



## Testimony

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

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# FISCAL YEAR 2016 BUDGET REQUEST

## U.S. Government Accountability Office

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Comptroller General of the United States

Accessible Version

Highlights of [GAO-15-417T](#), a testimony before the Subcommittee on Legislative Branch, Committee on Appropriations, U. S. Senate

## Background

GAO's mission is to support 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 Congress, federal agencies, and to the public and recommends improvements, when appropriate, across the full breadth and scope of the federal government's responsibilities.

GAO's work supports a broad range of interests throughout Congress. In fiscal year 2014, GAO received requests for our work from 94 percent of the standing committees of Congress and almost 70 percent of their subcommittees. Additionally, senior GAO officials testified 129 times on a wide range of issues that touched virtually all major federal agencies.

GAO remains one of the best investments in the federal government, and GAO's dedicated staff continues to deliver high quality results. In fiscal year 2014 alone, GAO's work yielded \$54.4 billion in financial benefits – a return of about \$100 for every dollar invested in GAO. Since fiscal year 2003, GAO's work has resulted in:

- over ½ trillion dollars in financial benefits; and
- about 15,800 program and operational benefits that helped to change laws, improve public services, and promote sound management throughout government.

These results are a reflection of the dedication and hard work of GAO's staff. GAO has again been recognized as an employer of choice, and continues to be ranked near the top on "best places to work" lists. In December 2014 the Partnership for Public Service ranked GAO second among mid-size agencies as one of the best places to work in the federal government.

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## FISCAL YEAR 2016 PERFORMANCE BUDGET

### U.S. GOVERNMENT ACCOUNTABILITY OFFICE

GAO's fiscal year (FY) 2016 budget request of \$553.1 million supports 3,055 full time equivalent (FTE) staff and continues progress towards achieving an optimal level of 3,250 FTE. The request also provides the resources to maintain current operations and make limited investments in GAO's information technology (IT) and building infrastructure. Costs will be offset with \$33.4 million in reimbursements, primarily from financial audits and rental income.

The Congress used GAO's work extensively in 2014 to identify legislative solutions to emerging problems, achieve cost savings, and find efficiencies in federal agencies and programs. GAO's work helped Congress achieve some of the billions in savings and revenue enhancements needed to avoid sequestration in fiscal years 2014 and 2015. In addition, GAO's work was cited repeatedly in the *Consolidated and Further Continuing Appropriations Act, 2015*, and contributed to over a dozen key authorizations and reauthorizations, including, among others, the Department of Defense, the Coast Guard, workforce programs, and agriculture programs. GAO's work also contributed to bills intended to improve veteran's health care, federal acquisitions of information technology and weapons systems, and transparency of federal programs.

In addition to the \$54.4 billion in financial benefits from GAO's work, during fiscal year 2014, we recorded over 1,200 program and operational improvements in numerous areas affecting public safety and security and the efficient and effective functioning of government programs, including:

- cybersecurity governance;
- oversight of international food aid;
- security of diplomatic facilities and personnel overseas;
- sharing of terrorism-related information with federal and non-federal partners; and
- the future of nanomanufacturing, including research and development, U.S. competitiveness, and environmental, health, and safety concerns.

Workforce and succession planning also remain a priority for GAO. In FY 2015, GAO plans to achieve a staffing level of 3,015 FTEs through a targeted recruiting strategy to address critical skills gaps. This is a positive step forward in rebuilding staff capacity which in recent years had fallen to the lowest level since 1935. The additional staff will help ensure GAO has the resources to assist Congress in improving government performance, effectiveness, and accountability, as well as support GAO's commitment to service and quality. GAO's limited investments in IT and building infrastructure will allow GAO to further streamline business operations, increase staff productivity, as well as improve access to information. Implementation will be done through a phased approach to reduce risk and ensure effective implementation.

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Chairman Capito, Ranking Member Schatz, and Members of the Subcommittee:

On behalf of the U.S. Government Accountability Office (GAO), I appreciate the opportunity to discuss our fiscal year (FY) 2016 budget request. I also appreciate the confidence this subcommittee has shown in GAO by supporting our efforts to serve Congress and improve government performance, accountability, and transparency.

The FY 2015 funding of \$522 million will allow GAO to have a staff capacity of 3,015 full-time equivalent (FTE) positions. This is a positive step forward in rebuilding our staff capacity, which in recent years had dropped to its lowest level since 1935 due to funding constraints. GAO remains committed to quality, focusing on meeting the highest priorities of Congress, and assisting in improving government efficiency and effectiveness.

GAO's FY 2016 budget request of \$553.1 million will support 3,055 FTEs, continuing progress towards achieving an optimal level of 3,250 FTEs. The requested funding also provides the resources to maintain current operations and make limited investments in information technology (IT) and building infrastructure. Costs will be offset with \$33.4 million in reimbursements, primarily from financial audits and rental income.

