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REVIEW OF GAO'S ANNUAL DUPLICATION REPORT

HEARING

BEFORE THE

SUBCOMMITTEE ON FEDERAL SPENDING
OVERSIGHT AND EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
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WITNESSES

TUESDAY, MAY 21, 2019

Hon. Gene L. Dodaro, Comptroller General of the United States, U.S. Government Accountability Office; Accompanied by Thomas Melito, International Affairs and Trade Team, U.S. Government Accountability Office; and Melissa Emrey-Arras, Workforce and Income Security Team, U.S. Government Accountability Office	
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REVIEW OF GAO'S ANNUAL DUPLICATION REPORT

TUESDAY, MAY 21, 2019

U.S. SENATE,
SUBCOMMITTEE ON FEDERAL SPENDING,
OVERSIGHT AND EMERGENCY MANAGEMENT,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 9:31 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Rand Paul, Chairman of the Subcommittee, presiding.

Present: Senators Paul, Scott, Enzi, Hawley, Hassan, Sinema, and Lankford.

OPENING STATEMENT OF SENATOR PAUL[1]

Senator PAUL. Good morning. I call this hearing of the Federal Spending Oversight Subcommittee to order.

Today we are going to hear from Comptroller General Gene Dodaro about the Government Accountability Office's (GAO) annual report on duplication, fragmentation, overlap, and other areas of savings.

This is GAO's ninth duplication report, each shedding light on some truly troubling examples of waste. This report is no exception. For example, it is no secret that I have been critical of foreign assistance programs. I would encourage everyone to check out this Subcommittee's report "World Wide Waste," which notes that the Federal Government continues to spend money on national parks in Russia, promoting Ultimate Frisbee in China, and paying for a clown college in Argentina, among other things.

One of the questions I often get is, How do such things get approved, and how do they continue to get approved year after year after year? Part of it is because I think we do not pay attention to the duplication report that we get.

This report gives us some of those answers. In it, GAO finds that we have 20 different agencies, pursuing 52 different foreign assistance strategies. This is a textbook recipe for waste, too many entities trying to do too much in too many different ways with too much money.

Another area I have been critical of is federally funded research. We have done numerous waste reports and even held a hearing on the subject in October 2017. To my knowledge, we have never been

[1] The prepared statement of Senator Paul appears in the Appendix on page 27.

critical of quantum computing or synthetic biological research. Nonetheless, GAO found six agencies funding quantum computing and 10 agencies funding synthetic biologics, with little coordination among the different agencies. If these seemingly merited areas of research are duplicative and uncoordinated, it is no wonder that we find studies of daydreaming and the optimal taste of tomatoes also being funded as well.

I have highlighted a few other examples. The Department of Defense (DOD) has six different human resources (HR) services. Meanwhile, they rely on over 800 computer-based learning and training systems. As part of the Supplemental Nutrition Assistance Program (SNAP) program, the U.S. Department of Agriculture (USDA) spends $441 million on employment and training programs administered by States, which are required for certain recipients, yet these programs in only half the States are not able to report participation figures at all in these programs. We pay for these programs. We mandate that they do them, and then the States are not even really doing what they say they are supposed to be doing with the money. These are just a few highlights from this year's report.

I am interested to see the progress we have made in correcting issues highlighted in earlier duplication reports, and I hope we act quickly to address the findings of this report.

I am also very interested in preventing the creation of new duplication as well. Something I think that would go a long way in that regard is including in the Congressional Budget Office (CBO) cost estimates an assessment of the duplicative effects of the bills we consider. As we begin to consider new bills, maybe somebody should think, "Wow. Are we already doing this? Are we just duplicating?" because I think people are well-intended. They just want to do something. There is public furor; let us do something. Yet nobody looks to see that we are already doing something about that issue, and we have not really considered the duplication.

I think that we can go a long way toward getting this done, and I think it is something we can do in a bipartisan way as well.

With that, I will recognize the Ranking Member, Senator Hassan, for her opening statement. Before I do, I just want to note this is Senator Hassan's first hearing as Ranking Member of this Subcommittee. I would like to welcome her in that role and say that I look forward to working with you.

OPENING STATEMENT OF SENATOR HASSAN[1]

Senator HASSAN. Thank you very much, Chairman Paul, and thank you for the welcome. I am looking forward to working with you as well, and it is really wonderful to welcome our Comptroller General, Gene Dodaro, here to the Subcommittee today.

Today's hearing is my first as Ranking Member, and I am glad to work alongside Chairman Paul. I am particularly glad for this assignment because Granite Staters rightfully expect that their hard-earned taxpayer dollars will be spent wisely and effectively, and this Subcommittee's efforts are critical to helping ensure that happens.

[1] The prepared statement of Senator Hassan appears in the Appendix on page 29,

I look forward to working with the Chairman on bipartisan efforts to help spur innovation in government, ensure fiscal responsibility, and root out waste, fraud, and abuse.

To that end, I am glad to have Comptroller General Dodaro here today to discuss the Government Accountability Office's 2019 report on how we can reduce duplication in the Federal Government and save taxpayers billions of dollars.

While it is not always easy to build consensus on cost-saving measures, taking aim at Federal programs that are fragmented, overlapping, and duplicative should be an area of strong bipartisan agreement.

GAO's report identifies dozens of new actions that Congress or Executive Branch agencies can take to improve efficiency, as well as previous recommendations that still need to be implemented.

Congress and the Executive Branch have made real progress in acting on the recommendations from GAO's 2011–2018 reports, and some of those results have been impressive.

According to GAO's estimates, we have seen roughly $262 billion in financial benefits already. Obviously, there is still far more work to do.

Mr. Dodaro, thank you again for being here. I look forward to hearing your testimony and continuing to work with you to strengthen oversight of taxpayer dollars.

Thank you, Chairman Paul.

Senator PAUL. Thank you.

Our witness today is U.S. Comptroller General Gene Dodaro who heads the Government Accountability Office, which produces this duplication report.

Mr. Dodaro has been with the GAO for just a short time, right? [Laughter.]

It says here 45 years. Congratulations on a career of serving government and trying to make government more efficient and better, including 9 years as Chief Operating Officer (COO), 2 years as Acting Director, and the past 9 years as Director. That means he has overseen the duplication report since its inception in 2011.

Mr. Dodaro holds a bachelor's degree in accounting from Lycoming College in Williamsport, Pennsylvania. He is a Fellow of the National Academy of Public Administration and a member of the Association of Government Accountants.

Mr. Dodaro, you are recognized for your opening statement.

TESTIMONY OF HON. GENE L. DODARO,[1] COMPTROLLER GENERAL OF THE UNITED STATES, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; ACCOMPANIED BY THOMAS MELITO, INTERNATIONAL AFFAIRS AND TRADE TEAM, U.S. GOVERNMENT ACCOUNTABILITY OFFICE; AND MELISSA EMREY–ARRAS, WORKFORCE AND INCOME SECURITY TEAM, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. DODARO. Thank you very much, Mr. Chairman, Ranking Member Hassan, Senators Enzi, Hawley, and Lankford. Nice to see everyone this morning. I appreciate the opportunity to talk about GAO's latest report on overlap, duplication, fragmentation, and other ways to realize cost savings and enhance revenues to the Federal Government.

In our first eight reports, we made over 800 recommendations for Congressional and Executive Branch action. Fifty-four percent have been implemented fully, another 23 percent partially implemented. As Senator Hassan mentioned, there have been financial benefits realized of $262 billion already that either have accrued or will accrue as a result of implementation of the recommendations.

Importantly, most of those real-dollar savings came from Congressional action in addition to some action on the part of the Executive Branch, but there are an additional 98 actions we are adding this year, recommendations in 28 different areas. There are still tens of billions of dollars in potential savings that could accrue from Congressional and Executive Branch action.

For example, in this past year in the Defense Department alone, there is savings to be realized by looking at the functions providing human resources as the Chairman mentioned in his opening statement. Document services could save millions of dollars and also in consolidating the Administration of medical treatment facilities, additional savings are in the offing.

DOD could make greater use of intergovernmental support agreements, where they are working with State and local governments to provide services to installations rather than using contractors. These have already saved money. Greater use of such agreements could save more.

Also, right now in foreign military sales, the foreign purchasers of our military equipment are not paying for the full cost, the administrative cost of arranging the sale. As a result, the U.S. Government is paying the cost, but we think that the cost should be borne by the foreign purchaser.

In the health care area, there are billions of dollars that could be saved here by having greater oversight over Medicaid spending and also in Medicare payment policies area, including preauthorization and place-of-service reimbursement that is different depending on where you receive the same potential service.

There are savings that could be accrued at the Department of Homeland Security (DHS) and the Federal Emergency Management Agency (FEMA). There could be greater use and better use of advanced contracting to save money as well as post-contracting activities that could take place.

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[1] The prepared statement of Mr. Dodaro appears in the Appendix on page 30.

The benchmark or litmus test of the Federal Government getting involved in a disaster has not been revisited since 1986. For 33 years now, we have been using the same indicator. It has not been indexed fully for inflation, and as a result, we think the Federal Government may be paying more or getting involved more when the State and local governments have the capacity to deal with—obviously, these are not catastrophic disasters—smaller ones that occur on a more regular basis.

There are many opportunities to have more efficient and effective government. The Chairman mentioned the alignment of strategies to provide foreign assistance. This could be done better.

At DOD, there is not enough coordination in reporting and dealing with adverse medical events, particularly sentinel events that have led to unexpected deaths or very serious physical or mental problems. There are many other activities, including the one that the Chairman mentioned on better coordination of research activities in the Federal Government. Clearly, these research activities are important, but there needs to be better coordination to be more effective.

Now, I was also asked to comment on what could be done to make it easier to identify these duplicative services in overlapping areas. We point out in our report the failure of the Office of Management and Budget (OMB) to produce a comprehensive inventory of Federal programs. This was required by the Congress in 2010, under the Government Performance and Results Act (GPRA). It still has not been done. Right now, we do not have a comprehensive Federal inventory, which makes it very difficult to provide oversight. We have to spend a lot of time and energy to identify these areas, and then I have other areas we could talk about more in the question and answer (Q&A) session.

Thank you very much for the opportunity to talk about our work, and we look forward to working with this Committee, the Congress, and the Executive Branch moving forward to have a more efficient and effective government.

Thank you, Mr. Chairman.

Senator PAUL. Thank you.

I think we will start with Senator Hassan.

Senator HASSAN. Thank you, Mr. Chair, and again, thank you, Mr. Dodaro.

There are a number of action items and recommendations GAO suggests that agencies can take to reduce waste, fraud, and abuse of taxpayer dollars, but Congress also, as you have just mentioned, has a role in helping address this issue.

In your opinion, what areas recognized in this year's report would you prioritize for bipartisan Congressional action to mitigate waste, fraud, and abuse and promote fiscal responsibility across government?

Mr. DODARO. First, there are a handful of areas that Congress already has introduced legislative proposals that have bipartisan support.

Senator HASSAN. OK.

Mr. DODARO. For example, in the foreign military sales area, Representative Speier and other Congressional members have introduced a bill to deal with that issue. Members of this Committee

have introduced a bill on a bipartisan basis to deal with implementation of our recommendations for advanced contracting on the FEMA area.

