Anticipating and Meeting Accountability Challenges

National Active and Retired Federal Employees
April 13, 2015

Gene L. Dodaro
Comptroller General of the United States
U.S. Government Accountability Office
Overview

• GAO’s Strategic Plan
• Key trends
• Related GAO work
Strategic Plan – Trends

• Threats Confronting U.S. National Security Interests
• Fiscal Sustainability and Debt Challenges
• Demographic and Societal Changes
• Changing Dynamics of Global Interdependence and Multilateral Cooperation
• Science and Technology Trends
• Advances in Communications Networks and Information Technologies
• Shifting Roles in Governance and Government
Trend: Threats Confronting U.S. National Security Interests

- Continuing regional political instability (Middle East, Africa, South Asia)
- Potential for further proliferation of nuclear, biological, and chemical weapons
- Evolving and growing threats in cyberspace
- Climate-related risks
- Growing fiscal pressures on national security agencies
- Shifting dynamics in Asia
Threats Confronting U.S. National Security Interests

Selected Current U.S. Overseas Presence and Plans in the Asia-Pacific Region

- **South Korea**: Currently about 28,500 U.S. forces
- **Japan**: Currently about 51,200 U.S. forces
- **Guam**: Currently about 6,000 U.S. forces
- **The Philippines**: Increased expansion of rotational U.S. forces under discussion
- **Singapore**: Plans to increase rotational U.S. presence
- **Australia**: Plans to increase rotational U.S. presence to around 1,100 U.S. forces

Source: GAO.
Threats Confronting U.S. National Security Interests

Related GAO work

• Examining the implementation of U.S. programs to strengthen counterterrorism capacity in the Middle East and Africa.

• Reviewing U.S. transition from a military to civilian-led presence in Afghanistan, including oversight of grants and contracts.

• Analyzing initiatives to adapt and modify U.S. overseas presence and programs in Asia and other parts of the world.

• Reviewing U.S. efforts and programs to secure and stabilize regions in conflict and the extent to which such efforts are coordinated among federal agencies.

• Assessing the government’s efforts to ensure the safety and security of diplomatic facilities and personnel.

• Reviewing the government’s efforts to identify and act on credible threats to homeland and border security.
Threats Confronting U.S. National Security Interests

Related GAO work

• Reviewing efforts to secure radioactive and nuclear material.

• Evaluating efforts to ensure the reliability, security, and affordability of energy supply infrastructure.

• Analyzing the funding and costs of military operations and programs given the fiscal pressures facing the nation.

• Evaluating the implications of climate-related risks for U.S. national security agencies and their plans and programs to address these implications.
Federal Debt Held by the Public as a Share of GDP (1797-2014)
The Budget Control Act: Focus on Discretionary Spending

Discretionary **Budget Authority** as a Share of GDP, 1991-2021

Percentage of GDP

Source: GAO analysis of data from the Congressional Budget Office and OMB data.
The Budget Control Act: Focus on Discretionary Spending

Discretionary Outlays as a Share of GDP, 1991-2021

20-year historical average = 7.2 percent

Source: GAO analysis of data from the Congressional Budget Office and OMB data.
Trend: Fiscal Sustainability and Debt Challenges

Deficits and Debt Held by the Public Under CBO’s January 2015 Baseline

- Billions of dollars
- Percentage of GDP

Debt held by the public
Deficits
Debt Held by the Public under Two Fiscal Policy Simulations

Percentage of GDP

Historical High = 106 percent in 1946

Source: GAO.
Fiscal Sustainability and Debt Challenges

Revenues and Composition of Spending in the Alternative Simulation

Source: GAO.
Fiscal Sustainability and Debt Challenges

State and Local Governments Face Increasing Fiscal Challenges

Percentage of GDP

-6
-4
-2
0
2
4
6

Projection begins

Positive balance

Negative balance

Year

2005
2010
2015
2020
2025
2030
2035
2040
2045
2050
2055
2060

Operating balance

Sources: GAO calculations using Bureau of Economic Analysis data and GAO simulations, updated December 2014. | GAO-15-554CG

Note: Historical data from 2005 to 2013 are from the Bureau of Economic Analysis’s National Income Product Accounts. Our simulations are from 2014 to 2063, using many CBO projections and assumptions, particularly for the next 10 years.
Fiscal Sustainability and Debt Challenges

Related GAO work

• Performing long-term **fiscal simulations** and analyzing drivers of the fiscal position of **federal** and **state and local sectors** on spending and tax side; identifying and analyzing **fiscal exposures**.

• Analyzing **federal debt & debt management**, including the debt limit.

• Improving the quality of **financial and cost information**.

• Analyzing government operations under **sequester & shutdown**. Identifying and recommending solutions to reduce the risk of **improper payments**.

• Identifying opportunities to reduce or eliminate **fragmentation, overlap, and duplication** in government programs and activities.

