

LEGISLATIVE BRANCH APPROPRIATIONS FOR FISCAL YEAR 2008

FRIDAY, MARCH 16, 2007

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:08 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Mary L. Landrieu (chairman) presiding.

Present: Senator Landrieu.

GOVERNMENT ACCOUNTABILITY OFFICE

STATEMENT OF HON. DAVID M. WALKER, COMPTROLLER GENERAL OF THE UNITED STATES

Senator LANDRIEU. The subcommittee will come to order. Good morning, and welcome to everyone.

Regrettably, Senator Allard is attending a family funeral in Colorado this morning and will not be able to join us. So, our thoughts, prayers, and condolences are with him and his family this morning.

PREPARED STATEMENT OF SENATOR WAYNE ALLARD

But I do understand that he's prepared a statement for the record, and, at this time, I will submit it on his behalf.

[The statement follows:]

PREPARED STATEMENT OF SENATOR WAYNE ALLARD

Madam Chairman, I regret that I cannot attend this morning's hearing with the Government Accountability Office, the Government Printing Office, the Congressional Budget Office and the Office of Compliance.

There are many important issues before these agencies, not the least of which is the large percentage increase being requested by each—especially the Government Printing Office with a 49 percent increase over the fiscal year 2007 continuing resolution level.

The Government Accountability Office is requesting \$523.8 million for fiscal year 2008, which will return GAO to the fiscal year 2006 operating level. Thanks to Comptroller General David Walker and his staff, our subcommittee has received excellent assistance in overseeing legislative branch agencies, particularly the Architect of the Capitol and the Capitol Visitor Center, as well as the Capitol Police management issues.

An issue I would like GAO to address is its capacity to continue to undertake technology assessment work. I understand there is interest in starting up the old Office of Technology Assessment, and frankly I'm very concerned about that idea. GAO had a pilot project to do technology assessment projects several years ago, which was very successful. GAO subsequently completed three additional projects on technology assessment which were requested on a bi-partisan and bicameral basis, and were well-received as I understand it. I would like to know whether GAO can continue to perform such work, on a bi-partisan, bicameral basis, with appro-

appropriate peer review, and whether this is consistent with GAO's mission. The notion of starting up a new agency at a time when we have extraordinary budget constraints does not make sense.

With respect to the Government Printing Office, I would note that Bruce James retired at the end of last year and the Acting Public Printer, Bill Turri, has been ably filling his shoes. GPO's request of roughly \$182 million is a 49 percent increase, as I mentioned earlier. I understand that this increase is in part due to the need to re-pay the revolving fund for shortfalls in Congressional printing and binding costs, and the 2006 updating of the U.S. Code. GPO is able to use the revolving fund for these shortfalls, but we must pay those funds back.

In addition, GPO has numerous information technology improvements which have been deferred or are nearing completion and need the final infusion of funds to complete. Having said that, we know your full request likely will be difficult to fully accommodate, so we look forward to seeing a prioritization of your request.

The Congressional Budget Office has a new director, Dr. Peter Orszag, who comes to CBO with excellent credentials and I look forward to working with him. CBO is requesting a steady-state budget of almost \$38 million and 235 employees, but is now asking for additional funds for health-care related work. I look forward to getting more information on the need for that additional work.

Finally, the Office of Compliance, represented by Ms. Tamara Chrisler, is requesting just over \$4 million. The office is in the midst of completing a settlement with the Architect of the Capitol on the complaint OOC filed over a year ago on the utility tunnels. That is a precedent-setting case and that has taken tremendous resources. We look forward to that coming to conclusion shortly so that AOC can move ahead expeditiously with its repairs and improvements in the tunnels.

Madam Chairman, this concludes my statement.

OPENING STATEMENT OF SENATOR MARY L. LANDRIEU

Senator LANDRIEU. Today, we meet to take testimony on the fiscal year 2008 budgets for the Government Accountability Office (GAO), the Government Printing Office (GPO), the Congressional Budget Office (CBO), and the Office of Compliance (OOC). Since we have four agencies testifying this morning, I ask that each of you just present your remarks in summary form. I've read all of your statements, and they will be included for the record.

We're looking at some pretty substantial increases in your steady budget requests. While I realize the continuing resolution held you to 2006 dollars in fiscal year 2007, we really need you to think about the priorities that you have as we move forward in this process. Priorities in this context may mean overall lower dollars that we have to work with, but we will explore this as the subcommittee moves forward.

I want to welcome today's witnesses: David Walker, Bill Turri, Peter Orszag, and Tamara Chrisler. Thank you all for attending, this morning.

The Government Accountability Office budget request totals \$523 million, which is an increase of 8 percent over the current year and would fund an increase of 104 full-time employees. I appreciate the oversight your agency has provided to this subcommittee, on both the Capitol Visitor Center and the utility tunnel repair work. I want to particularly thank Bernie Ungar, Terry Dorn, and Gloria Jarmon, of your staff, for their hard work and assistance to me and to my staff on these complicated and time consuming projects.

I hope to have a detailed conversation with you today, Mr. Walker, about a number of workforce issues, including the implementation of the GAO Human Capital Act of 2004, legislation you requested from Congress. Some of the promises that you made have not yet been completely fulfilled, and we'll talk about where we are in that process a little later.

The Government Printing Office budget request totals \$182 million, a 49-percent increase over fiscal year 2007 and would include 86 additional employees.

Mr. Turri, I hope you're prepared to defend this request, which is literally doubling your current budget. I understand that there are some expansions and changes in technology, and we'd like to hear more about that today.

The Congressional Budget Office budget request totals \$38 million, which is an 8-percent increase over current year, and would support the current level of 235 employees. I understand the CBO is looking into expanding the scope of their work to include identifying and analyzing ways to control healthcare spending. I look forward to hearing more about that proposal this morning.

And, finally, the Office of Compliance is requesting \$4.1 million, which is an increase of \$1 million, or 32 percent, over the current year, and would fund four additional employees.

Ms. Chrisler, I appreciate the fact that your organization has had an increased workload over the last year because of the problems in the utility tunnels, and I look forward to hearing an update on the progress being made by the Architect of the Capitol (AOC) in addressing the issues in the complaint filed by your agency.

GOVERNMENT ACCOUNTABILITY OFFICES' FISCAL YEAR 2008 BUDGET
REQUEST

Now, Mr. Walker, if you would begin. And let me thank you for your visit to my office. I found it extremely enlightening and insightful. I want to begin by commending you on what I consider to be an excellent job that you're doing. I want to help you to continue to achieve more of the goals that you outlined to me. But I'd like to allow you to make your statement. We will then question some of the increases in your budget.

Mr. WALKER. Sure.

Senator LANDRIEU. Thank you.

Mr. WALKER. Thank you, Madam Chair. It's a pleasure to be here today to talk about GAO's fiscal year 2008 budget request.

I would like to thank you and the subcommittee for your past support of GAO. I'm especially appreciative of your efforts to try to provide us some additional funding above fiscal year 2006 levels, rather than just a flat-line continuing resolution, which we had been under. That helped us to avoid unpaid furloughs, but, as you know, because we still had a shortfall, we could only make our pay raises retroactive to February 18, 2007, rather than January 7.

I'm particularly pleased with the results that GAO achieved for the Congress and the American people. For fiscal year 2006, we returned \$105 for every \$1 invested in GAO—number one in the world. Second place in the world is 24 to 1. I think it's important—and I know you believe this—to consider results, not just resources, because the U.S. Government needs to do a better job, I believe, in linking resources to results.

While 2006 was a record year for us in many regards, we've had to delay and cancel a number of items, because we're operating under constrained resource levels. As you undoubtedly know, since 2003 GAO's budget has not kept pace with inflation. Our purchasing power is down 3 percent since 2003, which concerns me be-

cause about 80 percent of our budget is for payroll costs, and, needless to say, you have to pay people more than inflation, especially top performers. The other 20 percent of our budget is primarily nondiscretionary costs which are subject to inflationary increases. So, that's a real concern.

Candidly, Madam Chair, my concern is we've done a lot of things to improve our economy, our efficiency, and our effectiveness, but they're about played out. I'm very concerned that unless we receive a more reasonable resource allocation that's better aligned with our results, it's going to start to have an adverse effect on employee morale, on our ability to serve the Congress, and on our ability to generate the type of unparalleled return on investment that we've delivered to the Congress and the country in recent years.

We have, and will continue to take steps to try to deal with constrained resource levels. We are asking for about an 8-percent increase for next year, which is designed to try to help deal with some of the deterioration in our purchasing power in recent years, and to be able to fund some of the projects that we've had to defer for quite a number of years.

REBUILDING GOVERNMENT ACCOUNTABILITY OFFICE OVER THE NEXT
6 YEARS

Looking beyond fiscal 2008 I promised the Congress, when I came in, in 1998, that I would do everything that I could to improve the economy, efficiency, and effectiveness of GAO. Nonetheless I was asked virtually every year, "What's the optimum staffing level for GAO?" I've always said, "I'm not going to ask for any more, at this point in time, until I believe that we've accomplished the first objective." I believe we've accomplished that objective now. I have 6½ years left until the end of my 15-year term. Based upon preliminary estimates, and based upon the many challenges that the Congress and the country face, I believe we and the Congress need to think about taking GAO, over the next 6 years, from about 3,200 personnel to potentially up to about 3,750, for a number of reasons, which I will provide in detail as a supplement for you to consider in the future. This does not relate to our fiscal 2008 budget request. It is an attempt to try to look longer-range and to try to help begin the discussion over our longer-range role and resources, because I think it's important to do so.

PREPARED STATEMENT

Thank you very much, Madam Chair, and I'm happy to answer any questions that you may have.

Senator LANDRIEU. Thank you very much.
[The statement follows:]

PREPARED STATEMENT OF DAVID M. WALKER

Mrs. Chairwoman and members of the subcommittee: I am pleased to appear before the subcommittee today in support of the fiscal year 2008 budget request for the U.S. Government Accountability Office (GAO). The requested funding will help us continue our support of the Congress in meeting its constitutional responsibilities and will help improve the performance and ensure the accountability of the Federal Government for the benefit of the American people. An overview of GAO's strategic plan for serving the Congress and our core values is included as appendix I.

I would also like to thank you and your subcommittee for your past support of GAO. I am especially appreciative of your efforts to help us avoid a furlough of our staff during fiscal year 2007. Had we not received additional funds this year and not taken other cost minimization actions, GAO would have likely been forced to furlough most staff for up to 5 days without pay. At the same time, due to funding shortfalls, we were not able to make pay adjustments retroactive to January 7, 2007.

It is through the efforts of our dedicated and capable staff that we were able to provide the Congress with the professional, objective, fact-based, nonpartisan, non-ideological, fair, and balanced information it needs to meet the full range of its constitutional responsibilities. I am extremely pleased and proud to say that we helped the Federal Government achieve a total of \$51 billion in financial benefits in fiscal year 2006—a record high that represents a return on investment of \$105 for every dollar the Congress invested in us. As a result of our work, we also documented 1,342 nonfinancial benefits that helped to improve service to the public, change laws, and transform government operations. The funding we received in fiscal year 2006 allowed us to conduct work that addressed many difficult issues confronting the Nation, including U.S. border security, Iraq and Hurricane Katrina activities, the tax gap and tax reform, and issues affecting the health and pay of military service members. Our client-focused performance measures indicate that the Congress valued and was very pleased with our work overall.

