

GAO

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

For Release on Delivery
Expected at 9:30 a.m. EST
Tuesday, May 21, 2013

**FISCAL YEAR 2014
BUDGET REQUEST**

**U.S. GOVERNMENT
ACCOUNTABILITY OFFICE**

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



U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Fiscal Year 2014 Budget Request

Highlights of [GAO-13-617T](#), a testimony before the Subcommittee on Legislative Branch, Committee on Appropriations, U.S. Senate.

Background

GAO's mission is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the benefit of the American people. GAO provides nonpartisan, objective, and reliable information to the Congress, federal agencies, and to the public and recommends improvements, when appropriate, across the full breadth and scope of the federal government's responsibilities.

In FY 2012, GAO provided hundreds of reports to 95 percent of the standing committees of the Congress and about 60 percent of their subcommittees. Additionally, senior GAO officials testified at 159 hearings on national and international issues.

GAO remains one of the best investments in the federal government, and GAO's dedicated staff continues to deliver high quality results. Since FY 2002, GAO's work has resulted in:

- over ½ trillion dollars in financial benefits; and
- 14,083 program and operational benefits that helped to change laws, improve public services, and promote sound management throughout government.

In FY 2012 alone, GAO's work yielded \$55.8 billion in financial benefits—a return of \$105 for every dollar invested in GAO.

Following three years of curtailed hiring, by the end of FY 2013 GAO's staffing level will decline by nearly 14 percent to levels not seen since 1935. GAO is requesting a budget of \$505.4 million to bolster its staff capacity and retain its highly skilled workforce.

View [GAO-13-617T](#). For more information, contact Gene L. Dodaro at (202) 512-5500 or dodarog@gao.gov.

In February, GAO submitted its fiscal year (FY) 2014 budget request for a modest increase of 1.9 percent to bolster its staff capacity and retain its highly skilled workforce. Consistent with guidance from the appropriations committees and OMB, the FY 2014 request was based on the annualized level of the initial continuing resolution (CR) which provided a slight increase over FY 2012 in FY 2013. Since that time, several actions have significantly reduced GAO's FY 2013 appropriation from \$511.3 million in FY 2012 to \$479.5 million in FY 2013, including 1) a reduction of \$5 million imposed in the final CR resulting in an enacted level of \$506.3 million, and 2) the \$25.7 million sequester and \$1 million rescission required by the Budget Control Act—a total reduction of \$31.7 million or 6.2 percent below FY 2012.

GAO appreciates the flexibility Congress provided in the final CR to help partially offset these reductions by increasing GAO's authority to spend collections and use prior year available balances to cover mandatory workers' compensation costs. However, these reductions to GAO's FY 2013 resources required that GAO take a number of actions to curtail spending plans, including reducing planned hiring by nearly sixty percent—dropping GAO's staffing level by over 100 full-time equivalent (FTE) staff to 2,884 FTEs. FY 2013 represents the 3rd consecutive year of reductions in GAO's staffing level.

GAO has also updated its FY 2014 requirements to reflect reduced FY 2013 resources, hiring and spending. GAO's FY 2014 revised requirements of \$505.4 million are 0.2 percent below the FY 2013 CR-enacted level and 5.4 percent over the FY 2013 post-sequester/post-rescission funding level. Consistent with guidance, GAO's estimates assume the across-the-board pay increase (ATB) is 1.8 percent. However, if Congress chooses the ATB of 1 percent recently recommended by the President, it would further reduce GAO's requirements to \$502.5 million—an increase of 4.8 percent over the FY 2013 post-sequester/post-rescission funding level.

GAO's FY 2014 estimate supports a staffing level of 2,945 FTEs and will allow GAO to reinvigorate its hiring and retention programs to address succession planning and critical skill gaps and bolster GAO's overall staff capacity. Since FY 2010, GAO has dramatically reduced its staffing level and operating costs in response to budget constraints. By the end of FY 2013, GAO's staffing level will have dropped by 463 FTE or nearly 14 percent—a level not seen since 1935. In addition, in order to sustain quality operations throughout this period of budget constraints, GAO has already significantly reduced spending, reorganized its administrative support structure, improved business practices, leveraged technology to enhance the overall efficiency of its operations, and made significant reductions in its engagement support and infrastructure programs.

This significant reduction in GAO's staffing level severely jeopardizes its ability to adequately support the Congress in a timely manner, now and in the future. It is imperative that GAO rebuild its staff capacity to a level that will enable it to optimize the benefits GAO yields for the Congress and the nation going forward. Given the size of the federal budget and the multi-year actions needed to address the seriousness of the government's fiscal condition, investing resources to restore some of GAO's staff capacity would be a prudent and wise investment that will produce positive outcomes for the Congress and our country. For example, since 2002 GAO's work has resulted in over ½ trillion dollars in financial benefits and over 14 thousand other benefits for the American people.

Chairwoman Shaheen, Ranking Member Hoeven, and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the U.S. Government Accountability Office's (GAO) budget request for fiscal year (FY) 2014. I want to thank the subcommittee for its continued support of GAO. GAO very much appreciates the confidence you have shown in its efforts to help support the Congress in carrying out its constitutional responsibilities and to help improve government performance and accountability for the benefit of the American people.

