AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

GAO'S DUPLICATION REPORT AT FIVE YEARS: RECOMMENDATIONS REMAIN UNADDRESSED

HEARING

BEFORE THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

APRIL 14, 2015

Serial No. 114–30

Printed for the use of the Committee on Oversight and Government Reform



Available via the World Wide Web: http://www.fdsys.gov
http://www.house.gov/reform

U.S. GOVERNMENT PUBLISHING OFFICE

95–420 PDF WASHINGTON : 2015

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

JASON CHAFFETZ, Utah, *Chairman*

JOHN L. MICA, Florida
MICHAEL R. TURNER, Ohio
JOHN J. DUNCAN, JR., Tennessee
JIM JORDAN, Ohio
TIM WALBERG, Michigan
JUSTIN AMASH, Michigan
PAUL A. GOSAR, Arizona
SCOTT DESJARLAIS, Tennessee
TREY GOWDY, South Carolina
BLAKE FARENTHOLD, Texas
CYNTHIA M. LUMMIS, Wyoming
THOMAS MASSIE, Kentucky
MARK MEADOWS, North Carolina
RON DESANTIS, Florida
MICK MULVANEY, South Carolina
KEN BUCK, Colorado
MARK WALKER, North Carolina
ROD BLUM, Iowa
JODY B. HICE, Georgia
STEVE RUSSELL, Oklahoma
EARL L. "BUDDY" CARTER, Georgia
GLENN GROTHMAN, Wisconsin
WILL HURD, Texas
GARY J. PALMER, Alabama

ELIJAH E. CUMMINGS, Maryland, *Ranking Minority Member*
CAROLYN B. MALONEY, New York
ELEANOR HOLMES NORTON, District of Columbia
WM. LACY CLAY, Missouri
STEPHEN F. LYNCH, Massachusetts
JIM COOPER, Tennessee
GERALD E. CONNOLLY, Virginia
MATT CARTWRIGHT, Pennsylvania
TAMMY DUCKWORTH, Illinois
ROBIN L. KELLY, Illinois
BRENDA L. LAWRENCE, Michigan
TED LIEU, California
BONNIE WATSON COLEMAN, New Jersey
STACEY E. PLASKETT, Virgin Islands
MARK DeSAULNIER, California
BRENDAN F. BOYLE, Pennsylvania
PETER WELCH, Vermont
MICHELLE LUJAN GRISHAM, New Mexico

SEAN MCLAUGHLIN, *Staff Director*
DAVID RAPALLO, *Minority Staff Director*
KATY ROTHER, *Counsel*
SHARON CASEY, *Deputy Chief Clerk*

CONTENTS

	Page
Hearing held on April 14, 2015	1

WITNESSES

The Hon. Gene L. Dodaro, Comptroller General of the United States, U.S. Government Accountability Office	
Oral Statement	1
Written Statement	6
The Hon. Beth Cobert, Deputy Director for Management, The Office of Management and Budget	
Oral Statement	40
Written Statement	42

APPENDIX

Chairman Chaffetz Opening Statement	84
2015–04–21 GAO 4–14 Hearing Responses	86
RESPONSE Cobert-OMB-Blum QFRs	88

GAO'S DUPLICATION REPORT AT FIVE YEARS: RECOMMENDATIONS REMAIN UNADDRESSED

Tuesday, April 14, 2015

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
WASHINGTON, D.C.

The committee met, pursuant to call, at 2:00 p.m., in Room 2154, Rayburn House Office Building, Hon. Jason Chaffetz [chairman of the committee] presiding.

Present: Representatives Chaffetz, Mica, Duncan, Jordan, Walberg, Amash, Massie, Meadows, Mulvaney, Buck, Walker, Blum, Hice, Russell, Carter, Grothman, Palmer, Cummings, Maloney, Norton, Connolly, Duckworth, Kelly, Lawrence, Lieu, Plaskett, DeSaulnier, and Grisham.

Chairman CHAFFETZ. Committee on Oversight and Government Reform will come to order. Without objection, the Chair is authorized to declare a recess at any time.

This afternoon, the United States Government—or sorry—this morning, the United States Government Accountability Office released its annual report on duplicative Federal programs. It has been the case for the past 5 years there's a vast opportunity for the Federal Government to save hard-earned taxpayer dollars.

One day before Americans have to on the—one day before Americans have to pay their taxes, the GAO report identifies 24 new areas where Federal Government agencies are wasting resources. To help remedy this waste and improve the effectiveness of our government, the report recommends more than 66 actions to save money. Some examples from this year's report include eight Federal agencies administer more than 100 programs to support individuals with serious mental illness. The GAO also identifies 42 Federal, State, and local nonemergency medical transportation programs that currently lack coordination, leading to poor outcomes.

Further, the GAO noted that the National Oceanic and Atmospheric Administration, often referred to as NOAA, maintains 21 separate systems to monitor sea surface temperature and 14 to measure just one—just ocean surface wind speeds. Even NOAA has admitted this level of redundancy is unnecessary.

Finally, the report also draws—also draws new attention to the broken down FOIA process at the Department of Homeland Security. Today, Department of Homeland Security is responsible for more than half of all reported backlog FOIA requests. This is completely unacceptable.

All told, in the first 5 years of the report, GAO has identified more than 200 areas with wasted Federal resources. As a result,

GAO has recommended more than 500 actions to save money and approve efficiency. By implementing about a third of these, GAO recommendations in prior years, the government managed to save roughly $20 billion, which is a start, but more needs to be done.

Addressing the remaining recommendations has the potential to save American taxpayers $80 billion by the year 2023. Over and again, the GAO's duplication reports have shown how precious dollars are wasted when Federal agencies fail to work together. GAO has specifically identified dozens of areas where increased guidance, oversight, and coordination from OMB would create greater efficiency. These would also reduce costs to the taxpayers, including the way for the Federal Government to acquire needed goods and services.

Yet OMB to date has only fully addressed about a third of GAO's recommended actions. It has to do better to fully justify the taxpayers' trust in its mission. With Americans projected to pay the government $1.5 trillion in individual income taxes, we must ensure greater return on taxpayer investment by reducing inefficiencies and redundancies.

I want to thank the GAO for, once again, providing Congress and the executive branch with a road map to achieve the needed savings. There are literally thousands of good men and women who work tirelessly through the course of a year and beyond, to develop these reports, and we very much appreciate it. Look forward to hearing from the witnesses on how the government can make greater progress in achieving a more efficient, effective, and accountable government. That's what we're all here to do, and this is a good opportunity for both sides of the aisle, the administration, the GAO, to all to come together and discuss these topics and figure out how we can make more of the precious Federal dollars.

Chairman CHAFFETZ. I want to let members know that we will—I will hold the record open for 5 legislative days for any members who would like to submit a written statement.

We will now recognize our panel of witnesses. I am pleased to welcome the Honorable Gene Dodaro, Comptroller General of the United States Government Accountability Office. Mr. Dodaro is accompanied by a panel of staff from the GAO behind him whose expertise may be needed during the questioning.

We also have the Honorable Beth Cobert, deputy director for management at the Office of Management and Budget. Did I pronounce it properly?

Ms. COBERT. Yes.

Chairman CHAFFETZ. Okay. Good.

We welcome you. Pursuant to committee rules, all witnesses will be sworn before they testify. We will also swear in those accompanying Mr. Dodaro who may be offering testimony. And so if you all would rise.

Do you solemnly swear or affirm that the testimony you're about to give will be the truth, the whole truth, and nothing by the truth?

Thank you. Let the record reflect that all members—all people who raised their hand answered in the affirmative.

And prior to having our witnesses testify, we're going to now recognize the ranking member, Mr. Cummings, from Maryland for 5 minutes.

Mr. CUMMINGS. Thank you very much, Mr. Chairman, for holding what has become a critical annual hearing for our committee and for making sure that GAO's report gets the attention it warrants.

Today's hearing will focus on GAO's fifth annual report on duplicative programs and opportunities for cost savings. It will allow us to zero in on areas where we can work together to cut waste and save money. That is what this committee is all about and that is what our constituents expect of us.

Unfortunately, today's report from GAO indicates that Congress has been doing far worse than the executive branch in implementing recommendations to eliminate duplication and to promote the efficiency and effectiveness of the Federal Government. According to GAO's report, the executive branch has fully or partially completed 86 percent of GAO's recommendations, while Congress is struggling around 45 percent. Clearly Congress must do a better job of focusing on its own actions, rather than trying to blame everything on the executive branch. Specifically, GAO has made 369 recommendations for the executive branch and 317 have now been fully or partially completed. In contrast, GAO has made 69 recommendations for Congress, but only 31 of those have been fully or partially completed.

This year's report from GAO highlights some areas where Congress could legislate to eliminate waste and duplication. For example, GAO recommended that Congress consider permanently rescinding the entire $1.6 billion balance of U.S. Enrichment Corporation fund. According to GAO, the Congress authorized this revolving fund in the U.S. Treasury for environmental cleanup costs associated with disposing of depleted uranium at two specific facilities and for expenses related to the fund's privatization. GAO has determined that both of the funds purposes have been completed, but only Congress can permanently rescind the entire balance of the fund.

Overall, it is clear that significant progress has been made in implementing GAO's recommendations over the past 4 years. GAO made a total of about 440 recommendations between 2011 and 2014, and about 348 of these have been fully or partially addressed by the executive branch and Congress. GAO estimates that these efforts have resulted in about $20 billion in financial benefits to date, with another $80 billion in savings projected through 2023. We must recognize these accomplishments and shine a light on them. We want them to become the model that we'll strive to achieve.

And at the same time, it is also clear that more work simply needs to be done. For example, GAO identified potential duplication in laboratory inspections. GAO highlighted one laboratory that had been inspected eight times by the Environmental Protection Agency and the Drug and Food Administration over an 8-year span. Of course these facilities must be rigorously inspected. But if relevant information had been shared between the two agencies, they might have reduced duplication and been able to direct attention to other needed inspections. Better leveraging of resources and potentially increasing the number of facilities inspected serves not only the best interest of the agencies, but of the taxpayers as well.

To conclude, I want to thank both of our witnesses, Mr. Dodaro and Ms. Cobert, for being here today. Mr. Dodaro, you and your talented staff, are providing a critical service to the Congress and the American people by issuing this report. I also appreciate the work that you and your colleagues at GAO do every day to increase the effectiveness and efficiency of the Federal Government and to help ensure that our tax dollars are spent wisely.

And with that, Mr. Chairman, I yield back.

Chairman CHAFFETZ. Thank the gentleman.

Chairman CHAFFETZ. I will now recognize Mr. Dodaro for 5 minutes.

WITNESS STATEMENTS

STATEMENT OF THE HONORABLE GENE L. DODARO

Mr. DODARO. Thank you very much, Mr. Chairman. Good afternoon to you. Ranking Member Congressman Cummings, members of the committee, I'm very pleased to be here today to discuss GAO's 2015 report.

We identified 24 new areas with 66 recommendations. These include a recommendation to the Congress to create a formal coordinating group to focus on the oversight of consumer protection issues. There are 20 different agencies involved in this effort at least. There's fragmentation, overlap of responsibilities, and greater efficiencies that can be achieved as well as better protection to the public.

We also have recommendations for greater coordination among the 42 programs and six agencies that provide nonemergency medical transportation. Here we're concerned that not enough cooperation has been gained yet from the Medicaid and VA programs, which are big players. And there's not a cost sharing agreement in place. The council coordinating this activity hasn't met since 2008. This is a big issue, particularly with the aging of our population and the need for these nonemergency medical services among the aged, the disabled, and those without the means to provide their own transportation for needed health care.

We also identified a component of provider within the DOD healthcare system that was set up originally in 1982. It's now being duplicated by the TRICARE program, which was established in the 1990s, and we recommend that that component can be eliminated, thus saving millions of dollars with a careful transition to ensure that nobody has interruption in services that are provided.

We also recommend reexamination of the Strategic Petroleum Reserve. With U.S. production now at record levels, and reserves growing both in the Strategic Petroleum Reserve and the—and private sector reserves, we now hold much more than we have to to meet international requirements in the reserve. This could free up potentially, based on the reexamination, oil that could be sold to reap billions of dollars that could be used for other government priorities and also reduce the operating costs of the Strategic Petroleum Reserve, which is aging and in need of further repair.

We also identified areas that were established of 11 hospitals that provided cancer treatment in the 1980s when most cancer

treatment was in-patient concern. Now, more hospitals can provide it as outpatient concerns. And if those hospitals were treated the same way other hospitals that are treating cancer payments now and at a level playing field, the Federal Government could save $500 million a year in Medicare spending, healthcare spending. So these are a few of the examples.

As has been mentioned, in the past 4 years, we've had over 440 recommendations. Thirty seven percent have been fully implemented. Thirty nine percent partially. Twenty percent not at all. The amount of money that's been saved so far has been $20 billion in implementing our recommendations, with another $80 billion in the works that should be achieved in the coming years. But there's plenty of money left on the table here in areas that can produce additional billion dollars in savings and efficiencies. We've grouped them into a number of categories. You could be more aggressive on strategic sourcing, the leverage, the government's buying power. Right now, OMB is moving on this as Beth will talk about, but we need to be more aggressive in setting targets and to achieve the savings that are necessary.

In February, I was before this committee talking about IT operations and the acquisitions. We put it on our high-risk list across government. Their concerted efforts could save millions of dollars, if not billions of dollars in waste and inefficiencies in IT operations. We've had many recommendations to streamline activities at the Defense Department to reduce overhead, help control their healthcare costs, reduce the cost of weapon systems. We have recommendations to reform Medicare and Medicaid payment processes and oversight processes to reduce healthcare spending, which is much needed at this point in time. We've got recommendations to also increase tax revenues and to rationalize some benefit programs where there's some overlapping and duplication in benefit programs.

So I appreciate the opportunity to be here today and discuss these areas in further detail during the questions-and-answer period when it's appropriate. Mr. Chairman, thank you very much.

Chairman CHAFFETZ. Thank you. We appreciate that.

[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 2:00 p.m. ET
Tuesday, April 14, 2015

GOVERNMENT EFFICIENCY AND EFFECTIVENESS

Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits

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

GAO Highlights

Highlights of GAO-15-523T, a testimony before the Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

As the fiscal pressures facing the government continue, so too does the need for executive branch agencies and Congress to improve the efficiency and effectiveness of government programs and activities. Such opportunities exist throughout government.

To bring these opportunities to light, Congress included a provision in statute for GAO to annually identify federal programs, agencies, offices, and initiatives (both within departments and government-wide) that are fragmented, overlapping, or duplicative. As part of this work, GAO also identifies additional opportunities to achieve cost savings or enhanced revenue collection. GAO's 2015 annual report is its fifth in this series (GAO-15-404SP).

This statement discusses (1) new opportunities GAO identifies in its 2015 report; (2) the status of actions taken to address the opportunities GAO identified in its 2011-2014 reports; and (3) existing and new tools available to help executive branch agencies and Congress reduce or better manage fragmentation, overlap, and duplication. To identify what actions exist to address these issues and take advantage of opportunities for cost savings and enhanced revenues, GAO reviewed and updated prior work, including recommendations for executive action and matters for congressional consideration.

View GAO-15-523T. For more information, contact Orice Williams Brown or A. Nicole Clowers at (202) 512-8678.

April 14, 2015

GOVERNMENT EFFICIENCY AND EFFECTIVENESS

Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits

What GAO Found

GAO's 2015 annual report identifies 66 new actions that executive branch agencies and Congress could take to improve the efficiency and effectiveness of government in 24 areas. GAO identifies 12 new areas in which there is evidence of fragmentation, overlap, or duplication. For example, GAO suggests that Congress repeal the statutorily required US Family Health Plan—a decades-old component of the Department of Defense's (DOD) Military Health System—because it duplicates the efforts of DOD's managed care support contractors by providing the same benefit to military beneficiaries. GAO also identifies 12 areas where opportunities exist either to reduce the cost of government operations or enhance revenue collections. For example, GAO suggests that Congress update the way Medicare has paid certain cancer hospitals since 1983, which could save about $500 million per year.

The executive branch and Congress have made progress in addressing the approximately 440 actions government-wide that GAO identified in its past annual reports. Overall, as of March 6, 2015, 37 percent of these actions were addressed, 39 percent were partially addressed, and 20 percent were not addressed. Executive branch and congressional efforts to address these actions over the past 4 years have resulted in over $20 billion in financial benefits, with about $80 billion more in financial benefits anticipated in future years from these actions. Although progress has been made, fully addressing all the remaining actions identified in GAO's annual reports could lead to tens of billions of dollars of additional savings.

Status of Actions Directed to Congress and the Executive Branch from GAO's 2011-2014 Annual Reports, as of March 6, 2015

Status	Number of executive branch actions (percentage)	Number of congressional actions (percentage)	Total (percentage)
Addressed	149 (39%)	20 (27%)	169 (37%)
Partially addressed	168 (44)	11 (15)	179 (39)
Not addressed	52 (14)	38 (51)	90 (20)
Consolidated or other[a]	15 (4)	5 (7)	20 (4)

Source: GAO | GAO-15-523T.

[a]Actions included in "consolidated or other" were not assessed due to subsequent events or new information that GAO considered.

Addressing fragmentation, overlap, and duplication within the federal government is challenging due to, among other things, the lack of reliable budget and performance information. If fully and effectively implemented, the GPRA Modernization Act of 2010 and the Digital Accountability and Transparency Act of 2014 could help to improve performance and financial information. In addition, GAO has developed an evaluation and management guide (GAO-15-49SP), which is being released concurrently with the 2015 annual report. This guide provides a framework for analysts and decision makers to identify and evaluate instances of fragmentation, overlap and duplication and consider options for addressing or managing such instances.

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

I appreciate the opportunity to discuss our 2015 annual report, which presents 24 opportunities to reduce fragmentation, overlap, and duplication and achieve other financial benefits.[1] My testimony today describes (1) new issues identified in our 2015 annual report; (2) the status of actions taken by the administration and Congress to address the issues identified in our 2011-2014 annual reports;[2] and (3) existing and new tools available to help executive branch agencies and Congress reduce or better manage fragmentation, overlap, and duplication. My comments are based upon our 2015 annual report and an evaluation and management guide for assessing fragmentation, overlap and duplication,[3] which are both being released today, as well as our update on the progress made in implementing actions that we have suggested in our previous annual reports.[4] These efforts are based upon work GAO conducted in accordance with generally accepted government auditing standards or, GAO's quality assurance framework.[5] More details on our scope and methodology can be found in the full report.

[1]GAO, *2015 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-15-404SP (Washington, D.C.: Apr. 14, 2015).

[2]GAO, *2014 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-14-343SP (Washington, D.C.: Apr. 8, 2014); *2013 Annual Report: Actions Needed to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits*, GAO-13-279SP (Washington, D.C.: Apr. 9, 2013); *2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue*, GAO-12-342SP (Washington, D.C.: Feb. 28, 2012); and *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue*, GAO-11-318SP (Washington, D.C.: Mar. 1, 2011).

[3]See GAO, *Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide*, GAO-15-49SP (Washington, D.C.: Apr. 14, 2015).

[4]See *GAO's Action Tracker*, a publicly accessible website that includes progress updates and assessments of the actions from this series of reports.

[5]We conducted the work for Area 16: U.S. Enrichment Corporation Fund under GAO's quality assurance framework. We use this framework when we conduct routine nonaudits, such as technical assistance provided to Congress. GAO's quality assurance framework requires that we plan and perform the engagement to meet our stated objectives and to discuss any limitations in our work. We maintain that the information and data obtained, and the analysis conducted, provide a reasonable basis for our findings and conclusions.

Twenty-four Areas Identified to Improve Efficiency and Effectiveness across the Federal Government

In our 2015 annual report, we identify 12 new areas in which we found evidence of fragmentation, overlap, or duplication, and we present 20 actions to executive branch agencies and Congress to address these issues. As described in table 1, these areas span a wide range of federal functions or missions.

Table 1: Fragmentation, Overlap, and Duplication Areas Identified in GAO's 2015 Report, by Mission

Mission	Areas identified
Agriculture	1. **EPA's and FDA's Laboratory Inspections:** To avoid potential duplication of certain types of laboratory inspections and better leverage limited resources, the Environmental Protection Agency and the Food and Drug Administration should develop a formal process to collaborate and share information on planned inspections.
Defense	2. **Ground Radar and Guided Munitions Programs:** The Department of Defense should take steps to minimize the risk of future duplication within its ground radar and guided munitions weapons systems.
	3. **Weapon System Milestone Decision Process:** To improve efficiency, the Secretary of Defense should streamline the Department of Defense's milestone decision process used for major weapon system acquisition programs by eliminating reviews that can be duplicative and are not highly valued by acquisition officials.
General government	4. **Consumer Product Safety Oversight:** More formal and comprehensive coordination among over 20 federal agencies is needed to help increase efficiency and effectiveness related to consumer product safety oversight and address challenges related to fragmentation and overlap.
	5. **Nonemergency Medical Transportation:** To mitigate the effects of overlap, the Department of Transportation should take steps to enhance federal, state and local coordination among 42 programs that provide nonemergency medical transportation to individuals who cannot provide their own transportation due to age, disability, or income constraints.
Health	6. **DOD US Family Health Plan:** To potentially save millions of dollars and eliminate duplication within the Department of Defense's health care system, Congress should terminate the statutorily required US Family Health Plan because it offers military beneficiaries the same health care benefit offered by other DOD health care contractors.
	7. **Medicare Postpayment Claims Reviews:** To prevent inappropriate duplicative postpayment claims reviews by contractors, the Centers for Medicare & Medicaid Services should monitor the Recovery Audit Data Warehouse—the database developed in part to prevent duplicative reviews—and develop more complete guidance on contractors' responsibilities.
	8. **Programs for Serious Mental Illness:** To help ensure that the eight federal agencies administering over 100 programs supporting individuals with serious mental illness are able to develop an overarching perspective in order to understand the breadth of programs and resources used—including any potential gaps or overlap—greater coordination of federal efforts is needed. The Department of Health and Human Services, and within it, the Substance Abuse and Mental Health Services Administration, should establish a mechanism to facilitate coordination of programs relating to mental illness throughout the federal government.

Mission	Areas identified
Homeland security / law enforcement	9. **Vulnerability Assessments of Critical Infrastructure:** The Department of Homeland Security could mitigate potential duplication or gaps by consistently capturing and maintaining data from overlapping vulnerability assessments of critical infrastructure and improving data sharing and coordination among the offices and components involved with these assessments.
Information technology	10. **DHS Processing of FOIA Requests:** To address duplication in the processing of Freedom of Information Act requests, the Department of Homeland Security should determine the viability of re-establishing an agreement between two of its component agencies that process immigration files.
International affairs	11. **Federal and States' Export Promotion:** Because federal and state export promotion efforts overlap, the Department of Commerce should take steps to enhance collaboration among them to promote economic development while ensuring the most efficient use of limited federal resources.
Science and environment	12. **Oceanic and Atmospheric Observing Systems Portfolio:** The National Oceanic and Atmospheric Administration should analyze its portfolio of observing systems to determine the extent to which unnecessary duplication may exist.

Source: GAO. | GAO-15-523T

We consider programs or activities to be fragmented when more than one federal agency (or more than one organization within an agency) is involved in the same broad area of national need, which may result in inefficiencies in how the government delivers services. We identified fragmentation in multiple programs we reviewed. For example, in our 2015 annual report, we reported that oversight of consumer product safety involves at least 20 federal agencies, including the Consumer Product Safety Commission (CPSC), resulting in fragmented oversight across agencies. Although agencies reported that the involvement of multiple agencies with various expertise can help ensure more comprehensive oversight by addressing a range of safety concerns, they also noted that fragmentation can result in unclear roles and potential regulatory gaps. Although a number of agencies have a role, no single entity has the expertise or authority to address the full scope of product safety activities. We suggested that Congress consider establishing a formal comprehensive oversight mechanism for consumer product safety agencies to address crosscutting issues as well as inefficiencies related to fragmentation and overlap, such as communication and coordination challenges and jurisdictional questions between agencies. Mechanisms could include, for example, formalizing relationships and agreements among consumer product safety agencies or establishing an interagency work group. CPSC, the Department of Homeland Security (DHS), the Department of Housing and Urban Development, and the Department of Commerce's National Institute of Standards and Technology agreed with GAO's matter for congressional consideration, while the remaining agencies neither agreed nor disagreed.