There is a bill that already has been reported out of this Committee on improper payments and the payment integrity legislation that I would encourage Congress to pass that I think would have great benefit as well. There are a number of areas that already have bipartisan support.

I find that when Congress really focuses on the efficiencies here—and a lot of these things are really still left to the policy judgments of the Congress——

Senator HASSAN. Yes.

Mr. DODARO. Everybody wants a more efficient and effective government. Nobody wants overlap and waste in the Federal Government, and that is why you have seen that 77 percent of our recommendations already have been fully or partially implemented.

Most of what we are reporting this year, I think could garner bipartisan support.

Senator HASSAN. Great. Thank you.

I want to talk a little bit about improper payments. In fiscal year (FY) 2018, GAO estimated that the Federal Government spent at least $151 billion in the form of improper payments.

When I served as Governor of New Hampshire, our State's budget was about $11.5 billion. Now, granted, we are a small State, but the fact that the Federal Government issues improper payments totaling more than 10 times the entire New Hampshire State budget is really staggering and obviously unacceptable to all of us.

To address this issue, I cosponsored the Stopping Improper Payments to Deceased People Act, and I was happy to see the bill pass out of this Committee last week.

In this year's report, GAO recommends that the Office of Management and Budget issue guidance on how to identify and measure improper payments. It concerns me that Federal agencies do not even have a grasp of the true magnitude of this problem, let alone how to fix it.

If such guidance from the Office of Management and Budget is implemented, how would that ultimately help to reduce the amount of improper payments the government makes each year?

Mr. DODARO. There are two things that are not being done, at a minimum.

Senator HASSAN. Right.

Mr. DODARO. One is identifying the root cause of the problem. You need to get to the root cause of the problem, so that you have to try to prevent the payments from being made improperly in the first place. We are never going to see a great degree of progress because it is too hard to recoup these payments after they are identified.

The guidance would help agencies better identify the risk factors that need to be involved and what are the root causes of the problem.

Now, the $151 billion in my estimate is still understated.

Senator HASSAN. OK.

Mr. DODARO. There are not audits being done of the managed care portion of the Medicaid program, which is almost half of Medicaid spending. I think this is not a good idea.

I have been working with the Centers for Medicare and Medicaid Studies (CMS) and OMB to try to get State auditors more involved in auditing the Medicaid program. I think that would be a very worthwhile investment and pay for itself.

I think you could use auditors to audit the Medicaid program more, before the payments are made, not after the payments are made.

Senator HASSAN. Yes.

Mr. DODARO. CMS has been reluctant to ask Congress for that authority. I think Congress should give them that authority. It has been proven to be effective and more effective than auditing the payments in a post-payment status. There is a lot that could be done.

The three areas that are the largest ones and I am really worried about are Medicare and Medicaid, which are the fastest-growing Federal programs. Last year, improper payments were $36 billion in Medicaid, $48 billion Medicare. Finally, the earned income tax credit (EITC).

We have also recommended that the Congress give the Internal Revenue Service (IRS) the authority to regulate paid tax preparers to encourage them to have codes, even on paper returns, scannable codes to have a better electronic filing, and to reduce the filing requirement for W–2 information for employers, so that IRS gets more electronic data to compare ahead of time.

There has been some legislation in this area, also bipartisan, that I would encourage the Congress to pass.

Senator HASSAN. Great. Thank you.

In addition to this added guidance and the priorities and actions you just talked about, do you believe that passing our bill aiming to stop improper payments to deceased people would be helpful to start reducing the amount of money that the Federal Government incorrectly spends each year?

Mr. DODARO. Yes, definitely. It would implement one of our prior recommendations. So you will help our implementation rate go up as well.

Senator HASSAN. Oh, good. All right. Win-win.

Mr. DODARO. It just makes sense. The Social Security Administration (SSA) right now will not give to the Treasury Department the full Death Master File (DMF) to check against a "Do Not Pay" list. It is kind of maddening, to be honest with you, but I think if Congress clarifies this, I think it would be extremely helpful.

Senator HASSAN. That is great.

I want to touch on a couple other things, but given the time, why do not I yield back, and then if we have time for a second round, I will ask more questions. Thank you.

Senator PAUL. I think it is important, as Senator Hassan pointed out, we do have bipartisan support to quit paying dead people. [Laughter.]

We finally have found something that we have complete common ground on.

Government is so bad that even when we agree on it, we still, unfortunately, have been doing this for decades. We have to get better on it.

I think we will go to Senator Enzi next.

OPENING STATEMENT OF SENATOR ENZI

Senator ENZI. Thank you, Mr. Chairman, Ranking Member, and thank you, Mr. Dodaro, for the presentations that you do. I am always impressed with them. I try to be at as many of them as I possibly can.

You have testified before the Budget Committee several times and provided us with good information, and you have heard my frustration over how the President gives us a budget, but it is a different format than the Senate's budget, which is a different format than what the appropriators use, which is a different format than what the authorizers use because they are shredded into several different appropriations budgets.

There is the Government Performance and Results Act and its modernization, and I am not sure that that follows the same format either.

I am trying to figure out ways to make that a little more effective. That is probably what I heard when I first ran for office: Why do the government agencies not say what they are going to do and then show if they did it?

Also, you turn out the reports, and we do not always follow them, and the agencies do not always follow them. Consequently, a lot of good advice goes by the wayside.

Can you think of any way that we can provide incentive for these people to save and do these things? I mean, you get a lot of incentive if you give money away, but you do not get a lot of incentive if you take money away. Do you have any suggestions for us in that?

Mr. DODARO. Yes. I think it is very important that before the Congress consider incentives, it must address the lack of an inventory. Part of the problem is even the agencies cannot identify these opportunities for savings very efficiently because there is not this comprehensive program inventory.

For example, Senator, when we first started this work, we found there were 82 programs on teacher quality spread across 10 different Federal agencies. OMB would really be the only potential place to identify these things across government in addition to GAO, and they do not have the tools to be able to do this because there is no inventory.

We have to go in and actually dig it out and identify them ourselves. We have found well over 150 Science, Technology, Engineering and Mathematics (STEM) programs and 43 different employment training programs spread across the government.

Even the executive agencies, even if you gave them incentives, it is difficult for them to identify and act on these areas because they are cross-agency, and most of the big-dollar savings require multiple agencies to agree. Getting them to agree is difficult.

You really have to incentivize OMB to be able to lead within the Executive Branch in reducing these areas of deficiencies, but they do not have the full capacity to do these things. That is why the

default comes to Congress. Unless the Congress acts and eliminates these programs, we are hampered along with everybody else.

There are incentives. For example, in the information technology (IT) area Congress authorized agencies to set up working capital fund. If they save money in the information technology arena, they can reinvest it and have some of those savings back in the working capital fund.

These things, though, require a fundamental shift in the culture of government. The culture of government is to spend money and to make payments as fast as possible, and that culture needs to change. Agencies need to be more careful in how they go about these activities.

The only thing I found successful is rigorous congressional oversight and forcing the agencies to explain why they are not taking action on some of these recommendations.

I was very pleased last year to see that Congress passed, for the first time, legislation requiring agencies to identify what they are doing to address open GAO recommendations in the budget submissions to Congress. That will start with the budget submissions next year. I think that is very helpful.

Each year, I write to each agency in the Federal Government and identify open GAO recommendations. About 77 percent of our recommendations get implemented, but not all, and so there are many more things that could be done to save money.

It is hard to incentivize them and then hold them responsible when they do not have the tools necessary to be able to do this.

The other frustration I have had concerns the Digital Accountability and Transparency Act (DATA) that Congress passed in 2014. This required the creation of standard account information. We found that the budget information was fairly accurate in reporting, but for the grants and contracts data, we found between zero and 1 percent of the information was fully accurate when we checked it back to the original agency award records.

It is problematic when you do not have good inventories, you do not have proper accounting on information that is accurate, and you do not have good cost information. The other area that you mentioned is evaluations.

What we find in a lot of these programs is that they have never been evaluated to know whether they are successful or not. It is really incumbent on GAO or someone else to say these programs are not effective before they can be eliminated as opposed to the agencies having to prove that the program is effective and should be continued.

That is my best advice. I know it is not an easy answer, but that has been my experience.

Senator ENZI. You are actually saying that the GPRA Modernization Act is not working?

Mr. DODARO. Not the way it should be.

Senator ENZI. I appreciate that, and I appreciate all those duplication numbers that you put out. I have been talking about all of the housing duplication that we have spread over 20 agencies who do not coordinate with each other. Nobody sets goals. Nobody follows up on them, and consequently, the housing programs are not working, just to mention one of the ones that you have mentioned

before. Every agency has financial literacy money, but it is not working with us.

I will yield back the balance of my time. Thank you.

Senator PAUL. Senator Lankford?

OPENING STATEMENT OF SENATOR LANKFORD

Senator LANKFORD. Chairman Paul, thank you very much.

Gene, it is always great to see you again. Thanks for the work of you and your whole team. There are a lot of folks that are engaged in this research, and we appreciate very much what you are doing and the way you dig in. We ask questions, and you are digging it out to be able to find a way to be able to get a nonpartisan answer. That helps us.

There are several areas that I want to be able to identify and be able to walk through. Let me start with a statement that you made. "No comprehensive Federal inventory," I think is a statement that you made, and it is a major problem. You and I have talked about this several times, and a bipartisan, nonpartisan bill, in many ways, the Taxpayers Right-To-Know, passed unanimously in the House of Representatives now twice, I believe, and gets stuck here in the Senate for some odd reason every single time.

Is a comprehensive inventory, needed, and what would that do to help your team be more efficient?

Mr. DODARO. It is absolutely needed. It would greatly help us to have that inventory. It would short-circuit our research. We could turn around things much more quickly if we had this inventory.

It takes us literally months to identify the number of these related programs, across government, and then you have it only for a point in time.

Senator LANKFORD. Right.

Mr. DODARO. The information is not available on an ongoing basis. Every time we have to go in and update it, we have to do it with very onerous procedures.

Senator LANKFORD. The comment is made that the DATA Act already accomplishes all this. Why would we need a comprehensive inventory of Federal programs?

Mr. DODARO. Not so.

Senator LANKFORD. OK.

Mr. DODARO. Not so. The DATA Act has not been fully implemented because the information is not accurate yet. We are looking at it again.

It looks good, and it is nice, but when you go in and you check the accuracy of it, it is not.

There are now standards. That has been partly successful. It is not being executed properly.

Senator LANKFORD. This has been one of my great frustrations that the Taxpayers Right-To-Know should not be a partisan issue. It should be just let us get the information out; we can all see it. You can see it better; we can see it better.

Right now, we ask your team to be able to go pull out some of these areas, and months later, after all of your research, you are able to pull it back. We should be able to do a quick search on that, and for some reason, there are some in the Senate who have literally told me they do not want that kind of information trans-

parency out there. That if there is that level of transparency, then there is no telling what could happen.

I have said, "You are right." There is no telling what could happen if we could actually see what is actually happening and to be able to know what is actually out there. That would be helpful information to get.

Mr. DODARO. I have supported that legislation, passage of it in the past. I continue to remain convinced that it would be very helpful and successful. I think transparency is absolutely essential, and I actually think it will lead to better trust in government——

Senator LANKFORD. I would say yes.

