

**GAO**

Testimony

Before the Subcommittee on the  
Legislative Branch, Committee on  
Appropriations, U.S. Senate

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**FISCAL YEAR 2004  
BUDGET REQUEST**

**U.S. General Accounting  
Office**

Statement of David M. Walker  
Comptroller General of the United States



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Mr. Chairman and Members of the Subcommittee:

I am pleased to appear before the Subcommittee today as the Comptroller General of the United States and head of the U.S. General Accounting Office (GAO). GAO is a key source of objective information and analyses and, as such, plays a crucial role in supporting congressional decision-making and helping improve government for the benefit of the American people. My testimony today will focus on GAO's (1) fiscal year 2002 performance and results, (2) efforts to maximize our effectiveness, responsiveness and value, and (3) our budget request for fiscal year 2004 to support the Congress and serve the American public. In summary,

- In fiscal year 2002, GAO's work informed the national debate on a broad spectrum of issues including helping the Congress answer questions about the associated costs and program trade-offs of the national preparedness strategy, including providing perspectives on how best to organize and manage the new Transportation Security Administration and Department of Homeland Security. GAO's efforts helped the Congress and government leaders achieve \$37.7 billion in financial benefits—an \$88 return on every dollar invested in GAO. The return on the public's investment in GAO extends beyond dollar savings to improvements in how the government serves its citizens. This includes a range of accomplishments that serve to improve safety, enhance security, protect privacy, and increase the effectiveness of a range of federal programs and activities.
- The results of our work in fiscal year 2002 were possible, in part, because of changes we have made to transform GAO in order to meet our goal of being a model federal agency and a world-class professional services organization. We had already realigned GAO's structure and resources to better serve the Congress in its legislative, oversight, appropriations, and investigative roles. Over the past year, we cultivated and fostered congressional and agency relations, better refined our strategic and annual planning and reporting processes, and enhanced our information technology infrastructure. We also continued to provide priority attention to our management challenges of human capital, information security, and physical security. We have made progress in addressing each of these challenges, but we still have work to do and plan to ask for legislation to help address some of these issues.
- GAO is requesting budget authority of \$473 million for fiscal year 2004. Our request represents a modest 4.1 percent increase in direct appropriations, primarily for mandatory pay and uncontrollable costs. This budget will allow us to maintain current operations for serving the Congress as outlined in our strategic plan and to continue initiatives to enhance our human capital, support business processes, and ensure the safety and security of GAO staff, facilities, and information systems.

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Approximately \$4.8 million, or about 1 percent, of our request relates to several safety and security items that are included in our fiscal year 2003 supplemental request. If this supplemental request is granted, our fiscal year 2004 request could be reduced accordingly.

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## Fiscal Year 2002 Performance and Results

Fiscal year 2002 was a year of challenges, not just for GAO but also for the Congress and the nation. The nation's vulnerabilities were exposed in a series of events—America's vulnerability to sophisticated terrorist networks, bioterrorism waged through mechanisms as mundane as the daily mail, and corporate misconduct capable of wiping out jobs, pensions, and investments virtually overnight. As the Congress's priorities changed to meet these crises, GAO's challenge was to respond quickly and effectively to our congressional clients' changing needs.

With work already underway across a spectrum of critical policy and performance issues, we had a head start toward meeting the Congress' needs in a year of unexpected and often tumultuous events. For example, in fiscal year 2002 GAO's work informed the debate over national preparedness strategy, helping the Congress determine how best to organize and manage major new departments, assess key vulnerabilities to homeland defense, and respond to the events of September 11 in areas such as terrorism insurance and airline security. GAO's input also was a major factor in shaping the Sarbanes-Oxley Act, which created the Public Company Accounting Oversight Board, as well as new rules to strengthen corporate governance and ensure auditor independence. Further, GAO's work helped the Congress develop and enact election reform legislation in the form of the Help America Vote Act of 2002 to help restore voter confidence.

In fiscal year 2002, GAO also served the Congress and the American people by helping to:

- Contribute to a national preparedness strategy at the federal, state, and local levels that will make Americans safer from terrorism
- Protect investors through better oversight of the securities industry and the accounting profession
- Ensure a safer national food supply
- Expose the inadequacy of nursing home care
- Make income tax collection fair, effective, and less painful to taxpayers
- Strengthen public schools' accountability for educating children
- Keep sensitive American technologies out of the wrong hands

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- Protect American armed forces confronting chemical or biological weapons
  - Identify the risks to employees in private pension programs
  - Identify factors causing the shortage of children's vaccines
  - Assist the postal system in addressing anthrax and various management challenges
  - Identify security risks at ports, airports, and transit systems
  - Save billions by bringing sound business practices to the Department of Defense
  - Foster human capital strategic management to create a capable, effective, well-managed federal workforce
  - Ensure that the armed forces are trained and equipped to meet the nation's defense commitments
  - Enhance the safety of Americans and foreign nationals at U.S. installations worldwide
  - Assess ways of improving border security through biometric technologies and other means
  - Reduce the international debt problems faced by poor countries
  - Reform the way federal agencies manage their finances
  - Protect government computer systems from security threats
  - Enhance the transition of e-government—the new “electronic connection” between government and the public

During fiscal year 2002, GAO's analyses and recommendations contributed to a wide range of legislation considered by the Congress, as shown in the following table.