GAO's results include generating recommendations that save resources and increase revenue; improve the accountability, operations, and services of government agencies; increase the effectiveness of federal spending; and provide other benefits. Since FY 2002, GAO's work has resulted in substantial financial and other benefits for the American people, including:

- over ½ trillion dollars in financial benefits;
- 14,083 program and operational benefits that helped to change laws, improve public services, and promote sound management throughout government; and
- 12,485 products including 22,548 recommendations.

In February, GAO submitted its FY 2014 budget request for a slight increase of 1.9 percent to bolster GAO's staff capacity and retain its highly skilled workforce. Consistent with guidance from the appropriations committees and OMB, the FY 2014 request was based on the annualized level of the initial continuing resolution (CR) which provided agencies a modest increase over FY 2012 in FY 2013. Since that time, several actions have significantly reduced GAO's FY 2013 appropriation to \$479.5 million—a reduction of \$31.7 million or 6.2 percent below the FY 2012 level of \$511.3 million, including the:

- 1) March 1 sequester of 5 percent, or \$25.7 million, required by the Budget Control Act;
- 2) March 26 reduction of \$5 million imposed in the final CR; and
- 3) April 4 rescission of \$1 million imposed by OMB to bring FY 2013 appropriations within the spending cap mandated by the Budget Control Act.

GAO also appreciates the flexibility Congress provided in the final CR to help partially offset these reductions by increasing GAO's authority to spend collections and use prior year available balances to cover mandatory workers' compensation costs. However, the reductions to GAO's FY 2013 appropriation level required that GAO take a number of actions to curtail spending plans, including reducing planned hiring by nearly sixty percent. Consequently, GAO's staffing level will decline for the 3rd consecutive year. In FY 2013, GAO's full-time equivalent (FTE) staffing level will drop by over 100 FTE to 2,884 FTEs.

GAO has updated its FY 2014 requirements to reflect reduced FY 2013 resources, hiring and spending. GAO's FY 2014 requirements of \$505.4 million are 0.2 percent less than the FY 2013 appropriation of \$506.3 million provided in the final CR and a 5.4 percent increase over the FY 2013 post-sequester and post-rescission net appropriation level of \$479.5 million. This funding supports a staffing level of 2,945 FTEs and will allow GAO to reinvigorate its hiring and retention programs to address succession planning and critical skill gaps and increase GAO's overall staff capacity.

This estimate includes the across-the-board pay increase at 1.8 percent based on guidance from the appropriations committees and the Legislative Branch Financial Managers' Council. However, if Congress chooses the across-the-board pay increase recommended in the President's recent budget submission of 1 percent, it would further reduce GAO's FY 2014 requirements to \$502.5 million—a 4.8 percent increase over the FY 2013 post-sequester and post-rescission net appropriation level.

Since FY 2010, GAO has dramatically reduced its staffing level and operating costs in response to budget constraints. By the end of FY 2013, GAO's staffing level will have dropped by 463 FTE or nearly 14 percent to 2,884 FTEs—a level not seen since 1935. Since FY 2010, GAO has had extremely limited hiring, and as a result, the number of entry-level staff is not sufficient to provide a pipeline of experienced staff in the future and a significant proportion of GAO employees will be retirement eligible at the end of FY 2013.

This significant reduction in GAO's staffing level and these succession planning challenges severely jeopardize GAO's ability to adequately support the Congress in a timely manner, now and into the future. It is imperative that GAO rebuild its staff capacity to a level that will enable it to optimize the benefits GAO yields for the Congress and the nation

going forward. Given the size of the federal budget and the multiyear actions needed to address the seriousness of the government's fiscal condition, investing resources to restore some of GAO's staff capacity would be both prudent and wise.

Assisting the Congress and the Nation During Challenging Times

GAO remains one of the best investments in the federal government, and GAO's dedicated staff continues to deliver high quality results. In FY 2012 alone, GAO provided services that spanned across the broad range of federal programs and activities. GAO provided results that supported 95 percent of the standing committees of the Congress and about 60 percent of their subcommittees.

GAO's work issued in FY 2012 addressed various topics such as continued work on duplication, overlap, and fragmentation in the federal government; the war in Afghanistan; Postal Service financial issues; implementation of Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and the federal, state, and local government fiscal outlook. GAO also reviewed government programs and operations that are at high risk for fraud, waste, abuse, and mismanagement, as well as reviews of agencies' budget requests to help support congressional decision-making. In addition, senior GAO officials testified at 159 hearings on national and international issues as shown in Appendix I. GAO's findings and recommendations produce measurable financial benefits after Congress acts or an agency implements them and the funds are made available to reduce government expenditures or are reallocated to other areas.

