

6 FEB 1979 108687

8005



STATEMENT OF
ELMER B. STAATS, COMPTROLLER GENERAL
OF THE UNITED STATES
BEFORE THE LEGISLATIVE SUBCOMMITTEE
APPROPRIATIONS COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES

ON
[BUDGET ESTIMATES FOR FISCAL YEAR 1980 and Supplemental
Appropriation Request 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 1980.

The request that we are supporting today is for \$206,763,000. This will fund 5,350 staff years. It is an increase of \$17,506,300 over our FY 1979 obligational authority and the supplemental funding that we have requested for that year. Of this total increase of \$17.5 million, \$6.2 million is necessary to fund 168 additional staff years for workload increases which we must meet and over which we have virtually no control. The balance of the increase--\$11.3 million--is required to support our current operations.

The GAO "Justification of Estimates for Fiscal Year 1980", which has already been given you, details the basis for our request and the manner in which we plan to use all of the resources that we have requested for that year. I would like in my statement today to point up the reasons that I believe it is important for GAO to be funded at this increased level and to briefly describe and illustrate the kinds of workload increase that we now know we must meet in FY 1980. I will also discuss the extent to which we have kept the requested increase to a minimum through plans

003848

Justimony

to absorb major portions of the increased workload by reprogramming from day-to-day responsibilities under GAO's basic statutes.

FY 1980 FUNDING NEEDED TO MEET
KNOWN WORKLOAD INCREASES IN FY 1980

Since January 1978 when we came forward with our FY 1979 appropriation request, our workload--which we will have to perform in FY 1980--has increased by 350 staff years. This workload has been the result of completed congressional actions and increased congressional requests for audits and evaluations. As a part of our FY 1979 supplemental request, we are requesting some partial relief--totalling 82 staff years--to meet the FY 1979 impact of these new workload demands. In this request--for FY 1980--we are asking for the continued funding of these 82 staff years plus funding for an additional 168 staff years. The aggregate, or 250 staff years, will only partially satisfy the significant increase in workload that we must sustain.

During my tenure there have been statutory changes such as the Legislative Reorganization Act of 1970, the Congressional Budget and Impoundment Control Act, which both broadened the scope of GAO's overall responsibilities and added to our specific responsibilities. However, this tremendous increase in workload, aggregating as I have said, 350 staff years in less than one year is unparalleled in our history. It poses a major management problem to us; i.e., how do we meet the new and recurring demands of the Congress and at the same time continue to maintain the high level quality standard that is clearly expected by the Congress?

Clearly, this cannot be done without some increase in resources. We have concluded that it will be possible for us to absorb 100 staff years of the 350 staff year workload increase. This means that--with favorable action on our request for an increase of 250 staff years--we will be absorbing 28 percent of the increased workload. We plan to absorb this increased workload by reprogramming from or further deferring work required by our basic statutes.

After several reexaminations, we are convinced that no further absorption is reasonably possible unless we undertake a program of substantial work deferrals or stretchouts.

The increased FY 1980 workload has arisen from the following:

- Specific requirements for GAO audit and evaluation work included in legislation and in committee reports, House and Senate resolutions, etc. The point here is that, with increasing frequency, legislation (and other Congressional actions such as House and Senate resolutions, etc.) require GAO to make particular defined studies or evaluations by a date stated in the legislation. The work must be done and it must be done in a stated--usually rather tight--time frame.
- Legislation creating new or expanding existing Federal programs. With only very minor exceptions, GAO is required to audit and evaluate the operations of all Federal agencies and their programs. Our basic

1921 legislation--reemphasized by various pieces of additional legislation through the years--gives us this comprehensive responsibility over the range of Federal activities. This total workload remains in place from year to year and is performed over a time frame which provides at least a minimum oversight coverage. Each new piece of legislation, which adds a new program, or modifies or expands an existing one effectively increases our workload whether or not it specifically calls for GAO audit.

--Committee and Member requests. One of our more important responsibilities--over which we have little or no control--is that of responding completely and promptly to the requests of Committees and Members of Congress for the performance of audits and evaluations. GAO work responding to these requests is valuable to them in fulfilling their legislative and oversight roles and in representing their constituency. It is a responsibility given us in the Budget and Accounting Act of 1921 and reemphasized in the Legislative Reorganization Act of 1970.