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**Table 1: Selected Public Laws to Which GAO Contributed During Fiscal Year 2002**

- Prescription Drug User Fee Amendments of 2002, P.L. 107-188
- Best Pharmaceuticals for Children Act, P.L. 107-1092
- No Child Left Behind Act of 2001, P.L. 107-110
- Food Stamp Reauthorization Act of 2002, P.L. 107-171
- Help America Vote Act of 2002, P.L. 107-252
- Homeland Security Act of 2002, P.L. 107-296
- Public Health Security and Bioterrorism Preparedness and Response Act of 2002, P.L. 107-188
- Aviation and Transportation Security Act, P.L. 107-71
- Department of Defense Appropriation Act, 2003, P.L. 107-248
- Department of Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the United States Act, 2002, P.L. 107-117
  
- Bob Stump National Defense Authorization Act for Fiscal Year 2003 P.L. 107-314
- Foreign Relations Authorization Act, Fiscal Year 2003, P.L. 107-228
- Small Business Paperwork Relief Act of 2002, P.L. 107-198
- Federal Information Security Management Act of 2002, P.L. 107-347
- Sarbanes-Oxley Act of 2002, P.L. 107-204
- National Defense Authorization Act for Fiscal Year 2002, P.L. 107-107
- Legislative Branch Appropriations, Fiscal Year 2002, P.L. 107-68
- Improper Payments Information Act of 2002, P.L. 107-300
- Trade Act of 2002, P.L. 107-210
- Terrorism Risk Insurance Act of 2002, P.L. 107-297
- E-Government Act of 2002, P.L. 107-347

Source: GAO.

By year's end, we had testified 216 times before the Congress, sometimes on as little as 24 hours' notice, on a range of issues. We had responded to hundreds of urgent requests for information. We had developed 1,950 recommendations for improving the government's operations, including, for example, those we made to the Secretary of State calling for the development of a governmentwide plan to help other countries combat nuclear smuggling and those we made to the Chairman of the Federal Energy Regulatory Commission calling for his agency to develop an action plan for overseeing competitive energy markets. We also had continued to track the recommendations we had made in past years, checking to see that they had been implemented and, if not, whether we needed to do follow-up work on problem areas. We found, in fact, that 79 percent of the recommendations we had made in fiscal year 1998 had been implemented, a significant step when the work we have done for the Congress becomes a catalyst for creating tangible benefits for the American people.

Table 2 highlights, by GAO's three external strategic goals, examples of issues on which we testified before Congress during fiscal year 2002.

**Table 2: Issues on Which GAO Testified During Fiscal Year 2002**

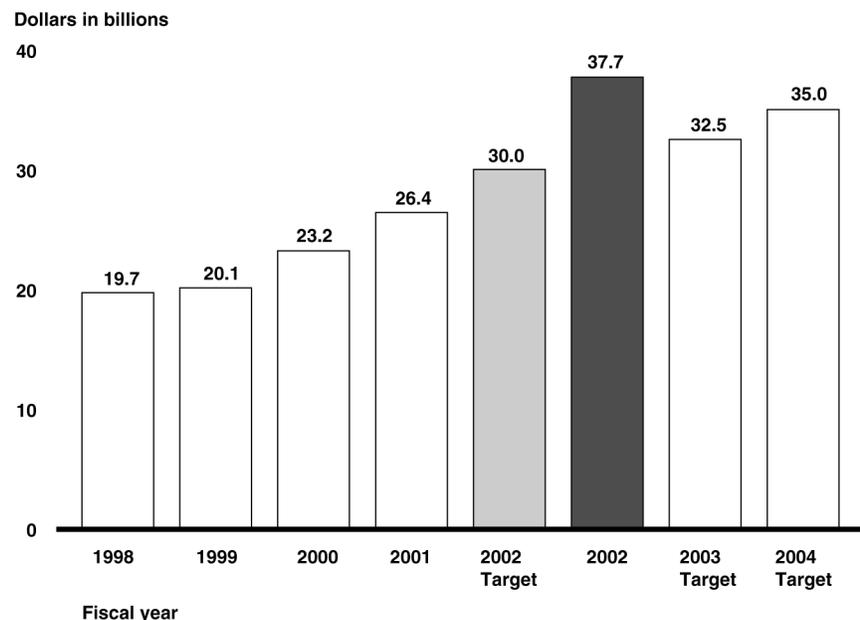
<b>Goal 1 Well-Being and Financial Security of the American People</b>	<b>Goal 2 Changing Security Threats and Challenge of Globalization</b>	<b>Goal 3 Transforming the Federal Government's Role</b>
Aviation security	A-76 competitive sourcing	Contract management
Bioterrorism	Anthrax vaccine	Contracting for services
Blood supplies	Ballistic missile defense	Corporate governance and accountability
Child welfare	Chemical and biological preparedness	Debt collection
Childhood vaccines	Combating terrorism	DOD financial management
Coast Guard's security missions	Compact with Micronesia	Electronic Government Act of 2002
Customs' cargo inspections	Conflict diamonds	Electronic-government security
Disability programs	Debt relief for poor countries	Enterprise architecture
EPA cabinet status	Encroachment on training ranges	Federal budget issues
FBI reorganization	Export controls	Federal building security
Federal property management reform	Food aid	Federal financial management reform
Food safety	Foreign language needs	Federal rulemaking requirements
Highway trust fund	Gulf War illnesses	Freedom to Manage Act
Housing	Information security aspects of homeland security	Human capital strategy
HUD management reform	International trade	Illegal tax schemes and scams
Identity theft	Nuclear smuggling	Intergovernmental aspects of homeland security
Immigration enforcement	Organizational aspects of homeland security	IRS modernization
Indian tribal recognition	SEC's human capital challenges	Medicaid financial management
Intercity passenger rail	Strategic seaport protection	NASA's management challenges
Long-term care	Terrorism insurance	President's Management Agenda
Medicare payments	U.S. overseas presence	Purchase card controls
Nuclear waste storage	Weapons of mass destruction	Securing America's borders
Nursing homes		U.S. government's financial statements
Postal Service challenges		
Public health aspects of homeland security		
Retiree health insurance		
SBA's human capital challenges		
Social Security reform		
Transit safety and security		
VA health care		
Welfare reform		
Wildfire threats		
Workforce development		

Source: GAO.