Fragmentation can also be a harbinger for overlap or duplication. Overlap occurs when multiple agencies or programs have similar goals, engage in similar activities or strategies to achieve them, or target similar beneficiaries. We found overlap among federal programs or initiatives in a variety of areas, including nonemergency medical transportation (NEMT). Forty-two programs across six different federal departments provide NEMT to individuals who cannot provide their own transportation due to age, disability, or income constraints.[6] For example, NEMT programs at both Medicaid, within the Department of Health and Human Services (HHS), and the Department of Veterans Affairs (VA) have similar goals (to help their respective beneficiaries access medical services), serve potentially similar beneficiaries (those individuals who have disabilities, are low income, or are elderly), and engage in similar activities (providing NEMT transportation directly or indirectly).

We found a number of challenges to coordination for these NEMT programs. For example, Medicaid and VA largely do not participate in NEMT coordination activities in the states we visited, in part because both programs are designed to serve their own populations of eligible beneficiaries and the agencies are concerned that without proper controls payments could be made for services to ineligible individuals. However, because Medicaid and VA are important to NEMT, as they provide services to potentially over 90 million individuals, greater interagency cooperation—with appropriate controls and safeguards to prevent improper payments— could enhance services to transportation-disadvantaged individuals and save money. An interagency coordinating council was developed to enhance federal, state, and local coordination activities, and it has taken some actions to address human service-transportation program coordination. However, the council has not convened since 2008 and has provided only limited leadership. For example, the council has not issued key guidance documents that could promote coordination, including an updated strategic plan.

To improve efficiency, we recommended that the Department of Transportation (DOT), which chairs the interagency coordinating council, take steps to enhance coordination among the programs that provide NEMT. In response, DOT agreed that more work is needed to increase

[6]The six federal departments are the Departments of Agriculture, Health and Human Services, Education, Housing and Urban Development, Transportation, and Veterans Affairs.

coordination activities with all HHS agencies, especially the Centers for Medicare & Medicaid Services (CMS). DOT also said the Federal Transit Administration is asking its technical assistance centers to assist in developing responses to NEMT challenges.

In other aspects of our work, we found evidence of duplication, which occurs when two or more agencies or programs are engaged in the same activities or provide the same services to the same beneficiaries. An example of duplicative federal efforts is the US Family Health Plan (USFHP)—a statutorily required component of the Department of Defense's (DOD) Military Health System—and TRICARE Prime, which offers the same benefits to military beneficiaries.[7] The USFHP was initially incorporated into the Military Health System in 1982 when Congress enacted legislation transferring ownership of certain U.S. Public Health Service hospitals to specific health care providers, referred to as designated providers under the program. During the implementation of the TRICARE program in the 1990s, Congress required the designated providers to offer the TRICARE Prime benefit to their enrollees in accordance with the National Defense Authorization Act for Fiscal Year 1997. Today, the USFHP remains a health care option required by statute to be available to eligible beneficiaries in certain locations, despite TRICARE's national presence through the managed care support contractors. However, the USFHP has largely remained unchanged, and its role has not since been reassessed within the Military Health System.

DOD contracts with managed care support contractors to administer TRICARE Prime—TRICARE's managed care option—in three regions in the United States (North, South, and West). Separately, TRICARE Prime is offered through the USFHP by designated providers in certain locations within the same three TRICARE regions that are served by a managed care support contractor. Thus, the USFHP offers military beneficiaries the same TRICARE Prime benefit that is offered by the managed care support contractors across much of the same geographic service areas and through many of the same providers. As a result, DOD has incurred added costs by paying the USFHP designated providers to simultaneously administer the same TRICARE Prime benefit to the same population of eligible beneficiaries in many of the same locations as the

[7]TRICARE-eligible beneficiaries include active duty personnel and their dependents, medically eligible Reserve and National Guard personnel and their dependents, and retirees and their dependents and survivors.

managed care support contractors. To eliminate this duplication within DOD's health system and potentially save millions of dollars, we suggested that Congress terminate the statutorily required USFHP.

In addition to areas of fragmentation, overlap, and duplication, our 2015 report identified 46 actions that the executive branch and Congress can take to reduce the cost of government operations and enhance revenue collections for the U.S. Treasury in 12 areas. These opportunities for executive branch or congressional action exist in a wide range of federal government missions (see table 2).

Table 2: Cost Savings and Revenue Enhancement Opportunities Identified in GAO's 2015 Report, by Mission

Mission	Areas identified
Defense	13. **Defense Facilities Consolidation and Disposal:** To help identify opportunities for saving costs by consolidating or disposing of unutilized or underutilized facilities, the Department of Defense should ensure that data on the utilization of Department of Defense facilities—which were collectively valued at around $850 billion in fiscal year 2013—are complete and accurate.
	14. **DOD Headquarters Reductions and Workforce Requirements:** The Department of Defense could potentially achieve hundreds of millions of dollars in cost savings and help to ensure that headquarters organizations are properly sized to meet their assigned missions by reevaluating its ongoing headquarters-reductions efforts and conducting periodic reassessments of workforce requirements.
Energy	15. **Strategic Petroleum Reserve:** The Department of Energy could potentially realize significant savings by reexamining the appropriate size of the Strategic Petroleum Reserve—which was valued at about $45 billion as of December 2014—and depending on the outcome of the analysis, selling crude oil from the reserve and using the proceeds to fund other national priorities.
	16. **U.S. Enrichment Corporation Fund:** Congress may wish to consider permanent rescission of the entire $1.6 billion balance of the U.S. Enrichment Corporation Fund—a revolving fund in the U.S. Treasury—because its purposes have been fulfilled.
General government	17. **Tax Policies and Enforcement, 2015:** By more effectively using data to manage various enforcement programs, the Internal Revenue Service could bolster tax compliance and potentially collect hundreds of millions of dollars in additional revenue.
Health	18. **DOD TRICARE Improper Payments:** To achieve potential cost savings associated with billions of dollars of improper payments, the Department of Defense should implement a more comprehensive improper payment measurement methodology and develop more robust corrective action plans for the military health care program known as TRICARE.
	19. **Medicare Payments to Certain Cancer Hospitals:** To achieve almost $500 million per year in program savings, Congress should consider updating how Medicare pays certain cancer hospitals.
	20. **State Medicaid Sources of Funds:** To potentially save hundreds of millions of dollars, the Centers for Medicare & Medicaid Services should ensure that states report accurate and complete data on state Medicaid sources of funds so that it may better oversee states' financing arrangements that can increase costs for the federal government.
Income security	21. **Children's Disability Reviews:** To prevent an estimated $3.1 billion dollars in potential overpayments over 5 years, the Social Security Administration needs to conduct timely disability reviews to better ensure that only eligible children receive cash benefits from the Supplemental Security Income program.

Mission	Areas identified
	22. **Supplemental Nutrition Assistance Program Fraud and Abuse:** States should be able to more effectively fight fraud among beneficiaries of the Supplemental Nutrition Assistance Program—which provided more than $76 billion in benefits in fiscal year 2013—by using data to better focus investigative efforts on high-risk households.
Information technology	23. **Federal Software Licenses:** In order to achieve hundreds of millions of dollars in government-wide savings, federal agencies should apply better management of software licenses and the Office of Management and Budget should issue a directive to assist agencies in doing so.
Social services	24. **Disaster Relief Fund Administrative Costs:** Cost savings of millions of dollars could be realized if Federal Emergency Management Agency officials enhance their oversight of the agency's administrative costs obligated from the Disaster Relief Fund for major disasters.

Source: GAO. | GAO-15-523T

Examples of opportunities to reduce costs or enhance revenue collections from our 2015 annual report include updating the way Medicare pays certain cancer hospitals, rescinding unobligated funds, and re-examining the appropriate size of the Strategic Petroleum Reserve.

- *Updating the way Medicare pays certain cancer hospitals:* To better control Medicare spending and generate cost savings of almost $500 million per year, Congress should consider changing Medicare's cost-based payment methods for certain cancer hospitals. Medicare pays the majority of hospitals using an approach known as the inpatient and outpatient prospective payment systems (PPS). Under a PPS, hospitals are paid a predetermined amount based on the clinical classification of each service they provide to beneficiaries. Beginning in 1983, in response to concern that certain cancer hospitals would experience payment reductions under such a system, Congress required the establishment of criteria under which 11 cancer hospitals are exempted from the inpatient PPS and receive payment adjustments under the outpatient PPS. Since these cancer hospitals were first designated in the early 1980s, cancer care and Medicare's payment system have changed significantly. Advances in techniques and drugs have increased treatment options and allowed for more localized delivery of care. Along with these developments, the primary setting for cancer care has shifted from the inpatient setting to the outpatient setting. In addition, Medicare's current payment system better recognizes the resource intensity of hospital care than the system put in place in 1983.

  While most hospitals are paid a predetermined amount based on the clinical classification of each service they provide to beneficiaries, Medicare generally pays these 11 cancer hospitals based on their reported costs, providing little incentive for efficiency. We found that if beneficiaries who received care at the 11 cancer hospitals had

received inpatient and outpatient services at nearby PPS teaching hospitals, Medicare might have realized substantial savings in 2012. Specifically, we estimated inpatient savings of about $166 million; we calculated outpatient savings of about $303 million if forgone payment adjustments were returned to the Medicare Trust Fund.[8] Until Medicare pays these cancer hospitals in a way that encourages greater efficiency, Medicare remains at risk for overspending.

- *Rescinding unobligated funds:* Congress may wish to consider permanently rescinding the entire $1.6 billion balance of the U.S. Enrichment Corporation (USEC) Fund, a revolving fund in the U.S. Treasury. As part of a 2001 GAO legal opinion, we determined that the USEC Fund was available for two purposes, both of which have been fulfilled: (1) environmental clean-up expenses associated with the disposition of depleted uranium at two specific facilities and (2) expenses of USEC privatization. Regarding the first authorized purpose, the construction of intended facilities associated with the disposition of depleted uranium has been completed. Regarding the second authorized purpose, USEC privatization was completed in 1998 when ownership of USEC was transferred to private investors. In an April 2014 report to Congress, the Department of Energy's (DOE) National Nuclear Security Administration stated that the USEC Fund was one of two sources of funding that it was exploring to finance research, development, and demonstration of national nuclear security-related enrichment technologies. However, this is not one of the authorized purposes of the USEC Fund. Transparency in budget materials is important for informing congressional decisions, and DOE's efforts to utilize USEC Fund monies instead of general fund appropriations diminish that transparency.

  The House of Representatives included language to permanently rescind the USEC Fund in H.R. 4923, Energy and Water Development and Related Agencies Appropriations Act, which passed the House on July 10, 2014. However, the rescission was not included in Public Law 113-235, Consolidated and Further Continuing Appropriations Act, 2015. As of March 2015, legislation containing a similar rescission had not been introduced in the 114th Congress.

[8]We estimated this inpatient savings amount within a range of plus or minus $4 million at a 95 percent confidence level. This savings estimate covers 9 of the 11 cancer hospitals due to missing 2012 data for 2 hospitals.

- *Re-examining the appropriate size of the Strategic Petroleum Reserve:* DOE should assess the appropriate size of the Strategic Petroleum Reserve (SPR) to determine whether excess crude oil could be sold to fund other national priorities. The United States holds the SPR so that it can release oil to the market during supply disruptions to protect the U.S. economy from damage. After decades of generally falling U.S. crude oil production, technological advances have contributed to increasing U.S. production. Monthly crude oil production has increased by almost 68 percent from 2008 through April 2014, and increases in production in 2012 and 2013 were the largest annual increases since the beginning of U.S. commercial crude oil production in 1859, according to the Energy Information Administration (EIA).[9]

  As of September 2014, the reserve had 106 days of imports, which DOE estimated was valued at about $45 billion as of December 2014. In addition, as of September 2014, private industry held reserves of 141 days. As a member of the International Energy Agency, the United States is required to maintain public and private reserves of at least 90 days of net imports and to release these reserves and reduce demand during oil supply disruptions.

  We found in September 2014 that DOE had taken steps to assess aspects of the SPR but had not recently reexamined its size. Without such a reexamination, DOE cannot be assured that the SPR is holding an appropriate amount of crude oil. If, for example, DOE found that 90 days of imports was an appropriate size for the SPR, it could sell crude oil worth $6.7 billion and use the proceeds to fund other national priorities. In addition, by reducing the SPR to 90 days, DOE may be able to reduce its operating costs by about $25 million per year.[10] DOE concurred with our recommendation, stating that a broad, long-range review of the SPR is needed and that it has initiated a process for conducting a comprehensive re-examination of the appropriate size of the SPR.

[9]EIA is a statistical agency within the Department of Energy that collects, analyzes, and disseminates independent information on energy issues.

[10]The estimated operation savings was based on GAO's calculation of the amount of oil in excess of 90 days of net imports as of September 2014 and DOE's assessment of its annual operating cost for the SPR at $0.25 per barrel.

Congress and Executive Branch Agencies Continue to Make Progress toward Addressing Our Identified Actions

In addition to the 66 new actions identified for this year's annual report, we have continued to monitor the progress that executive branch agencies or Congress have made in addressing the issues we identified in our 2011-2014 annual reports.

Overall Progress on 2011-2014 Actions

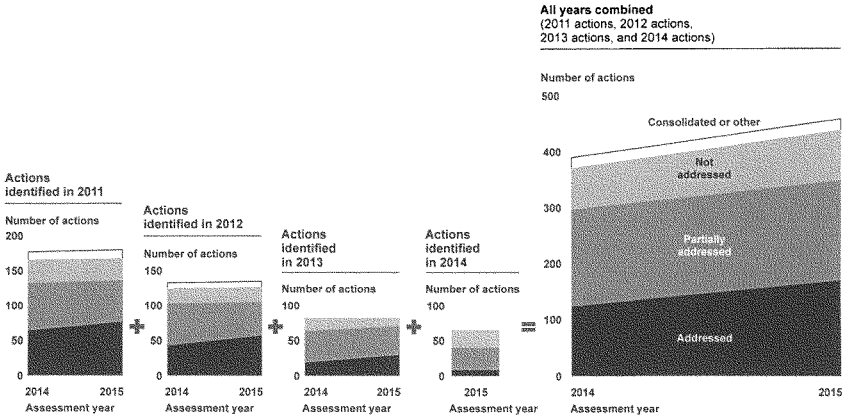
The executive branch and Congress have made progress in addressing a number of the approximately 440 actions we previously identified (fig. 1).[11] In total, as of March 6, 2015, the date we completed our audit work, we found that overall 169 (37 percent) were addressed, 179 (39 percent) were partially addressed, and 90 (20 percent) were not addressed.[12] An additional 46 actions have been assessed as addressed over the past year; these include 13 actions identified in 2011, 14 actions identified in 2012, 11 actions identified in 2013, and 8 identified in 2014.[13]

[11]In assessing actions suggested for Congress, we applied the following criteria: "addressed" means relevant legislation has been enacted and addresses all aspects of the action needed; "partially addressed" means a relevant bill has passed a committee, the House of Representatives, or the 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. In assessing actions suggested for the executive branch, we applied the following criteria: "addressed" means implementation of the action needed has been completed; "partially addressed" means the action needed is in development, or started but not yet completed; and "not addressed" means the administration, the agencies, or both have made minimal or no progress toward implementing the action needed.

[12]Twenty actions were categorized as "consolidated or other" and were not assessed due to additional audit work or other information we considered.

[13]Our findings on this progress are reported in *GAO's Action Tracker*, a publicly accessible website that includes progress updates and assessments of the actions from this series of reports.

Figure 1: Changes in Assessment of Actions from GAO's 2011 to 2014 Annual Reports



Source: GAO analysis. | GAO-15-523T

Note: Actions assessed as "consolidated or other" were not assessed due to subsequent events or new information that GAO considered. Additionally, 2014 actions were not assessed in 2014 since that was the year that the actions were identified.

Executive branch and congressional efforts from fiscal years 2011 through 2014 have resulted in over $20 billion in realized cost savings to date, with another approximately $80 billion in additional benefits projected to be accrued through 2023.[14] The following examples illustrate the progress that has been made over the last 4 years.

- *Combat Uniforms:* In our 2013 annual report, we found that DOD's fragmented approach could lead to increased risk on the battlefield for military personnel and increased development and acquisition costs.

[14]In calculating these estimates, we relied on estimates from the Congressional Budget Office and the Joint Committee on Taxation, where possible. We also developed estimates based on agencies' data and used agencies' developed estimates. The totals reflect a summary of these estimates, which relied on different data sources and methodologies and considered different time periods.

In response, DOD developed and issued guidance on joint criteria to help ensure that future service-specific uniforms will provide equivalent levels of performance and protection. In addition, a provision in the National Defense Authorization Act for Fiscal Year 2014 established as policy that the Secretary of Defense shall eliminate the development and fielding of service-specific combat and camouflage utility uniforms in order to adopt and field common uniforms for specific environments to be used by all members of the armed forces.[15] Most recently, the Army chose not to introduce a new family of camouflage uniforms into its inventory, in part because of this legislation, resulting in a cost avoidance of about $4.2 billion over 5 years.

- *Employment and Training:* Congress and executive branch agencies have taken actions to help address the proliferation of certain employment programs and improve the delivery of benefits. Specifically, in June 2012, we reported on 45 programs administered by nine federal agencies that supported employment for people with disabilities and found these programs were fragmented and often provided similar services to similar populations.[16] The Workforce Innovation and Opportunity Act, enacted in July 2014, eliminated three programs that supported employment for people with disabilities, including the Veterans' Workforce Investment Program, administered by the Department of Labor, and the Migrant and Seasonal Farmworker Program and Projects with Industry, administered by the Department of Education.[17] In addition, the Office

[15]Subject to certain exceptions, the provision also prohibits the military departments from adopting new pattern designs or uniform fabrics unless they will be adopted by all services or the uniform is already in use by another service. *See* Pub. L. No. 113-66, § 352(a), (b) (2013). In addition, DOD must issue implementing guidance requiring the military departments to, among other things, ensure that new uniforms meet commanders of combatant command's geographic and operational requirements and continually work together to assess and develop new uniform technologies to improve warfighter survivability. *See* Pub. L. No. 113-66, § 352(f).

[16]GAO's February 2012 annual report on opportunities to reduce fragmentation, overlap, and duplication across the federal government included 50 programs that supported employment for people with disabilities in fiscal year 2010. GAO later updated its analyses to exclude, for example, programs that had been phased out or ended as of April 2012. In June 2012, GAO reported on 45 programs that supported employment for people with disabilities.

[17]Funding for Projects with Industry was eliminated in fiscal year 2011. As a result, we excluded it from our list of 45 programs in our June 2012 report.

of Management and Budget (OMB) worked with executive agencies to propose consolidating or eliminating two other programs, although Congress did not take action and both programs continued to receive funding.

The Workforce Innovation and Opportunity Act also helped to promote efficiencies for some of the 47 employment and training programs that support a broader population (including people with and without disabilities), which we reported on in 2011. In particular, this law requires states to develop a unified state plan that covers all designated core programs in order to receive certain funding. As a result, states' implementation of the requirement may enable them to increase administrative efficiencies in employment and training programs—a key objective of our prior recommendations. In addition, the House Budget Resolution for fiscal year 2016[18] calls for further streamlining and consolidating federal job training programs and empowering states with the flexibility to tailor funding and programs to specific needs of their workforce, consistent with our recommendations in this area.

- *Farm Program Payments:* We reported in our 2011 annual report that Congress could save up to $5 billion annually by reducing or eliminating direct payments to farmers. These are fixed annual payments based on a farm's history of crop production. Farmers received them regardless of whether they grew crops and even in years of record income. Direct payments were expected to be transitional when first authorized in 1996, but subsequent farm bills continued these payments.[19] Congress passed the Agricultural Act of 2014, which eliminated direct payments to farmers and should save approximately $4.9 billion annually from fiscal year 2015 through fiscal year 2023, according to the Congressional Budget Office.

[18]H.R. Con. Res. 27, 114th Cong. (2015).

[19]According to the conference report accompanying the 1996 Farm Bill, production flexibility contract payments—the precursors to direct payments, which were similar in design—were established to help farmers make a transition to basing their planting decisions on market signals rather than on government programs. Accordingly, production flexibility contract payments were scheduled to decrease over time and expire in 2002. Federal Agricultural Improvement and Reform Act of 1996, Pub. L. No. 104-127, 110 Stat. 888. However, farm bills passed in 2002 and 2008 continued these payments as "direct payments."

Committed Leadership Is Needed to Fully Address the Remaining Actions

Although Congress and executive branch agencies have made progress toward addressing the actions we have identified, further steps are needed to fully address the remaining actions, as shown in table 3. More specifically, 57 percent of the actions addressed to executive branch agencies and 66 percent of the actions addressed to Congress identified in our 2011-2014 reports remain partially or not addressed.[20]

Table 3: Status of 2011-2014 Actions Directed to Congress and the Executive Branch, as of March 6, 2015

	Executive branch[a]		Congress[b]		Total	
Status	Number of actions	Percentage	Number of actions	Percentage	Total number of actions	Overall percentage
Addressed	149	39%	20	27%	169	37%
Partially addressed	168	44	11	15	179	39
Not addressed	52	14	38	51	90	20
Consolidated or other	15	4	5	7	20	4

Source: GAO. | GAO-15-523T

Note: Actions assessed as "consolidated or other" were not assessed due to subsequent events or new information that GAO considered.

[a]Executive branch agencies took steps that addressed four actions directed to Congress.

[b]Congress took steps that fully addressed one action and partially addressed another action directed to executive branch agencies.

As our work has shown, committed leadership is needed to overcome the many barriers to working across agency boundaries, such as agencies' concerns about protecting jurisdiction over missions and control over resources or incompatible procedures, processes, data, and computer systems. Without increased or renewed leadership focus, opportunities will be missed to improve the efficiency and effectiveness of programs and save taxpayers' dollars.

Reducing Contract Spending through Strategic Sourcing

In our 2013 annual report, we reported that federal agencies could achieve significant cost savings annually by expanding and improving their use of strategic sourcing—a contracting process that moves away from numerous individual procurement actions to a broader aggregated approach. In particular, DOD, DHS, DOE, and VA accounted for 80 percent of the $537 billion in federal procurement spending in fiscal year

[20]Twenty actions, or 4 percent, have been consolidated into other areas and are no longer being assessed due to subsequent events or new information that GAO considered.

2011, but reported managing about 5 percent, or $25.8 billion, through strategic sourcing efforts. In contrast, leading commercial firms leverage buying power by strategically managing 90 percent of their spending—achieving savings of 10 percent or more of total procurements costs. While strategic sourcing may not be suitable for all procurement spending, we reported that a reduction of 1 percent from procurement spending at these agencies would equate to over $4 billion in savings annually—an opportunity also noted in the House Budget Resolution for fiscal year 2016. However, a lack of clear guidance on metrics for measuring success has hindered the management of ongoing strategic sourcing efforts across the federal government.

Since our 2013 report, OMB has made progress by issuing guidance on calculating savings for government-wide strategic sourcing contracts, and in December 2014 it issued a memorandum on category management that, among other things, identifies federal spending categories suitable for strategic sourcing. These categories cover some of the government's largest spending categories, including information technology and professional services. According to OMB, these categories accounted for $277 billion in fiscal year 2013 federal procurements. This level of spending suggests that by using smarter buying practices the government could realize billions of dollars in savings. In addition, the administration has identified expanded use of high-quality, high-value strategic sourcing solutions as one of its cross-agency priority goals, which are a limited set of outcome-oriented, federal priority goals. However, until OMB sets government-wide goals and establishes metrics, the government may miss opportunities for billions in cost savings through strategic sourcing.