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## Assisting Congress and the Nation

GAO provides an exceptional investment, a return of about \$100 for every dollar invested in GAO. In FY 2014, our work resulted in \$54.4 billion in financial benefits and 1,288 program and operational improvements across the federal government.

The program areas where these benefits have been realized include public safety and security, program efficiency and effectiveness, public insurance and benefits, acquisition and contract management, tax law administration, and business process and management.

GAO is recognized for its non-partisan, first-hand, objective, fact-based, and reliable analyses across the full breadth and scope of the federal government's responsibilities and the extensive interests of Congress.

In FY 2014, we responded to requests from 94 percent of the standing full committees of the Congress, and almost 70 percent of the standing subcommittees. Our analyses and testimony inform debate and decisions by providing facts and supporting documentation. We provide program

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and technical expertise to support Congress in overseeing the executive branch, evaluating spending priorities, and assessing information from outside parties.

GAO remains steadfast in our financial stewardship responsibilities by providing high quality work identifying cost-savings and revenue enhancements as Congress and the administration deliberate on both the federal government's immediate priorities and the nation's long-term fiscal path. Through sound analysis and advice, GAO recommends solutions across a vast array of areas to foster government efficiency, effectiveness, and responsiveness on high priority challenges facing Congress and the nation. In FY 2014, we issued 693 reports and made 1,619 new recommendations. On average about 80 percent of GAO's recommendations have been implemented over a four year period.

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## **GAO's Work Helps Congress Avoid Sequestration**

Our findings are often cited in House and Senate deliberations and committee reports supporting congressional action, including improving federal programs on our High Risk list and addressing fragmentation, overlap, and duplication in government. Congress used our work on a broad range of issues to inform its decisions on important legislation, which also resulted in financial and other benefits for the government.

For example, some of the key decisions adopted by Congress on the FY 2014 and 2015 budget (the Bipartisan Budget Act of 2013) were linked to our work.

Specifically, our efforts helped Congress achieve some of the billions in savings and revenue enhancements needed to avoid sequestration in fiscal years 2014 and 2015, including:

- improving the cost-effectiveness of filling the Strategic Petroleum Reserve resulting in estimated savings of \$3.2 billion over 10 years;
- reducing overpayments for unemployment insurance by \$159 million over 10 years by identifying fraud or failure to report earnings;
- expanding the risk-based element of the Pension Benefit Guaranty Corporation's premium rate structure to increase revenues and offset direct spending by \$7.9 billion over 10 years;
- reducing improper payments to inmates for disaster relief and other assistance resulting in savings of \$80 million over 10 years; and

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- increasing aviation security fees to cover 43 percent of aviation security costs in 2014, saving \$12.6 billion over 10 years.

Other contributions to mitigating the sequester related to our work included capping compensation costs for federal contractors.

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### **GAO Contributes to a Wide Range of Key Appropriations and Authorization Legislation**

The Congress used GAO's work in 2014 to identify legislative solutions to emerging problems, achieve cost savings, and find efficiencies in federal agencies and programs. For example, GAO's work was cited repeatedly in the *Consolidated and Further Continuing Appropriations Act, 2015* (2015 Appropriations Act), and contributed to over a dozen key authorizations and reauthorizations, including for the Department of Defense, the Coast Guard, workforce programs, and agriculture programs.

GAO's work also contributed to bills intended to improve veteran's health care, federal acquisitions of information technology (IT) and weapons systems, and transparency of federal programs, among others. Examples include:

#### *Cost savings and efficiencies*

- In the 2015 Appropriations Act, Congress rescinded funds or reduced Administration proposals for weapon systems, including the Amphibious Combat Vehicle, Joint Tactical Radio System, and the Kiowa Warrior helicopter program for an estimated total of over \$500 million.
- To improve accountability, the Act also withheld funds from agencies, including the Departments of Defense and Energy, until problems identified by GAO were addressed.
- The Agricultural Act of 2014 reflected billions of dollars in savings through the end of the direct payment program and clarification of eligibility for farm program payments.
- The Workforce Innovation and Opportunity Act reauthorization realigned and streamlined employment and training programs, and the Water Resources Reform and Development Act directed the Army Corps of Engineers to realign projects according to priority.
- The Carl Levin and Howard P. "Buck" McKeon National Defense Authorization Act for Fiscal Year 2015 (2015 NDAA) required the

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Department of Defense to periodically reassess their headquarters requirements to address growth in headquarters bureaucracy.

Increasing government transparency

- The Digital Accountability and Transparency Act required the federal government to set government-wide data standards for financial data intended to result in consistent, reliable, and searchable government-wide spending data available to the Congress, agency managers, and the public.
- The 2015 Appropriations Act and numerous authorization acts required federal agencies to report on how they would respond to GAO's findings and recommendations.