Mr. DODARO [continuing]. Because right now, nobody knows where the money is going. You do not know what you are getting for it in terms of results and the Taxpayers Right-To-Know Act would link the results to the spending and provide clear accountability to the officials.

It would not only help GAO, as I was mentioning to Senator Enzi, but it would also help the agencies. It would help Congress, but importantly, it will empower the public and public interest groups and others to ask relevant questions.

Senator LANKFORD. Right. I hear from agencies all the time. They do not want to start a duplicative effort either, but they do not know about it. They get encouragement to take on this project, and then they find out 3 years later, after they have done all the work, they are also working on something another agency is already working on. They would like the information as well.

Let me bounce a couple other things. You mentioned an issue about identity theft, in the refund, theft with the IRS. This is something they have worked on intentionally on it, but you identified $1.6 billion that is actually paid out to fraudsters. Are there specific recommendations that you would encourage us to take on?

Mr. DODARO. Yes. One that we have in this year's report relates to paper IRS filings. There are still about 15 million or so, paper forms submitted to the IRS. They cannot scan them very quickly and then use them to be helpful. We recommended adding a barcode on the form that would be a requirement, that would be number one.

Number two is to require more W–2s by employers to be filed electronically. Based on one of our recommendations in the past, Congress has moved the deadline for employers up earlier for W–2 reporting. That is what we found was a big problem earlier, and the amount of identity theft has come down considerably since Congress passed that legislation. This would go further and make more things electronic. It would be faster for IRS if you do this.

Also, we think that IRS ought to take a little bit more time before it makes the refund payments to do matching and checking, and it has been proven by their own studies and by our studies that that would save hundreds of millions of dollars too.

Senator LANKFORD. Right.

One of the challenges that we face is that every time we step into some of these issues of whatever program that it may be, as soon as you talk about the program, you are immediately heartless because you want to talk about the program and efficiencies or inefficiencies in it.

Let me talk about one of the heartless areas that your team brought up. You talked about SNAP and finding a way. Clearly, you do not want people in poverty to have access to food, clearly, because you are starting to talk about this program. What are your recommendations on SNAP, and what is it that you saw that might, could help get a better delivery to systems?

Mr. DODARO. Just to be clear, we do have a heart at the GAO. [Laughter.]

Senator LANKFORD. Well, you know what? Just to be clear, those of us that want efficiencies also have a heart as well.

Mr. DODARO. I realize that.

In this case, there are SNAP employment and training programs that actually help people get training so they can become self-sufficient, but what we found was slightly over 3.4 percent of people with work requirements participated in the SNAP employment and training programs.

As the Chairman mentioned, the Federal Government spends $441 million for training programs, but the requirement is that the training programs are supposed to be coordinated with already existing workforce development and training programs in the State.

Three States decided, "We are going to have our own," SNAP employment and training program, "We are not going to rely on these." Twenty-four other States that we found in checking their records did not attest that they are using the State employment system.

We are saying this is a coordination problem within the State, and that they should be coordinating properly. The Agriculture Department ought to make sure that the States are coordinating properly and the Federal Government is not funding activities that are not coordinated within the State because that way the government is not only duplicating at the Federal level, it is encouraging duplication at the State level. It is just not efficient.

Senator LANKFORD. Right. Thank you.

Mr. DODARO. It is not helpful to help people get off the programs.

Senator LANKFORD. No, it is not, and it is not helpful to be able to discourage people from work or encourage work without providing some kind of opportunity to be able to get some equipment.

Mr. DODARO. One other issue on the refund fraud issue is that we have encouraged Congress to give IRS the authority to regulate paid tax preparers.

Our research there shows that paid tax preparers—these are not the enrolled ones that are already covered—have an error rate higher than when people prepare their own taxes. I think this is an area. IRS tried it. They were sued; they lost. They need congressional support. I think this area would be very effective in helping stem a lot of the problems in this area.

Senator LANKFORD. Thank you, and thanks to all your team.

Mr. DODARO. You are welcome.

Senator PAUL. Thank you. Senator Scott.

OPENING STATEMENT OF SENATOR SCOTT

Senator SCOTT. Good morning. Thanks for what you do.

I just finished 8 years as the Governor of Florida. We had a lot of disasters, and we had some horrible hurricanes. One of the things that surprised me was—and, by the way, who I worked with the most was, of course, FEMA, and they were really hard workers. The lady that runs the Southeast Grocery Check, I think, tries really hard and does a great job.

I also worked a lot with the Corps of Engineers, and everybody tried to be helpful to us. There is nobody in the Federal Government that I saw that did not try to be helpful.

I will give you a story—and I do not know if you have ever looked at it—that shocked me. We get hurricanes in Florida. One of the obligations that our counties have is pre-hurricane, they go out and contract with a debris pick-up group to get a contract for after a hurricane. It is a bid contract, and the price—I did not do those contracts myself, but what I was told, the price range was $7 to $8.50 a cubic yard.

The first big hurricane that I had was Hurricane Irma, where we had a lot of debris, which was a year and a half ago. Right after it happened, I got all these people calling me and telling me I should turn the debris pick-up over to the Corps of Engineers.

I never had this issue before, so we started looking into it. We looked at the pricing. To start out, the State would have to pay 12.5 percent, the counties paid 12.5 percent, and the Feds paid 75 percent for debris pick-up until you hit a certain threshold. For us, it was $2.7 billion of cost.

If we turned it over to the Corps, step one is they told me that, immediately, the Feds would take care of 90 percent. I was only obligated for 5 and the counties for 5, so that seemed odd.

Number two, we looked at the pricing. Do you know what the Corps' pricing was?

Mr. DODARO. High.

Senator SCOTT. $72 a cubic yard, OK, $7 to $8.50 versus $72. More interesting, same company.

Have you ever look at this? Because you would think the Federal Government would be better at contracting, right, than a local country, and we have a lot of small counties. How could the Feds be this much different?

Mr. DODARO. One of the other things we do is keep a list of the highest risk areas across the Federal Government for the Congress. I testified in March on that before this Committee.

There are four contracting areas on the high-risk list: DOD contracting, which includes the Corps; the Department of Energy (DOE) contracting, National Aeronautics and Space Administration (NASA) contracting and a newly added area on Department of Veteran's Affairs. We have only taken one high-risk contracting area off the list—Management of Inter-Agency Contracting in 2013. However, overall contracting continues to be a problem.

There are problems with competition, and there are problems with setting the requirements. The Feds also would not do it based on local conditions necessarily. They would have a different sort of playing field.

One of our recommendations this year is in the advanced contracting area, where FEMA's should be working with the States to have advanced contracts in place. What we found is they did not give guidance to their people on how to use the advanced contracts.

In one case, for example, recently, instead of using advanced contracts for tarps, they did a post-contract award, which then failed because they did not have opportunities to check the performance and the capabilities of the contractor.

Senator SCOTT. Based on the——

Mr. DODARO. Yes, based on that. They get the tarps in time.

Senator SCOTT. There are all these rules afterwards.

Mr. DODARO. Yes, right. A lot of our recommendations, which includes a bill that the Senate now has taken up to implement our recommendations, would do this.

Then they were not keeping the advanced contracts up to date. In 10 cases, when something happened, they had to use a bridge contract to extend the current contract rather than have a more competitive contract in place, and FEMA was missing about 70 contracting people. You do not have enough contracting workforce at the Federal level, which causes concern in a lot of areas.

I think FEMA can do a lot better. We have never looked specifically at these things at the Corps, I would say, but I am just generally telling you about Federal contracting.

Senator SCOTT. First off, it is not $10 million. It is a billion dollars.

Mr. DODARO. Yes.

Senator SCOTT. I do not know if others—we are probably the worst State for this because of all the foliage and the hurricanes we get. It is a lot of money.

How do we try to fix that? What would be the process?

Mr. DODARO. First of all, I am not sure the Federal Government should be involved in all of these activities as well.

The way it works—and the Federal Government decides to get involved—is that there was criteria set in 1986 that there is a per capita income figure. You probably know this. It now is set at $1.50

Senator SCOTT. That is how we get to the $2.7 billion.

Mr. DODARO. Yes, per capita.

Senator SCOTT. Yes.

Mr. DODARO. Because of this, the Federal Government is spread too thin. It should not be involved in a lot of small events.

We indexed it for inflation, and based on the index for inflation, there would be about 25 percent of these disasters, the Federal Government would not have been involved in. If it was indexed for growth and personal income since 1986, the Federal Government would not have been involved in.

Senator SCOTT. Right, because it did not change the entire eight years as Governor.

Mr. DODARO. We have had an outstanding recommendation for years now that FEMA come up with better criteria to judge State and local capacity. Particularly since there are more frequent and more intense storms—FEMA is stretched too thin, and that involves the Corps. That involves a lot of the other actors at the Federal level at play here.

Number one is sorting out these roles and responsibilities. Number one would be tremendously helpful in focusing on this, so the Federal Government is not spread too thin, and as a result, people hurry. They are not prepared as well as they could be prepared. That would be my number one recommendation.

Number two would be to make sure they have the right people in place to carry out these activities. The Federal workforce, I am very concerned about. There are a lot of skills gaps. There is a lot of inattention to succession planning. You have a lot of impending retirements, and I think you are going to see more things that you would not want to see without attention to the workforce.

Senator PAUL. That is great. You ended up using the Corps, or you did not use the Corps?

Senator SCOTT. No. Stop and just think about the numbers for the State.

Senator PAUL. Even at 10 percent, it was still going to be a bad deal.

Senator SCOTT. Yes. They had a lot of former politicians that knew me that called me to get me to do it.

Senator PAUL. I think, Mr. Dodaro, part of the answer is that maybe the Federal Government should not be involved in every storm. That is one, but two, you got to fix the perverse incentive.

Senator SCOTT. Oh, yes.

Senator PAUL. If you had not looked into this, you had a perverse incentive at first to say, well, gosh, only 10 percent, because the Federal Government is free, because the Federal Government is going to pay 90 percent.

I would make the point that this is the same sort of situation we had with Medicaid expansion. The Federal Government taxes you, and then they say, "Well, do not you want to help poor people in your State?" You say, "Well, sure, I want to help poor people." Well, why do not we help all of them? Why do not we help everybody in the State? I am not paying for it. Then, eventually, you had to pay for some of the Medicaid, but if you paid zero, it was like it was free.

Senator SCOTT. Right.

Senator PAUL. This is the problem, to my mind, of false federalism. If the Federal Government does the taxes and the States spend it, that is not federalism. federalism is you want a health care system, and you 20 percent of your people to be in Medicaid. Florida should raise the taxes.

Senator SCOTT. We will figure it out too.

Senator PAUL. You will probably be better at it.

This is the debate we had last year, at least among Republicans. Everybody wanted this, this Graham-Cassidy bill, to block-grant it back, and they said, "Well, this is federalism." I said, that is not federalism. Federalism is each of the States tax the people for their health care system, and then they spend it. If we tax the people at the Federal level and then the States spend it, I do not think you have the same degree of cost, even though States are better than the Federal Government. You do not have the same incentive because you are not taxing people.

Senator SCOTT. In my 8 years as Governor, we saw no per capita increase in Medicaid cost. Now, we did not do the expansion, but

do you realize that New York per person, I think, on their basic Medicaid, because they did expansion, just basic Medicaid gets double what we get?