More Effectively Targeting Defense Resources

Our work on defense has highlighted opportunities to improve efficiencies, reduce costs, and address overlapping and potentially duplicative services that result from multiple entities providing the same service, including the following examples.

- *Combatant Command Headquarters Costs:* Our body of work has raised questions about whether DOD's efforts to reduce headquarters overhead will result in meaningful savings. In 2013, the Secretary of Defense directed a 20 percent cut in management headquarters spending throughout DOD, to include the combatant commands and service component commands. In June 2014, we found that mission and headquarters-support costs for the five geographic combatant commands and their service component commands we reviewed more than doubled from fiscal years 2007 through 2012, to about $1.7 billion. We recommended that DOD more systematically evaluate the

sizing and resourcing of its combatant commands. If the department applied the 20 percent reduction in management headquarters spending to the entire $1.7 billion DOD used to operate and support the five geographic combatant commands in fiscal year 2012, we reported that DOD could achieve up to an estimated $340 million in annual savings.

- *Electronic Warfare:* We reported in 2011 that all four military services in DOD had been separately developing and acquiring new airborne electronic attack systems and that spending on new and updated systems was projected to total more than $17.6 billion during fiscal years 2007-2016. While the department has taken steps to better inform its investments in airborne electronic attack capabilities, it has yet to assess its plans for developing and acquiring two new expendable jamming decoys to determine if these initiatives should be merged.[21]

More broadly, we identified multiple weaknesses in the way DOD acquires weapon systems and the actions that are needed to address these issues, which we recently highlighted in our high-risk series update in February 2015.[22] For example, further progress must be made in tackling the incentives that drive the acquisition process and its behaviors, applying best practices, attracting and empowering acquisition personnel, reinforcing desirable principles at the beginning of programs, and improving the budget process to allow better alignment of programs and their risks and needs. The House Budget Resolution for fiscal year 2016 encourages a continued review to improve the affordability of defense acquisitions. Addressing the issues that we have identified could help DOD improve the returns on its $1.4 trillion investment in major weapon systems and find ways to deliver capabilities for less than it has in the past.

Efficiently Managing Information Technology

The federal government annually invests more than $80 billion on information technology (IT). The magnitude of these expenditures highlights the importance of avoiding duplicative investments to better ensure the most efficient use of resources. Opportunities remain to reduce or better manage duplication and the cost of government

[21]DOD employs expendable jamming decoys to degrade enemy air defense systems with the purpose of allowing U.S. aircraft to operate within threat environments.

[22]GAO, *High-Risk Series: An Update*, GAO-15-290 (Washington, D.C.: Feb. 11, 2015).

operations in critical IT areas, many of which require agencies to work together to improve systems, including the following examples.

- *Information Technology Investment Portfolio Management:* To better manage existing IT systems, in March 2012 OMB launched the PortfolioStat initiative. PortfolioStat requires agencies to conduct an annual, agency-wide review of their IT portfolios to reduce commodity IT spending and demonstrate how their IT investments align with their missions and business functions, among other things. In 2014, we found that while the 26 federal agencies required to participate in PortfolioStat had made progress in implementing OMB's initiative, weaknesses existed in agencies' implementation of the initiative, such as limitations in the Chief Information Officer's authority. In the President's Fiscal Year 2016 Budget submission, the administration proposes to use PortfolioStat to drive efficiencies in agencies' IT programs. As noted in our recent high-risk series update, we have made more than 60 recommendations to improve OMB and agencies' implementation of PortfolioStat and provide greater assurance that agencies will realize the nearly $6 billion in savings they estimated they would achieve through fiscal year 2015.[23]

- *Federal Data Centers:* In September 2014, we found that consolidating federal data centers would provide an opportunity to improve government efficiency and achieve cost savings and avoidances of about $5.3 billion by fiscal year 2017. Although OMB has taken steps to identify data center consolidation opportunities across agencies, weaknesses exist in the execution and oversight of the consolidation efforts. Specifically, we reported many agencies are not fully reporting their planned savings to OMB as required; GAO estimates that the savings have been underreported to OMB by approximately $2.2 billion. It will continue to be important for agencies to complete their inventories and implement their plans for consolidation to better ensure continued progress toward OMB's planned consolidation, optimization, and cost-savings goals.

- *Information Technology Operations and Maintenance:* Twenty-seven federal agencies plan to spend about $58 billion—almost three-quarters of the overall $79 billion budgeted for federal IT in fiscal year 2015—on the operations and maintenance of legacy investments.

[23]GAO-15-290.

Given the magnitude of these investments, it is important that agencies effectively manage them to better ensure the investments (1) continue to meet agency needs, (2) deliver value, and (3) do not unnecessarily duplicate or overlap with other investments. Accordingly, OMB developed guidance that calls for agencies to analyze (via operational analysis) whether such investments are continuing to meet business and customer needs and are contributing to meeting the agency's strategic goals. In our 2013 annual report, we reported that agencies did not conduct such an analysis on 52 of the 75 major existing information technology investments we reviewed.[24] As a result, there was increased potential for these information technology investments in operations and maintenance—totaling $37 billion in fiscal year 2011—to result in waste and duplication.

To avoid wasteful or duplicative investments in operations and maintenance, we recommended that agencies analyze all information technology investments annually and report the results of their analyses to OMB. Agencies have made progress in performing some operational analyses; however, until the agencies fully implement their policies and ensure complete and thorough operational analyses are being performed on their multibillion-dollar operational investments, there is increased risk that these agencies will not know whether these investments fully meet their intended objectives, therefore increasing the potential for waste and duplication.

- *Geospatial Investments:* In a 2013 report, we found that 31 federal departments and agencies invested billions of dollars to collect, maintain, and use geospatial information—information linked to specific geographic locations that supports many government functions, such as maintaining roads and responding to natural disasters. We found that federal agencies had not effectively implemented policies and procedures that would help them identify and coordinate geospatial data acquisitions across the government, resulting in duplicative investments.

  In a 2015 report, we reported that federal agencies had made progress in implementing geospatial data-related policies and

[24]Our review included major information technology investments at DOD, HHS, DHS, the Department of the Treasury, and VA.

procedures.[25] However, critical items remained incomplete, such as coordinating activities with state governments, which also use a variety of geospatial datasets—including address data and aerial imagery—to support their missions. We found that a new initiative to create a national address database could potentially result in significant savings for federal, state, and local governments. To foster progress in developing such a national database, we suggested that Congress consider assessing existing statutory limitations on address data. We also recommended that the interagency coordinating body for geospatial information (1) establish subcommittees and working groups to assist in furthering a national address database and (2) identify discrete steps to further a national imagery program benefitting governments at all levels. Finally, we recommended that the Director of OMB require agencies to report on their efforts to implement policies and procedures before making new investments in geospatial data. OMB generally agreed with this recommendation. In addition, in March 2015, the Geospatial Data Act of 2015 was introduced and includes provisions to improve oversight and help reduce duplication in the management of geospatial data, consistent with our recommended actions.[26] Fully addressing the actions in our two reports could help reduce duplicative investments and the risk of missing opportunities to jointly acquire data, potentially saving millions of dollars.[27]

The federal IT acquisition reforms enacted in December 2014 reinforced a number of the actions that we have recommended to address IT management issues.[28] It established that the Chief Information Officer in each agency has a significant role in the decision processes for planning, programming, management, governance and oversight related to

[25]GAO, *Progress Needed on Identifying Expenditures, Building and Utilizing Data Infrastructure, and Reducing Duplicative Efforts*, GAO-15-193 (Washington, D.C.: Feb. 12, 2015).

[26]S. 740, 114th Cong. (2015).

[27]We have added the recommendations from GAO-15-193 to *GAO's Action Tracker*.

[28]See the federal information technology acquisition reform provisions (commonly referred to as Federal Information Technology Acquisition Reform Act or FITARA) of the 2015 Defense Authorization Act. Sections 831—837, The Carl Levin & Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015, Pub.L. No. 113-291, Div. A., tit. VII, Subtitle D (2014).

information technology, as well as approval for IT budget requests. In addition, the law containing these reforms codifies federal data center consolidation, emphasizing annual reporting on cost savings and detailed metric reporting and OMB's PortfolioStat process, focusing on reducing duplication, consolidation, and cost savings. If effectively implemented, this legislation should improve the transparency and management of IT acquisitions and operations across the government.

Improving Fiscal Oversight of Medicare and Medicaid

Over the years, we have identified a number of actions that have the potential for sizable cost savings through improved fiscal oversight in the Medicare and Medicaid programs. For example, CMS could save billions of dollars by improving the accuracy of its payments to Medicare Advantage programs, such as through methodology adjustments to account for diagnostic coding differences between Medicare Advantage and traditional Medicare.[29] In addition, we found that federal spending on Medicaid demonstrations could be reduced by billions of dollars if HHS were required to improve the process for reviewing, approving, and making transparent the basis for spending limits approved for Medicaid demonstrations.[30] In particular, our work between 2002 and 2014 has shown that HHS approved several demonstrations without ensuring that they would be budget neutral to the federal government.

To address this issue, we suggested that Congress could require the Secretary of Health and Human Services to improve the Medicaid demonstration review process, through steps such as improving the review criteria, better ensuring that valid methods are used to demonstrate budget neutrality, and documenting and making clear the basis for the approved limits. We concluded in August 2014 that HHS's approval of $778 million dollars of hypothetical costs (i.e., expenditures the state could have made but did not) in the Arkansas demonstration spending limit and the department's waiver of its cost-effectiveness

[29]Medicare Advantage is the private plan alternative to the original Medicare program. Medicare Advantage plans are paid a fixed, per member, per month payment to provide all services covered under original Medicare. This payment does not vary on the basis of the services beneficiaries receive.

[30]Under Section 1115 of the Social Security Act, the Secretary of Health and Human Services can approve waivers of certain Medicaid requirements, and provide states with new spending authorities, for purposes of implementing Medicaid demonstration projects. The demonstrations under the law are for purposes of testing new ways to operate state programs and deliver services, and agency policy requires that the programs not increase federal spending.

requirement is further evidence of our long-standing concerns that HHS is approving demonstrations that may not be budget-neutral.[31] HHS's approval of the Arkansas demonstration suggests that the Secretary may continue to approve section 1115 Medicaid demonstrations that raise federal costs, inconsistent with the department's policy of budget neutrality. We maintain that enhancing the process HHS uses to demonstrate budget neutrality of its demonstrations could save billions in federal expenditures.

In our February 2015 high-risk series update, we reported that while CMS had taken positive steps to improve Medicare and Medicaid oversight in recent years, in several areas, CMS had still to address some issues and recommendations, and improper payment rates have remained unacceptably high.[32] We reported that to achieve and demonstrate reductions in the estimated $60 billion dollars in Medicare improper payments in 2014, CMS should fully exercise its authority related to strengthening its provider and supplier enrollment provisions and address our open recommendations related to prepayment and postpayment claims review activities. Similarly, in the area of Medicaid for which the federal share of estimated improper payments was $17.5 billion in 2014, we have made recommendations targeted at (1) improving the completeness and reliability of key data needed for ensuring effective oversight, (2) implementing effective program integrity processes for managed care, (3) ensuring clear reporting of overpayment recoveries, and (4) refocusing efforts on program integrity approaches that are cost-effective. These recommendations, if effectively implemented, could improve program management, help reduce improper payments in these programs, and achieve cost savings.[33]

Increasing Tax Revenue Collections

Over the last 4 years, our work identified multiple opportunities for the government to increase revenue collections. For example, in 2014, we identified three actions that Congress could authorize that could increase tax revenue collections from delinquent taxpayers by hundreds of millions

[31]GAO, *Medicaid Demonstrations: HHS's Approval Process for Arkansas's Medicaid Expansion Waiver Raises Cost Concerns*, GAO-14-689R (Washington, D.C.: Aug. 8, 2014).

[32]GAO-15-290.

[33]For more details on these recommendations, please see our High Risk website: http://www.gao.gov/highrisk/overview.

of dollars over a 5-year period: limiting issuance of passports to applicants, levying payments to Medicaid providers, and identifying security clearance applicants.[34] For example, Congress could consider requiring the Secretary of State to prevent individuals who owe federal taxes from receiving passports. We found that in fiscal year 2008, passports were issued to about 16 million individuals; about 1 percent of these collectively owed more than $5.8 billion in unpaid federal taxes as of September 30, 2008. According to a 2012 Congressional Budget Office estimate, the federal government could save about $500 million over a 5-year period by revoking or denying passports to those with certain federal tax delinquencies.

Implementing Benefit Offsets

We have also identified opportunities to implement program benefit offsets, in which certain program benefits for individuals are reduced in recognition of other benefits received. Examples include the following:

- *Social Security Offsets:* In our 2011 annual report, we reported that the Social Security Administration (SSA) needs data from state and local governments on retirees who receive pensions from employment not covered under Social Security to better enforce offsets and ensure benefit fairness. In particular, SSA needs this information to fairly and accurately apply the Government Pension Offset, which generally applies to spouse and survivor benefits, and the Windfall Elimination Provision, which applies to retired worker benefits. The Social Security's Government Pension Offset and Windfall Elimination Provision take noncovered employment into account when calculating Social Security benefits. While information on receipt of pensions from noncovered employment is available for federal pension benefits from the federal Office of Personnel Management, it is not available to SSA for many state and local pension benefits.

  The President's Fiscal Year 2016 Budget submission re-proposed legislation that would require state and local governments to provide information on their noncovered pension payments to SSA so that the agency can apply the Government Pension Offset and Windfall Elimination Provision. The proposal includes funds for administrative expenses, with a portion available to states to develop a mechanism

[34]Federal law does not expressly prohibit an individual with unpaid federal taxes from being granted a security clearance; however, delinquent tax debt does pose a potential vulnerability that must be considered in making a broader determination of whether an applicant should be granted a security clearance.

to provide this information. Also, we continue to suggest that Congress consider giving the Internal Revenue Service the authority to collect the information that SSA needs to administer these offsets. Providing information on the receipt of state and local noncovered pension benefits to SSA could help the agency more accurately and fairly administer the Government Pension Offset and Windfall Elimination Provision and could result in an estimated $2.4 billion—$6.5 billion in savings over 10 years if enforced both retrospectively and prospectively. If Social Security enforced the offsets only prospectively, the overall savings still would be significant.

- *Disability and Unemployment Benefits:* In our 2014 annual report, we found that 117,000 individuals received concurrent cash benefit payments in fiscal year 2010 from the Disability Insurance and Unemployment Insurance programs totaling more than $850 million because current law does not preclude the receipt of overlapping benefits. Individuals may be eligible for benefit payments from both Disability Insurance and Unemployment Insurance due to differences in the eligibility requirements; however, in such cases, the federal government is replacing a portion of lost earnings not once, but twice. The President's Fiscal Year 2016 Budget submission proposes to eliminate these overlapping benefits, and during the 113th Congress, bills had been introduced in both the U.S. House of Representatives and the Senate containing language to reduce Disability Insurance payments to individuals for the months they collect Unemployment Insurance benefits. According to CBO, this action could save $1.2 billion over 10 years in the Social Security Disability Insurance program. Congress should consider passing legislation to offset Disability Insurance benefit payments for any Unemployment Insurance benefit payments received in the same period.

Table 4 highlights some of our suggested actions within these and other areas that could result in tens of billions of dollars in cost-savings or revenue-enhancement opportunities, according to estimates from GAO, executive branch agencies, the Congressional Budget Office, or the Joint Committee on Taxation.

Table 4: Selected Areas with Associated Cost-Savings and Revenue-Enhancement Opportunities Identified in GAO's 2011-2014 Annual Reports

Annual report	Areas identified
Defense and contracting	
2011	**Tactical Wheeled Vehicles** (Area 6): A department-wide acquisition strategy could reduce the Department of Defense's (DOD) risk of costly duplication in purchasing Tactical Wheeled Vehicles. Reducing the number of joint light tactical vehicles DOD procures could result in **billions of dollars** in cost savings.
2011	**Weapon Systems Acquisition Programs** (Area 38): Employing best management practices could help DOD achieve significant cost savings on the **$1.4 trillion** (fiscal year 2015 dollars) it expects to invest in the development and procurement of its portfolio of 78 major defense acquisition programs.
2014	**Combatant Command Headquarters Costs** (Area 12): If the department applied the 20 percent reduction in management headquarters spending to the $1.7 billion DOD used to operate and support the five geographic combatant commands in fiscal year 2012, DOD could potentially achieve up to an estimated **$340 million in annual savings**.
2013	**Agencies' Use of Strategic Sourcing** (Area 23): Selected agencies could better leverage their buying power and achieve additional savings by directing more procurement spending to existing strategically sourced contracts and further expanding strategic sourcing practices to their highest-spending procurement categories—savings of 1 percent from selected agencies' procurement spending alone would equate to over **$4 billion**.
2013	**Joint Basing** (Area 20): A plan to achieve the efficiencies and cost savings envisioned from joint bases, coupled with a reevaluation of associated goals and guidance, could lead to greater consolidation of installation services at joint bases and better position DOD to achieve its identified goals.
2012	**Military Health Care Costs** (Area 36): 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.
2011	**Military Personnel Costs** (Area 37): A total compensation approach would be needed to manage military personnel costs—which grew 31 percent from fiscal year 2001 to fiscal year 2014.
Information technology	
2014	**Information Technology Investment Portfolio Management** (Area 24): The Office of Management and Budget and multiple agencies could help the federal government realize **billions of dollars** in savings by taking steps to better implement PortfolioStat, a process to help agencies manage their information technology (IT) investments.
2011	**Federal Data Centers** (Area 15): Consolidating federal data centers would provide an opportunity to improve government efficiency and achieve cost savings and avoidances of **about $5.3 billion** by fiscal year 2017.
2013	**Information Technology Operations and Maintenance** (Area 30): Strengthening oversight of key federal agencies' major IT investments in operations and maintenance would provide an opportunity for **savings on billions** in IT investments.
2011	**Enterprise Architecture** (Area 14): Well-defined and implemented enterprise architectures in federal agencies can lead to consolidation and reuse of shared services and elimination of antiquated and redundant mission operations, which can result in significant cost savings. For example, the Department of the Interior demonstrated that it had used enterprise architecture to modernize agency IT operations and avoid costs through enterprise software license agreements and hardware procurement consolidation, resulting in financial savings of **at least $80 million**. In addition, the Department of Health and Human Services (HHS) will achieve savings and cost avoidance of **over $150 million** during fiscal years 2011-2015 by leveraging its enterprise architecture to improve its telecommunications infrastructure.

Annual report	Areas identified
Energy and agriculture	
2011	**Oil and Gas Resources** (Area 45): Improved management of federal oil and gas resources could result in approximately **$2 billion in additional revenue over 10 years**.
2014	**Advanced Technology Vehicles Manufacturing Loan Program** (Area 13): Unless the Department of Energy can demonstrate demand for new Advanced Technology Vehicles Manufacturing loans and viable applications, Congress may wish to consider rescinding all or part of the remaining **$4.2 billion** in credit subsidy appropriations.
2013	**Crop Insurance** (Area 19): To achieve **up to nearly $2 billion per year in cost savings** in the crop insurance program, Congress could consider limiting the subsidy for premiums that are provided on behalf of individual farmers, reducing the subsidy, or some combination of limiting and reducing these subsidies.
Health care	
2014	**Medicaid Demonstration Waivers** (Area 21): Federal spending on Medicaid demonstrations could be reduced if HHS were required to improve the process for reviewing, approving, and making transparent the basis for spending limits approved for Medicaid demonstrations. We estimated the federal share of savings could have been **up to $21 billion over 5 years** for two states' recent demonstrations that we reviewed.
2012	**Medicare and Medicaid Fraud Detection Systems** (Area 46): The Centers for Medicare & Medicaid Services would need to ensure widespread use of its fraud detection systems to better position itself to determine and measure progress toward achieving the **$21 billion** in financial benefits that the agency projected as a result of implementing these systems.
Taxes and fees	
2014	**Collection of Unpaid Federal Taxes** (Area 15): The federal government could increase tax revenue collections by **$500 million over a 5-year time period**, according to a 2012 Congressional Budget Office estimate, by identifying and, if congressionally authorized, taking actions to limit issuance of passports to applicants with unpaid federal taxes.
2013	**Tobacco Taxes** (Area 31): Federal revenue losses ranged from as much as **$615 million to $1.1 billion between April 2009 and 2011** because manufacturers and consumers substituted higher-taxed smoking tobacco products with similar lower-taxed products. To address future revenue losses, Congress should consider modifying tobacco tax rates to eliminate significant tax differentials between similar products.
2011	**Simple Tax Return Errors** (Area 56): Congress could grant the Internal Revenue Service (IRS) broader authority, with appropriate safeguards against misuse of that authority, to correct math errors during tax return processing. In March 2015, the Joint Committee on Taxation estimated that this change could result in **$166 million in savings** over 10 years, similar to last year's scoring.
2013	**Agricultural Quarantine Inspection Fees** (Area 18): The United States Department of Agriculture's Animal and Plant Health Inspection Service could have achieved as much as **$325 million in savings** (based on fiscal year 2011 data, as reported) by more fully aligning fees with program costs; although the savings would be recurring, the amount would depend on the cost-collections gap in a given fiscal year and would result in a reduced reliance on U.S. Customs and Border Protection's annual Salaries and Expenses appropriations used for agricultural inspection services.
2012	**Immigration Inspection Fee** (Area 49): The user fee for immigration inspection of air and sea passengers should be reviewed and adjusted to fully recover the cost of the air and sea passenger immigration inspection activities conducted by the Department of Homeland Security's U.S. Immigration and Customs Enforcement and U.S. Customs and Border Protection rather than relying on general fund appropriations; in 2012 this could have resulted in reduced reliance on general fund appropriations used for inspection services by **about $175 million**.

Annual report	Areas identified
Homeland security	
2012	**Domestic Disaster Assistance** (Area 51): The Federal Emergency Management Agency (FEMA) 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. For fiscal years 2004 through 2011, had FEMA adjusted the indicator for increases in inflation or personal income since 1986, fewer jurisdictions would have met the primary criterion FEMA uses to determine whether to recommend that the President declare a major disaster, which could have reduced federal cost by **as much as $3.59 billion**.
2013	**Checked Baggage Screening** (Area 28): By reviewing the appropriateness of the federal cost share the Transportation Security Administration (TSA) applies to agreements that finance modification projects related to the installation of checked baggage screening systems at airport facilities, TSA could, if a reduced cost share were deemed appropriate, achieve cost efficiencies and be positioned to install a greater number of optimal baggage screening systems than currently anticipated. According to TSA, as of March 2015, its data show that lowering the cost share from 90 percent to 75 percent could result in **roughly $140 million in cost efficiencies** during the fiscal year 2015 to 2030 time frame.[a]
Income security	
2011	**Social Security Offsets** (Area 80): Social Security needs data on pensions from noncovered earnings to better enforce offsets and ensure benefit fairness, estimated to result in **$2.4 billion to $6.5 billion savings over 10 years** if enforced both retrospectively and prospectively. If Social Security only enforced the offsets prospectively, the overall savings would be less as it would not reduce benefits already received.
2014	**Disability and Unemployment Benefits** (Area 8): Congress should consider passing legislation to prevent individuals from collecting both full Disability Insurance benefits and Unemployment Insurance benefits that cover the same period, which could save **$1.2 billion over 10 years** in the Social Security Disability Insurance program according to the Congressional Budget Office.
2014	**Veterans' and Survivors' Benefits** (Area 23): The Department of Veterans Affairs' direct spending could be reduced—by an average of **about $4 million annually**, according to the Congressional Budget Office—if new statutory provisions were enacted, namely, a look-back review and penalty period for claimants who transfer assets for less than fair market value before applying for pension benefits that are available to low-income wartime veterans who are at least 65 years old or have disabilities unrelated to their military service.