Services for veterans

- The Veterans Access, Choice, and Accountability Act reflected GAO's recommendations regarding changes in the procedures for which VA will pay for health care for veterans outside of the VA system. It also addresses concerns about coordination between VA and the Indian Health Service on veteran's health care.
- The Act takes measures to improve IT and staff training related to appointment scheduling.
- The FY 15 Appropriations Act instructs DOD to improve cemetery and burial operations, including implementing GAO's recommendations regarding better serving rural veterans.

Responding to emerging security issues

- Five new laws addressing emerging cybersecurity challenges reflected GAO's recommendations, including provisions related to security standards, improving the federal cybersecurity workforce, promoting public and private collaboration regarding cybersecurity, and to clarify and strengthen cybersecurity roles among federal agencies.
- With regard to chemical facility security, GAO's work was reflected in the Protecting and Securing Chemical Facilities Act of 2014, which should result in improved risk assessment procedures.

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Improvements to federal acquisitions

- In addition to the savings from weapon systems mentioned above, GAO's work was reflected in the Federal Information Technology Acquisition Reform Act, which addresses cost and performance issues in federal IT acquisitions by improving the transparency of major IT investments, expanding the Chief Information Officer's authorities, eliminating duplication, and identifying cost savings opportunities.
- Similarly, the Transportation Security Acquisition Reform Act of 2014 requires the Transportation Security Agency (TSA) and the Department of Homeland Security (DHS) to reform their approach to identifying technology investments and monitoring cost, schedule and performance of these acquisitions.

Protecting workers and consumers

- In the 2015 Appropriations Act the Congress addressed the severe financial difficulties of multiemployer pension plans and the Pension Benefit Guaranty Corporation's Multiemployer Insurance Program.
- The Cooperative and Small Employer Charity Pension Flexibility Act also reflected GAO's recommendations regarding these pensions.
- The 2015 Appropriations Act also limits the ability of the National Technical Information Service, within the Department of Commerce, to charge consumers for reports from the Legislative Branch offices that can be obtained from those offices for free.
- It also required the Department of Education to report on how it would implement GAO's recommendations to improve management of the District of Columbia's Opportunity Scholarship Program and ensure that administrative funds can be used to implement them.
- The Coast Guard reauthorization required that information about crime on cruise ships be made easily available on the Department of Transportation's website.

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## Program and Operational Benefits due to GAO's Work

Many of the benefits resulting from our work cannot be measured in dollars, but led to program and operational improvements across the government. During FY 2014, we recorded 1,288 of these other benefits.<sup>1</sup>

GAO's work led to improvements in numerous areas affecting public safety and security and the efficient and effective functioning of government programs. Examples of actions taken by government agencies in response to our work include:

- better guidance and oversight to ensure complete documentation of investigations into abuse allegations at immigration detention facilities;
- an improved cyber security governance structure to ensure that federal agencies' efforts to educate the nation's cyber security workforce are effective;
- strengthened oversight of international food aid to ensure that targeted assistance reaches vulnerable groups, such as children and pregnant women, in other countries;
- enhanced security of diplomatic facilities and personnel overseas, including improvements to security standards and efforts to mitigate vulnerabilities;
- better sharing of terrorism-related information with federal and non-federal partners and enhanced efforts to identify and narrow gaps in information sharing;
- informed decision making on the future of nanomanufacturing, including research and development, U.S. competitiveness, and environmental, health, and safety concerns; and

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<sup>1</sup> GAO's performance results can be found at: <http://www.gao.gov/about/perfaccountreport.html>. Our web site includes a summary of GAO's FY 2014 Performance and Accountability Report as well as the complete report. The annual report informs Congress and the American people about what we have achieved on their behalf with the funds entrusted to us.



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- improved transparency regarding how sequestration decisions were implemented so that agencies can better plan for such events if they occur in the future.

This past fiscal year, GAO also issued revised internal control standards for the federal government and made significant contributions to international auditing standards. These standards can help agencies achieve effective internal control systems to safeguard public resources, report reliable information about their operations, and comply with applicable laws and regulations.

Through the products we issued in FY 2014, we continued to build on bodies of work under our three broad strategic goals:

- (1) address current and emerging challenges to the well-being and financial security of the American people;
- (2) respond to changing security threats and global interdependence; and
- (3) help transform the federal government to address national challenges.

Work completed in these areas included:

- **Protection of children** – we reported on the need for improvements to school lunches, guidance for states on the use of psychotropic drugs for children in foster care, and preventing sexual abuse of students by school personnel;
- **Veterans** – we reported on out-patient medical care, purchasing and tracking of surgical implants, cost increases and schedule delays in constructing and leasing VA medical facilities, and the accuracy and quality of processing disability claims for veterans;
- **Health care** – we continued to report on the implementation of the Patient Protection and Affordable Care Act (e.g., HealthCare.gov), drug shortages, Internet pharmacies selling counterfeit drugs, Medicare fraud, Medicaid financing, and nursing home care; and
- **Financial literacy** – we reported on retirement security, managed retirement accounts, student loans, college debit cards, and lump sum payment pension scams.