Financial Benefits and Other Improvements

GAO's FY 2012 work yielded significant results across the government, including \$55.8 billion in financial benefits—a return of \$105 for every dollar invested in GAO. Examples of FY 2012 financial benefits resulting from GAO recommendations implemented by Congress or federal agencies include:

- *\$12.4 billion from legislated reductions in payments to Medicare Advantage plans:* GAO analysis found that Medicare Advantage plans spent less on medical expenses than projected, thus gaining much higher profits than originally estimated;
- *\$8.0 billion from cancellation of NASA's Constellation program:* GAO questioned the project's affordability, acquisition strategy, and overall business plan; and

-
- *\$3.1 billion from cancellation of DOD plans to lengthen South Korea tours of duty:* After conducting a GAO-recommended analysis of benefits, costs, and alternatives to a planned initiative to increase lengths of U.S. service members' tours in South Korea and move their dependants, DOD decided the initiative was unaffordable, avoiding \$3.1 billion in costs.

In FY 2012, GAO also contributed to 1,440 program and operational benefits that helped to change laws, improve public services, and promote sound management throughout government. Thirty six percent of these benefits are related to public safety and security, 35 percent are related to business process and management, 14 percent are related to program efficiency and effectiveness, 8 percent are related to acquisition and contract management, 4 percent are related to tax law administration, and 3 percent are related to public insurance and benefits, and included:

- *Public Safety and Security* – enhancing the Food and Drug Administration's ability to protect public health by taking a more risk-based approach in selecting foreign drug establishments for inspections; improving oversight of medical device recalls; enhancing its response to drug shortages; and expanding its efforts to expedite review of applications to market drugs that would help to prevent or resolve shortages (Food and Drug Administration Safety and Innovation Act).
- *Public Safety and Security* – Addressing weaknesses in how agencies create and use the terrorist watchlist.
- *Acquisition and Contract Management* – More robust planning for contractor demobilization and personnel accountability by the Department of Defense (DOD).
- *Public Insurance and Benefits* – Requiring the Federal Emergency Management Agency to use information on topography, coastal erosion areas, changing lake levels, future changes in sea levels, and intensity of hurricanes in updating its flood maps (Biggert-Waters Flood Insurance Reform Act of 2012).
- *Public Insurance and Benefits* – Improving Social Security Administration performance goals and risk assessments in support of the disability claims process.

-
- *Tax Law Administration* – Strengthening IRS’ use of existing tax collection tools.

GAO recently issued its third annual report on duplication, overlap, cost-saving opportunities, and revenue enhancements which identifies an additional 31 areas where agencies may be able to achieve greater efficiencies or effectiveness. Within these 31 areas, GAO identified 81 actions that the executive branch and Congress could take to reduce fragmentation, overlap, and duplication, as well as other cost savings and revenue enhancement opportunities. Through its three annual reports, GAO has identified a total of 162 areas with 380 actions that the executive branch and Congress could take to address fragmentation, overlap, and duplication or achieve cost savings. Collectively, these reports show that, if the actions are implemented, the government could potentially save tens of billions of dollars annually.

In addition to identifying new areas, GAO has continued to monitor the progress executive branch agencies and Congress have made in addressing the areas previously identified. GAO has developed a publicly accessible, online search tracks which provides the implementation status of every suggested action that GAO identified in its three annual reports. To date, results or actions from the 2011 and 2012 reports show:

- 65 actions have been addressed,
- 149 actions have been partially addressed, and
- 85 actions have not been addressed.

GAO also issued 11 products in response to the Dodd-Frank Wall Street Reform and Consumer Protection Act on financial institutions and securities markets and several reports on insurance markets and publicly financed health insurance programs related to the Patient Protection and Affordable Care Act. In addition, GAO continued to regularly report the results of its work on the Troubled Asset Relief Program and the American Recovery and Reinvestment Act.

Every two years, GAO provides Congress with an update on its High Risk Series which highlights major programs that are at high risk due to their greater vulnerabilities to waste, fraud, abuse, and mismanagement or the need for transformation to address economy, efficiency, or effectiveness challenges. In FY 2012, GAO issued 188

reports, delivered 55 testimonies to the Congress, and prepared several other products, such as briefings and presentations related to its High Risk work.

Financial benefits resulting from this work totaled \$28.4 billion in FY 2012. Solutions to high risk problems offer the potential to save billions of dollars, improve services to the public, and strengthen the performance and accountability of the U. S. government. In February 2013, GAO issued the biennial update and report on progress made and what remains to be done to address each of the high risk areas. The updated High Risk List identifies 30 troubled areas across government and is shown below.

Table 1. GAO's 2013 High Risk List

Strengthening the Foundation for Efficiency and Effectiveness

- Limiting the Federal Government's Fiscal Exposure by Better Managing Climate Change Risks (*new*)
- Management of Federal Oil and Gas Resources
- Modernizing the U.S. Financial Regulatory System and Federal Role in Housing Finance
- Restructuring the U.S. Postal Service to Achieve Sustainable Financial Viability
- Funding the Nation's Surface Transportation System
- Strategic Human Capital Management
- Managing Federal Real Property

Transforming DOD Program Management

- DOD Approach to Business Transformation
 - DOD Business Systems Modernization
 - DOD Support Infrastructure Management
 - DOD Financial Management
 - DOD Supply Chain Management
 - DOD Weapon Systems Acquisition
-