Congress and the executive agencies took a wide range of actions in fiscal year 2002 to improve government operations, reduce costs, or better target budget authority based on GAO analyses and recommendations, as highlighted in the following sections.

Federal action on GAO's findings or recommendations produced financial benefits for the American people: a total of \$37.7 billion was achieved by making government services more efficient, improving the budgeting and spending of tax dollars, and strengthening the management of federal resources (see fig. 1). For example, increased funding for improved safeguards against fraud and abuse helped the Medicare program to better control improper payments of \$8.1 billion over 2 years, and better policies and controls reduced losses from farm loan programs by about \$4.8 billion across 5 years.

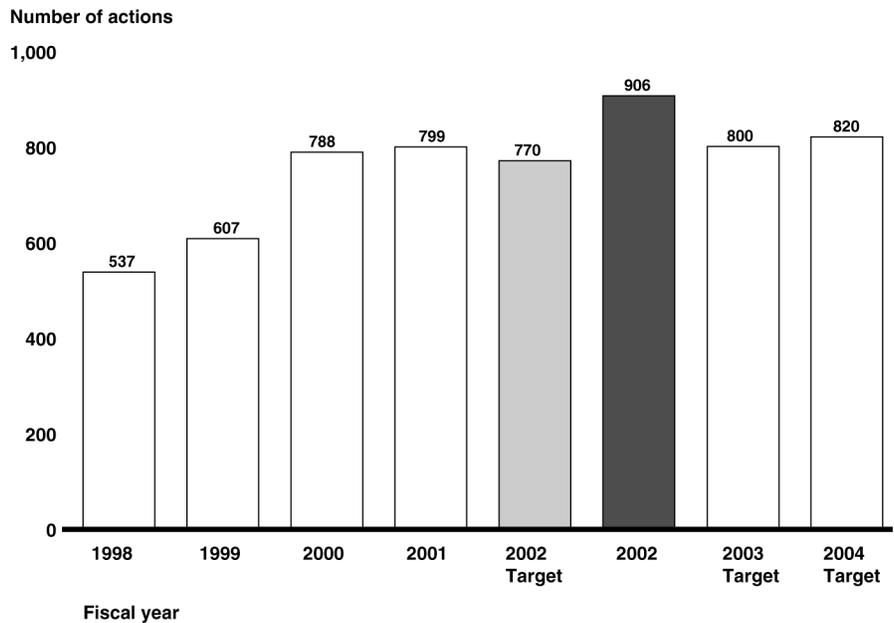
**Figure 1: Financial Benefits Resulting from GAO's Work**



Source: GAO.

In fiscal year 2002, we also recorded 906 instances in which our work led to improvements in government operations or programs (see fig. 2). For example, by acting on GAO's findings or recommendations, the federal government has taken important steps toward enhancing aviation safety, improving pediatric drug labeling based on research, better targeting of funds to high-poverty school districts, greater accountability in the federal acquisition process, and more effective delivery of disaster recovery assistance to other nations, among other achievements.

**Figure 2: GAO's Work Improving Government Operations and Services**



Source: GAO.

As shown in table 3, we met all of our annual performance targets except our timeliness target. While we provided 96 percent of our products to their congressional requesters by the date promised, we missed this measure's target of 98 percent on-time delivery. The year's turbulent events played a part in our missing the target, causing us to delay work in progress when higher-priority requests came in from the Congress. We know we will continue to face factors beyond our control as we strive to improve our performance in this area. We believe the agency protocols we are piloting will help clarify aspects of our interactions with the agencies we evaluate and audit and, thus, expedite our work in ways that could improve the timeliness of our final products. We also believe that our continuing investments in human capital and information technology will improve our timeliness while allowing us to maintain our high level of productivity and performance overall.

**Table 3: Annual Performance Measures and Targets**

Performance measure	Fiscal year						4-year avg. Actual	2003 Target	2004 Target
	1998 Actual	1999 Actual	2000 Actual	2001 Actual	2002 Target	2002 Actual			
Financial benefits (dollars in billions)	\$19.7	\$20.1	\$23.2	\$26.4	\$30.0	\$37.7 <sup>a</sup>	\$26.9	\$32.5 <sup>b</sup>	\$35.0
Other benefits	537	607	788	799	770	906	775	800 <sup>b</sup>	820
Past recommendations implemented	69%	70%	78%	79%	75%	79%	N/A	77%	77%
New recommendations made	987	940	1,224	1,563	1,200	1,950	1,419	1,250 <sup>b</sup>	1,250
New products with recommendations	33%	33%	39%	44%	45%	53%	42%	50%	50%
Testimonies	256	229	263	151	200	216	215	180 <sup>b</sup>	200
Timeliness	93%	96%	96%	95%	98%	96%	96%	98%	98%

Legend:

N/A = not applicable

Source: GAO.

