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Statement of
Elmer B. Staats
Comptroller General of the United States
before the
Subcommittee on Intergovernmental Relations
Committee on Government Operations
United States Senate

SEN 01502

on

[the Government Economy and Spending Reform Act of 1976,] S. 2925

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Mr. Chairman, we are pleased to be here this morning to present our views on Senate bill 2925, the "Government Economy and Spending Reform Act of 1976." The bill would require authorizations of new budget authority for Government programs and activities at least every 4 years. It would also establish a procedure for zero-base review and evaluation of Government programs and activities every 4 years--with the ultimate objective of expanding the budgetary options available to the Congress by redefining or eliminating ineffective and duplicative programs and with the objective of more creative and flexible planning of Federal efforts.

Our rough calculations indicate that of the total outlays proposed by the fiscal year 1977 budget, the reauthorization or termination provision of the bill would apply to about \$135 billion in domestic assistance and \$115 billion in direct Federal operations, mainly, national defense. Outlays excluded from the provision--interest payments on the public debt, Medicare, and retirement and other trust funds payments--total about \$144 billion.

We have studied S. 2925 with a great deal of interest and we certainly agree with its purpose of strengthening congressional control over Federal programs. I am particularly encouraged by the sections of this bill which are designed to concentrate congressional attention on what the Federal Government is doing in an entire policy area.

Through the new budget process the Congress has begun to regain control over the Federal budget--the most important statement of national priorities that we have. Important as getting better control of the budget may be--we should not lose sight of the importance of getting our money's worth from old and established programs. From our vantage point, it appears that both the executive and legislative Branches have been more concerned with starting new programs than with making certain that those we already have are working satisfactorily or could be improved. All too frequently, in any organization, the tendency is to look at the increases--the add-ons--rather than whether economies can be achieved by making present programs work better, by making them less costly, or by eliminating them entirely.

In any event, it will be important to properly relate activities undertaken under the terms of S. 2925 to the work of the Congress, and particularly, of the Budget Committees and the Congressional Budget Office, under the terms of the Congressional Budget and Impoundment Control Act. One of the most effective means of reflecting the conclusions from reviews of ongoing programs would be to integrate them into the congressional review of the Federal budget. Doing this smoothly will require careful scheduling and coordination.

I understand that the Subcommittee is primarily interested in information on GAO's past studies and reviews which have identified problems resulting from duplicative Federal programs and activities. Before proceeding into this subject, I would like to offer a few impressions and comments for the Subcommittee's consideration. Obviously, the bill has many significant implications for the Congress, the Executive Branch, and GAO.

The 4-year cycle under Title I of the bill for reauthorizing legislation will place a heavy workload on the authorizing committees. The extent and nature of the impact on the working arrangements and workloads of committees is hard to predict with accuracy since it is not possible to develop an accurate count of the total number of programs and activities which would require attention under the bill. One of the problems which clearly needs to be addressed is the development of workable definitions of the terms "program" and "activity." The terms are used throughout the bill and the interpretation of them is crucial in carrying out its provisions.

We have defined both terms in the "Budgetary Definitions" glossary published under requirements of Title VIII of the Congressional Budget and Impoundment Control Act of 1974. Our definitions of these terms were intentionally somewhat general, because we found there was a wide variance within the government as well as the general public as to the concept of an "activity" or a "program."

Over the past few months, we have been working with 25 authorizing committees and over 70 departments and agencies to get the FY 1977 budget data reported to the committees in terms of "programs" as created in authorizing legislation. The committees are using this information in their review of the President's proposed funding levels and in preparing their Views and Estimates reports to the Budget Committees. This work is a continuing part of our assistance to committees under Title VIII of the Congressional Budget Act of 1974. As soon as we complete our current work on the FY 1977 budget information we will begin identifying ways of improving the reporting for the FY 1978 budget, especially the classification of programs in terms of the authorizing legislation with the cross-references

to committee jurisdiction and appropriation account. We feel this work will provide a useful informational aid for relating the Congress' budgetary process with its legislative and oversight activities, as well as beginning to establish for congressional use and reporting the entities that are to be called "programs."

Consideration should be given to the question of whether a fixed frequency of review and reauthorization is appropriate for all programs. A valid argument can be made that some programs ought to be reviewed more frequently than every 4 years, because of rapidly changing circumstances, while others do not need the same frequency of review. The reauthorization workload and its impact on the congressional budget cycle should also be considered. The legislative deadlines mandated by the 1974 Budget Act could be more easily met if the trend toward more frequent authorizations were reversed.