Senator PAUL. Right. That is when you look at the charts.

Senator SCOTT. Is that true?

Senator HASSAN. I would just note—and we could all probably talk about this for the rest of the day. We did expand Medicaid in New Hampshire. One of the challenges is when you expand Medicaid, which I advocated for is really important for behavioral health and substance use disorder, among other things, and a lot of working families could not afford health care, and they could then afford health care.

You have a pent-up demand for health care from people who have not had insurance for a long time.

Senator PAUL. Right.

Senator HASSAN. You have people who have underlying conditions that have not been treated for forever.

Senator PAUL. I do not think the argument that we are having or the discussion we are having is on whether or not there are people that are deserving of Medicaid. The argument is whether or not you should tax it at the Federal level and let the States expand it while the Federal Government pays for it because you do not have the same incentives to try to watch your expenses.

I think you do more if—and I think this is true of all programs, though—is that if we want to fix this particular program with the Corps or with other programs, you have to get rid of perverse incentives. You have to have the punishment.

Senator HASSAN. Right.

Senator PAUL. If you want to expand Medicaid in New Hampshire, you will watch how much you expand it if you have to raise taxes on people in New Hampshire to pay for it.

Senator HASSAN. There are economies of scale and other things that a single State cannot achieve that the Federal Government can. There are arguments back and forth here, but I agree that there is work we could do in all of these areas.

Senator SCOTT. To get off of something, Medicare and Medicaid is all controversial, so get off that for a second.

Senator HASSAN. Yes.

Senator SCOTT. I think we all want people to get health care.

Senator HASSAN. Yes, right.

Senator SCOTT. It is how do you do it in a manner that our taxpayers can afford it. Whether the State taxpayers are paying for it or the Federal taxpayers are paying for it, it is not free. Somebody is paying for it.

Senator PAUL. Right.

Senator SCOTT. What I watched in the FEMA stuff—and let me tell you, they work their butts off. I love working with them.

To a certain extent, it felt like it is "let us make a deal." It would make it easier for them and for the States if they said this is exactly—I agree with what you said as far as you ought to look at what they ought to be involved in because it was surprising to me as a Governor what the Feds would be involved in. If it was real set, I think it would be easier.

I will give you another story. Look, I am sure all these programs——

Senator HASSAN. You did not know you were getting into a debate on a number of things, did you? [Laughter.]

Senator SCOTT. I am sure that all these programs are important programs, but after a disaster, different agencies give us money. Then we have to go propose a plan for it. Does somebody ever go back and say did we ever do what we said we were going to do?

Senator HASSAN. That is an excellent point, and that is something we tried to change.

Senator PAUL. Does anyone ever go back and say, if it was private insurance, would it have covered this disaster relief, and all of a sudden, FEMA came in and supplanted private insurance, who ends up making more profit because they did not actually have to pay out?

Senator HASSAN. Right.

Senator PAUL. Let us go back to the hearing. [Laughter.]

One of the questions we mentioned in our opening was whether or not—when we have something, a new program, we have to get a CBO estimate on what it is going to cost—whether or not we could ask for a CBO estimate and a duplication estimate, and I guess the question is whether your agency could provide that because you have 9 years' worth of reports. I propose a bill to help mothers with one eye and 10 children to have something, and you say, "Well, we already have 14 programs." Would there be a way that the GAO could actually score a piece of legislation to say whether it is a duplication or not?

Mr. DODARO. That would really have to be CBO rather than GAO.

Senator PAUL. It would come out of CBO. You could coordinate—right.

Mr. DODARO. Yes. Because they do all the scoring up front, and they are the official scorekeeper for the Congress on both revenues and the deficit, but also proposed legislation.

Now, sometimes we will get asked about management issues and proposed legislation and things like that, but we do not actually score what the cost would be of implementing that legislation or whether there is duplication.

What I would say is that you could have that conversation with CBO. They might be able to do something, but I suspect they are going to be hampered, just like we are, because there is no comprehensive Federal inventory. A lot of these programs, when you are getting into smaller programs, are within budgetary accounts. They are not very visible.

Senator PAUL. Our thinking was, yes, CBO would do it, but we would dictate to CBO that there is going to be a cost score and there is going to be an evaluation of duplication. CBO would then ask you, maybe it is not looking throughout all government but at least looking through 10 years of duplication reports to find what is most readily accessible and you say this is what we have from our duplication search because you have done—that is 10 years' worth of research that you have.

Mr. DODARO. Yes.

Senator PAUL. You have a big body of knowledge. Do you think that would be feasible, though, if we dictated CBO to say you have to give a duplication score, and then you would probably provide the information to them?

Mr. DODARO. Yes. Without speaking for CBO, because every year I testify with them before the Senate Appropriations Committee, and so I know their workload is a big issue. They have to turn things around really fast. I do not know what their view would be of that.

What I would say for GAO, Mr. Chairman, we would be happy to help in any way we can to avoid the creation of programs that would be duplicative.

The other thing I would say, it is very hard to prove exact duplication. That is why we cover overlap and fragmentation because they are harbingers of duplication.

I think it is a worthy objective to try to stop adding to the duplication that we already have and overlap and fragmentation. I would be happy to have conversations with CBO to see if there is something that we could work with them on to support them.

Senator PAUL. You mentioned the earned income tax credit. There have been reports of as high as 25 percent fraud in the earned income tax credit and the child tax credit. From your looking at it, what would be the biggest reform to the different tax credits? I think you mentioned it, but go ahead and mention it again.

Mr. DODARO. Yes. The one thing I would say is that a lot of those people use paid tax preparers.

We did and it is dated now a little bit, but——

Senator PAUL. Yours is more organized fraud, in a sense?

Mr. DODARO. It could be.

I think they use them; there are more errors. We sent undercover teams into 19 tax preparer offices for tax advice and only 2 of the 19 gave us the right information.

I think this is very important, and we found error rates based on looking at IRS data, about 60 percent error rate, with paid tax preparers versus people to do it themselves, only 50 percent.

Senator PAUL. How is the fraud being committed? By overestimating your income or overstating your income?

Mr. DODARO. Or claiming more dependents than you have.

Senator PAUL. Right.

Mr. DODARO. It is very hard. The law itself is very complicated, and you have people with dependents who live with them portions of the year and live elsewhere other portions of the year. It is very complicated.

Senator PAUL. With the child tax credit, there were reports from a year ago—and I think we tried to fix this. I do not know if we did, but they were able to use generic taxpayer numbers and not Social Security numbers. People were claiming six kids that did not exist. The government would nicely generate a number for you, and you put it on the form. Do you know if we have fixed that problem?

Mr. DODARO. I do not know if we have looked at that. I will go back and check it.[1]

Senator PAUL. That was more in the child tax credit. I think we had legislation on that. The legislation passed, right? Yes.

One other issue, I was intrigued by the foreign military sales. Do you have an idea or does any of your team have an idea if it is a $500 million sale, like how big is the sales cost that you are talking about that we are eating percentage-wise?

Mr. DODARO. Yes. They do not track the amount of cost, but what happens is the salaries of the military personnel that work on this and certain retirement benefits of the civilians that work on this are not charged at all.

The last estimate we had was about $120 million that the United States was essentially subsidizing for these sales that could be recovered.

I would say our best estimate at this point was tens of millions of dollars a year as being lost because the Federal Government is not fully charging the purchaser of this equipment, and this was done years ago by legislation because DOD was concerned that there was not enough sales activities, and people would be discouraged from purchasing the equipment—U.S. allies and others.

Senator PAUL. When we make a foreign military sale, it is actually coming from the U.S. Government. There is a private contractor that makes the equipment, but they are actually not selling it to Saudi Arabia or another country? It actually goes from the Pentagon to Saudi Arabia?

Mr. DODARO. I believe so.

I have my expert here in foreign military sales. Let me call him to the table. This is Tom Melito.

Senator PAUL. Thank you.

Mr. MELITO. There are direct commercial sales, which can go from the contractor directly to the overseas ally, but this is a program where the ally is asking for the United States' support in basically training and also preparing the equipment to transport and all that. They pay the United States for these services.

In this case, as the Comptroller General was saying, we are providing some services for free, even though the law says it should be no cost to the U.S. Government.

Senator PAUL. These are not on sales that are going directly from the contractor to the country. These are on sales that are going from the Pentagon to the foreign country?

Mr. MELITO. Exactly.

Senator PAUL. There is a cost involved, and then there is profit being taken out, because still there is a contractor somewhere in the middle on these things?

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[1] Supplemental information GAO provided for the record. Yes, Public Law 115–97, commonly referred to as the Tax Cuts and Jobs Act (TCJA) contained a temporary fix. Prior to passage of TCJA, the Child Tax Credit (CTC) and the Additional Child Tax Credit (ACTC), could be claimed if a child was a U.S. citizen, national, or resident, and the taxpayer could file using either a Social Security Number (SSN) or an individual taxpayer identification number (ITIN) for the child. TCJA added subsection (h) to section 24 of the Tax Code governing the Child Tax Credit. Subsection (h) applies to tax years 2018 through 2025, and, in part disallows the credit for any taxpayer with a qualifying child unless the taxpayer includes the social security number of the child on the tax return. For purposes of this section, the SSN must be issued by SSA to a U.S. citizen and before the due date of the return.

Mr. MELITO. The country could decide not to pay for these services. That would be a direct commercial sale. If they decide to have the capacity to do this themselves, they can then just buy the equipment. Obviously, the military has to determine if they are allowed to buy it. Many countries decide that they want support in a number of ways. Then the United States charge them fees to provide that support.

Senator PAUL. Alright. I have no more questions. Senator Hassan.

Senator HASSAN. Thank you.

I have one additional question, and I think I want to say for a second, as we think about our work over the next little while and the issue of FEMA and what that threshold should be, I would hope that we would think about threshold metrics that recognize that small States generally have disasters of smaller dollar value, but they could be a huge percentage of a local or State budget. I am sure there is a way to adjust metrics with that in mind, but that is my New Hampshire hat on here.

I wanted to touch on another area in your report concerning Federal student loan default rates. GAO reports that as of June 2018, borrowers were in default on $163 billion worth of Federal student loans.

I was disturbed to read how some colleges and universities avoid accountability for unacceptably high student loan default rates by taking advantage of a loophole in the law.

Right now, the law measures an institution's eligibility for Federal loan dollars by what is called the cohort default rate. Put simply, if more than 30 percent of a graduating class defaults on their loans within 3 years of graduation, the institution's eligibility for Federal loan dollars is cutoff.

Instead of working to improve and help students avoid default, some colleges and universities choose to use their resources just to avoid accountability. They hire third-party consultants to convince students to postpone their payments, which for many means that they are just postponing inevitable defaults.

For the schools, however, this means they can continue to receive financial aid dollars and mislead students who enroll, giving the students the false impression that the school actually provides quality education and will prepare them meaningfully for a career.

My understanding is that GAO recommends that Congress change how the cohort default rate is calculated. Can you explain a bit more about this recommendation?

Ms. EMREY-ARRAS. Yes. I would be happy to.

Mr. DODARO. Excuse me. This is Melissa Emrey-Arras. She is out expert in higher education.

Senator HASSAN. Welcome. Thank you.

Ms. EMREY-ARRAS. Thank you.