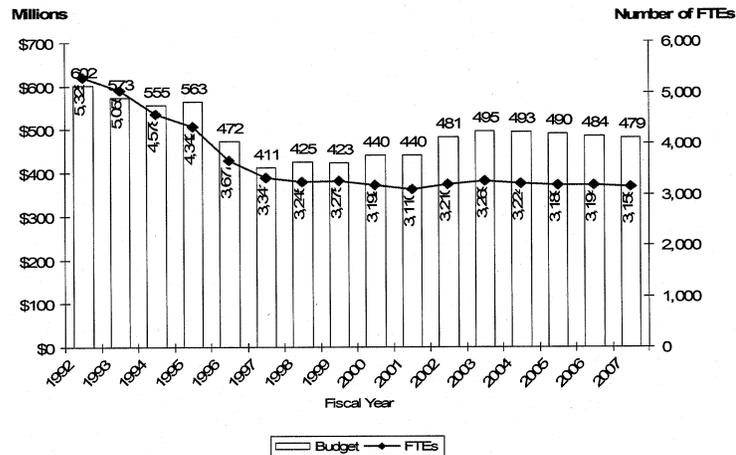
While fiscal year 2006 was a record year, we will be required to constrain vital support to our staff and engagements in fiscal year 2007 in order to manage within available funds. Although the additional funding provided by the subcommittee allows us to avoid a furlough of our staff, we must implement a number of actions to cancel, reduce, or defer costs in order to manage within fiscal year 2007 funding constraints. In fact, our fiscal year 2007 budget for most programs and line items retains funding levels at or near fiscal year 2006 funding levels—requiring that we absorb inflationary increases, which in turn reduce our purchasing power, erode progress toward our strategic goals, and ultimately affect our client service and employee support. For example, in our travel account—a critical element in our ability to conduct firsthand evaluation of federal funding and program activities—we expect transportation costs and per diem rates to rise (as they do annually). Also, our ability to hire staff to replace departing staff, address key succession planning challenges and skill gaps, and maintain a skilled workforce will be adversely affected. While we must hold some critical employee benefits at last year's funding level, such as transit benefits and student loan repayments, our pool of employees eligible to retire has increased since last year. Also, some other agencies may be offering increased benefits that will be attractive to our employees and potential recruits. In addition, we have reduced or deferred needed targeted investments and initiatives geared to further increasing productivity and effectiveness, achieving cost savings, and addressing identified management challenges.

Unfortunately, we expect that these actions will adversely affect our ability to respond to congressional requests, making it even more difficult to address supply and demand imbalances in areas such as health care, disaster assistance, homeland security, the global "war on terrorism," energy and natural resources, and forensic auditing. Our diminished capacity will likely, in turn, ultimately result in reduced annual financial benefits, findings, and recommendations to the Congress and the Nation and necessitate reductions in our

- ability to provide timely and responsive information to support congressional deliberations;
- testimonies on the Congress's legislative and oversight agenda;
- products containing recommendations for improvements in government operations;
- analyses of executive branch agencies budget justifications to support appropriations decisions;
- support on reauthorization activities for pending programs, such as the farm bill, Head Start, the Children's Health Insurance Program, and the No Child Left Behind Act; and
- oversight of legislative branch programs, including the Capitol Visitor Center.

In an effort to identify areas for potential improvement and help ensure accountability, we plan to contract with a public accounting firm in fiscal year 2008 to conduct a peer review of our financial audit practice and have an international team of auditors conduct an external peer review of our performance audit practices. GAO has received clean opinions on its previous external peer reviews. Consistent with generally accepted governmental auditing standards, external peer reviews are conducted on a 3-year cycle and serve to validate that the Congress and the American people can rely on our work and products.

In recent years, GAO has worked cooperatively with the appropriation committees to submit modest budget requests. During this period, and for a variety of reasons, GAO has gone from the largest legislative branch agency to the third largest in terms of total budgetary resources. Adjusting for inflation, GAO's budget authority has declined by 3 percent in constant fiscal year 2006 dollars since fiscal year 2003, as shown in figure 1. These modest budget results do not adequately recognize the return on investment that GAO has been able to generate. In fact, these increases have hampered our progress in rebuilding from the downsizing (40 percent reduction in staffing levels) and mandated funding reductions that occurred in the 1990s. Although GAO's fiscal year 2008 budget request represents a 7 percent increase in constant dollar terms over our fiscal year 2007 operating plan, it is one of the smallest increases requested in the legislative branch.



Source: GAO.

Note: Budget authority is shown in constant fiscal year 2006 dollars.

FIGURE 1.—Budget Authority and Full-Time Equivalent (FTE) Usage, Fiscal Years 1992–2006

Shortly after I was appointed Comptroller General in November 1998, I determined that the agency should undertake a major transformation effort. As a result, GAO has become more results-oriented, partnerial, and client focused. With your support, we have made strategic investments; realigned the organization; streamlined our business processes; modernized our performance classification, compensation, and reward systems; enhanced our ability to attract, retain and reward top talent; enhanced the technology and infrastructure supporting our staff and systems; and made other key investments. These transformational efforts have allowed GAO to model best practices, lead by example, and provide significant support to congressional hearings, while achieving record results and very high client satisfaction ratings without significant increases in funding.

We have taken a number of steps to deal with funding shortfalls in the past few years; however, we cannot continue to employ the same approaches. Our staff has become increasingly stretched and we are experiencing backlogs in several areas of critical importance to the Congress (e.g., health care, homeland security, energy and natural resources). In addition, we have deferred key initiatives and technology upgrades (e.g., engagement and administrative process upgrades) for several years and it would not be prudent to continue to do so. These actions are having an adverse effect on employee morale, our ability to produce results, and the return on investment that we can generate.

There is a need for fundamental and dramatic reform to address what the government does, how it does business, and who will do the government's business. Our support to the Congress will likely prove even more critical because of the pressures created by our Nation's current and projected budget deficit and growing long-term fiscal imbalance. Also, as we face current and projected supply and demand imbalance issues and a growing workload over the coming years across a wide spectrum

of issues, GAO will be unable to respond to congressional demands without a significant investment in our future. We have exhausted the results that we can achieve based on prior investments. Our ability to continue to produce record results and assist the Congress in discharging its Constitutional responsibilities relating to authorization, appropriations, oversight, and other matters will be adversely impacted unless we take action now.

Therefore, our fiscal year 2008 budget request is designed to restore GAO's funding to more reasonable operating levels. Specifically, we are requesting fiscal year 2008 budget authority of \$530 million, an 8.5 percent increase over our fiscal year 2007 funding level. The additional funds provided in fiscal year 2007 have helped reduce our requested increase for fiscal year 2008 from 9.4 percent to 8.5 percent. This funding level also represents a reduction below the request we submitted to the Office of Management and Budget (OMB) in January as a result of targeted adjustments to our planned fiscal year 2008 hiring plan. Our fiscal year 2008 budget request will allow us to achieve our performance goals to support the Congress as outlined in our strategic plan¹ and rebuild our workforce capacity to allow us to better respond to supply and demand imbalances in responding to congressional requests. This funding will also help us address our caseload for bid protest filings, which have increased by more than 10 percent from fiscal years 2002 through 2006. Our workload for the first quarter of fiscal year 2007 suggests a continuation of this upward trend in bid protest filings.

We will be seeking your commitment and support to provide the funding needed to increase GAO's staffing level to 3,750 over the next 6 years in order to address critical needs including supply and demand imbalances, high-risk areas, 21st century challenges questions, technology assessments, and other areas in need of fundamental reform. In addition, as we get closer to when GAO may be able to render our opinion on the consolidated financial statements of the U.S. government and the Department of Defense's financial and related systems, we will need to increase our workforce capacity. We will be providing the Congress additional information on the basis for and nature of this target later this year.

Importantly, as I noted last year, we also plan to request legislation that will assist GAO in performing its mission work, and enhance our human capital policies, including addressing certain compensation and benefits issues of interest to our employees. We plan to submit our proposal to our Senate and House authorization and oversight committees in the near future.

My testimony today will focus on key efforts that GAO has undertaken to support the Congress, our fiscal year 2006 performance results, our budget request for fiscal year 2008 to support the Congress and serve the American people, and proposed legislative changes.

KEY EFFORTS TO SUPPORT THE CONGRESS

As is the case with each new Congress, we are beginning to have discussions with regard to many new requests for GAO's professional, objective, fact-based, non-partisan, and non-ideological information, analysis, and recommendations. On November 17, 2006, I was pleased to offer three sets of recommendations for your consideration as part of the agenda of the 110th Congress. The first recommendation suggests targets for near-term oversight; the second proposes policies and programs in need of fundamental reform and re-engineering; the third lists governing issues. The proposals represent an effort to synthesize GAO's institutional knowledge and special expertise and suggest both the breadth and the depth of the issues facing the new Congress. We at GAO stand ready to assist the 110th Congress in meeting its constitutional responsibilities. To be effective, congressional hearings and other activities should offer opportunities to share best practices, facilitate government-wide transformation, and promote accountability for delivering positive results.

On January 9, 2007, we presented GAO's assessment of the key oversight issues related to Iraq for consideration in developing the oversight agenda of the 110th Congress and in analyzing the President's revised strategy for Iraq. This assessment was based on our ongoing work and the 67 Iraq-related reports and testimonies we have provided to the Congress since May 2003. Our work spans the security, political, economic, and reconstruction prongs of the U.S. national strategy in Iraq. The broad, crosscutting nature of this work helps minimize the possibility of overlap and duplication by any individual inspector general. Our work has focused on the U.S. strategy and costs of operating in Iraq, training and equipping the Iraqi security forces, governance and reconstruction issues, the readiness of U.S. military forces,

¹In the spring of 2007, we plan to issue our updated strategic plan covering fiscal years 2007-2012 to reflect the agenda for the 110th Congress.

and achieving desired acquisition outcomes. Our current work draws on our past work and regular site visits to Iraq and the surrounding region, such as Jordan and Kuwait. We plan to establish a presence in Iraq beginning later this fiscal year to provide additional oversight of issues deemed important to the Congress; subject to approval by the U.S. Department of State and adequate funding. We have requested supplemental fiscal year 2007 funds of \$374,000 to support this effort.

In January of this year, we also issued our high-risk series: An Update, which identifies federal areas and programs at risk of fraud, waste, abuse, and mismanagement and those in need of broad-based transformations. The issues affecting many of these areas and programs may take years to address, and the report will serve as a useful guide for the Congress's future programmatic deliberations and oversight activities. Issued to coincide with the start of each new Congress, our high-risk update, first issued in 1993, has helped members of the Congress who are responsible for oversight and executive branch officials who are accountable for performance. Our high-risk program focuses on major government programs and operations that need urgent attention or transformation to ensure that our government functions in the most economical, efficient, and effective manner possible. Overall, our high-risk program has served to identify and help resolve a range of serious weaknesses that involve substantial resources and provide critical services to the public. Table 1 details our 2007 high-risk list.

TABLE 1.—GAO'S 2007 HIGH-RISK LIST

| 2007 High-Risk Area | Year Designated High Risk |
|---|---------------------------|
| Addressing challenges in broad-based transformations: | |
| Strategic Human Capital Management ¹ | 2001 |
| Managing Federal Real Property ¹ | 2003 |
| Protecting the Federal Government's Information Systems and the Nation's Critical Infrastructures | 1997 |
| Implementing and Transforming the Department of Homeland Security | 2003 |
| Establishing Appropriate and Effective Information-Sharing Mechanisms to Improve Homeland Security | 2005 |
| Department of Defense (DOD) Approach to Business Transformation ¹ | 2005 |
| DOD Business Systems Modernization | 1995 |
| DOD Personnel Security Clearance Program | 2005 |
| DOD Support Infrastructure Management | 1997 |
| DOD Financial Management | 1995 |
| DOD Supply Chain Management (formerly Inventory Management) | 1990 |
| DOD Weapon Systems Acquisition | 1990 |
| Federal Aviation Administration Air Traffic Control Modernization | 1995 |
| Financing the Nation's Transportation System ¹ (New) | 2007 |
| Ensuring the Effective Protection of Technologies Critical to U.S. National Security Interests ¹ (New) ... | 2007 |
| Transforming Federal Oversight of Food Safety ¹ (New) | 2007 |
| Managing Federal Contracting More Effectively: | |
| DOD Contract Management | 1992 |
| Department of Energy Contract Management | 1990 |
| National Aeronautics and Space Administration Contract Management | 1990 |
| Management of Interagency Contracting | 2005 |
| Assessing the Efficiency and Effectiveness of Tax Law Administration: | |
| Enforcement of Tax Laws ¹ | 1990 |
| Internal Revenue Service (IRS) Business Systems Modernization | 1995 |
| Modernizing and Safeguarding Insurance and Benefit Programs: | |
| Modernizing Federal Disability Programs ¹ | 2003 |
| Pension Benefit Guaranty Corporation Single-Employer Insurance Program ¹ | 2003 |
| Medicare Program ¹ | 1990 |
| Medicaid Program ¹ | 2003 |
| National Flood Insurance Program | 2006 |

¹Legislation is likely to be necessary, as a supplement to actions by the executive branch, in order to effectively address this high-risk area.

Source: GAO.