We have previously taken the position favoring longer periods for authorization for some programs. We have also recommended advance authorizations for certain others, coupled with periodic comprehensive reviews of major programs. We feel the emphasis should be on strengthening procedures for committee oversight through more thorough and frequent reviews and evaluations of programs or groups of programs impacting on major national needs. We would therefore suggest that alternatives for increasing flexibility and decreasing workload through screening and variable cycles of reauthorization be considered by the Subcommittee.

Title II of the bill would require GAO to conduct a study of all Federal programs and activities to identify (1) those programs and activities for which no outlays have been made for the last 2 completed fiscal years and (2) those programs and activities which have duplicative objectives. Interim reports to the Congress on the results of the study would be required with a final report due on or before July 1, 1977.

I fully endorse and support the objectives of this title. The way in which the bill is drafted, however, raises the exceptionally difficult technical problem of distinguishing between those programs which are similar in important respects and those which are duplicative. To illustrate, in a recent report to the Congress, we noted that 228 programs (programs as defined by the Catalog of Federal Domestic Assistance) could provide funds to State and local governments for health related activities. Of these programs:

- 24 were for facility planning and construction,
- 22 were for health services planning and technical assistance,
- 22 were for mental health, and
- 24 were for narcotic addiction and drug abuse.

At the broadest level, the 228 programs could be considered to have duplicative objectives in that all relate to health. At a lower level, one could look for duplication among the 22 mental health programs.

Our experience with Federal domestic assistance programs indicates that each program is claimed to have unique characteristics which distinguish it from other programs. However, in practice, many programs serve very similar purposes and we agree with the basic thrust of the bill that there are opportunities to improve effectiveness of Federal efforts by

consolidating programs serving similar objectives. The identification of these opportunities is certainly no easy task, but we do not believe it is necessary to demonstrate total overlap or duplication in order to provide a basis for recommending consolidation.

Over the past few years we have performed studies documenting the problems that arise from having many Federal programs serving closely related objectives, particularly when responsibility for implementing the programs is fragmented among different Federal agencies and operating organizations. We have found that such studies are quite complex and time consuming, requiring a comprehensive understanding of multiple Federal programs and activities, relationships among Federal agencies, agencies' relationships with client groups, and the operations of grantee organizations. These complexities mean that even with a major reorientation of GAO's overall work program, we would not be able, within the timeframe allowed, to accomplish the study envisioned by Title II.

I recommend that this title be amended to require that during its reviews GAO give special priority to the identification of problems resulting from Federal programs and activities having similar objectives and report its findings and recommendations to the Congress and cognizant committees as promptly as possible.

The job of identifying programs and activities for which there have been no outlays for 2 fiscal years could be more readily accomplished by the agencies responsible for the programs than by GAO. Accordingly, I would suggest that Title II be amended to assign this responsibility to the Executive Branch, with coordination responsibilities in OMB.

I also strongly support the objectives of Title III, to provide periodic congressional review and zero-based evaluation of Federal programs. I believe a procedure for systematic review and evaluation will strengthen congressional control over Federal programs as well as provide information needed for exercising congressional oversight.

I am concerned, however, about the massive amount of data and analysis which would be necessary to implement this approach effectively. Accordingly, I have some reservations about undertaking such a task across the board without some prior experience in actually conducting zero-base reviews and evaluations. I would suggest, as one possible alternative, some type of pilot test of this legislation which could perhaps help the Congress uncover and resolve some of the complexities associated with the zero-based approach. Perhaps the test might consist of pilot programs to take place over the next 6 months, in which each standing committee considers one program for zero-base review and evaluation. The Congress could call on the President and the agencies for cooperation in developing their zero-base review and evaluation of each program considered in the pilot project. Useful knowledge could be gained from such a test by both the Congress and the Executive Branch as to problems encountered, issues which need to be resolved, and possible solutions.

Title IV of the bill would require us to perform followup audits and report at least once every 6 months on any program or activity which GAO has audited and found to be substantially deficient in achieving its objectives. Followup audits would be required until we are satisfied that the deficiencies have been eliminated.

It is normal GAO policy to followup on its recommendations. However, the requirement to make followup audits and reports every 6 months would place an unnecessary strain on our limited staff resources. As an alternative, I would suggest that within 60 days of the date of a GAO report which makes recommendations to the head of a Federal agency, and not less often than once every 6 months thereafter, the agency be required to report to the appropriate committees, and to us on actions taken and progress made in implementing GAO recommendations. Reports would be continued until in our judgment all reasonable actions have been completed on the recommendations, and no purpose would be served by further reports.

Section 236 of the Legislative Reorganization Act of 1970, which places a more limited reporting requirement on Federal agencies, would need to be rescinded if this provision were adopted.