I would like now, to take a few minutes to further describe and illustrate these uncontrollable workload increases that will increase GAO's FY 1980 workload.

LEGISLATIVE ACTIONS MANDATING
SPECIFIC RESPONSIBILITIES TO GAO

--The Federal Banking Agency Audit Act (P.L. 95-320, 7/21/78)
directs the Comptroller General to conduct audits of the Federal Reserve Board, Federal Reserve Banks and their branches and facilities, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency. Fulfillment of this responsibility will require us to look into (1) the Federal regulation and supervision of commercial banks, savings and loans, and credit unions; (2) regulation of bank holding companies; (3) condition and structure of the financial industry; (4) central bank and agency functions at the Federal Reserve; and (5) organization and administrative management. It is a major responsibility which will require 51 staff years work in FY 1980.

--FY 1978 Amendments to the Small Business Act (P.L. 95-507, 10/24/78) requires GAO to evaluate and report by January 1, 1981, on four SBA programs, the economic opportunity loan program, SBA's 8(a) procurement program, its management assistance to minority business program, and a new minority SBA subcontracting program. GAO evaluation of "pilot" programs (waivers of bonding requirements and new negotiation procedures for procurement under SBA's 8(a) program) is also required. Sixteen staff years will be needed for this work in FY 1980.

--The Civil Service Reform Legislation (P.L. 95-454, 10/13/78)
representing a major Congressional and Administration effort

to improve the Civil Service System, imposes a number of substantial specific responsibilities on GAO. GAO has long been interested in, and has done extensive work pointing toward Civil Service reform and increased employee productivity. We will, therefore, have a substantial head start in meeting our responsibilities under this legislation. Nevertheless, our response to the requirements of this Act will require 40 additional staff years in FY 1980.

--Federal Government Pension Plan Reporting (P.L. 95-595, 11/4/78) requires GAO to audit the financial activities of the pension plans. We will need to establish accounting principles for the plans and to audit the reports, including financial and actuarial statements, that are furnished annually by the agencies and instrumentalities operating the plans. We also have program audit authority over the pension plans and funds. Our work responsive to this Act will require 33 staff years in FY 1980.

--Ethics in Government Act of FY 1978 (P.L. 95-521, 10/26/78) requires us, by November 30, 1980 to study the legislative branches' financial disclosure system to see if provisions are being carried out and financial reports are being filed as required. The first study is to include GAO recommendations on the feasibility of and potential need for a requirement that systematic random audits be conducted of financial disclosure reports of the legislative branch. Twenty staff years will be required for this work in FY 1980.

--The Nuclear Anti--Proliferation Act of 1978 (P.L. 95-242, 3/10/78) requires GAO to assess the implementation and impact of the Act on the nuclear non-proliferation policies, purposes and objectives that it embodies. This will be a major GAO effort, involving some 20 individual assignments that will be performed by two different GAO divisions with the assistance of a number of regional offices and of GAO overseas branches. We are committed by the terms of this Act to provide a comprehensive report to the Congress by March 1981. Eighteen staff years will be required in FY 1980.

--Conference Report (H.R. 95-1753), Education Amendments of 1978 (10/15/78) stated that GAO should pay particular attention to the adequacy of the legislatively required evaluations of Federal education programs and approaches followed by HEW in making them. This will require 7 staff years in FY 1980.

In addition to the above, seven other statutes and committee reports will require significant GAO work in FY 1980.

LEGISLATION CREATING NEW OR
EXPANDING EXISTING FEDERAL PROGRAMS

Recent new legislation increasing GAO's FY 1980 workload and requiring audit coverage under GAO's regular statutes include the following examples:

--The National Climate Program Act of 1978 (P.L. 95-367, 9/17/78). This Act establishes a National Climate Program Office which will establish goals and priorities and outline the role of various Federal agencies such as Agriculture, Commerce, Defense, Interior, State, Transportation, and

Energy. GAO work related to functions covered by this new legislation will require 4 staff years in FY 1980.

--Agriculture Foreign Investment Disclosure Act of 1978

(P.L. 95-460, 10/14/78). Ten staff years will be used by GAO in FY 1980 to determine the effectiveness of this Act in meeting difficulties in determining the ownership of agricultural land by foreign nationals.

