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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

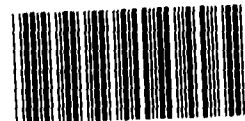
STATEMENT OF
ELMER B. STAATS
COMPTROLLER GENERAL OF THE UNITED STATES
BEFORE THE
LEGISLATIVE SUBCOMMITTEE OF THE APPROPRIATIONS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
ON
[BUDGET ESTIMATES FOR FISCAL YEAR 1981]

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

Today we are presenting the financial requirements to carry out the responsibilities of the General Accounting Office for FY 1981. Our request is for \$218,070,000. This amount will be required in FY 1981 to fund, 5,275 staff years--the same staff year level as FY 1980. The increase of \$7,481,000 over the \$210,589,000 available to us for FY 1980 is needed solely to support current GAO staffing levels.

The GAO "Justification of Estimates for FY 1981," which has already been given you, details the basis for our request and how we plan to use the requested resources. In my statement today I will highlight GAO's plans to meet an increased workload with no increase in staff resources. I will also summarize some of GAO's accomplishments--the benefits that

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the Congress, the Federal Government, and the nation have obtained--in the fiscal year ended on September 30, 1979.

By way of background I would like to give you a brief picture of our recent appropriation experience. Because of the 5 percent across the board cut in Legislative Branch appropriations, for fiscal year 1979 we received a cut of 44 staff-years below the FY 1978 operating level. Last year--for FY 1980--the Congress provided us with funding to support a 175 staff-year increase, against our request of 250 staff years, to help meet the workload expansion that had already occurred. In the past four years, we have grown only 108 professional staff years.

GAO's FY 1981 budget request provides for no increase in staff resources, despite a continually expanding workload. Moreover, as has been our long standing policy, its fulfillment will require GAO managers to absorb further workload increases that occur during the budget year. It will, as with prior budgets that we have submitted, require GAO to do more work with less staff.

RESULTS OF GAO WORK

Over the years, GAO has, I believe, an impressive record of significant accomplishments. During the time since I became Comptroller General, GAO's quantifiable dollar savings alone have totaled \$14 billion,, \$11 billion of which has been achieved in the past three years. This is ten times the total funds appropriated to GAO during that same period.

These dollar savings are, however, only part of the benefits that result from GAO work. Frequently GAO recommendations are for management improvements that cannot be readily quantified; and frequently they make programs work better or accomplish their objectives more effectively. That kind of benefit--while substantial--is not included as a part of GAO dollar savings.

I am distributing a separate document, taken from GAO's Annual Report, which describes GAO's accomplishments in FY 1979. Beyond this, there is the benefit to good government that results just from the presence of an agency like GAO which can search out problems and make them visible to the Congress and to the public. The advantage of this continuing oversight presence and of work such as our emphasis on the detection of fraud and abuse, while apparent, is incalculable.

THE NATURE OF GAO's WORKLOAD

A few points need to be made about GAO's responsibilities and the workload that arises from them. GAO has two major roles-- independent auditor and evaluator of the operations of the executive agencies and support arm for the Congress.

Beginning with the Budget and Accounting Act of 1921 and the Accounting and Auditing Act of 1950, Congress assigned GAO a number of continuing responsibilities, the most comprehensive of which is to provide audit and evaluation oversight over Federal agencies, their programs, their contractors and their grantees. Since then, legislation establishing new

agencies and new programs has regularly included an audit clause to provide GAO access to the required information and records. Each new agency and each new or expanded program, thus, automatically increases our workload.

GAO must provide a reasonable level of audit and evaluation coverage, not only over newly-established agency programs but also over those that have been in existence for many years. Moreover, in a number of instances, new legislation specifically requires GAO to perform special audits or evaluations in stated timeframes. The Nuclear Anti-Proliferation Act of 1978, for example, requires GAO to assess the implementation and impact of the Act on the nuclear non-proliferation policies, purposes, and objectives that it embodies. We are committed by the terms of this Act to provide a comprehensive report to the Congress by March, 1981.

These requirements are, of course, entirely legitimate but we cannot always foresee them when planning our budget; and they do limit the flexibility we would otherwise have available in planning and scheduling our work.

