192.22 billion
Department of Treasury & GSEs	$39.72 billion
Department of Veteran Affairs	$13.57 billion
U.S. Army of Corps Engineers	$5.28 billion
Environmental Protection Agency	$33.67 billion
NASA	$51.15 billion
National Science Foundation	$14.20 billion
Small Business Administration	$3.22 billion
Other Independent Agencies	$48.89 billion
SSI & SSDI	$17.17 billion
Entitlements	
Medicare & Medicaid	$2.64 trillion
Social Security	75+ Years Solvent
Revenue	
Reform Tax Expenditures	$962.02 billion
Other Government Revenue	$30.34 billion
Interest	$1.360 trillion
Total	$9.032 trillion

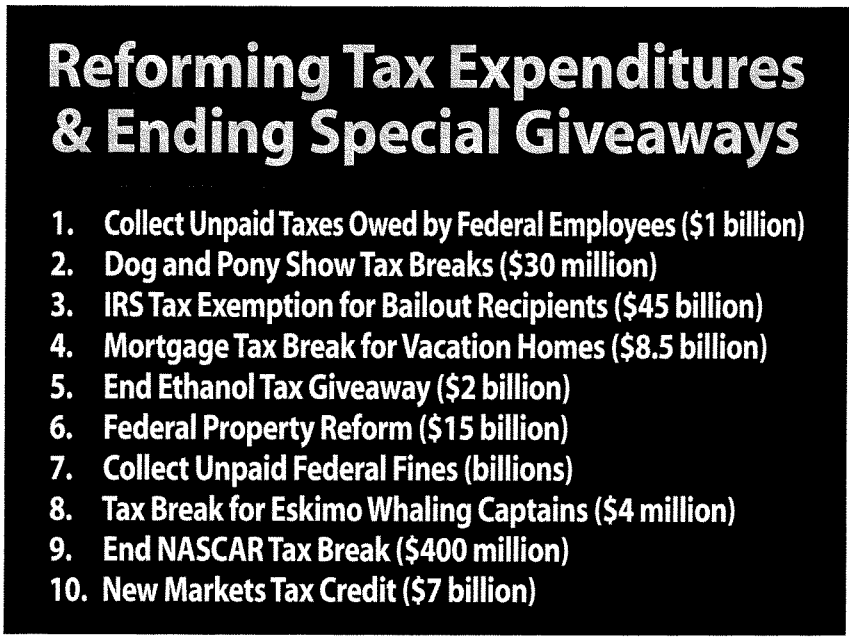

General Government
1. Reduce the Size of the Federal Workforce by 15% or 300,000 ($229 billion in savings)
2. Reduce the Size of the Federal Contractor Workforce by 15% ($233 billion in savings)
3. Reduce and Restrict Government Printing ($4.9 billion in savings)
4. Reduce Travel Budget by 75% for Civilian Agencies ($43.3 billion in savings)
5. Reduce the Number of Limousine's Owned by Federal Agencies ($115.5 million in savings)
6. Reduce Federal Vehicle Fleet Budget by 20% ($5.6 billion in savings)
7. Eliminate Agencies Hollywood Liaison Offices ($34.4 million in savings)
8. Eliminate the use of Non-Competitive and Cost Plus Govt. Contracts ($2 billion in savings)
9. Reduce Agency Advertising Budgets by 50% ($5.6 billion in savings)
10. Reduce Annual Spending on Federal Government Conferences ($1 billion in savings)


Discretionary Cuts
1. Put the 2020 Census online - $2 billion
2. Increase paperless transactions at Treasury Dept. - $1 billion
3. Gradually increase fees for GSE securities (Obama Plan) - $27 billion
4. Move core functions of Election Assistance Commission to FEC - $161 million
5. Combine SEC and CFTC to streamline regulation - $2.8 billion
6. Move SBA disaster loans to FEMA to save admin costs - $425 million
7. End funding for recreational trails and scenic byways - $1.5 billion
8. Terminate the National Drug Intelligence Center (NDIC) - $488 million


Department of Defense
1. Where Possible, Replace Military Personnel with Civilians - $53 billion
2. Audit the Pentagon - $25 billion
3. Merge Commissaries, PXes - $9.1 billion
4. Close Unneeded Elementary Schools - $10 billion
5. Cut DoD Travel Budget - $14 billion
6. Reduce Wasteful "Other Procurement" - $52 billion
7. Return Army to pre-Iraq "Surge" Size - $92 billion
8. Reduce Personnel in Asia, Europe - $69.5 billion
9. Adjust TRICARE Drug Benefits - $26 billion
10. End Wasteful, Troubled Weapons Systems – $33.3 billion
11. Quit Giving Away Equipment DoD Needs - $0.5 billion

Health Care Savings

- Achieves $2.6 trillion in entitlement health care savings over ten years.
- Put the Medicaid program on a budget by transferring program management to the state level and giving states a defined budget.
- Provide an offset 10-year fix to Medicare's physician reimbursement formula to ensure seniors' access to doctors.
- Require millionaires and other wealthy seniors to pay more for their Medicare.
- Give every senior on basic Medicare a new benefit: an annual out-of-pocket-maximum limit, to protect them from bankruptcy in the event of a major illness.
- Implement common-sense reforms to cut waste, fraud, and abuse in Medicare and Medicaid, saving taxpayers billions of dollars over a decade.
- Reform Medigap insurance to seniors can save money, while being encouraged to spend their Medicare dollars carefully.


