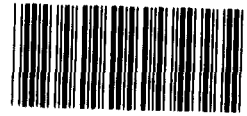


**GAO**

**Testimony**



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Fiscal Year 1991 Budget Estimates for the  
General Accounting Office

Statement of  
Charles A. Bowsler  
Comptroller General of the United States

Before the  
Subcommittee on Legislative  
Committee on Appropriations  
U.S. House of Representatives



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Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our fiscal year 1991 funding requirements.

I want to begin by thanking you Mr. Chairman and this subcommittee for your support over the years. Without it we would not have been able to achieve many of the accomplishments that I will outline for you in a moment. I'm proud of our accomplishments. I am also proud of the progress we have made as an organization in developing and rewarding our people, and in providing them with first rate equipment and work environment. These are all vital in achieving peak performance, and continued progress is a high priority of mine.

GAO faces many challenges ahead in the work we do for the Congress, not the least of which is the quickly changing world political situation, and the resulting decisions that will have to be made by the Congress and others. Not only with respect to our defense posture, but also with respect to trade, international competitiveness, and a wide range of other domestic and international issues.

I want GAO to be there with the facts and analyses, when Congress needs them, and with your continued support, I'm confident we can do just that.

For fiscal year 1991 we need an increase in resources to continue to meet the congressional demand for GAO work. Over the last several years we have experienced a dramatic increase in this work load. In fiscal year 1989, we received a record number of requests from the Congress including a significant number of statutory requirements. Nearly every piece of major legislation, like the savings and loan bailout bill, directs GAO to perform oversight reviews and report our findings and recommendations to the Congress by established dates or over a defined period of time.

We have managed to handle this increasing work load without any increase in our staffing by redirecting resources from work done to satisfy basic legislative requirements and by implementing a number of initiatives aimed at achieving efficiencies through streamlining work processes and procedures. However, we have reached a point, complicated by the no growth Gramm-Rudman-Hollings environment, where we are stretched to the limits of our current resources. I am concerned that an increasing number of congressional committees and members may find our capacity to support their needs disappointing.

In some ways we are a victim of our own success. Our work has focused on significant national issues that face the Congress, and continues to be more responsive to congressional needs than ever before. This has led to a steady increase in the number of

assignments we perform for congressional requestors. Without additional resources, we may need to distinguish more than we do now between congressional requests we can honor and those we cannot. In consultation with appropriate congressional committees, we may need to develop some criteria and priorities to accomplish this, if necessary. I will also discuss later in my testimony some productivity enhancements we have been working on to help in this area.

#### Fiscal Year 1989 Accomplishments

Fiscal year 1989 was indeed a very productive year for GAO. Early in the year we issued 26 Transition reports for the Congress and the incoming administration. In a series of meetings with Committee Chairmen and staff and Cabinet members, we found substantial agreement that the issues we raised in these reports were of great urgency for the nation.

Including the transition reports, in 1989 we issued 881 audit/evaluation reports (mostly to congressional requestors), testified 217 times before congressional committees, and issued more than 3,800 legal decisions and opinions. I would like to add that no one else testifies before congressional committees more often than GAO except the Department of Defense. Also, we had 63 different individuals representing GAO as the primary

witness during those testimonies. I think this demonstrates the depth of talent we have at GAO, and the extent of confidence the various congressional committees have in GAO witnesses.

The percentage of our work done as congressional requests remains high at over 80 percent, essentially unchanged from the past 2 years. The number of congressional assignments started, however, reached a new high in 1989 of 1,317--up 5 percent from 1988 and 10 percent from 1987. At any point in time, we are usually handling requests from over 200 committees and subcommittees as well as from over 450 members. I think these are telling measures of how useful Congress finds our work.

As a result of our work we contributed to legislative and executive actions that resulted in about \$8 billion in measurable financial benefits. I would like to see this figure higher, and I have made monetary savings a priority for fiscal year 1990.