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## Testimonies

Senior GAO officials testified 129 times before 70 separate committees or subcommittees on issues that touched virtually all major federal agencies. Figure 1 shows examples of topics GAO testified on in FY 2014 organized by strategic goal.

Additional information on selected testimonies can be found in Part II of the 2014 Performance and Accountability Report at: <http://www.gao.gov/products/GAO-15-1SP>.

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### Figure 1: Examples of FY 2014 Testimonies by Goal

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

- Processing Veterans' Disability Benefits
- Early Learning and Child Care
- Social Security Disability Programs
- Timely Outpatient Medical Care for Veterans
- Federal Fiscal Exposure from Climate Risks
- Export-Import Bank Management
- Airport Development and Financing
- Oil and Gas Management
- U.S. Postal Service's Unfunded Benefit Liabilities
- Oversight of Student Loans
- Public Transit Challenges
- Expectations of Government Support for Large Bank Holding Companies
- Federal Efforts Supporting Financial Literacy
- VA Construction of Major Medical Facilities Face Cost Increases and Schedule Delays
- Medicare Fraud

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

- Arizona Boarder Surveillance Technology Plan
- Personnel Security Clearances
- DOD's POW/MIA Mission and Challenges
- Enhancing Federal Response to Information Security Breaches
- Space Launch Acquisitions
- Nuclear Nonproliferation
- Defense Acquisition Management Reforms
- DHS Chemical Security Program
- DHS's Progress Addressing High Risk Issues
- DOD Acquisition Risks
- F-35 Joint Strike Fighter
- NASA Export Controls
- DHS Research and Development Oversight
- Defense Health Reform
- USAID Support for Haiti's Reconstruction
- HealthCare.gov Security and Privacy Controls
- TSA's Screening Partnership Program

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

- Biosafety Lapses in High Containment Labs
- Use of Psychotropic Medications for Foster Children
- IT Reform
- Patient Protection and Affordable Care Act Enrollment Control
- Leveraging Best Practices for IT Acquisitions
- Monitoring Improper Payments
- Government-wide Challenges to Efficiency and Effectiveness
- Reducing Fragmentation, Overlap, and Duplication in Federal Programs
- DOD Financial Management

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Source: GAO.

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In addition, to better serve our clients and the public, we expanded our presence in digital and social media, releasing GAO iPhone and Android applications, and launching streaming video web chats with the public. More than 31,300 people now get our testimonies, reports, and legal decisions daily on Twitter, and our blog was just named one of the five best across the federal government.

Building on our efforts in FY 2013 to improve the GAO Watchdog website, available exclusively for Members and their staff, in FY 2014 we added drop-down menus, videos, and other features to enhance the user-friendliness of the site; improved functionality by allowing users to more easily find information on completed and ongoing GAO engagements; and feature new content such as descriptions of the full range of products and services GAO provides, including briefings by subject matter experts, comments on legislation, and assistance in drafting requests for work.

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## High Risk Program

GAO maintains a list for Congress of High Risk areas, which focuses on government operations that are at high risk of fraud, waste, abuse, and mismanagement, or need transformation to address economy, efficiency, or effectiveness challenges, organized by six broad areas that touch on every aspect of government operations:

- ***Strengthening the Foundation for Efficiency and Effectiveness***, including management of federal oil and gas resources, modernizing the U.S. financial regulatory system and the federal role in housing finance;
- ***Transforming DOD Program Management***;
- ***Ensuring Public Safety and Security***, including mitigating gaps in weather satellite data and protecting public health through enhanced oversight of medical products;
- ***Managing Federal Contracting More Effectively***, including at DOD, NASA and DOE;
- ***Assessing the Efficiency and Effectiveness of Tax Law Administration***; and
- ***Modernizing and Safeguarding Insurance and Benefit Programs***.

In February 2015, GAO released its latest update of the list. The report noted that solid, steady progress has been made in the vast majority of the high-risk areas. Eighteen of the 30 areas on the 2013 list at least partially met all of the criteria for removal from the High Risk List. Of those, 11 met at least one of the criteria for removal and partially met all

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others. Sufficient progress was made to narrow the scope of two high-risk issues – *Protecting Public Health through Enhanced Oversight of Medical Products* and *DOD Contract Management*. Overall, progress has been possible through the concerted actions of Congress, leadership and staff in agencies, and the Office of Management and Budget.

This year GAO added 2 areas, bringing the total to 32:

- ***Managing Risks and Improving Veterans Affairs (VA) Health Care***

GAO has reported since 2000 about VA facilities' failure to provide timely health care. In some cases, these delays or (VA's failure to provide care at all) have reportedly harmed veterans. Although VA has taken actions to address some GAO recommendations, more than 100 of GAO's recommendations have not been fully addressed. The recently enacted Veterans Access, Choice, and Accountability Act included provisions to help VA address systemic weaknesses. VA must effectively implement the Act.

