

GAO

Testimony

Before the Subcommittee on the
Legislative Branch, Committee on
Appropriations, House of Representatives

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**FISCAL YEAR 2010
BUDGET REQUEST**

**U.S. Government
Accountability Office**

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



GAO

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Madam Chair, Ranking Member Aderholt, and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the U.S. Government Accountability Office's (GAO) budget request for fiscal year 2010. At the outset, I want to thank the subcommittee for its support of GAO. We appreciate your efforts to appropriate a fiscal year 2009 amount that provides GAO with the resources that will better allow us to timely assist the Congress in addressing the many difficult challenges facing the nation. I also want to acknowledge the professionalism, talents, and dedication of the GAO workforce in supporting the Congress and improving government for the American people.

In fiscal year 2008 GAO delivered advice and analyses to the Congress in response to requests from all of the standing committees of the House and the Senate and over 80 percent of their subcommittees. The hard work of our staff yielded significant results across the government, including expert testimony at over 300 congressional hearings, hundreds of improvements in government operations, and billions in financial benefits.

I submit for your consideration a request for a fiscal year 2010 appropriation of \$567.5 million to support 3,250 full-time-equivalent (FTE) staff. This request represents an increase of \$36.5 million, or 6.9 percent, over our fiscal year 2009 funding level, which supports a 3.5 percent increase over our 2009 FTE level. Importantly, almost 70 percent of our requested increase is needed for mandatory pay and uncontrollable cost increases. While we will strive to make progress in responding to new congressional requests sooner with our fiscal year 2009 funding level, our fiscal year 2010 request would enable GAO to make more progress in addressing the issues of greatest interest to the Congress and the American public during these challenging times, which is my highest priority. I am also requesting authority to use \$15.2 million in offsetting collections, as detailed in our budget submission.

GAO Delivers Results on an Increasing Range of Federal Programs

The Congress continues to rely on GAO's nonpartisan, objective analysis and advice and has placed new responsibilities and opportunities with GAO to play key roles in addressing a number of emerging issues. We are addressing challenges in the financial markets and broader economy through our work overseeing the Troubled Asset Relief Program (TARP), created in 2008. We continue to monitor and report, every 60 days, on the status of the implementation of TARP, and plan to conduct an annual financial audit of the \$700 billion authorized for the program.

Additionally, GAO is carrying out a range of responsibilities overseeing spending related to the 2009 American Recovery and Reinvestment Act (ARRA)—including bimonthly reviews of how selected states and localities across the country are using the billions of dollars of funds provided—and providing targeted studies in several areas such as small business lending, education, and expanded trade adjustment assistance.

Over the next several years, our work will encompass critical areas, including

- reviewing progress in implementing key activities for the 2010 Census;
- helping to support the Congress’s consideration of changes in the regulatory structure for financial markets and institutions, including the establishment and implementation of controls to help avoid a future financial crisis of the magnitude the nation faces today;
- reviewing the revised governance structure for the housing market and providing targeted analyses to inform decision makers working to restore the functioning of the mortgage market and resolve the ultimate disposition of Fannie Mae and Freddie Mac;
- supporting health care reform efforts and control of health care costs through analysis of expenditures and payment structures in Medicare, Medicaid, the State Children’s Health Insurance Program, and other health programs;
- reviewing the impact of drawing down resources in Iraq, providing more resources in Afghanistan, and retooling operations in Pakistan;
- providing balanced and objective assessments of technologies in the context of federal programs and public policy issues, such as green energy, energy efficiency, health information technology, homeland security technologies, climate change, science and math education programs, as well as the technical challenges of developing sophisticated space and defense systems;
- reviewing initiatives to enhance protection of cyber assets;
- assessing contractor management, sourcing strategies, and contracting reforms; and

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- helping the Congress tackle new and continuing high-risk areas, such as protecting public health through enhanced oversight over medical products, food safety, and toxic chemicals.

Finally, as part of fulfilling our commitments under the Presidential Transition Act, as amended, GAO is serving as a key resource for the Congress and the Administration on major challenges needing the attention of the 28 largest departments and agencies across government, as well as 13 issues facing our nation that require urgent attention and continuing oversight. In addition to those already mentioned, these include

- preparing for public health emergencies,
- improving the U.S. image abroad,
- protecting the homeland,
- caring for service members, and
- defense spending and readiness.

Our studies receive great interest not only from the Congress but from the American people. For example, while our reports routinely receive media and public interest, in the first half of fiscal year 2009 12 GAO studies were downloaded over 10,000 times each from our external Web site, www.gao.gov. These studies covered an array of important issues, including

- veterans' health care and the challenges of recruiting and retaining inpatient nurses,
- Medicaid outpatient drug reimbursements and comparisons with retail pharmacy acquisition costs,
- private equity and the risk of leveraged buyouts,
- the outdated financial regulatory system and the need for a modernized framework, and
- defense logistics and the need for better analyses and cost data to support performance-based decisions.

In addition to studies in response to congressional requests, GAO issues products that provide agencies with guidance and best practices, or otherwise support greater accountability and oversight in government. In the first half of fiscal year 2009 13 of these products were downloaded over 10,000 times each from our external Web site. The top 5 picks were (1) special publications on the principles of appropriations law; (2) the 2009 High Risk Update; (3) updated guidance on government auditing standards; (4) the GAO cost estimating and assessment guide; and (5) highlights of our May 2007 health care forum focusing on steps needed to meet future challenges.