In addition to recommendations that result in measurable financial benefits, we also catalogue nonmonetary accomplishments. The results of some of GAO's work produce many improvements in government operations and services that are difficult to quantify, but could yield large payoffs. Last year we had almost 150 documented instances of nonmonetary accomplishments in service to the public, which was 57 percent

higher than in 1988, and 76 percent higher than in 1987. An example of a nonmonetary accomplishment is in the safety area. Despite the threat of losing highway funds, one-fifth of the states had refused to increase their minimum drinking age to 21. After GAO's work validated the life-saving effects from increasing the minimum drinking age, all remaining states and the District of Columbia raised their minimum drinking age. GAO's report was directly cited as a major reason for these actions. The Department of Transportation estimates that this change saved about 1,000 lives in one year alone.

#### Highlights of FY 1989 Work

During fiscal year 1989 GAO made contributions that cut across all areas of national importance. The series of 26 Transition reports that we prepared in November 1988 were designed to help policymakers focus on the major policy, management, and program issues now facing the government. I would like to highlight some of these critical issues.

## Federal Budgeting and Management

The deficit crisis forces federal managers to emphasize short-term reductions at the expense of the long-range economic well-being of the nation. In economic terms, the deficit is destroying our ability to promote the savings that are necessary for future growth and prosperity. We now have a debt burden of about \$3 trillion, and it is growing by about a quarter of a trillion dollars a year.

A related issue, and one we have reported on often, is the way social security and other trust fund surpluses, along with budgetary and accounting gimmicks, mask the real size of the deficit each year. The fact is that the deficit excluding trust funds is larger today than it was when the Gramm-Rudman-Hollings deficit reduction process was begun in 1986. The cost of the deficit in terms of interest charges and the resulting lost opportunities to do other things with that money is enormous. Last year, we once again recommended against the use of trickery in budget making and set forth an extensive proposal for restructuring the unified budget. We also reiterated the need for a comprehensive strategy to deal with the deficit.

The United States government does not currently have the internal control systems to effectively operate its programs and safeguard its assets. We issued our fourth major report in November 1989

on agencies' implementation of the Federal Managers' Financial Integrity Act. This act was passed in 1982 with the goal of improving government internal controls and accountability. Seven years later, this goal is largely unmet. For an example of this lack of progress, one only has to look at the HUD scandal that came to light this past year. Other examples of the results of poor internal controls include over \$89 billion in uncollected debts or taxes owed to the federal government and over \$29 billion in unneeded spare parts in Department of Defense inventories.

In our latest report, we made or reiterated to the Congress a number of recommendations aimed at improving the reporting of accountability and internal control weaknesses and at ensuring that corrective action is taken. We also urged the Congress to hold annual hearings on the actions of each of the 18 major federal agencies with respect to improving internal controls. In addition, we reiterated the need for legislation to establish a Chief Financial Officer of the United States, whose responsibilities would include development of a long-range financial management improvement plan for the government, and the need for annual preparation and audit of agency financial statements.



## Financial Institutions

In numerous testimonies, letters, and reports GAO urged that decisive action be taken to address the failing savings and loan industry. GAO played a major role in developing solutions to the thrift industry crisis, which were incorporated into the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The cost of the legislation will exceed \$250 billion, of which an estimated \$139 billion will be taxpayer funds (about \$2,100 for every family in the United States). Savings and loans with more than \$260 billion in assets will have to be dealt with. Questions remain with respect to whether regulators and the industry can rise to the occasion. GAO will continue to evaluate the industry and its regulation in the months and years ahead.

Also of concern is the government's exposure to similar risks under other programs such as direct federal loans amounting to \$222 billion, federally-guaranteed loans amounting to \$550 billion, and other such federal programs, with an overall total exposure of \$5 trillion. While not all of this exposure or risk will result in losses, GAO anticipates additional tens of billions of dollars in future losses in these other federal programs. In a November 1989 report we addressed needed actions in these programs including improved accounting and financial reporting, and audits of financial statements for each of them.