In February of this year, we issued a new publication entitled *Fiscal Stewardship: A Critical Challenge Facing Our Nation* that is designed to provide the Congress and the American public, in a relatively brief and understandable form, selected budget and financial information regarding our Nation's current financial condition, long-term fiscal outlook, and possible ways forward. In the years ahead, our support to the Congress will likely prove even more critical because of the pressures created

by our Nation's current and projected budget deficit and growing long-term fiscal imbalance. Indeed, as the Congress considers those fiscal pressures, it will be grappling with tough choices about what government does, how it does business, and who will do the government's business. GAO is an invaluable tool for helping the Congress review, reprioritize, and revise existing mandatory and discretionary spending programs and tax policies.

In addition, I have participated in a series of town hall forums around the Nation to discuss the Federal Government's current financial condition and deteriorating long-term fiscal outlook, including the challenges posed by known long-term demographic trends and rising health care costs. These forums, popularly referred to as the "Fiscal Wake-up Tour," are led by the Concord Coalition and also include the Heritage Foundation, the Brookings Institution, and a range of "good government" groups. The fiscal wake-up tour states the facts regarding the Nation's current financial condition and long-term fiscal outlook in order to increase public awareness and accelerate actions by appropriate Federal, State, and local officials.

PERFORMANCE, RESULTS, AND PLANS

We anticipate that the funds requested for fiscal year 2008 will support efforts similar to those just completed in fiscal year 2006. The following discussions summarize that work.

In fiscal year 2006, major events like the Nation's recovery from natural disasters, ongoing military conflicts abroad, terrorist threats, and potential pandemics repeatedly focused the public eye on the Federal Government's ability to operate effectively and efficiently and provide services to Americans when needed. Our work during the year helped the Congress and the public judge how well the Federal Government performed its functions and consider alternative approaches for improving operations and laws when performance was less than adequate. For example, teams supporting all three of our external strategic goals performed work related to every facet of the Hurricane Katrina and Rita disasters-preparedness, response, recovery, long-term recovery, and mitigation. We developed a coordinated and integrated approach to ensure that the Congress's need for factual information about disaster preparedness, response, recovery, and reconstruction activities along the Gulf Coast was met. We examined how federal funds were used during and after the disaster and identified the disaster rescue, relief, and rebuilding processes that worked well and not so well throughout the effort. To do this, staff drawn from across the agency spent time in the hardest hit areas of Louisiana, Mississippi, Alabama, and Texas, collecting information from government officials at the Federal, State, and local levels as well as from private organizations assisting with this emergency management effort. We briefed congressional staff on our preliminary observations early in fiscal year 2006 and subsequently issued over 30 reports and testimonies on Hurricanes Katrina and Rita by fiscal year end, focusing on, among other issues, minimizing fraud, waste, and abuse in disaster assistance and rebuilding the New Orleans hospital care system.

The following tables provide summary information on GAO's fiscal year 2006 performance and the results achieved in support of the Congress and the American people. Additional information on our performance results can be found in performance and accountability highlights fiscal year 2006 at www.gao.gov.

Table 2 provides examples of how GAO assisted the Nation in fiscal year 2006.

TABLE 2.—EXAMPLES OF HOW GAO ASSISTED THE NATION IN FISCAL YEAR 2006

| Goal | Description | GAO Providing Information That Helped To— |
|------|---|---|
| 1 | Provide timely, quality service to the Congress and the Federal Government to address current and emerging challenges to the wellbeing and financial security of the American people. | Protect Social Security numbers from abuse; ensure the effectiveness of federal investments in science, technology, engineering, and mathematics education programs; identify actions needed to improve Federal Emergency Management Agency and Red Cross coordination for the 2006 hurricane season; highlight weaknesses in the Department of Health and Human Services' communications with beneficiaries about the new Medicare prescription drug benefit; identify funding and drug pricing disparities in the federal AIDS/HIV program; strengthen the oversight clinical laboratories; identify challenges the Department of Homeland Security faces in controlling illegal immigration into the United States; assess the thoroughness of the federal fair housing complaint and investigation processes; improve the management of federal oil and natural gas royalty revenue; develop a strategy for managing wildfires; focus on the short- and long-term challenges of financing the Nation's transportation infrastructure; and identify outdated mail delivery performance standards used by the U.S. Postal Service. |
| 2 | Provide timely, quality service to the Congress and the Federal Government to respond to changing security threats and the challenges of global interdependence. | Identify current and future funding and cost issues related to DOD operations in Iraq and Afghanistan; highlight inefficiencies that could hinder DOD's efforts to reform its business operations; improve controls over the issuance of passports and visas and increase fraud prevention; improve catastrophic disaster preparedness, response, and recovery; improve the ability of federal agencies to cost effectively acquire goods and services; improve the management of payments to U.S. producers injured financially by unfairly traded imports; alert the Congress to companies that are marketing costly mutual fund products with low returns to military service members; identify steps needed to overhaul investment and management processes supporting major DOD acquisitions; improve security at nuclear power plants; improve the Department of Homeland Security's ability to detect nuclear smuggling at U.S. ports; promote government efforts to secure sensitive systems and information; and highlight the cost concerns of small public companies that must comply with internal control and auditing provisions of the Sarbanes-Oxley Act. |
| 3 | Help transform the Federal Government's role and how it does business to meet 21st century challenges. | Improve congressional oversight of the process for reviewing foreign direct investment; strengthen DOD's information systems modernization efforts; highlight serious technical and cost challenges affecting the purchase of a critical weather satellite; highlight key practices federal agencies should adopt to prevent data breaches and better protect the personal information of U.S. citizens; monitor the development of the 2010 decennial census; identify strategies to reduce the gap between the taxes citizens pay and the taxes actually owed; focus attention on the revenue consequences of tax expenditures; identify fraud, waste, and abuse in a component of the Federal Emergency Management Agency's disaster assistance program; emphasize the importance of reliable cost information for improving governmentwide cost efficiency; and expose government contractors who used for personal gain federal payroll taxes withheld from their employees. |
| 4 | Maximize the value of GAO by being a model federal agency and a world-class professional services organization. | Foster among other federal agencies GAO's innovative human capital practices, such as broad pay bands; performance-based compensation; workforce planning and staffing strategies, policies, and processes; and share GAO's model business and management processes with counterpart organizations in the United States and abroad. |

Source: GAO.

OUTCOMES OF OUR WORK AND THE ROAD AHEAD

During fiscal year 2006, we used 16 annual performance measures that capture the results of our work; the assistance we provided to the Congress; our ability to attract, retain, develop, and lead a highly professional workforce; and how well our internal administrative services help employees get their jobs done and improve their work life (see table 3). We generally exceeded the targets we set for all of our performance measures, which indicate our ability to produce results for the Nation and serve the Congress.

TABLE 3.—AGENCYWIDE SUMMARY OF ANNUAL MEASURES AND TARGETS

| Performance Measures | 2002 Actual | 2003 Actual | 2004 Actual | 2005 Actual | 2006 Actual | 2007 Target | 2008 Target |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Results: | | | | | | | |
| Financial benefits (dollars in billions) | \$37.7 | \$35.4 | \$44.0 | \$39.6 | \$51.0 | \$40.0 | \$41.5 |
| Nonfinancial benefits | \$906 | \$1,043 | \$1,197 | \$1,409 | \$1,342 | \$1,100 | \$1,150 |
| Past recommendations implemented (in percent) | 79 | 82 | 83 | 85 | 82 | 80 | 80 |
| New products with recommendations (in percent) | 53 | 55 | 63 | 63 | 65 | 60 | 60 |
| Client: | | | | | | | |
| Testimonies | 216 | 189 | 217 | 179 | 240 | 185 | 220 |
| Timeliness (in percent) | 96 | 97 | 97 | 97 | 92 | 95 | 95 |
| People: | | | | | | | |
| New hire rate (in percent) | 96 | 98 | 98 | 94 | 94 | 95 | 95 |
| Acceptance rate (in percent) | 81 | 72 | 72 | 71 | 70 | 72 | 72 |
| Retention rate with retirements (in percent) .. | 91 | 92 | 90 | 90 | 90 | 90 | 90 |
| Retention rate without retirements (in percent) | 97 | 96 | 95 | 94 | 94 | 94 | 94 |
| Staff development (in percent) | 71 | 67 | 70 | 72 | 76 | 75 | 76 |
| Staff utilization (in percent) | 67 | 71 | 72 | 75 | 75 | 78 | 78 |
| Leadership (in percent) | 75 | 78 | 79 | 80 | 79 | 80 | 80 |
| Organizational climate (in percent) | 67 | 71 | 74 | 76 | 73 | 76 | 76 |
| Internal operations: | | | | | | | |
| Help get job done | N/A | 3.98 | 4.01 | 4.10 | 4.1 | 4.0 | 4.0 |
| Quality of work life | N/A | 3.86 | 3.96 | 3.98 | 4.0 | 4.0 | 4.0 |

Source: GAO.

Note: N/A indicates the information is not available.

In fiscal year 2006, our work generated \$51 billion in financial benefits, primarily from actions agencies and the Congress took in response to our recommendations. Of this amount, about \$27 billion resulted from changes to laws or regulations, \$10 billion resulted from agency actions based on our recommendations to improve services to the public, and \$14 billion resulted from improvements to core business processes. See figure 2 for examples of our fiscal year 2006 financial benefits.

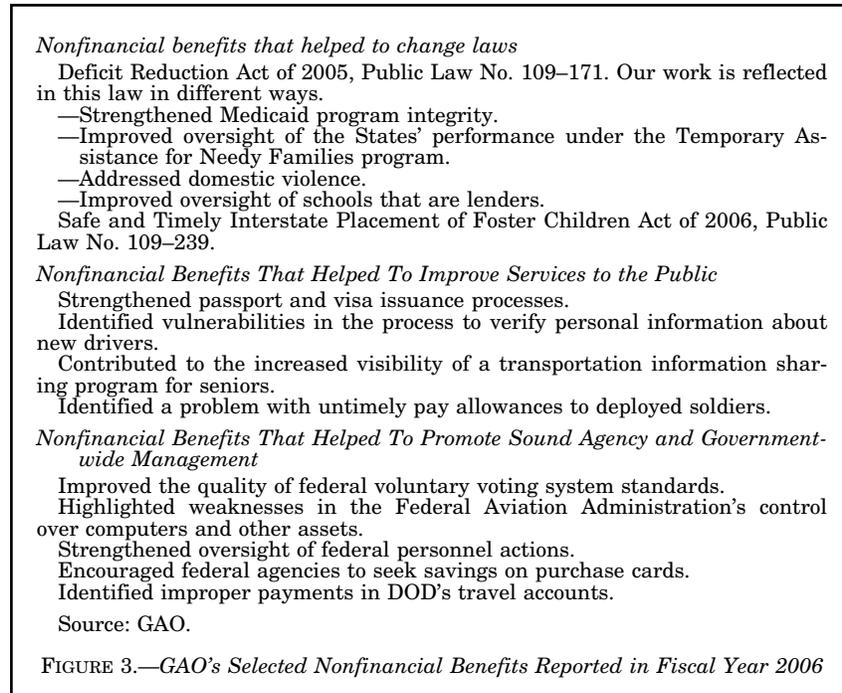
FIGURE 2.—GAO’S SELECTED MAJOR FINANCIAL BENEFITS REPORTED IN FISCAL YEAR 2006
[In billions of dollars]

| Description | Amount |
|---|--------|
| Ensured continued monetary benefits from federal spectrum auctions | 6.1 |
| Encouraged DOD to identify and reduce unobligated funds in the military services’ operations and maintenance budget | 3.9 |
| Recommended payment methods that cut Medicare costs for durable medical equipment, orthotics, and prosthetics | 2.9 |
| Helped to ensure that certain U.S. Postal Service retirement-related benefits would be funded | 2.2 |
| Identified recoverable costs for the Tennessee Valley Authority | 1.8 |
| Helped to increase collections of civil debt | 1.6 |
| Encouraged the Department of Housing and Urban Development to take actions to reduce improper payments ... | 1.4 |
| Supported the Department of Energy’s efforts to reduce its carryover funds | 1.2 |

Source: GAO.

Many of the benefits that result from our work cannot be measured in dollar terms. During fiscal year 2006, we recorded a total of 1,342 nonfinancial benefits. For example, we documented 61 instances where information we provided to the

Congress resulted in statutory or regulatory changes, 667 instances where federal agencies improved services to the public, and 614 instances where agencies improved core business processes or governmentwide reforms were advanced. These actions spanned the full spectrum of national issues, from identifying the adverse tax impact of combat pay and certain tax credits on low-income military families to improving the Department of State's process for developing staffing projections for new embassies. See figure 3 for additional examples of GAO's nonfinancial benefits in fiscal year 2006.