Source: GAO. | GAO-15-523T

Note: The estimates in this table are from a range of sources, including GAO, executive branch agencies, the Congressional Budget Office, or the Joint Committee on Taxation.

[a]We reported in 2013 that reducing the portion of costs that TSA pays for facility modifications associated with the installation of optimal baggage screening systems, from 90 percent to 75 percent, would lower the federal government's cost for airport modification projects it supports by roughly $300 million from fiscal year 2012 through fiscal year 2030. However, according to TSA, since 2012, many assumptions and cost estimates for airport modification have changed. Specifically, TSA explained that as of March 2015, the data show that lowering the cost share from 90 percent to 75 percent would result in cost efficiencies of roughly $140 million during the fiscal year 2015 to 2030 time frame. TSA stated that this variance in estimates is driven by the fact that cost savings for 2012 through 2015 can no longer be realized and many assumptions and definitions of related data elements have changed.

Existing and New Tools Can Assist in Identifying, Evaluating, and Addressing Fragmentation, Overlap, or Duplication

Addressing fragmentation, overlap, and duplication within the federal government is challenging. Even with sustained leadership, 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. As we have previously reported, these challenges are compounded by a lack of reliable budget and performance information. If fully and effectively implemented, the GPRA Modernization Act of 2010 (GPRAMA) and the Digital Accountability and Transparency Act of 2014 (DATA Act) hold promise for helping to improve performance and budget information and helping to address challenges in identifying and addressing areas of fragmentation, overlap, and duplication.[35]

- GPRAMA establishes a framework aimed at taking a more crosscutting and integrated approach to focusing on results and improving government performance. Effective implementation of GPRAMA could help clarify desired outcomes, address program performance spanning multiple organizations, and facilitate future actions to reduce, eliminate, or better manage fragmentation, overlap, and duplication.[36]

- The DATA Act requires actions that would help make spending data comparable across programs, allowing executive branch agencies and Congress to accurately measure the costs and magnitude of federal investments. As we have previously reported, better data and

[35]Pub. L. No. 111-352, 124 Stat. 3866 (2011) (GPRAMA); Pub. L. No. 113-101, 128 Stat. 1146 (2014) (DATA Act).

[36]For GAO's most recent work on GPRAMA, see GAO, *Government Efficiency and Effectiveness: Inconsistent Definitions and Information Limit the Usefulness of Federal Program Inventories*, GAO-15-83 (Washington D.C.: Oct. 31, 2014); *Managing for Results: Selected Agencies Need to Take Additional Efforts to Improve Customer Service*, GAO-15-84 (Washington D.C.: Oct. 24, 2014); and *Managing for Results: Agencies' Trends in the Use of Performance Information to Make Decisions*, GAO-14-747 (Washington D.C.: Sept. 26, 2014). In addition, information on GAO's work on GPRAMA can be found at http://www.gao.gov/key_issues/managing_for_results_in_government/issue_summary.

a greater focus on expenditures and outcomes are essential to improving the efficiency and effectiveness of federal efforts.[37]

To help analysts and decision makers better assess the extent of fragmentation, overlap and duplication, GAO has developed an evaluation and management guide (GAO-15-49SP), which is being released concurrently with our 2015 annual report.[38] The guide includes two parts. Part one provides four steps for analysts—including federal, state, and local auditors; congressional staff; and researchers—to identify and evaluate instances of fragmentation, overlap or duplication. Each step includes examples that illustrate how to implement suggested actions or consider different types of information. Part two provides guidance to help policymakers reduce or better manage fragmentation, overlap, and duplication.

In recognition that the pervasiveness of fragmentation, overlap, and duplication may require attention beyond the program level, the guide also includes information on a number of options Congress and the executive branch may consider to address these issues government-wide. Some of these options are executive branch reorganization, special temporary commissions, interagency groups, automatic sunset provisions, and portfolio or performance-based budgeting. These options can be used independently or together to assist policymakers in evaluating and addressing fragmentation, overlap, and duplication beyond the programmatic level.

Congress can also use its power of the purse and oversight powers to incentivize executive branch agencies to act on our suggested actions and monitor their progress. In particular, the Senate Budget Resolution for fiscal year 2016[39] directs committees to review programs and tax expenditures within their jurisdiction for waste, fraud, abuse, or duplication and to consider the findings from our past annual reports. Also, the accompanying report for the House Budget Resolution for fiscal

[37]See GAO, *Federal Data Transparency: Effective Implementation of the DATA Act Would Help Address Government-wide Management Challenges and Improve Oversight*, GAO-15-241T (Washington, D.C.: Dec. 3, 2014).

[38]See GAO, *Fragmentation, Overlap, and Duplication: An Evaluation and Management Guide*, GAO-15-49SP (Washington, D.C.: Apr. 14, 2015).

[39]S. Con. Res. 11, 114th Cong. (2015).

year 2016[40] proposes that the Department of Justice (DOJ) streamline grants into three categories—first responder, law enforcement, and victims—which is consistent with our prior work recommending that DOJ better target its grant resources. The resolution also highlights a number of the issues presented in our annual reports—including the multiple programs that support Science, Technology, Engineering, and Mathematics education, housing assistance, homeland security preparedness grants, and green building initiatives—notes the number of programs that will need to be reauthorized in fiscal year 2016, and states that our findings should result in programmatic changes in both authorizing statutes and program funding levels. Congressional use of our findings in its decision making for the identified areas of fragmentation, overlap, and duplication will send an unmistakable message to agencies that Congress considers these issues a priority. Through its budget, appropriations, and oversight processes, Congress can also shift the burden to the agencies to demonstrate the effectiveness of their programs to justify continued funding.

We will continue to conduct further analysis to look for additional or emerging instances of fragmentation, overlap, and duplication and opportunities for cost savings or revenue enhancement. Likewise, we will continue to monitor developments in the areas we have already identified in this series. We stand ready to assist this and other committees in further analyzing the issues we have identified and evaluating potential solutions.

Chairman Chaffetz, Ranking Member Cummings, and Members of the Committee, this concludes my prepared statement. I would be pleased to answer questions.

[40]H.R. Rep. No. 114-47 (2015).

GAO Contacts

For further information on this testimony or our April 14, 2015, reports, please contact Orice Williams Brown, Managing Director, Financial Markets and Community Investment, who may be reached at (202) 512-8678 or williamso@gao.gov, and A. Nicole Clowers, Director, Financial Markets and Community Investment, who may be reached at (202) 512-8678 or clowersa@gao.gov. Contact points for the individual areas listed in our 2015 annual report can be found at the end of each area at GAO-15-404SP. Contact points for our Congressional Relations and Public Affairs offices may be found on the last page of this statement.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission	The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.
Obtaining Copies of GAO Reports and Testimony	The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's website (http://www.gao.gov). Each weekday afternoon, GAO posts on its website newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to http://www.gao.gov and select "E-mail Updates."
Order by Phone	The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's website, http://www.gao.gov/ordering.htm. Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537. Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.
Connect with GAO	Connect with GAO on Facebook, Flickr, Twitter, and YouTube. Subscribe to our RSS Feeds or E-mail Updates. Listen to our Podcasts. Visit GAO on the web at www.gao.gov.
To Report Fraud, Waste, and Abuse in Federal Programs	Contact: Website: http://www.gao.gov/fraudnet/fraudnet.htm E-mail: fraudnet@gao.gov Automated answering system: (800) 424-5454 or (202) 512-7470
Congressional Relations	Katherine Siggerud, Managing Director, siggerudk@gao.gov, (202) 512-4400, U.S. Government Accountability Office, 441 G Street NW, Room 7125, Washington, DC 20548
Public Affairs	Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800 U.S. Government Accountability Office, 441 G Street NW, Room 7149 Washington, DC 20548

Please Print on Recycled Paper.

Chairman CHAFFETZ. I will now recognize Ms. Cobert for 5 minutes.

STATEMENT OF THE HONORABLE BETH COBERT

Ms. COBERT. Thank you, Chairman Chaffetz, Ranking Member Cummings, and distinguished members of the committee for inviting me to discuss the Federal Government's efforts to reduce fragmentation, overlap, and duplication across programs. I appreciate the opportunity to discuss this important area because it is critical that the administration and Congress work together to advance reforms that help sustain a high performing, cost effective government.

GAO is a key partner in OMB's efforts to create more efficiencies and cost savings. GAO's 2015 report provides helpful updates on actions the administration and Congress have taken on recommendations from previous reports and offers new recommendations. I also particularly appreciate this opportunity to testify along with Comptroller Gene Dodaro. Whether it is a GAO high risk list, this report, or other specific issues, Gene and I are regularly working together towards the common goal of creating positive outcomes for citizens and thoughtful and careful spending of taxpayer dollars.

GAO's report recognizes some of the overall progress the administration has made since the initial areas of fragmentation, overlap, and duplication were identified in 2011. The executive branch and Congress together, have significantly engaged in 337 of the 440 broad areas GAO has identified over the past 4 years. Within these broad areas, the executive branch has made progress on 79 percent of GAO's recommendations, with 30 percent fully addressed and 49 percent partially addressed.

The President's management agenda provides a strong foundation for tackling duplication, fragmentation, and overlap. The President's management agenda is built on four core pillars; effectiveness, efficiency, economic growth, and people in culture. By focusing on how we can simplify processes to make services better, finding ways to share best practices and information more effectively across the Federal Government and with the public and leveraging the talents of America's Federal workforce, the administration is driving an agenda that enables the government to operate more efficiently in the 21st Century.

Addressing the government's critical priorities requires focus, discipline, and collaboration, often across organizational boundaries. Whether it is in corporate, nonprofit or government entities, in my experience, it boils down to prioritizing, focus, and working together.

One key way that OMB helps support this prioritization and collaboration is through the agency priority goal and cross-agency priority goals established as part of the Government Performance and Results Modernization Act, GPRA.

The administration is pleased to update you on progress in several specific areas related to GAO's extensive recommendations as well as the President's management agenda. I'd like to share a few specific examples. Saving on real property costs. Through the administration's Freeze the Footprint Policy, agencies achieved a 21.4

million square foot reduction in office and warehouse space between Fiscal year 2012 and Fiscal Year 2014. And in Fiscal Year 2014 alone, the government disposed of 7,350 buildings, 47 million square feet of space and eliminated $17 million of annual operation and maintenance costs as a result of Freeze the Footprint. We recently issued the national strategy for real property, which builds on these efforts and requires agencies to reduce their real property footprint going forward.

Acquisition. Through strategic sourcing efforts, the administration has generated $417 million in savings and reduced contract duplication by up to 40 percent in targeted areas, but we know we need and can do more. We're building on the success through our category management efforts, an approach that allows us to further reduce duplicative acquisition practices and better leverage government-wide buying power and expertise.

Smarter IT delivery. Through the data-driven PortfolioStat process, the government has achieved more than $2.3 billion in savings in the past 3 years around spending on IT.

Eliminating homelessness. Through strong collaborative work across agencies through the U.S. Interagency Council on Homelessness and community partnerships, the administration has made significant progress toward the President's ambitious goal of ending homelessness, particularly among veterans. Veterans homelessness is down 33 percent, and people experiencing chronic homelessness on a single night is down 21 percent with great cooperation across agencies on this effort. The Fiscal year 2016 budget also continues to propose reforms and target duplicative programs for reduction or elimination. In the President's first six budgets, the administration identified on average more than 150 cuts, consolidations, and savings, averaging more than $23 billion each year.

We are also working to oversee the implementation of two new key pieces of legislations that will further strengthen efforts to improve efficiency and save taxpayer resources. The Digital Accountability and Transparency Act, the DATA Act; and the Federal Information Technology Reform Act, FITARA.

Our efforts and success to date showed that we can improve the way government works and provide the American people with an efficient, effective, and high performing government. We look forward to continuing to work with Congress and the GAO and other stakeholders to identify additional opportunities to create a government that makes a significant tangible difference in the economy and the lives of the American people and spends its dollars wisely.

I thank the committee for holding this hearing and for your commitment to improving Federal performance. I'd be pleased to answer any questions you may have.

Chairman CHAFFETZ. Thank you.

[Prepared statement of Ms. Cobert follows:]

Embargoed until Delivered

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET
www.whitehouse.gov/omb

Testimony of Beth Cobert
Deputy Director for Management, Office of Management and Budget
before the
House Committee on Oversight and Government Reform

April 14, 2015

Thank you Chairman Chaffetz, Ranking Member Cummings, and distinguished members of the Committee, for inviting me to discuss the Federal Government's efforts to reduce fragmentation, overlap, and duplication across programs. I appreciate the opportunity to discuss this important area, especially because it is critical that the Administration and Congress work together to advance reforms that help sustain a high-performing, cost-effective Government.

GAO is a key partner in OMB's efforts to create more efficiencies and cost savings. The *2015 Annual Report on Fragmentation, Overlap, and Duplication* provides helpful updates on actions the Administration and Congress have taken on recommendations from previous reports on the same subject, and offers new recommendations. I also appreciate this opportunity to testify along with Comptroller Gene Dodaro. Whether it is the GAO High Risk list, or identifying opportunities for acquisition reform, or today's report on Duplication, Fragmentation and Overlap, we are regularly working together towards the same goal of creating positive outcomes for citizens.

GAO's report recognizes some of the overall progress the Administration has made since the initial 80 areas of fragmentation, overlap or duplication were identified in 2011. The Executive Branch and Congress, together, have significantly engaged on 337 of the 440 broad areas GAO has identified over the past four years. Within these broad areas, the Executive Branch has made progress on 79 percent of GAO's recommendations, with 30 percent fully addressed and at least another 49 percent partially addressed. The Executive Branch has fully addressed 116 actions and partially addressed more than 189 actions since 2011.

The President's Management Agenda provides a strong foundation for tackling duplication, fragmentation, and overlap as well as saving taxpayer dollars. The President's Management is built on four core pillars:

- Effectiveness—delivering world-class customer service to citizens and businesses;
- Efficiency—enhancing productivity and achieving cost savings across the Government;
- Economic growth—opening Government-funded data and research to the public to spur innovation, entrepreneurship, economic growth, and job opportunities; and
- People and culture—unlocking the full potential of today's Federal workforce and building the workforce needed for tomorrow.

By focusing on how we can simplify processes to make services better, finding ways to share best practices and information more effectively across the federal landscape and with the public, and leveraging our greatest resource – America's federal workforce – the Administration is driving an agenda that enables government to operate more efficiently in a 21st century economy.

Many of the Government's most critical priorities require focus, discipline, and collaboration across multiple agencies to drive results. One key way that OMB helps support this prioritization and collaboration is through Agency Priority Goals (APGs) and Cross-Agency Priority (CAP) Goals. These goals – established as part of the GPRA-MA performance management framework – and the quarterly data-driven reviews to review progress on the goals, help deliver on the Administration's commitment to further economic growth and job creation and address government-wide management challenges. Using both APGs and CAP Goals, we have seen strong and promising results in and across agencies, including in areas identified in the GAO report, such as Strategic Sourcing, Smarter IT Delivery, and Real Property.

The Administration is pleased to update you on its progress in several specific areas related to GAO's extensive recommendations as well as the President's Management Agenda:

- Saving on Real Property Costs. In 2013, the Administration issued the Freeze the Footprint (FTF) policy to freeze the Federal Government's real estate footprint and restrict the growth of excess or underutilized properties. Freeze the Footprint was the first government-wide policy that established and required federal agencies to identify offsets (i.e., disposals) of existing property to support new property acquisitions, and that set a timeline for agencies to freeze their real property footprint. The policy was a success. Now federal agencies have frozen, reduced, or are on a path to freeze their baseline by the end of FY 2015. Agencies achieved a 21.4 million square foot reduction in office and warehouse space between FY 2012 and FY 2014. And in FY 2014 alone, for all domestic owned building types, the government disposed of 7,350 buildings, 47 million square feet of space, and eliminated $17 million of annual operation and maintenance cost as a result of Freeze the Footprint. Building on this success, on March 25th the Administration has issued the National Strategy for Real Property (National Strategy) and the Reduce the Footprint policy. With the establishment of the National Strategy and OMB's new Reduce the Footprint (RTF) policy agencies will be required not only to continue to freeze but also reduce their real property footprint over the next several years. The RTF policy will supersede the current FTF requirements by requiring agencies to reduce, rather than freeze, their footprint beginning in FY 2016.

- Efficient Acquisition. Our current fragmented acquisition landscape leads to many agencies duplicating efforts and establishing redundant acquisition programs and contracts. Strategic sourcing was an important first step to better manage acquisitions, generating savings of $417 million since 2010, reducing contract duplication by up to 40 percent in some areas, and allowing us to meet or exceed our small business goals for each strategically sourced commodity. We're building on this success through category management, an approach used in the private sector and other governments, in which we will divide the more than $270 billion we spend each year in federal contracting for

common everyday items into ten categories - like IT, professional services and transportation. For each category a team of experts will develop government-wide acquisition strategies for their commodities, like moving to a single software solution, developing standard contract language or just driving smarter behaviors like stopping unnecessary overnight express delivery for small packages. The teams also will be responsible for meeting or exceeding small business vendor goals for each category. An important part of this effort is creating GSA's Acquisition Gateway, a single repository of information for agencies on best practices and tools, existing contracts, and prices paid by other agencies for identical or similar items. By sharing information and shedding light on the contracts and tools already available, we will reduce duplicative acquisition practices and better leverage government-wide buying power. As a result, we will achieve greater efficiencies, reduced costs, and improved performance.

- Smarter IT Delivery. In 2012, OMB initiated the PortfolioStat process, a data-driven effort with agencies to examine IT portfolios and identify common areas of spending to decrease duplication and drive down costs. PortfolioStat has helped the Government achieve more than $2.3 billion in savings over the past three years while ensuring agencies are efficiently using taxpayer dollars to deliver effective and innovative solutions to the public. PortfolioStat promotes the adoption of new technologies, such as cloud computing and agile development practices. For example, as a result of these continuing efforts, the Federal Government now spends approximately 8.5 percent of its IT budget on provisioned services such as cloud computing, on par with leading private sector companies. The Administration is committed to continuing the PortfolioStat process to drive further management improvements, save billions of dollars across the Federal Government, and improve services to Americans through the effective use of technology. OMB is the steward of the Information Technology Oversight and Reform (ITOR) effort, which supports the use of data, analytics, and digital services to improve the efficiency, effectiveness, and security of government operations and programs. Since ITOR's inception, agencies have reported about $2.8 billion in cost savings and avoidance resulting from OMB's enhanced oversight and reform efforts. OMB also is working hard to leverage and implement the new Federal Information Technology Acquisition Reform Act (FITARA), which will help agencies manage information technology (IT) resources in a more coordinated and effective way.

- Reorganizing STEM Education Programs. The Nation's competitiveness depends on the ability to improve and expand STEM learning in the United States. Over the past two years, the Administration has made considerable progress toward creating a more cohesive framework for delivering STEM education. Guided by the Federal STEM Education Five-Year Strategic plan and a significant reorganization of programs, agencies are increasing coordination, strengthening partnerships, and identifying ways to leverage existing resources to improve the reach of agency assets. The number of different STEM programs has been cut from over 220 to fewer than 140, a reduction of roughly 40 percent. The Budget builds on these efforts and continues to reduce fragmentation, ensuring that investments are aligned with the Strategic Plan. The Budget invests more than $3 billion in 113 programs, including $200 million for K-12 education

in the Department of Education's Math and Science Partnerships and National Science Foundation programs providing $338 million for graduate fellowships, $62 million for graduate traineeships, and $135 million for improving undergraduate education. The Budget also supports new ideas, including a proposed $125 million program in the Department of Education to create more Next Generation High Schools that will be laboratories for cutting-edge STEM teaching and learning.

- Eliminating Homelessness. Through strong interagency collaboration and community partnerships across the country, the Administration has made significant progress toward the President's ambitious goal of ending homelessness, particularly among veterans. Major cities, including Salt Lake City, Utah, and Phoenix, Arizona, have ended chronic homelessness among veterans. And in January, New Orleans, Louisiana, became the first major American city to end veteran homelessness entirely. Nationally, veteran homelessness is down 33 percent and the total number of people experiencing chronic homelessness on a single night is down 21 percent from 2010 to 2014. The US Interagency Council on Homelessness continues to play an important role in coordinating the Federal response to homelessness and creating intergovernmental and private sector partnerships to reduce and end homelessness. As proposed in the 2015 Budget, the 2016 Budget for the Department of Homeland Security proposes to transfer funding and administration of the Federal Emergency Management Agency's Emergency Food and Shelter (EFS) program to HUD to reduce fragmentation and align efforts to end homelessness.

- Employment and Training. The Administration, in partnership with Congress, has taken a number of steps to improve coordination and alignment across Federal training and employment programs. Last year's passage of the Workforce Innovation and Opportunity Act (WIOA) made significant improvements in integration and coordination of the public Federal workforce system, aligning it with regional economies and ensuring the delivery of integrated services through the network of American Job Centers (AJCs) to job seekers and employers. WIOA requires co-location in American Job Centers of additional workforce programs—including the Temporary Assistance for Needy Families (TANF) program. In addition, states must submit unified plans coordinating their workforce and education programs to the Departments of Education and Labor. The Administration recently released a WIOA draft Notice of Proposed Rulemaking, developed jointly by the Departments of Labor and Education, which lays out a common set of performance measures that would improve accountability in the workforce system and improve transparency. Last year, the Vice President also led an across-the-board review of job training programs to identify ways to make them more job-driven and ensure that they train people for jobs that exist today. This effort culminated in a report that includes a set of principles of job-driven training. Agencies across the government, including the Departments of Labor, Education, Health and Human Services, Housing and Urban Development, Transportation, Energy, Defense and Agriculture are using these job-driven principles to align their programs to provide people with the skills they need to get and keep good jobs while also matching employers with the skilled workers they need to compete successfully in a global economy. In addition to taking steps to

improve coordination, the Administration has recommended several targeted program consolidations that would reduce overlap without adversely affecting vulnerable populations. To date, several of the 47 programs GAO identified already have been eliminated or consolidated.

- Employment for People with Disabilities. The Administration has undertaken several actions to reduce duplication, overlap, and fragmentation among job training programs that serve people with disabilities. In FY 2015, the Social Security Administration (SSA), in partnership with other Federal agencies, began developing an initial demonstration to test innovative strategies to help people with disabilities remain in the workforce. Early-intervention measures, such as supportive employment services for individuals with mental impairments, targeted incentives for employers to help workers with disabilities remain on the job, and opportunities for States to better coordinate services, have the potential to achieve long-term gains in the employment and the quality of life of people with disabilities. The proposed reauthorization of demonstration authority in FY 2016 will further build the evidence base for future program improvements. In addition, we continue to improve the coordination and integration of programs for people with disabilities that are embedded within broader programs that serve the general population. Among our efforts are developing draft regulations for the Workforce Innovation and Opportunity Act (WIOA), forming a federal advisory committee on increasing competitive integrated employment as required by WIOA that will share a recommendations report with the Congress next year, and applying the job-driven training checklist to job training programs for people with disabilities.

The President's FY 2016 Budget also continues to propose reforms and target duplicative programs for reduction or elimination, not only in the areas GAO has identified. For example, in the President's first six Budgets, the Administration identified, on average, more than 150 cuts, consolidations, and savings averaging more than $23 billion each year. Many of these proposals have now been implemented, and the Budget built on this success by including 101 cuts, consolidations, and savings proposals projected to save over $14 billion in 2016. The Budget shows that we can avoid the harmful spending cuts known as sequestration, and instead invest in economic growth, mobility, and national security while still putting the Nation on a sustainable fiscal path. Overall the Budget achieves about $1.8 trillion in deficit reduction, primarily from reforms in health programs, the tax code, and immigration.