Our work in the securities markets influenced the Congress and the Securities and Exchange Commission to develop stronger efforts against insider trading. A GAO review covering automation of the Chicago futures exchanges may result in these exchanges developing an electronic audit trail system to focus on preventing and detecting trading abuses.

GAO's work has also influenced federal regulators to improve their operations. For example, as a result of GAO's work on check cashing, the Department of the Treasury is working with 3 groups on alternative ways to deliver government benefits. Treasury will test implementation of Electronic Benefits Services in 1990. When this project is completed in 1995, Treasury estimates it will save about \$26 million annually.

### Defense

The national security environment is changing faster today than at any time since World War II. The implications of recent developments in Eastern Europe and the Soviet Union have yet to be fully absorbed. In this environment, Congress will be turning to GAO for answers to difficult questions.

Among other areas, GAO reported last year on the scope and expense of the American military presence in Europe; the expansion and training of reserve forces; the planned closure of

military bases; the cost and status of major acquisition programs, such as the Navy's shipbuilding program and the B-2 Stealth bomber; and the operational and maintenance costs of new, high-tech weaponry, such as the B-1 bomber and the M-1 tank. For example, GAO's report on the Air Force's \$31 billion B-1 bomber program stated that potential enhancements to the aircraft could cost an additional \$7.4 billion.

Our work in manpower affordability identified a potential DOD budget savings of approximately \$250 million through reduced civilian work year ceilings at overseas locations. GAO's review of DOD's Five-Year Defense Program led to changes in DOD's calculation of growth rates and inflation estimates, and the removal of excess programmed funds. These changes could yield over \$147 billion in reductions in the program through fiscal year 1994 and billions of dollars in future DOD budgets.

### Health Care

Health care consumes 11.2 percent of our gross national product compared with 8.6 percent in Canada and France, and 6.1 percent in the United Kingdom. By 1995 this figure is expected to reach 13.4 percent of GNP. Not only have past cost control measures failed, some have made access to adequate health care more difficult. An estimated 31 million Americans lack health insurance, additional millions are underinsured, and many do not

have adequate access to care. The fact that the United States has a higher infant mortality rate than 19 other developed nations, is a reflection of the problem.

Against this backdrop GAO issued a number of products last year which address health care cost control and access. For example, GAO testified on cutbacks in employer retiree health coverage, reported on financial admission criteria used by some hospitals for organ transplant operations, testified on the difficulty families of children with chronic illnesses often have in obtaining vital support services, reported on gaps in coverage in many long-term care insurance policies, and reported on the problems AIDS patients have in obtaining needed services due to shortages in care facilities or lack of insurance.

GAO identified several Medicare/Medicaid program areas in which congressional action could lead to financial benefits, such as: savings of \$1.2 billion over 3 years by reducing medical education payments to teaching hospitals, potential financial benefits of \$500 million annually from programs to recover the cost of Medicaid assistance, and potential financial benefits of \$100 million annually from recovering savings bond assets owned by Medicaid recipients in nursing homes.

In addition, The National Cancer Institute held a 2-day session in November 1989 with more than 30 experts from around the country providing advice on how cancer treatment studies should be structured. Throughout this meeting, credit was given to a GAO report entitled Breast Cancer: Patient Survival as the major impetus for the meeting and studies that will emanate from it.

### Information Resource Management

The history of information technology management in the federal government is wrought with glaring examples of failure. Automated systems are often developed late, fail to work as planned, and cost millions--even hundreds of millions--more than expected. GAO's testimony and reports on the pattern of cost overruns and schedule delays of eight DOD automated information systems resulted in increased oversight of procurement by DOD and the Congress. Also, as a result of GAO testimonies and reports on the organization of the Internal Revenue Service, IRS established a Chief Information Officer reporting to the Senior Deputy Commissioner and having responsibility for information resources and technology management. In addition, our work on Federal Aviation Administration's (FAA) acquisition of the Advanced Automation System resulted in budget reductions and system acquisition cost reductions totalling \$656.3 million.