Reforming Tax Expenditures
& Ending Special Giveaways
1. Collect Unpaid Taxes Owed by Federal Employees ($1 billion)
2. Dog and Pony Show Tax Breaks ($30 million)
3. IRS Tax Exemption for Bailout Recipients ($45 billion)
4. Mortgage Tax Break for Vacation Homes ($8.5 billion)
5. End Ethanol Tax Giveaway ($2 billion)
6. Federal Property Reform ($15 billion)
7. Collect Unpaid Federal Fines (billions)
8. Tax Break for Eskimo Whaling Captains ($4 million)
9. End NASCAR Tax Break ($400 million)
10. New Markets Tax Credit ($7 billion)

Social Security Disability Reform
• Includes much-needed, comprehensive reform of Social Security disability programs
• Refocuses SSA on improving program integrity
• Updates the disability application and appellate process to ensure only the truly disabled are accepted into the program
• Encourages state involvement in SSI program
[1] Social Security and Medicare Boards of Trustees "A Summary of the 2011 Annual Reports" http://www.ssa.gov/oact/TRSUM/trsum.html (accessed July 12, 2011)

Social Security Reform

Heeds Social Security Trustees warn: "The long-run financial challenges facing Social Security and Medicare should be addressed soon.... Earlier action will also afford elected officials with a greater opportunity to minimize adverse impacts on vulnerable populations.[1]

- Places Social Security on a solvent path over the 75-year window
- Likely to also achieve "sustainable" solvency
- NO tax increases
- Modifies the benefit formula, protecting those most in need
- The needy receive bump in benefits while higher earners would receive less
- Alters the retirement age to reflect life expectancy – increases one month every two years starting in 2022
- Includes more accurate inflation calculations
- Alters Spousal Benefits to better reflect costs of a two-income household

Chairman ISSA. I thank the gentleman.

With that, we go to, oddly enough, the gentleman from Oklahoma, Mr. Lankford, next.

Mr. LANKFORD. Thank you, Mr. Chairman.

Thanks all of you for being here. Appreciated the testimonies of both of you. I had to slip out for a moment to be able to come back in, but I appreciate that.

Let's talk about the why. Dr. Coburn, obviously, you know, as a physician, very well, you can treat the symptoms all day long, but you have to figure out what is causing it. What is causing all of this duplication? While the GAO report is a terrific report of here are the duplications, are there areas we can back up and fix and let's prevent it?

One of them you have already identified, the CRS reporting, to get the possibility that in advance of a vote there is already a report out there that says this already exists. Do either of you have ideas to say here is the why this is occurring?

Mr. DODARO. Well, I think that basically many of these programs start out as well-intentioned perceptions of need, that there is always not a well documented case for that in the first place and there is an accumulation over time. I mean, the 100 programs in surface transportation developed over decades, and there is really not a regular process, other than congressional oversight, to look at whether or not these programs are working effectively.

I think in some cases part of our recommendations are to really tie funding to outcomes, and not just there is a perception that providing money fixes problems, and that perception is not always——

Mr. LANKFORD. So you are saying just year after year Congress has this perception we have a problem, we need to do something; we didn't necessarily evaluate what we did last year, we are really not going to evaluate what we are going to do this year, but we need to go back to the voters and say we did something?

Mr. DODARO. That is definitely part of the issue.

Mr. LANKFORD. Okay.

Dr. Coburn, any other ideas you have on that?

Senator COBURN. I think careerism has a lot to do with it. Elections have a lot to do with it. I will just give you a little anecdotal example. Two years ago, in one of my committees, at two different times in a 3-month period bills were brought before the committees that identically duplicated programs that were already running. In private, I suggested to the Members bringing forth those bills that maybe they ought to look at what was already being done and, of course, when they did, they withdrew the bills. The fact is that is an accumulation of poor staff work.

But what it really reflects, and if you look at, we have actually documented the amount of oversight hearings. It has gone precipitously down in Congress over the last 20 years. The number of oversight hearings has gone precipitously down.

We, as Members of Congress, don't know what is going on, and in our desire to please and to meet compassionately a need, we do try to act, but we act without knowledge because we haven't done the oversight. Treating pneumonia by treating the fever and the cough, and not ever giving an antibiotic, doesn't cure pneumonia.

Matter of fact, it leads ultimately to sepsis and death. But that is what we do all the time.

So what I think we lack is leadership both in the Senate on both sides of the aisle and in the House on both sides of the aisle, because if we are to get out of this, leadership ought to say every committee is going to do the oversight of every program over the next 2 years; you are going to look at what they are doing, how they are doing it, how effective it is, which ones you can measure.

The one key thing, we don't have any metrics on any of this. We are looking at all the job training programs in Oklahoma. I have had eight field reps doing this for a year, until they finally discovered we were looking at it; now the administration won't cooperate. And we are going to be issuing a report, and here is what the summary of the report is on job training programs in Oklahoma: job training money from Washington is spent to keep the people employed in job training working, not training people for new jobs in Oklahoma.

That is my consensus of what is happening in job training. It is the most fragmented, illogical, stupid system I have ever seen in my life. Some areas work well. On one program, the same program doesn't work well in another county. And the fact is that we have created that mess, and in the background of that what we have done is created a constituency of those that work in the job training program that value it, but have no metrics to prove that they are effective in what they were assigned to do.

Mr. LANKFORD. The Taxpayer Right to Know Act that you mentioned in the Senate, basically asking every agency to define all the programs, why is that stalling? What was the key thing that we can get out of that, when it is said and done? And not blaming the Senate, but saying just simply identifying here are the agencies, identify all of your programs that you have.

Senator COBURN. The Department of Education puts out every year a list of all their programs. They are the only one that knows all their programs. And the book is this thick. It is difficult for them to keep up with it. But the fact is is before you can fix anything, you have to know what the problem is and you have to know the extent of it. We have great help from GAO, but not to the extent that we need.

Just a little history for a second. Gene's predecessor didn't want to do what I asked to do in terms of bringing these studies forward. When I asked the GAO to give me every program in the Federal Government, they said it is impossible. I went to CRS and they said it is impossible. So we made a mandate. We are two-thirds through that, is that right, Gene? So we are two-thirds through this. This is a 3-year program. By the end of next year the GAO will have looked at all of the Federal Government.

The fact is even for GAO this has been a humongous task to get their hands around it, and they still don't really have their hands around it; what they are doing is identifying components of it. We have the power as Members of Congress to do the oversight to do the oversight on each one of these programs if in fact we will invest the time in it to find out.

Because if our goal is really to help American people with these programs, we ought to be making sure that they are actually doing

what they are intended to do. And I would put forth that 50 to 60 percent of them don't come close to any of the marks that we intended when we wrote the legislation that set them up in the first place.

Chairman ISSA. I thank the gentleman.

We now go to the gentleman from Virginia, Mr. Connolly, for 5 minutes.

Mr. CONNOLLY. Thank you, Mr .Chairman. And thank you, Senator Coburn and other panelists for being here today. And I want to thank the chairman for having this hearing.