The Budget also supports the President's plan to reorganize the Federal Government so that it does more for less, and is best positioned to assist businesses and entrepreneurs in the global economy. Specifically, the President is renewing his request for the Congress to revive the reorganization authority given to nearly every President from Herbert Hoover to Ronald Reagan. This authority would allow the Administration to submit plans to consolidate and reorganize Executive Branch Departments and agencies for fast track consideration by the Congress, but only so long as the result would be to reduce the size of Government or cut costs, a new requirement for this type of authority. The President's FY 2016 Budget includes examples of cross-government consolidations intended as a blueprint for reorganizing and reforming the Government. As the President first indicated in 2012, if he is given Presidential reorganization

authority, he would propose to consolidate a number of agencies and programs into a new department focused on fostering economic growth and driving job creation. This proposal would consolidate six primary business and trade agencies, as well as other related programs, integrating the Government's core trade and competitiveness functions into one new department. The President's Budget also proposes consolidating food safety functions, as an essential step to reforming the Federal food safety system overall. The Administration will continue to work with Congress and stakeholders on these proposals and to identify opportunities to make the Government more efficient and effective.

While progress has been made, much more remains to be done. As we look forward, we will continue to use various tools, such as the Government Performance and Results Act (GPRA) Modernization Act of 2010, and the President's Management Agenda, to turn management reform initiatives into real and lasting results for the American people. Similarly, GAO identified common themes among their suggested actions which reinforce the Administration's performance management approach and our path forward: (1) improving planning; (2) measuring performance and results; (3) improving management oversight; (4) enhancing interagency coordination and collaboration; and (5) considering legislative changes. A few examples of the Administration's continued efforts include:

- Continuing progress toward addressing areas GAO has identified. We will continue to work with agencies and Congress to reduce fragmentation, overlap, and duplication. Specifically, the Administration and Congress should work together to implement the reforms proposed in the President's Budget, as well as examine and take appropriate action on the new areas identified in GAO's report. Of actions GAO recommended for Executive Branch attention which have not yet been addressed, many are in process and require longer-term implementation strategies, which GAO recognizes in its report. Going forward, the Administration will continue to identify lower-priority programs and opportunities for savings for inclusion in the President's Budget. We look forward to working with Congress to address these challenges.

- Institutionalizing Data-Driven Reviews. OMB and agencies will continue to strengthen data-driven reviews, such as PortfolioStat, HR Stat, Benchmarking, and Priority Goal reviews. Regular, data-driven reviews provide a mechanism to bring together the people, resources, and analysis needed to drive progress on cross-cutting or fragmented program areas. Data-driven performance reviews reinforce priorities and establish a culture of continuous improvement by diagnosing problems, analyzing data to find increasingly effective approaches, and deciding on next steps.

- Enhancing Capacity and Collaboration. When agencies carry out activities in a fragmented way, the Government wastes Federal funds and services suffer. The Performance Improvement Council (PIC) has been key in addressing cross-cutting issues and promoting adoption of the most effective and efficient practices to help break down silos. The PIC's working groups, for example, have improved a variety of agency management efforts, including strategic planning, Priority Goal setting, and data-driven reviews. As agencies improve their capacity to apply these tools in the most effective

ways, our coordination in service delivery will better meet the needs of the American people.

- Leveraging New Legislation. We also are working to oversee the implementation of two new key pieces of legislation that will further strengthen efforts to improve efficiencies and save taxpayers resources – the Digital Accountability and Transparency Act (DATA Act) and FITARA. The DATA Act will expand Federal financial data reporting and improve data standards, and FITARA is designed to deliver better value to taxpayers by improving federal IT acquisitions, management, and oversight. We are working closely with agencies to implement these key pieces of legislation and the FY 2016 Budget includes requests to address implementation, oversight, and reporting requirements.

Improving the effectiveness and efficiency of the Federal Government is not an easy endeavor. It requires dedication and commitment throughout agencies, from the Secretary at headquarters to the employees on the front line. It requires sustained support from both the Executive and Legislative Branches. Our success to date shows that we can improve the way Government works and provide the American people with an efficient, effective, high-performing Government. We look forward to continuing to work with Congress, GAO, and other stakeholders to identify opportunities to create a Government of the future that makes a significant and tangible difference in the economy and the lives of the American people. I thank the Committee for holding this hearing, and for your commitment to improving Federal performance. I would be pleased to answer any questions you may have.

Chairman CHAFFETZ. We will now recognize the gentleman from Tennessee, Mr. Duncan, for 5 minutes.

Mr. DUNCAN. Well, thank you. Thank you very much, Mr. Chairman, and thank you for holding this what I think is a very, very important hearing. And I first want to join the ranking member, Mr. Cummings, in complimenting the GAO for the $20 billion in savings thus far and the what I see as the potential of $80 billion in the years ahead.

I can—one area that's of great interest to me for many years has been this disposal of excess Federal property. The chairman and I both have worked on that for several years. And I notice that the OMB says they have a national strategy in place, but the GAO says or does not agree.

Can you explain why the GAO does not agree with the approach that OMB is taking on this thus far, Mr. Dodaro? And then we'll have Ms. Cobert respond.

Mr. DODARO. Yes. The information in our report about the status of actions taken by agencies was as of March 6 last month. OMB's strategy just came out at the end of March, March 25. So we believe that it's responsive to our recommendation, in part, and are pleased that the national strategy has how been issued. It needs—it's a document that's going to require some additional development and support on the details to implement it, but it addresses some of our concerns so far. So we're pleased with the document, but it's a timing difference, Mr. Congressman.

Mr. DUNCAN. Okay. Well, then, another area that we held a hearing on last year was this $80 billion in annual purchases of new technology. And I'm wondering if you think that's an area where there are potentially some pretty big savings in that regard because I know that they say that all the computers are obsolete the day they're taken out of the box. The technology is moving so fast, yet much of that technology—and it seems that any time a government agency runs—has cost overruns or has real problems, they say their technology is out of date. And I'm wondering what's being done, if you feel enough is being done to take advantage of potential savings there. Because a lot of that technology, even though it may not be brand new, is still very useable.

Mr. DODARO. Yes. No, I do not think enough is being done. I think there have been some steps made. You know, I was so concerned about this area that I added it to our high-risk list across the Federal Government.

There are really a couple of dimensions. One, is more money is going in to continue to support the legacy systems, the old systems from the past, and that's a trend that's different than what's happening in other parts of the economy, and we think more could be done there to review ongoing spending operations to see if there can be greater efficiencies and drive down the cost.

Secondly, OMB has moved forward on the data center consolidations, looking at the portfolio for duplicative investments, doing these tech stat assessments on troubled projects that are high risk. But much more needs to be done to be consistently implemented across government. There are huge opportunities here to get better service at less cost.

Mr. DUNCAN. Also, I notice that—I know that all of us favor a strong national defense, but your report says that the Department of Defense may be underestimating some of the total resources dedicated to supporting the headquarters staff. And I'm wondering if you could give us a little more specific information on that.

And then, also, I've read over the last several months that even many former chiefs of staff and former secretaries—the last, I think, three secretaries of defense have said that military personnel costs are spiralling out of control and we're not going to be able to buy some of the necessary weapons and equipment that we need if something is not done. What do you have to say in those areas?

Mr. DODARO. Yeah. Definitely military costs are something we point out as a big cost driver, along with healthcare costs. Now, healthcare costs are on an escalating course just as they are in other sectors of the economy.

Mr. DUNCAN. Right.

Mr. DODARO. With regard to the headquarters operations, I'll ask Cathy Berrick, who is our expert in defense. But basically, Congressman, they're only looking at certain aspects of their headquarters operations when we believe they ought to be looking more broadly across the department. And as a result, they're not seeing good opportunities, as many opportunities as we believe need to be reviewed. And they need to do it on a regular basis.

Cathy.

Ms. BERRICK. Sure. There's really two issues with the growth and management headquarters of the Department of Defense. The first issue is there has been significant growth and DOD hasn't been doing a periodic reevaluation of resources dedicated to headquarters. So, for example, we recently issued a report looking at the three functional combatant commands. There's about 10,500 civilian and military personnel dedicated to headquarters at these three commands. That's grown over 50 percent in the last 10 years. And that is a similar trend that we've seen across the geographic combatant commands, OSD to joint staff, and other organizations. So we think that DOD needs to do a periodic reassessment of resources devoted to those entities.

The second issue is DOD is pursuing cuts within its management headquarters functions at the Department. The Secretary of Defense directed a 20 percent cut. The problem is, as the comptroller general mentioned, it's focused on a very small percentage of the headquarters within DOD. So, for example, of the functional combatant commands that I reference, there's 10,500 personnel—headquarters personnel dedicated. These cuts will only apply to less than a quarter of those personnel. So we've recommended that DOD look more broadly at all of its headquarters personnel versus just this small—relatively small portion called management headquarters.

Mr. DUNCAN. Well, thank you. Thank you very much. I will say this, we need more fiscal conservatives at the Pentagon, I can tell you. And I appreciate the job you-all are doing in that regard.

Chairman CHAFFETZ. Thank the gentleman.

Will now recognize the gentlewoman from the District of Columbia, Ms. Norton, for 5 minutes.

Ms. NORTON. Thank you, Mr. Chairman.

I note that tomorrow is so-called Tax Day, April 15. And that—and I'm going to really be interested in next year's report because it looks like the Congress has shot itself in the foot and added to the deficit by what it's done to the IRS. I've never seen anything like it.

The reports all over the country are of people waiting in line to get audits and other questions answered. As of April 15, you could get no information in. Before that, you could get very little information. And if so you had to go to the tax advocate. This is a recipe for inefficiency in an agency that we depend upon if we want to reduce our deficit. Now, of course, much of that is going to come out in some way, I suspect, Mr. Dodaro, in your—in your report next year. But this so-called tax gap is, I believe, already showing it.

The most recent figures I've been able to get about the tax gap, that's the—the difference between what people owe in taxes and what they actually report, the figure I get is close to $400 billion or $385 billion. Does that sound about right?

Mr. DODARO. That's correct.

Ms. NORTON. Look what that would mean for the deficit if we could just get those funds.

Now, a lot of this is due not just to people avoiding taxes, but underreporting. So they need to talk to somebody and, in order to talk to somebody, there needs to be an audit. You can't just say "Give us the money."

By the way, Mr. Dodaro, I read that the IRS is saying up front now, in light of what looks like a 17 percent cut, that's—that's the figure that sticks in my mind. That's way times more during the sequester than any other agency. But the IRS is saying, unless it amounts to a million dollars, sorry, we can't even look at your—look at auditing to look to see whether you're underreporting. In other words, home free, they're saying up front because of this unusual cut that shoots ourselves in the foot, the gut, you name it.

Now, if one looks at your report today, we find talk of backlogs and audits. And here I am looking at the years 2013 and 2014, which coincided with these cuts. Isn't that correct?

Mr. DODARO. I'd have to——

Ms. NORTON. When there's been backlog—backlog for taxpayers needing audits in order for the IRS to collect what is due to the people of the United States.

Mr. DODARO. I'm going to ask Jay McTigue, who heads up our IRS work, to respond.

Mr. MCTIGUE. Yes, Congressman. Over the last several years, since about 2010, the audit rate for individuals is down about 25 percent, and the audit rate for businesses larger than $10 million in assets has also declined, in that case, about 30 percent.

Ms. NORTON. Heavens, are we ever going to be able to collect that money? Is there a statute of limitations? I mean, if it's down by that because you don't have the staff and you obviously don't—they obviously don't have the staff, is that money gone for the taxpayers?

Mr. MCTIGUE. Generally, the IRS has 3 years from the time a taxpayer files his or her tax return to complete an audit.

Ms. NORTON. With these backlogs, I can't imagine that some people just aren't off scot free just by virtue of the statute of limitations. I think we have to note that.

The IRS budget has been reduced by $1.2 billion over 5 years. That's an amount that's inconceivable. Isn't that approximately correct?

Mr. MCTIGUE. Yes, Congressman.

Ms. NORTON. With that kind of reduction—and you've got to decide what you've got to do. They've already decided they can't take care of you and me because we're too far down on the totem pole. What in the world can they do?

Mr. DODARO. Well, in that respect, we have made a number of recommendations on how our IRS could more efficiently use the resources that they have. For example, to get return on investment information, we identified, if they shifted $124 million from field exams to correspondence audits, they could increase revenue by a billion dollars during that period of time.

There's also things that Congress can do to help the IRS. For example, we've recommended that paid tax preparers have some certification requirements and that the Congress give IRS the authority to do that. Most of the tax returns are prepared by paid tax preparers. The last time we looked at this, we did undercover operations, only two of the 19 paid tax preparers gave the right answers to the questions we asked.

Ms. NORTON. So Congress should do what with respect to that?

Mr. DODARO. Give IRS the authority to regulate paid tax preparers.

Ms. NORTON. I see.

Mr. DODARO. And also——

Ms. NORTON. The way, by the way, they regulate VITA sites, volunteer—the VITA sites, all of us have it in our jurisdictions where volunteers have to be certified tax preparers, those are complete volunteers, but they've been certified by the IRS. They serve the—they save the American people billions upon billions, and they don't have to pay for it.

Mr. DODARO. And the biggest thing Congress could do is simplify the Tax Code.

Ms. NORTON. You're right on that, Mr. Dodaro. Thank you.

Chairman CHAFFETZ. I thank the gentlewoman.

I'll now recognize myself for 5 minutes.

Ms. Cobert, I appreciate you being here. One of the things you mentioned was the—following up on what Jimmy Duncan from Tennessee was talking about, is the underutilized property. It is something he has worked on, I have worked on, Mr. Mica has worked on. We have literally tens of thousands of buildings that are underutilized at this point.

Freeze the footprint. One of the things, I guess, I would want you to consider or, at least, think through, when you talk about acquisitions, one of the things that drives us a bit nuts out West is the acquisition budget within the Department of Interior. We have a 10-plus-billion-dollar backlog with the national parks and monuments and whatnot, I mean, the gems of this country, and yet we've got tens of—you know, more than a $10 billion backlog but at the same time that we're acquiring more property.

Have you given any consideration to stopping or slowing down or freezing the footprint in terms of acquisitions within the Department of Interior as well?

Ms. COBERT. Thank you for your question, Congressman.

As we think about real estate and the portfolio as a whole, what we've tried to do is to take a very data driven approach to understand our starting point, where we're going, and what the needs are. What are buildings used for today, and do they still fulfill the purpose that they had? What are the new purposes for which real estate is needed and important to do that way, so to try and get that balance right and to use that data in better decisionmaking across.

Chairman CHAFFETZ. And I guess what I don't see in your consideration—and Mr. Dodaro, I don't know if you've looked at this—but the acquisition budget is roughly $500 million to acquire additional properties within the Department of Interior, and yet we still have a $10 billion backlog. And what I don't see is the same Freeze the Footprint approach prevailing within the Department of Interior. Am I wrong on that?

Ms. COBERT. The acquisition of properties for different purposes, you have to go back and say what are we acquiring those properties for? I don't have the specifics the programs on the Department of Interior, but I do know we are trying to think about what buildings and what properties we have for which purpose and can we use those or reuse those or find a way to get rid of them.

Chairman CHAFFETZ. Now, a lot of these aren't actual buildings. A lot of them are lands. Mr. Dodaro.

Mr. DODARO. Yeah. Mr. Gaffigan is our expert in this area.

Mr. GAFFIGAN. Mr. Chairman, the—we have some ongoing work. We haven't been looking at the park service in a long time. There are 407 different park units throughout the country ranging from Yosemite to small little sites like the Rosie the Riveter historic sites.

Chairman CHAFFETZ. You can go ahead and mention Arches, which happens to be in Utah's 3rd Congressional District, one of the most beautiful places you can visit.

Mr. GAFFIGAN. I didn't want to be—I didn't want to be too obvious.

Chairman CHAFFETZ. Go ahead, you have my full permission.

Mr. GAFFIGAN. Yeah. There——

Ms. COBERT. It's beautiful.

Mr. GAFFIGAN. Yeah and, you know, they're struggling to deal with what they have right now. And this is our first look at it in a while. Because the only sources of revenue come from potential park fees, concessions. And—and they're really struggling to deal with what they have right now. So we have some ongoing work looking at that issue right now.

Chairman CHAFFETZ. Okay. And, I guess, on behalf of those out West, this is of keen concern because the acquisitions continue. I think you've highlighted the problem. I just worry that—that you have not yet also included the Department of Interior, because these aren't—these are typically old buildings and pieces of property and other acquisitions. They all sound great. But then the problem is that the Grand Canyon and at Arches and at

Canyonlands in places all across, we've got backlog that doesn't get taken care of. And, right now, that's to the tune of 10-plus-billion-dollars, and you don't have things like camp sites and waste removal and very basic things that people, as they get out and enjoy the outdoors. So—and to the GAO, we would appreciate it if you can continue to look at that as well.

I've got a host of other ones, but we've got other members here. I'm going to go ahead and yield back, but thank you for your consideration on that.

Will now recognize Ms. Kelly from Illinois, I believe, is next on the list. And we'll recognize her for 5 minutes.

Ms. KELLY. Thank you, Mr. Chair.

Mr. Dodaro, one issue identified in today's GAO report as an area of potential cost savings is the management of information technology investments. This is particularly—particularly an important area to invest in, giving our committee's growing focus on cybersecurity and, to me, as the ranking member on the IT subcommittee. Today's GAO report estimates that, at least, $79 billion will be spent on information technology by the Federal Government in fiscal year 2015. Is that accurate?

Mr. DODARO. Yes. That is.

Ms. KELLY. And in your opinion, what opportunities exist for reducing duplication and improving efficiency in this area?

Mr. DODARO. There are billions of dollars that can be saved in that area. I will have—Mr. Powner is our expert in the IT area. He can enumerate for you.

Mr. POWNER. Yeah. Probably the key area is data center consolidation. Right now we have 9——

Ms. KELLY. Data center consolidation?

Mr. POWNER. Data center consolidation. We have 9,700 data centers, of which about 4,000 are planned to be closed. We have accomplished about 1,200 closures to date and about $1.5 billion in savings, but there's still about $6 billion on the table. So when the comptroller mentions 60 more billion in savings, you could get $6 billion right from data centers alone.

Ms. KELLY. And how many employees does that effect in a negative way, like losing their job?

Mr. POWNER. Well, actually, there's a lot of repurposing of jobs. The other thing, too, is some of these centers are rather small centers where there's portions of FTEs that are associated with that, so it's not all jobs going away.

Ms. KELLY. Okay.

Mr. POWNER. But, again, we only have 10 percent utilization on an average government server. That's nowhere near the industry standard of 60, and we need to do something about that.

Ms. KELLY. Okay. Thank you.

Also, OMB in 2012 launched the PortfolioStat initiative. Under this program, agencies are required to review their IT investments in order to make more efficient decisions. How does the PortfolioStat help reduce wasteful spending by Federal agencies and has it?

Mr. POWNER. Yes. So PortfolioStat really tackles duplicative what we refer to as commodity IT or business systems. And if you look at—there are about 200 initiatives across all the departments

and agencies where we could save an additional probably $2 to $3 billion. The numbers fluctuate at times.

But in addition to the data center savings of $7.5, there's roughly $2 to $3 billion in that range. And there's already been many accomplishments to date that, I think, Beth mentioned in her statement on the savings to date with PortfolioStat. So we've gotten out of the gate well, but there's still a lot on the table. And that's where the recent legislation that this committee sponsored is critical to drive this home to closure so that we accomplish all those savings.

Ms. COBERT. If I could add, we worked closely with GAO on these issues and the ability to get better data and better control over the spending through actions like FITARA, through the work of this committee, really gives us a foundation for something to have to keep managing very closely going forward.

Mr. CONNOLLY. Yeah. We prefer to call it Issa Connolly up here but——

Ms. KELLY. This year's GAO report states, "While the 26 Federal agencies required to participate in PortfolioStat have made progress implementing OMB's initiatives, weaknesses existed in agency's implementation of the initiative." Do you feel like that's correct?

Mr. POWNER. Yeah. That is true. There's still room for improvement. In fact, we're issuing another report on PortfolioStat this Thursday, and it's going to talk about additional steps that need to occur.

One of the things that's critical here is OMB's oversight as well as congressional oversight with FITARA is critical because agencies, they get out of the gate real aggressively and then, over time, you actually—you start to see that the savings that are planned aren't actually accomplished. So, OMB's oversight and the Congress's oversight with FITARA and the reporting will be essential.

Ms. KELLY. Well, I want to thank you so much and I sincerely hope that we can work together to achieve the nearly $6 billion in savings with the proper implementation of the program. So thank you so much.

Mr. CONNOLLY. Would my friend yield?

Ms. KELLY. Yes. Your friend——

Mr. CONNOLLY. I thank my colleague.

Just real briefly, let me urge upon you, I hope that in—because you've been enthusiastic supporters of the acquisition reform for IT. OMB and GAO I hope can work with us in setting metrics.

General Dodaro, for example, you mentioned data center consolidation. Well, we actually went, as you may recall in our field hearing, we went in the wrong direction. We didn't consolidate. We actually discovered thousands of new ones. And so we've got to make—we've got to set metrics for agencies, and they've got to meet them, and they've got to know you're going to be reporting at least annually on that.

I know my friend, Mr. Meadows, shares my concern, and we're going to use our subcommittee to—to get periodic progress reports. But anything you two can do to—in trying that in metrics, I think, would be a great help and people will benefit from it. Thank you.

Thank you, my friend.

Mr. MEADOWS. [Presiding.] I thank the gentlelady. The chair recognizes the gentleman from South Carolina, Mr. Mulvaney.

Mr. MULVANEY. Thank you, Mr. Chairman. Thanks everybody for doing this. This is actually one of the enjoyable hearings that we get to do. If you were here earlier today, you got an example of the unenjoyable ones.

Mr. Dodaro, let's start with you and some general language. I'm curious as to how we can help. I was struck by Mr. Cummings' opening comments saying that Congress is actually sort of lagging behind the executive branch when it comes to fixing things. Give me a couple of examples for me and my colleagues as to what Congress could be doing to help implement your recommendations. What—what have we ignored so far?

Mr. DODARO. Yeah. Well, there's—to put things in, perspective though, of the amount of money that's been saved so far, planned to be saved, the 100 billion, the 80 and the 20 so far, most of that has come through the Congress passing legislation. So, I think, you know, for balance purposes, I think Congress has taken some actions that have resulted in probably about 75 or 80 percent of the dollar savings has come from the Congress taking action over a number of areas.

Mr. MULVANEY. Okay. Thank you.

Mr. DODARO. So, I wanted to put that in perspective.

There are number of areas in this—in this area. One, I mentioned some in the IRS areas right now. You could also increase the requirements for electronic filing that would give IRS more data to be able to use, give them increased information sharing areas. We have recommendations on how CMS ought to adjust the Medicare Advantage payments for Medicare payments, fee for service payments that could result in about, at least, $2 to $3 billion in increased savings.

I mentioned in my opening statement the—these 11 cancer hospitals that were established in 1982. They have a different payment method. They get reimbursed all their costs, where other hospitals are providing cancer treatment get reimbursed at negotiated rates. Put them on a level playing field, you'd save half a billion dollars a year right there.

I mentioned the Strategic Petroleum Reserve. The energy is going to move in that area. Congress should pay oversight in that area. We've had recommendations that there are duplicative situations that are unintended where you have somebody receiving a disability benefit and an unemployment benefit at the same time. Changing that statutorily would save about $1.2 billion.

Mr. MULVANEY. Do we need to change that statutorily or can that be done from an administrative or regulatory position?

Mr. DODARO. I believe it has to be statutory, but I'll double-check and provide an answer for the record on that.

Mr. MULVANEY. Got you.