The Social Security Administration, FAA, IRS, and DOD each have examples where vast sums have or are being spent on systems that fail to perform properly. As a result, taxpayers are not receiving the benefits promised by system developers, and federal managers are not getting the programmatic and financial information they need to make sound decisions.

Recognizing the scope of the problem GAO held a symposium this past year called "Meeting the Government's Technology Challenge" which brought leaders from industry, the executive branch, and the Congress together for the first time to explore ways to reverse this tradition of failure. The symposium resulted in recommendations for successfully implementing new information technology that will soon be published as a GAO special report.

#### Nuclear Waste

The federal government has failed to properly manage radioactive waste. Today, we are faced with radioactive waste and other contamination that, according to GAO's estimate, may cost as much as \$65 billion to clean up, and we may never know the total cost in health and environmental damage. To modernize the facilities and bring them into compliance with environmental laws may cost an additional \$45 billion. Finally, to dispose of radioactive waste and decontaminate nuclear facilities another \$45 billion may be required.

This is a long-standing problem. In over 60 reports and testimonies during the past 10 years, GAO has focused attention on the Department of Energy's management of the nation's nuclear weapons facilities. GAO pointed out as recently as November 1989 that Energy still does not know the extent of contamination at many of its facilities and, in fact, is not certain that it has identified all contaminated sites. A related issue which GAO testified on last year is the strong opposition to locating facilities for the permanent disposal of radioactive wastes and the environmental safety of such facilities. Although DOE issued its first 5-year plan to correct the nuclear weapon/waste crisis in August 1989, any permanent solution to this complex problem is years away.

GAO believes that proper oversight is a key element to ensuring that DOE stays fully committed to the successful implementation of this plan. Our current and anticipated congressional request work load should continue GAO's role as a major participant in such oversight.

### Drugs

According to public opinion polls, drug abuse ranks as the most serious problem facing the United States today. In 1988 the federal government devoted \$1 billion to demand reduction and

more than three times that amount, \$3 billion, to supply reduction. The fact remains, however, that the war on drugs is not being won. Only a fraction of the drugs smuggled into the country are intercepted.

Addressing the nation's drug problem is a costly, long-term commitment. Therefore, it is imperative that the President and the Congress fund and emphasize antidrug programs that are effective. Unfortunately, we are hampered by the absence of good information. Better information on program success and measures of program effectiveness are needed if we are to understand what works best and direct our resources accordingly. For example, we need better information about drug treatment programs--their methods, success rate, and clientele.

GAO has been very involved in the debate over antidrug policies. The appointment of the first Director of the Office of National Drug Control Policy represents the implementation of a proposal first made by GAO in 1979. In addition, GAO's past and present work on drug interdiction--one of the largest components of the federal antidrug effort--was reflected in the President's National Drug Control Strategy. The strategy, first issued in September 1989, recommended holding the line on drug interdiction spending, a position GAO proposed for consideration by the Congress in a June 1989 report, in which GAO raised concerns about future funding on air interdiction programs.



On January 25, 1990, the President issued the second National Drug Control Strategy. While this strategy proposed increased funding for all aspects of the war on drugs including interdiction, these additional funds will be used to complete and integrate existing interdiction systems. The strategy continued to recommend that no new systems be initiated and did not increase spending on interdiction disproportionately to other elements of the strategy.

At present, GAO's work includes evaluations of both the immediate impacts of the drug crisis, and of longer-term programs with the potential to alleviate the problem over time. This work is focusing on both the supply and demand side of the drug problem. One goal of GAO's future work will be to evaluate the effectiveness of the Office of National Drug Control Policy in planning, implementing, and coordinating the Strategy's components. GAO plans to continue to assist the Congress as it seeks to make the difficult spending decisions and will continue investigating possible options which may lead to progress in solving this very serious problem facing our nation.