Let me begin with the piggy-back question of the chairman to our friend, Mr. Cooper, from Tennessee, the inference of which, if I draw it correctly, I actually agree with the chairman. Mr. Dodaro, you were asked how you are doing in implementing an 11 percent cut to your agency, and one of the things you cited in response to the chairman's question was, if I heard you correctly, an 81 to 1 ratio of savings for dollar invested. Could you expand just a little bit on that? I particularly want Senator Coburn to be able to hear that as well.

Mr. DODARO. Yes. What we do is we track implementation of our recommendations by the agencies and by the Congress and we get third-party estimates of what the financial benefits were as a result of implementing our recommendations, and we regularly report that over time. But the concern that I have had is that, on average, over the past 4 years, we have been averaging $91 for every $1 invested in GAO, and this past year was 81, and the 11 percent reduction is of concern to me because I think that we are missing opportunities to identify additional areas for the Congress to take even more actions on our recommendations.

Mr. CONNOLLY. I was listening to Senator Coburn, and as somebody who helped run a big local government, it was music to my ears what you were enumerating in terms of let's move beyond the aspirational when we pass legislation and look at efficacy. And can we do that in a nonideological context? Because if we could remove sort of the incendiary agendas on each side and actually just look at the merits, there would be a lot of common ground around here if we could get that done.

But I would suggest to the Senator that the problem is trust is so badly broken here and so often we yield to the temptation actively for trying to get somebody politically that you burn trust on one side or the other on the actual task at hand. And if we could somehow detoxify some of the oversight we do in this Congress, I think we could find a lot more common ground.

And you made the point, and so did you, general, that here we are a year later and, frankly, we haven't done much with the earlier report. And a lot of the recommendations you reported to us a year ago are recommendations you are reporting to us again, and it is Congress that hasn't acted.

Senator.

Senator COBURN. Well, I think the problem is not partisanship; I think the problem is elections. And I think it is the lack of courage and character in Members of Congress. They look more toward fixing their party and themselves—and I am talking both sides of

the aisle—for the next election than they do the long-term interests of the country.

I don't think we have had a problem here; all you have to do is look at our spending. Republicans and Democrats, whether Democrats have been in control or Republicans have been in control, doesn't matter who the President is, we doubled the size of the Federal Government in the last 11 years. So the problem is we get along too well when it comes to spending money we don't have on things we don't absolutely need.

I would also like to comment I think what the budget ramifications for the GAO were obscene. When we cut them more than we cut ourselves, when they are the number one tool, if you want to find out something important in this Government and you want the facts to back it up, the last place you ought to be cutting is the GAO.

And yet our appropriators on both sides of the aisle really was payback. I will make that claim. It was payback. They were embarrassed because they haven't done their job on oversight, and here GAO actually shows what is going on and the lack of effectiveness of appropriation, whether it is Democrat or Republican running it. They failed to do their job in terms of oversight and they are embarrassing them.

So what happens is their budget gets cut because they are actually showing things that they should have discovered with their own oversight hearings.

Mr. CONNOLLY. And in the 39 seconds I have left, Senator, and I agree with you, I just think it is very important that we move beyond the mindless narrative that government is just big, bloated, and fat, and we should cut it all, and differentiate between an invested dollar that has a return on it, such as a dollar invested at GAO.

If we really are serious about debt reduction, here is a vehicle for trying to get at savings. I mean, if it is 91 to 1, there aren't many other Federal programs where we can claim that kind of return, and it just seems to me I completely agree with the Senator; it is penny wise and pound foolish to disinvest in the GAO.

With that, of course, I yield back. Thank you, Mr. Chairman.

Chairman ISSA. I thank the gentleman.

We now go to the gentleman from Texas, Mr. Farenthold, for 5 minutes.

Mr. FARENTHOLD. Thank you, Mr. Chairman. As I am sitting here, we have pretty much knocked half the deficit off the board just in our conversations with Senator Coburn's $100 million estimate in duplication and the IRS not collecting almost well over $300 billion a year. Of course, we can get around you can't get blood from a turnip with the IRS, but we are about halfway there already. So we talk about what a struggle it is to get it under control. I am not sure it is that big a trouble if we just do our job.

I did want to follow up on a question Mr. Lankford had about what did you think the causes for this were, and I am wondering if part of it also isn't the committee structure within Congress in that everybody, I think, will agree jobs are the biggest issue, so every committee wants to create a program to create jobs or to create training for jobs. I do think we have a unique opportunity with

the broad jurisdiction of this committee to come up with overviewing all of these programs and coming up with recommendations that go through even the existing committee structure to do away with that.

Senator Coburn, would you like to comment on that?

Senator COBURN. Well, I am probably not still familiar enough with the House's committee structure to be able to comment on it. I think this is a nature problem of politicians; you want to be liked, you want to do the right thing. But it also has to do with an underlying tenant is we are on too many committees, we are not really good at any one thing; we are fair at a lot of things. Most of us don't go to doctors that are that way; we want to go to a doctor that is really good.

So I just think this report, whether you agree with it or not, is based on 47 oversight hearings that I did in the Senate in 2 years. Forty-seven. That was more than the whole Senate did combined with every other committee. And the recommendations of this are based on facts from GAO, IG, OMB, and CRS. So you can agree with it or not, but the fact is if you agreed with a third of it we could be $3 trillion over the next 10 years less.

Mr. FARENTHOLD. Thank you, Senator. I want to go back to the GAO report. One of my colleagues suggested setting it by her bedside table for reading. I am going to take it with me to my town halls, get everybody to scan the QR code on here and actually have access to the report, because I think it is something the American people need to know and they need to pressure us——

Chairman ISSA. If the gentleman would yield.

Mr. FARENTHOLD. Yes.

Chairman ISSA. Knowing how tech savvy you are, we have now received the digital version of that for you to take on the plane.

Mr. FARENTHOLD. All right. I will download it to my iPad.

I did want to touch real quickly in the short time remaining, one of the big issues in South Texas is issues with the VA, and I think section 15 of the report deals with the VA and some of the problems they have both communicating within their own organization and with the DOD for veterans coming out.

I know there is one instance mentioned in the report where there were five case managers working on the same life insurance plan for one single individual, and one of the complaints I hear both from veterans who are trying to get the services that we promised them and that we owed them is that it takes the VA forever to get anything done. The VA in my neck of the woods is months behind in paying doctors who have treated our veterans, in some cases close to a year behind in paying.