--The Natural Gas Provisions of the National Energy Act

(P.L. 95-621, 11/9/78), requires Federal Energy Regulatory Commission planning to implement the requirement that high price gas supplies be incrementally priced to large scale industrial users. It also includes provisions concerning natural gas curtailment policies. Eight GAO staff years will be required in FY 1980 on work related to the provisions of this act.

--Omnibus Parks Act of 1978 (P.L. 95-625, 11/10/78). This Act includes 150 projects in 44 states. It provides for major new urban park additions; expands the boundaries of existing national parks, creates new wilderness areas, and adjusts the cost ceiling of several park service units. This legislation increases the work that GAO needs to do in FY 1980 by 5 staff years.

REQUESTS OF COMMITTEES AND MEMBERS

Since its establishment by the Budget and Accounting Act of 1921, GAO has been responsible for responding to the work requests of Committees, and to the extent possible, of Members of Congress. This responsibility was reemphasized by the

Legislative Reorganization Act of 1970. It is a significant GAO role which fulfills an important congressional need.

In a very real sense, virtually all of GAO's work is directed to Congressional needs and those of its Committees and Members. Recognition of this is the key piece of GAO's program and assignment planning systems. Those systems regularly seek to make GAO work over the range of our responsibilities as relevant as possible to current congressional actions and concerns.

Additionally, we regularly work with Committees and their staff to keep them apprised of GAO services available to them and how to obtain those services. In recent years, the number of Committee and Member requests for specific GAO audits and evaluations has increased. It is clear that further increases will occur in FY 1980.

Typically, Committee requests (and many Member requests) are for audit and evaluation work which is necessary for their use in considering new or proposed legislation, in assessing the need for amending existing Federal programs, in determining the levels at which they should be funded, and in dealing with concerns they have from time to time regarding oversight of Federal programs or agencies. GAO audits and evaluations, performed at the request of individual Members of Congress, provide an important resource, not otherwise available to them, for their use in dealing with the significant concerns of their constituents.

Based on our present knowledge and past experience, requests to perform particular audits and evaluations will increase in FY 1980 by 106 staff years over FY 1979 levels.

EMPHASIS ON PREVENTION AND
DETECTION OF FRAUD AND ABUSE

A major effort initiated in FY 1979 which will have a continuing impact on our FY 1980 operations is the special focus we are providing to the prevention and detection of fraud in governmental programs.

As part of our normal audit work, we watch for instances of fraud and for areas where there seems to be a potential for fraud. Given the high level of interest being shown by Members of the Congress, we believe that a special emphasis on this subject would be worthwhile. For that reason, we decided to dedicate a special group, full-time, to an in-depth analysis of this problem. Consequently, we recently established a Special Task Force for the Prevention of Fraud and Abuse. Our best present estimate is that about 57 staff-years each in FY 1979 and FY 1980 will be required to address this issue.

We think that the work of this Task Force--supplementing and focusing other related work done throughout GAO--will effectively respond to Committee and Member interest in this significant area.

LIKELIHOOD OF FURTHER WORKLOAD INCREASES

As I mentioned, we now know that our FY 1980 workload will increase by 350 staff years over those requirements that we knew about when we came forward with our FY 1979 budget. We are, however, asking for resources to fully fund only 86 staff years over the 5,264 staff years that had been authorized for our use in FY 1979. That level of resource use could not be funded because of the limitation on obligational authority imposed by P.L. 95-391.

We fully recognize the duty that we have under our basic legislation--as it has been reaffirmed over the years--to give adequate coverage on a continuing basis to the audit and evaluation of agencies and their programs.

We have in place a planning system which identifies the work that most needs to be done in our areas of responsibility and alerts us to places where our coverage is becoming unacceptably "thin". For example, it is apparent that we will need to increase the proportion of FY 1980 resources that we devote to defense related work. In recent years, our response to increased workload without a proportionate increase in staff led to a continuing decrease in the percentage of resources that we have been able to devote to defense related work. In FY 1979 and in FY 1980, we will need to stop the decrease and restore such work so that it constitutes 25 percent of our total effort.

