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The General Accounting Office's (GAO's) budget request for for fiscal year 1979 is \$187,843,000, an increase of \$11,863,000 over the 1978 appropriation. This will support 5,264 average positions in 1979, an increase of 120 over the 5,144 authorized for fiscal year 1978. About \$4.3 million of the increase is attributable to a request for an additional 120 average positions. GAO's budget request has three basic objectives: to be able to respond to specific congressional requests for assistance, to maintain a minimum level of audit and program evaluation activity for all programs for which GAO has audit responsibility under its basic statutes, and to carry out other day-to-day responsibilities under GAO's basic statutes. Fulfillment of these three objectives will require the use of an additional 120 staff years in 1979 over fiscal year 1978 levels. Twenty additional staff-years are needed to fulfill requirements of legislation specifically mandating GAO to do audit and evaluation work within a specified time frame and respond to committee and Member requests for audits and evaluations. Forty-nine staff years are estimated to be needed in 1979 to meet responsibilities under GAO's basic coverage for new and expanded programs. Another 79 staff-years are estimated to be required to "backfill" staff-years that will have to be reprogrammed from regular audit coverage to meet responsibilities mandated by recent legislation. (RRS)

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STATEMENT OF
ROBERT F. KELLER, DEPUTY COMPTROLLER GENERAL OF THE UNITED STATES
BEFORE THE LEGISLATIVE SUBCOMMITTEE
APPROPRIATIONS COMMITTEE
UNITED STATES SENATE

March 20, 1978

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BUDGET ESTIMATES FOR FISCAL YEAR 1979

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

We are presenting today the financial requirements to carry out the responsibilities of the General Accounting Office for fiscal year 1979.

The request that we are supporting today is for \$187,843,000, an increase of \$11,863,000 over our 1978 appropriation. It will support 5,264 average positions in fiscal year 1979, an increase of 120 over the 5,144 authorized for fiscal year 1978. Of the \$11.9 million increase about \$4.3 million is attributable to our request for the additional 120 average positions; the balance of \$7.6 million supports our current level of services. No increase in GAO staff was provided for in the 1978 appropriation. The statement that I will make today for the Comptroller General is an abbreviated one. I would like to request that his complete statement be included as a part of the record.

BASIS FOR REQUEST FOR FISCAL YEAR 1979

In summary, the request that we are making has three basic objectives.

1. To be able to respond to specific congressional requests for assistance. We estimate our staff requirements to meet this objective will increase by 20 over our requirements in 1978.

2. To maintain a minimum level of audit and program evaluation activity for all programs for which the GAO has audit responsibility under its basic statutes. Despite our strenuous efforts to absorb a substantially increased workload, we find it necessary to add 103 staff-years in 1979 to carry out this objective.

3. To carry out other day-to-day responsibilities under GAO's basic statutes. These responsibilities include approving and monitoring agency accounting systems, settling claims by and against the Government, rendering legal opinions, and so forth. They are a part of GAO's continuing workload. Three fewer positions will be needed to carry out this objective in 1979.

Taken together, fulfillment of these three objectives will require us to use an additional 120 staff years in FY 1979 over FY 1978 levels. I will now discuss briefly the two objectives that will require a staff-year increase in FY 1979.

INCREASE NEEDED TO RESPOND TO
CONGRESSIONAL REQUESTS

The 20 additional staff-years needed to meet this objective are to (1) fulfill requirements of legislation specifically mandating GAO to do audit and evaluation work within a specified time frame and (2) respond to committee and Member requests for audit and evaluation work. Of this, five staff-years are required for audit and evaluation work specifically mandated by recent legislation.

The other fifteen staff-years are required to respond to increased requests of Committees and Members. It seems likely that we will need to increase our work in response to these requests by more than 15 staff-years. However, we are attempting to keep our request for additional resources to an absolute minimum.

INCREASE NEEDED TO MAINTAIN A
MINIMUM LEVEL OF AUDIT AND PROGRAM
EVALUATION ACTIVITY FOR ALL PROGRAMS

We are limiting our request under this objective to 103 additional staff-years. This is so even though recent legislative actions will make it necessary for us to reprogram 128 staff-years from work that we would otherwise have done. Of this, 49 staff-years is estimated to be needed in 1979 to meet responsibilities under GAO's basic audit coverage for new and expanded programs. Another 79 staff-years is estimated to be required to "backfill" staff-years that will have to be reprogrammed in FY 1979 from our regular audit coverage to meet responsibilities as recently mandated by specific legislation. The difference of 25 staff-years will be absorbed.

Individual attachments illustrate legislative requirements for which we have not been funded. They include (1) legislation giving specific assignments to GAO and (2) legislation creating new or expanding existing programs.

It is, I believe, important to emphasize that when the Congress mandates GAO to evaluate and report on a specific matter, our audit responsibilities do not end when the report is made. For example, we were specifically tasked by the Congress to report on the Health Maintenance Organization Act of 1973 but we will need to continue reviewing HMOs after that report is released.

The increase that we are requesting is, we believe, the minimum one needed to prevent further erosion of GAO's coverage of Federal agencies and their programs. In the past several years, when GAO's workload has increased we have often dealt with the increase by

reprogramming--reducing or eliminating work that we would otherwise have performed. This can be done for a time--but only for a time. Reprogramming actions are effective only when the total resource level is adequate to do our whole job. Otherwise we jeopardize the adequacy of our audit coverage of major Federal programs covering a wide range of congressional concerns and costing billions of dollars annually.