The current metric measures a 3-year time period and counts whether or not people default within that metric, within that time period. If they do and if the thresholds are high enough, a school can lose access to all of its Federal student aid money.

As you point out, we found that schools were gaming the system by pushing students to go into a repayment status called forbearance which gets them out of risk of being in default, which helps

the schools, but does not necessarily help the borrower or the Federal Government.

Basically, the borrowers are then racking up interest, and it can accumulate to thousands of dollars in interest over that time period, and then we found that borrowers were defaulting after the measurement period in the fourth year when the schools were no longer held accountable.

What we recommended was that Congress consider strengthening the metric to hold schools accountable by doing something to account for this issue of borrowers being put into forbearance, perhaps adding another metric to bolster the cohort default rate, perhaps something like a repayment metric or doing something different. We just thought that schools should be held accountable.

Senator HASSAN. Thank you.

As I understand, your recommendation is that if you change the definition of the cohort default to take out the students who were in forbearance, we would save about $2.7 billion. Is that right?

Ms. EMREY-ARRAS. We found in our analysis that over 260 additional schools could lose access to Federal student aid if you took out that population that were in forbearance, and that that population of schools received $2.7 billion in Federal student aid during that time period.

Senator HASSAN. You just mentioned trying to move us away from solely using default rates to determine of an institution were able to receive Federal student aid dollars. Is there anything else you would like to say about what other kinds of—because $2.7 billion is good, but we are talking about a huge amount of student debt and a huge amount of default, $163 billion.

Ms. EMREY-ARRAS. Right.

One of the metrics that the Department of Education told us that is less susceptible to manipulation is this repayment rate metric.

Senator HASSAN. OK.

Ms. EMREY-ARRAS. The repayment rate metric measures the percentage of borrowers who are not in default, who have also put at least $1 toward the original loan principal within the first 3 years. So you know that they are actually chipping away at that original principal.

Senator HASSAN. Thank you. That is very helpful, and that concludes my questions.

Thank you, Mr. Chair.

Senator PAUL. Senator Sinema.

OPENING STATEMENT OF SENATOR SINEMA

Senator SINEMA. Thank you, Mr. Chairman, and thank you, Mr. Dodaro, for being here today.

Arizonans expect and demand a government that is efficient, effective, responsive, and transparent, and the GAO report helps Congress identify areas to improve efficiencies and eliminate redundancies within the Federal Government, and it helps us understand the progress or lack of progress in areas that the GAO has previously identified.

GAO's work on the duplication report are important for everyone in Arizona who wants a better Federal Government.

I am interested in some of the recommendations for the Departments of Defense and Veterans Affairs (VA). Men and women who serve in uniform made a commitment to protect our country, and in return, we promised to provide them with the best care and support. I intend to honor that promise.

The report recommends that the Defense Health Agency improve how it tracks instances where patients are or could have been harmed. Understanding these events is very important to improving medical services and patient safety.

Did GAO look at how other Federal health care providers like the VA or Indian Health Service track instances where patients are put at risk or harmed?

Mr. DODARO. No. We were focused on DOD at that time.

Senator SINEMA. There is no way, then to understand how DOD's tracking protocols compare to other Federal health care providers?

Mr. DODARO. There is a way to do it. We would be happy to take a look at doing that in the future, but for this particular engagement, we did not look at that. We were focused on DOD solely since it is such a large operation but what we found is that it is a pretty well-established practice when you have these sentinel events, which could cause an unexpected death or very serious or psychological problem that there be a root-cause analysis done of what the problem is and that it be coordinated.

What we found is that they were doing the root-cause analysis, but within each service, and so it was a very stovepiped activity. Nobody had to look across the board to see, "Are we having a systemic problem here? Is there something that we need to change?" It is a fundamental, kind of analytical approach that is well established and used.

What we found was about 9 percent of instances of harm were not even being entered in a system. They did not have a system. They would send this through emails and other things. It really was not organized properly.

Senator SINEMA. Thank you.

What processes are in place to share information about these events and lessons that are learned across the health care provider agencies?

Mr. DODARO. Right now, each service keeps their own information, and then they try to share it. They are in a transition now where the Defense Health Agency is supposed to take over administration of a lot of the central management of DOD medical treatment facilities, but right now, they do not have a system that takes all the information from the services and then analyzes it. That is what we recommended that they do.

Senator SINEMA. My next question is about VA medical facility construction. Managing budgets for VA medical facility construction continues to be a real area of concern for Congress, and your report recognizes the need for improvement.

Based on your analysis, does VA have the ability to identify construction needs prior to entering into a construction contract for medical facilities?

Mr. DODARO. Yes. That is a real interesting question, and I think with the implementation next month of the MISSION Act, which would allow for greater access to community care, it will be real in-

teresting to see what the implications would be for VA facilities in the future. In other words, how many veterans are going to continue to use VA facilities as opposed to using community care facilities?

There is a commission that will be created in order to identify long-term needs of the veterans, and from a facilities standpoint, that is just being organized right now, and it will be under way. We are going to look at how that is implemented over time.

I am glad that the Congress required that, and that will help provide a focus to make sure these things are evaluated properly.

We found that in a lot of cases in the past that the guidance that was coming from the central office, the people at the local level felt it was not really helpful to them. They were inventing their own guidance. As a result, you really do not have confidence in your ability to prioritize across the entire VA system, which you would need to do because you have limited budgetary resources.

Those are our recommendations.

Senator SINEMA. Thank you.

Has GAO's research identified whether other Federal health care provider agencies have more effective ways to identify their needs prior to entering into these construction contracts?

Mr. DODARO. No, we have not. We would be happy to take a look at that, though.

Senator SINEMA. I appreciate that.

The GAO recommended that the Department of Health and Human Services (HHS) coordinate with other Federal agencies, including the VA, to improve the effectiveness of oversight for fragmented Federal funding for physician graduate medical education (GME).

As you might know, Arizona suffers from physician shortages in nearly all of our counties, which leaves too many Arizonans without access to primary care doctors, mental health specialists, and it causes these unconscionable delays for our veterans.

How will comprehensive reporting across programs help us better understand how many primary care physicians we need in Arizona versus how many pediatric specialists we need? Are there other areas within GME funding that you would recommend that coordination efforts be focused?

Mr. DODARO. First, I think the last estimate we had or number on this is that the Federal Government spends about $14.5 billion a year to support graduate medical education training, and it is really not clear what the result of that spending is. It is clear that better coordination is needed across different Federal agencies.

Right now, like a lot of things in Federal Government, it is very decentralized. People are doing their own thing, and there is really not a lot of lessons learned out of it yet. That is what we are suggesting is that the agencies evaluate how well it is working and how well it is meeting the needs that they anticipate in the future.

Right now, it is not very systematic, and we are concerned that the Federal Government is continuing to provide billions of dollars and not knowing if it is really accomplishing what it need it to accomplish.

Senator SINEMA. Thank you.

Mr. DODARO. Yes.

Senator SINEMA. Mr. Chairman, I yield back. Thank you.

Senator PAUL. Thank you. Senator Lankford.

Senator LANKFORD. Thank you.

I want to follow up on a couple of things that you had already mentioned before, and I have a new question and a new issue. I want to talk first about the student loan program, and if I could have your highly skilled professional step back in again.

I am on the same stream of heartlessness here, so not only for SNAP issues, but also student loan issues you are taking a look at. I need to clarify a statement that you made earlier. Did you say 260 schools could face default because they are currently using this forbearance program now, that if we evaluate it, they may be at risk?

Ms. EMREY-ARRAS. Over 260 additional schools could be at risk of losing access to Federal student aid because of the level of their default rates if you take out the forbearance.

Senator LANKFORD. How many schools do you think are using this program? They are hiring people to get their students into forbearance, not for the benefit of their former students, but for the benefit of the school to kind of cover up what is happening.

Ms. EMREY-ARRAS. We found about 800 schools were using consultants that encouraged forbearance (5 of the 9 consultants we examined).

Senator LANKFORD. Specifically for this forbearance-type program?

Ms. EMREY-ARRAS. Some of them were providing accurate information, but others were not. In some cases, the consultants were lying to borrowers and telling them that they could lose access to SNAP benefits if they defaulted on their student loans as a way to pressure them into choosing forbearance.

In other cases, there was pressure. There was not outright lying, but definite pressure to go into forbearance. For example, some consultants only gave borrowers forbearance applications in the mail unsolicited, "Here you go," so that they could avoid default and help the schools out.

Senator LANKFORD. Were they doing that past 3 years or only for those folks that are in the 3-year time period?

Ms. EMREY-ARRAS. We found that eight of the nine consultants that we looked at were only paid for this service during the 3-year period.

Senator LANKFORD. OK. Once it got past that 3 years, "You are on your own. We are not going to help you even with a forbearance request?" This is really to the benefit of the school?

Ms. EMREY-ARRAS. That was our understanding.

Senator LANKFORD. Did you see a type of school, for-profit, nonprofit, 4-year? Did you see any kind of direction or consistency in type of school?

Ms. EMREY-ARRAS. We did not do that kind of sub-level analysis in our report, but I can tell you that it was in more than one sector.

Senator LANKFORD. OK. Obviously, it is an area that needs to be addressed. We have a higher education bill that we are hoping to be able to do later on this year. The goal was to be able to help students actually land on a job, not to be able to protect schools and to hide debt costs. If this is actually implemented, then you are

talking 1.4-or $1.5 trillion in total student debt that is out there. What do you think the effect is, best guess, on what happens on student debt and default rates?

Ms. EMREY-ARRAS. Our hope would be that it would lower default rates and that it would also hold schools, accountable and that schools that should not be receiving Federal student aid would not be in the future.

Senator LANKFORD. Other ideas that came out of this that you saw that may or may not be listed in the recommendations?

Ms. EMREY-ARRAS. We did have a separate matter. It is pretty basic, basically to require that any school or consultant that chooses to contact borrowers to talk about repayment options provide them accurate and complete information, in other words that they not lie and provide only one option.

Senator LANKFORD. Right. We have other areas for anyone who does financial advice, fiduciary responsibilities to that individual. They have to make it clear who they are working for and to be able to make sure they are working for the benefit of that individual they are contacting.

I appreciate very much your work and your insight on that.

Can I shift subjects to talk about inland waterways? You had some recommendations specifically dealing with inland waterways and the way the Corps of Engineers does contracting. They do an incremental approach, a little bit at a time, that may stretch out for years and year and years and years, rather than fully funding and then putting the contract out and finishing it out. What did you find?

Mr. DODARO. What we found is it would add years, in some cases, up to 10 years or more for these projects to be completed over time. In other words, they were putting more things in the pipeline than they could fund in a reasonable period of time and at a good cost over time. It was costing more money, and it was taking much longer. We said either you need to put fewer projects in there, or you need to come up with other ways to enhance revenues.

Not everybody pays the fee, the tax to use the waterway. That is one option they should look at.

What the fee is itself is another option, and what are the needs over a period of time, and what is a reasonable way to get there?

Right now, it is not reasonable to do this. It frustrates people because it takes too long, but what it does, it sort of allows them to say we are doing more projects right now to satisfy more people. It is only a temporary situation, and the projects are not finished.

Senator LANKFORD. I have had this conversation with some of the Corps leadership before for years because they seem to say we are doing projects in every congressional district in America, just so they can say they are doing a project in some place.