Our staff has spent considerable time reviewing the various provisions of the bill and we do have other comments and suggestions, which are attached to this statement. We would appreciate the opportunity to work with the Subcommittee staff and to provide whatever assistance we can.

In the broad sense, the bill goes to the essence of GAO's present role in Government. Starting in 1921, GAO was primarily concerned with assuring the Congress as to the legality and fiscal integrity of Federal expenditures. Later on, we became increasingly involved in identifying ways that Federal programs could be carried out more economically and efficiently. More recently GAO has become deeply concerned with basic questions of whether programs are working as they should, whether they need modification to make them work better, and whether they should be expanded, cut back, or discontinued.

As you know, we are constantly trying to identify opportunities to improve the economy and effectiveness of Government programs and operations. Where possible, we make estimates of savings which are directly attributable to GAO recommendations. Such measurable savings amounted to \$503 million in FY 1975. Of this \$147 million will continue to be saved annually in future years. Over the past 2 years, measurable savings resulting from our work totals nearly \$1.1 billion.

In addition, numerous actions resulted in financial savings which could not be fully or readily measured. Examples include reducing grant aid for the Korean Security Assistance Program, substantial savings possible through increased agency purchases through the General Services Administration, and eliminating duplication between DOD and Energy Research and Development Administration in the development of nuclear weapons.

Even more important is the large number of recommendations we make which, while not resulting in immediate dollar savings, point to ways to improve program effectiveness. For example, our work helped to expedite disability compensation payments, change the military body armor program to further emphasize reduction in casualties, increase control and consumer awareness of salmonella in raw meat and poultry, improve control over suspected fraud and abuse in Medicaid, strengthen energy conservation standards for new homes, and provide better job placement assistance to displaced Federal civilian employees.

Currently, either at our own initiative or at the request of Congress, we have underway approximately 1,400 studies or reviews covering a wide range of Federal activities. In FY 1975, we issued 1,043 reports. In FY 1976, through December 31, we issued 423 reports. A number of these reports and assignments deal with similar, overlapping or redundant programs which Title II of the bill seeks to address.

Prior GAO reviews of the management of the operations of the Department of Defense and the military services indicate possible economies from elimination of overlapping activities. In recent years we have reported on such activities as the management of ammunition, service maintenance workloads, equipment development, and training programs. In each of these reports, we concluded that more interservice cooperation and joint undertakings would avoid unnecessary duplication and result in budgetary savings.

A report we issued in July 1973, points out the problems that arise, mainly unnecessary costs, when an individual military service approach is used to accomplish an objective which is really defensewide. The report cited potential for greater consolidation of the maintenance workloads in the military services. While the Secretary of Defense required each military service to use the maintenance capability of another service to avoid duplication, we found that each service overemphasized developing its own maintenance capability. The services extensively duplicated maintenance facilities; some were underused. Only 2 percent of the \$3 billion worth of depot maintenance done in the United States was interservice in nature.

Responsibility for maintenance within the Defense Department was fragmented, but we concluded that it was feasible to consolidate workloads. We recommended that a single manager be responsible for specific maintenance items. The Defense Department agreed that the dollar volume of interservice agreements was not large and that the single manager concept had merit. DOD advised us that some progress in this direction has been made and was hopeful that further studies would result in additional progress.

While our studies of Defense activities will no doubt continue to reveal the kind of situation just described, we are of the opinion that the problem of program overlap is even more severe in Federal domestic assistance programs, mainly because of the greater variety and sheer numbers of domestic assistance programs and activities, and the many Federal agencies; State and local governments and other organizations involved.

Domestic assistance has been provided by the Federal Government for over a century to accomplish specified national objectives and priorities in partnership with State and local governments and other organizations. In 1862 the Congress enacted the Morrill Act to help the States establish and maintain land-grant colleges. The act carefully specified the grant's objectives, placed conditions on the use of revenue derived from the sale of granted lands, and required annual reports. This established the pattern of categorical grants--providing needed resources for specific purposes.

This pattern continued with the enactment of the Federal Aid Road Act of 1916, which authorized construction of public roads over which U.S. mail would be transported. Under that act, each State was required

to create a highway department and match Federal funds dollar for dollar. Furthermore, provision was made for advance Federal approval of projects and for continuing Federal supervision. These types of provisions continued under the wide range of welfare and economic security programs enacted during the 1930's.

In the 1960's the number and dollar amount of Federal assistance programs grew substantially. Major steps were taken to broaden elementary, secondary, and higher educational opportunities; to promote development in economically depressed areas; to help finance health services and medical care for the indigent; to launch a war on poverty; and to attempt a comprehensive physical, social, and economic program to transform slum and blight-ridden cities into model neighborhoods.