These are examples of GAO's work in fiscal year 1989. If time permitted, I would share many more issues with you.

## Impact of Fiscal Year 1990 Sequester

I want to reemphasize that GAO could not have been able to conduct much of this work without the support of this subcommittee. Even with that support, however, we are finding that a budgetary increase can be eroded very quickly. For fiscal year 1990, the current budget year, we received an approximate \$17.4 million increase. Out of that increase we have had to take about \$5 million as our share of this year's Gramm-Rudman-Hollings sequester. We have also had to take an additional \$1.6 million cut as our share of the war on drugs. Lastly, we have had to absorb about \$7.2 million for the January 1990 federal pay raise. Together these cuts reduce the \$17.4 million increase by \$13.8 million, leaving an effective \$3.6 million increase to cover mandatory payroll costs, inflation, increased mission work, and necessary facility renovation efforts. Obviously, we will not be able to accomplish what we had planned to accomplish. We plan to take the major impact of the reductions by extending the schedule on planned facility renovation efforts and by making some reductions in other areas.

## Operational Efficiencies

Following the committee's direction in last year's bill report, GAO is evaluating the impact of ADP technology using specific performance criteria for incorporating microcomputers, local

area networks, and mainframe processing into our operations to improve efficiency. This is in concert with our rolling 5-year information resources management planning process. Full integration of the current plan will dramatically alter every phase of our work flow and will yield improvements in the overall efficiency, quality, productivity, and timeliness of our work.

Use of modern technology by GAO continues to be one of my highest priorities. Reflecting the priority I have assigned to this area, we remain on target with our goal of procuring 4,300 microcomputers by 1991. We also have a pilot project evaluating network or shared resource technology which involves two major divisions and one region. In 1991 this project will include an evaluation of printing and production technology. I have recently appointed Kevin Boland, one of my key senior executives from our line divisions, to head up the effort to improve end user support and information resource management. In the administrative area, we are continuing to integrate our systems at the National Finance Center (NFC). To date we have converted to the NFC our payroll, personnel, and supply systems. This year the property system will be converted, and next year time and attendance will be converted.

The committee also asked us to conduct tests to determine how contractors can help produce efficiencies and also can help in supporting our audit and evaluation work. We now have

contractors involved in selected data collection and data analysis tasks that previously would have been conducted by GAO employees in the development of selected GAO work products, but which do not involve any inherent governmental functions or judgements. We plan to evaluate the results by comparing the quality, cost, and timeliness of reports that include contractor products versus our other products. Right now we have about 50 different tasks scheduled for contracting, and later in 1990 we will be reporting on how they turned out and our recommendations for how to proceed in this area.

In recognition of the central role of each employee in achieving operational efficiencies, we have an active program designed to elicit, study, and implement ideas from staff throughout the organization to improve the efficiency and effectiveness of GAO's work. This Operations Improvement Program (OIP) provides for the recognition and reward of individuals who submit beneficial suggestions that result in further operational efficiencies. Examples of projects tested in 1989 that show significant potential include: use of computerized workpapers, enhancing the use of graphics in GAO products to improve message delivery, freeing staff from routine questionnaire survey tasks through the use of contract services, and savings in mailing costs through the use of bulk mailing. In 1990, all divisions and offices are developing OIP plans for experimenting with ways to improve

product development and processing. Our belief is that through concerted GAO-wide attention we can realize some notable changes in an area that concerns all of us.