Table 1. GAO's 2013 High Risk List - Continued

Ensuring Public Safety and Security

- Mitigating Gaps in Weather Satellite Data (*new*)
- Strengthening Department of Homeland Security Management Functions
- Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland
- Protecting the Federal Government's Information Systems and the Nation's Cyber Critical Infrastructures
- Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests
- Revamping Federal Oversight of Food Safety
- Protecting Public Health through Enhanced Oversight of Medical Products
- Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals

Managing Federal Contracting More Effectively

- DOD Contract Management
- DOE's Contract Management for the National Nuclear Security Administration & Office of Environmental Management
- NASA Acquisition Management

Assessing the Efficiency and Effectiveness of Tax Law Administration

- Enforcement of Tax Laws

Modernizing and Safeguarding Insurance and Benefit Programs

- Improving and Modernizing Federal Disability Programs
 - Pension Benefit Guaranty Corporation Insurance Programs
 - Medicare Program
 - Medicaid Program
 - National Flood Insurance Program
-

**Strategic Plan for
Serving Congress**

In February 2012, GAO issued an interim update to its strategic plan for serving the Congress for FYs 2010 – 2015. GAO's strategic planning efforts also help it anticipate and respond to Congressional needs. To be prepared to address timely and relevant issues, GAO uses eight broad trends identified in its strategic plan to guide its work plans. The scope of GAO's work is broad-based which allows it to respond to domestic and international challenges and covers the following trends: national security threats; fiscal sustainability and debt challenges; economic

recovery and restored job growth; global interdependence; science and technology; networks and virtualization; shifting roles of government; and demographic and societal change. GAO's three external strategic goals reflect the wide array of national and international issues that GAO covers in its mission to support the Congress, such as:

- addressing current and emerging challenges to the well-being and financial security of the American people;
- responding to changing security threats and the challenges of global interdependence; and
- helping transform the federal government to address national challenges.

GAO plans to issue the next full five-year strategic plan update for serving the Congress in 2014. GAO's strategic plan framework is attached as Appendix II. High demand coupled with continuing budget constraints and fewer resources necessitates that GAO prioritize requests for its work in close consultation with Congressional committee leaders.

Actions Taken to Reduce Operating Costs and Achieve Efficiencies

Since FY 2010, GAO has significantly reduced spending, reorganized our administrative support structure, improved business practices, and leveraged technology to enhance the overall efficiency of its operations. Beyond the cuts to GAO's staffing level, GAO has also made significant reductions in engagement support and infrastructure programs. During this same period, GAO reduced engagement support costs, such as staff travel by nearly 47 percent, and infrastructure support costs, such as information technology, building and security services, and administrative support services by nearly 23 percent.

In addition, GAO has implemented and is continuing to aggressively explore other opportunities to reduce its infrastructure costs, provide staff more flexibility, and increase its effectiveness and efficiency.

- **Space Optimization Generates Additional Rental Income**

In FY 2012, GAO completed activities to better optimize space in the GAO headquarters building and released a significant amount of space which it has leased to the Department of Justice (DOJ) under a 10-

year agreement which will provide \$2.1 million annually to help offset GAO's costs. DOJ began occupying the space in January 2013.

- **Enhanced Telework/Workspace-Sharing Pilot Reduces Infrastructure Costs**

Also, in FY 2013, GAO expects to reduce its physical presence in several field offices resulting in savings of \$1.2 million in lease costs, with additional savings projected in future years. In FY 2012, GAO implemented an enhanced telework pilot, including workspace sharing and hoteling components, to reduce infrastructure costs and enhance flexibility for employees by allowing them to spend more time working at home or at an alternate worksite. GAO is expanding the pilot to additional field offices throughout FY 2013.

- **More Efficient IT and Building Systems Reduce Operating Costs**

GAO also plans to implement targeted investments to improve the efficiency of its information technology infrastructure and building systems. For example, in FY 2013, GAO will be piloting an effort to streamline and virtualize its information technology infrastructure that will reduce maintenance and operating costs, improve system performance, increase data security, and increase the availability of tools for staff—particularly GAO's increasingly mobile workforce. In a virtualized environment, all GAO operating systems, applications, software, and data would be housed in a secure datacenter, rather than on a user's computer. In addition, GAO will continue progress towards upgrading building infrastructure heating and ventilation systems to ensure continued operation and efficiency. Most of the funding for these essential investments will come from savings within these programs.

- **Increasing the Efficiency of GAO's Processes is a Top Priority**

GAO has also made it a priority to increase the efficiency with which it conducts our mission work. This effort focuses on improving the way GAO manages and conducts engagements, uses its resources, and communicates its message. GAO made significant progress in FY 2012 to improve the efficiency of the processes it follows to produce GAO products. For example, GAO completed an end-to-end analysis of its engagement process and identified several areas of opportunity for improved efficiency, such as:

- identifying changes to key steps and decision points in its engagement process to ensure resource investments on individual

engagements are in line with congressional needs and needed scope of work;

- taking steps to more efficiently create content, standardize its review and fact-checking procedures within its rigorous quality assurance framework, as well as to distribute and publish its reports and content in multiple formats; and
- pursuing major enhancements to key engagement support and management systems to reduce rework and improve systems support and management information.