With respect to the VA, can you comment? Is it a technology problem? Is it just a tech phobia where they need to deal with technology? Is it a cultural issue? How do we fix what I think one of the most critical problems we have?

Mr. DODARO. I think there are a number of facets to it. One is, it is a large decentralized department and it needs more centralized direction and management. We have looked at their applications of technology over time and have had a lot of critiques that they need to improve their ability to be able to do it. Some of the

procedures need to be streamlined. I mean, one of the classic cases where they have difficulties is in handling disability claims.

And then there is an appeal process beyond that that could go on for a period of time. The coordination issues between DOD and VA can be greatly improved in electronic records and how they purchase drugs. There are a lot of opportunities for savings, but some of the fundamental problems I think are cultural, not having applications of technology and to have more centralized leadership.

Mr. FARENTHOLD. I look forward to working with you all on that. I see my time has expired. Thank you.

Chairman ISSA. I thank the gentleman.

We now go to my friend and colleague from Cleveland, Ohio, Mr. Kucinich, for 5 minutes.

Mr. KUCINICH. Thank you very much. I want to thank the panel and welcome Senator Coburn, who I had the privilege of serving with in the House.

Senator, you published what you called a waste book, I think it was in December, where you listed what you believe are the 100 most wasteful and low priority government spending programs in 2011, and in light of developments in this country with respect to oil and gas, where they are making record profits, do you think that these industries should continue to be rewarded with tax breaks and other benefits?

There has been an argument that if you take away some of the breaks, it would affect gas prices, contradicted by these tremendous profits these companies are making, and the top five companies earned alone over $30 billion in profits in one quarter, and the American people are wondering how can this be and what about these breaks that they are getting. They certainly seem to qualify as a prosperous industry, and I would just like your comments on that.

Senator COBURN. First of all, it is important to note that they get no tax credits; they get accelerated depreciation through intangible drilling costs. I think you have to look at it in two different groups: the very large oil companies integrated. They could probably do fine without the intangible drilling costs. What happens with those programs is they actually pay the same amount of taxes; it is just delayed, so the cost to the government is the time value of money, which is zero right now. So it really doesn't cost us anything.

I would also note that their average income tax that they pay is 41 percent. That is the big five. That is what they paid last year, which is a good source for us and far above what the average tax increase is.

I would be amenable to working on that. I think tax reform is something that we need to do. I think we need to have a tax program that we quit picking winners and losers in.

Mr. KUCINICH. The Department of Energy had a report called Cuts, oil and gas company tax preferences. There were eight proposals, one which has to do with repealing the expensing of the intangible drilling costs. And it seems that there would be a considerable amount of money that would be recovered by the Federal Government if they repealed that particular benefit, which I think is——

Senator COBURN. Congressman, that is true in the short term, but that is not true over a 7-year period. There would be exactly the same amount of revenues going to the Federal Government.

Mr. KUCINICH. Well, on this one I would be happy to provide you with what I am looking at here. It says that from 2013 to 2022, the expensing of the intangible drilling costs would be worth about $13.9 billion. I would be happy to show this to you.

Senator COBURN. And, again, that is the Department of Energy's numbers. If you go and look at CBO's numbers or OMB's records or CRS's numbers, I think they will show you something different. The fact is that the average life of most of these wells is about——

Mr. KUCINICH. Well, I want to make sure that I——

Senator COBURN. I would be happy to look at it.

Mr. KUCINICH [continuing]. Correctly. This is the President's budget that I'm citing under the Department of Energy. So in the President's budget it also says that the percentage of depletion for oil and natural gas wells would be another $11.4 billion if you repeal it from 2013 to 2022, and repealing the domestic manufacturing tax deduction for oil and natural gas companies over that same period of time would be worth $11.6 billion. I wanted to point that out to——

Senator COBURN. The third one, though, is you are going to treat oil and gas different than you do every other manufacturer if you decide to do that. So I don't have any problem with a philosophical difference.

What I will tell you, over a 10 year period of time, if in fact, as an accountant—that is my first degree—as an accountant, if you amortize an expense over a period of time versus taking it all up front, the only thing that is going to happen is we will collect more dollars up front, I agree with you. Over the long period of time we won't collect more dollars, but what you will do is for the lower capitalized oil and gas industry, the ones that are actually finding all the natural gas now, the smaller companies, what you will do is you will limit their capital availability and you will limit our exploration for oil and gas in this——

Mr. KUCINICH. Well, I could understand the sympathy that you have; you represent the smaller developers very well, but my question is back home in Cleveland I have people who are looking at $4 or $5 a gallon for gas and are wondering why are these oil companies getting these breaks, and the biggest breaks go to the biggest companies.

Senator COBURN. Well, I think you would be better off addressing the speculation in the commodity markets, rather than try to—right now there is greater supply than there is demand for oil. What is happening? There is an international worry about Iran, which is a significant factor. We can eliminate speculation in this country, but you can't eliminate speculation worldwide.

So the most important thing we can do if we want to address that $4 to $5 a gallon gasoline is make sure we have a domestic supply of energy, which we are capable of doing over the next 10 to 12 years in this country, that will make us impervious to the impression and vulnerability of Middle Eastern oil.

Mr. KUCINICH. Mr. Chairman, my time has expired, but could I ask the witness, with unanimous consent, just ask the witness a

followup question? I appreciate that. Thank you, for the members of the panel here.

Could you tell us how much the speculation in commodity markets, do you have any idea what kind of a factor that would be in driving up the price of oil domestically?

Senator COBURN. It would be a guess. It is an educated guess, but I would imagine we have $15 to $18 worth of speculation in the price of oil.

Mr. KUCINICH. Per barrel you are saying?

Senator COBURN. Per barrel right now.

Mr. KUCINICH. Mr. Chairman, I know Senator Coburn is one of the most fluent people on these issues and I appreciate your presence here for that reason. This may be something that we want to look a little bit more closely at.

I want to thank you for that, because $15 to $18 a barrel, what are we at right now? It is over $100 a barrel.

Senator COBURN. It is $109.

Mr. KUCINICH. So that is quite significant. That is something worth looking at.

Mr. Chairman, thank you for your indulgence.

Thank you, Senator Coburn.

Chairman ISSA. I thank the gentleman.

I will quickly recognize myself for a number of things.