Another workload related point needs to be made. We have identified--and asked only partial funding for--the workload

increases that we now know will impact on GAO in FY 1980. But we are no less sure that there will be other workload increases impacting on our work in that year, which cannot now be identified. Without doubt there will be other new legislation which will require us to perform particular audits and evaluations. And the enactment of new or expanded Federal programs will place its own new workload demands on us. We cannot, however, reasonably estimate these requirements or what their demands on our resources will be. Consistent with our longstanding policy we have not made any provision in our resource request for prospective legislation no matter how likely its passage seems. This underscores the significance that we place on the need for GAO to obtain the relatively modest increase in resources that we are requesting for FY 1980.

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 measurable 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.

I might add here that GAO work--our findings and recommendations--are, by and large, well supported by the Congress. In

this connection, I just reread the House Appropriations' Committee Report on the Department of Defense FY 1979 Appropriations bill. That report refers some 93 times to GAO reports and recommendations. It points to diseconomies, areas of ineffectiveness and weaknesses in management and controls that we have reported on. In many instances, it translates our findings and recommendations into reductions in DOD appropriations where this is appropriate to prevent waste. In others it highlights the need for further Department of Defense action on our recommendations. This kind of Committee action not only takes good advantage of the work that we have done, it also is a tangible and visible demonstration of the need for Federal agencies to correct deficiencies promptly when we identify them.

GAO's impact is sometimes clear and easily measured. However, in many cases it is not easy to measure 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 FY 1978, savings attributable to GAO recommendations totaled over \$2.5 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 cannot 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 1978.

CONCLUSION

This concludes my prepared statement. I hope you will agree that the additional funds requested are needed to permit us to meet known increases in workload without seriously damaging the basic and continuing audit and evaluation coverage that Congress expects of us. They will yield an excellent return for the Federal Government.

LEGISLATION PASSED BY THE SECOND SESSION OF THE 95TH CONGRESS
WHICH WILL IMPACT GAO'S FY 1979 AND FY 1980 WORKLOAD

SPECIFIC MANDATES

1. The 1979 Defense Authorization Act provides \$209 million for payment of shipbuilding claims against the Navy in settlements reached under P.L. 85-804 with General Dynamic's Electric Boat Division and Litton Industries' Ingalls Shipbuilding Division. The Act also provides that the Comptroller General shall make such audits and reviews of payments to the two contractors as he deems necessary to insure that the funds are only used in connection with the specific contracts covered by the P.L. 85-804 settlements that were approved and to insure that the prime contractors concerned do not realize any total combined profit on such contracts. The Act also requires annual GAO reports to the Congress until completion of the contracts.
2. The Amtrak Improvement Act of 1978 requires the GAO to study the economic relationship of Amtrak's fare structure to the intercity bus industry. The study must be submitted to the Congress by December 31, 1978.
3. The Federal Government Pension Plan Reporting Act requires the Comptroller General to conduct a financial audit of the pension plans of the Federal Government and its agencies and instrumentalities. An annual report, including a financial statement and an actuarial statement, must be furnished to the Congress for each plan.
4. The Public Telecommunications Financing Act of 1978 requires the Comptroller General to:
 - a. Evaluate and approve the valuation standards to be developed by the Corporation for Public Broadcasting for the personal services of volunteers to be included in determining the level of non-Federal financial support of public broadcasting stations. This study is to be completed in 6 months from the signing of the Act and submitted to the Comptroller General for approval.
 - b. Within 1 year after the signing of the Act the Corporation, in consultation with the Comptroller General, and as appropriate with others, shall develop accounting principles to be used by all public telecommunications entities receiving Government funds under the Act.
 - c. Public telecommunications entities receiving Government funds under the Act are to have annual audits by independent certified public accountants in accordance with auditing standards developed by the Corporation, in consultation with the Comptroller General.