- ***Improving the Management of Information Technology (IT) Acquisitions and Operations***

Congress has passed legislation and the administration has undertaken numerous initiatives to better manage IT investments. Federal IT investments too frequently fail to be completed or incur cost overruns and schedule slippages while contributing little to mission-related outcomes. GAO has found that the federal government spent billions of dollars on failed and poorly performing IT investments which often suffered from ineffective management, such as project planning, requirements definition, and program oversight and governance. Over the past 5 years, GAO made more than 730 recommendations; about 23 percent had been fully implemented as of January 2015.

GAO is also expanding two areas due to evolving high-risk issues:

- ***Enforcement of Tax Laws***

This area is expanded to include IRS's efforts to address tax refund fraud due to identity theft. IRS estimates it paid out \$5.8 billion (the exact number is uncertain) in fraudulent refunds in tax year 2013 due to identity theft. This occurs when a thief files a fraudulent return using a legitimate taxpayer's identifying information and claims a refund.

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- ***Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information (PII)***

This risk area is expanded because of the challenges to ensuring the privacy of personally identifiable information posed by advances in technology. These advances have allowed both government and private sector entities to collect and process extensive amounts of PII more effectively. The number of reported security incidents involving PII at federal agencies has increased dramatically in recent years.

Solving these high risk problems has the potential to save billions of dollars, improve service to the public, and strengthen the performance and accountability of the U.S. government. For example, since our last update in 2013, we issued 317 reports, delivered 78 testimonies to Congress, and prepared numerous other products such as briefings related to our high risk work. We documented more than \$40 billion in financial benefits and 866 other improvements related to high-risk areas. The complete list of high-risk areas is included as Appendix I. Details on each high-risk area can be found at <http://www.gao.gov/highrisk/overview>.

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## **Fragmentation, Overlap, and Duplication**

GAO issued the fourth annual report in 2014 identifying 26 new areas and 64 actions that could reduce fragmentation, overlap, and duplication, as well as other cost savings and revenue enhancement opportunities across the federal government. To date, we have identified 188 areas where opportunities exist for executive branch agencies or Congress to reduce, eliminate, or better manage fragmentation, overlap, or duplication; achieve cost savings; or enhance revenue. These areas span a broad range of government missions and functions.

Within these 188 areas, we've identified approximately 440 actions that executive branch agencies and Congress could take to address these opportunities for greater efficiency and effectiveness. Although Congress and executive branch agencies have made notable progress toward addressing the actions we have identified, further steps are needed to fully address the remaining actions.

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As of November 2014, of the recommended actions identified in 2011, 2012, 2013, and 2014, 29 percent have been addressed; 44 percent have been partially addressed; and 23 percent have not been addressed.<sup>2</sup> More specifically, of the actions directed to executive branch agencies, 30 percent have been addressed, 49 percent partially addressed, and 18 percent not addressed.<sup>3</sup> Of the actions directed to Congress, 26 percent have been addressed, 16 percent partially addressed, and 51 percent not addressed.<sup>4</sup>

We estimate that executive branch and congressional efforts to address actions identified by GAO have resulted in over \$10 billion in realized savings with an additional \$60 billion in financial benefits to be accrued over the next 10 years. Implementing other suggested actions could result in tens of billions of dollars more in cost savings and enhanced revenues. For example, in 2012, GAO reported that the military's approach to acquiring combat uniforms was fragmented, which could increase battlefield risk and increase costs. As a result of a provision to the National Defense Authorization Act for FY 2014, the Army did not field new camouflage uniforms, avoiding \$4.2 billion in costs over 5 years.

To assist congressional oversight of these issues, we maintain GAO's Action Tracker, a publicly accessible website containing the status of actions suggested in this series of reports. The website allows Congress, executive branch agencies, and the public to track the progress the government is making in addressing the issues we have identified.

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## Legal Work

In FY 2014, GAO published 22 appropriations decisions, opinions, and letters on wide-ranging issues such as DOD's transfer of individuals from Guantanamo Bay, and the District of Columbia's budget autonomy. GAO attorneys also provided ongoing appropriations law assistance to various congressional committees and federal agencies navigating the government shutdown.

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<sup>2</sup> Eighteen actions (or 4 percent) have been assessed as "consolidated or other" due to additional work or other information that we considered.

<sup>3</sup> Of the 18 actions assessed as "consolidated or other," 13 relate to executive branch actions (or 3 percent of the actions directed to the executive branch).

<sup>4</sup> Of the 18 actions assessed as "consolidated or other," five relate to congressional actions (or 7 percent of the actions directed to Congress).

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GAO also assisted Congress on a number of other matters, including continuing advice on the implementation of sequestration. Finally, GAO's Office of General Counsel handled more than 2,500 bid protest cases during FY 2014, issuing more than 500 decisions on the merits.

The Consolidated Appropriations Act, 2014, directed GAO to develop an electronic bid protest filing system. The statute also authorized the collection and use of fees to offset the costs of that system. We conducted outreach with Congress and small business and veterans groups identified by congressional stakeholders regarding the implementation of a filing fee. Periodic updates are provided on our progress to the House and Senate Committees on Appropriations.