Senator, first of all, we have had a rash of your colleagues coming over here and not only giving testimony, but taking questions, so please tell your colleagues that it actually is a good thing.

I am just going to quickly go through some numbers. Number of hearings held by this committee, starting with Mr. Davis: 2003, 145, these happen to be the first year of each Congress, 2005, 135, downward trend. Waxman, his 2-year period, the first year, 112; Towns, his 2-year period first year, 93; Issa, his first year, 122. I am not back to where we were under Chairman Davis, but we are heading in the right direction.

Number of letters, which are minor hearings, if you will, under Mr. Towns, 122; last year under this committee, 748. We take seriously your point that we haven't been doing enough oversight. It has been a downward trend.

Senator COBURN. Mr. Chairman, if I may?

Chairman ISSA. Of course.

Senator COBURN. I think this committee does a great job, whether it is led by a Democrat or Republican. It has a great history, just like the permanent Subcommittee on Investigation in the Senate.

The problem is not the Oversight Committee; the problem is every other committee in Congress that isn't doing their job, that doesn't know what they are doing, is not looking at what the agencies are doing and is not looking to see if what they planned in terms of legislation is actually being carried out. So it is not the oversight committees that I have a problem with, it is the fact that every other committee is failing to live up to what is required of them, which is to know what they are doing, and they don't.

Chairman ISSA. I appreciate that. Certainly, this committee has begun looking at the permanent Select Committee over in the Senate under McClelland, under both Republicans and Democrats for the work that they have done back in the 1950's.

General Dodaro, a couple of quick things. First of all, thank you for delivering this in advance in paper, but digitally.

In your estimation from audits that you have done, wouldn't it be reasonable to assume that every cabinet position should be able to deliver the vast majority of discovery or requests for FOIA in digital format, meaning is there any longer a reason for either a FOIA request or a congressional request, subpoena or not, to expect boxes of paper to arrive? I know Senator Coburn sees them arrive in his committee, just as I do.

In other words, we paid for a lot of computers, and it seems like we get paper that was printed out of computers in response to discovery, and so to FOIA requests by the press.

Mr. DODARO. In consulting with our expert in this area, he informs me there is no reason that you shouldn't be able to receive virtually everything electronically.

Chairman ISSA. Which would save money because, both on the sending and, of course, on the receiving, the data mining afterwards.

Mr. DODARO. That is correct.

Senator COBURN. Mr. Chairman.

Chairman ISSA. Yes, Senator.

Senator COBURN. Just a note. We spend $38 billion a year on IT, of which $20 billion is wasted every year. Where is our oversight of that? The number one programs at risk that they have, the vast majority of them, other than some Defense contracting, are IT programs. That is where we ought to be. If you want to save money, let's start buying some off-the-shelf programs and make us adjust to them, rather than us design every new program, just like CMS just spent $77 million on a program that is not effective in terms of predictive payment.

Chairman ISSA. Thank you.

Mr. Dodaro, you also referenced, I think indirectly, the work of the Recovery Board when you were talking about the potentials for recovery if we changed our systems, if you will, for how we tracked payments by both the payor and the recipient, and also the kind of predictive modeling that I think pretty much you are looking at the Recovery Board as the model for what we should be doing in Medicare, Medicaid fraud and mispayments.

Mr. DODARO. Earlier, I was talking about recovery auditing that is done after the fact, but as it relates to the Recovery Board, I think that their operations are very good. I was over there recently for an update on their Recovery Operations Center. I think there are additional data bases that they could get access to. I am going to try to do what I can to help them.

Chairman ISSA. And if you give us a list, we will do what we can to open those up.

Mr. DODARO. And some of that may need some legislation, Mr. Chairman. But I think that they have done a marvelous job and I hope that there are ways to find out how to make their operations more permanent once their temporary authority expires. I know you have legislation to do ,that and we are supportive of that.

Chairman ISSA. I am going to submit this one for the record. We have a series of whistleblowers who came in essentially making a claim that the Department of Defense routinely hires contractors

and/or uniformed personnel, while not getting rid of or reassigning DOD civilians simply because the DOD civilians tend to be inflexible and they can grab a contractor or some uniform personnel to get something done quickly, rather than later.

So I am submitting that for the record because I don't want a full study, but I would like your observations calling on personnel that are particularly familiar with that, because it seems like an area that we may want to follow up on, but I don't want to do it without your comments.

Mr. DODARO. Yes. Let me ask Janet to comment on it; she is in charge of our Defense work.

Ms. ST. LAURENT. The one comment I would make initially is that the number of contractors, of course, associated with headquarters functions and money, entities of the Department of Defense, has increased and DOD does not have a very good handle on that data. So then it makes it very difficult for them to make informed decisions that also understand and reflect the cost implications of those decisions as they are deciding whether or not to staff positions with a government employee or a contractor. So it is an area we have done a lot of work on and we would be happy to provide additional information.

Chairman ISSA. I appreciate that. I am just going to ask one more because the Senator is here. This committee has continued to sort of have this nagging proposal of simply scrapping the Department of Veterans Affairs, making it effectively part of DOD, making the uniformed relationship, from the day you raise your right hand to the day you are buried at a military funeral, a single responsibility.

Obviously, a major portion is health care, a situation in which I know you have done many reports showing us that essentially we still keeping talking about having a single interoperable data base and never get there so that a veteran might be treated or an active duty person may be treated without knowledge of other work done or other susceptibilities or problems. I know the Senator also has unique expertise in that, so any comments you would have on that.

Senator COBURN. I am not sure I want to add anything to the Defense Department, with the significant problems that it has today. It does not deny the fact that the VA has problems.

What we ought to be doing for our veterans, we promised them health care. Give them a card. They want to go the VA hospital, let them go to the VA hospital. But give them a card to go wherever they want. That is real health care. Give them the ability to seek the health care they want, rather than limit what they can have.

You can do that in a very cost-effective way that would give them better outcomes, better availability, and better timeliness for their care. That is what we should be doing for our veterans. Let them decide where they want to go, don't funnel them in to someplace that we say they are going to go. Give them the freedom that they fought for.

Chairman ISSA. Thank you.

And, by the way, when I say scrap and consolidate, you can go either direction; you can take all of health care in DOD and make

it a single system that is led by VA, which is actually some of the suggestions we have had.