During fiscal year 2006, experts from our staff testified at 240 congressional hearings covering a wide range of complex issues (see table 4). For example, our senior executives testified on a variety of issues, including freight rail rates, AIDS assistance programs, and federal contracting. Over 100 of the hearings at which we testified were related to areas and programs we designated as high risk.

TABLE 4.—GAO's Selected Testimony Issues by Strategic Goal, Fiscal Year 2006

Goal 1—Address Challenges to the Well-Being and Financial Security of the American People

| | |
|--|--|
| Health savings accounts | Freight railroad rates |
| Guardianships that protect incapacitated seniors | AIDS drug assistance programs |
| Lake Pontchartrain hurricane protection project | Federal Housing Administration reforms |
| Funds to first responders for 9/11 health problems | Improving intermodal transportation |
| Immigration enforcement at work sites | Hartford nuclear waste treatment plant |
| Future air transportation system | Evaluations of supplemental educational services |
| Nursing home care for veterans | Factors affecting gasoline prices |
| Passenger rail security issues | Telecommunication spectrum reform |
| | H-1B visa program |
| | Federal crop insurance program |

Goal 2—Respond to Changing Security Threats and the Challenges of Globalization

| | |
|--|--|
| A comprehensive strategy to rebuild Iraq | Deploying radiation detection equipment in other countries |
|--|--|

| | |
|---|---|
| Protecting military personnel from unscrupulous financial products | U.S. tactical aircraft |
| Sensitive information at DOD and the Department of Energy | National Capital Region Homeland Security Strategic Plan |
| Hurricane Katrina preparedness, response, and recovery | Polar-orbiting operational environmental satellites |
| Alternative mortgage products | Worldwide AIDS relief plan |
| Global war on terrorism costs | Financial stability and management of the National Flood Insurance Program |
| Transportation Security Administration's Secure Flight program | Information security laws |
| DOD's business systems modernization | Procurement controls at the United Nations |
| <i>Goal 3—Help Transform the Federal Government's Role and How It Does Business</i> | |
| Contract management challenges in rebuilding Iraq | Decennial Census costs |
| DOD's financial and business management transformation | Information security weaknesses at the Department of Veterans Affairs |
| Business tax reform | Improper federal payments for Hurricane Katrina relief |
| Astronaut exploration vehicle risks | Strengthening the Office of Personnel Management's ability to lead human capital reform |
| Improving federal financial management governmentwide | Public/private recovery plan for the Internet |
| Long-term fiscal challenges | Tax system abuses by General Services Administration contractors |
| Federal contracting during disasters | Compensation for federal executives and judges |
| Improving tax compliance to reduce the tax gap | |
| Protecting the privacy of personal information | |
| DOD acquisition incentives | |

GAO'S FISCAL YEAR 2008 REQUEST TO SUPPORT THE CONGRESS

Our fiscal year 2008 budget request seeks the resources necessary to allow GAO to rebuild and enhance its workforce, knowledge capacity, employee programs, and infrastructure. These items are critical to ensure that GAO can continue to provide congressional clients with timely, objective, and reliable information on how well government programs and policies are working and, when needed, recommendations for improvement. In the years ahead, our support to the Congress will likely prove even more critical because of the pressures created by our Nation's current and projected budget deficit and growing long-term fiscal imbalance. GAO is an invaluable tool for helping the Congress review, reprioritize, and revise existing mandatory and discretionary spending programs and tax policies.

Consistent with our strategic goal to be a model agency, we continuously assess our operations to ensure that GAO remains an effective, high-performing organization, providing timely, critical support to the Congress while being fiscally responsive. Our objective is to be an employer of choice; maintain skills/knowledge, performance-based, and market-oriented compensation systems; adopt best practices; benchmark service levels and costs against comparable entities; streamline our operations to achieve efficiencies; assess opportunities for cross-servicing, outsourcing, or business process re-engineering; and leverage technology to increase efficiency, productivity, and results. We also continue to partner within and across the legislative branch through the legislative branch chief administrative officers, financial management, and procurement councils.

Transformational change and innovation is essential for progress. Our fiscal year 2008 budget request includes funds to regain the momentum needed to achieve these goals. Our fiscal year 2008 budget request will allow GAO to

- address supply and demand imbalances in responding to congressional requests for studies in areas such as health care, disaster assistance, homeland security, the global “war on terrorism,” energy and natural resources, and forensic auditing;
- address our increasing bid protest workload;
- be more competitive in the labor markets where GAO competes for talent;
- address critical human capital components, such as knowledge capacity building, succession planning, and staff skills and competencies;
- enhance employee recruitment, retention, and development programs;
- restore program funding levels and regain our purchasing power;
- undertake critical initiatives necessary to continuously re-engineer processes geared to increasing our productivity and effectiveness and addressing identified management challenges; and

—pursue critical structural and infrastructure maintenance and improvements. Our fiscal year 2008 budget request represents an increase of \$41.7 million (or 8.5 percent) over our fiscal year 2007 funding level and includes about \$523 million in direct appropriations and authority to use about \$7.5 million in offsetting collections as illustrated in table 5. This request reflects a reduction of nearly \$5.4 million in nonrecurring fiscal year 2007 costs used to offset the fiscal year 2008 increase.

TABLE 5.—FISCAL YEAR 2008 BUDGET REQUEST, SUMMARY OF REQUESTED CHANGES
[Dollars in thousands]

| Budget Category | FTEs | Amount | Cumulative Percentage of Change |
|--|-------|-----------|---------------------------------|
| Fiscal year 2007 enacted budget authority | 3,159 | \$488,627 | |
| Fiscal year 2008 requested changes | | | |
| Nonrecurring fiscal year 2007 costs | | (5,374) | (1.1) |
| Mandatory pay costs | | 19,841 | 3.0 |
| Uncontrollable cost increases | | 5,079 | 4.0 |
| Rebuild our capacity | 58 | 14,826 | 7.0 |
| Critical investments in technology improvements and other transformation areas | | 7,314 | 8.5 |
| Net fiscal year 2008 increase | 58 | 41,686 | 8.5 |
| Fiscal year 2008 budget authority | 3,217 | 530,313 | |

Source: GAO.

Mandatory pay and uncontrollable cost increases.—We are requesting \$24.9 million to cover anticipated mandatory performance-based pay and uncontrollable inflationary increases resulting primarily from annual across-the-board and performance-based increases, annualization of prior fiscal year costs, and an increase in the number of compensable days in fiscal year 2008. These costs also include uncontrollable inflationary increases imposed by vendors as the cost of doing business.

Rebuilding our capacity.—Our fiscal year 2007 budget request sought funds to support an increase of 50 FTEs from 3,217 to 3,267. However, in order to manage within expected funding levels in fiscal year 2007, we will significantly curtail hiring by about 50 percent below the previous year, resulting in a projected FTE utilization of 3,159—well below our planned level. In fiscal years 2007 and 2008, we anticipate attrition of over 600 staff that will result in a significant drain on GAO’s knowledge capacity or institutional memory. Further, almost 20 percent of all GAO staff will be eligible for retirement by the end of fiscal year 2008, including almost 45 percent of our senior executive service.

Thus, in fiscal year 2008, we are seeking funds to rebuild our staff and knowledge capacity. In fiscal year 2008, we plan to hire about 490 staff—the maximum that we could reasonably absorb—increasing our FTE utilization to 3,217. While we are tempering our immediate FTE request, increasingly higher demands are being placed on GAO. We are experiencing supply and demand imbalances in several areas of critical importance to the Congress (e.g., health care, homeland security, and energy and natural resources). We have also seen an increase in the number of bid protest filings.

Also, to remain competitive in the labor markets, we need to increase employee benefits in areas such as student loan repayments and transit subsidies where funding constraints in fiscal year 2007 limit our flexibility. For example, effective in January 2007, the IRS increased the monthly benefit for transit subsidies for eligible employees who commute using public transportation. GAO, however, is unable to extend this increased benefit to staff.

In addition, we need to ensure that staff have the appropriate tools and resources to perform effectively, including training and development, travel funds, and technology. And when our staff perform well, they should be appropriately rewarded.

Undertake critical investments.—We are requesting funds to undertake critical investments that would allow us to implement technology improvements and streamline and re-engineer work processes to enhance the productivity and effectiveness of our staff, conduct essential investments that have been deferred as the result of funding constraints and cannot continue to be deferred, and implement responses to changing federal conditions, such as smart card technology. Also, during recent years, we reduced, deferred, and slowed the pace of critical upgrades (e.g., engagement and administrative process upgrades) and deferred nonessential administrative activities. In fiscal year 2008, we would like to have sufficient funding to take

action to protect our current investments and continue to be a model agency and lead by example.

Legislative authority.—We are requesting legislation to establish a board of contract appeals at GAO to adjudicate contract claims involving contracts awarded by legislative branch agencies. GAO has performed this function on an ad hoc basis over the years for appeals of claims from decisions of the Architect of the Capitol on contracts that it awards. Recently we have agreed to handle claims arising under Government Printing Office contracts. The legislative proposal would promote efficiency and predictability in the resolution of contractor and agency claims by consolidating such work in an established and experienced adjudicative component of GAO and would permit GAO to recover its costs of providing such adjudicative services from legislative branch users of such services.

We also plan to request legislation that will assist GAO in performing its mission work and enhance our human capital policies, including addressing certain compensation and benefits issues of interest to our employees. While there are a number of important provisions, today I will only discuss several of the significant ones. Regarding provisions concerned with mission work, we have identified a number of legislative mandates that are either no longer meeting the purpose intended or should be performed by an entity other than GAO. We are working with the cognizant entities and the appropriate authorization and oversight committees to discuss the potential impact of legislative relief for these issues. Another provision would modernize the authority of the Comptroller General to administer oaths in performance of the work of the office. To keep the Congress apprized of difficulties we have interviewing agency personnel and obtaining agency views on matters related to ongoing mission work, we will suggest new reporting requirements. When agencies or other entities ignore a request by the Comptroller General to have personnel provide information under oath, make personnel available for interviews, or provide written answers to questions, the Comptroller General would report to the Congress as soon as practicable and also include such information in the annual report to the Congress.

In regard to GAO's human capital flexibilities, among other provisions, we are proposing a flexibility that allows us to better approximate market rates for professional positions by increasing our maximum pay for other than the senior executive service and senior level from GS-15, step 10, to executive level III. Additionally, under our revised and contemporary merit pay system, certain portions of an employee's merit increase, below applicable market-based pay caps, are not permanent. Since this may impact an employee's high three for retirement purposes, another key provision of the bill would enable these nonpermanent payments to be included in the retirement calculation for all GAO employees, except senior executives and senior level personnel.

CONCLUDING REMARKS

In summary, I believe that you will find our budget request reasonable, responsible, and well-justified given the important role that GAO plays and the unparalleled return on investment that GAO generates. We are grateful for the Congress's continued support of our mutual effort to improve government and for providing the resources that allow us to be a world-class professional services organization. We are proud of our record performance and the positive impact we have been able to effect in government over the past year and believe an investment in GAO will continue to yield substantial returns for the Congress and the American people. Our Nation will continue to face significant challenges in the years ahead. GAO's expertise and involvement in virtually every facet of government positions us to provide the Congress with the timely, objective, and reliable information it needs to discharge its constitutional responsibilities.

Mrs. Chairwoman and members of the subcommittee, this concludes my prepared statement. At this time, I would be pleased to answer any questions that you or other members of the subcommittee may have.

APPENDIX I: SERVING THE CONGRESS—GAO'S STRATEGIC PLAN FRAMEWORK

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DRAFT

SERVING THE CONGRESS AND THE NATION GAO'S STRATEGIC PLAN FRAMEWORK

MISSION

GAO exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people.

THEMES

- Changing security threats
- Sustainability concerns
- Economic growth & competitiveness
- Global Interdependency
- Societal change
- Quality of life
- Science & technology

GOALS & OBJECTIVES

Provide Timely, Quality Service to the Congress and the Federal Government to ...