In order to achieve peak performance from our human resources, we have embarked on a concerted effort to make sure we manage our people well. This is particularly important since 76 percent of our financial resources support our people. Our human resource goals were the focus of this year's GAO management conference. We want to hire the best staff, train them well, give them challenging work, provide first rate equipment and work environments, reward those who excel, and treat everyone fairly. We have already made substantial progress in each of these areas. For example:

- Our Campus Executive Program and other recruiting efforts are producing top notch applicants and new hires.
- Our Training Institute is becoming a model for the rest of the federal government.
- The work we are doing, as I discussed earlier when I summarized our accomplishments, is I think some of the most challenging work the federal government has to offer.
- I also discussed earlier our efforts to provide needed ADP equipment, an important resource. Ownership of the GAO building now gives us direct control of our work environment and, as you know, we have begun a major renovation program to remove asbestos from the building. Our GAO fitness

center just opened and our child care facility is scheduled to open this summer.

- Rewarding those who excel has become a reality this past year with implementation of a performance system for evaluator and evaluator-related positions. Pay for performance bonuses last year ranged from \$700 to \$4,000. With this change, we can now tie performance to rewards in a very meaningful way.
- Part of treating people fairly means recognizing the opportunities that a diverse work force presents, and how best to manage such a work force. We are making "managing people" an important skill for our managers to master.

It is important to note that we have been active in seeking and implementing ways to meet our human resources needs to make our operations more efficient and to enable GAO to work more effectively, so as to maximize the return on the resources we receive from the Congress. Recently, we decided to close a number of our regional suboffices. These closings will result in greater flexibility in staffing jobs, in enhanced training and career paths for staff that will be in larger offices, and in better job supervision. Our policy is to make available every consideration legally possible for employees affected by these decisions, including transfer at government expense, early

retirement for those who are eligible and so desire, and assisting in locating alternative employment for the people who choose not to transfer to another geographic location.

#### Fiscal Year 1991 Request

As you can see, we have accomplished a great deal since our last hearing. We are anxious to maintain the momentum and continue to provide high quality services to the Congress. To permit us to do this we are requesting \$427,248,000 to fund 5,200 average positions in 1991, and authority to use \$5.9 million in funds paid to GAO by Labor's Bureau of Labor Statistics and Treasury's Financial Management Service for their share of costs as tenants in the GAO building.

This represents a \$69,151,000 increase over the fiscal year 1990 appropriation for salaries and expenses, less the sequestration, and a \$351,000 increase in funding from the special account. Over half the increase from fiscal year 1990 (\$35.0 million) will go to mandatory pay increases and related costs, and to inflation in costs for existing levels of service. We need this amount just to maintain our existing level of capability.

Another \$28.5 million is needed to provide the staff, services and equipment such as consultant and expert services, travel, and microcomputers needed to maintain our ability to respond to the

increasing congressional work load with quality work in a timely manner. Also included in this figure is funding to maintain our program of asbestos removal and renovation of GAO's facilities to handle those technological advancements that will further enhance our effectiveness and efficiency.

The remaining \$6 million is needed to fund the costs associated with 100 additional average positions. The additional positions will bring the total GAO staffing closer to a level at which we can provide the kind of coverage of government programs needed by the Congress.

Of the 100 average positions, 35 will help us identify and report mismanagement, fraud, and abuse in federal programs such as those uncovered at HUD. Another 35 will help us examine the effect on U.S. interests stemming from the profound, recent changes in the worldwide political, military, and economic structure. The remaining 30 will be split between coverage of domestic banking and securities issues, and health and safety issues such as nuclear waste disposal, health care costs, and the nation's air traffic control system. It should be noted that we have not had any meaningful increase in staff resources since 1985, yet our workload has increased substantially.



I would like to expand somewhat on our plans in the mismanagement, fraud, and abuse area. We have identified 14 areas to date that we think have very high potential for this kind of activity. Examples include excess inventory managed by the Department of Defense, management of Superfund contractors by EPA, Medicare fraud and abuse, the Student Loan Insurance Fund, the Pension Benefit Guaranty Corporation's management of Title IV of the Employee Retirement Income Security Act, disposal of failed Savings and Loans and their assets by the Resolution Trust Corporation, and uncollected receivables of IRS. Our plan is to focus, in conjunction with agency managers and inspectors general, on the root causes of longstanding weaknesses, develop approaches to solving them, monitor agency corrective actions, and recommend any legislative action necessary to ensure that corrective actions are taken.