During the late 1960's and into the 1970's, the Federal Government began new approaches to providing assistance to State and local governments. The pattern of increasing assistance through narrowly defined categorical programs was altered with the enactment of broader purpose block grants and general revenue sharing. Fundamental to both approaches was the intent to provide State and local government with greater discretion in deciding how Federal funds would be used.

The number of programs established during the 1960's is difficult to quantify because of varying definitions. For example, the Office of Management and Budget in its 1970 edition of the Catalog of Federal Domestic Assistance, listed 1,019 programs. Using the number of separate authorizations as a definition, the Advisory Commission on Intergovernmental Relations estimated a 1970 total of 530 grant-in-aid programs, four-fifths of which were enacted after 1960.

In the early 1970's, the establishment of new grant programs slowed considerably. In fact, the number of programs decreased slightly due to legislation consolidating certain categorical programs into broader purpose block grant programs. In the last year or two, however, the trend has reversed. The 1975 Catalog of Federal Domestic Assistance lists 1,030 assistance programs administered by 55 Federal agencies.

The rapid growth in the number and variety of Federal assistance programs has been accompanied by increasing criticism and demands for reform. Since the mid-1960's numerous attempts have been made by both the legislative and executive branches to improve the delivery of domestic assistance, particularly at the State and local level.

Actions have been taken to promote intergovernmental cooperation, to simplify administrative requirements associated with Federal aid, to facilitate the funding of projects that require funds from two or more Federal agencies, to place greater reliance on State and local governments, and to move some Federal decisionmaking out of Washington, D.C.

We have concluded that despite the actions taken, basic problems continue. In August 1975 we issued a report to the Congress entitled "Fundamental Changes Are Needed in Federal Assistance to State and Local Governments." In conducting the study which led to this report we attempted to take a broad look at the Federal assistance system, its impact on States and localities, and the various attempts to improve it.

The report calls attention to the multiplicity of domestic assistance programs which provide funds for closely related purposes. In our view, many of the problems associated with our domestic assistance efforts are directly attributable to the large number of programs and the fragmentation of responsibility among different Federal departments and agencies.

Our overall conclusions were that the present delivery system:

- lacks an adequate means for disseminating grant information needed by State and local governments,
- creates a high degree of funding uncertainty due to late congressional authorizations and appropriations and executive impoundment of appropriate funds,
- fosters complex and varying application and administrative processes, and
- is fragmented, with similar programs being administered by different Federal agencies or agency components and with programs too restrictive to meet State and local needs.

These problems, individually and collectively, cause the planning and implementation of State and local projects to be greatly impeded.

We found that State and local governments must devote considerable time and effort to simply keep informed of available Federal assistance. Because of funding uncertainties associated with many of the programs, available assistance is often learned of too late or offered under time constraints which sometimes preclude States and localities from taking advantage of the assistance.

On the basis of this study we recommended that the Congress consolidate separate programs serving similar objectives into broader purpose programs and assign programs with similar goals to the same Federal agency. We suggested as an approach to achieving these objectives, the enactment of previously proposed amendments to Intergovernmental Cooperation Act of 1968, which would direct the President to periodically examine the various assistance programs and recommend to the Congress program consolidations deemed necessary or desirable.

We also recommended that the Congress, in order to reduce funding uncertainties associated with Federal assistance, consider greater use of both advanced and forward funding and authorizations and appropriations for longer than 1 fiscal year.

In previous reports to the Congress we have addressed the multiplicity of Federal programs and the complex and confusing delivery system.

For example,

- 17 Federal programs provided funds for manpower services for the disadvantaged,

- seven Federal and one local program provided funds for health services in outpatient health centers, and

- 11 Federal programs provided funds for child-care activities.

Members of our staff are prepared to brief the Subcommittee on each of these three studies, either this morning or at any time you desire.

As you know, Mr. Chairman, section 602 of the Intergovernmental Cooperation Act of 1968 requires that upon request of any committee having jurisdiction over a grant-in-aid program, GAO will undertake a study to

determine among other things the extent to which "such program conflicts with or duplicates other grant-in-aid programs." Quite frankly we are a bit surprised that this provision has attracted little interest.

We find your Subcommittee's interest in this whole subject most gratifying. We wish to cooperate in any feasible manner.

That concludes my prepared statement. We would be happy to respond to any questions.