We are making progress in developing the system. After considering the functional requirements for an electronic filing system, with an emphasis on IT security issues, we conducted market research through a Request for Information. We invited several vendors to provide demonstrations of their capabilities, and we developed a prototype bid protest electronic filing system as a proof of concept. We currently expect to complete development and launch the system by the end of calendar 2015.

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## Strategic Plan for Serving Congress

In February 2014, GAO released its updated Strategic Plan: *Serving the Congress and the Nation 2014-2019 (GAO-14-1SP)*. The plan describes our proposed goals and strategies for supporting Congress and the nation as the country continues through this period of challenge and opportunity. Our strategic plan framework (Appendix II) summarizes the global trends, as well as the strategic goals and objectives that guide our work.

While summarizing trends shaping the United States and its place in the world, the strategic plan reflects the areas of work we plan to undertake, including science and technology, weapons systems, healthcare, homeland security, the environment, and energy.

GAO will also increase collaboration with other national audit offices to ensure sound collaboration and coordination on global issues that directly affect the United States, including international financial markets.

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## Managing Workload by Focusing Resources on Congressional Priorities

To manage our congressional workload, we continue to take steps to ensure our work supports the highest congressional legislative and oversight priorities while focusing on areas where there is the greatest potential for results, such as cost savings and improved government performance.

We actively coordinate with congressional committees in advance of new statutory mandates<sup>5</sup> by identifying mandates real time as bills are introduced; participating in ongoing discussions with congressional staff; and collaborating to ensure that the work is properly scoped and is consistent with the committee's highest priorities.

In FY 2014, 33 percent of our audit resources were devoted to mandates and 63 percent to congressional requests. I regularly meet with Chairs and Ranking Members of committees and subcommittees to hear firsthand feedback on our performance. Their priorities help ensure we maximize the return on your investment in us.

As a matter of routine, GAO also reviews its list of recurring mandates (i.e., those that have repeating requirements over time) on an annual basis, and works with the appropriate committees to revise or repeal, as appropriate, those mandates on topics or programs which have already been fully analyzed, thereby freeing up resources for higher congressional priorities.

During the second session of the 113<sup>th</sup> Congress, we collaborated with the Congress to revise or repeal GAO's mandated reporting requirements which had, over time, lost relevance or usefulness. Specifically, GAO worked with responsible committees to have six mandates repealed or revised as part of the 2014 National Defense Authorization Act. In addition, HR 4194, Government Reports Elimination Act repeals or revises an additional 11 mandates, and the National Defense Authorization Act for FY 2015 included provisions to modify or repeal 4 reporting requirements for GAO. Both of these were passed by the Congress and signed by the President in November 2014.

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<sup>5</sup> Congressional mandates include requirements directed by statutes, congressional resolutions, conference reports, and committee reports.



## Fiscal Year 2016 Requirements

GAO's FY 2016 budget request seeks an appropriation increase of \$31.1 million, or 5.9 percent, to support a modest increase in our staffing level to 3,055 FTE and continue critical improvements in our IT, building, and security infrastructures. Costs will be offset with \$33.4 million in reimbursements, primarily from financial audits and rental income.

The requested resources provide the funds necessary to ensure that GAO can meet the highest priority needs of Congress and produce results to help the federal government deal effectively with its serious fiscal and other challenges. A summary of GAO's resources for our FY 2010 baseline and FYs 2014 to 2016 is shown in Figure 2.

**Figure 2: FY 2010 Baseline and FY 2014 to FY 2016 Summary of Resources (dollars in thousands)**

Funding Source	Fiscal Year 2010 Actual		Fiscal Year 2014 Actual		Fiscal Year 2015 Estimated		Fiscal Year 2016 Request	
	FTE	Amount	FTE	Amount	FTE	Amount	FTE	Amount
Salaries and Expenses Appropriation		\$556,325		\$505,293		\$522,000		\$553,058
Non-legislative-branch appropriation		21,804		70		–		–
Reimbursements		10,214		2,330		8,405		7,955
Offsetting receipts		10,892		20,898		25,000		25,000
Bid protest user fees		–		–		–		450
<b>Total budget authority</b>	<b>3,347</b>	<b>\$599,235</b>	<b>2,891</b>	<b>\$528,591</b>	<b>3,015</b>	<b>\$555,405</b>	<b>3,055</b>	<b>\$586,463</b>

Source: GAO.

## Staff Capacity

Our talented, diverse, and high-performing workforce is essential in fulfilling our mission of supporting Congress. While progress has been made, we still face challenges in addressing critical human capital management issues, including preparing for retirements of key subject matter experts, senior executives, and other key leaders; maintaining a performance-based and inclusive culture that helps motivate and retain a talented and diverse staff; and maintaining workplace and work-life practices that meet the needs of an evolving workforce in an equitable manner.