Mr. DODARO. Right.

Senator LANKFORD. If that project takes two decades to complete, it is actually increasing frustration. I would rather be able to see that project is scheduled to start at this time and stop construction at this time and be complete rather than we are making, "progress." Is there any way to be able to ballpark what the wasted dollars are by doing this little incremental approach saying we are

doing a little bit everywhere, but hardly completing anything anywhere?

Mr. DODARO. There are millions of dollars that could be saved on this. I do not have an estimate. I will go back and take a look at it, but it is not a good way to do business.[1]

Senator LANKFORD. No, it is not.

Mr. Chairman, thank you for having this hearing and for bringing this backup again.

Senator PAUL. Thank you.

Thank you to the panel. Thank you to GAO and Mr. Dodaro for testifying today.

The hearing is adjourned.

[Whereupon, at 10:41 a.m., the Subcommittee was adjourned.]

[1] Supplemental information GAO provided for the record. The Army Corps has done some analysis related to inefficient contracting. For example, in 2017, presentations given by the Corps of Engineers to members of the Inland Waterways User Board stated that the Corps expected that the Kentucky Lock Addition project would require at least $229 million more (about 19 percent above the original estimated cost) as a direct result of inefficient contracting and be completed 17 years later than planned. Similarly, the Corps estimated that Chickamauga Lock project will need at least $170 million more (about 24 percent above the original estimated costs) due to inefficient contracting and be completed at least 13 years later than planned. These estimates, developed by the Corp, provide some sense of the overall costs associated with inefficient contracting. While each project is highly unique, these analyses suggest that cost overruns on these and other projects could be tens of millions of dollars each year. We would be happy to work with your staff to the extent you would like to request a more comprehensive review of the Army Corps' management of inland waterway projects and contracts.

APPENDIX

Opening Statement of Chairman Rand Paul, M.D.
Federal Spending Oversight Subcommittee

Review of GAO's Annual Duplication Report
May 21, 2019

I call this hearing of the Federal Spending Oversight Subcommittee to order.

Today we are going to hear from Comptroller General, Gene Dodaro about GAO's annual report on duplication, fragmentation, overlap, and other areas of savings.

This is GAO's ninth duplication report, each shedding light on some truly troubling examples of waste. This report is no exception.

For example, it is no secret that I have been critical of foreign assistance programs, I'd encourage everyone to check out this subcommittee's report, *World Wide Waste*, which notes that the Federal Government spends money building national parks in Russia, promoting ultimate Frisbee in China, and paying for clown college in Argentina, among other things.

One of the questions I often get, is how do such things get approved? Well, this report might give us something of an answer. In it, GAO finds that we have twenty different agencies, pursuing 52 different foreign assistance strategies. That is a textbook recipe for waste, too many entities trying to do too much, in too many different ways, with too much money.

Another area I've been critical of is federally funded research; we have done numerous *Waste Reports*, and even held a hearing on the subject in October 2017. To my knowledge we have never been critical of quantum computing or synthetic biological research; nonetheless, GAO found six agencies funding quantum computing and ten funding synthetic biologics, with little coordination among them. If these seemingly merited areas of research are duplicative and uncoordinated, it is no wonder we find studies of daydreaming and the optimal taste of tomatoes also being funded as well.

I'll highlight a few other examples: the Defense Department has six different human resources services, meanwhile they rely on over 800 computer based learning and training systems.

As part of the SNAP program, the USDA spends $441 million on employment and training programs, administered by states, which are required for certain recipients. Yet, roughly half the states were not able to report participation figures in these programs.

These are just a few highlights from this year's report. I'm also interested to see the progress we have made in correcting issues highlighted in earlier duplication reports and I hope we act quickly to address the findings of this report.

I'm also very interested in preventing the creation of new duplication. Something I think that would go a long way in that regard is including in CBO cost estimates an assessment of the

duplicative effects of the bills we consider, something I've proposed as stand-alone legislation and in my last two budgets.

As I talk to my colleagues and taxpayers, one things we all agree on is that the kind of inefficiencies caused by duplication need to be corrected; but, too often these duplications are created because we want to look like we are doing something and frankly special interests of many different kinds benefit from much of these inefficiencies. We have to do better, and I hope this hearing will help my colleagues to realize that.

With that, I'll recognize Ranking Member Hassan for her opening statement. But, before I do, I just want to note this is Senator Hasan's first hearing as Ranking Member of this subcommittee, so I'd like to welcome her in that role, and look forward to working with you. Senator Hassan.

Homeland Security and Governmental Affairs Committee
Federal Spending Oversight and Emergency Management Subcommittee

Ranking Member Margaret Wood Hassan
Opening Statement

Tuesday, May 21, 2019

Thank you Chairman Paul, Members of the Committee, and today's witness, U.S. Comptroller General Gene Dodaro.

Today's hearing is my first as Ranking Member of the Subcommittee on Federal Oversight and Emergency Management, and I am glad to get to work alongside Chairman Paul.

Granite Staters rightfully expect that their hard-earned taxpayer dollars will be spent wisely and effectively, and this Subcommittee's efforts are critical to helping ensure that happens. I look forward to working with the Chairman on bipartisan efforts to help spur innovation in government, ensure fiscal responsibility, and root out waste, fraud, and abuse.

To that end, I am glad to have Comptroller General Dodaro here today to discuss the Government Accountability Office's 2019 report on how we can reduce duplication in the federal government and save taxpayers billions of dollars. While it's not always easy to build consensus on cost-saving measures, taking aim at federal programs that are fragmented, overlapping, and duplicative should be an area of strong bipartisan agreement. GAO's report identifies dozens of new actions that Congress or executive branch agencies can take to improve efficiency, as well as previous recommendations that still need to be implemented.

Congress and the executive branch have made real progress in acting on the recommendations from GAO's 2011-2018 reports, and the results have been impressive. According to GAO's estimates, we have seen roughly $262 billion in financial benefits already. But there is still far more work to do.

Mr. Dodaro, thank you again for being here. I look forward to hearing your testimony and continuing to work with you to strengthen oversight of taxpayer dollars. I'll now turn it back to Chairman Paul.

United States Government Accountability Office

GAO

Testimony before the Subcommittee on Federal Spending Oversight and Emergency Management, Committee on Homeland Security and Governmental Affairs, U.S. Senate

For Release on Delivery
Expected at 9:30 a.m. ET
Tuesday, May 21, 2019

GOVERNMENT EFFICIENCY AND EFFECTIVENESS

Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions in Financial Benefits

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

Chairman Paul, Ranking Member Hassan, and Members of the Subcommittee:

I am pleased to be here today to discuss opportunities to reduce fragmentation, overlap, and duplication, and achieve cost savings and other financial benefits for the federal government.

The federal government continues to face an unsustainable long-term fiscal path caused by an imbalance between federal revenue and spending, primarily driven by health care spending and interest on debt held by the public (net interest).[1] Addressing this imbalance will require difficult policy decisions about long-term changes to both spending and revenue. Acting soon to mitigate this imbalance would help to minimize the disruption to individuals and the economy.

Meanwhile, Congress and executive branch agencies have continued opportunities to contribute toward fiscal sustainability and act as stewards of federal resources. In eight annual reports issued from 2011 to 2018, we presented more than 800 actions for Congress or executive branch agencies to reduce, eliminate, or better manage fragmentation, overlap, or duplication; achieve cost savings; or enhance revenue.[2] Congress and executive branch agencies have partially or fully addressed 621 (77 percent) of the actions we identified from 2011 to 2018, resulting in about $262 billion in financial benefits. We estimate tens of billions more dollars could be saved by fully implementing our open actions.[3]

[1]GAO, *The Nation's Fiscal Health: Action Is Needed to Address the Federal Government's Fiscal Future*, GAO-19-314SP (Washington, D.C.: Apr. 10, 2019); and *Financial Audit: Fiscal Years 2018 and 2017 Consolidated Financial Statements of the U.S. Government*, GAO-19-294R (Washington, D.C.: Mar. 28, 2019). For additional information, see https://www.gao.gov/americas_fiscal_future.

[2]See GAO's Duplication and Cost Savings webpage for links to the 2011 to 2018 annual reports: http://www.gao.gov/duplication/overview.

[3]In calculating our total estimated realized and potential financial benefits, we relied on individual estimates from a variety of sources, which considered different time periods and utilized different data sources, assumptions, and methodologies. These totals represent a rough estimate of financial benefits. Realized benefits have been rounded down to the nearest $1 billion. Estimated potential benefits are subject to increased uncertainty, depending on whether, how, and when they are addressed, and are presented using a notional statement of magnitude.

Our 2019 report, our ninth in the series which is being released today, presents 98 new actions for Congress or executive branch agencies to reduce, eliminate, or better manage fragmentation, overlap, and duplication and achieve other financial benefits.[4] My testimony today describes (1) new issues identified in our 2019 annual report; (2) the progress made in addressing actions identified in our past reports; and (3) examples of open actions directed to Congress or executive branch agencies. I will also discuss statutory requirements that could enhance information needed to identify and address fragmentation, overlap, and duplication.

My comments are based upon our 2019 annual report, as well as our update on the progress made in implementing actions that we have suggested in our previous annual reports. These efforts are based upon work we previously conducted in accordance with generally accepted government auditing standards. More details on our scope and methodology, including the definitions we use for fragmentation, overlap, and duplication for this work, can be found in the full report.

New Opportunities Exist to Improve Efficiency and Effectiveness across the Federal Government

The 98 new actions we identified span the federal government and are opportunities that Congress or executive branch agencies can take to improve the efficiency and effectiveness of government in 28 new areas and 11 existing areas (see appendix I). Examples of the 28 new areas include:

- The Department of Energy could potentially avoid spending **billions of dollars** by developing a program-wide strategy to improve decision-making on cleaning up radioactive and hazardous waste to address the greatest human health and environmental risks.
- The Centers for Medicare & Medicaid Services could also potentially save **hundreds of millions of dollars** by improving how it identifies and targets risk in overseeing Medicaid expenditures to identify and resolve errors.
- Congress could enhance federal revenue by at least **tens of millions of dollars annually** through expanding the definition of allowable expenses authorized to be covered by the Foreign Military Sales

[4]GAO, *2019 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication, and Achieve Billions in Financial Benefits*, GAO-19-285SP (Washington, D.C.: May 21, 2019).

administrative account, thereby likely reducing the need to cover these expenses with other appropriated funds.

- The Department of Defense could expand its use of intergovernmental agreements to obtain military installation support services—such as waste management and snow removal—and potentially save **millions of dollars annually**.
- The Department of Defense could also potentially save **millions of dollars** in its administration of military treatment facilities—such as hospitals and dental clinics—by analyzing medical functions for duplication, validating headquarters-level personnel requirements, and identifying the least costly mix of personnel.
- The Department of Homeland Security should develop a strategy and implementation plan to help guide, support, integrate, and coordinate its multiple chemical defense programs and activities to better manage these fragmented efforts.
- The federal agencies that coordinate research on quantum computing and synthetic biology could better manage fragmentation by agreeing on roles and responsibilities and identifying outcomes to help agencies improve their research efforts to maintain U.S. competitiveness in these areas.