... Address Current and Emerging Challenges to the Well-Being and Financial Security of the American People *related to ...*

- Health care needs and financing
- Effective system of justice
- Education and protection of children
- Viable communities
- Work opportunities and worker protection
- Natural resources use and environmental protection
- Retirement Income security
- Physical Infrastructure

... Respond to Changing Security Threats and the Challenges of Global Interdependence *involving ...*

- Emerging threats
- Advancement of U.S. interests
- Military capabilities and readiness
- Global market forces

Help Transform the Federal Government's Role and How It Does Business to Meet 21st Century Challenges *by assessing ...*

- Roles in achieving federal objectives
- Key management challenges and program risks
- Government transformation
- Fiscal position and financing of the government

Maximize the Value of GAO by Being a Model Federal Agency and a World-Class Professional Services Organization *in the areas of ...*

- Client and customer satisfaction
- Process improvement
- Strategic leadership
- Employer of choice
- Institutional knowledge and experience

CORE VALUES

Accountability
Integrity
Reliability

Source: GAO.
DRAFT
Fiscal years 2007-2012

GOVERNMENT PRINTING OFFICE

STATEMENT OF WILLIAM H. TURRI, ACTING PUBLIC PRINTER

Senator LANDRIEU. Mr. Turri.

Mr. TURRI. Good morning. Thank you, Madam Chair.

It's clear that you have a busy schedule ahead of you today, so I'll submit my full remarks for the record and make only a few brief comments now.

RESULTS OF 2006

GPO had a successful year in 2006, the second full year operating under our strategic vision for the future. We increased net income, and we're on the verge of completing GPO's transition to a full-service digital information provider. We're committed to providing a full range of digital and legacy information services to Congress and Federal agencies. And last year we made real progress toward that goal.

With Congress' support, we awarded the key contracts for development of our future digital system. This system provides the essential technologies that tie input of analog and digital materials to output in print and electronic formats. We are on schedule for a startup later this year.

We began production of the e-Passport for the State Department, and, following their schedule, we have ramped up production to meet the demands of travelers in North America and the Caribbean.

We conducted a pilot project to demonstrate our capabilities in digitizing Government documents, taking the opportunity to begin digitizing some of the Government's considerable retrospective collection. We hope to make this a standing operation in the current fiscal year.

We inaugurated the GPO Express card, which allows Government agencies to take their short run printing needs directly to local quick-print shops without concern that the publication produced will fail to be included in the Depository Library Program.

I know that Senator Allard is not present today, but I am aware of his interest in the Government Performance and Results Act (GPRA), so I'm pleased to report to you that the GPO has begun the process of implementing Government Performance and Results Act-like practices into our operations.

Building on our strategic vision, GPO is implementing a balanced scorecard methodology. Not only will the balanced scorecard dovetail with our GPRA practices, but will also link our strategic goals with our annual performance reviews and measure our organization's success with data and outcome.

APPROPRIATIONS REQUEST

Fully two-thirds of the funds we are requesting for the coming fiscal year is for work we're required to provide, such as producing and distributing a new edition of the U.S. Code, handling the estimated workload of Congress, including the Congressional Record, bills, calendars, and committee reports and prints, and distributing Government publications to the 1,200 congressionally designated libraries in the Federal Depository Library Program.

The balance we're requesting is to recover the shortfall we are projected to experience, due to the continuing resolution this year, and for investment in projects to continue moving the strategic vision of GPO forward. Some of the shortfall requirement can be offset with the use of approximately \$5 million in unexpended prior-year funds for that purpose, with the approval of the appropriations committees. Our request for this authority will be sent to you soon.

Since 2003, Congress has strongly supported our digital transformation, and the benefits have been dramatic: net income, instead of losses; increased access to digital and other information products, with nearly a 25-percent decrease in our workforce; and a strategic vision of the future that is not only attainable and sustainable, but which addresses longstanding GPO needs, corrects system deficiencies, and unlocks this venerable agency's potential for the future.

I'm asking that you continue to support our forward advance. The goal is in sight. As our record demonstrates, investment in the GPO results in real and measurable gains for Congress, Federal agencies, and the public as a whole.

Finally, Madam Chair, I would like to thank you for your support in providing an additional \$1.9 million, in the February 15 continuing resolution, to help us with mandatory pay increases and retraining.

In accordance with past practice, we will be sending an operating plan to the subcommittee soon.

PREPARED STATEMENT

Madam Chair, this concludes my opening remarks, and I will be happy to respond to any questions you may have.

Senator LANDRIEU. Thank you, Mr. Turri.

[The statement follows:]

PREPARED STATEMENT OF WILLIAM H. TURRI

Madam Chair and members of the subcommittee on Legislative Branch Appropriations: It is an honor to be here today to present the appropriations request of the U.S. Government Printing Office (GPO) for fiscal year 2008.

GOVERNMENT PRINTING OFFICE

As the Nation's printer and disseminator of official Federal documents, GPO has a long and rich history as the official producer of every great American state paper—and an uncounted number of other Government publications—since President Lincoln's time. Where once our products and services were confined to ink on paper, today we provide capabilities for the production of Federal documents in both electronic and conventional formats, utilizing a broad range of information technologies.

By law, GPO is responsible for the production and distribution of information products and services for all three branches of the Federal Government. Many of

the Nation's most important information products, such as the Congressional Record and other documents used by the U.S. Senate and House of Representatives, are produced at GPO's main plant in Washington, DC.

Working under a longstanding partnership with the printing industry, GPO also maintains a pool of private sector vendors nationwide to produce the vast range of publications ordered annually by Federal agencies.

GPO's primary responsibility for the dissemination of Federal publications traces its roots to an act of the 13th Congress, which provided for the distribution of congressional and other government documents on a regular basis to libraries and other institutions in each State for that Congress and "every future Congress." This far-sighted act established the antecedent for the Federal Depository Library Program, a program funded through GPO's appropriations, which today serves millions of Americans through a network of some 1,250 public, academic, law, and other libraries located in virtually every congressional district across the Nation.

Along with that program, we also provide public access to the wealth of official Federal information through public sales, through various statutory and reimbursable distribution programs, and—most prominently—by posting more than a quarter of a million Federal titles online on GPO Access (www.gpo.gov/gpoaccess), our award-winning Web site that is used by the public to retrieve more than 40 million documents free of charge every month.

PREPARING FOR A DIGITAL FUTURE

Continuing advances in information technologies have transformed the ways that Congress, Federal agencies, and the public obtain and make use of government publications. As a result, printing is now secondary to our broader task of producing and providing access to the information products and services produced by the Federal Government, a task that today is rooted in digital rather than analog technologies. While printing remains an important information technology that continues to be required, it has become just one of a range of information product and service capabilities that GPO must transform itself to support in order to fulfill our mission requirements effectively in the digital era.

This development was confirmed by a June 2004 report of the Government Accountability Office (GAO), *Actions to Strengthen and Sustain GPO's Transformation*. The GAO recommended that GPO develop a plan to focus our mission on information dissemination as our primary goal; demonstrate to our customers the value we can provide; improve and extend partnerships with agencies to help establish the GPO as an information disseminator; and ensure that our internal operations—including technology, how we conduct business, information systems, and training—are adequate for the efficient and effective management of our core business functions and services.

To that end, in December 2004 we published our strategic vision for the 21st century. This document provides a framework for how our transformation goals—including the development of a digital content system to anchor all future operations, reorganization of the agency into new product- and service-oriented business lines along with investment in the necessary technologies, adoption of management best practices agency-wide including retraining to provide needed skills, and the relocation and/or reconfiguration of GPO facilities—will be carried out, and since then GPO's operations and programs have been conducted in accordance with it.

RESULTS OF 2006

During the past year we made significant progress in carrying out the elements of our strategic vision:

- The core of our future operations will revolve around a GPO-developed Future Digital System—currently called FDsys—which is being designed to organize, manage, and output authenticated content of authenticated Federal documents—in text, audio, and even video formats—for any purpose. In 2006 we awarded contracts for master integrator services and equipment acquisition, and this project is on track to begin operations in summer 2007.
- GPO's own production capabilities are focused in support of what we call the "Official Journals of Government," including the Congressional Record and Federal Register, Congress's requirements, and security and intelligent documents. To improve production efficiency and broaden the range of product and service options for Congress and Federal agencies, we've invested in a variety of new technologies.
- We continue to work closely with the library community to move the Federal Depository Library Program (FDLP) toward a predominately electronic basis as required by Congress, and today more than 90 percent of all new titles entering

the program are electronic. In managing this transition we have taken care to ensure that documents in print formats that are required at this time by some libraries, particularly law libraries, continue to be supplied.

- We're now working with our customers in Federal agencies more cooperatively, offering them more flexibility in choosing and working directly with vendors, especially with small value purchases and complex purchases involving multiple functions such as data preparation, personalization, and distribution. In 2006 we augmented our expert printing procurement services by offering a new capability that provides Federal agencies with innovative, digitally linked convenience duplicating and printing services across the country.
- Security and intelligent documents—including passports, Federal identification cards, and potentially other documents—today are an increasingly important business line for GPO, and could constitute as much as 50 percent of GPO's business in the future. The major product of this unit is U.S. passports, and in 2006 we began the successful production of the new e-passport for the State Department.
- We've established a Digital Conversion Services Branch within Customer Services to test document scanning services for the FDLP and Federal agencies. In 2006, we began a pilot project to demonstrate our retrospective digitization capabilities and have recently completed that work. We look forward to sharing our results of this pilot project at your earliest convenience.

In addition to these strategic directions, over the past 4 years we have become a more efficient operation, our organizational structure has been streamlined for faster decisionmaking, we have implemented enterprise-wide planning for our information technology systems, redundant facilities across the country have been consolidated or closed, and staffing levels have been significantly reduced utilizing early retirement authority authorized through Legislative Branch Appropriations Acts. We also initiated planning and discussions with our oversight and appropriations committees on the future of GPO's current buildings on North Capitol Street in Washington, DC.

Perhaps most important, our finances have been restored to a positive basis, reversing a pattern of financial losses that reached \$100 million in previous years. For fiscal year 2006, we generated a net income of \$9.8 million from operations, compared with a \$6.1 million gain the year before, the third straight year of positive financial results. We also recorded another reduction to our long-term liability for the Federal workers' compensation program, freeing additional funds for future investment. GPO is now on a solid financial footing.

FISCAL YEAR 2008 APPROPRIATIONS REQUEST

- For fiscal year 2008, we are requesting a total of \$181,979,000, to enable us to:
- Meet projected requirements for GPO's congressional printing and binding and information dissemination operations during fiscal year 2008;
 - recover from the impact of restricted funding for fiscal year 2007 under the current continuing resolution;
 - complete the development of our Future Digital System project and implement other improvements to GPO's information technology infrastructure;
 - perform essential maintenance and repairs to our aging buildings; and
 - continue retraining and restructuring GPO's workforce to meet changing technology demands.

Congressional Printing and Binding Appropriation.—This account covers the cost of printing and other information services supporting the legislative process in the House of Representatives and the Senate. These services include production—in both print and online formats—of the daily and permanent Congressional Record, bills, resolutions, and amendments, hearings, committee prints and documents, miscellaneous printing and binding including stationery and document franks, and related products, as authorized by the public printing provisions of Title 44, U.S. Code.

We are requesting \$109,541,000 for this account, representing an increase of \$21,587,000 over the level provided by the current continuing resolution. The increase contains two primary components: \$9,251,000 to adjust this account to projected operating requirements for fiscal year 2008, and an extraordinary requirement of \$12,336,000 to fund a projected shortfall for fiscal year 2007 under the current continuing resolution.

For fiscal year 2008, we project the need for \$96,460,000 to meet anticipated congressional printing and binding requirements known to typically occur in a second-session year. The current level of funding, or \$87,954,000, has remained essentially

unchanged since fiscal year 2005 in spite of increasing costs and changes in workload.

Under the continuing resolution for fiscal year 2007, we anticipate incurring a significant shortfall in congressional printing and binding due to the unchanged level of funding since fiscal year 2005, the requirement to produce the 2006 edition of the U.S. Code, the need to fully fund contractual pay raises, and a projected increase in workload consistent with a first-session year, including an anticipated increase in days in session under the new congressional leadership. We will be able to meet these requirements without disrupting service to Congress by temporarily financing the shortfall through GPO's revolving fund. As GPO has done in the past (most recently in fiscal year 2001), however, we are seeking the restoration of the shortfall through subsequent appropriations.

Under our appropriations bill language, GPO has the authority—with the approval of the Committees on Appropriations—to transfer forward the unexpended balances of prior year appropriations. This remains an option to transfer to GPO's revolving fund up to approximately \$4,000,000 from the unexpended balance of the Congressional Printing and Binding Appropriation remaining from fiscal year 2004 and an estimated \$1,000,000 remaining from fiscal year 2003. These funds could be used to offset part of the anticipated shortfall and if this option is exercised it would reduce our requirement for new funding for that purpose.