<sup>a</sup>Changes GAO made to its methodology for tabulating financial benefits caused about 11 percent of the increase in fiscal year 2002.

<sup>b</sup>Four targets published in GAO's performance plan for fiscal year 2003 were subsequently revised based on more current information. Two were raised; two were lowered. The original targets were financial benefits, \$35 billion; other benefits, 785; recommendations made, 1,200; and testimonies, 210.

## Maximizing GAO's Effectiveness, Responsiveness and Value

The results of our work were possible, in part, because of changes we have made to maximize the value of GAO. We had already realigned GAO's structure and resources to better serve the Congress in its legislative, oversight, appropriations, and investigative roles. Over the past year, we cultivated and fostered congressional and agency relations, better refined our strategic and annual planning and reporting processes, and enhanced our information technology infrastructure. We also continued to provide priority attention to our management challenges of human capital, information security, and physical security. Changes we made in each of these areas helped enable us to operate in a constantly changing environment.

## Congressional and Agency Relations

Over the course of the year, we cultivated and fostered congressional and agency relations in several ways. On October 23, 2001, in response to the anthrax incident on Capitol Hill, we opened our doors to 435 members of the House of Representatives and their staffs. Later in the year, we continued with our traditional hill outreach meetings and completed a 7-

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month pilot test of a system for obtaining clients' views on the quality of our testimonies and reports. We also developed agency protocols to provide clearly defined, consistently applied, well-documented, and transparent policies for conducting our work with federal agencies. We have implemented our new reporting product line entitled Highlights—a one-page summary that provides the key findings and recommendations from a GAO engagement. We continued our policy of outreach to our congressional clients, the public, and the press to enhance the accessibility of GAO products. Our external web site now logs about 100,000 visitors each day and more than 1 million GAO products are downloaded every month by our congressional clients, the public, and the press.

In light of certain records access challenges during the past few years and with concerns about national and homeland security unusually high at home and abroad, it may become more difficult for us to obtain information from the Executive Branch and report on certain issues. If this were to occur, it would hamper our ability to complete congressional requests in a timely manner. We are updating GAO's engagement acceptance policies and practices to address this issue and may recommend legislative changes that will help to assure that we have reasonable and appropriate information that we need to conduct our work for the Congress and the country.

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## Strategic and Annual Planning

GAO's strategic planning process serves as a model for the federal government. Our plan aligns GAO's resources to meet the needs of the Congress, address emerging challenges and achieve positive results. Following the spirit of the Government Performance and Results Act, we established a process that provides for updates with each new Congress, ongoing analysis of emerging conditions and trends, extensive consultations with congressional clients and outside experts, and assessments of our internal capacities and needs.

At the beginning of fiscal year 2002, we updated our strategic plan for serving the Congress based on substantial congressional input—extending the plan's perspective out to fiscal year 2007 and factoring in developments that had occurred since we first issued it in fiscal year 2000. The updated plan carries forward the four strategic goals we had already established as the organizing principles for a body of work that is as wide-ranging as the interests and concerns of the Congress itself. Using the plan as a blueprint, we lay out the areas in which we expect to conduct research, audits, analyses, and evaluations to meet our clients' needs, and

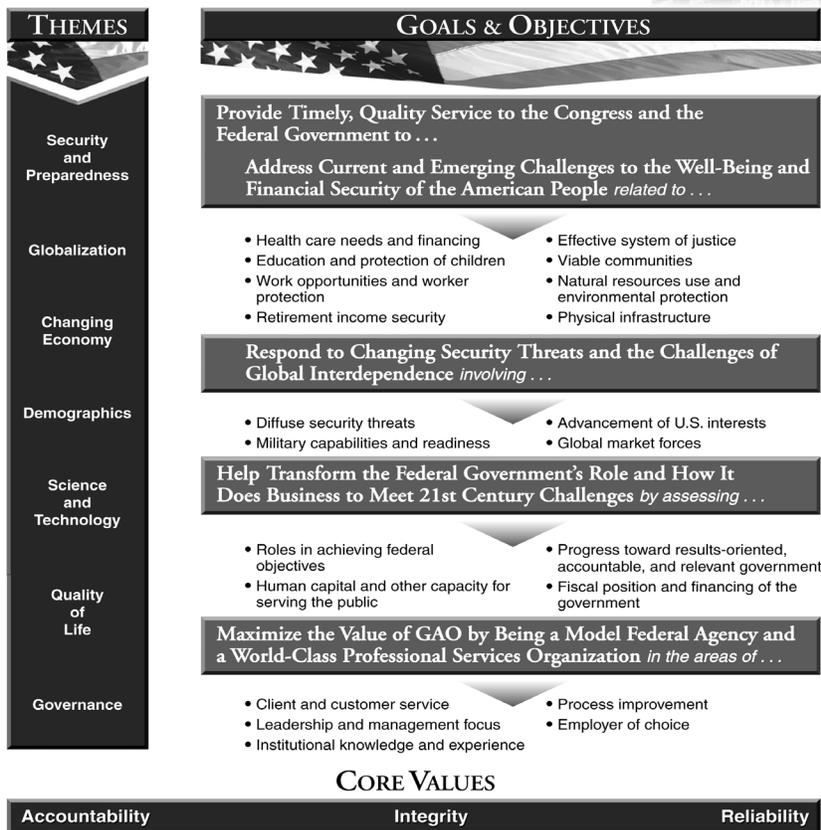
we allocate the resources we receive from the Congress accordingly. Following is our strategic plan framework. Appendix I of this statement delineates in a bit more detail our strategic objectives and our qualitative performance goals for fiscal years 2002 and 2003.

