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The central objective of S. 2, "Sunset Act of 1977," is to assure effective and systematic reevaluation of Federal policy and programs. In its review process, Congress could possibly consider related programs in groups rather than individually. In this way, committees could report results of their program reviews in packages, with a single report covering all the programs in that package. For greatest effectiveness, the review package should cover the full range of programs having closely related objectives. The coverage of the program review process should be as near to universal as possible, including coverage of off budget programs. Congress should establish a flexible review schedule which provides for the evaluation of both short term and long term program objectives. Congress should consider alternative scheduling processes, such as establishing and modifying the schedule in the annual budget resolution, to facilitate coordination and adjustments in the schedule. Congress must also decide what measure of flexibility with regard to the scope and conduct of individual program reviews is appropriate. In addition, Congress should give serious consideration to providing for some sort of monitoring of the effectiveness of the sunset evaluation process itself. A forthcoming General Accounting Office report will outline a proposed process of oversight planning that could be used by Congressional committees to help to insure that the evaluations performed are both feasible and acceptable. The sunset process should be carefully integrated with the existing congressional budget process to insure that the budget process is not disrupted. (LDM)

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Statement of  
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before the  
Subcommittee on Intergovernmental Relations  
Committee on Governmental Affairs  
United States Senate  
on  
the Sunset Act of 1977, S.2

Mr. Chairman and Members of the Subcommittee: We are pleased to be here today to present our views on S.2, "Sunset Act of 1977".

As you know, the General Accounting Office has long supported efforts to make Government programs more manageable, understandable and accountable to the Congress and the public.

The central objective of this legislation is to assure effective reevaluation of Federal policy and programs. We believe that we can offer some suggestions for making a systematic program review process such as that outlined in S.2 as workable as possible, and we welcome the opportunity to share with you our views on this matter, as well as to respond to the particular questions outlined in your letter inviting us to testify.

#### List of Federal Programs

Among other things, you asked for our observations on criteria for defining programs. On the surface, Title I of S.2, requiring GAO to develop a complete list of programs adds significantly to GAO's formal reporting requirements. However, in our work under Title VIII of the Congressional Budget Act of 1974 we have already done much of the work involved in meeting this requirement, relying heavily on cooperation from the committees which use the information and the agencies which must supply it. We expect to have a substantially complete list of programs within the next few weeks. The data should be substantially better than was available at this time last year because of the experience

which we, the committees and the agencies have gained in the meantime. We expect to be able to meet the other reporting requirements in Title I by the January 1, 1978 deadline.

In preparing this list of programs we have used authorizing legislation as the basic element of what constitutes a program. There may be significant problems, however, if each of the programs on our list is reviewed, reported and decided upon by the Congress separately under the provisions of S.2. The volume of reports would be very large and the focus on individual programs would tend to submerge consideration of broader policy issues. In our view, attempting to redefine the term "program" is not the best way to deal with these problems. We believe that efforts to deal with issues of overlap, interaction and the relative effectiveness of programs are likely to be more successful if Congress considers related programs in groups, rather than individually. Accordingly, you may wish to consider requiring committees to report the results of their reviews in packages, with a single report covering all the programs in that package. For example, reasonable "review packages" might well consist of all the outlay and tax expenditure programs in one or two budget sub-functions.

For greatest effectiveness, the review package should cover the full range of programs with closely related objectives, including direct loans, loan guarantees, tax expenditures and other subsidies, as well as grants and direct operations. In the case of Higher Education, for example, there are substantial tax expenditure provisions

which ought to be considered in evaluating overall effectiveness. A strong case could also be made for including the closely related activities of the Veterans Education programs in the same review package.

We recognize that the multiple committee jurisdictions over activities in a single review package will, in many cases, require cooperative arrangements among the affected committees, but we believe it is essential that related programs and activities be reviewed together if we are to accomplish the important objectives of S.2.

Universal Coverage: We believe that the coverage of the program review process, which we view as the principle objective of this legislation, should be as near to universal as possible. While S.2 does allow for certain limited exemptions from the termination provision, all programs--including off budget programs--would be subject to the program review provisions. While we believe that off budget programs should never have been taken out of the budget in the first place, we are glad to see that S.2 provides for them to be included in the review process.

Short and Long Term Objectives: We believe it is vital to the process that the Congress establish a schedule which provides for the systematic reevaluation of all programs in accordance with Congress' priorities. Different programs, of course, have different life cycles and nearly all programs will have both short and long term objectives.

Some programs have stated short term objectives, but tacit long term objectives. For example, one of the stated objectives of the Head

Start program was improving disadvantaged children's cognitive skills prior to entering elementary school to put them on a more equal footing with other children. Early evaluations showed that this short term objective was achieved by the Head Start program. Over the longer run, however, the impact of the program was not as great as it initially appeared to be. As we said in a 1975 report to the Congress (MWD-75-51) "Most studies concluded that educational gains of Head Start graduates progressively declined after the children left the program and were virtually lost by the end of third grade."