CONGRESSIONAL PRINTING AND BINDING

[In millions of dollars]

| | Amount |
|---------------------------------|--------|
| Fiscal Year 2007 Approved | 88.0 |
| Fiscal Year 2007 Request | 109.5 |
| Change ¹ | 21.6 |

¹ Change includes: Mandatory requirements and continuing operations and investment requirements.

Salaries and Expenses Appropriation of the Superintendent of Documents.—The largest single component of this appropriation is for the Federal Depository Library Program (FDLP). This account also provides for the cataloging and indexing of government publications as well as the distribution of government publications to international exchange libraries and other recipients as authorized by the documents provisions of Title 44, U.S. Code.

We are requesting \$45,613,000 for this account, representing an increase of \$12,517,000 over the level provided by the current continuing resolution. The increase is required to cover mandatory pay and price level increases, recover from the impact of restricted funding for fiscal year 2007 under the current continuing resolution, and continue improving public access to government information in electronic formats. Of the total increase, \$1,885,000 is for mandatory pay and price level costs.

Our requested increase provides \$3,250,000 to recover the cost impacts of restricted funding under the continuing resolution, principally the requirement to distribute the 2006 edition of the U.S. Code to depository libraries and cover increased overhead costs—primarily for information technology services—while striving to maintain our responsibility to distribute information products to libraries in the formats needed by their users.

As GPO continues to perform information dissemination through the FDLP on a predominately electronic basis, as mandated in the conference report accompanying the Legislative Branch Appropriations Act for Fiscal Year 1996, we also need to make continuing investments in technology infrastructure and supporting systems. Our requested increase provides \$7,382,000 to cover projects for data migration and processing, FDLP program outreach, Web harvesting, data storage, authentication, and other modernization.

SALARIES AND EXPENSES

[In millions of dollars]

| | Amount |
|----------------------------------|--------|
| Fiscal Year 2007 Approved | 33.1 |
| Fiscal Year 2008 Requested | 45.6 |
| Change ¹ | 12.5 |

¹ Change includes: Mandatory requirements and continuing operations and investment requirements.

Revolving Fund.—We are requesting \$26,825,000 for this account, to remain available until expended, to fund essential investments in information technology infrastructure and systems development, workforce retraining and restructuring, and facilities maintenance and repairs.

The key projects covered by this request include \$10,500,000 to complete the development of GPO's Future Digital System, which is scheduled to go live later this year; \$9,375,000 to cover the replacement of GPO's 30-year old automated composition system, upgrade our Oracle enterprise business systems, and implement other improvements to our information technology infrastructure; \$3,000,000 to continue our program for workforce retraining and restructuring; and \$3,950,000 for maintenance and repairs to GPO's aging buildings.

REVOLVING FUND
[In millions of dollars]

| | Amount |
|---------------------------------|--------|
| Fiscal Year 2007 Approved | 1.0 |
| Fiscal Year 2007 Request | 26.8 |
| Change ¹ | 25.8 |

¹ Change includes: Mandatory requirements and continuing operations and investment requirements.

Madam Chair and members of the subcommittee, with your support we can continue GPO's record of achievement. We look forward to working with you in your review and consideration of our request.

CONGRESSIONAL BUDGET OFFICE

STATEMENT OF PETER R. ORSZAG, DIRECTOR

Senator LANDRIEU. Peter.

Dr. ORSZAG. Thank you very much, Madam Chair.

As you know, CBO provides the Congress with timely, non-partisan, and objective information about budget and economic issues. And I just want to note that I assumed my position in January, and look forward to working with you and your colleagues throughout the rest of my 4-year term.

CBO's proposed budget for fiscal year 2008 totals \$38 million, which is a \$2.8 million, or 7.9 percent, increase over our fiscal year 2007 funding level. After taking into account increases in prices and costs, the budget restores CBO to its fiscal year 2006 operating level.

As you may know, our budget is overwhelmingly for people. Ninety-one percent of CBO's appropriation is devoted to personnel costs, and the bulk of our requested increase, \$2.1 million, is devoted to staff salaries and benefits.

On that note, I would point out that our staff is overwhelmingly very highly skilled. More than three-quarters of our professional and management staff have a Ph.D. or master's degree, and obviously the market for those kinds of personnel has become increasingly competitive, which puts pressure on agencies like CBO.

The remaining 9 percent of our budget is devoted to IT equipment, supplies, and small purchases of other items and services. The funding for CBO's IT resources increases by a little under \$500,000. The reason is the rapid increase in IT costs necessary to fulfill our various requirements. That IT funding would restore CBO's fiscal year—restore IT funding to CBO's fiscal year 2006 operating level.

HEALTHCARE

I would also like to mention that various members and subcommittee chairmen of the House and Senate have asked CBO to expand our ability to assist the Congress in identifying and analyzing potential ways to address projected growth in healthcare spending. This is perhaps the central long-term fiscal challenge facing the Federal Government, and there is no other agency that is providing options on what could bend the curve on healthcare spending over the long term. Given the central importance of this issue to the budget, and given the potential role that CBO could play in providing such options, I support the initiative to expand CBO's work in this area, and we have put together staffing and other resources request that would allow us to better meet the needs of the Congress in this area. Totaling a little over \$500,000, it includes funding for an additional health position, visiting fellow,

consulting support, and the purchase of data that would allow us to undertake more analysis.

Thank you very much.

Senator LANDRIEU. Thank you.

[The statement follows:]

PREPARED STATEMENT OF PETER R. ORSZAG

Madam Chair and members of the subcommittee, I am pleased to present the fiscal year 2008 budget request for the Congressional Budget Office (CBO).

CBO's mission is to provide the Congress with timely, objective, nonpartisan analyses of the budget and the economy and to furnish the information and cost estimates required for the congressional budget process. That mission is its single "program." Approximately 91 percent of CBO's appropriation is devoted to personnel, and the remaining 9 percent to information technology (IT), equipment, supplies, and small purchases of other items.

CBO's proposed budget for fiscal year 2008 totals \$37,972,000, a \$2.8 million or 7.9 percent increase over the fiscal year 2007 funding level. After taking into account increases in prices and costs, this budget request restores CBO to its fiscal year 2006 operating level. (The continuing resolution for fiscal year 2007 provided funding at less than the 2006 current services level for the agency.)

The requested increase is largely accounted for by \$2.1 million for increases in staff salaries and benefits, which are estimated to grow by 6.3 percent in 2008.

In the request, funding for CBO's IT resources increases by almost 40 percent, or \$458,200. The reason is the rapid increase in IT costs necessary to fulfill CBO's IT requirements; the request does not entail any significant increase in those requirements. In other words, the increase restores IT funding to CBO's fiscal year 2006 operating level.

The remainder of CBO's nonpersonnel budget will increase by 18 percent, or \$258,400, which restores funding to normal levels for CBO's share of support for the Federal Accounting Standards Advisory Board (FASAB), as well as providing for expert consultants, subscription services, printing, miscellaneous support by contractors, and travel and training requirements.

CBO assists the Congress in exercising its responsibilities for the budget of the U.S. government and other legislation. Under the 1974 Congressional Budget Act, the primary duty of CBO is to support the committees on the Budget of both Houses. Further, the agency supports the congressional budget process by providing analyses requested by the committees on the Budget; the committees on Appropriations; the committee on Ways and Means; the committee on Finance; other committees; and, to the extent that resources permit, individual members. Contributing in various forms, CBO:

- Reports on the outlook for the budget and the economy to help the Congress prepare for the legislative year;
- constructs baseline budget projections to serve as neutral benchmarks for gauging the effects of spending and revenue proposals;
- assists the committees on the Budget in developing the congressional budget resolution by providing alternative spending and revenue paths and the estimated effects of a variety of policy options;
- analyzes the likely direct effects that the President's budgetary proposals will have on outlays and revenues; their economic implications, and any budgetary feedback;
- provides estimates of the cost of all appropriation bills at each stage of the legislative process, including estimates for numerous amendments considered during that annual process;
- reports on all programs and activities for which authorizations for appropriations were not enacted or are scheduled to expire;
- estimates the cost of many legislative proposals, including formal cost estimates for all bills reported by committees of the House and Senate and detailed explanations of the components of cost estimates and the estimating methodologies used;
- estimates the cost of intergovernmental and private-sector mandates in reported bills and other legislative proposals;
- conducts policy studies of governmental activities having major economic and budgetary impacts;
- provides testimonies on a broad range of budget and economic issues addressing the agency's own budget projections as well as specific issues related to national

- security, health care policy, alternative means of financing infrastructure spending, and numerous other program areas;
- helps the Congress make budgetary choices by providing policy options, but not policy recommendations, for how it might alter federal outlays and receipts in the near term and over the longer term; and
 - constructs statistical, behavioral, and computational models to project short- and long-term costs and revenues of government programs.
- In fiscal year 2008, CBO's request will allow the agency to build on current efforts. Specifically, the request:
- Supports a heavy workload of formal and informal estimates of the costs of proposed or enacted legislation and of mandates included in legislation, analytical reports, other publications and updates, and congressional testimony;
 - supports 235 FTEs (full-time-equivalent positions), including an across-the-board pay adjustment of 3 percent for staff earning a salary of \$100,000 or less, which is consistent with the pay adjustment requested by other legislative branch agencies;
 - funds a projected 5.2 percent increase in the cost of benefits and funds a combination of promotions and merit increases for staff;
 - funds CBO's share (\$460,575) of FASAB's budget requirement;
 - provides expert consultant and subscription services necessary to fulfilling CBO's mission (\$340,100);
 - provides management and professional training at the funding level in fiscal year 2006 (\$125,000);
 - provides travel funding at the fiscal year 2006 funding level (\$140,000);
 - supports the current level of maintenance and restores software development funding for CBO's financial management system to the 2006 funding level (\$102,800);
 - improves disaster recovery capabilities at the Alternate Computing Facility (\$70,000);
 - allows for acquiring commercial data necessary for CBO's analyses and studies (\$193,000);
 - maintains essential operations for desktop software (\$83,000); and
 - provides for replacing obsolete desktop computers and network servers (\$130,000).

CBO has been asked by various members and committee chairmen of the House and Senate to expand its ability to assist the Congress in identifying and analyzing potential ways to address projected growth in health care spending. Continued rapid growth in such spending poses a major long-term threat to the Nation's fiscal stability. Responding to that request, CBO has identified staffing and other resources that would enable the agency to better meet the needs of the Congress in this area. Some additional funding would be necessary to augment CBO's fiscal year 2008 budget request. Totalling \$538,400, it includes funding for an additional health position, visiting fellow, consulting support, and the purchase of prescription drug and health insurance data, as well as minor funding for related IT, office space reconfiguration, travel, and training. CBO hopes that the subcommittee will consider adding funding to CBO's fiscal year 2008 budget request to cover this additional requirement.

Before I close, I would like to report that CBO received its third consecutive clean opinion on the latest audit of its financial statements. The agency's fourth audit (of fiscal year 2006 financial statements) is ongoing.

The agency is committed to applying the principles of the Government Performance Results Act, as discussed in the Senate's fiscal year 2006 report. This past year, the agency developed its first formal strategic plan and performance plan. On the basis of those documents, CBO will prepare its first performance accountability report, using fiscal year 2007 as the baseline.

Finally, I would like to thank the committee for the funding provided this year, including the allowance for a cost-of-living adjustment that supplemented the agency's payroll under the continuing resolution.

OFFICE OF COMPLIANCE

STATEMENT OF TAMARA E. CHRISLER, ACTING EXECUTIVE DIRECTOR

ACCOMPANIED BY:

PETER A. EVELETH, GENERAL COUNSEL

BARBARA CAMENS, MEMBER, BOARD OF DIRECTORS

Senator LANDRIEU. Ms. Chrisler.

Ms. CHRISLER. Thank you. Good morning, Madam Chair. I'm honored to appear before this subcommittee today as the Acting Executive Director of the Office of Compliance (OOC).

OFFICE OF COMPLIANCE STRATEGIC PLAN GUIDES BUDGET REQUEST

Our fiscal year 2008 budget request is guided by our newly developed strategic plan, which focuses on collaboration and communication and increasing our efforts at being a resource to the legislative branch.