We identified 33 new actions related to 11 existing areas presented in its 2011 to 2018 annual reports. For example:

- Congress could provide the Internal Revenue Service the authority to require scannable codes on tax returns prepared electronically, but filed on paper, to improve its ability to combat tax fraud and noncompliance and save **tens of millions of dollars annually**.
- The U.S. Mint could potentially reduce the cost of coin production by **millions of dollars annually** by changing the metal content.
- The Department of Defense could collect cost and technical data and lessons learned to make more informed decisions on using commercial spacecraft to host government sensors and communications packages, which could lead to considerable cost savings.

Congress and Executive Branch Agencies Continue to Address Actions across the Federal Government

Congress and executive branch agencies have made consistent progress in addressing many of the 805 actions that we identified from 2011 to 2018, as shown in table 1. As of March 2019, they had fully addressed 436 actions (54 percent) and partially addressed 185 actions (23 percent). See our online *Action Tracker* for the status of all actions.[5]

Table 1: Status of 2011 to 2018 Actions Directed to Congress and the Executive Branch, as of March 2019

Status	Number of congressional actions (percentage)[a]	Number of executive branch actions (percentage)[b]	Total (percentage)
Addressed	33	403	436
	(33%)	(57%)	(54%)
Partially addressed	13	172	185
	(13%)	(24%)	(23%)
Not addressed	40	75	115
	(40%)	(11%)	(14%)
Other[c]	14	55	69
	(14%)	(8%)	(9%)
	100	**705**	**805**
Total	**(100%)**	**(100%)**	**(100%)**

Source: GAO. | GAO-19-536T

[a]In assessing actions suggested for Congress, GAO 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 during the current congressional session, 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. Actions suggested for Congress may also move to "addressed" or "partially addressed," with or without relevant legislation, if an executive branch agency takes steps that address all or part of the action needed. At the beginning of a new congressional session, GAO reapplies the criteria. As a result, the status of an action may move from partially addressed to not addressed if relevant legislation is not reintroduced from the prior congressional session.

[b]In assessing actions suggested for the executive branch, GAO 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"

[5] GAO's *Action Tracker*, a publicly accessible website, allows Congress, executive branch agencies, and the public to track the government's progress in addressing the issues we have identified. The *Action Tracker* includes a downloadable spreadsheet containing all actions, and can be sorted and filtered for further analysis.

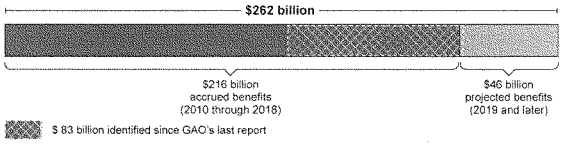
means the administration, the agencies, or both have made minimal or no progress toward implementing the action needed.

[c]Of the 69 "other" actions, GAO categorized 42 as "consolidated or other" and 27 as "closed-not addressed." GAO no longer assesses actions categorized as "consolidated or other" and "closed-not addressed." In most cases, "consolidated or other" actions were replaced or subsumed by new actions based on additional audit work or other relevant information. GAO generally categorizes actions as "closed-not addressed" when the action is no longer relevant due to changing circumstances.

Actions Taken by Congress and Executive Branch Agencies Led to Billions in Financial Benefits

As a result of steps Congress and executive branch agencies have taken to address our open actions, we have identified about $262 billion in total financial benefits, including $83 billion identified since our last report. About $216 billion of the total benefits accrued between 2010 and 2018, while approximately $46 billion are projected to accrue in future years, as shown in figure 1.

Figure 1: Total Reported Financial Benefits of $262 Billion, as of March 2019



Source: GAO. | GAO-19-536T

Note: In calculating these totals, we relied on individual estimates from a variety of sources, which considered different periods and utilized different data sources, assumptions, and methodologies. These totals represent a rough estimate of financial benefits and have been rounded down to the nearest $1 billion.

Examples of addressed or partially addressed actions and the associated costs savings or enhanced revenues can be found in our full report.

Action on Remaining and New Areas Could Yield Significant Additional Benefits

Congress and executive branch agencies have made progress toward addressing actions that we have identified since 2011. However, further steps are needed. We estimate that tens of billions of additional dollars could be saved should Congress and executive branch agencies fully address the remaining 396 open actions, including the new ones identified in 2019. Addressing the remaining actions could lead to other benefits as well, such as increased public safety, better homeland and national security, and more effective delivery of services (see table 2).

Table 2: Examples of Areas with Open Actions with Potential Financial and Non-Financial Benefits

Area name and description *(year-number links to Action Tracker)*	**Mission**	**Potential benefits** (Source when financial)
***DOE's Treatment of Hanford's Low Activity Waste** (2018-17): The Department of Energy may be able to reduce certain risks and adopt alternative approaches to treating a portion of its low-activity radioactive waste.	Energy	**Tens of billions** (GAO)
Defense Headquarters (2012-34): The Department of Defense could review and identify further opportunities for consolidating or reducing the size of headquarters organizations.	Defense	**$9.4 billion** (National Defense Authorization Act for Fiscal Year 2016)
***Advanced Technology Vehicles Manufacturing Loan Program** (2014-13): 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 credit subsidy appropriations. (GAO-14-343SP)	Energy	**Up to $4.3 billion** (DOE)
***Disability and Unemployment Benefits** (2014-08): Congress should consider passing legislation to prevent individuals from collecting both full Disability Insurance benefits and Unemployment Insurance benefits that cover the same period.	Income security	**$2.5 billion over 10 years** (Office of Management and Budget)
***Medicare Payments by Place of Service** (2016-30): Medicare could have cost savings if Congress were to equalize the rates Medicare pays for certain health care services, which often vary depending on where the service is performed.	Health	**Billions annually** (GAO)
IRS Strategic Workforce Planning (2019-07): The Internal Revenue Service should address its fragmented human capital activities to improve its strategic workforce planning so it can better meet challenges to achieving its mission.	General government	Identify and address skills gaps in mission critical occupations
Military and Veterans Health Care (2012-15): The Departments of Defense (DOD) and Veterans Affairs (VA) need to improve integration across care coordination and case management programs to reduce duplication and better assist servicemembers, veterans, and their families.	Health	Better care from and management of DOD and VA Healthcare programs

Legend: * Legislation is likely to be necessary to fully address all actions in this area. A full list of open congressional actions can be found in Appendix V in the full report.

Source: GAO. | GAO-19-536T

Note: All estimates of potential savings are dependent on various factors, such as whether action is taken and how it is taken. Actual savings may be less, depending on costs associated with implementing the action, unintended consequences, and the impact of other factors that could/should be controlled for. For estimates of potential financial benefits, GAO developed the notional estimates, which are intended to provide a sense of potential magnitude of savings. Notional estimates have been developed using broad assumptions about potential savings which are rooted in previously identified losses, the overall size of the program, previous experience with similar reforms, and similar rough indicators of potential savings.

Further Progress in Implementing Key Government-wide Requirements Would Enhance Efforts to Address Fragmentation, Overlap, and Duplication

The invitation to this hearing asked if there are further statutory changes that could enhance information needed to identify and address fragmentation, overlap, and duplication. In our view, Congress has already passed into law several government-wide statutory requirements. If fully and effectively implemented, these requirements offer important tools to identify existing programs, how resources are allocated to them and by them, and their results, which could help decision makers identify areas of fragmentation, overlap, and duplication and could help address issues we raise in this report. These include the following:

- **Program inventory**

  The GPRA Modernization Act of 2010 (GPRAMA) requires the creation of a comprehensive inventory of all federal programs that could be a critical tool in improving how the government functions, in part by identifying and better managing fragmentation, overlap, and duplication.[6] However, in October 2014 we found that the initial effort to develop a program inventory—something that could make government more transparent and reveal areas of fragmentation, overlap, and duplication—had fallen short, in part, because the Office of Management and Budget (OMB) allowed for significant discretion in several areas which led to a variety of approaches for defining programs and inconsistencies in the type of information reported across agencies.[7]

  We made eight recommendations to OMB to ensure effective implementation and that the inventories provide useful information. For example, we recommended that OMB direct agencies to collaborate with each other in defining and identifying programs that contribute to common outcomes. However, as of March 2019, the executive branch had not resumed implementation of the inventory requirements. OMB put this effort on hold beginning in 2014 to merge implementation with the requirements of the Digital Accountability and Transparency Act of 2014 (DATA Act) and other priorities to provide a coherent picture of federal programs, activities, and spending.[8]

[6]31 U.S.C. § 1122(a).

[7]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).

[8]Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014).

To help inform OMB efforts to develop a federal program inventory, we examined the principles and practices of information architecture—a discipline focused on how information is organized, structured, and presented—to develop a framework in 2017 that the executive branch could use in this effort.[9] For example, one step in the framework involves developing consistent definitions of program characteristics such as beneficiaries and recipients.

In September 2017, we made two additional recommendations that could further ensure the usefulness of the inventory. Specifically, we recommended OMB consider using a systematic approach, such as information architecture, as it determines its strategy for implementation. We also recommended that OMB provide time frames and associated milestones for implementation of the program inventory in publicly-issued guidance.

As of March 2019, OMB had not taken any actions to address these 10 recommendations related to the federal program inventory. Recognizing the value of such a tool, in April 2019, we sent a letter to the OMB director that detailed open recommendations that we deemed to be the highest priority for implementation (priority recommendations) that included these 10 recommendations.[10] Until these recommendations are implemented, the government remains without a comprehensive inventory of its programs.

- **DATA Act**

  In addition to the existing program inventory requirement in GPRAMA, the DATA Act requires agencies to provide data on approximately $4 trillion in annual federal spending which is reported to the public on USAspending.gov. [11] A key component of the DATA Act was the requirement for OMB and Treasury to establish government-wide data standards. We have previously reported that the lack of data standards hamper the sharing of consistent data across agencies that

[9]GAO, *Federal Programs: Information Architecture Offers a Potential Approach for Development of an Inventory*, GAO-17-739 (Washington, D.C.: Sept. 28, 2017).

[10]GAO, *Priority Open Recommendations: Office of Management and Budget*, GAO-19-323SP (Washington, D.C.: Apr. 10, 2019).

[11]Pub. L. No. 113-101, 128 Stat. 1146 (May 9, 2014). The DATA Act amended the Federal Funding Accountability and Transparency Act of 2006 (FFATA). Pub. L. No. 109-282, 120 Stat. 1186 (Sept. 26, 2006), *codified* at 31 U.S.C. § 6101 note.

is important to identify fragmentation, overlap, and duplication in federal programs.[12]

Although progress has been made in developing standardized definitions, in 2017 we found that inconsistent application of definitions impacted data quality.[13] Overall, budget data were largely consistent with authoritative agency records, but only between 0 to 1 percent of award records (e.g., grants, contracts, and loans) were fully consistent with agency sources.

OMB and Treasury agreed with our six recommendations to clarify guidance, help ensure data submissions are complete, and disclose data quality issues. We are auditing the quality of the data as well as OMB's and Treasury's actions to address our previous recommendations and plan to issue a report on this topic in November of this year.

- **Evidence-based policymaking**

  The recently-enacted Foundations for Evidence-Based Policymaking Act of 2018 (Evidence Act) provides a new opportunity to address the significant financial, management, and performance challenges the federal government faces through improved understanding of data, evidence, and evaluation of federal programs.[14] For years, our work has found that agencies either do not have evidence about the results their programs and operations are achieving, or that this information is not provided in a timely or useful manner to meet decision makers' needs.