ATTACHMENT TO
STATEMENT OF
ELMER B. STAATS
COMPTROLLER GENERAL OF THE UNITED STATES

BEFORE THE
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
COMMITTEE ON GOVERNMENT OPERATIONS
UNITED STATES SENATE

ON
THE PROPOSED "GOVERNMENT ECONOMY AND SPENDING REFORM ACT OF 1976" S.2925
Detailed Comments on S.2925

TITLE I: AUTHORIZATION OF NEW BUDGET AUTHORITY

Reauthorization of legislation on a 4 year cycle

Section 101 of the proposed Bill provides for termination of all provisions of law which authorize the enactment of new budget authority or which provide new budget authority beginning after the termination date established in a schedule ranging from September 30, 1979, to September 30, 1982. The schedule of termination dates is based on functional or subfunctional categories. This termination schedule is not applicable to programs in subfunctional categories 551, 601, 602, and which are funded through trust funds. It should be noted that although the legislation does provide for more control over the budget, over one third of the estimated FY 1977 outlays are for programs that would be exempted. Also exempted is new budget authority, initially provided for in a fiscal year beginning before the subfunction termination date, but is available for obligation or expenditure in a fiscal year after that date.

The four year expiration term for authorizing legislation will place a heavy workload on the authorizing committees during the final portion of the reauthorization cycle. In general the impact of the Bill on the working arrangements and workloads of committees is hard to predict with accuracy since it is difficult at this time to develop an accurate count of the total number of programs and activities which would require attention under this Bill. However, since the laws to be reauthorized and programs and activities to be reviewed and evaluated on a zero base premise probably number well over a thousand,

using the "Catalog of Federal Domestic Assistance" alone, the impact on the Congress, Executive Branch, States and localities will probably be considerable. Because of the large number of laws to be examined, one method for reducing the number of laws to be examined would be the development of screening criteria for the reauthorization, review and evaluation provisions of the Bill. The screening criteria could, for example, provide for reauthorizations of laws resulting in new budget authority or including permanent budget authority if the amount to be authorized exceeds a given dollar limit. It should be noted that legislation, such as for regulatory programs require special attention since their budget authority may be low but their costs to the consumer and the economy in general may be high.

Consideration should also be given to the question of whether a fixed frequency of review and reauthorization is appropriate for all programs. A case could be made that some programs ought to be reviewed more frequently than every four years because of rapidly changing circumstances, while others do not need the same frequency of review. Consideration should also be given to the reauthorization workload and its impact on the congressional budget cycle. For example, legislative deadlines mandated by the 1974 Budget Act could be more easily met if authorizations were for longer periods.

We have previously taken the position favoring longer periods for authorization for some programs or advance authorizations for others, coupled with periodic comprehensive reviews of major programs. We feel the emphasis should be on strengthening the procedure for committee

oversight through more thorough and frequent reviews and evaluations of programs or groups of programs impacting on major national policy areas. We would therefore suggest that alternatives for increasing flexibility and decreasing workload through screening and variable cycles of reauthorization be considered by the subcommittee.

Changes in functional and subfunctional categories

Section 2(b) specifies that for purposes of this Bill the functional and subfunctional categories are those submitted in the President's budget for Fiscal Year 1977. It is quite possible that the functional and subfunctional categories will be changed in the future and, although we expect them to remain relatively constant, changes will continue to be made from time to time. Therefore, we do not feel it is advisable to include any specific list in the Bill. In addition, we would prefer that the reference to the categories be to those approved by the Comptroller General under Section 202(a)(1) of the Legislative Reorganization Act of 1970, as amended, rather than those submitted in the President's budget. This would avoid any confusion over our responsibilities and authority.

For budgeting purposes it is necessary to identify each program with one budget function based on its primary objective. For the purpose of program evaluation, however, there is a need to identify programs in functions which have closely related secondary objectives. For instance, a drug abuse program may be primarily recorded under category 751-Federal law enforcement and prosecution, but it may have a component of 552-health research and education. If we limit a program

to one budget functional code, we may be losing some valuable supporting information. We, therefore, favor adopting a method of supplemental coding for these secondary objectives.

Definition of Terms

Section 101(a) of Title I refers to the termination of authorizing legislation that provides budget authority for a government "program" or "activity." Those terms are used throughout the Bill and the interpretation of them is crucial in carrying out its provisions. Working definitions of the terms are not included in the Bill and it is difficult to ascertain precisely what is intended to be included under those terms.

GAO has defined both terms in its "Budgetary Definitions" glossary published under requirements of Title VIII of the Congressional Budget and Impoundment Control Act of 1974. The terms were defined as follows:

Activity - any project, task or process required to carry out a program. A combination of several activities such as research and development, training of personnel, and distribution of information may be elements in a particular program. Activities constituting a program vary with the nature and purpose of the program.