The first goal of our strategic plan involves our safety and health program, and it's through that program that our Office has been heavily engaged in collaborative and communication efforts with the Office of Architect of the Capitol, in negotiating a mutually acceptable resolution to the complaint that was filed in the utility tunnels case.

It is anticipated that this resolution will involve a written settlement agreement, whereby the abatement plan for the hazards in the utility tunnels is outlined. We're requesting your assistance, and the assistance of the subcommittee today, to fund \$280,000 approximate for our efforts in meeting our obligations under the settlement agreement; \$120,000 to secure the services of a safety and health expert to act as a liaison between our Office and the Office of the AOC's liaison, to ensure that the terms of the agreement are met. We're also seeking an additional \$152,000 to secure the expert services of consultants in heat issues and egress issues, asbestos, and mold issues. We currently have, on staff, contractors who are experts in some of these areas, but these contractors' time and attention are devoted to other matters, and, in order to meet our obligation under the settlement agreement, we're requesting your support.

OFFICE OF COMPLIANCE AS RESOURCE TO LEGISLATIVE BRANCH

In developing our strategic plan, our office thought, and considered, how we can be of help to the legislative branch, how we can be a resource in ensuring that work environments are safe and healthy environments from the beginning, before conditions become hazardous. We recognize that it's education, and it's knowledge, and it's preventive measures that are key. To this end, we would like to work with Member offices, we would like to work with employing offices, and review their safety and health plans, and

evaluate their safety and health programs. We'd like to work with Congress to develop safety checklists for State offices, so staff there know how to recognize conditions before they become hazardous. It's preventive, it's proactive, and it's a cost-efficient way of providing services.

Now, we know we can't act as a resource in a bubble. We can't sit in our Office and make determinations as to how to provide assistance to the covered community. We know that it takes collaboration with stakeholders so that we—our efforts are targeted to the areas where our efforts are needed. We know that it takes communication with safety and health officers and managers so that our office understands the particular needs of certain offices. We know that it takes financial resources. And that's why we're here today, to ask for your support in this endeavor.

MONITORING ABATEMENT OF MOST SERIOUS HAZARDS

Last year, I had the privilege of testifying before this subcommittee in support of the fiscal year 2007 budget request of the Office. In asking our general counsel about abatement of specific identified hazards, Senator Allard shared with us his experience, his prior experience, as an inspector. And the Senator focused on the importance of follow-up in monitoring abatement. And we heard the Senator, and we took those comments very seriously. We recognize that the fundamental success of any safety and health inspection program requires the ability to facilitate abatement of identified hazards. And a major factor of that facilitation is follow up. It's ensuring that steps were taken, and it's making sure everything that was supposed to be done has been done. Our Office has never had the funding or the staffing to monitor abatement as it should.

With the large number of violations that were found in the 109th Congress alone, we know that it's going to take a dedicated position to monitor the abatement of the identified hazards in the 109th Congress and the other existing hazards. And we're asking your support in funding an additional position for our Office. That would be a compliance officer, who would be dedicated to monitoring the abatement of identified hazards, who would be responsible for that follow up and ensuring that everything that's supposed to be done has been done.

ADDITIONAL FULL-TIME EQUIVALENT POSITIONS

Our Office is requesting three additional—outside of the compliance officer—three additional full-time equivalent positions, as well, two of which were requested in fiscal year 2007 budget request; those two being the accounts payable position, which would bring on staff our accounts payable function and allow for separation of duties, as well as a management analyst, who would assist in monitoring the projects that our Office is involved in, so that our program managers can focus on managing their programs.

The fourth position that we're requesting is an administrative position that would be shared between the half-time receptionist that we currently have, bringing that position to full time, and the administrative support of the safety and health program that we anticipate—that we anticipate with the increased workload.

Madam Chair, our office is energized about our new strategic plan, and we are very excited about further servicing the legislative branch as a resource. We want to be a part of the preventative measures, and we want to be a part of collaborative efforts, and we want to be a part of the solution.

Joining me today is a member of our board of directors, Barbara Camens, and, if time permits, I would ask that she be allowed to make a brief statement, as well.

PREPARED STATEMENTS

Senator LANDRIEU. Okay, that may be possible, and thank you for your testimony.

Ms. CHRISLER. Thank you.
[The statements follow:]

PREPARED STATEMENT OF TAMARA E. CHRISLER

Madam Chair and members of the committee, thank you for the opportunity to appear before you today in support of the fiscal year 2008 budget request of the Office of Compliance.

Board member Barbara Camens is in attendance with me today to express the support of the board of directors for the Office's fiscal year 2008 budget request. Also with me today are General Counsel Peter Ames Eveleth, Deputy Executive Director Alma Candelaria, and Administrative and Budget Officer Beth Hughes Brown.

As we have in the past, we present our budget request as a completely zero based budget, in an effort to provide transparency of the office's operations, and to assist the committee in understanding from the ground up how the office operates its mandated programs in employment dispute resolution, in occupational safety and health and ADA public access inspections and enforcement, and in education and outreach programs. This year, we have requested a total of \$4,106,000 for fiscal year 2008 operations. A large portion of this request, \$280,200 (28 percent of the requested increase), is attributed to the required abatement monitoring of the utility tunnels case.

The Office of Compliance (OOC or Office) approaches fiscal year 2008 with a new strategic plan. Although our plan was implemented at the beginning of fiscal year 2007, 2008 will be the first fiscal year in which the Office has requested funding in support of this plan. Prior to the end of our first 3-year strategic plan in fiscal year 2006, the Office began preparation for the drafting of our current plan. We incorporated input from our entire staff, outlining our major goal of focusing on meeting the workplace needs of the legislative branch, and positioning ourselves to act as a resource to the covered community. Shortly after the beginning of fiscal year 2007, the Office finalized a plan which covers fiscal years 2007-2009, with focused efforts on communication and collaboration with agencies and employing offices, and providing technical guidance as needed. As we strive to meet the goals and performance measures of our current strategic plan, we face new operational challenges of funding and staffing. We request your assistance in overcoming these challenges.

OCCUPATIONAL SAFETY AND HEALTH

The Congressional Accountability Act's (CAA) statutory mandate requires that our office conduct a workplace safety and health inspection program. The monitoring of remediation of hazards found through the Office's inspection program remains a vital part of the safety and health program. During fiscal year 2006, the General Counsel increased his efforts to remedy two serious violations which posed imminent danger to workers, one of which was unabated safety violations which existed in the Capitol Power Plant utility tunnels since before 1999. The Office's filing of our first ever formal complaint led the Office of the Architect of the Capitol (AOC) to implement immediate interim abatement measures to protect workers in the tunnels from imminent harm.

With that protection in place, the AOC and the Office engaged in settlement negotiations to resolve the formal complaint by devising a plan which requires abatement of the identified hazards, continued interim protection for affected AOC employees until full abatement is achieved, and monitoring of the abatement progress by the Office of Compliance. In order to ensure the safety and health of workers,

this monitoring may require the procurement of expertise that the Office does not have available on staff. The current staff complement of the OOC has been stretched in both FTE resources and contractor funding, and we currently do not have available the expertise to address many of the specifics involved in the abatement of the tunnels hazards. Our fiscal year 2008 budget request includes \$120,000 for funding to cover the costs of an OOC liaison (a safety and health expert) who will help us continuously interface with the AOC's liaison to facilitate abatement pursuant to the tunnels settlement agreement. An additional \$152,000 is requested so that our office may obtain the expertise of other expert consultants who can address structural, heat, egress, mold, and asbestos issues.

The monitoring of the utility tunnels as well as the monitoring of the nearly 13,000 findings our inspectors detected in our 109th Congress biennial inspection will require substantial time and resources. Our multi-year plan considers this time and resource requirement and will allow for comprehensive abatement. One portion of our plan to monitor abatement of the approximate 13,000 findings is the acceleration and increase of our follow-up inspections of the most critical of those findings. With the number of findings before us, we recognize—and the fiscal year 2006 Senate Appropriations Subcommittee Chairman reminded us—that it is essential that the Office incorporate mechanisms and personnel to better assure efficiency and timeliness in its monitoring program. As such, the need for a compliance officer, who would be dedicated to monitoring the abatement schedules of employing offices and ensure that employing offices have taken appropriate steps towards resolution of identified hazards and violations, is most critical. We request one FTE to serve as a compliance officer, to provide consistent monitoring of abatement of hazards, assure timely abatement of OSH hazards identified in the OSH biennial inspections and requestor-initiated inspections, and ensure compliance with OSH-related citations.

In our fiscal year 2007 budget request, the Office explained its need for a management analyst to perform the administrative tasks that our inspectors once performed at a much higher cost. This need became so apparent that, while we awaited congressional consideration of our request, the Office engaged in a reorganization. Sacrificing the support of administrative staff, we reorganized positions and reprogrammed contractor funds to allow the duties of the management analyst to be performed immediately. As a result of the reorganization, inspector efficiency has increased; however, the Office still suffers from a lack of clerical/administrative support. We are requesting funding to add a 0.5 FTE position to ensure that the attorneys and inspectors are able to focus on the substantive nature of their work, as opposed to performing accompanying administrative tasks. The function of the remaining half of this position is addressed below.

The large number of findings in our 109th biennial inspections contemplates the notion that there may exist deficiencies in the safety and health plans and programs of the legislative branch. In an effort to be a resource to our covered community, the Office seeks to provide technical assistance to member offices as well as employing offices. As mentioned in our strategic plan, the Office is prepared to review and analyze the covered community's safety plans to determine whether the plans meet OSHA requirements. We are requesting funds in support of this initiative with the hope that our early technical assistance might prevent the occurrence of future hazards.

Similarly, the Office is committed to providing early assistance to State offices as well. The lack of funding has prevented the Office from conducting in-person inspections of covered facilities in State offices, as mandated by the CAA. However, we are developing a plan by which we can assist Congress in assuring worker safety in State offices. Through collaboration with stakeholders, we plan to develop and pilot self-certification check lists to provide to State offices in an effort to educate them on OSHA requirements, and to better equip them in assuring that the responsible party (e.g., GSA, private landlords) corrects any identified hazards.

In addition, the anticipated opening of the Capitol Visitor Center during fiscal year 2008 has impacted our office as well. The Office stands ready to provide preliminary assistance in assessing the safety of the CVC prior to its occupancy. Once the CVC is occupied and it is added to the Office's inspection cycle, it will add approximately .7 million square feet to the Office's area of inspection. Thus, we are seeking funding to sustain the increased workload.

EDUCATION AND OUTREACH

The Office is mandated by Congress to “carry out a program of education for members of Congress and other employing authorities of the legislative branch of the Federal Government respecting the laws made applicable to them and a pro-

gram to inform individuals of their rights under laws made applicable to the legislative branch of the Federal Government. . . .” 2 U.S.C. 1381(h)(1). The Office continues to carry out this core mandate of the act through various educational and outreach activities.

In line with the Office’s initiative to act as a resource to legislative branch employees and employers, the Office has begun major efforts to disseminate a baseline survey to its constituents. We have devised a survey instrument to apply initially to House and Senate offices, with the intent of applying the same instrument to another large group of our constituents in the current fiscal year. The survey has been designed to gauge the community’s general knowledge of the Office, their rights and responsibilities under the CAA, and their general satisfaction with the Office. This initiative ultimately will result in the first comprehensive evaluation of the Office’s education efforts and services. The Office anticipates that this initial survey, followed by focus groups and additional surveys, will result in feedback and pointed data to allow the Office to perform a concentrated effort to improve and streamline and more precisely target services to fit the needs of the community. With your assistance, we have been able to fund phases I and II in the past 2 fiscal years. We are seeking additional funding for phase III of our survey activities to establish the baseline against which we will measure our success in achieving our educational statutory mandate.

DISPUTE RESOLUTION

The Office’s employment dispute resolution program provides a mechanism for employing offices and employees to address issues involving ten different laws of the CAA, ranging from alleged discrimination to the alleged failure to pay required overtime. The successes of the dispute resolution program remain largely unnoticed because of the confidential nature of its administrative phases: counseling, mediation, and hearing processes conducted by the Office. Hundreds of disputes in nearly all legislative branch agencies, as well as in offices of members and committees of both chambers have quietly been addressed through our administrative dispute resolution system since the Office’s inception in 1996. The assistance to employing offices and employees provided by this confidential service is reinforced through well-trained staff who provide exemplary services to employees and through the expertise of contract mediators and hearing officers who remain accomplished in their field.