WORKLOAD INCREASES IN GAO

As I have mentioned, workload increases occur annually and must be regarded as a normal part of the job to which GAO must respond. These increases result from new legislation creating or expanding federal programs; requests of committees and Members for audit and evaluation work; and testimony before congressional committees. I will mention each of them briefly.

Recent Legislation With Impact in FY 1981 or Beyond

The following illustrates recently enacted legislation or committee reports which will increase GAO's workload in FY 1981:

- Chrysler Corporation Loan Guarantee Act of 1979, Public Law 96-185, January 7, 1980. This Act provides Chrysler with up to \$1.5 billion in loan guarantees over the next two years to prevent its bankruptcy and to continue it as a going concern. The Comptroller General is one of three members of a Loan Guarantee Board responsible for assuring--before they approve loan guarantee commitments--that conditions, stated in the law, have been met. In addition to the role assigned to the Comptroller General, GAO will need to apply considerable resources in related audit and evaluation work.

- Health Planning and Resources Development Act, Public Law 96-79, October 4, 1979. This Act, by its terms, requires GAO to evaluate the exemption authority provided by Section 152.7(b) of the Public Health Services Act which exempts Health Maintenance Organizations from certificate of need requirements.

- Panama Canal Act of 1979, Public Law 96-70, September 27, 1979. GAO is required by the terms of this Act to (a) certify revenues estimated by the Secretary of Defense, (b) audit the financial statements of the new Panama Canal Commission, and (c) audit the payments made to Panama for public services under paragraph 5 of Article III of the Treaty. The Comptroller General must also review and approve the Panama Canal Commission's accounting system when it is acceptable under GAO's standards.

- Agriculture, Rural Development and Related Agencies Appropriations, Public Law 96-108, November 9, 1979. The conference report on this Act requires GAO to conduct a full and complete review of the resource conservation and development program, taking into account both its costs and its benefits.

- Department of Education Organization Act of 1979, Public Law 96-88, October 17, 1979. This Act establishes the new Department of Education. GAO will need to increase work under its regular statutes in related areas, including matters such as the feasibility of transferring other education functions--such as those of the Bureau of Indian Affairs--to the new department.

--Veterans Health Care Amendments of 1979, Public Law 96-22, June 13, 1979. Providing adequate audit and evaluation coverage under these amendments will require GAO to review the effectiveness of readjustment counseling and related mental health services to Vietnam era veterans, and the pilot program for alcohol and drug dependence treatment.

--International Development Cooperation Act of 1979, Public Law 96-53, August 14, 1979. The Institute for Scientific and Technological Cooperation was created by this Act. In FY 1981, GAO will need to devote increased resources to review the organizational and start-up issues associated with the new agency.

Requests from Committees and Members

Responding to the requests of committees and Members is a major workload factor. Committee requests and many Member requests are for audit and evaluation work which is necessary for their use in considering new or proposed legislation, in assessing the need for amending existing programs, in determining the levels at which programs should be funded, and in dealing with concerns they have regarding oversight of federal programs or agencies.

Since becoming Comptroller General I have viewed this role as one deserving considerable emphasis. In FY 1979, work performed on the specific requests of committees and Members comprised 36 percent of the work performed by GAO professional staff. Fourteen years prior, in FY 1965, such work utilized only 7 percent of GAO's professional resources.

We view the substantial increase in this service to the Congress as a mixed blessing. On the one hand, we are gratified that the committees and Members see us as a resource able to satisfy many of their diverse and complex needs. At the same time, we feel that we must hold this service in this range so that we can adequately discharge our other responsibilities.

We will continue to probe with committees and Members the best means for meeting their needs. And we will seek, wherever it is possible to do so, to use this special request work in lieu of performing self-initiated work to meet our continuing oversight responsibilities. Nevertheless, we estimate that the staff years to be devoted to this activity will continue in FY 1981 at or above FY 1980 levels. Although we may have to devote even more resources to request work in FY 1981, our budget request has been developed on the basis that such work must be performed within available resources. If adjustments become necessary we will have no choice but to reprogram from work required under GAO's continuing responsibilities.