## SERVING THE CONGRESS GAO'S STRATEGIC PLAN FRAMEWORK



### MISSION

GAO exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people.



Fiscal 2002-2007

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We issued our 2001 Performance and Accountability Report that combines information on our past year's accomplishments and progress in meeting our strategic goals with our plans for achieving our fiscal year 2003 performance goals. The report earned a Certificate of Excellence in Accountability Reporting from the Association of Government Accountants. We issued our fiscal year 2002 Performance and Accountability Report in January 2003.

Our financial statements, which are integral to our performance and accountability, received an unqualified opinion for the sixteenth consecutive year. Furthermore, our external auditors did not identify any material control weaknesses or compliance issues relating to GAO's operations.

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## Information Technology

During the past year, we acquired new hardware and software and developed user-friendly systems that enhanced our productivity and responsiveness to the Congress and helped meet our initial information technology goals. For example, we replaced aging desktop workstations with notebook computers that provide greater computing power, speed, and mobility. In addition, we upgraded key desktop applications, the Windows desktop operating system, and telecommunications systems to ensure that GAO staff have modern technology tools to assist them in carrying out their work. We also developed new, integrated, user-friendly Web-based systems that eliminate duplicate data entry while ensuring the reusability of existing data. As the Clinger-Cohen Act requires, GAO has an enterprise architecture program in place to guide its information technology planning and decision making. In designing and developing systems, as well as in acquiring technology tools and services, we have applied enterprise architecture principles and concepts to ensure sound information technology investments and the interoperability of systems.

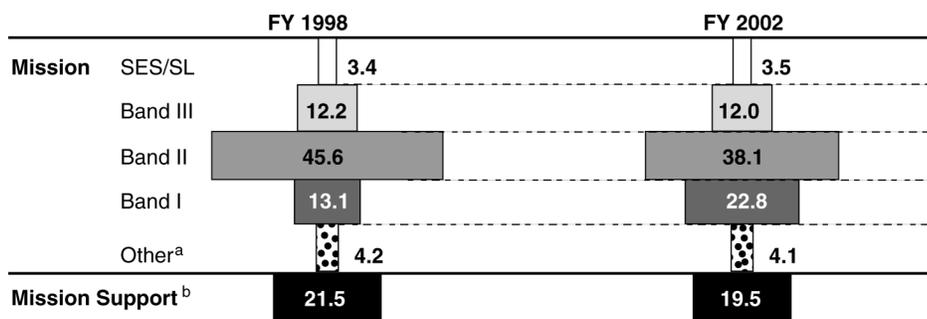
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## Human Capital

Given GAO's role as a key provider of information and analyses to the Congress, maintaining the right mix of technical knowledge and expertise as well as general analytical skills is vital to achieving our mission. We spend about 80 percent of our resources on our people, but without excellent human capital management, we could still run the risk of being unable to deliver what the Congress and the nation expect from us. At the beginning of my term in early fiscal year 1999, we completed a self-assessment that profiled our human capital workforce and identified a number of serious challenges facing our workforce, including significant issues involving succession planning and imbalances in the structure,

shape, and skills of our workforce. As presented below, through a number of strategically planned human capital initiatives over the past few years, we have made significant progress in addressing these issues. For example, as illustrated in figure 3, by the end of fiscal year 2002, we had almost a 60 percent increase in the percentage of staff at the entry-level (Band I) as compared with fiscal year 1998. Also, the proportion of our workforce at the mid-level (Band II) decreased by about 8 percent.

**Figure 3: GAO's Human Capital Profile**



Figures in percentages

Source: GAO.

<sup>a</sup>Attorneys and criminal investigators

<sup>b</sup>Mission support includes both mission and mission support offices as discussed in GAO's budget submission

Our fiscal year 2002 human capital initiatives included the following:

- In fiscal year 2002, we hired nearly 430 permanent staff and 140 interns. We also developed and implemented a strategy to place more emphasis on diversity in campus recruiting.
- In fiscal years 2002 and 2003, to help meet our workforce planning objectives, we offered voluntary early retirement under authority established in our October 2000 human capital legislation. Early retirement was granted to 52 employees in fiscal year 2002 and 24 employees in fiscal year 2003.
- To retain staff with critical skills and staff with less than 3 years of GAO experience, we implemented legislation authorizing federal agencies to offer student loan repayments in exchange for certain federal service commitments.
- In fiscal year 2002, GAO implemented a new, modern, effective, and credible performance appraisal system for analysts and specialists, adapted the system for attorneys, and began modifying the system for administrative professional and support staff.

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- We began developing a new core training curriculum for managers and staff to provide additional training on the key competencies required to perform GAO's work.
  - We also took steps to achieve a fully democratically-elected Employee Advisory Council to work with GAO's Executive Committee in addressing issues of mutual interest and concern.

The above represent just a few of many accomplishments in the human capital area. GAO is the clear leader in the federal government in designating and implementing 21st century human capital policies and practices. We also are taking steps to work with the Congress, the Office of Management and Budget, and the Office of Personnel Management, and others to "help others help themselves" in the human capital area.