I am pleased by the recognition GAO receives from ordinary Americans and civil servants alike as a source of reliable, unbiased information about how government operations can be improved.

High Congressional Demand for GAO Services

GAO is an invaluable resource for helping the Congress provide oversight, accountability, and transparency in government. The demand for GAO services continues to remain high as a direct result of the high quality of our work, and is an indication of the Congress's desire for timely and objective analyses and professional advice. In each of fiscal years 2007 and 2008, GAO received over 1,200 requests and mandates. The number of congressional mandates, our highest-priority work, more than doubled from fiscal year 2007 to 2008. In addition, as evidenced above, our studies are covering more and more complex issues across a broad range of federal programs, requiring more in-depth analysis to complete.

This congressional demand for GAO studies also has affected our ability to respond promptly to congressional requests. For instance, in fiscal year 2008, GAO delayed starting work on 21 percent of the requests we had accepted because of staff unavailability. The average time we took to initiate congressionally requested engagements was almost 5 months in the first half of 2009, compared with less than 3 months in fiscal year 2005.

In addition, GAO executives are providing testimony at an increased number of congressional hearings. The 304 hearings at which we testified in fiscal year 2008 was the second highest number for GAO in the last 25 years.

We expect to continue to receive a high volume of requests as the nation faces new challenges such as the recent developments in the financial markets and economy, and the many emerging initiatives of the Congress and the Administration. Moreover, recent changes to House rules requires

each standing committee or subcommittee to hold at least one hearing on issues raised by GAO that indicate that federal programs or operations authorized by the committee are at high risk for fraud, waste, abuse, or mismanagement.

Our January 2009 issuance of the biennial *High-Risk Series: An Update*, which identifies federal areas and programs at risk of fraud, waste, abuse, and mismanagement and those in need of broad-based transformations, identified 30 at-risk federal programs. Issued to coincide with the start of each new Congress, our high risk updates have helped to focus and sustain attention to these programs from executive branch officials who are accountable for performance and from members of the Congress who are responsible for oversight. The report is available on our website at <http://www.gao.gov>.

GAO's Fiscal Year 2010 Budget Request

With the increased capacity included in our fiscal year 2010 appropriation request, we can continue to assist the Congress with oversight over a broad range of federal programs. As a knowledge-based organization, about 80 percent of GAO's budget funds staff compensation and benefits, with much of the balance of our budget funding mandatory operating expenses, such as security services and other critical infrastructure services necessary to support our ongoing operations. For this reason, the significant majority of our requested funding increase is not discretionary.

Our requested increase for fiscal year 2010 of \$36.5 million seeks funds to cover

- mandatory pay increases resulting primarily from annual across-the-board performance-based increases and pay raises required by the GAO Act, including the annualization of prior fiscal year compensation costs;
- uncontrollable inflationary increases imposed by vendors as part of the cost of doing business;
- nonrecurring fiscal year 2009 costs resulting from program improvements, which can offset about one-third of our mandatory and inflationary changes;
- strengthening our staff capacity to provide timely support to the Congress in confronting the broad array of critical challenges facing the nation, including

- (1) helping to support the Congress's consideration of changes in the regulatory structure for financial markets and institutions,
 - (2) providing targeted analyses to inform decision makers working to restore the functioning of the mortgage market,
 - (3) supporting health care reform efforts and the control of health care costs, and
 - (4) providing assessments of technologies in the context of federal programs and public policy issues, and
- program changes supporting critical investments to (1) provide employee development and benefits, (2) implement technological improvements, and (3) strengthen our infrastructure.

Fiscal Year 2010 Summary of Requested Changes

(Dollars in thousands)

Budget category	FTEs	Amount	Cumulative percentage of change from FY 2009 to FY 2010
FY 2008 actual	3,081	\$498,548	
FY 2009 revised estimate	3,141	\$531,000	
FY 2010 requested changes			
Mandatory pay		\$19,475	3.7%
Inflationary cost increases		5,714	4.7%
Nonrecurring FY 2009 costs		(8,338)	3.2%
Staff capacity	109	16,826	6.3%
Program changes		10,407	8.3%
Increase in offsetting collections		(7,587)	6.9%
Subtotal-requested changes	109	\$36,497	
Appropriation	3,250	\$567,497	6.9%

Source: GAO.

Concluding Remarks

I believe that you will find our budget request well justified and targeted to ensure that GAO has the necessary staff and resources to strengthen our capacity to provide timely assistance to the Congress to confront the difficult challenges facing the nation and help improve government for the American people.

With your support of our request, we will continue to reward the confidence you place in us by maintaining a strong return on this investment as we help to improve services to the public, change laws, and improve government operations.

We are grateful for the Congress's continued support of our efforts to help improve government performance, accountability, and transparency. GAO remains committed to providing accurate, objective, nonpartisan, and constructive information to the Congress to help conduct effective oversight and fulfill its constitutional responsibilities.

Madam Chair, this concludes my prepared statement. I would be pleased to respond to any questions that you or other Members of the Subcommittee might have.

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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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