Mr. DODARO. Yes. I share the Senator's concern about adding anything to the Department. I think there is much more that could be done with the current relationship if there was proper leadership and a will to make it happen, particularly in the electronic records area, in looking at joint purchases for pharmacy issues, and dealing with health care issues.

There may be organizational ways to get there differently, and we should be open to those; we should look for better ways. But I just think that there are many opportunities that could be focused on right now that we could get quicker action on, as well as looking for longer term reforms and of an organizational nature.

Chairman ISSA. Thank you. And I will not open up TriCare for Life, because that would take longer than even two sessions.

Mr. Cummings, do you have another round?

Mr. CUMMINGS. I want to thank you, Senator, for being here. As I listened to your testimony, I concluded that there is not one syllable that you stated that I disagree with. I think the frustrating part about all of this is there was a song that said, you got me going in circles, and it seems as if we are going in circles, and I am trying to figure out how we get off the merry-go-round.

To your credit, you have asked Mr. Dodaro and GAO to look at all of this information and gather this information, and I am just wondering where you see that leading. I guess what you are doing is saying, okay, let me present the information and it would be so glaring that maybe it will cause the Congress to get away from the privacy share, wherever we are in this circle, to do something.

But where do you see that leading? Because I just have this thing about time and how you can go and do things over and over and over again, and you can be talking about the same things 10 years from now; and we have a very limited amount of time to be here. I don't give a damn if it is 30 years or if it is 5 years. So how do you see us getting off of that merry-go-round?

Senator COBURN. Well, first of all, I think if we don't get off the merry-go-round in the next couple of years, we are going to get off the merry-go-round because the international financial community is going to make us do it. And I would much rather negotiate with you, Congressman Cummings, than I would the Chinese. I would rather work with you to solve these problems rather than us working with the Chinese when they start telling us what we will do and how we will do it, because that is where we are going.

If Willie Sutton were here, he would rob the bank, and the bank is in duplication. And what has disappointed me, I am less disappointed with the House than I am the Senate. We have not done one thing in the Senate based on last year's report, not one single substantive thing. At least the House has brought out of committee a reform of job training program. That is $18.6 billion a year, which we know we can get better job training, match skills better to the needs of both the job offerers and those being trained for about half as much money.

Well, that is $9 billion. Over 10 years it is 90. And what Mr. Dodaro and his staff have done is give us another 50 banks to rob, in other words, if we just do it.

So the real key is leadership, whether it is Speaker Boehner or Leader Reid. If we want to solve it, we can solve these problems; we don't have to have a fight with the President. We can actually solve these problems among ourselves if we decide that we are going to solve the fiscal issues of our country. Not talking about it in big terms, but talk about it in the detail terms.

Mr. CUMMINGS. I saw this when, on the Transportation Committee, I chaired the Subcommittee on the Coast Guard and Maritime Transportation, and I am sure you are familiar with the Deepwater Project, where we were literally buying boats that did not float. As a matter of fact, they are sitting over in Baltimore right now, in the harbor, and we were buying surveillance systems that covered 180 degrees instead of 360, and buying radios that if they got wet they didn't work. I mean, I could go on and on.

But in a bipartisan way we were able to straighten that stuff out in about 2 years, with no dissenting votes, because folks came together and worked together and resolved it. Now, I must admit the Coast Guard came kicking and screaming, but in the end I think they are a better organization because of it. A lot of it had to do with acquisitions. They didn't have people who were qualified to even write the contract.

And I think the reason why we were able to do that is because everybody kind of came together and said, you know what, we are not going to have this. We are not going to be buying things that we didn't bargain for. We are not going to have equipment that is going to hurt our people; we are going to buy equipment that our people need to do their job.

Everybody came together in a very patriotic way and said let's do it. How do we get there, though?

Mr. DODARO. Well, again, I really think it is leadership. If you and the chairman of this committee would take six or seven areas which are real obvious, I mean, when I go around the country or in Oklahoma and I say, there are 82 Federal programs designed for teacher training, and they say what? Nobody with any common sense would think we need 82 different teacher training programs. Eighty-two run by 12 different agencies, not even out of the Department of Education.

So if you all would target seven or eight areas and have subcommittees and this committee say, okay, we want you all to become experts of this, how do we do it, and then send that information to the actual authorizing committees and then hold them accountable publicly for not fixing it, I think we can do it.

The problem is we are fast approaching a time we are passed the tipping point, and we have a couple of years with which we can make critical decisions that we can come together and clean up a lot of this. All of it is well intentioned; none of this was not well intentioned. The fact is we just didn't know what we were doing when we were doing it.

The other two things I think we ought to do is I think we ought to put metrics on anything we pass, that as a requirement of any program you have to have a metric associated with it to measure its effectiveness; and number two is you ought to sunset everything so that it forces you into reauthorizing, and when you reauthorize you are going to have the hearings which, in effect, will be over-

sight hearings, to say whether it ought to be authorized. Did it work?

We have tons of programs in this country that are well-meaning that don't help people, and some of them actually hurt people, and yet we haven't come together bipartisan to solve it.

Going back to leadership, we are all Americans. We are in deep trouble financially. We have a significant problem with jobs. There are 600,000 jobs out there right now waiting in manufacturing and our job training programs haven't educated the people for them. Six hundred thousand that could be hired tomorrow. We have 47 job training programs spending almost $19 billion a year and we didn't meet that need? That tells you there is some real problem.

So we can do it as Americans, and that is what we need to focus on because, quite frankly, our survival, our economic survival depends on us getting together.

Mr. CUMMINGS. Just one last question, Mr. Chairman.

You mentioned the Oklahoma job programs and I know we could cite all kinds of programs like what you just cited. Does that call for micro-managing, Senator? In other words, if you are going to have the leadership making sure that each program was doing what it is supposed to do, I guess there has to be a network of communication, too, so that if you do have any kind of duplication, it makes, not duplication. But if you have programs doing similar things, that it makes sense that people are communicating and saying, okay, you are doing this piece, you are doing that piece. But it seems like that that takes some real not only leadership, but some getting down in the weeds type leadership.

Senator COBURN. Well, I think one of the defects with Congress is too often we write bills with very good intentions that actually are pretty good plans, and then we don't instruct the bureaucracy exactly what we intended, and then we let it flower from there. Oftentimes we know enough to get really specific about what we intend, and yet we fail to do that.