GAO also created the new Office of Continuous Process Improvement to oversee and implement these and other improvement projects. Under the auspices of this new office, 7 projects have been completed; 25 are underway; and next steps for FY 2013 have been developed. GAO also created an executive-level governance structure for prioritizing and directing process improvement initiatives.

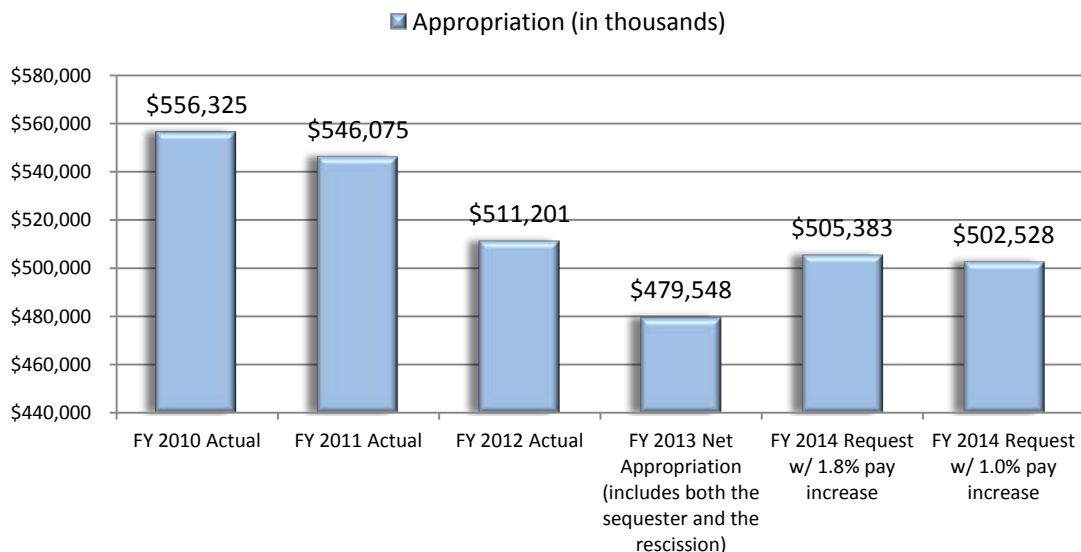
In FY 2013 GAO will continue to identify other areas of opportunity for improved efficiency, and will continually prioritize how to use resources to ensure the most significant efficiency gains. In addition, GAO will develop performance metrics for the process improvement program to show the effect improvement initiatives are having on its operations. When implemented, these improvements will allow GAO to streamline and standardize these processes to achieve greater efficiency in its work without sacrificing quality, to increase its responsiveness to the Congress, and to deliver products to the Congress and the public more effectively and efficiently.

Fiscal Year 2014 Requirements

GAO's revised estimate of \$505.4 million would enable GAO to bolster its staff capacity and retain its highly skilled workforce. GAO could reduce its requirements to \$502.5 million if the across-the-board pay increase is reduced from 1.8 percent to 1 percent as recommended by the President. GAO also plans to offset its costs with \$44.8 million in receipts from rental income, a new bid protest user fee, and reimbursements from program and financial audits. The requested resources provide the funds necessary to ensure that GAO can meet the highest priority needs of the Congress and produce results to help the federal government deal effectively with its serious fiscal and other challenges.

A summary of GAO's appropriation for FYs 2010–2014 is shown in Figure 1.

Figure 1: GAO Appropriations – FY 2010 - FY 2014



The requested funding level supports a staffing level of 2,945 FTEs, and provides funding for mandatory pay costs, staff recognition and benefits programs, and activities to support congressional engagements and operations. These funds are essential to ensure GAO can address succession planning challenges, provide staff meaningful benefits and appropriate resources, and help ensure that GAO can compete with other agencies, nonprofit institutions, and private firms who offer these benefits.

Human Capital Challenges

GAO depends on a talented, diverse, high-performing, and knowledge-based workforce to carry out its mission to support the Congress. Like other federal agencies, GAO is challenged to address several critical human capital management issues, while doing more with less. These issues include preparing for the retirement of executives and other senior managers, creating and maintaining a performance-based culture that helps to motivate and retain talented people, and implementing workplace practices that meet the needs of an ever-changing workforce in a fair and equitable manner.

Succession planning remains critical. In just 3 years, GAO's FTE level will be reduced by nearly 14 percent. During that time GAO has had extremely limited hiring, and as a result, the number of entry-level staff is not sufficient to provide a pipeline of experienced staff in the future. A significant proportion of GAO employees will be retirement eligible at

Internal Efforts to
Ensure Openness,
Diversity and
Fairness Continue

the end of FY 2013, including about 40 percent of senior executive staff and about 26 percent of supervisory analysts. These factors combine to make GAO's overarching human capital challenge one of ensuring that it has the future capability to support the mission of the agency to serve the Congress with the right resources, where and when they are needed.