Mr. DODARO. There's also—we're not offsetting—the government is not offsetting pensions for State and local governments from Social Security benefits for spousal and survivor benefits. The administration has made proposals in this area to get this corrected for the last 4 years, and we think they're right, and the Congress just

needs to pass legislation in this area. This is where, you know, for Federal employees, they have the information. They can offset it. For State and local governments don't pay into—some of their pension systems, they don't pay into Social Security, so they get a separate benefit, and the Federal law says that should be offset in that area and over time.

There's also an area where, through demonstration projects, right now, the administration has the ability to approve tens of billions of dollars in additional Medicaid spending without the Congress having any insight into it, and we believe that that spending has not been budget neutral and according to the policies for HHS. And we think that that could be, you know, attended to as well to deal with these healthcare spendings.

We've also suggested—there's a component in the DOD health system that was established in 1982 and before TRICARE was established in the 1990s. Now, TRICARE offers the same benefits as the component within DOD. We think that could be eliminated, could save millions of dollars. That has to be done statutorily.

Mr. MULVANEY. Stick with me on DOD because you've mentioned this a couple of times in your testimony to the other members. Talk to me about weapons procurement. I think everybody in here is interested in a strong national defense, but everybody in here is also interested in doing it a little more cost-effective way. You've got some interesting recommendations, don't you, on weapons acquisitions program—weapons program acquisitions?

Mr. DODARO. Yes. Yes. Yeah. We find that there are many reviews within the system that are duplicative and take years to complete and thousands of man hours to be able to handle those things. I will ask Paul Francis to explain.

But we think the weapons systems acquisition process can be streamlined from a process standpoint, but they also need to implement best practices to mature technologies before they go into production. Both things have the potential to save tens of billions of dollars.

Mr. FRANCIS. Good afternoon. Yes. So what Mr. Dodaro just said, on the efficiencies, we found that, for a major milestone decision it takes 2 years for programs to get all the documents lined up for that, 5,600 staff days. And we find half of that time is reviewing documents, not preparing them.

Mr. MULVANEY. Is that just for the big programs or is that for the smaller ones as well?

Mr. FRANCIS. The ones we looked at are for the big programs.

Mr. MULVANEY. Okay.

Mr. FRANCIS. And I think we did a survey about half—the participants in the process view about half of the documents as having high value. The rest not. And about 10 percent of the reviews are considered to be high value. So there's a lot that could be streamlined there.

Then on the other programs, the issue there is getting a good start, having a good business case to start a program. And that's where best practices and other techniques could really take hold. We get programs started that are underestimated at the beginning. They are too technically ambitious at the start. And it's years after

a program is underway that reality sets in and we report on these cost increases.

So, the easy answer is there's practices that we could employ to get programs started earlier. The real challenge is the acquisition culture. So I think a common way of looking at the acquisition process is to say it's broken and needs to be fixed. But I'd ask you to look at it a little differently. I think it's in equilibrium. I think all the players kind of get what they want out of it, and the cost we pay in terms of additional time and money is just the cost of doing business. So, we have to have a process that does a better job of saying no when no is to be said. But our process prefers to say yes.

Mr. MULVANEY. I could do this all afternoon, but unfortunately I don't have that time. Thank you. Gentlemen, thank you.

Mr. Chairman.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from California, Mr. Lieu.

Mr. LIEU. Thank you. Let me first thank the panel for your public service.

And I have questions about the laboratory inspections in the report. And it's my understanding that both the EPA and the FDA conduct laboratory inspections, is that correct?

Mr. DODARO. Yes.

Mr. LIEU. And based on reports analysis, many of the regulations are very similar for both these agencies?

Mr. DODARO. Yes. Yes.

Mr. LIEU. And as a result, for example, some laboratories in Maryland unknowingly were inspected by both agencies. One in Maryland was inspected eight times by the EPA and FDA roughly in the same time period. Is that correct?

Mr. DODARO. Yes.

Mr. LIEU. Do these agencies talk to each other before they go do these inspections?

Mr. DODARO. I will ask Mr. Gaffigan to talk about that. They used to have a formal agreement, which is expired. And we're recommending they reinstate the agreement. I think it mostly had to do with one of the agencies moving to a quarterly inspection process and from an annual process and they got out of sync. And so they haven't talked to one another in the way that they should. And both have had trouble staffing, even though the inspections that they do.

Mark.

Mr. GAFFIGAN. Mr. Dodaro is correct. They haven't coordinated since 2007. So our recommendation was they come up with a memorandum of agreement to start working better together.

Mr. LIEU. Are these surprise inspections or do the folks know they're coming?

Mr. GAFFIGAN. I believe, most of the time, they know they're coming, but I can get you an official answer for the record.

Mr. LIEU. It could be as simple as just notifying the other agency, right, that you're about——

Mr. GAFFIGAN. Yes.

Mr. DODARO. This is not——

Mr. LIEU. It's not rocket science.

Mr. DODARO. Yeah. This is not complicated.

Mr. LIEU. Okay. All right.

Mr. DODARO. Now, we do work at NASA. That is rocket science, but this isn't.

Mr. LIEU. When did that agreement that they used to have expire, do you remember?

Mr. DODARO. 2007 or 2004.

Mr. GAFFIGAN. I think it's in that 2004 or 2007 range.

Mr. DODARO. Yeah.

Mr. LIEU. Were these the only two agencies you serve find duplication in terms of laboratories, in terms of inspections?

Mr. GAFFIGAN. These are the two that will do lab inspections looking at the good laboratory practices, which as you mentioned are very similar in their criteria. So there are other labs and other inspections, but this has the specific purpose to ensure that they have good laboratory practices.

Mr. DODARO. Yeah. And this can have—if the inspections aren't done properly, it can have implications for industry as well because they need to have the certification that they meet these requirements, and so that's one of the things we point out in the report. So this has not only implications for the Federal Government not leveraging its resources properly, but for industry as well.

Mr. LIEU. Do you also look at duplication between other levels of government, such as State or county?

Mr. DODARO. Yeah. We're starting to do that now. The statutory requirement we have to produce this report is confined to across the Federal Government, but I believe there are areas of opportunity in streamlining across Federal, State, and local governments. And we're starting a pilot program now in the housing area to look at that, and I plan to do other areas.

It's a complicated analysis because most of the States are different and they don't have standard procedures, but we have a very complicated intergovernmental delivery system in our country that, I believe, is pretty expensive, and I'm not sure we can afford to maintain it going forward. So I want to move into that area into the future.

Mr. LIEU. I came from the California State Legislature, and I had noticed duplication in various areas. So I'm glad you're moving in that direction. I remember looking at weights and measures and some supermarkets would get inspected pretty much exactly the same thing, by the Federal, State, and city. So I commend you for going in that area, and I yield back the balance of my time.

Mr. DODARO. Okay. Actually, I have an advisory group of State auditors and local auditors that advise us. Elaine Howle, the State auditor from California, is on that group. So they're working—we're working collaboratively with State and local auditors as well.

Mr. LIEU. Great. Thank you.

Mr. GAFFIGAN. Congressman, just to clarify your question that they had the agreement from 1984 to 2004, although they kept meeting until 2007.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from Iowa, Mr. Blum.

Mr. BLUM. Thank you, Mr. Chairman.

Thank you for being here today. I appreciate your service to the government.

I'm a career small businessman, so I may be one of the few here that—that, A, gets into this and, B, I personally think the GAO is one of the most important departments in our Federal Government. I'm also new here. I'm a freshman congressman, so I get a pass when I get to ask these dumb questions.

First question. There are 24 programs, I believe, on your report for duplication of services. If you were a betting man, how many do you think are going to be on that report next year that were on the report this year?

Mr. DODARO. Two-thirds.

Mr. BLUM. Two-thirds. And how about in the 20——

Mr. DODARO. Now, I'm not a betting man, just for the record.

Mr. BLUM. We can strike that from the minutes.

How about, how many will be on the report that are on the report this year in 2017?

Mr. DODARO. I'd say about half.

Mr. BLUM. 2018?

Mr. DODARO. Still about half.

Mr. BLUM. Yeah. And this is part of the problem. When I go back to my district in Iowa, people say the Federal Government spends too much, regulates too much, and wastes too much.

Being a private sector guy, your department does a fantastic job of identifying these problems. What we're concerned about with is the "A" in GAO, which I believe stands for accountability.

Mr. DODARO. Correct.

Mr. BLUM. Who is accountable for eliminating this duplication of services next year and the year after? Who is accountable for eliminating waste in the Federal Government?

Mr. DODARO. It's both the administration and the Congress. That's why we have—keeping separate scores for what actions we've recommended that the Congress has to take and what actions the administration has to take. And that's how we define accountability.

Now, accountability gets fuzzy when multiple agencies are involved in fixing a problem. And really our government structure is not well postured to deal with problems that involve multiple agencies. In the executive branch, an OMB would have to take action, but they have limited resources and the ability to produce change across time. And in the Congress, you have multiple committee jurisdictions. And so it's difficult to solve problems.

Forty percent of what we have recommended that involve a single agency have been addressed. Only 25 percent where multiple agencies are involved have been addressed. And that's where I think the real weakness is in how we're organized both in the executive branch and the Congress.

Mr. BLUM. As a new person here, it seems to me that almost everything in the Federal Government is top down when compared to the private sector. Would you agree with that?

Mr. DODARO. Well, I'm not sure I would say everything is top down. I think there's a lot of things that go on throughout the bureaucracy that the top doesn't know about, you know, and so I think there's—you know, it's like parallel universes. I think that

there's, you know, no such thing as a command and control structure except in the military that works effectively.

Mr. BLUM. Something I have noticed in the first 90 days here is it seems to me the incentives in Washington, D.C., the incentives in Federal Government, are backwards.

And I'd like to ask you this: What incentive is there for a rank and file Federal employee to eliminate waste? What incentive is there for a rank and file Federal employee to eliminate duplications of services? In the private sector, there's incentives.

Mr. DODARO. Yeah.

Mr. BLUM. What incentives are there in the Federal Government for that to happen?

Mr. DODARO. No.

Mr. BLUM. I'm not seeing them.

Mr. DODARO. Right. Right. No, no, no, you're astutely observing. One of the more enduring problems in the government is that the incentives are more perverse than they are in the proper direction, and, you know, there's more incentive to make sure that you have the budget necessary. There's more incentive to pay quickly and then worry about whether you paid the right person later. There's more incentive to build structures.

Now, they're all well intended in terms of trying to accomplish the mission of their agencies, but there's really—you know, aside from an individual's sort of view on what their role as the Federal Government should be, as being a good public servant, there aren't really built-in systematic incentives to help produce the right outcomes.

Mr. BLUM. Because it seems to me that the incentive is to spend the entire budget or our budget will get cut next year. And do you think—do you think there's a chance we can introduce some best practices from the private sector into the Federal Government so that it comes from bottom up instead of top down, eliminating duplication, waste, fraud, from the rank and file Federal employees, and when someone identifies it that they are actually rewarded for that. Is there a chance of that?

Mr. DODARO. Yes. Yes. I mean, we've looked at a lot of best practices and have tried to get them implemented in agency policies and moving things forward, but they run against this tension that occurs in the backdrop, and it's—it's really exacerbated too by the fact that we're not producing regular budgets on time in the Federal Government. I mean, in the last 50 years I think we've only had three instances where we've passed a budget without some form of continuing resolution for the rest of the government.

So when you're in an uncertain budget environment, that complicates even if you have a good incentive structure in place. So I think we have to get to a regular order and then we can, you know, work to build better incentives into the system.

Mr. BLUM. My time is up, but once again I'd like to commend the GAO and yourself on the outstanding work that you do.

Mr. DODARO. Thank you.

Mr. BLUM. And I yield back to the chair.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentlewoman from Illinois, Ms. Duckworth.

Ms. DUCKWORTH. Thank you, Mr. Chairman.

Inspector Dodaro, I was pleased to see that you included in your report the savings the government is already realizing from the Army's choice not to introduce a new family of camouflage uniforms into its inventory. Your report notes that this will save taxpayers about $4.2 billion over the next 5 years, and in fact I offered the amendment in the 2014 NDAA that requires DOD to establish a joint camouflage pattern when developing new combat uniforms so that the taxpayers won't have to pay millions to the government to keep developing new patterns for every branch of service, that also sometimes don't protect troops in combat such as the Navy's blueberry uniform that they can't wear on ships because when they fall over into the—fall overboard, they are blended with the ocean and you can't actually rescue the sailors.

Can you give me an update on where DOD's compliance is with this requirement?

Mr. DODARO. Yes. Let me ask Ms. Berrick to come and provide that. I appreciate your sponsorship of the amendments. It was very important. Thank you.

Ms. BERRICK. Yeah. Thank you for the question. There has been significant progress. In fact, we identified that DOD saved over $5 billion in savings from pursuing a consolidated uniform moving forward. When we started the work and issued last year's duplication—or the year before's duplication report, the Army was getting ready to move forward with a procurement for their own camouflage uniform, but thanks to the legislation that you helped sponsor and which required DOD to pursue this in a more coordinated fashion, they did, in fact, do that and made some progress.

In addition, DOD issued some joint criteria to ensure that the protection of the servicemembers on the battlefield when they're developing uniforms, and that they do that in a coordinated fashion as well. So there has been some good progress.

Ms. DUCKWORTH. That's good to hear. Thank you.

In reviewing the GAO report, Ms. Cobert—is it Cobert or Cobert?

Ms. COBERT. Cobert's correct.

Ms. DUCKWORTH. All right. Thank you.

Ms. COBERT. Not Colbert.

Ms. DUCKWORTH. Not Colbert. I almost went there, but I didn't.

Ms. COBERT. Most people do.

Ms. DUCKWORTH. We've all been trained by popular cable shows.

I noted that better management of software licenses is known as an area where savings can be achieved. Can you please help me understand OMB's view on how agencies can better manage their software licenses? Specifically, I'd like to hear how OMB believes agencies should inventory that software, see how much of it is actually deployed to end users, and how much of what's deployed is actually being put to use. If you can't inventory it, how can you—how can you effectively control waste if you can't inventory it?

Ms. COBERT. Thank you for raising this issue, and I also want to thank our colleagues at GAO for raising this issue in the report. It is something that we believe is important to address and working with them and working with agencies, we are moving to tackle that.

One of the first places starts where you said, which is having an accurate inventory of software licences. Software and IT purchasing across the Federal Government has been highly decentralized both among inside of agencies and components within agencies as well as across agencies. One of the first steps that we're taking as part of our category management initiative around IT is to develop a much more accurate inventory of licenses that exist and the utilization of those licenses today. As the way agencies use software changes, for example, as we are succeeding in moving more to the cloud, the ability to have a consolidated view of licenses becomes much easier and the ability to be smarter about how to manage those licenses, how to think about what you're paying for for those licenses, how to make sure that these things are current and used and you're not paying for what you don't need becomes much easier. So we are in the midst of an effort to do that now.

As I mentioned earlier, the FITARA legislations gives us more authority in terms of how we get agencies to consolidate and coordinate their buying. And as we're putting together the guidance for that newly enacted law, this is one of the areas that we're focusing on. It is a big priority for our Federal CIO, who just joined us from industry. So he really brings a lot of the best practices that industry is using to this important area. Something we're going to a be a big focus for our work in 2015.

Ms. DUCKWORTH. Thank you. Are any of those—is there a practice in Federal Government where a license is automatically renewed and nobody's reviewing whether or not we're actually using old licenses and they've gone on and bought new software packages but they're still—we're still paying for stuff that's automatically renewed?

Ms. COBERT. I don't have the specifics of that, but in my life in the private sector, when I looked at those issues, you would find many instance of that. And I wouldn't be surprised if my colleagues would tell me that were the case, at least in some places.

Mr. POWNER. Yeah. The key here starts with the inventories, Congresswoman. Our work has showed that when we looked at software licensing, out of the 24 agencies only 2 had a complete inventory. We had 22 agencies that did not have a complete inventory. So—and there's a big effort afoot, part of OMB's efforts with portfolio, start looking at application, rationalization, what do we have on our servers, inventorying all that. So it wouldn't be surprising if you had many licenses that we don't even know they're getting renewed. There's huge opportunities here. There's pockets of success. DHS went through some really nice efforts where they saved hundreds of millions of dollars. There's hundreds of millions of dollars on the table if we did this right, but we really don't know what we have right now collectively.

Ms. DUCKWORTH. Thank you very much.

I yield back, Mr. Chairman.

Mr. MEADOWS. I thank the gentlewoman.

The chair recognizes the gentleman from Georgia, Mr. Hice.

Mr. HICE. Thank you, Mr. Chairman, and I, like my other colleagues, thank you both for being here and all that you do. Of course you've just got a critical responsibility, and we appreciate the information that you provide.

I think we all know and probably most of us would readily admit the obvious appearance is we've created a monster around here, and you guys are tasked with the responsibility of keeping us aware of just how big that monster is and what we can potentially do to, to reign it in a little bit. And I wonder in that context with all the duplication that you've mentioned, are there any areas that you would just come out and be able to identify as unnecessary, that we've got so much duplication, that this area or the other one we could just do away with?

I'll start with you, Mr. Dodaro.

Mr. DODARO. There's not been an area where we've said you could do away with all activity in a particular area. I mean, most of those are policy judgments that would require the Congress to say there's not a need in this particular area for you to do that. We have, you know, recommended where you clearly have duplication, and this year's—our prime example is this institution that was created in 1982 within DOD. It was well intended. It was a public service function that was turned over to DOD to help serve the military and their families, but then TRICARE came along about 15 years later, and as typical in the Federal Government, we just layer things on. You know, we don't never go back and take anything away, and so now the same people can be served by the TRICARE community and you don't need this separate system. And within—when Congress created this, it gave DOD a difficult task because they can't even get the information from the providers in this contract to know what their direct costs are and what profit margins and administrative costs are. So they're really disadvantaged of this area. So we're identifying where you have clear duplication, you can eliminate that duplication, save a lot of money. That's been most of our focus.

Mr. HICE. Okay. Ms. Cobert, do you have anything to add to that?

Ms. COBERT. I'd like to add to Gene's comments about the need to both think about areas where there are duplication and where there are areas where there may be more fragmentation or overlap that you're not able to address immediately through some other structure is finding a way to coordinate across agencies.

One area we did that quite successfully is looking at science, technology, engineering, and math education, where we looked at the effectiveness of programs, put together a 5-year plan. We've reduced the number of programs from 220 to 140 and now have those programs much more balanced and effective. It's a critical area of importance for our Nation's future. And what we tried to do in that is get the interagency process to say: Who is doing the best job at each one of these things, and then reallocate within that to the people who had the best capabilities. Those kinds of processes can work. They take a lot of work to make happen.

Mr. HICE. Sure they do. I'm positive of that.

Do you find—and that's a great example, do you find most of the time that these agencies follow your recommendations, or is that a challenge in itself?

Mr. DODARO. Yeah. Our experience over a 4-year period of time, 80 percent of our recommendations get implemented. And what we feature in our high-risk series and this overlap and duplication re-

port are those where they haven't yet been implemented that require some difficult decisions. They're among the more difficult areas in the Federal Government. But also to your earlier question, one of the things that's really inhibited us from making stronger recommendations about whether you need to retain some of these functions is the lack of good performance evaluations in the Federal Government. And Beth just mentioned in the science, technology, and engineering area, what we first looked at—there were 209 programs, 66 percent of them had never been evaluated. So you really didn't know what was working and what was not working, and this is not atypical across Federal Government.

Mr. HICE. Okay. What about—some of the issues you brought up with the DOD, we hinted around this, but the enormous amount of property and facilities that they own. And my understanding, 53 percent of it is all that they can really account for in terms of being utilized, and even a lot of that information is inaccurate. This has got to be problematic. I'm sure you've given recommendations. Are they following the recommendations that you've provided?

Mr. DODARO. Yeah. I'll ask Ms. Berrick to explain in that area, but I was very concerned. They've made such incremental progress in correcting the data in their database, it was almost imperceptible, but they need to do a lot better job. If you're going to intelligently manage things, you need better data.

Mr. HICE. Right.

Mr. DODARO. Cathy.

Ms. BERRICK. Yeah. And I'll start off by saying that GAO's designated this actually a high-risk area for DOD, that they get a better handle on their property. But just to give you a few statistics, DOD has over 500,000 real property entities that's valued at about $850 billion. So the magnitude of this is really enormous. DOD manages their real property through a database, as you mentioned. Most of the records in that database are blank. And there's only data elements for about 53 percent of those facilities.

In addition, the data that's there, there's lots of inaccuracies. So, for example, we found another 7,500 records that showed a zero percent utilization record in their database, yet it was shown in active status, which means it's needed for DOD to meet its mission. During the course of our work we actually visited 12 installations to see if we could find facilities just visiting those 12 that were underutilized or unutilized. And, by the way, this is important because those facilities could be disposed of to achieve savings or underutilized facilities could be consolidated to achieve savings. At just those 12 facilities we identified a number of examples. Four buildings specifically that were sitting empty. They weren't reflected on the property management records. And there was an opportunity with those four to potentially dispose of them or consolidate space.

So we'll continue to monitor it. DOD's made some incremental improvements in their data. They recognize it's a problem, but more work remains.

Mr. DODARO. I think this is an area for congressional direction to DOD. That works effectively through the authorization bills to get their act together in this area.

Mr. HICE. Right. I thank you. My time's expired, but if you could send us some information as to why they have not gotten to this, I think that would be helpful.

Mr. DODARO. Sure.

Mr. HICE. Thank you, Mr. Chairman.

Mr. DODARO. Be happy to.

Mr. MEADOWS. I thank the gentleman. And the chair recognizes the gentlewoman from Michigan, Ms. Lawrence.

Mrs. LAWRENCE. Thank you, Mr. Chairman.

I want to thank you for being here today on this liquid sunshine day.

The report issued by GAO details major progress made by the executive agencies and Congress. Based on this year's report it looks like Congress is not doing as well as the executive branch at implementing the GAO recommendations on waste, fraud, and abuse. According to the report, GAO made 369 recommendations to the executive branch, and 317 of those recommendations have been fully implemented. Is that correct?

Mr. DODARO. Yes.

Mrs. LAWRENCE. Okay. The report also stated that 69 recommendations for Congress were made and only 31 of those have been fully or partially completed. Is that correct?

Mr. DODARO. Yes.

Mrs. LAWRENCE. So, your agency is often called the Congressional watchdog by investigating how Federal Government spends tax dollars, and you are the ones that are supposed to identify those and make sure that we are aware of recommendations—make recommendations. Is that correct?

Mr. DODARO. Yes.

Mrs. LAWRENCE. Okay. So, can you—you know, I know we have a short period here, but can you sum up—talk to me about the 31 recommendations made to Congress in its report that deal directly with waste or abuse that has not been completely addressed?

Mr. DODARO. Right. We've made recommendations, for example, on this eliminating the overlap between the disability benefits and unemployment insurance and people receiving those at the same time. We've made recommendations on crop insurance, for example, that there be limits placed on the amount of subsidies for purchasing the premiums on crop subsidies. We believe that could save a couple billion dollars, and to—Congress a while ago changed the taxes on certain tobaccos for cigars and cigarettes, but the industry moved to using less taxed items, you know, like roll your own tobacco instead. So there's unlevel playing field. We believe if Congress could implement those changes, you'd get about $600 billion or a billion more in revenues by level the playing field on tobacco taxes.

We've recommended many changes to the IRS to help deal with their challenges over there, giving them math authority, et cetera. We've recommended that there be additional information collected for offsetting pension costs for survivors and spouses and Social Security, and in order to equitably treat people the same under the rules. That hasn't been acted as well. So we've got a long list.

Now, in fairness to the Congress, every new Congress our clock restarts, is partially completed. So anything the last Congress did

to partially complete, which would have been to introduce a bill, get it marked up through committee. You can get through a committee mark up we rate it as partial. And so with this new Congress sort of the re-clock set there.