I don't think we need to micro-manage anything, but you won't have to micro-manage if you take 47 job training programs and convert it to 6, and you say there is going to be a one-stop shop, Federal programs, then you can go to one place in your State in every county and find every job training capability there. You shouldn't have to be bounced from program to program to program, and that is exactly what is happening now. Some programs are highly effective in some States and some programs, the same program, doesn't work at all.

So it is not about micro-managing, it is about having a clear vision of what we intend, with clear instructions to the bureaucracy, and consolidating programs that do work and taking the best of those that do and making sure everywhere across the country, if it is Federal dollars and it is really our roll, if it is our roll, then making sure those dollars are spent well. That is oversight and putting the parameters on so you have a metric of how many people did you get trained actually got trained in the job they got.

We found people being trained in Oklahoma for jobs that don't exist so they can collect the Federal bucks for the job training. Well, that doesn't help anybody.

Mr. CUMMINGS. Thank you, Mr. Chairman.

Chairman ISSA. Thank you.

We had intended on quitting at 11:30, but if there are any additional brief questions.

Ms. NORTON. Yes, there is an additional brief question.

Chairman ISSA. Ms. Norton.

Ms. NORTON. I thank you, Mr. Chairman.

Perhaps for you, Senator, and for Mr. Dodaro, it is rare that you have the kind of agreement you have seen certainly in this committee. My own interest in issues like this is far more on how than what, because when you say words like duplication, it is pretty hard for people to raise their hands and be on the side of duplication, and yet it continues.

I was intrigued by the candor of the Senator when he said Congress did it, so essentially Congress should undo the damage. And I am wondering the symmetry of that, though, Senator. The chairman cites lots of hearings and exposure is very important; that is one of the tools that Congress does have. When Senator Coburn, though mentions that it is not partisanship, it is elections, wow. That does suggest that there are structural problems here.

And let me just cite the record. When Congress has found something important enough to have to meet it, look what it has done for trade and military matters. We have this notion that any Member of Congress hates where you vote up or down. We have military BRAC Base Realignment Closure Commissions and now we have two bills. Two committees here in the House have considered civilian BRAC. One is going to the floor and we are about to take to the floor the civilian BRAC bill of this committee, which tries to get rid of failure to sell or consolidate Federal properties.

What else? Here is another example. When we created, and you can have your issues with this creation, the Department of Homeland Security, where we did something really quite extraordinary, which is bring a lot of agencies together, and look what you had something that was unprecedented; you had a strike on our soil by foreign parties.

There are over 500 Members of Congress. Once they get their hands on an issue, they act like their constituents expect them to act, and sometimes that is to protect programs that in fact are included in this duplication. I am trying to get out of the quagmire and I would like you to speak more deeply on how we could, the administration has thought of something to do; it comes up with these up or down votes.

Congress hasn't thought of anything like that to do. And if we are to get from the what to the how, it does seem to me that Senator Coburn's notion of we did it, we should undo it has to face the notion that Congress seems unwilling to do it unless somehow we were to do something structural ourself. Just like the administration did something structural to get this done, the Congress has not done anything structural and it continues not to be done.

So I would just like to press you on, I accept entirely what you say about oversight. I even believe that exposure works, certainly on many issues. But I would like to press you on whether or not there is something more structural Congress could do that would grab hold of some of this duplication that we all agree is excessive and get rid of it.

Senator COBURN. Well, this may shock you. I think we can all quit and they can send real Americans up here to actually do what common sense people——

Ms. NORTON. Short of that, Senator. Short of that, Senator.

Senator COBURN. Well, but the fact is that is what the American people are repulsed by. Eighty-five percent of them know we are not doing our job, and the fact is we make a political calculation rather than a character calculation about the future of our country.

Mr. Dodaro has given 176 recommendations, specific recommendations Congress can do. What did we do? We did two or three little bitty ones, nothing major. We didn't make any significant impact on the budget last year.

Had we just reformed job training programs, one, we would have met a need in our economy right now that we did not meet; we would have saved $9 billion. How would that have added to your numbers, Mr. Dodaro, in terms of the for every dollar spent if we actually did that $9 billion revision and actually got a streamlined program?

The fact is, it is not hard. What is hard is every program has a constituency.

Ms. NORTON. Right.

Senator COBURN. And that constituency, as I have testified here today in job training programs, is too often those in the program, not those being trained by the program. So what we have to do is pay attention to what our goal was originally. And when we are more interested in the constituency of a program rather than the benefactors of the program, we are the ones that got it wrong, the American people don't. And what I think is we lack courage and we lack leadership to do what is in the best long-term interest.

The final point I will make is we are short-term thinkers, not long-term, and we have created tons of problems because of that, and that goes to the political side of it as well as the policy side of it.

And if we will start thinking in the long term about what is the best, right thing we can do for the country right now, what we will do is we will be Willie Suttons, we will go to the bank. He has given us 176 banks to rob, and we can come back on and actually make a big difference which will actually benefit the very constituencies that the programs were designed to benefit, rather than protect the program, which has no right to be here if in fact it is not effective in helping the constituency, the ultimate benefactor.

Chairman ISSA. Thank you.

Mr. Connolly, are you finished? The gentleman is recognized.

Mr. CONNOLLY. Thank you, Mr. Chairman.

Again I find myself in agreement with Senator Coburn. As somebody who ran one of the largest local governments in the United States, to me, metrics are everything. Why do it if you can't measure it? And I go back to this difference between the aspirational and the efficacious. As somebody coming from a local government background here to Congress, what I find is that many people who have spent their entire careers in the legislative branch either at the State level or here often think that by passing a bill, they have solved the problem, and it is as you say, often with the best of intentions.

I will give you two examples of bills on a bipartisan basis that passed that nonetheless were almost impossible to implement at the local level. One was No Child Left Behind, full of good intentions, full of high aspirations, but very difficult to implement at the local level, and in some cases unintentionally actually do harm.

And the other was the immigration reform bill that the previous president, President Bush, actually endorsed, and Ted Kennedy, on our side of the aisle, actively worked on with the President. Again, full of good intentions, but had it passed, I believe it would have been impossible to comply with; it was so complicated. I don't know how anyone thought that was going to solve the immigration problem, or even be easily implementable.

So if we don't have metrics, I think all we can say it is good intentions, but they may or may not be working. And I completely applaud your point of view. Everything we do should be subject to metrics so that we know whether we are making the effect desired or not.