GAO's funding request provides the resources to reinvigorate its hiring program to recruit entry-level staff and interns and fill critical vacancies. GAO also plans to increase funding—constrained in FYs 2012 and 2013—for recruitment and retention programs, such as student loan repayments and performance-based recognition to help 1) ensure its ability to attract, motivate, develop, and retain its highly skilled workforce; 2) address succession planning and skill gaps; and 3) ensure its ability to compete with private sector firms, non-profit institutions, and other agencies who can offer these benefits.

GAO continues to work hard to achieve its diversity and inclusiveness goals.¹ GAO's diversity efforts have been recognized both within the agency and externally. Most recently, in the 2012 best places to work list sponsored by the Partnership for Public Service—in which GAO ranked 2nd overall among mid-size federal agencies—we were rated number one in our support of diversity for the second year in a row. This important milestone notwithstanding, we realize that maintaining a work environment that supports a culture of inclusiveness is a dynamic and continuous process. We will continue to focus on diversity and inclusion, as it is a strategic goal that enhances our ability to fulfill our mission.

Additionally, in recognition of the importance of ensuring open lines of communication across GAO, I am intensifying communications with managers through several initiatives. This is particularly important as GAO addresses a number of external and internal challenges. For instance, the Executive Committee and I will meet regularly with individuals from all teams and staff offices. Every spring GAO will hold a town hall meeting so leadership can provide an update as to how the

¹ We have two documents to help us monitor our progress and identify areas for improvement—our 2012-2015 Diversity and Inclusion Strategic Plan that focuses on 3 goals—(1) workforce diversity, (2) workplace inclusion and (3) sustainability, and our annual Workforce Diversity Plan which provides data on the composition of the workforce, information on outcomes from key human capital processes as well as views and suggestions from employees about the work environment.

year is progressing and hear from staff directly, answering questions along the way. Of course, the Executive Committee and I will also monitor events and hold informational sessions or other discussions with employees as events warrant.

We maintained our productive working relationship with the employees' union, GAO Employee's Organization, International Federation of Professional and Technical Engineers (IFPTE), Local 1921, and reached agreement on several initiatives, including approval of our new performance appraisal system. We welcomed the establishment of a new bargaining unit with IFPTE, Local 1921, for our administrative professional and support staff. We are also working with the Employee Advisory Council and the Diversity Advisory Council on several issues.

Filing Fees Reduce Taxpayer Costs

GAO's FY 2014 budget request proposes new statutory authority to collect a filing fee from companies filing bid protests. The sole purpose of the filing fee would be to offset the cost of developing, implementing, and maintaining an electronic docketing system. GAO plans to collect a small filing fee, similar to other federal and state entities, which will shift the cost from taxpayers to the companies that directly benefit from the system.

For more than 80 years, GAO has provided an objective, independent, and impartial quasi-judicial forum for the resolution of disputes concerning the award of federal contracts. By law, GAO is required to resolve all protests within 100 calendar days from the date the protest is filed. GAO has experienced a significant increase in bid protest filings, from 1,411 filings in FY 2007 to 2,475 filings in FY 2012. In FY 2011, GAO received more than 16,000 protest-related e-mail messages, many of which contain time-sensitive material critical to the effective resolution of the protest within the 100-day statutory period.

GAO's current manual docketing system is a highly resource intensive administrative function that is outstripping available resources. An electronic filing system would make better use of available resources, minimize the potential for human error, provide automatic and immediate notification to agencies that a protest has been filed at GAO, and provide a useful service to the parties during the course of a protest since they could instantaneously access all public documents filed in a particular protest through a readily accessible web-based portal.

Managing Workload by Focusing Resources on Congressional Priorities

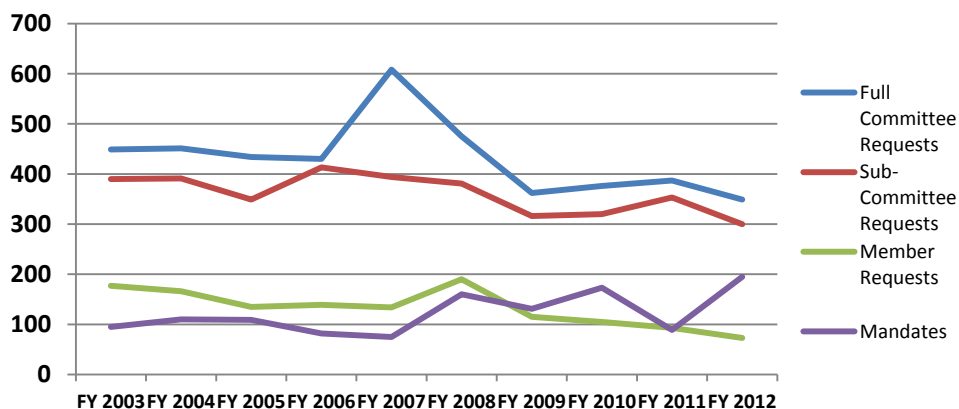
To manage its congressional workload during this period of declining budgets and staff resources, GAO continues to take steps to ensure its work supports Congressional legislative and oversight priorities and focuses on areas where there is the greatest potential for results in producing cost savings and improving government's performance. GAO gives priority to mandates² and requests from Congressional committee leaders which allows it to support Congressional committees as they carry out their appropriation, authorization, and oversight activities. GAO also focuses on areas where there is the greatest potential for results, such as recommendations that identify cost savings, improve government agencies, and provide other benefits, such as improving public safety and security.