Program - an organized set of activities directed toward a common purpose, objective, or goal undertaken or proposed by an agency in order to carry out responsibilities assigned to it.

Our definitions of these terms were intentionally left general at the time, because there is such a wide variance within the Government as well as by the general public as to the concept of an "activity" or a "program." We feel, however that these definitions provide the framework for the development of detailed working definitions in the

future.

Over the past few months, we have been working with 25 authorizing committees and 70 departments and agencies to get the FY 1977 budget data reported to the committees in terms of "programs" as created in authorizing legislation. The committees are using this information in their review of the President's proposed funding levels and in preparing their Views and Estimates reports to the Budget Committees. We feel this work will provide a useful informational aid for relating the Congress' budgetary process with its legislative and oversight activities, and begin to establish for congressional use and reporting the entities that are to be called "programs."

Identification of programs and activities by functional and subfunctional categories

Section 103 requires House and Senate Appropriations and Budget Committees to submit reports on or before July 1, 1977, providing the functional or subfunctional category and the committee or committees with legislative jurisdiction for each program or activity. The Comptroller General is to provide such assistance as necessary.

Based on experience, we believe we could comply with requests anticipated from the Committee on Appropriations or the Committee on the Budget of the Senate and House of Representatives as a result of this section of the proposed legislation.

Section 104 requires a report from the Comptroller General on or before April 1, 1977, on each program or activity which permanently authorizes the enactment of new budget authority or provides permanent

budget authority for a program or activity. The report is to include: (1) the law or laws under which the program is carried on, (2) the committee with legislative jurisdiction, (3) the annual appropriation bill where applicable, and (4) the amount of new budget authority provided for the last four fiscal years. An update of this report is required on or before April 1, 1978, and each year thereafter.

The Comptroller General's April 1, 1977, report will precede the House and Senate Appropriations and Budget Committees' July 1, 1977, reports discussed in the previous section. Information on legislative jurisdiction for each program or activity will be required for both reports. Our comments on identifying programs as created in authorizing legislation are equally applicable to this section.

As discussed previously, we believe a sound data base can and should be developed and that the work we are doing is leading to the establishment of the cross-references required by this section. Assignment of this responsibility to GAO is consistent with our broad responsibilities under Title VIII of the Congressional Budget Act. The subcommittee may wish to consider revising the reporting dates in view of the progress already being made and to better coincide with the reporting we are already making under Title VIII on these subjects.

TITLE II: EARLY ELIMINATION OF INACTIVE AND DUPLICATE PROGRAMS

Title II would require the Comptroller General to conduct a study of all Federal programs and activities to identify (1) those programs and activities for which no outlays have been made for the last two completed fiscal years and (2) those programs and activities which have duplicative objectives. Interim reports to the Congress on the results of the study would be required with a final report due on or before July 1, 1977.

The legislative committees of the House and Senate would, to the extent possible, eliminate or consolidate duplicative programs by March 15, 1978.

Duplicative programs

We fully endorse and support the objectives of eliminating those programs and activities which have duplicative objectives. The way in which the Bill is drafted, however, raises the exceptionally difficult technical problem of distinguishing between those programs which are similar in important respects and those which are duplicative. Our experience with Federal domestic assistance programs indicates that each program ostensibly has unique characteristics which distinguish it from other programs. However, in practice, many programs serve similar purposes and we agree with the basic thrust of the Bill that there are opportunities to improve effectiveness of Federal programs by consolidating programs serving similar objectives. This is certainly no easy task, but we do not believe it is necessary to demonstrate total overlap or duplication before recommending consolidation.

To illustrate, in a recent report to the Congress, we noted that 228 programs (programs as defined by the Catalog of Federal Domestic Assistance) could provide funds to State and local governments for health-related activities. Of these programs 22 were for mental health. At the broadest level, the 228 programs could be considered to have duplicative objectives in that all relate to health. At a lower level, one could look for duplication among the 22 mental health programs.

Over the past few years GAO has performed several reviews which document the coordination problems that arise from having many Federal domestic assistance programs serving similar objectives particularly when responsibility for implementing the programs is fragmented among different Federal agencies and operating organizations. We have found, however, that such reviews are quite complex and time consuming, requiring comprehensive understanding of multiple Federal programs and activities, relationships among Federal agencies, agencies's relationships with their clientele, and the operations of grantee organizations. These complexities mean that even with a major reorientation of GAO's overall work program, we would not be able, within the timeframe allowed, to accomplish the study envisioned by Title II.

We recommend that this title be amended to require that during its reviews GAO give special priority to the identification of problems resulting from Federal programs and activities having similar objectives and report its findings and recommendations to the Congress and cognizant committees as promptly as possible.