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A significant proportion of our employees are currently retirement eligible. Presently, about 40 percent of our senior executive staff and 21 percent of our supervisory analysts are retirement eligible. In FY 2015, through a targeted recruiting strategy to address critical skills gaps, we plan to hire entry-level staff and student interns to achieve a staff capacity of 3,015 FTEs. This will allow us to continue to reverse the downward trend in our FTEs and achieve some progress in reaching our optimal staffing level of 3,250 FTEs. Our FY 2016 budget seeks funding for a 3,055 FTE level to help us continue to replenish the much needed pipeline of entry-level and experienced analysts to meet future workload challenges.

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## Priority Areas for Increased Staffing

GAO has identified areas that merit increased review and attention as additional staffing is made available including:

- **Continued Identification and Reduction in Improper Payments** – In FY 2014 improper payments made in federal programs were estimated to be over *\$124 billion*, nearly \$19 billion higher than reported for FY 2013. Moreover, much of this increase is in two of the fastest growing programs in terms of federal expenditures – Medicare and Medicaid. GAO will continue to be vigilant in identifying improper payments and providing recommendations to prevent this wasteful situation.
- **Science and Technology** – Congress increasingly asks GAO to review multi-billion dollar federal investments in science and technology areas, such as cybersecurity, satellite and space programs, sophisticated weapons systems, as well as the environmental and energy sectors. GAO has also developed the capability to do science and technology assessments, and will continue to replenish our staff capacity to maintain a strong position in this area.
- **The tax gap** – The net gap between taxes owed and taxes paid is an estimated *\$385 billion* each year. There is about an 84 percent compliance rate on taxes owed to the federal government. GAO has identified a number of opportunities for the Internal Revenue Service to get better data to do the necessary comparisons and increase collections. GAO will continue to devote resources to this area. The additional resources will enable us to expand our work in finding ways to further close the tax gap.

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## Operational Efficiencies

In addition to addressing critical staffing needs, the FY 2016 budget request also focuses funding on two other areas, information technology and building and security.

- **Information Technology**

GAO's IT systems are an essential component in ongoing efforts to maintain efficient and effective business operations and to provide timely data needed to inform management decisions.

Improvements to our aging IT software will streamline business operations, reduce redundant efforts, increase staff effectiveness and productivity, improve access to information, facilitate a more agile and mobile workforce, and improve operational efficiency.

We continue to implement many of these actions in a phased approach to promote efficiencies and monitor effectiveness. In FY 2016, we plan to:

- complete implementation of the first phase of a new content creation system, which will automate the creation, indexing, referencing, review, approval, and publishing of GAO products via a standard workflow;
- increase the availability of our core network wireless infrastructure at both headquarters and the field offices; and
- strengthen our cellular signal with a new antenna capability, which will allow GAO to change providers without needing to upgrade internal antennas.

These efforts will strengthen GAO's technology infrastructure and support an array of engagement management, human capital, and financial management systems.

- **Building and Security**

GAO plans to upgrade critical aging building systems to ensure more efficient operations and security. To support these requirements our FY 2016 budget request includes resources to:

- make general structural and architectural repairs, including the elevator shafts, interior walls, auditorium walls, projection booth, and the handicapped lift;
- continue addressing priority items identified in the asset management plan for critical repairs, end-of-life replacements, and energy saving

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investments in the headquarters building, including replacement of the first floor heating and air conditioning system and the overhaul and retrofit of two chillers;

- complete the headquarters lockdown project, which would provide building guards with the capability to lock all street exit doors more quickly in the event of an emergency or threat; and
- install Joint Worldwide Intelligence Communication System capabilities to facilitate access to DOD's Top Secret/SCI internet.

***Telework/Workspace-Sharing Pilots Reduce Costs and Improve Operational Efficiency***

GAO remains committed to sound operational efficiency and effectiveness. Our telework/workspace-sharing pilot has provided an opportunity for staff to work remotely while maintaining quality and productivity. This strategy has allowed GAO to reduce our physical footprint in the field and achieve cost savings of over \$2 million.

GAO is presently assessing the prospect of telework/workspace-sharing pilots in our Washington, D.C. headquarters. Implementation in headquarters may provide opportunities to streamline space usage and release space for lease to a future tenant, resulting in additional revenue. Results of the pilot will be critical to determining the potential for space reductions.

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**GAO Recognized as One of the “Best Places to Work”**

On December 9, 2014, the Partnership for Public Service announced that GAO placed second among mid-size agencies in the best places to work in the federal government, and ranked number one in its support of diversity in that same category. GAO has consistently placed among the top five on the Partnership's list since 2005.

We continuously strive to be the employer of choice in the public sector. Our ranking results from the dedicated efforts of the entire GAO team and leadership for their commitment in continuing to make GAO one of the Best Places to Work. GAO management remains committed to work with our union (IFPTE, Local 1921), the Employee Advisory Council, and the Diversity Advisory Council to continue to make GAO a preferred place to work.