• Identifying specific opportunities to reduce the **tax gap**.
Large Numbers of Baby Boomers Eligible to Retire in Next 5 Years

Daily Average Number of People Turning 65 Each Year (in thousands)

Source: GAO analysis of U.S. Census Bureau data.
Demographic and Societal Changes
Confronting Young and Old

Mean Household Incomes, by Quintiles and Top 5 Percent

Average annual income (in 2012 dollars)

Demographic and Societal Changes
Confronting Young and Old

Related GAO work

- Supporting **health care financing and reform efforts** through analyses of Medicare, Medicaid, and other health programs.
- Evaluating efforts to implement the **Patient Protection and Affordable Care Act**.
- Assess the policy and administrative challenges to providing **Social Security and other benefits** for older adults in retirement.
- Identify ways to improve programs that facilitate **job opportunities and skills** for workers, including veterans.
- Assess policy and administrative challenges to improving school readiness and **K-12 education**, and greater access, affordability, and completion of **postsecondary education**.
- Evaluating efforts to assist communities with **combating crime** and to manage the overcrowded **federal prison system**.
Trend: The Changing Dynamics of Global Interdependence & Multilateral Cooperation

Five Year Economic Growth Forecast for Select Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>2014-2018 GDP Growth (Average Annual Percentage Change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>6.5%</td>
</tr>
<tr>
<td>China</td>
<td>6.4%</td>
</tr>
<tr>
<td>India</td>
<td>5.8%</td>
</tr>
<tr>
<td>Vietnam</td>
<td>6.3%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>5.5%</td>
</tr>
<tr>
<td>Turkey</td>
<td>4.3%</td>
</tr>
<tr>
<td>Colombia</td>
<td>4.6%</td>
</tr>
<tr>
<td>South Africa</td>
<td>4.1%</td>
</tr>
<tr>
<td>Egypt</td>
<td>3.8%</td>
</tr>
<tr>
<td>South Korea</td>
<td>3.4%</td>
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<tr>
<td>Mexico</td>
<td>2.9%</td>
</tr>
<tr>
<td>Russia</td>
<td>2.7%</td>
</tr>
<tr>
<td>Brazil</td>
<td>2.1%</td>
</tr>
<tr>
<td>United States</td>
<td>2.3%</td>
</tr>
<tr>
<td>Canada</td>
<td>2.0%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1.8%</td>
</tr>
<tr>
<td>France</td>
<td>1.6%</td>
</tr>
<tr>
<td>Germany</td>
<td>1.4%</td>
</tr>
<tr>
<td>Japan</td>
<td>1.3%</td>
</tr>
<tr>
<td>Italy</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Source: GAO analysis of Economist Intelligence Unit data.
The Changing Dynamics of Global Interdependence & Multilateral Cooperation

Related GAO work

• Examining the implementation, progress, and efficacy of national & international financial regulatory reforms and efforts to create a more stable financial system, including work examining systemically important financial institutions.

• Evaluating threats to exploit vulnerabilities across the global financial system, including tax evasion, corruption, fraud, cyber attacks on financial institutions, and money laundering.

• Analyzing the effectiveness of U.S. government programs designed to protect critical technologies.

• Assessing efforts to preserve U.S. economic and national security interests as the global supplier base widens.

• Evaluating efforts to ensure a safe food supply and medical products.
The Changing Dynamics of Global Interdependence & Multilateral Cooperation

Related GAO work

• Evaluating the effectiveness of federal programs to prevent, prepare for, and respond to public health emergencies.
• Evaluate U.S. government media programs to improve the U.S. image abroad.
• Assessing U.S. export promotion programs and other trade-related jobs creation activities.
• Analyzing energy market regulation, competition, and information.
• Evaluating U.S. efforts to address unfair trade practices and monitor and enforce the labor and environment provisions of recent international trade agreements.
• Assessing federal efforts to provide development and humanitarian assistance, including those to enhance international food security.
Trend: Advances in Science and Technology

• Emerging technologies:
  • Nanotechnology & manufacturing
  • 3-D printing
  • Synthetic biology
  • Unmanned aircraft systems
• Energy and natural resources nexus
• Science, technology, engineering and mathematics education
Advances in Science and Technology

Funding/Investment Gap: The “Missing Middle”

Source: GAO adapted from Executive Office of the President.
Related GAO work

• Performing studies and technology assessments of S&T issues, such as nanomanufacturing, next generation nuclear reactors, freshwater conservation, national and homeland defense systems, and additive manufacturing.

• Enhancing the security and privacy of computer systems and networks supporting federal operations and critical infrastructures.

• Assessing the government’s planning, implementation, and use of information technology, including health IT.

• Improving transparency and governance of major IT projects.

• Assessing the management and results of the federal investment in science and technology and the effectiveness of efforts to protect intellectual property.
On the Web

Contact
Chuck Young, Managing Director, Public Affairs
YoungC1@gao.gov (202) 512-4800
U.S. Government Accountability Office
441 G Street NW, Room 7149
Washington, D.C. 20548

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