  In particular, this has been an area of concern in our annual reports on fragmentation, overlap, and duplication, where we have found agencies do not always have measures to assess performance of their programs and how their efforts are aligned with other programs in the same or similar mission areas. If fully and effectively implemented, the Evidence Act can help ensure federal decision

[12]GAO, *DATA Act: Progress Made in Initial Implementation but Challenges Must Be Addressed as Efforts Proceed*. GAO-15-752T (Washington, D.C.: July 29, 2015).

[13]GAO, *DATA Act: OMB, Treasury, and Agencies Need to Improve Completeness and Accuracy of Spending Data and Disclose Limitations*, GAO-18-138 (Washington, D.C.: Nov. 8, 2017).

[14]Pub. L. No. 115-435, 132 Stat. 5529 (Jan. 14, 2019).

makers systematically approach policymaking through improved understanding and use of data and other evidence.

During the last Congress, the House passed, and the Committee on Homeland Security and Governmental Affairs reported, the Taxpayers Right-To-Know Act.[15] I continue to believe that the principles of the proposed act, such as disclosing the cost and performance of government programs, along with the effective and integrated implementation of the existing statutory requirements discussed above, provide a basis for further identifying and addressing fragmentation, overlap, and duplication across the federal government.

In conclusion, we will continue 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. We stand ready to assist this and other committees in further analyzing the issues we have identified and evaluating potential solutions.

Thank you, Chairman Paul, Ranking Member Hassan, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to answer questions.

GAO Contacts

For further information on this testimony or our May 21, 2019 report, please contact Jessica Lucas-Judy, Director, Strategic Issues, who may be reached at (202) 512-9110 or lucasjudyj@gao.gov and J. Christopher Mihm, Managing Director, Strategic Issues, who may be reached at (202) 512-6806 or mihmj@gao.gov. Contact points for the individual areas listed in our 2019 annual report can be found at the end of each area in GAO-19-285SP. Contact points for our Congressional Relations and Public Affairs offices may be found on the last page of this statement.

[15] H.R. 71, 115th Cong. (2017); S. 317, 115th Cong. (2017).

Appendix I: New Areas of Fragmentation, Overlap, and Duplication, and Opportunities for Potential Financial Benefits

Our 2019 report identifies 98 new actions that Congress or executive branch agencies could take to improve efficiency and effectiveness across the government.[1] We present 17 new areas where we found evidence of fragmentation, overlap, and duplication (see table 3).

Table 3: New Fragmentation, Overlap, and Duplication Areas Identified

Mission	Area	
Agriculture	1.	**Arsenic in Rice:** To avoid unnecessary and potentially inefficient duplicative efforts, the Food and Drug Administration and the U.S. Department of Agriculture should improve coordination of their efforts to develop methods for detecting contaminants in food, including arsenic in rice.
Defense	2.	**Defense Agency Human Resources Services:** The Department of Defense should address fragmentation and overlap among providers of human resources services to increase effectiveness and efficiency and potentially save **millions of dollars**.
	3.	**DOD Document Services:** The Department of Defense should take actions to better manage fragmentation in its document services functions to potentially save **millions of dollars annually**.
	4.	**Defense Health Care Reform:** The Department of Defense could potentially save **millions of dollars** by resolving weaknesses in its planning efforts to reform the administration of military treatment facilities.
General government	5.	**Federal Shared Services:** The Office of Management and Budget and the General Services Administration could better position themselves to achieve their cost savings goal of $2 billion over 10 years and reduce inefficient overlap and duplication by strengthening their implementation of selected federal shared services reform efforts.
	6.	**Foreign Asset Reporting:** Congress should take steps to address overlap in foreign asset reporting requirements—which could potentially generate cost savings—while agencies should improve collaboration to help mitigate burdens faced by U.S. individuals living abroad.
	7.	**IRS Strategic Workforce Planning:** The Internal Revenue Service should address its fragmented human capital activities to improve its strategic workforce planning so it can better meet challenges to achieving its mission.
Health	8.	**DOD Adverse Medical Events:** The Department of Defense needs to improve the systems and processes it uses to track the most serious adverse medical events to reduce and better manage fragmentation, fully understand why such events occurred, and identify what actions are needed to prevent similar incidents.
Homeland security/law enforcement	9.	**Chemical Terrorism:** The Department of Homeland Security should develop a strategy and implementation plan for its chemical defense programs and activities to better manage these fragmented efforts.
	10.	**Department of Homeland Security's Office of Strategy, Policy, and Plans:** Clearer roles and responsibilities for the Department of Homeland Security's Office of Strategy, Policy, and Plans would enhance the department's efficiency and reduce the risks associated with fragmentation in the development of department-wide and crosscutting strategies, policies, and plans.

[1]GAO, *2019 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication, and Achieve Billions in Financial Benefits*, GAO-19-285SP (Washington, D.C.: May 21, 2019).

Mission	Area
International affairs	11. **Alignment of Foreign Assistance Strategies:** Guidance from the Department of State would help agencies that provide foreign assistance align strategies and identify and better manage fragmentation.
	12. **Coordination of Overseas Stabilization Efforts:** To reduce the risks associated with fragmentation, overlap, and duplication, the Departments of State and Defense and the U.S. Agency for International Development should document their agreement to coordinate U.S. stabilization efforts through formal written guidance and agreements that address key collaboration practices.
	13. **State's Internal Communication Regarding Cuba Incidents:** The Department of State should better manage fragmentation of information by revising its policies to ensure appropriate internal communication of relevant incidents that may involve injury, loss of life, or destruction of property at, or related to, U.S. missions abroad.
	14. **U.S. Security Assistance to the Caribbean:** The Department of State should establish an initiative-wide planning and reporting mechanism to better manage fragmentation and potential overlap of security assistance activities in Caribbean countries.
Science and the environment	15. **Federal Research:** Implementing leading practices for collaboration to better manage fragmentation could help agencies improve their research efforts to maintain U.S. competitiveness in quantum computing and synthetic biology.
	16. **Patent Licensing at Federal Labs:** The Department of Commerce could help federal agencies and laboratories more successfully license federal inventions to the private sector by addressing fragmentation of information on comparable licenses.
Training, employment, and education	17. **SNAP Employment and Training:** To ensure an efficient use of workforce development resources, the U.S. Department of Agriculture should help states better leverage existing resources for their Supplemental Nutrition Assistance Program employment and training programs.

Source: GAO. | GAO-19-536T

We also present 11 areas where Congress or executive branch agencies could take action to reduce the cost of government operations or enhance revenue collections for the U.S. Treasury (see table 4).

Table 4: New Cost Savings and Revenue Enhancement Opportunities Identified

Mission	Area
Defense	18. **DOD Installation Support Services:** The Department of Defense could expand its use of intergovernmental support agreements to obtain military installation support services and potentially save **millions of dollars annually**.
	19. **Foreign Military Sales Administrative Account:** Congress could enhance federal revenue by at least **tens of millions of dollars annually** through expanding the definition of allowable expenses authorized to be covered by the Foreign Military Sales administrative account, thereby likely reducing the need to cover these expenses with other appropriated funds.
Energy	20. **Department of Energy Environmental Liability:** The Department of Energy could potentially avoid spending **billions of dollars** by developing a program-wide strategy to improve decision-making on cleaning up radioactive and hazardous waste.
General government	21. **Disaster Response Contracting:** The Federal Emergency Management Agency could make more cost-effective contracting decisions through better use of advance contracts and improved acquisition planning.
	22. **Inland Waterways Construction:** The U.S. Army Corps of Engineers should seek ways to more efficiently use available funding for inland waterways construction to potentially save **tens of millions of dollars annually**.
	23. **Tax Treatment of 401(k) Transfers:** Clarifying whether transfers of unclaimed savings from employer-based plans to states are distributions and should be subject to tax withholding could result in the Internal Revenue Service collecting **over a million dollars annually** in additional tax revenues if these transfers constitute taxable events.
Health	24. **Medicaid Spending Oversight:** The Centers for Medicare & Medicaid Services needs to improve how it identifies and targets risk in overseeing Medicaid expenditures to potentially save **hundreds of millions of dollars**.
	25. **Medicare Clinical Laboratory Payments:** The Centers for Medicare & Medicaid Services should take steps to avoid paying more than necessary for clinical laboratory tests, which could save Medicare **over a billion, or potentially billions of dollars**.
	26. **Prior Authorization in Medicare:** The Centers for Medicare & Medicaid Services should take steps to continue prior authorization, a payment approach that could potentially save **millions of dollars** in unnecessary Medicare spending.
Homeland security/law enforcement	27. **Coast Guard Shore Infrastructure:** The Coast Guard should employ models to predict the outcome of shore infrastructure investments and analyze trade-offs to potentially save **millions of dollars**.
Training, employment, and education	28. **Federal Student Loan Default Rates:** Strengthening accountability for schools with high student loan default rates could help protect both borrowers and the billions of dollars of federal student aid the government distributes each year.

Source: GAO | GAO-19-536T

In addition to these 28 new areas, we identified 33 new actions related to 11 existing areas presented in our 2011 to 2018 annual reports (see table 5).[2]

[2]New for this year are two actions in the Higher Education Assistance area (2013-16) that the Department of Education addressed before this report was issued.

Table 5: New Actions Added to Existing Areas in 2019

Mission	New action
Defense	1. **Prepositioning Programs:** In January 2019, GAO identified two new actions to help fully implement joint oversight of the Department of Defense's prepositioned stocks programs and to reduce fragmentation.
Energy	2. **Strategic Petroleum Reserve:** In May 2018, GAO identified two new actions to help the federal government potentially realize savings by examining the optimal size of the Strategic Petroleum Reserve.
General government	3. **Department of Veterans Affairs Medical Facility Construction:** In July 2018, GAO identified three new actions to improve the accuracy of project budgets and better manage project delays and cost increases.
	4. **Financial Regulatory Structure:** In March 2018, GAO identified five new actions to help reduce fragmentation and improve collaboration among federal financial regulators.
	5. **Identity Theft Refund Fraud:** In June 2018, GAO identified four new actions to help the Internal Revenue Service prevent refund fraud associated with identity theft.
	6. **Government-wide Improper Payments:** In May 2018, GAO identified two new actions to help the federal government address the long-standing problem of improper payments.
	7. **Government Satellite Program Costs:** In July 2018, GAO identified a new action to help the Department of Defense make more informed decisions on using commercial spacecraft to host government sensors and communications packages, which could lead to considerable cost savings.
	8. **U.S. Currency:** In March 2019, GAO identified a new action to potentially reduce the cost of coin production by **millions of dollars annually**.
	9. **Tax Fraud and Noncompliance:** In July 2018, GAO identified six new actions to help IRS combat tax fraud and noncompliance and save **tens of millions of dollars annually**.
Training, employment, and education	10. **Employment and Training Programs:** In March 2019, GAO identified a new action to help the Department of Labor evaluate whether actions to manage fragmentation and overlap among employment and training programs are working.
	11. **Higher Education Assistance:** In November 2016, GAO identified six new actions to help the Department of Education improve its income-driven repayment plan budget estimates.

Source: GAO. | GAO-19-536T