The mix of short and long term program objectives needs to be reflected in the timing and nature of the review processes undertaken by the Congress. Evaluation of progress against short-run objectives may be needed quite frequently to assure that a program is not going drastically off course. On the other hand, progress against long-term objectives should be monitored in a manner that recognizes the limitations of short term review results (as illustrated by the difference between early and later evaluations of the Head Start program).

S.2 of course, allows for this. Thus, when Congress (or a committee) judges that the short term objectives of a particular program are paramount or critical, they should reevaluate as frequently as necessary. On the other hand, for programs with long term objectives it may not be possible to fully reevaluate every five years. In such cases, however, we believe some sort of monitoring, possibly less intensive than a full scale evaluation, will be possible and useful.

#### Schedule Flexibility

Section 101 of S.2 would fix the schedule for review of programs

by subfunctions in the statute. This causes us some concern. It would mean that any changes to the budget functional structure itself or to the review date for a program would require affirmative statutory action by the Congress. To help assure that all programs are reviewed, that the workload is kept relatively balanced among committees and agencies, that review activities are commensurate with review capabilities, and that the primary budget classification can be revised and improved as the need arises, we believe that more flexibility in the schedule may be desirable.

As I mentioned earlier, we believe it is important that tax expenditures be reviewed in the same context as other related activities. We note that Title IV of the bill provides for a separate schedule for reviewing tax expenditures. Section 402 provides for exchange of information and coordination, but this may not be sufficient to achieve the simultaneous review which we would consider desirable.

Accordingly we would suggest consideration of alternative scheduling processes (such as establishing and modifying the schedule in the annual budget resolution) which would provide greater ease in coordinating and adjusting the schedule while retaining the involvement of the Congress as a whole in setting the schedule.

#### Flexibility of Reviews

S.2 provides considerable flexibility with regard to the scope and conduct of individual program reviews. Given committee time and manpower constraints, there is a clear conflict between trying to assure that all programs are rigorously reviewed, and on the other hand, assuring that

review efforts are focused on areas with the most payoff. The evaluation requirements in the previous bill, S.2925, were criticized as being rigid; S.2 allows more flexibility.

This increased flexibility, of course, can have both good and bad effects. On the positive side, the increased flexibility lowers the probability that the review process will overburden the committees. On the other hand, flexibility involves some risk that not all committees will take their oversight and evaluation responsibilities equally seriously. This committee, and ultimately the Congress itself, must decide what measure of flexibility is appropriate.

#### Central Coordination and Control

Because of the variability in the level of review which might result from the flexibility provided in S.2, we believe Congress should give serious consideration to providing for some sort of monitoring of the effectiveness of the sunset process itself.

That is why we are attracted to the idea that the schedule of reevaluations be established in the annual budget resolution. This procedure would place the budget committees in a central position to establish priorities and would strengthen the Congressional budget review process. It would also provide the needed discipline to make certain that major programs are not overlooked and, at the same time, would provide the needed flexibility which we believe is important to the success of the idea of sunset legislation as a whole. The Budget Committees could propose a review schedule for the succeeding five years (or other period)



based on recommendations from the standing committees, congressional support agencies and the Executive Branch. The schedule would then be considered, modified if appropriate, and approved by the full House and Senate as part of its action on the first concurrent resolution. The proposed review schedule and priorities could then be reviewed and amended, if necessary, each year by the full House and Senate, helping to ensure flexibility in the scheduling of reviews and the setting of review priorities in accord with congressional intent. We believe that an arrangement of this sort would help assure integration of the new review process with the existing budget process.

If this approach were taken, the program list required from GAO by section 102 of the bill would have to be updated frequently (perhaps annually) to assure that the schedule takes account of new programs as they are created.

There are other alternatives for assuring some oversight of the sunset process. For example, each authorizing committee could be required to report their progress and plans for sunset reviews annually as part of their input to the Budget Committees. One vehicle for doing this would be to amend section 118 of the Legislative Reorganization Act of 1970 to require each committee to annually report both their past and planned review activities. Or, as was outlined in Section 606 of S.2925, a committee could be charged with making a study of the sunset process at the end of each five year review cycle to allow for a sunset review of the sunset process itself.