5. The Nuclear Anti-Proliferation Act of 1978 contains 20 individual assignments that need to be completed by March 1981, including a summary assessment of the overall implementation and impact of the Act.
6. The 1978 Amendments to the Health Maintenance Organization Act requires the Comptroller General to evaluate the adequacy and effectiveness of the policies and procedures of the Secretary for the management of the grant and loan programs established by this title and the adequacy of the amounts of assistance available under such programs and shall report to the Congress the results of such evaluation not later than May 1, 1979.
7. The Health Services Extension Act of 1978 stipulates that no later than March 1, 1981, the Comptroller General shall report to the Congress on hospital affiliated primary care centers. It requires that the Comptroller General provide:
 - a. Assessments of the cost allocation methods used by the centers and methods by which they are reimbursed for services.
 - b. A comparison of the cost and effectiveness of providing services through these centers with the cost and effectiveness of providing such services through other entities such as community health centers.
 - c. An assessment of the compliance by hospital affiliated centers with legislative requirements.
8. The Ethics in Government Act of 1978 requires us to conduct a study of the financial disclosure system of the legislative branch of Government before November 30, 1980. Within 30 days after completion of the study we are required to transmit a report containing a detailed statement of our findings and conclusions together with recommendations for improvement to each House of Congress. The first study is to include our findings and recommendations on the feasibility and potential need for a requirement that systematic random audits be conducted of financial disclosure reports of the legislative branch. Among other things it should also include a thorough discussion of the type and nature of audits that might be conducted, the personnel and other costs of audits, and the value of an audit to Members, the appropriate House and Senate committees, and the public.
9. The Civil Service Reform Act of 1978 requires us to
 - conduct audits and reviews at the direction of either the House or any committee of Congress or at our own discretion, on compliance with civil service laws,

- submit an annual report to the President and the Congress on significant actions taken by the Merit Systems Protection Board (MSPB) and the Office of Personnel Management (OPM),
 - conduct spot-audits on general performance appraisal systems and on those of the Senior Executive Service (SES), and
 - receive reports of any cases involving career employees not complying with MSPB decisions.
10. The Federal Banking Agency Audit Act directs the Comptroller General to conduct audits of the Federal Reserve Board, Federal Reserve Banks and their branches and facilities, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency.
 11. The Financial Institutions Regulatory and Interest Rate Control Authority Act requires the Comptroller General to
 - audit the National Credit Union Administration on a calendar year basis,
 - audit and evaluate the effectiveness of the Federal Financial Institutions Examination Council established by Title X,
 - determine the sharing method to be used by FDIC and FSLIC for losses resulting from converted S&L's if agreement is not reached, and
 - audit the NCUA Central Liquidating Facility created by Title XVII of the Act.
 12. The Customs Procedural Reform and Simplification Act of 1978 requires the Comptroller General to study clearance procedures for individuals entering or reentering the United States and submit a report to the Senate Finance and House Ways and Means Committees by September 1, 1979.
 13. The Energy Research and Development Administration Authorization Act of 1978 requires the Comptroller General to conduct audits at 6-month intervals of recipients of financial assistance under Section 19 of this Act.
 14. The Outer Continental Shelf Lands Act of 1978 requires the Comptroller General to review and evaluate the methodology used by DOI in allowing wells to be shut-in of flare natural gas. By law, GAO must submit its findings and recommendations to the Congress within 6 months after receipt of the Secretary's report.

15. Small Business Minority Investment Program Act requires GAO to evaluate and report by January 1, 1981, on four SBA programs--the economic opportunity loan program, the 8(a) procurement program, management assistance to minority business program, and a new minority subcontracting program. The bill also requires GAO to evaluate and report no later than June 30, 1980, on two pilot projects. The first involves the waiving of Federal bonding requirement for firms under the 8(a) procurement program and the second involves a project for one executive agency to develop new methods for negotiating contracts for the 8(a) procurement programs.

16. An Act to Clarify the Authority for the Employment of Personnel in the White House Office and the Executive Residence at the White House, to Clarify the Authority for the Employment of Personnel by the President to Meet Unanticipated Needs, and for Other Purposes directs the GAO to conduct three separate audits of
 - a. Executive residence accounts maintained by the National Park Service;
 - b. The President's White House Office accounts maintained at the White House; and
 - c. The Vice President's accounts maintained at the Naval Observatory.

The law pertains only to expenditures made after November 2, 1978. Hence we will conduct audits of FY 1979 expenditures incurred after November 1, 1978. The law requires that the GAO will determine that all expenditures under the President's certificate were made for the general purposes of the appropriation. It further stipulates that any expenditures not made for the purpose of the appropriation shall be reported to the Congress.