Also I would say that most of the major savings to date, the $100 billion that's been saved or will be saved, has largely come from congressional action. So just—just to put it all in perspective.

Mrs. LAWRENCE. And that's my point of putting it in perspective. So we're being evaluated on whether we are in compliance. You've said the clock is reset at every one—and if—it's only partially addressed if it's made it to—through committee.

Have you ever—or not you, but have the GAO ever considered revising its methodology for determining whether an action is partially addressed by Congress? Have you—have you all had any discussion on that, considering, you stated, that the clock is resetting every Congress, and so it gives the impression that Congress is not addressing these issues.

Mr. DODARO. Yes. We have not yet, you know, reevaluated the criteria for making these determinations. This is the first time it's come up as an issue. But we'd be happy to take a look at it and see if there's any—a better way to do that, but we try to provide in the report a balanced perspective. If you just look at the table out of context from the narrative in the report, you can draw the wrong conclusion.

Mrs. LAWRENCE. Yes.

Mr. DODARO. But if you read the whole report, I belive you'll get the proper perspective.

Mrs. LAWRENCE. Well, I just want to, you know, to the chair and to—and thank you all for being here today. So that clearly here in Congress as Representatives of the people, and stewards of the taxpayer's dollars, we should be doing at least as good as the executive branch if not better. I would—I would respectfully ask that we look at this methodology because we will continuously as the clock resets, appear to the taxpayers that we are not giving serious actions and considerations to your report.

Thank you. And I yield back my time.

Mr. DODARO. Yeah. We will do that, but I've been informed by my team that only two issues have been reset among the recommendations that we have, but we'll take a look at it.

Mrs. LAWRENCE. Thank you.

Mr. PALMER. If the gentlelady would yield, I'd just like to point out that the GAO recommendations from last year are in this year's budget that was passed by the House.

Mr. MEADOWS. All right. The chair recognizes the gentleman from Wisconsin, Mr. Grothman.

Mr. GROTHMAN. Yeah. Thanks for being here, and you certainly presented a—many, many ways for the government to save money, and we hope they all survive the appropriations process. There are two I want to focus on in particular.

One is you talk about abuse of children's SSI benefits, and I know recently that the number of people—children who are being described as disabled has gone through the roof, and of course there's certainly a lot of anecdotal evidence of severe abuses here. I wonder if you could elaborate on that a little bit.

Mr. DODARO. Yeah. Basically I'll ask Ms. Bovbjerg, who's our expert in the area, to elaborate a bit. But the basic issue, Congressman, is that they're supposed to have continuing reviews to see if the situation has improved so that the children or even adults in that matter can overcome their disability, but Barb.

Ms. BOVBJERG. Yeah. Continuing disability reviews are medical reviews to see if they're still qualified for disability benefits. And the Social Security Administration has really not been doing many for children. And they have told us that the reason for this is that they—they're husbanding their resources and they've chosen to focus on the adults. But the fact of the matter is they really have not done the level of continuing disability review for any age that they should be doing. This is something that every dollar spent saves $9 in Federal funds. And in this case we were talking about children in Supplemental Security Income, which is a general fund program. But if you think about it also for disability insurance, which is a trust fund funded program, this is a program integrity issue in programs that are going to run out of money. So it's really important that they take this very seriously because otherwise they will be paying disability benefits for years to people who have medically improved to the extent that they don't—they don't any longer meet the eligibility requirements.

Mr. GROTHMAN. Or maybe they weren't disabled in the first place and they slipped between the cracks. Is that possible?

Ms. BOVBJERG. It's always possible, but I like to think that that doesn't happen a lot.

Mr. GROTHMAN. Okay. Do you know right off the top of your head the increase in the number of people on SSI, children on SSI?

Ms. BOVBJERG. I don't, but it has gone up. Disability in all categories has gone up.

Mr. DODARO. We'll provide the specific numbers for the record.

Mr. GROTHMAN. Okay. Could you elaborate a little bit more on some of your suggestions for the SNAP program?

Ms. BOVBJERG. Well, the one in this year's report is really about how they—how States who are responsible for managing waste, fraud, and abuse in the food stamp program, are trying to discern who is essentially selling their cards. And the guidance given by the Food and Nutrition Service suggests that whenever somebody has gotten four replacement cards you better look at that individual. And in our work, we took to heart that the State said can't look at all those people and it's not—it's not—we're not getting anything from this. We're essentially getting people who have an unstable living environment. You know, they might be homeless and they're losing their cards. They weren't finding people selling their cards. And we found a way that they could use the same data and they could just better target their approach, that we felt that if they looked for someone who asked for four replacement cards in four different benefit periods, that reduced the number of people they were looking at, at least in the three States that we examined, by almost half, and then they could focus much more greatly on these people who are much more likely to have been selling their cards.

Mr. DODARO. Yeah. We find that there's a greater need to use technology and data analytics and data mining to target Federal ef-

forts to find fraud, waste, and abuse. And there really, in some cases, aren't that great of incentives for doing it. This is a case where the Federal Government pays all the cost, the States are administering the program, and so there's, you know, not that great of incentive for them to do this. So we're trying to urge them to take—use more techniques then to try to urge the Federal agency to provide support to the States and urge them to look better at this area.

Mr. GROTHMAN. There were people who didn't believe there was a lot of evidence that people were selling cards?

Ms. BOVBJERG. The ones that they looked at—the ones that they looked at just on the basis of the four card rule, it wasn't panning out for them at the level that you would expect and you would want. And, we felt that the States should spend their resources—their limited resources on the people who are more likely selling the cards. Certainly you want to look at everybody, but if you don't have the resources you definitely want to target.

Mr. GROTHMAN. Thank you for calling on me.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from Oklahoma, Mr. Russell.

Mr. RUSSELL. Thank you, Mr. Chairman, and thank you each for being here and for the work that you do.

The Social Security department shows six and a half million active accounts to Americans that are at least 112 years old or older. Have you run into any of this in your own accounting for the problems that we have on—I mean, we talk a lot about the disability, and we know the trouble that it is in, but six and a half million active accounts of Americans that are 112 years old or older?

Mr. DODARO. Yes. Go ahead, Barb.

Ms. BOVBJERG. We have done work on the Social Security records. We've been very interested in their death records. And why you would have people who were 112 and older who were not in the death records is troubling. And I think the Social Security's response to this has been the people that were identified, in particular by their inspector general most recently, are not active beneficiaries. So, we don't really need to verify that because it's not part of our program.

But the death records are a very important aspect of program integrity across the Federal Government. They're shared with other agencies to make sure that we're not sending checks to dead people, and it would be very important to keep that information up-to-date. So, yeah, we're very concerned about that.

Mr. RUSSELL. Do you think with six and a half million of them that are still listed as active accounts that maybe some of those might be abused?

Ms. BOVBJERG. Absolutely. And some of them are.

Mr. RUSSELL. And with the things that have been pointed out with TRICARE and Veterans Administration, as a military retiree, I'm on TRICARE for life, which really means TRICARE to 65 and then it rolls over to something else. We went through a gyration in the military even when I was on active duty when they revamped to go to TRICARE, and we see a reduction in base hospital and healthcare facilities that could not accommodate, and then they would move you to the local community and you would receive

your care there, which is much what I do now. Even as a Member of Congress I have those exemptions under a different title of law. I pay a copay, I go out and I—as a veteran of several wars, I have my medical desires met.

Do you feel that a construct like that would be adequate to even replace the VA?

Mr. DODARO. You know, I don't know if we've——

Ms. BASCETTA. We haven't done work specifically on that question, but we do know that for many years before the recent concerns about waiting times at the—at the VA, there were—there were limitations in their ability to take care of all of the veterans. So they've always had a capacity to send veterans out on the market for what they then call fee basis care. That was greatly expanded through the Choice program. We have very significant concerns not only in the civilian sector, but actually in—for all of us about coordination of care in those situations. It's one thing to have the most cost effective care available. That's critically important, but the quality of that care and the coordination to ensure that the care is actually value based is where we are really trying to drive care for everybody in——

Mr. RUSSELL. I would suggest that the lack of overhead, the lack of payment of salaries, the lack of all of the other things, just paying for the care outright might be a way to solve a lot of the VA issues that we're dealing with and we have other medical systems that are proving that to be at a rate lower than Medicare which was the basis of some of your reports.

The Department of Defense, it spent $14.4 million in storage of items that have not been requested in over 5 years. For example, a $391 power mast that hasn't been asked for and has cost $8,000 to store in over 5 years, and this while we had active theaters of war in both Iraq and Afghanistan. How do we address the things that—I understand giant gears and things that we might need in some national global emergency, but that's not what we're talking about here. What—what is being done to address this massive storage problem of things that aren't even asked for in over 5 years?

Ms. BERRICK. Sure. This is—actually is another GAO high risk area, supply chain management, of which inventory is one of three elements of it. There's actually a good news story here in that DOD has paid considerable attention to making sure that they only have the inventory on hand that they need. They set aggressive inventory reduction goals over the past years and largely have achieved them. There's only one remaining area that we're really focused on, is that they maintain the progress that they've made to date, and that they put in a framework to ensure that this continues as leadership changes within the military, that they keep this emphasis in focus. So we think this is actually a good news story, but that DOD needs to continue the progress that it's made in this area.

Mr. RUSSELL. Thank you. And thank you for your answers. Thank you, Mr. Chairman.

Mr. MEADOWS. I thank the gentleman. The chair recognizes the gentlewoman from New York, Ms. Maloney.

Mrs. MALONEY. Thank you. Thank you, Mr. Chairman. Welcome to all the witnesses. Good to see you again, Mr. Dodaro, and I'd like to ask you about the Data Act which was passed in a bipartisan

way by this committee, and it helps reduce duplication by making spending data comparable across all programs. This also allows the executive branch to better measure the cost to the Federal Government for these investments. When you testified last year before this committee, you said that passing the Data Act, "One of the biggest single things that could be done in order to provide more transparency on the cost of these programs and activities." Do you remember saying that?

Mr. DODARO. Yes.

Mrs. MALONEY. Can you explain why you believe this? Why you believe this so strongly, it's an important—important statement you made?

Mr. DODARO. Well, one of the areas that we have had the most difficulty in looking at the overlap and duplication in the Federal Government is lack of good information about what's being spent for all these programs and activities. And the other area that we've identified as a problem is that there's not a lot of good performance—measurement of performance evaluation information.

So if you don't know what you're spending on a program and if you don't know whether the program's effective or not, you're really handicapped at making good intelligent decisions. And for us to be able to advise the Congress on that area and the American public, who fund the government and have responsibility for eventually servicing all the debt that we're accumulating, basically have no visibility and to the government's activities on information that they can see what the results are of all the Federal Government's activities. So if you don't have an informed set of decisionmakers and elected officials that have access to this data and the public is not in a good position to have good confidence in government because they can't see what's being done, then I think you have problems. And that's why I said what I did and I—I meant it.

Mrs. MALONEY. And then the President signed it into law in the last session. And how are we coming about in implementing it? It certainly makes good sense. If you don't have good data you can't make good decisions, and certainly we need to understand and make comparisons, but it just got passed I guess a year ago. So, when will it be completely implemented in Congress——

Mr. DODARO. Well, it had a phased implementation in the legislation. By May, next month, OMB and Treasury are to issue the data standards, and I'm sure Beth can speak to what OMB and Treasury are doing to implement this. Then there's a 2-year period to allow the agencies to prepare to implement the data standards properly, and then GAO and the IGs have the audit responsibilities down the road. But I'm—I'm going to issue a report to Congress this year. Under the statue, the first report that was asked for was 2017, but I want to give the Congress a good up-to-date report on how its early implementation is going. So, you'll get a report from us later this year. I think they're off to a good start, but there's a lot that needs to be done.

Mrs. MALONEY. When do you expect it to be up and running so you can make these good decisions? Is it 2 years or——

Mr. DODARO. Well—yeah, under the law, the—the—2017 would be the first year that it would be implemented.

Mrs. MALONEY. Okay. And what are the—have you compiled the data standards yet, Ms. Cobert? Are you compiling them?

Ms. COBERT. We are working on the data standards that are due in May. There's been an active process of consultation with many different stakeholders inside the executive branch, with Congress, external stakeholders, to get those data standards defined in a way that makes sense. And we have been actively working on that to meet the May deadlines. As Gene said, this is a big focus of our office. We do believe that the Data Act creates real potential to provide better information to decision makers inside all parts of government, and are taking our responsibility to execute against the recommendations and the Congressional mandate that's been given to us very, very seriously.

Mrs. MALONEY.And have there been any—any unexpected problems that have come up from OMB or Treasury that you've had to address?

Ms. COBERT. It is a complicated process to take financial systems that were in some ways designed for a different purpose and turn them into being used this way. So there is a lot of hard detailed work. We've requested funding in the fiscal year 2016 budget to help ensure we can meet the implementation timeline. So we've been working our way through this, and we will continue to be working our way through this according to the time table that Congress has set out.

Mrs. MALONEY. Well, my time is expired, but I would be very interested in seeing what your data components are, and I'd like to see if you could give them to the chairman and maybe he could share them with me. Because I really would be interested in seeing them. Congratulations. I think it's a really important project and one we should already have up and running. Thank you.

Mr. DODARO. I think it would be very helpful to have congressional input into the standards to make sure that they're going to produce the type of data that you would like to see. So I think that's an excellent idea.

Mrs. MALONEY. Thank you.

Mr. MEADOWS. I thank the gentlewoman.

Let me—one follow up question, Ms. Cobert. So it doesn't sound like you're going to meet the May 9 or you are going to meet it. So if you're not going to meet it, when could we expect it since a lot of this—you know, you've got to get yours in before the rest. So just as a follow-up.

Ms. COBERT. We've been working for the May deadline. That is the path that we're on right now. So, you know, that's—that's——

Mr. MEADOWS. So if we miss it, we're going to miss it by days and weeks not months or years?

Ms. COBERT. Yeah. Oh, no. No. Yeah.

Mr. MEADOWS. All right. Thank you.

The chair recognizes the gentleman from Alabama, Mr. Palmer.

Mr. PALMER. Thank you, Mr. Chairman. I really love the work you guys are doing. This is—having run a think tank for 20-something years, it's right in my sweet spot. So I commend you for the work you're doing and hope you'll keep it up. Just have a couple of questions about the work you did on the Strategic Petroleum Re-

serve and the potential for generating revenues by getting that down to a 90-day reserve. I think we're in excess of that right now.

Mr. DODARO. Yes. Yeah, that's—that's correct. The international standard is a 90-day supply considering both government and the private sector having total resources. Right now the Federal Government has a 106-day supply. The latest estimate on the private sector is 141-day supply. We think that it's time to reexamine this. Mostly because of the increase in production. You know, we've had a lot of technology improvements. Last year's 2013 and 2014 were some of the most record years of oil production in the United States history, and so we're on track by international standards to be the largest producer in the world. So we think it's a good time to reevaluate this. The Strategic Petroleum Reserve is aging. The infrastructure is aging. We think you could not only sell some of the oil potentially, depending on the reassessment, to get billions of dollars, you could reduce administrative costs. And then also maybe you could minimize the cost of replacing the infrastructure eventually.

Mr. PALMER. On the private sector that's holding 141 days, do you know if that includes what's sitting in tanker cars because they've got nowhere to go with it right now?

Mr. DODARO. Yeah. Mark?

Mr. GAFFIGAN. I'd be surprised if it includes that. It's very hard to measure these things after it reply—and rely on the industry, self-reporting, but I do know that the numbers Mr. Dodaro was quoting was based on the work we did in December of 2014, the 140-plus days, that's increased, and we think it's over 200 days at this point and——

Mr. PALMER. That's the good news. The bad news is is that I think at that time the price was about $65 a barrel and we're down to $52 something or——

Mr. GAFFIGAN. Right. We looked at it this morning, and $56 is what it is based on. But still if you look at—and it's—the other part of this is it's based on the net imports. So when we did the analysis in 2014, it was based on net imports for 2013. Looking at net imports for 2014, the number of days has increased as well. So, while the price has dropped some, the number of days beyond the 90 has increased substantially.

Mr. PALMER. I'm also looking at the reserves that the Federal Government owns in places like the Green River Formation. I think there's some interest in expanding our research into the outer continental shelf and the potential for generating revenue to meet our revenue needs, everything from infrastructure to defense to running the government, are enormous.

Let me ask you—let me switch horses on you here for a moment and go back to the IRS, and I don't know if the GAO has any ideas on this, and that is the fact that I think we only collect about 84 percent of the taxes that are owed us. I think we wind up collecting some additional amounts, but on a year-to-year basis. And that has to do, I think, with the difficulty of pursuing these cases, the cost. Does the GAO—have you looked into this and do you have any recommendations for what the IRS could do to facilitate this so that we actually collect the money that's owed us?

Mr. DODARO. Yes. We've been very concerned about the tax gap between taxes owed and taxes collected. Right now the latest estimate of IRS is that an $385 billion gap between taxes owed and taxes collected under the current structure. We have a long list of recommendations of things that the IRS could do in order to enhance collection activities revolved around a couple of themes. One is getting better return on investment numbers of exactly what—tying their initiatives to specific revenue collection activities. They don't have a lot of good data. We illustrated what could be done by shifting, if they shifted based on looking at return on investment, $124 million from field audits, exams, to correspondence audits, they could collect an additional billion dollars. So that—that's it.

We have recommendations to the Congress, two of things Congress could do, to increase the collection figures. For example, to allow IRS to set standards for paid tax preparers. Most of the tax returns are—people use paid tax preparers. We found that in a lot of cases, when we did undercover operations, sent people into 19 paid tax preparers, only two of them gave us the right answers to the questions. So we think this could be something that Oregon has done, some of the States have done, that could be implemented at a broader level. Simplifying the tax code would help greatly in this regard. So we have a lot of recommendations that both IRS and the Congress could implement to address this issue.

Mr. PALMER. Thank you for your work.

I yield the balance of my time.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from North Carolina, Mr. Walker.

Mr. WALKER. Thank you, Mr. Chairman. Thank you, Mr. Dodaro, appreciate your time, and all the witnesses there. Only two have nodded off in the last 30—no. I'm just teasing you. We wouldn't blame you at certain times, but I am—I've got a couple questions here but I want to get more in depth in the process a little bit. Sometimes we get a little bit more subjective than objective, and even heard the gentlelady from Michigan talking about if we could only replicate more the way the executive branch operates.

And I want to talk a little bit about the process. Obviously, you have a very distinguished career, winning many awards, and except the 2013 Braden Award, most of those awards came before you took over the GAO office, and I don't know if that means you did a great job or exactly what. But my question is, my first question is, when you're implementing or taking action steps, can you talk about the process when you see there's an issue, there's a concern, I'd like to take it from a 30,000-foot perspective, but then hone in on a couple Medicare questions in just a minute.

Mr. DODARO. Yeah, sure. Well, we produce reports, have recommendations in the reports. Agencies will let us know whether they agree with the recommendations or not. In our reports, in addition to making recommendations to executive branch agencies, we also make recommendations to the Congress. Matters for the congressional consideration. We have a regular follow-up process on those recommendations. Over a 4-year period, 80 percent are implemented. On average last year implementation of our rec-

ommendations resulted in $54 billion in financial benefits to the Federal Government. So about $100 back for every dollar invested in GAO. About 1,200 non-financial benefits, improvements in public safety and other things that are in place.

Now, after a while, if our recommendations aren't implemented, I'll either go to an agency head and say—in fact, we're getting ready to send letters to all of the major executive branch agency heads with—highlighting key recommendations that are not yet implemented. We'll go to the Congress and try to get the Congress to implement the recommendations in the appropriations process or authorization bills. So a lot of our recommendations get implemented that way through the Congress.

Mr. WALKER. That helps me tremendously. Are most of those self-initiated observations, or do you get those from Congress? How would you come about putting on these smorgasbord of things need to be done?

Mr. DODARO. Yeah, yeah, we do a strategic plan for serving the Congress and the country looking ahead on a 5-year period of what work we think makes sense in consultation with the Congress, outside experts across government. We receive requests from committee chairs and ranking members and have requirements to do studies in law or in conference or committee reports. Last year we had about 900 requests from the Congress. I'd say about 75 percent of those were things that we thought were good ideas for us to work on. So it was a collaborative process between GAO and the Congress.

Mr. WALKER. Thank you for addressing that. If there's—if you've already—I apologize for the redundancy. Specific question I want to talk to you about. Thirty two years ago Congress required the establishment of criteria I believe it was 11 cancer hospitals.

Mr. DODARO. Yes.

Mr. WALKER. My question was, I think it was—they were exempted from a predetermined Medicare payment.

Mr. DODARO. That's correct.

Mr. WALKER. How does care at these exempted cancer hospitals compare to other hospitals providing similar services? Can you address that?

Mr. DODARO. Yes. I'll ask Ms. Cindy Bascetta who's our—head of our healthcare service to address that issue.

Ms. BASCETTA. We were concerned about the issue because when the prospective payment system was put in place many years ago, the cancer hospitals were designated as exempt because at the time the belief was that the payment system wouldn't adequately reflect their costs. It hasn't been revisited since then, and we believe now, based on an analysis that we did that compared the populations that were cared for in regular teaching hospitals that are paid under the prospective system and the PCH hospitals, that in fact there aren't differences in outcomes and that the care is comparable. So we believe based on that analysis that the savings to the—up to about $500 million.

Mr. WALKER. Okay you just took my second question. Are you say—are you feel good about estimating a number there——

Ms. BASCETTA. Yes.

Mr. WALKER. —that we could save?

Ms. BASCETTA. Absolutely.

Mr. WALKER. And you said around?

Ms. BASCETTA. It's $156 million on the inpatient side and about $303 million on the outpatient side.

Mr. DODARO. It's about $500 million a year could be saved.

Mr. WALKER. Okay. Thank you. I appreciate that.

Mr. Chairman, I yield back.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from Michigan, Mr. Walberg.

Mr. WALBERG. Thank you, Mr. Chairman. And thank you to the panel for being here.

And Mr. Dodaro, I wish you could have talked about comprehensive tax reform a little longer. And as I sit here and listen, I am constantly brought back to the fact that maybe just per chance we've let the Federal Government get too large, but I appreciate the work you're doing in looking into what's going on.

Relative to FOIA review process, DHS has the largest backlog of any Federal agency. How does the duplicative processing like with USCIS and ICE where USCIS process certain requests, and then sends requests to ICE which processes them a second time? They had a different working relationship earlier on. How does that duplicative processing of requests contribute to the backlog?

Mr. DODARO. It's a great contributor. I'll ask Mr. Powner to explain how—why that happens, but we think it can be streamlined.

Mr. POWNER. So they have one of the largest backlogs of FOIA requests. So if you start with that, you want to streamline operations. So if you look at what USCIS does at CBP, they have an agreement where they don't duplicate efforts. And what we looked at we saw a situation where ICE and USCIS they were duplicating. So our recommendation was really to follow that memorandum of agreement that USCIS and CBP has in place, and that would actually help the backlog.

Mr. DODARO. Yeah. So you have three different components of the Department of Health—or Homeland Security. Two of the components have an agreement. They don't duplicate. The third component doesn't have the agreement with ICE. So you have inconsistencies even within the department.

Mr. WALBERG. Why weren't they able to come to an agreement like they had in the past? What kept them from that?

Mr. POWNER. I think a lot of it's just a history of how they've done it in the past and culture and bureaucracy on how they process that information. It's their information so they want to process it instead of letting another organization do it. That's what CBP does with USCIS is they say it's okay for the USCIS to process the FOIA requests using our data, where ICE doesn't have that level of comfort.

Mr. WALBERG. Do we see any movement that direction?

Mr. POWNER. Not to date. Not to date. That was a recent report that we issued, but we're continuing to——

Mr. DODARO. One of the things I have mentioned I'm sending letters to the agency heads. This is one area I want to point out. And I have frequent conversations, particularly with the deputy for the Department of Homeland Security. So I'm going to mention it to them too. See if we can get some movement.