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## Information Security

Ensuring information systems security and disaster recovery systems that allow for continuity of operations is a critical requirement for GAO, particularly in light of the events of September 11 and the anthrax incidents. The risk is that our information could be compromised and that we would be unable to respond to the needs of the Congress in an emergency. In light of this risk and in keeping with our goal of being a model federal agency, we are implementing an information security program consistent with the requirements in the Government Information Security Reform provisions (commonly referred to as "GISRA") enacted in the Floyd D. Spence National Defense Authorization Act for fiscal year 2001. We have made progress through our efforts to, among other things, implement a risk-based, agencywide security program; provide security training and awareness; and develop and implement an enterprise disaster recovery solution.

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## Physical Security

In the aftermath of the September 11 terrorist attacks and subsequent anthrax incidents, our ability to provide a safe and secure workplace emerged as a challenge for our agency. Protecting our people and our assets is critical to our ability to meet our mission. We devoted additional resources to this area and implemented measures such as reinforcing vehicle and pedestrian entry points, installing an additional x-ray machine, adding more security guards, and reinforcing windows.

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## GAO's Fiscal Year 2004 Budget Request

GAO is requesting budget authority of \$473 million for fiscal year 2004 to maintain current operations for serving the Congress as outlined in our strategic plan and to continue initiatives to enhance our human capital,

support business processes, and ensure the safety and security of GAO staff, facilities, and information systems. This funding level will allow us to fund up to 3,269 full-time equivalent personnel. Our request includes \$466.6 million in direct appropriations and authority to use estimated revenues of \$6 million from reimbursable audit work and rental income. Our requested increase of \$18.4 million in direct appropriations represents a modest 4.1 percent increase, primarily for mandatory pay and uncontrollable costs. Our budget request also includes savings from nonrecurring fiscal year 2003 investments in fiscal year 2004 that we propose to use to fund further one-time investments in critical areas, such as security and human capital.

We have submitted a request for \$4.8 million in supplemental fiscal year 2003 funds to allow us to accelerate implementation of important security enhancements. Our fiscal year 2004 budget includes \$4.8 million for safety and security needs that are also included in the supplemental. If the requested fiscal year 2003 supplemental funds are provided, our fiscal year 2004 budget could be reduced by \$4.8 million. Table 4 presents our fiscal year 2003 and requested fiscal year 2004 resources by funding source.

**Table 4: Fiscal Years 2003 and 2004 Resources by Funding Source**

(Dollars in thousands)		Change – FY 2003 to 2004		
Funding source	FY 2003 Revised	FY 2004 Request	Amount	Percent
Total budget authority	\$451,202 <sup>a</sup>	\$472,627	\$21,425	
Less: offsetting collections <sup>b</sup>	(3,000)	(6,006)	(3,006)	
Direct appropriation	\$448,202	\$466,621	\$18,419	4.1

Source: GAO.

<sup>a</sup>Excludes request for supplemental funds of \$4.8 million.

<sup>b</sup>Offsetting collections include reimbursable audit work and rental income.

During fiscal year 2004, we plan to sustain our investments in maximizing the productivity of our workforce by continuing to address the key management challenges of human capital, and both information and physical security. We will continue to take steps to “lead by example” within the federal government in connection with these and other critical management areas.

Over the next several years, we need to continue to address skill gaps, maximize staff productivity and effectiveness, and reengineer our human capital processes to make them more user-friendly. We plan to address

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skill gaps by further refining our recruitment and hiring strategies to target gaps identified through our workforce planning efforts, while taking into account the significant percentage of our workforce eligible for retirement. We will continue to take steps to reengineer our human capital systems and practices to increase their efficiency and to take full advantage of technology. We will also ensure that our staff have the needed skills and training to function in this reengineered environment. In addition, we are developing competency-based performance appraisal and broad-banding pay systems for our mission support employees.

To ensure our ability to attract, retain, and reward high-quality staff, we plan to devote additional resources to our employee training and development program. We will target resources to continue initiatives to address skill gaps, maximize staff productivity, and increase staff effectiveness by updating our training curriculum to address organizational and technical needs and training new staff. Also, to enhance our recruitment and retention of staff, we will continue to offer a student loan repayment program and transit subsidy benefit established in fiscal year 2002. In addition, we will continue to focus our hiring efforts in fiscal year 2004 on recruiting talented entry-level staff.

To build on the human capital flexibilities provided by the Congress in 2000, we plan to recommend legislation that would, among other things, facilitate GAO's continuing efforts to recruit and retain top talent, develop a more performance-based compensation system, realign our workforce, and facilitate our succession planning and knowledge transfer efforts. In addition, to help attract new recruits, address certain "expectation gaps" within and outside of the government, and better describe the modern audit and evaluation entity GAO has become, we will work with the Congress to explore the possibility of changing the agency's name while retaining our well-known acronym and global brand name of "GAO."

On the information security front, we need to complete certain key actions to be better able to detect intruders in our systems, identify our users, and recover in the event of a disaster. Among our current efforts and plans for these areas are completing the installation of software that helps us detect intruders on all our internal servers, completing the implementation of a secure user authentication process, and refining the disaster recover plan we developed last year. We will need the Congress' help to address these remaining challenges.

We also are continuing to make the investments necessary to enhance the safety and security of our people, facilities, and other assets for the mutual

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benefit of GAO and the Congress. With our fiscal year 2003 supplemental funding, if provided, or if not, with fiscal year 2004 funds, we plan to complete installation of our building access control and intrusion detection system and supporting infrastructure, and obtain an offsite facility for use by essential personnel in emergency situations. With the help of the Congress, we plan to implement these projects over the next several years.