Senator COBURN. Just a little point on that. When you put metrics into a bill without teeth, let me tell you what you get: no metrics. And my experience both in the House and the Senate is when you want to put metrics in and put some teeth with it so that they have to come about, you never get it. So I agree with you, but unless you put a consequence to not developing the metrics on the bureaucracy, you will not get the metrics, because they don't want to be measured.

Mr. CONNOLLY. Well, just a final observation. This committee has had a hearing, for example, take cybersecurity. The metrics we encouraged unwittingly in the legislation was training and awareness of the work force. So we had a series of hearings where agency after agency said we met the metrics; 80 percent, 85 percent of our work force has been trained in the threat of cybersecurity.

Well, the object is to deter cybersecurity attacks. That is a means to an end. So we allowed sort of an easy out in that metric because we picked the wrong metric.

Mr. Chairman, I yield back. Thank you.

Chairman ISSA. I thank the gentleman.

General Dodaro, Ms. Dalton, Ms. St. Laurent, you have done a wonderful job. We haven't asked you nearly enough questions, but we have taken a great deal of your time.

Senator Coburn, I enjoyed the CPA exchange with the former mayor of Cleveland. I might add for the record that I was in the private sector when, in order to get NAFTA to meet some arithmetic need, they found some current revenue, which was that every small business in America that used to send a check in quarterly or periodically for their taxes was forced to wire transfer in every payroll period their taxes so the Government would get it that few weeks faster one time at a cost of hundreds of millions of dollars forever, since the 1990's.

And yet, just like taking away depreciation until the end, when you can write off the whole end of the business cycle, we could score a one-time event, and it would be countless billions of dollars, no question at all.

But as you said so rightfully, when the cost of money to the Federal Government is a fraction of 1 percent right now, taking that

money out of the pockets by accelerating a little bit of contribution to the Federal Treasury isn't just penny-wise and pound-foolish, it is trillions of dollars foolish to the people who need to amass capital in order to do the kind of work that they don't just do in oil; they do it in oil, they do it in manufacturing. And I would hate to see us do further harm to the legitimate depreciation schedules of everyone who brings wealth to America.

So I join with you in the frustration that I don't think you have successfully explained that. I think that some will not yet know that depreciation is in fact real; it is money that is put out today and you only get a small part of it back over time. And unless you leverage that with debt, which is another problem in business that we encourage, you just don't get the kind of result you want for tax purposes. So hopefully on the Senate side you can continue to try to educate your colleagues. I will try to do the same.

I thank you again. We stand adjourned.

[Whereupon, at 11:45 a.m., the committee was adjourned.]

[The prepared statement of Hon. Gerald E. Connolly follows:]

Statement of Congressman Gerald E. Connolly

February 28th, 2012

Talk is cheap, particularly compared to forgone savings identified by GAO in this and last year's report. On March 3rd of 2011, the audience in this very room would have heard much of the same testimony from GAO and the same unctuous rhetoric about the imperative to reduce wasteful spending and cut the deficit. Since last year, it is not clear that this committee has taken a single action to address GAO's recommendations, although fortunately the Administration has acted on some of them using existing legislative authority. To give the Chairman credit, however, this hearing is a great improvement over last week's effort at instituting medieval reproductive health policy for women.

For the record, I would ask unanimous consent to include my statement from last year, in which I noted that GAO identified $1.75 billion in possible cost savings from improved oil and gas management. During the last year, while the House majority has lost its voice in a prolonged recitation of "drill, baby drill," the potential cost savings has inched up to $1.8 billion. This relatively modest potential savings pales in comparison to the $37 billion in savings that could be identified by eliminating tax loopholes just for large oil companies, excluding the so-called independent producers. Unfortunately, this House majority has failed to close these loopholes. Instead, it chose to slash the pensions of middle class federal employees.

Last year we had a discussion, based on the information technology (IT) findings of GAO, on the possible savings from cloud computing and data center consolidation. During the last year, this committee has not held a hearing on cloud computing and data center consolidation or considered legislation to support those objectives. However, in the Technology and Procurement Subcommittee hearing last week about duplicative IT investments, GAO and agency witnesses noted that the Administration is moving aggressively to meet data center consolidation and cloud computing objectives identified in the 25 Point Plan, which was drafted by Vivek Kundra and is being implemented by Steven Van Roekel. In light of GAO's finding in both this and last year's report, I would suggest that this Committee or the Technology and Procurement Subcommittee hold a hearing on implementation of the 25 Point Plan and consider whether legislation could assist with data center and cloud policy implementation.

At last week's Technology and Procurement Subcommittee hearing, we considered other GAO information on duplicative federal programs. In that hearing, we focused on DOD and DOE, and learned that DOD duplicative investments dwarf what DOE could save. I appreciate the attention GAO has devoted to DOD's duplicative investments in this report, particularly growing areas like unmanned aerial aircraft. Since DOD expenditures are much larger than those of agencies managing other discretionary funding, it is appropriate for GAO to focus on the largest possible areas of cost savings. I look forward to learning more from Mr. Dodaro about total

possible DOD savings, DOD's responsiveness to GAO recommendations, and the most effective ways to achieve these savings.

It is a bit ironic that just a couple weeks ago this Committee held a hearing to attack President Obama's plans to consolidate trade and commerce-related agencies. As Mr. Dodaro's report this year notes, "Overlap and fragmentation among the economic development programs that support entrepreneurial efforts require the Office of Management and Budget and other agencies to…explore restructuring, which may include consolidation." No doubt we will all profess dedication to eliminating duplication and reducing wasteful spending at this hearing, starting with the repetition of the committee's mission. However, the test is whether this committee will act on any of it.

The President had the courage and foresight to put out a plan to consolidate economic development-related agencies. Perhaps it isn't perfect, but it is a thoughtful proposal despite this committee's rejection of it out of hand. The Administration is moving forward with an aggressive plan to consolidate data centers, reducing the federal government's $25 billion annual energy bill. This committee has remained on the sidelines, unfortunately. This committee could have chosen to recommend some of GAO's proposed efficiencies to the deficit reduction committee, given our broad jurisdiction. Instead, the majority singled out federal employees for proposed cuts. I applaud our continued attention to these issues, but we need to do more than have an annual hearing and then ignore the recommendations.