Inactive programs

We feel that the job of identifying programs and activities for which there have been no outlays for two fiscal years could be more readily accomplished by the agencies responsible for the programs than by GAO. Accordingly, we would suggest that Title II be amended to assign this responsibility to the Executive Branch, with coordination responsibilities in OMB.

TITLE III: QUADRENNIAL REVIEW AND EVALUATION

Program evaluation and zero base evaluation

We also strongly support the objectives of Title III, to provide periodic Congressional review and evaluation of Federal programs. We believe a procedure for systematic review and evaluation will strengthen Congressional control over Federal programs as well as provide information needed for exercising Congressional oversight.

Various provisions in the Legislative Reorganization of 1970, as amended by the Budget Control Act of 1974, indicate the desire of Congress for increased efforts in reviewing and evaluating government programs. S.2925 would mandate the performance of such analyses by establishing a systematic quadrennial review procedure.

S.2925 is a logical complement to the Congressional Budget Control Act. The Budget Act focuses on the macro-aspects of policy, while S.2925 will focus on the micro-component parts of policy.

Program evaluation is a process of assessing the contribution that programs make toward achieving intended goals. Zero base evaluation focuses on the question - What would happen if we did nothing (or zero)?-as well as looking at alternative ways of accomplishing intended results. Though zero base evaluation is consistent with our concepts of the scope and nature of program evaluation, examining alternative approaches in addition to evaluating the current program is a much more complex and time consuming task.

From our experience in evaluating government programs, we have noted that techniques for measuring program results are usually

less adequate than desired and that absolute agreement on the precise goals of a program is usually lacking.

The quadrennial review procedure may stimulate efforts toward addressing and resolving these problems, but we believe that it is too early to tell whether accepted standards for measuring program achievement can be developed for most programs. The 4 year review cycle may not be long enough to observe the results of certain programs of a long term investment nature. And as long as there are disagreements over program objectives, no evaluation can show a program to be a "success" or "failure" to everyone's satisfaction.

Focusing evaluations on national needs

As required by Title III, evaluations and reviews of the many programs which address a particular need or national policy may overwhelm Congress with detailed program information and in doing so, fog the main issue of specific national needs. If Congress is to confront reviews and evaluations of the literally thousands of programs and activities put forward by the Federal Government it may get bogged down and lose sight and control of national policy needs. We would therefore encourage that the emphasis on periodic review and evaluation be placed on evaluations of groups of similar programs to determine how they together are addressing the national needs for which they were intended.

Definition of zero base evaluation

Part I of Title III covers the timetable and the definition of a zero base review and evaluation of all Federal programs. The term "zero base review and evaluation" is defined as

"a comprehensive review and evaluation to determine if the merits of the program or activity support its continuation rather than termination and to reach findings as to what incremental amounts of new budget authority for the program or activity should be authorized to produce correspondingly larger levels of service output."

To maintain consistency with the concept of zero base, we would recommend a change in the wording of this definition. Zero base budgeting usually entails submitting alternative budgets detailing program outputs and alternative approaches to achieve these outputs at various levels of funding above and below current levels.

On the point of alternatives, we have long felt that Congress needs to know what alternative approaches might be considered with respect to a particular program. The definition of zero base review and evaluation should allow for this interpretation so that Congress can consider different approaches to accomplishing an objective and can ask, "Why was this approach used and why was this other approach discarded?"

The zero base review and evaluation from the President should provide Congress with valuable information as to what would be gained or lost if funds were reallocated, expanded, or contracted and provide descriptions of the quality and quantity of outputs for alternative approaches. This information should help Congress in its decision making.

The President must also provide a specification of the objectives of a program over the next four years. This method of tying back performance to the expectations of the programs will be extremely useful to Congress in its oversight of Federal programs.

GAO's reports of prior reviews

GAO's role under Title III is two-fold. Under section 312 GAO is required to report results of prior audits, reviews, and evaluations to the committees responsible for zero base reviews. This is something that the GAO currently does for appropriations committees regarding civil programs. In the defense area we have, in the past, reported on the cost growth of major weapon systems for the House Committee on Armed Services. We feel that reports of this nature, tailored to the desires of the committees, could be produced with a moderate effort on our part. We would be happy to assist the standing committees by reporting on any studies we have made of programs which are subjects of their review.

Additional Congressional request work

Section 312 requires that GAO provide information and analyses at the request of standing committees. We now make many audits or studies at the specific request of congressional committees. In addition, we respond to requests of individual Members when feasible. Some of these requests can be answered with little effort, while others require a great deal of work. Members' requests, if of sufficient importance from a Government-wide standpoint, may result in reports to the Congress. In addition, we provide responses to Members on

requests relating to claims by and against the United States. While this section of Title III does not grant any authority or impose any new requirements on the GAO, we would anticipate a much increased workload by virtue of increased Congressional requests for assistance if a full-scale zero base review and evaluation were undertaken for all Federal programs.