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## Concluding Remarks

As a result of the support and resources we have received from this Subcommittee and the Congress over the past several years, we have been able to make a difference in government, not only in terms of financial benefits and improvements in federal programs and operations that have resulted from our work, but also in strengthening and increasing the productivity of GAO, and making a real difference for our country and its citizens. Our budget request for fiscal year 2004 is modest, but necessary to sustain our current operations, continue key human capital and information technology initiatives, and ensure the safety and security of our most valuable asset—our people. We seek your continued support so that we will be able to effectively and efficiently conduct our work on behalf of the Congress and the American people.

As the Comptroller General of the United States, I am very proud of how, in a time of uncertainty, GAO staff responded with a positive attitude and did whatever their country required and demonstrated an unwavering resolve to continue their work. Knowing this organization as I do, I was not surprised. We at GAO look forward to continuing to help the Congress and the nation meet the current and emerging challenges of the 21st century

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# Appendix I: GAO's Qualitative Performance Goals for Fiscal Years 2002 and 2003

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This appendix lists GAO's strategic goals and the strategic objectives for each goal. They are part of our updated draft strategic plan (for fiscal years 2002 through 2007).

Organized below each strategic objective are its qualitative performance goals. The performance goals lay out the work we plan to do in fiscal years 2002 and 2003 to help achieve our strategic goals and objectives. We will evaluate our performance at the end of fiscal year 2003.

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## Strategic Goal 1

*Provide Timely, Quality Service to the Congress and the Federal Government to Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People*

To achieve this goal, we will provide information and recommendations on the following:

### the Health Care Needs of an Aging and Diverse Population

- evaluate Medicare reform, financing, and operations;
- assess trends and issues in private health insurance coverage;
- assess actions and options for improving the Department of Veterans Affairs' and the Department of Defense's (DOD) health care services;
- evaluate the effectiveness of federal programs to promote and protect the public health;
- evaluate the effectiveness of federal programs to improve the nation's preparedness for the public health and medical consequences of bioterrorism;
- evaluate federal and state program strategies for financing and overseeing chronic and long-term health care; and
- assess states' experiences in providing health insurance coverage for low-income populations.

### the Education and Protection of the Nation's Children

- analyze the effectiveness and efficiency of early childhood education and care programs in serving their target populations;
- assess options for federal programs to effectively address the educational and nutritional needs of elementary and secondary students and their schools;
- determine the effectiveness and efficiency of child support enforcement and child welfare programs in serving their target populations; and

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- identify opportunities to better manage postsecondary, vocational, and adult education programs and deliver more effective services.

#### the Promotion of Work Opportunities and the Protection of Workers

- assess the effectiveness of federal efforts to help adults enter the workforce and to assist low-income workers;
- analyze the impact of programs designed to maintain a skilled workforce and ensure employers have the workers they need;
- assess the success of various enforcement strategies to protect workers while minimizing employers' burden in the changing environment of work; and
- identify ways to improve federal support for people with disabilities.

#### a Secure Retirement for Older Americans

- assess the implications of various Social Security reform proposals;
- identify opportunities to foster greater pension coverage, increase personal saving, and ensure adequate and secure retirement income; and
- identify opportunities to improve the ability of federal agencies to administer and protect workers' retirement benefits.

#### an Effective System of Justice

- identify ways to improve federal agencies' ability to prevent and respond to major crimes, including terrorism;
- assess the effectiveness of federal programs to control illegal drug use;
- identify ways to administer the nation's immigration laws to better secure the nation's borders and promote appropriate treatment of legal residents; and
- assess the administrative efficiency and effectiveness of the federal court and prison systems.

#### the Promotion of Viable Communities

- assess federal economic development assistance and its impact on communities;
- assess how the federal government can balance the promotion of home ownership with financial risk;
- assess the effectiveness of federal initiatives to assist small and minority-owned businesses;
- assess federal efforts to enhance national preparedness and capacity to respond to and recover from natural and man-made disasters; and

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- assess how well federally supported housing programs meet their objectives and affect the well-being of recipient households and communities.

#### Responsible Stewardship of Natural Resources and the Environment

- assess the nation's ability to ensure reliable and environmentally sound energy for current and future generations;
- assess federal strategies for managing land and water resources in a sustainable fashion for multiple uses;
- assess federal programs' ability to ensure a plentiful and safe food supply, provide economic security for farmers, and minimize agricultural environmental damage;
- assess federal pollution prevention and control strategies; and
- assess efforts to reduce the threats posed by hazardous and nuclear wastes.

#### a Secure and Effective National Physical Infrastructure

- assess strategies for identifying, evaluating, prioritizing, financing, and implementing integrated solutions to the nation's infrastructure needs;
- assess the impact of transportation and telecommunications policies and practices on competition and consumers;
- assess efforts to improve safety and security in all transportation modes;
- assess the U.S. Postal Service's transformation efforts to ensure its viability and accomplish its mission; and
- assess federal efforts to plan for, acquire, manage, maintain, secure, and dispose of the government's real property assets.

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## Strategic Goal 2

*Provide Timely, Quality Service to the Congress and the Federal Government to Respond to Changing Security Threats and the Challenges of Global Interdependence*

To achieve this goal, we will provide information and recommendations on the following:

#### Respond to Diffuse Threats to National and Global Security

- analyze the effectiveness of the federal government's approach to providing for homeland security;
- assess U.S. efforts to protect computer and telecommunications systems supporting critical infrastructures in business and government; and

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- assess the effectiveness of U.S. and international efforts to prevent the proliferation of nuclear, biological, chemical, and conventional weapons and sensitive technologies.