To ensure GAO prioritizes its work to align with Congressional leadership priorities and potential for results, GAO consults continuously with Congressional committees to ensure that its work is focused on their highest priorities. Communicating frequently with Congressional clients helps GAO stay abreast of their needs as shifts in congressional priorities can change the mix of work GAO is asked to perform. GAO outreach includes my meetings with the Chairs and Ranking Members of many of the standing committees.

These sessions provide me the opportunity to hear first-hand the feedback from committee Chairs and Ranking Members on GAO's performance, as well as provide an opportunity to highlight the need to prioritize requests for GAO's services to maximize the return on the investment in GAO, particularly in this time of financial and budgetary uncertainty and constraint. Further, when GAO receives multiple requests for work in areas of high priority for the Congress, GAO also looks for opportunities, in consultation with Congressional committees and their staff, to merge these requests to create one body of work to meet multiple needs. In addition, most of GAO's reports issued in 2012—about 61 percent—were addressed to Members of both parties. In FY 2012, demand for GAO's services remained high with 924 congressional requests and mandates as illustrated in Figure 2.

² Congress may enact legislation that includes a requirement for GAO to conduct a particular study or request a GAO study in a Committee or Conference Report. At GAO, both types of requests are treated as "mandates". Repeal or modification of a statutory mandate included in legislation requires a statutory change.

Figure 2: Congressional Requests Received – FY 2003 - FY 2012



To manage GAO's workload from mandates, GAO also conducts congressional outreach regarding both potential and existing mandates. As bills are introduced weekly, GAO immediately reviews them to identify potential mandates for GAO work. As each potential mandate moves through the legislative process, GAO engages directly with the relevant committee or subcommittee to ensure that the mandate reflects a high priority requirement of the Congress, is scoped appropriately for meeting the congressional objective, avoids duplication of recently completed or ongoing work, and calls for work that is within GAO's authority.

In addition, GAO continues to work with Congressional committees to amend or repeal existing statutory mandates for GAO studies that have outlived their usefulness or do not represent the best use of GAO's resources given current congressional priorities. During the second session of the 112th Congress GAO collaborated with the Congress to revise or repeal 16 of GAO's mandated reporting requirements which had, over time, lost relevance or usefulness.

GAO is also seeking repeal of a recurring reporting requirement that originally appeared in the Legislative Branch Appropriations section of the American Recovery and Reinvestment Act. This requirement required bimonthly reviews of state and local use of Recovery Act funds. As the vast majority of Recovery Act funds have been spent, GAO's reviews are providing diminishing returns for the Congress. GAO proposes to sunset this bimonthly requirement.

Concluding Remarks

FY 2013 brings more challenges with responsibilities to further assess and report on government programs and financial regulatory reform efforts, among many other pressing issues. However, the effect of sequestration has further eroded GAO's staffing level and will severely limit GAO's ability to conduct its mission in an efficient and effective manner now and into the future.

If GAO's funding is reduced below the requested level, additional reductions in GAO's staffing level would be inevitable, adversely affecting its ability to produce results that can help deal with the federal government's fiscal challenges; provide timely, insightful analysis on congressional priorities and challenges facing the nation; and reduce the number of requests that GAO could complete. GAO would continue to focus only on limited critical replacement hires, as it did in FYs 2010-2013, further reducing GAO's staff capacity. As a knowledge-based organization, about 81 percent of GAO's resources fund staff compensation and benefits. Given the magnitude of the spending reductions GAO has implemented since FY 2010, GAO is extremely limited in its ability to target additional reductions in other areas beyond what has already been taken in order to meet the basic operations of the agency.

Further staffing reductions would diminish GAO's ability to find cost savings or revenue in the federal government at a time when Congress needs it most given the federal government's fiscal position. For example, GAO's reduced staffing levels would adversely impact GAO's ability to:

- identify cost savings and improvements in government operations, improve services to the public, conserve federal financial resources, and initiate government-wide reforms;
- effectively assist the Congress in addressing the broad array of social, economic, and security challenges facing the nation;
- provide timely and responsive information to support congressional deliberations or reauthorization activities for pending programs; and
- staff requested engagements, resulting in delays in starting congressional requests.

GAO has been and will continue to reach out to its congressional clients to ensure they recognize GAO's financial situation, to help focus GAO's work on the highest-priority areas, and help prioritize GAO work to obtain the maximum benefit in this resource-constrained environment. GAO remains committed to providing accurate, objective, nonpartisan, and constructive information to the Congress to help it conduct effective oversight and fulfill its constitutional responsibilities.