## Planning the Review Process

With the flexibility available to committees under Title II of S.2, we would expect that for some reviews of programs, it may not be necessary to have the all encompassing program workload, process, outcome and impact data we commonly associate with the term "evaluation." In some cases, a good flow of relevant information will be acceptable to the Congress, serving as an adequate substitute for a formal program evaluation study effort and report. Given committee and analytical resource constraints, it would be impossible, of course, to rigorously reevaluate all presumed causal links or program impacts associated with all Federal programs within a five year period. Because of these constraints, choices will have to be made on what will be studied and in what depth. We believe Congress should seek, in planning its program reviews, to focus evaluation efforts on program issues and questions that it considers important and that can be addressed with sufficient reliability and validity to satisfy Congress' needs.

Under our mandate to develop evaluation methods for the Congress, and at the specific request of Senator Leahy, we have explored ways to help achieve a match between Congressional evaluation needs and evaluation capabilities for meeting those needs. In our report on this matter to be issued in the near future, we plan to outline a proposed process of oversight planning that could be used by congressional committees to help to insure that the evaluations performed are both feasible and acceptable. A copy of the report will be sent to your committee when it is completed.

## State and Local Involvement

The difficulties of doing good evaluation should, of course, never be underestimated. It is often particularly difficult to determine the impact of Federal spending on programs which operate through State and local jurisdictions. In some cases, access to data may be a problem. The assistance of States and localities will likely be needed to get some types of information necessary for performing sunset reviews. States, localities, and other jurisdictions should be given an opportunity to contribute to the review process.

Whenever possible for example, agencies should build on State and local evaluations in preparing the material required for the congressional review process. Without such involvement basic data may be difficult to acquire without great expense and effort.

A more basic problem, however, is the difficulty of attributing impact to the Federal dollar. While in theory most Federal programs which operate through the States can be evaluated, in practice it is very difficult. For example, fungibility (the commingling of Federal, State and local spending) makes it next to impossible to measure the true impact of Revenue Sharing. From our experience in GAO, we have found that it is usually possible to evaluate what is going on at the local level of Federally assisted programs, but determining which effects are attributable to the Federal dollar is much more difficult.

The General Accounting Office, of course, would be pleased to do all that we can to assist committees in carrying out their review

responsibilities under this legislation. We believe, however, that the primary responsibility for actually providing the data and performing the studies required by the committees for their review process should rest with the responsible executive agencies. We believe that the most efficient use of GAO's resources would be in assisting committees with the planning, monitoring and assessing of agency review efforts and reports.

#### Relationship to the Budget Process

We recognize that a primary objective of S.2 is to provide a process by which Congress will have greater opportunity to control Federal spending and improve the effectiveness of Federal and Federally assisted programs. We've been much encouraged by the progress that has been made under the Congressional Budget Act. The new congressional budget process is working remarkably well and we strongly urge that any new methods imposed by sunset review legislation be carefully integrated into this existing process to assure that it is not disrupted. If the sunset process is carefully integrated with the congressional budget process, through mechanisms such as the scheduling approach which we have suggested, we believe the two processes can be mutually supportive.

The Administration's plans for introducing zero based budgeting (ZBB) raises a few new issues.

As you and Senator Roth so aptly noted in your committee's compendium on zero based budgeting, zero base budgeting and sunset legislation are distinct, and hopefully complementary approaches. ZBB, depending on how it is implemented in the executive agencies, could have implications for

the sunset process. . Hopefully, ZBB will not work at cross purposes with sunset. One of our concerns is that ZBB decision packages ought to be designed in a way that will allow the submittal of information to Congress along program lines. In general, however, if ZBB encourages the development of better information concerning program performance, need and justification, then we agree that ZBB will complement the sunset review process.

#### Citizens' Commission

Title III of the bill would establish a "Citizens' Commission on the Organization and Operation of Government." The objectives appear to be analogous in many respects to those of the First and Second Hoover Commissions. We believe a new commission could make a significant contribution to improving the effectiveness of Federal programs and activities, particularly as it has now been more than 20 years since the last comparable effort.

We realize that concern has been raised that a Commission might delay consideration of badly needed changes which have already been identified by the President and are either now pending or likely to be proposed in the near future. We believe this concern could be alleviated by having the Commission start its work at the end of this session of Congress, rather than immediately. This would allow time for the President to propose, and Congress to consider, those structural changes which the President considers to be most in need of immediate attention.

#### Automatic Termination

In our opinion, the central objective of this legislation is to achieve effective reevaluation of Federal policy and programs.

Whether the automatic termination concept built into S.2 is desirable or necessary to encourage effective reevaluation is a matter which the Congress itself must determine. However, we are concerned about some of the implications of this feature of the legislation. We believe it would be possible to achieve the objective of rigorous, systematic review without introducing the concern and uncertainty for business, consumers and State and local governments associated with mandatory termination dates. We offer our proposal of setting the schedule and priorities for review through the first concurrent budget resolution as an alternative means for assuring continued commitment to a disciplined, rigorous review effort.

Mr. Chairman, this concludes our prepared statement. We would be happy to respond to any questions.