Other priorities for which funding increases are needed include travel, training, ADP equipment, facility renovation, consultants and contractors, and a new digital telephone system.

In the travel area we need to restore funds for our managers to properly supervise work that is being done in the field. In fiscal year 1990 the price level increase in authorized travel funds that the Committee provided has been substantially lost

due to the sequestration. As a result, we are losing some of our ability to give jobs closer field supervision by our managers and recognize that some productivity may be sacrificed.

We have also been enhancing training in technical areas, such as in the information resource management area and for our executive education program, to improve our ability to conduct complex analyses. Increases in this area total \$417,000 above the 1990 level of \$2.7 million.

In the ADP area we are requesting a total increase of \$7 million above the 1990 level of \$18 million. GAO is at a point where significant increases in funding for ADP are necessary if we are to continue to support the technology that has already been introduced into the agency and if we are to continue to introduce other efficiency-enhancing technology. The bulk of the increase will go to supporting the three levels of processing involved in mission work which I discussed earlier: microcomputers, shared resource architecture, and mainframe computing. This capability will permit us to do things we have not been able to do in the past.

For building renovation we are requesting an increase of about \$10 million above the 1990 level of \$15.5 million. The increase will permit us to continue to remove asbestos from our

headquarters building and to make other modifications. As regions and audit sites are required to move, these offices are being upgraded as well.

As I discussed earlier, in response to a request from this committee, we are now conducting tests where we contract for selected kinds of tasks in support of our audit and evaluation work. We anticipate such contracts will enhance our efficiency and complement our ongoing emphasis on using consultants and other experts in audit and evaluation work that is highly technical. We are requesting an increase of \$1.5 million to permit greater usage of consultants and contractors in support of our work.

Our planning for the 1992 tri-annual conference of the International Organization of Supreme Audit Institutions (INTOSAI) continues, and we are at a point where we need a contract to help us prepare for hosting this tri-annual meeting. Our current estimate is that this conference will cost in the range of \$3.7 million due in part to the need to provide five-language translations for the delegates and other unique logistical requirements of an international conference including security services. Fiscal year 1991 costs for INTOSAI will be about \$400,000, and much of this will support a governing board meeting hosted by GAO in October 1991. This will be the first

time GAO will host this international conference since INTOSAI was organized in 1953. Most other major countries have hosted this conference.

At the committee's direction, during the past year, GAO has continued its joint efforts with the Architect of the Capitol and heads of legislative agencies to identify and meet common telecommunications needs. Current plans call for the acquisition of more cost effective long distance voice communications. In this regard, we are scheduled to start conversion to a commercial long distance carrier in February 1990. We are also coordinating with the Architect of the Capitol on the acquisition of a local digital telephone system for the Washington, D.C. area. We have submitted a detailed statement of our technical requirements to the Architect of the Capitol for his review and approval. Funding for this project in fiscal year 1991 will require an estimated increase of \$5.3 million to acquire the new digital telephone system. Although this is a significant one-time cost, we foresee substantial improvement in cost management as well as significant improvements in our ability to do our work for the Congress.

## Conclusion

I want GAO to continue to address the tough issues facing our country and the Congress with quality products, delivered in a timely fashion. Our record of accomplishments, I believe, speaks to the return on investment, both monetary and nonmonetary, that we are capable of delivering. Such a return requires continued investment however. Our most important asset is our people and that is where continued investment is paramount.

The support provided to GAO by this subcommittee in the past has been excellent, and it has allowed us to make significant progress. I hope we can continue to have your support in the future.

This ends my formal statement, Mr. Chairman. I am pleased to have this opportunity to respond to your questions.