In addition, we should recognize that the scope and nature of this review is such that all programs within a function will be reviewed in the same time period. Reviewing all Federal programs and activities included in a particular function or subfunction, is complicated by the series of questions Congress must address involving the mix of programs, the trade-off of outputs, and the cross-impact among programs. Other complications, as we see it, will arise in how to handle cross-committee, cross-agency, cross-mission, and primary-secondary relationships.

Some possible alternatives

While we strongly concur with the objectives of Title III, we have some reservations about undertaking such a zero base review and evaluation without prior experience. We would suggest, as one alternative, some type of test of this process which could perhaps help the Congress uncover and resolve some of the complexities associated with the zero base approach. Perhaps the test might consist of pilot programs in which each standing committee considers one program for zero base review and evaluation. The Congress could call on the President and the agencies for cooperation in developing their zero base review and

evaluation of each program considered in the pilot project. Useful knowledge could be gained from such a test by both the Congress and the President as to problems encountered, issues which need to be resolved, and possible solutions.

Consideration should also be given to the fact that zero base reviews and evaluations are called for by both the standing committees in section 311, and the Executive Branch in section 321. Both performing the same analysis may result in a duplication of effort. It has been our longstanding feeling that the responsibility for program evaluations rests with the responsible agencies because we feel that program evaluation is a fundamental part of effective program administration. Therefore, an alternative for this section of the Bill might be to have the Executive Branch provide the evaluations to the committees for review. The committees would then have a chance to review the information and decide which programs need emphasis in the congressional reviews and evaluations. To do this, the Executive Branch should submit their evaluations in advance of the date called for in section 301 to allow for sufficient congressional review and further evaluation if necessary.

TITLE IV: CONTINUING REVIEW AND EVALUATION

Functions of GAO

Section 401(a) would require the Comptroller General to perform follow-up audits at least once every six months on any program or activity which GAO has audited and found to be substantially deficient in achieving its objectives. Follow-up audits would be required until the Comptroller General is satisfied that the deficiencies have been eliminated. GAO would be required to report the results of follow-up audits to the Appropriations Committees of both Houses and to the cognizant legislative committees.

It is normal GAO policy to follow-up on its recommendations. However, the requirement to make follow-up audits and reports every 6 months would place an unnecessary strain on our limited staff resources. As an alternative, we suggest that within 60 days of the date of a GAO report which makes recommendations to the Head of a Federal agency, and not less often than once every six months thereafter, the agency be required to report to the appropriate committees the actions taken and progress made in implementing GAO recommendations. Reports would be continued until, in our judgement, all reasonable actions have been completed on the recommendations, and no purpose would be served by further reports.

Section 236 of the Legislative Reorganization Act of 1970, which places a more limited reporting requirement on Federal agencies, would need to be rescinded if this provision was adopted.

Program information in the President's Budget

Section 402 of the Bill requires that the Executive Budget include annual objectives for each program or activity and an annual analysis of how programs are achieving previously set annual objectives. This is to apply to the fiscal year 1979 and subsequent years.

Annual program objectives set by the Executive Branch may differ from objectives or goals included in authorizing legislation as understood by the responsible congressional committees. Although the Management by Objectives (MBO) system currently used by the Executive Branch attempts to make program objectives explicit and quantifiable, and identifies multiple and conflicting objectives, it is primarily a management control system which is designed to provide feedback and measurement of annual accomplishments. Though this information is useful for congressional oversight, emphasis may be placed on identifying process variables as program objectives. We feel that impact variables which link agency missions to the national needs addressed in the authorizing legislation should also be considered by relating them to annual accomplishments.

Title VI of the Budget Act of 1974, amends the Budget and Accounting Act of 1921 to require that the Executive Budget (starting in the fiscal year ending September 30, 1979) include descriptive information in terms of --

(1) a detailed structure of agency needs which shall be used to reference all agency missions and programs;

(2) agency missions; and

(3) basic programs.

We feel that the requirements in Section 402 of S.2925 should be linked to Title VI of the Budget Act by considering national needs and agency missions (as agreed to by the cognizant congressional committee and the Executive Branch) when setting annual objectives and assessing annual progress.

Because of the large volume of new information that will be produced by this section of the Bill we feel that its inclusion in the Executive Budget may make that document too voluminous. Consideration should be given to publishing this information in separate documents for interested committees.