We will need the additional staff years that we are requesting to adequately fulfill our responsibilities for audit and evaluation work in connection with a variety of Federal programs. Many such programs require a continuing significant level of effort. For example, Federal cash benefit programs administered by four different Federal agencies will involve outlays of some \$148 billion in fiscal year 1978. These programs warrant audit and evaluation coverage in terms of the results that they are achieving and the effectiveness and efficiency by which they are managed. They also impose a formidable audit requirement to detect and to prevent error, fraud and abuse.

LIKELY EFFECTS OF LEGISLATION NOW PENDING

Our policy has been not to request staff in anticipation of the enactment of pending legislation--no matter how likely passage seems. As a result we absorb the workload requirements of new legislation at least for the first year. Such requirements can be substantial. For example, our division directors estimate that legislation currently receiving serious consideration by the Congress would, if enacted, impose fiscal year 1979 workload demands on GAO of 250 average positions. If any of these proposals are enacted, we will

either have to spread our staff more thinly or seek a supplemental appropriation, depending upon the impact of the legislation. As you know, we have avoided supplementals in the past except for pay costs.

As before, we are not requesting resources to fulfill the audit and evaluation requirements of any pending legislation. I mention these potential workload demands only to underline the need to fully fund our 1979 request for resources to meet present workload demands.

RESULTS OF GAO WORK DURING THE PAST YEAR

In asking the Committee's support for our appropriation request, I consider it important to point out that savings resulting from GAO work far and away exceed amounts appropriated for our use. As you know, we do not have authority to direct agencies to accept our recommendations. The extent to which we are successful in bringing about improvements depends basically on (1) the adequacy of our factual analysis and the persuasiveness of our findings and recommendations and (2) the support our reports receive from the Congress.

Moreover, GAO's impact is not easy to measure in many cases, because agencies sometimes make changes not only because of our recommendations but because of recommendations from other sources--committees of Congress, outside organizations, and even editorials in the press. Some such changes take place many months after our reports are issued.

Nevertheless, GAO does keep a record of changes that are clearly related to our efforts. During the past year GAO recommendations acted on by Federal agencies saved \$4.4 billion and those

acted upon by the Congress saved \$1.2 billion, for a total of \$5.6 billion. I would quickly add that these dollar accomplishments while impressive, are not the total--or even the most important--of GAO's accomplishments. Management improvements that can not be readily quantified and GAO recommendations that make programs more effective are also important.

Then, too, the very presence of an oversight agency like GAO--that can ferret out problems and make them visible to the public and to the Congress--is an important asset in any Governmental setting. I am distributing a separate document drawn from our annual report which sets forth GAO's accomplishments in fiscal year 1977.

This concludes my prepared statement. I hope you will agree that the additional funds requested are needed to provide the audit and evaluation coverage that Congress expects of us. They will yield an excellent return for the Federal Government.

LEGISLATION GIVING SPECIFIC
ASSIGNMENTS TO GAO

Fifteen statutes require specific audit and evaluation work to be done by GAO within a specified time frame. Four of these mandate work that will be completed in fiscal year 1978. The remaining 11 will impose major workload in fiscal year 1979. Laws of this type which will require the largest staff increases are:

- The Toxic Substances Control Act (October 1976), which requires GAO to review the adequacy of an indemnity study required of the Environmental Protection Agency and to report our findings to the Congress within 6 months after we receive the study.
- The United States Grain Standards Act (October 1976), as amended which requires GAO, in cooperation with the Federal Grain Inspection Service and the Department of Agriculture's Office of Investigation, to thoroughly evaluate the status of inspection at interior locations, to identify needs for reform, and to report findings to the House and Senate Agriculture Committees by November 1979.
- Public Law 94-399 (September 1976), which established the Temporary Commission on Financial Oversight of the District of Columbia and requires the Comptroller General

to review and approve the improvement plan developed for D.C.'s financial management systems and to monitor the installation of the approved systems.

Work on other legislation, including the Energy Conservation Act of 1976 and the Railroad Revitalization and Regulatory Reform Act of 1976, will require substantial GAO staff resources in both fiscal year 1978 and fiscal year 1979.

LEGISLATION CREATING NEW OR
EXPANDING EXISTING PROGRAMS

The following are examples of legislation enacted since our appropriation request for fiscal year 1978 which give us additional audit responsibilities.

- The Surface Mining Control and Reclamation Act of 1977 (August 1977) imposed Federal regulation on strip mining of coal in all parts of the country. We will need to review implementation and enforcement of this legislation.
- The Community Emergency Drought Relief Act of 1977 (May 1977) authorized grants and loans to applicants in drought impacted areas for projects that will augment community water supplies and promote water conservat. . We will need to review this program in fiscal year 1979.
- 1977 Amendments to the Clean Air Act (August 1977) gave additional responsibilities and authorities to the Environmental Protection Agency, involving such things as conversion to coal as a major source of energy, tightening of controls over automobile emissions, and consideration of environmental tradeoffs related to possible fuel savings. We will need to do considerable work in this area in fiscal year 1979.
- Youth Employment and Demonstration Projects Act (August 1977) which established four programs, provides youths opportunities for employment in their own or other com-

munities and with State and Federal Government agencies. Funding is \$1.5 billion for fiscal year 1978. GAO will need to apply substantial resources to this area in fiscal year 1979.