STATEMENT OF
 ELMER B. STAATS, COMPTROLLER GENERAL
 OF THE UNITED STATES
 BEFORE THE LEGISLATIVE SUBCOMMITTEE
 APPROPRIATIONS COMMITTEE
 UNITED STATES HOUSE OF REPRESENTATIVES
 ON
 SUPPLEMENTAL APPROPRIATION REQUEST
 FOR FISCAL YEAR 1979

We are requesting supplemental funding to finance GAO operations in FY 1979 as follows:

	(In Millions)
Title II Pay Increase Costs	\$ 7.3
Program Supplemental	<u>5.5</u>
Total Supplemental Funding Requested	<u>\$12.8</u>

I will briefly discuss the need for each of these separately. A more detailed justification has already been provided to you.

PAY INCREASE COSTS

The pay supplemental request is to cover salaries and benefits related to the pay raise effected by Executive Order 12087 of October 1, 1978. That order provides for an overall pay increase of 5.5 percent. Its net effect on General Accounting Office salaries and benefits is 5.1 percent. Employees subject to the Executive Pay Raise of February 1977 compensated at the rate of \$47,500 or higher are not affected by this pay raise.

The additional funding needed to meet the increased pay levels totals \$7,281,000.

Absorption

Due to Section 311 of P.L. 95-391, which withheld from obligation and expenditure 5 percent of total budget authority for payments not required by law, we are already operating at a financial level lower than that which is required to effectively carry out our mandated responsibilities. Therefore, we are not able to offer up any part of this cost increase for absorption.

PROGRAM SUPPLEMENTAL

Significant recent congressionally directed workload increases require us to request supplemental funding for FY 1979 in the amount of \$5.5 million. This--with amounts already provided and with favorable action on our supplemental request to fund the pay increase--will finance a total of 5,182 staff years in this year. It amounts to a total funding level of \$189.3 million. The analysis of changes for FY 1979 follows:

	<u>Average Positions</u>	<u>Amount</u>
FY 1979 Appropriation	5,264	\$185.8
Portion Not Available Pursuant to P.L. 95-391	-164	- 9.3
Supplemental Requested:		
a) Required by Civilian Pay Raise	-	+ 7.3
b) Program Supplemental Required by Increased Workload	<u>+ 82</u>	<u>+ 5.5</u>
ADJUSTED TOTAL	<u>5,182</u>	<u>\$189.3</u>

The urgency of the need for these increased resources results from a couple of significant factors:

--The 5 percent spending reduction imposed by P.L. 95-391, totaling \$9.3 million constituted a reduction of 164 staff years below those which had otherwise been appropriated for our use during FY 1979 to meet our then known FY 1979 workload. Continuation at this diminished level would result in a total staff year availability of only 5,100 FY 1979 staff years. This is actually less than the 5,144 staff years that we used to meet a lesser FY 1978 workload. In short, the reduction effected by P.L. 95-391 took us below the level reasonably required to meet workload that we then knew of.

--Since we made our budget request for resources to meet our FY 1979 workload, there have been very substantial increases in that workload--totaling 400 staff years. We would have had very great difficulty dealing with these very substantial increases even if our FY 1979 appropriation had not been "cut"--through the operation of P.L. 95-391 to the present level of 5,100.

It is, therefore, apparent that for us to operate in FY 1979 with the 5,100 staff years presently available to us, we would have to absorb the increased workload that we knew of when we made our budget request as well as the very large workload increases that have occurred since that time. Clearly, we cannot do this without significant negative impacts on the fulfillment of our overall audit and evaluation responsibilities.

Given our known workload--the 5,182 staff years for which we are requesting FY 1979 funding--would not be adequate to meet our responsibilities for any substantial period of time.

It is important, therefore, that our request receive favorable consideration. It is a modest request that recognizes the delays necessarily inherent in obtaining supplemental funding. Consequently, it will not provide the resources that we need to meet increased workload. Some retrenchment in our audit and evaluation coverage over our total responsibilities will continue to be necessary in FY 1979 even with resources provided by the supplemental appropriation. But favorable action on

this request will permit us to staff up to what we believe to be minimum levels of coverage for FY 1980. Favorable action on our request is, in my judgment, in the overall best interest of the Federal Government. It is, I am confident a prudent and necessary use of Federal funds.