Mr. WALBERG. Okay. Ms. Cobert, in GAO's 2011 report found that tracking undisbursed balances and expired grant accounts could facilitate the reallocation of scarce resources or returning funding to the Treasury. Per GAO's recommendation, OMB has instructed executive departments and agencies to take action to address undisbursed balances and expired grant accounts.

GAO's 2011 report highlighted issues related to undisbursed balances and expired grant accounts. OMB implemented GAO's recommendation and the action is considered fully addressed. What made this instance different from the other cases that OMB has not yet addressed?

Ms. COBERT. Thank you for describing that particular instance. It's an example of the many places where we work closely with GAO on trying to take what they learn from their work and work together both within OMB and across agencies to put things into action.

The recommendations there were very clear, and we were able to pursue that through our normal oversight of grants, which is done through the Office of Federal Financial Management. Actually a part of my responsibilities at OMB.

We are also on a number of other areas working to implement the GAO reports, whether it's on elements around strategic sourcing, portfolios that we discussed earlier, a data center consolidation. In our mind, the input we get from GAO is extremely valuable in helping us set our agenda for working together with agencies. And, in fact, in particular, for example, on things like the high-risk list. Gene and I have meetings together with the relevant agencies. We sort of work our way through the high-risk list on a monthly basis. Because we think it's important to take these things seriously.

Mr. WALBERG. So there is follow-up between——

Ms. COBERT. Absolutely.

Mr. WALBERG. Are agencies responding?

Ms. COBERT. Agencies are responding. You can see that in the number of reports, of the number of action items that have been addressed fully or partially. Some of those are through OMB actions. Some of those are through agency actions, and where they haven't been addressed, we're continuing to try and understand what's getting in the way. Sometimes they have—they may have the same diagnosis of a problem as GAO, a slightly different view on what the right solution is, and that's where we enter into an active dialogue to say what's the best way to try and get at the root problem we're trying to solve.

Mr. WALBERG. Well, I wish you success, and——

Ms. COBERT. Thank you.

Mr. WALBERG. —I yield back.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from Georgia, Mr. Carter.

Mr. CARTER. Thank you, Mr. Chairman, and thank all of you for being here. This is very important and very informative, and we appreciate it very much.

Mr. Dodaro, I want to speak—I know that the previous Congressman questioned you about DHS, but I'd like to go further into that, and it's important to me for two reasons. First of all, I'm a member

of the Homeland Security Committee. So it's important for that reason, but, secondly, and perhaps most importantly, I have a bill, one of my first bills that I've introduced, House Resolution 1615, that deals with this. As you know, the Department of Homeland Security has more FOIA requests than any other department, and not only that, but right now the backlog of all Federal FOIA requests, the Department of Homeland Security has more than half, which is really alarming. Now, again, I want to ask you because my legislation really calls for the elimination of duplication, and I want to ask you again about USCIS and then ICE and the duplication there. Is there indeed duplication in that process? Are they both—are they both processing the FOIA requests——

Mr. DODARO. Yes.

Mr. CARTER.—separately?

Mr. DODARO. Yes.

Mr. CARTER. So your office acknowledges and believes that they are indeed doing that?

Ms. DODARO. Yes. Yes. And that's our recommendation is to eliminate that duplication.

Mr. CARTER. Okay. Well, let me ask you. It's my understanding that—that Customs and Border Protection and USCIS have an agreement in which they—they work together on these FOIA requests, yet—yet ICE does not have that same agreement?

Mr. POWNER. Correct. And our recommendation is to replicate that agreement that those two organizations have——

Mr. CARTER. Did they give a reason why they don't have that agreement? Is there——

Mr. POWNER. No. There was some back and forth about was it actually duplicative or not and some hand wringing there, but the issue here is they both process some of the same FOIA requests. There is duplication, there's an opportunity to reduce it by having that agreement. This is a pretty straightforward issue. This is really a simple one.

Mr. CARTER. Okay. It's my understanding that at one point they did have an agreement——

Mr. POWNER. They did at one time.

Mr. CARTER. —and it expired.

Mr. POWNER. It expired, yes, and they have not revisited that. So this is very straightforward.

Mr. CARTER. I'm——

Mr. DODARO. It's hard to explain. It's some type of behavior that happens at times within large bureaucracies, and I don't profess to give you a really good answer as to exactly why——

Mr. MEADOWS. Can you turn your mic on?

Mr. DODARO. I'm sorry. Excuse me.

What I was saying is, you know, it's sometimes hard to explain behavior in large bureaucracies, and I don't profess to try to explain exactly why it is what it is. All we know is that it's not correct the way it is. It's contributing to the backlog and needs to be changed.

Mr. DODARO. So if your bill can help in that regard, I think it would be a terrific idea.

Mr. CARTER. Well, certainly we want to push this issue because it would appear to me that not only would it help with the backlog, obviously, but it would be less expensive to do it that way.

Mr. DODARO. That's correct.

Mr. CARTER. You know, since I've been up here all of three and a half months, common sense, I'm not sure that——

Mr. DODARO. Sometimes it's——

Mr. CARTER. —I have figured out where it's hiding at.

Mr. DODARO. Sometimes it's not so common.

Mr. CARTER. Well, you're exactly right.

But, again, it's my understanding that—that these two subgroups, if you will, suborganizations, of Homeland Security have established a study committee of sorts to work through this.

Are you aware of that? Are they working on it? What's the status of it currently?

Mr. POWNER. I'm not—I'll have to get you a status for the record. I'm not aware of the working group, so we'll get back to you on that.

Mr. CARTER. Okay. Well, if you could, that would be very important because——

Mr. POWNER. Sure.

Mr. CARTER. —obviously this is a bill that's very important to me and, I think, should be very important to all of us to get rid of this backlog. Again, over half of the Federal FOIA requests that are in backlog now are in Homeland Security. No excuse for that whatsoever and no excuse for the duplication. So thank you for your efforts and, please, watch this bill very, very closely.

Mr. DODARO. We will.

Mr. CARTER. Thank you.

Mr. Chairman, I yield the remainder of my time.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the gentleman from Florida, Mr. Mica.

Mr. MICA. Thank you, Chairman Meadows.

And, Mr. Dodaro, welcome. Ms. Cobert.

One of the things we've worked on, in fact, worked closely with Mr. Meadows, is my interest in fulfilling the findings we did in the reports some years ago. The title of it was the Federal Government Must Stop Sitting On Its Assets. And we looked at properties as one part of it and we've actually taken that on. I think you've endured a few of our hearings. We had some pretty good successes when you drive down Pennsylvania Avenue and you see the old post office building that was costing us $6 to $8 million a year. It will soon be a five star hotel and a first class commercial center, probably employing a thousand people and paying us—I think the deal we cut was about a quarter of a million a month, plus a percentage of the gross. Not too bad. And other properties. But unfortunately the successes are fairly limited.

DOD, for example, under the information I've gotten from staff and, I think, from you all, says that DOD has 560,000 facilities worldwide and, as of September, only had a utilization rate of 53 percent. Is that correct?

Who is going to——

Mr. DODARO. Yeah.

Mr. MICA. Identify yourself.

Ms. BERRICK. Okay. Just to clarify that. There was only data in DOD's real property database for 53 percent of the facilities. So basically——

Mr. MICA. Well, that's all you could confirm.

Ms. BERRICK. Right. And the——

Mr. MICA. Yeah. Because we found in the past—and I think some of your work, too—it was, one, agencies didn't know what they had. They didn't know the conditions. Sometimes they didn't—their inventory was—was never updated and then whether it was utilized was a totally different question.

Mr. DODARO. Yeah. That's correct, Congressman.

Mr. MICA. Okay. How——

Mr. DODARO. And I found that—yeah.

Mr. MICA. But the other thing, too, is I think the GAO has recommended that OMB develop a national strategy that could provide a pathway to manage excess and utilize—access underutilized properties. You recommended this?

Mr. DODARO. Yes. Yes.

Mr. MICA. And how are they doing on it? They've got it all done? They've got a good plan?

Mr. DODARO. Well, they've just produced a strategy document a couple of weeks ago that toward the end of——

Mr. MICA. A couple weeks ago?

Mr. DODARO. Right, right. And we looked at that. We think it's a first good step.

Mr. MICA. Okay. You recommended that, as I recall, back in June of 2012. So that's probably lightning rocket speed to get it last week, so——

All right. OMB. I've got a—and DOD. I've got a specific case in Florida. About a year or so ago, I dragged one of the subcommittees down. We have—you know, when you have public assets and we're sitting on them, you've got to look in your own backyard. And at Cape Kennedy, I have 144,000 acres that NASA has. They've been out of some of that business for 5 years now. On that 500 buildings, half of them are vacant or underutilized. 144,000 acres, that's six times the size of Manhattan.

Then next to it is the Air Force property which is 16,000 acres. I'm not talking about Patrick. I'm talking next to it. So I held a hearing, and we had—people laid out, the port director came over and said, if I could get 50 to 200 acres more right adjacent, which the Air Force controls, I could create 5,000 jobs by making a cargo container port out of it.

Last week—and this guy is gone. Carter is gone. He said "common sense." He's been here 3 months. I've been here 23 years, Carter, and you're not here to hear this, but it doesn't prevail. Last week they told him that they couldn't—we'll send him a tape, videotape.

But common sense was—would be they want less than 200 acres of 16,000, and last week they basically rejected a sole source to the port. The port only happens to be the only entity in Florida that's allowed to do port work at this site at Port Canaveral and they couldn't give them a sole source.

OMB, DOD, somebody, can anybody—does anyone know—can you look into sole sourcing?

Ms. COBERT. I'd be happy to.

Mr. MICA. Could you review this and tell me what the—what idiotic determination would prohibit—I get a few more minutes because he yielded back 41 seconds before he exited.

Mr. MEADOWS. The gentleman is recognized for another minute.

Ms. COBERT. I'd be happy to look into that and get back to you around that.

Mr. MICA. No. I mean, this is nut cases. We did the hearing down there. We got them to—the port gave us unsolicited proposal, and they came back and the Navy is a sublease to that. They'll move them and pay for it. They need slight reconfiguration, and they rejected it last week.

I just need to know the impediment because there's a way to—there's a way to do this. You have to be a persistent bastard, first of all, and then you've got to find a way to make this work.

Five thousand jobs, I don't know, that wouldn't be important in your district, would it, Mr. Meadows?

Mr. MEADOWS. Indeed it would.

Mr. MICA. Okay. And he was telling the whole truth and nothing but the truth.

Well, if you could answer that, you would make my day.

Looking at that one case, I'll send you—we'll give you a copy. It doesn't necessarily have to be part of the record, but it's such a struggle.

We are working with Mr. Chaffetz, with the committee, we had several bills for disposal of property and are trying to straighten out that process. Usually we find the agencies are not able to make decisions. They sit on it. No one in DOD could have an initiative. No one at GSA could have an initiative. No one at—almost any agency. I've got a list of VA properties. It would go from here to the—vacant properties to the end of the dais there's so many. But we do need a mechanism to better utilize valuable public assets.

Thank you, and I yield back two seconds. Thank you.

Mr. MEADOWS. I thank the gentleman from Florida.

I'm going to close this out without going into a lot of additional questions. You've been very gracious, both of you, with your time.

I do want to say, Mr. Dodaro, thank you so much for your leadership in a nonpartisan way, and a real thank you to your entire staff for the work that you do. It gives us the tools to work with, not only here, but at OMB and—and so we just want to compliment you on a job well-done.

Obviously, there are a number of areas that we would like to address, and so I would ask your staff to work with us, if they would. On those ones that require legislative directives, if you could put those in a list with a dollar amount, everybody is looking for offsets.

Mr. DODARO. Right.

Mr. MEADOWS. And so I think that that would be very good. And we've heard some today.

Ms. Cobert, I want to follow up. Mr. Mica talked about this whole aspect. I've got a real estate background. And based on the way that we manage our real estate portfolio, it's—one, it's costing us. It's not just the assets that are sitting there. It's the management of those assets that become real dollars. I know that you've

made progress. I know that you've had some changes at OMB, and I gave some time from the last Congress. I have a long memory, though. And the year timeframe that I gave is coming up this July. The progress of which we're making on that particular issue, it would take 234 years to dispose of all the property that we have. That's longer than our country has been in existence, and so we could do better than that. And I say that only to say that we're going to continue to look at that, even if it is coming up with a creative way to make sure that, when you dispose of the property or GSA disposes of it, if it goes back to the agency, you know, it's better that we deal with it than just to let it sit there. Would you agree?

Ms. COBERT. We'd be happy to continue the dialogue with you about practical ways to move the ball forward. We know there's things there that—opportunities that can be captured, and we'd be very interested in continuing the conversation with you and others about how to move the ball forward faster.

Mr. MEADOWS. So I'm going to—I'm going to ask this last request and that has to do with really what we know is tax expenditures and the way that they go into the budget and are accounted for.

Do I have both of your commitments to work very closely together so that we can really fine tune that number from a budget standpoint to know what it's costing us in terms of credits, tax deductions, et cetera, so that we can make better informed decisions?

I see a nodding yes, so I will assume that's a yes.

Ms. COBERT. Our team will tell you that I'm a data geek, so better data is always helpful.

Mr. MEADOWS. Okay. Well, I—we're going to get along just fine. So thank you so much.

Thank the witnesses. I want to thank the staff here for all their hard work. And with that, if there's no further business, without objection, the committee stands adjourned.

[Whereupon, at 4:06 p.m., the committee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

CHAIRMAN'S OPENING STATEMENT – GAO HEARING

This morning, the U.S. Government Accountability Office released its annual report on duplicative federal programs and, as has been the case for the past five years, there are vast opportunities for the federal government to save hard-earned taxpayer money.

One day before Americans have to pay their taxes, the GAO has identified 24 more areas where federal government agencies are wasting resources, and recommended more than 66 actions to save money by improving the efficiency and effectiveness of our government.

In this year's report, GAO found that eight federal agencies administer more than 100 programs to support individuals with serious mental illness and that insufficient coordination is leading to duplication and potentially missed populations.

GAO also identified 42 federal, state, and local nonemergency medical transportation programs that currently lack coordination, leading to poor outcomes.

Further, GAO noted that NOAA maintains 21 separate systems to monitor sea surface temperature, and 14 to measure just ocean surface wind speeds. While some duplication is needed to ensure good data, this level is clearly unnecessary, as even NOAA has admitted.

GAO also drew attention to the FOIA process at the Department of Homeland Security. Today, DHS is responsible for more than half of all reported backlogged FOIA requests. A portion of this backlog is to do unnecessary duplication caused by a lack of cooperation between USCIS and ICE.

All told, in the first five years of the report, GAO has identified more than 200 areas with wasted resources and recommended more than 500 actions to save money and improve efficiency.

By implementing about a third of these GAO recommendations in prior years, the government managed to save about $20 billion, which is a good start, but more needs to be done.

Addressing the remaining recommendations has the potential to save the government $80 billion by 2023.

Over and over again, the GAO's duplication reports have shown how precious dollars are wasted when federal agencies fail to work together.

GAO has specifically identified dozens of areas where increased guidance, oversight, or coordination from the Office of Management and Budget would create greater efficiencies and reduce costs, including in the way the federal government acquires needed goods and services.

Yet, OMB to date has only fully addressed about a third of GAO's recommended actions. It has to do better to fully justify the taxpayer's trust in its mission.

With Americans projected to pay the government $1.5 trillion in individual income taxes, we must ensure greater return on taxpayer investment by reducing inefficiencies and redundancies.

I want to thank the GAO for once again providing Congress and the executive branch with a roadmap to achieve needed savings and I look forward to hearing from our witnesses how the federal government can make greater progress in achieving a more efficient, effective, and accountable government.

U.S. Government Accountability Office Hearing Responses
April 21, 2015

Rep. Mulvaney asked whether addressing the issue of individuals collecting both full Disability Insurance benefits and Unemployment Insurance benefits that cover the same period could be addressed administratively.

- We confirmed that the Social Security Administration does not have currently have the authority to make this offset, and there would need to be legislation.

Rep. Grothman asked about trends in SSI disability rolls for kids.

- According to SSA data, the number of children under 18 receiving federal SSI benefits increased from 1 million in 2003 (or 14 percent of the 7 million total recipients) to 1.4 million (or 16 percent of the 9 million total recipients) in 2013—a 40 percent increase.
- As GAO has previously reported, children under 18 with mental impairments represent a growing majority of all child SSI recipients. From December 2000 to December 2011, the total number of children with mental impairments on the SSI disability rolls grew almost 60 percent, from about 543,000 to almost 861,000.
- For more information on this work, please contact Dan Bertoni at (202) 512-5988 or bertonid@gao.gov.

Rep. Carter asked about the status of the DHS/FOIA working group.

- In response to the recommendation in our February 2015 report, DHS indicated that it was in the initial phase of setting up a working group to determine the viability of re-establishing the service-level agreement between USCIS and ICE, and to determine a course of action to eliminate duplication in the processing of immigration files. The department said its Privacy Office had contacted NARA's Office of Government Information Services (OGIS) about the working group and that OGIS had agreed to facilitate meetings on re-establishing the agreement.
- The department provided an estimated completion date of September 30, 2015 for having the working group meetings and determining a course of action to eliminate the duplicate processing of immigration files.
- For more information on this work, please contact Valerie Melvin at (202) 512-6304 or melvinv@gao.gov.

Rep. Hice asked why DOD has not made more progress in consolidation/disposing of property.

- Above the installation level, DOD and the military services do not know the full extent of facilities utilization because the Real Property Assets Database (RPAD) has incomplete and potentially inaccurate facilities utilization information. Consequently, the department is not well positioned to undertake some facilities disposal. Specifically, DOD has utilization data on about 53 percent of DOD's facilities based on data recorded in RPAD. That doesn't necessarily mean that all of the remaining facilities aren't being used, just that utilization is not recorded. While we have not systemically looked at this, anecdotal data that we have indicates that at the local level, individual military installations may be better positioned to know their facilities utilization but this information has not always been reliably recorded in the service real property

databases which feed RPAD. However, OSD and the military services need such information at higher levels because they make larger decisions about force structure and use of installations overall, so having utilization data at the OSD and service levels positions them to make prudent decisions.

- Other factors play a role, too. Some of the facilities are designated historic facilities and require additional steps before disposal or in some cases, repurposing. Still others contain hazardous substances such as asbestos and lead paint and these factors increase the cost and difficulty of disposal (demolition). Sometimes, DOD and the services choose to retain underutilized or unutilized facilities to provide sufficient facilities in the event they are needed in the future, such as in the event of force structure increases. Still, none of these are insurmountable, they just require more effort and strategic thinking.

- That being said, as we stated in the 2015 annual report, OSD has developed a draft strategic plan that OSD says is in response to our recommendation to have long-term goals and measures to gauge progress in identifying all unutilized and underutilized facilities for potential consolidation or disposal. This should better position the department to make disposal or facilities consolidation decisions.

- Finally, we have a body of work underway to try and help DOD more effectively manage its excess infrastructure capacity in the absence of a base realignment and closure (BRAC) round. We have two reports coming out in late spring and early summer. One is reviewing the extent to which DOD itself is relying on leased space, in particular in areas in near proximity to installations which have already been identified for force structure reductions such as the Army's plan to inactive 10 brigade combat teams. This matters because we have already reported that leased space is often more costly than government owned space and as DOD reduces the force structure we are likely to see a corresponding increase in unutilized or underutilized infrastructure. The other is reviewing how DOD and GSA work together if at all to locate non-DOD federal agencies into unused space on installations in those circumstances where such tenancy makes sense and since DOD does not charge rent to other federal agencies, the savings to the agencies can be substantial over paying rent in commercially owned facilities.

Questions for the Record

Beth Cobert
Deputy Director for Management, Office of Management and Budget

House Oversight and Government Reform Committee
April 14, 2015 Full Committee Hearing on:
"GAO's Duplication Report at Five Years: Recommendations Remain Unaddressed"

Questions

1. **In 2011, GAO identified duplication and fragmentation in the food safety system and cited the USDA catfish program as an example of the duplication. In 2013, GAO specifically identified the USDA catfish program as an area of duplication that is costing the federal government millions of dollars. OMB is currently reviewing a rule that will finalize the catfish inspection program at USDA. What is OMB doing to ensure that the rule limits waste and duplication in this program?**

Response:

The 2014 Farm Bill, enacted on February 7, 2014, amended the Federal Meat Inspection Act to remove the term "catfish" and make "all fish of the order Siluriformes" subject to USDA/FSIS jurisdiction and inspection. As a result, FSIS inspection of Siluriformes is mandated by law. The 2014 Farm Bill also amended the 2008 Farm Bill instructing FSIS, in consultation with the Food and Drug Administration (FDA), to issue final regulations to carry out the amendments in a manner that ensures no duplication in inspection activities. In addition, the 2014 Farm Bill instructed FSIS to execute a Memorandum of Understanding (MOU) with FDA to improve interagency cooperation and to maximize the effectiveness of personnel and resources by ensuring that inspections are not duplicative, and that any information from the examination, testing, and inspections is considered in making risk-based determinations, including the establishment of inspection priorities. The MOU between FSIS and FDA was signed on April 30, 2014, and can be found on the FSIS Website at http://www.fsis.usda.gov/wps/portal/informational/aboutfsis/food-safety-agencies/mou. On May 30, 2014, FSIS submitted a draft of its final rule to the Office of Information and Regulatory Affairs (OIRA). OIRA is conducting a review of this rule under Executive Orders 12866 and 13563.

2. In 2011, GAO identified Federal real property as an area of potential cost savings. At the time, GAO recommended OMB take two actions: (1) develop a government-wide action plan to help agencies meet a Presidential target of $3 billion in savings by to address key problems associated with disposing of unneeded real property, and (2) develop and publish a national strategy for managing excess and underutilized real property. GAO stopped tracking progress on the first action because the target date passed without any action from OMB. OMB has yet to even partially address the other action. Why has OMB failed to begin work on a strategy to manage federal real property? When will OMB take steps to identify and eliminate waste in federal real property management?

Response:

OMB appreciates the Committee's interest in real property and looks forward to working with the Committee on this important issue. OMB has addressed both questions through issuance of the National Strategy for Real Property (National Strategy) and its companion implementation policy, the Reduce the Footprint (RTF) policy. The final National Strategy and the RTF policy were issued on March 25, 2015. This strategy builds on the success we achieved in both FY13 and FY14 under the Freeze the Footprint initiative, which resulted in a 21.4 million square foot reduction in federal office and warehouse space.

The National Strategy articulates how the government is fundamentally changing the way it manages its real property and identifies the framework for doing so. The National Strategy's strategic framework requires agencies to *freeze* growth in their portfolios, *measure* the cost and utilization of real property to support more efficient use, and to identify opportunities to *reduce* the portfolio through asset disposal. Over time, application of the National Strategy will help meet the government's objectives of improving the utilization of government owned buildings, lowering the number of excess and underutilized properties, and improving the cost effectiveness and efficiency of the government's overall real property portfolio.

To ensure these objectives are met, the RTF policy requires agencies to develop and submit to OMB a five-year Real Property Efficiency Plan by the end of the current fiscal year. The plan must be signed by the agency Deputy Secretary or equivalent. The plan requires agencies to identify annual square foot reduction targets for offices, warehouses, and all other building types over a five-year period. The targets and agency accomplishments will be posted to Performance.gov to provide transparency and accountability. The RTF also requires agencies to issue an office space design standard to ensure that newly acquired office space is designed for maximum efficiency. Agencies are required to issue their space standards by March 25, 2016.

The National Strategy's strategic framework, combined with the RTF policy's accountable reduction targets, will identify opportunities to consolidate, collocate, and dispose of real property assets to eliminate waste and improve efficiency.

○