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## Center for Audit Excellence

The Consolidated and Further Continuing Appropriations Act, 2015, enacted in December 2014, authorized GAO to establish a Center for Audit Excellence to build institutional auditing capacity and promote good governance by providing training and assistance to qualified personnel and entities, and permitted GAO to charge fees for the Center's products and services.

The Center's mission is to enhance good governance and build the institutional auditing capacity of domestic and international audit organizations by providing high quality training, technical assistance, and related services that leverage GAO's position as a global leader in auditing. A business plan will be provided to the Appropriations Committees that will outline several key principles to help ensure effective operation of the Center.

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## Concluding Remarks

In conclusion, GAO values the opportunity to provide Congress and the nation with timely, insightful analysis on the challenges facing the country. GAO's FY 2016 budget request is a fiscally responsible approach that will better position GAO to continue to support Congress and foster government accountability, address long-standing challenges, and keep a watchful eye on the nation's future.

Our budget request includes funds to increase our staffing level and provide employees with the appropriate resources and support needed to effectively serve Congress. The requested funding will also allow us to continue efforts to promote operational efficiency, and begin addressing long-deferred investments and maintenance.

This concludes my prepared statement. I appreciate, as always, your continued support and careful consideration of our budget. I look forward to discussing our FY 2016 request with you.

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# Appendix I: GAO's 2015 High Risk List

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## Strengthening the Foundation for Efficiency and Effectiveness

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

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## Transforming DOD Program Management

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- DOD Approach to Business Transformation
- DOD Business Systems Modernization
- DOD Support Infrastructure Management<sup>a</sup>
- DOD Financial Management
- DOD Supply Chain Management
- DOD Weapon Systems Acquisition

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## Ensuring Public Safety and Security

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- Mitigating Gaps in Weather Satellite Data
- Strengthening Department of Homeland Security Management Functions
- Establishing Effective Mechanisms for Sharing and Managing Terrorism-Related Information to Protect the Homeland
- Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information<sup>a</sup>
- Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests<sup>a</sup>
- Improving Federal Oversight of Food Safety<sup>a</sup>
- Protecting Public Health through Enhanced Oversight of Medical Products
- Transforming EPA's Processes for Assessing and Controlling Toxic Chemicals<sup>a</sup>

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## Managing Federal Contracting More Effectively

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

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## Assessing the Efficiency and Effectiveness of Tax Law Administration

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- Enforcement of Tax Laws<sup>a</sup>

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## Modernizing and Safeguarding Insurance and Benefit Programs

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- Managing Risks and Improving VA Health Care (*new*)
- Improving and Modernizing Federal Disability Programs
- Pension Benefit Guaranty Corporation Insurance Programs<sup>a</sup>
- Medicare Program<sup>a</sup>
- Medicaid Program<sup>a</sup>
- National Flood Insurance Program<sup>a</sup>

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Source: GAO.

<sup>a</sup> Legislation is likely to be necessary to effectively address this high-risk area.

# Appendix II: 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 Shaping the United States and Its Place in the World

National Security Trends	Fiscal Sustainability and Debt Challenges	Global Interdependence	Science and Technology Trends	Communications Networks and Information Technologies	Shifts in Governance and Government	Demographic and Societal Change
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Goals	Objectives
<p><b>Provide Timely, Quality Service to the Congress and the Federal Government to...</b></p> <ul style="list-style-type: none"> <li>Address Current and Emerging Challenges to the Well-being and Financial Security of the American People related to...</li> <li>Respond to Changing Security Threats and the Challenges of Global Interdependence involving...</li> </ul>	<ul style="list-style-type: none"> <li>Health care needs</li> <li>Lifelong learning</li> <li>Challenges facing an aging population</li> <li>Effective system of justice</li> <li>Housing finance and viable communities</li> <li>Stable financial system and consumer protection</li> <li>Natural resources and the environment</li> <li>National infrastructure</li> <li>Benefits and protections for workers, families, and children</li> <li>Homeland security</li> <li>Military capabilities and readiness</li> <li>Foreign policy and international economic interests</li> </ul>
<p><b>Help Transform the Federal Government to Address National Challenges by assessing...</b></p>	<ul style="list-style-type: none"> <li>Government's fiscal position and approaches to address current and projected fiscal gaps</li> <li>Federal government audit and internal control standards</li> <li>Major management challenges and program risks</li> <li>Fraud, waste, and abuse, and improvements in internal controls</li> </ul>
<p><b>Maximize the Value of GAO by Enabling Quality, Timely Service to the Congress and Being a Leading Practices Federal Agency by focusing on...</b></p>	<ul style="list-style-type: none"> <li>Efficiency, effectiveness, and quality</li> <li>Diverse workforce and inclusive work environment</li> <li>Networks, collaborations and partnerships</li> <li>Human, information, fiscal, technological, and physical resources</li> </ul>

## CORE VALUES

Accountability	Integrity	Reliability
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Source: GAO.

GAO Strategic Plan 2014-2019



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## 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.

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