As the Congress and the administration debate ways to improve the federal government's long-term fiscal outlook, GAO's mission becomes ever more critical to help identify billions of dollars in cost-saving opportunities to tighten federal budgets in a thoughtful, targeted way and identify revenue-enhancement opportunities in a prudent manner.

Chairwoman Shaheen, Ranking Member Hoeven, and Members of the Subcommittee, this concludes my prepared statement. I appreciate, as always, your careful consideration of our circumstances and budgetary needs and look forward to discussing the matter with you.

Appendix I: Selected Testimony Topics for Fiscal Year 2012 by Strategic Goal

Selected Testimony Topics for Fiscal Year 2012 by Strategic Goal¹

Goal 1: Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People

- DOD and VA Health Care Integration
- Medicare Durable Medical Equipment
- FDA's Ability to Respond to Drug Shortages
- Oversight of Medicaid Payments
- Urgent Local Workforce Needs
- Modernizing SSA's Disability Programs
- Unemployed Older Workers
- School Bullying
- Transportation Issues and Management Challenges
- Small Employers Challenges to Pension Plan Sponsorship
- Fragmented Economic Development Programs
- Federal Real Property Management
- Mortgage Finance Risk Management
- Federal Reserve System's Emergency Assistance
- Climate Change Adaptation
- Unmanned Aircraft Systems
- Unconventional Oil and Gas Production
- Commercial Space Transportation
- Improving Homelessness Programs
- Los Angeles Federal Courthouse Construction
- Federal Housing Administration's Mutual Mortgage Insurance Fund

Goal 2: Respond to Changing Security Threats and the Challenges of Global Interdependence

- National Nuclear Security Administration Management
- Deepwater Horizon
- Securing the Modernized Electricity Grid
- Visa Waiver Program
- TSA's Process for Vetting Foreign Flight Students
- DHS's Container Security Programs
- FEMA's Management of Preparedness Grants
- DHS's Progress Improving and Integrating Management
- DOD's Acquisition Workforce Capacity
- Personnel Security Clearances
- Military Base Realignments and Closures
- Joint Striker Fighter Restructuring
- DOD Satellite Acquisitions
- DOD's Civilian Workforce
- Countering the Use of Improvised Explosive Devices
- Support and Security Capabilities in Iraq

³ GAO's complete set of strategic planning and performance and accountability reports are available on its website at <http://www.gao.gov/sp.html>.

Appendix I: Selected Testimony Topics for Fiscal Year 2012 by Strategic Goal

Selected Testimony Topics – Continued

Goal 3: *Help Transform the Federal Government to Address National Challenges*

- Arlington National Cemetery Contract Management
 - Coast Guard’s Deepwater Program
 - Suspension and Debarment Oversight
 - Medicare Part D Fraud and Prescription Drug Abuse
 - Reducing Improper Payments
 - Social Security Administration Technology Modernization
 - Improving 2020 Census Cost Effectiveness
 - Internet Availability of Counterfeit Military-Grade Electronic Parts
 - FY 2011 U. S. Government Financial Statements
 - Fraud Prevention in Service-Disabled Veteran-Owned Small Business Program
 - Environmental Satellite Program Risks
 - Information Technology Reform
 - Federal Workforce Challenges
 - Effective Long-term Disaster Recovery
 - Evaluating Expiring Tax Provisions
 - Strategies to Reduce Taxpayer Noncompliance
 - IRS’s Opportunities to Improve the Taxpayer Experience
 - Army Financial Audit Readiness
 - Centers for Medicare & Medicaid Fraud Detection Systems
 - Oversight of Psychotropic Prescription Drugs for Foster Children
-

Appendix II: GAO's Strategic Plan Framework



Serving the Congress and the Nation 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.

TRENDS

National Security Threats Fiscal Sustainability Challenges Economic Recovery and Growth Global Interdependence Science and Technology Networks and Virtualization Shifting Roles of Government Demographic and Societal Change

Goals	Objectives
<p>Provide Timely, Quality Service to the Congress and the Federal Government to...</p> <p>... Address Current and Emerging Challenges to the Well-being and Financial Security of the American People related to...</p>	<ul style="list-style-type: none"> Health care needs Lifelong learning Benefits and protections for workers, families, and children Financial security Effective system of justice Viable communities Stable financial system and consumer protection Stewardship of natural resources and the environment Infrastructure
<p>... Respond to Changing Security Threats and the Challenges of Global Interdependence involving...</p>	<ul style="list-style-type: none"> Homeland security Military capabilities and readiness U.S. foreign policy interests Global market forces
<p>Help Transform the Federal Government to Address National Challenges by assessing...</p>	<ul style="list-style-type: none"> Government's fiscal position and options for closing gap Fraud, waste, and abuse Major management challenges and program risks
<p>Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and Being a Leading Practices Federal Agency in the areas of...</p>	<ul style="list-style-type: none"> Efficiency, effectiveness, and quality Diverse and inclusive work environment Professional networks and collaboration Institutional stewardship and resource management

CORE VALUES

Accountability	Integrity	Reliability
----------------	-----------	-------------

Source: GAO.

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

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Katherine Siggerud, Managing Director, Siggerudk@gao.gov, (202) 512-4400

U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548