#### Ensure Military Capabilities and Readiness

- assess the ability of DOD to maintain adequate readiness levels while addressing the force structure changes needed in the 21st century;
- assess overall human capital management practices to ensure a high-quality total force;
- identify ways to improve the economy, efficiency, and effectiveness of DOD's support infrastructure and business systems and processes;
- assess the National Nuclear Security Administration's efforts to maintain a safe and reliable nuclear weapons stockpile;
- analyze and support DOD's efforts to improve budget analyses and performance management;
- assess whether DOD and the services have developed integrated procedures and systems to operate effectively together on the battlefield; and
- assess the ability of weapon system acquisition programs and processes to achieve desired outcomes.

#### Advance and Protect U.S. International Interests

- analyze the plans, strategies, costs, and results of the U.S. role in conflict interventions;
- analyze the effectiveness and management of foreign aid programs and the tools used to carry them out;
- analyze the costs and implications of changing U.S. strategic interests;
- evaluate the efficiency and accountability of multilateral organizations and the extent to which they are serving U.S. interests; and
- assess the strategies and management practices for U.S. foreign affairs functions and activities.

#### Respond to the Impact of Global Market Forces on U.S. Economic and Security Interests

- analyze how trade agreements and programs serve U.S. interests;
- improve understanding of the effects of defense industry globalization;
- assess how the United States can influence improvements in the world financial system;
- assess the ability of the financial services industry and its regulators to maintain a stable and efficient global financial system;

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- evaluate how prepared financial regulators are to respond to change and innovation; and
  - assess the effectiveness of regulatory programs and policies in ensuring access to financial services and deterring fraud and abuse in financial markets.

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### Strategic Goal 3

#### *Help Transform the Government's Role and How It Does Business to Meet 21st Century Challenges*

To achieve this goal, we will provide information and recommendations on the following:

##### Analyze the Implications of the Increased Role of Public and Private Parties in Achieving Federal Objectives

- analyze the modern service-delivery system environment and the complexity and interaction of service-delivery mechanisms;
- assess how involvement of state and local governments and nongovernmental organizations affect federal program implementation and achievement of national goals; and
- assess the effectiveness of regulatory administration and reforms in achieving government objectives.

##### Assess the Government's Human Capital and Other Capacity for Serving the Public

- identify and facilitate the implementation of human capital practices that will improve federal economy, efficiency, and effectiveness;
- identify ways to improve the financial management infrastructure capacity to provide useful information to manage for results and costs day to day;
- assess the government's capacity to manage information technology to improve performance;
- assess efforts to manage the collection, use, and dissemination of government information in an era of rapidly changing technology;
- assess the effectiveness of the Federal Statistical System in providing relevant, reliable, and timely information that meets federal program needs; and
- identify more businesslike approaches that can be used by federal agencies in acquiring goods and services.

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Support Congressional Oversight of the Federal Government's Progress toward Being More Results-Oriented, Accountable, and Relevant to Society's Needs

- analyze and support efforts to instill results-oriented management across the government;
- highlight the federal programs and operations at highest risk and the major performance and management challenges confronting agencies;
- identify ways to strengthen accountability for the federal government's assets and operations;
- promote accountability in the federal acquisition process;
- assess the management and results of the federal investment in science and technology and the effectiveness of efforts to protect intellectual property; and
- identify ways to improve the quality of evaluative information.
- develop new resources and approaches that can be used in measuring performance and progress on the nation's 21<sup>st</sup> century challenges

Analyze the Government's Fiscal Position and Approaches for Financing the Government

- analyze the long-term fiscal position of the federal government;
- analyze the structure and information for budgetary choices and explore alternatives for improvement;
- contribute to congressional deliberations on tax policy;
- support congressional oversight of the Internal Revenue Service's modernization and reform efforts; and
- assess the reliability of financial information on the government's fiscal position and financing sources.

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Strategic Goal 4

*Maximize the Value of GAO by Being a Model Federal Agency and a World-Class Professional Services Organization*

To achieve this goal, we will do the following:

Sharpen GAO's Focus on Clients' and Customers' Requirements

- continuously update client requirements;
- develop and implement stakeholder protocols and refine client protocols; and
- identify and refine customer requirements and measures.

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### Enhance Leadership and Promote Management Excellence

- foster an attitude of stewardship to ensure a commitment to GAO's mission and core values;
- implement an integrated approach to strategic management;
- continue to provide leadership in strategic human capital management planning and execution;
- maintain integrity in financial management;
- use enabling technology to improve GAO's crosscutting business processes; and
- provide a safe and secure workplace.

### Leverage GAO's Institutional Knowledge and Experience

- improve GAO's use of Web-based knowledge tools;
- develop a framework to manage the collection, use, distribution, and retention of organizational knowledge; and
- strengthen relationships with other national and international accountability and professional organizations.

### Continuously Improve GAO's Business and Management Processes

- improve internal business and administrative processes;
- improve GAO's product and service lines; and
- improve GAO's job management processes.

### Become the Professional Services Employer of Choice

- maintain an environment that is fair, unbiased, family-friendly, and promotes and values opportunity and inclusiveness;
- improve compensation and performance management systems;
- develop and implement a training and professional development strategy targeted toward competencies; and
- provide GAO's people with tools, technology, and a working environment that is world-class.