Testimony Before Congressional Committees

During the second session of the 95th Congress (calendar year 1978) GAO officials testified before Congressional Committees 150 times. In itself, this was a notable level of testimony, one which we had never even approached prior to that

time. However, in the first session of the 96th Congress (calendar year 1979), we far surpassed the 1978 level by testifying 230 times; this represents more than a 50-percent increase in a single year. The testimony covered a wide range of subjects including health, national defense, energy, housing, and fraud and waste in government programs. In addition, we provided testimony of direct importance to the Congress itself on such matters as the various Sunset reform proposals, legislative veto, and regulatory reform.

We averaged more than one appearance for each day that Congress was in session; in fact, on one day in 1979, GAO officials testified at six different hearings. We believe that these developments clearly point to the reliance which the Committees of Congress place upon GAO for objective information and independent recommendations. Furthermore, involvement in hearings represents a particularly immediate form of assistance to the Congress, and for this reason we have endeavored to be especially responsive to the needs of the Committees.

Potential Increases Resulting From Pending Legislation

GAO budget requests include provision only for workload increases that have already occurred. They do not provide for the workload requirements of pending legislation no matter how likely its passage might seem. What this means is that during any budget year we may have to absorb the workload impacts of legislation enacted since the time that we made our

last budget request. For example, since January 1979, when we submitted our budget request for FY 1980, new legislation and requirements of committee reports for audit and evaluation work have increased our FY 1980 workload by 86 staff years. We will absorb that increase.

We will continue to absorb increases wherever possible. However, the situation that could develop between now and the end of FY 1981 may require special action because legislation now pending could require that we absorb an additional 261 staff-years of effort. This, we believe, would be beyond what we could realistically absorb.

The "Sunset" proposals presently being considered would impact so heavily on GAO resources that we would be required to request a supplemental appropriation. If enacted in anything like their present form, they could involve additional costs to GAO approximating \$30 million. On a lesser scale but nevertheless involving a considerable effort is the lobby registration proposal which we estimate would cost about \$1 million to operate in the first full year.

AUTHORIZATION AND APPROPRIATION COMMITTEE USE OF GAO WORK

GAO frequently works closely with authorization and appropriations committees, providing them with the results of GAO work as they consider actions with respect to programs and resources levels.

For the past several years we have worked very closely with the House and Senate Appropriations Subcommittees on Treasury, Postal Service, and General Government. Extensive questions prepared by GAO staff are used by the subcommittee when questioning administration witnesses about their proposed budgets.

Another case in point is our work with the House Committee on Appropriations. The report on the Department of Defense Appropriations Bill for FY 1980 refers 85 times to GAO work. Where appropriate to prevent waste, it translates GAO findings and recommendations into reductions to agency appropriations. That report frequently highlights the need for DOD action on our recommendations for strengthening the management of DOD programs. We expect to make greater contributions and provide even more assistance to the Congress in defense areas since we plan to upgrade and intensify our defense-related efforts.

This kind of committee action takes good advantage of GAO work. It also clearly demonstrates to Federal agencies their need to correct deficiencies in their operations promptly and fully.

RELATIONSHIPS WITH CBO, CRS, AND OTA

Since the Congressional Budget Office and the Office of Technology Assessment were established and the role of the Congressional Research Service was expanded, we have worked closely with them to assure that we understand each others

roles and the way they are being approached. We work together to help committees and Members understand the job of each and to know which agency to go to for the various kinds of help that they might need from time to time.

We are distributing a paper titled "Coordination and Cooperation among GAO/CRS/CBO/OTA" which briefly describes some of the approaches followed in promoting cooperation with the other agencies. The point that needs to be made is that, while the agencies are all legislative branch agencies, each has its own job which is quite different from those of the others.

CONCLUSION

In my judgment there have been few times when the need to assure the economy, efficiency, and the effectiveness of Federal programs has been as great as it is today. Inflationary pressures are heightening the need for increased productivity and for government programs to be made more effective. This present climate of looking for ways to make government work better has, I believe, contributed to GAO's greatly intensified workload--to the increases in the number of committee and Member requests for audits and evaluations that we receive and to the requirements in legislation for GAO work. It also underscores the need for an adequate level of coverage of federal programs under GAO's continuing oversight responsibilities.

Resources provided to GAO are returned many times over in tangible savings and in significant improvements to virtually all Federal agencies and programs. I hope you agree with me that providing GAO with the resources that it needs to do its job is an investment in better government that is well worth making.