The need for contracted legal expertise is anticipated to continue in fiscal year 2008. Currently, the Office has received a large number of complaints which have proceeded to hearing and may proceed to the administrative appellate stage before the Office’s board of directors. During the first quarter of fiscal year 2007, there were pending before the board five cases for appellate review. The preparation of these decisions, to include legal research, legal writing, and legal analysis, requires expert assistance in order to render sound board decisions in a timely fashion. The Office currently has staff dedicated to this program requirement; however, because complaints continue to be filed at a steady pace, and because the Office does not foresee a decrease in the number of appeals of hearing officers’ decisions, assistance from a contract attorney will aid the office in providing timely board decisions.

MANAGEMENT SUPPORT

As mentioned above, the Office of Compliance makes extensive use of service vendors and personal services contractors to provide many of our vital functions, including employment dispute resolution and OSH inspections. In general, this practice provides significant cost savings and allows this small agency to maintain capacities on an “as-needed” basis. However, some core internal control functions are currently also under-served or contracted out due to our limited FTE authorization, which at 17 is two less than the agency was authorized in fiscal year 1998.

The Office has just two FTE’s dedicated to all IT, HR, general administrative support and fiscal management functions. This situation has resulted in inefficiencies, work load overages, and the necessity to contract out core functions, such as accounts payable. Accounting staff is necessary to ensure that a separation of functions can be maintained in our fiscal management. HR/project management staff is necessary to further the Office’s commitment to best practices, allowing program managers to concentrate on their areas of expertise. General administrative staff is necessary to address workload issues of staff who have to perform administrative duties instead of duties in their own subject matter areas. As mentioned in our fiscal year 2007 budget request, we are requesting one analyst FTE to address our HR and project management deficit, and an accounting technician FTE to bring our basic accounting and other fiscal responsibilities on staff. The cost of these FTE’s

will be partially offset by a reduction in contractor expenses. In addition, we are requesting a half-time FTE to complete the part-time receptionist position, so that our remaining staff can concentrate on performing the duties of their respective substantive areas.

CONCLUSION

There are a number of other requests in our budget submission which we commend for your consideration. The ones referenced herein are presented to highlight a portion of the endeavors which our office hopes to undertake with your assistance. On behalf of the board of directors, the appointees and the entire staff of the Office of Compliance, I thank you for the committee's support of the efforts of this agency. I assure you that the Office is committed to the most efficient and prudent use of taxpayer money. I respectfully request that the committee respond favorably to the Office's fiscal year 2008 budget request. We will be happy to respond to any questions which you may have.

PREPARED STATEMENT OF BARBARA CAMENS

Madam Chair and members of the subcommittee, good morning. I am Barbara Camens, and I represent the Board of Directors of the Office of Compliance. I am honored to be here today to join Acting Executive Director Tamara Chrisler in testifying on behalf of the Office's fiscal year 2008 budget request.

Madam Chair, the Board would first like to commend the work of Ms. Chrisler, Peter Eveleth, and the entire staff in achieving so many goals in the past few years. We now have a new strategic plan for fiscal year 2007-2009, with a line of sight to individual work plans. We have established and continue to develop protocols to enable us better to partner with the agencies for which we have employment law and safety and health jurisdiction. We are negotiating a settlement agreement of our first safety and health complaint, involving the utility tunnels which, if approved, will prevent the matter from reaching federal court, will conserve substantial resources, and will ensure the immediate and ongoing abatement of the underlying safety hazards.

This record of improvement is the result of the hard work and dedication of the four statutory officers who are appointed by the Board, and the dedicated staff they have assembled. While the Board wholeheartedly supports the entire budget request, we wish to underscore the need which the agency has to increase its FTE complement to 21. Right now the FTE complement of 17 is two less than the 19 the Office was afforded in fiscal year 1998. Over the past several years, the agency has concentrated its available resources on enhancing its service delivery, particularly in the OSH area. Consequently, there is a compelling need for basic operational support staff. I can assure you that the Office of Compliance will continue to make the most efficient use of every dollar which is appropriated by this committee.

I would like to call your attention to two statutory changes that are of significant interest to Susan Robfogel, the Chair of the Board of Directors, as well as the entire Board. The first has to do with internal promotion within the Office of Compliance. The Congressional Accountability Act requires the Office's statutory appointees to be individuals who have not worked within the legislative branch during the previous 4 years. This provision makes it impossible to promote from within; for example, from Deputy Executive Director to Executive Director. Since the Board could be actively contemplating such a promotion, we have an immediate interest in changing the prohibitive section of the CAA. We have contacted, and plan to work with the appropriate oversight committees of both Chambers to expedite this change, and would greatly appreciate the support of this subcommittee in this effort.

In addition, the Office has recently contracted with a human resources consulting firm that has begun assessing our human capital needs. The contractor's report makes recommendations for how various office functions could be more efficiently and effectively performed. One of the contractor's preliminary recommendations is for "the Board of Directors (to) consider the feasibility of seeking legislative change to allow the establishment of senior executive positions in the Office of Compliance where these responsibilities warrant." We are requesting your assistance in enacting this change for the positions of Executive Director and General Counsel of the Office of Compliance, and if you consider it appropriate for each of the five members of the Board of Directors. Please provide us any guidance you deem advisable to effect this change in compensation levels.

I am available to address any questions.

Senator LANDRIEU. Let me just begin with questions, if I could, to Mr. Walker. Let me say that, although my experience on this subcommittee is rather brief, my experience in Government is not, and I've been in public office for, now, almost 30 years, having started in my own legislature, and then working up as State treasurer, and then, of course, being 10 years in the Senate. I realize, while there are a lot of people who spend a lot of time bashing Government, I believe Government can do a lot of good, does a lot of good every day. I am proud of the fact that this is the finest Government, democracy, in the world. It's what many of the issues that we're dealing with here and abroad are all about. And, while some of your agencies don't get the time and attention they need, because they're sort of the mechanical part of making it work, it does not go without my notice of the importance of what you do every day to just keep the trains running on time and to keep this Government operating efficiently, transparently, and professionally, which is so rare in the world today.

So, I would think, particularly for the Comptroller's office and the Congressional Budget Office, Peter, that you all really are the muscle that makes possible a trim and fit Government, and we want to run a trim and fit Government to meet all the goals and objectives, from the Constitution to every law that's written, to fulfill the dreams and hopes of the country. So, I hope that people in the room understand that this is not just a mechanical accounting exercise for me. I really look forward to learning more about your offices. My background is not in auditing or investigation. But I would say that I really am a true believer in Government working well. And—as much as I can help you do your jobs well—I think our subcommittee will be making a significant contribution.

JUSTIFICATION FOR INCREASED FUNDING IN THE GOVERNMENT
ACCOUNTABILITY OFFICE

Mr. Walker, Some in Congress are going to be quite suspect and hesitant—as you know, about fighting for extra money. It is not going to be easy—

Mr. WALKER. No, I realize that.

Senator LANDRIEU [continuing]. Currently, we've got a tremendous amount of extremely important calls on funding, both domestically and internationally. So, would you spend another minute or two, giving your three or four best arguments to the skeptics that say, "What you do is not that important, and we don't need to increase your budget." Seeing this graph that you submitted sort of tells the story. But if you'd add something to that.

Mr. WALKER. I'll be happy to provide something for the record. And thank you for the opportunity, Madam Chair.

[The information follows:]

NEED FOR INCREASED FUNDING

In recent years, GAO has worked cooperatively with the Appropriations Committees to submit modest budget requests. Adjusting for inflation, GAO's budget authority has declined by 3 percent in constant fiscal year 2006 dollars since fiscal year 2003. These modest budget results do not adequately recognize the return on investment that GAO has been able to generate. In fact, these modest increases have hampered our progress in rebuilding from the downsizing (40 percent reduction in staffing levels) and mandated funding reductions that occurred in the 1990s.

With your support, GAO has become more results-oriented, partnerial, and client focused. We have made strategic investments; realigned the organization; streamlined our business processes; modernized our performance classification, compensation, and reward systems; enhanced our ability to attract, retain and reward top talent; enhanced the technology and infrastructure supporting our staff and systems; and made other key investments. These transformational efforts have allowed GAO to model best practices, lead by example, and provide significant support to Congressional hearings, while achieving record results and very high client satisfaction ratings without significant increases in funding.

We have taken a number of steps to deal with funding shortfalls in the past few years; however, we cannot continue to employ the same approaches. Our staff has become increasingly stretched and we are experiencing backlogs in several areas of critical importance to the Congress (e.g., health care, homeland security, energy and natural resources). In addition, we have deferred key initiatives and technology upgrades (e.g., engagement and administrative process upgrades) for several years and it would not be prudent to continue to do so. These actions are having an adverse effect on employee morale, our ability to produce results, and the return on investment that we can generate.

There is a need for fundamental and dramatic reform to address what the government does, how it does business, and who will do the government's business. Our support to the Congress will likely prove even more critical because of the pressures created by our nation's current and projected budget deficit and growing long-term fiscal imbalance. Also, as we face current and projected supply and demand imbalance issues and a growing workload over the coming years across a wide spectrum of issues, GAO will be unable to respond to congressional demands without a significant investment in our future. We have exhausted the results that we can achieve based on prior investments. Our ability to continue to produce record results and assist the Congress in discharging its Constitutional responsibilities relating to authorization, appropriations, oversight, and other matters will be adversely impacted unless we take action now.

LINKING RESOURCES TO RESULTS

Mr. WALKER. We're in the business of improving the performance of the Federal Government and ensuring its accountability for the benefit of the American people. We provide oversight, insight, and foresight work. We help the Congress discharge its constitutional responsibilities with regard to appropriations, authorization, reauthorization, oversight, et cetera.

The best case I would give you, Madam Chair, is, I think the U.S. Government does not do a very good job of linking resources to results. We are a shining exception to that general rule. We generated, last year, a \$105 return in financial benefits for every dollar invested in our agency. Number two in the world is around 24 to 1. The Congress needs to do a better job, in my view, of recognizing that the baselines of all budgets are not equal. I'm talking in general, not about the legislative branch, but throughout Government. The Government needs to start doing a better job of analyzing what makes sense and what doesn't make sense for tomorrow, and are we targeting our resources to where we're getting results.

If the Congress does that, our case is clear and compelling, and I have no concerns. But if the Congress doesn't do that, and if the Congress takes a baseline approach to say, "Well, this is where we were last year, and this is how much money we have this year," and, if it doesn't delve in, get the facts, and differentiate, then I'm very concerned, because what happens is, agencies like ours, who try to ask for very modest budget requests, and to lead by example—

Senator LANDRIEU. Get penalized.

Mr. WALKER [continuing]. Get penalized. There are very perverse incentives in that. I know you believe, as I do, that we need to transform what Government does and how Government does business. We are an ally to this Congress in getting that done. But we need to have a reasonable level of resources in order to be able to do our job.

Senator LANDRIEU. Thank you.

HIRING IN A COMPETITIVE JOB MARKET

Let me just ask you to comment about the tensions that you're finding, or the difficulties, in hiring based on the competitiveness of the private market. I'm going to ask you the same, Mr. Turri, and also Peter. Because the region that we're in here is very competitive. Are you seeing it scale up pretty substantially, or has it been this way for several years?

Mr. WALKER. It varies, Madam Chair. Basically, for GAO, we're deemed to be an employer of choice. We're deemed to be one of the best places to work in the Federal Government. We're deemed to be a preferred professional services organization. So, in general, we have a lot more people who want to work for GAO than we have positions. There are, however, exceptions. We experience real supply and demand imbalances in hiring Ph.D. economists, healthcare professionals, and information technology professionals. Even in areas such as financial management and auditing, because of Sarbanes-Oxley and a variety of other issues, there are selected areas in which we are increasingly competing for talent and having difficulties in being able to attract the number of people with the type of education and experience that we want. But, in general, we're okay. Those areas where we have challenges, but we need to meet those challenges, because some of these areas are the ones that represent the greatest challenges for Government—healthcare, for example.

Senator LANDRIEU. And do you think you have the flexibility, based on the current authorization laws, to allow you to make those differentials in pay that are required to attract and retain that kind of talent?

Mr. WALKER. We have more flexibility than most agencies in Government, thanks to the actions of the Congress. On three different occasions—1980, 2001, and 2003—the Congress has given us initial authorities, which we have aggressively used. I can assure you that I will not hesitate to let you know if we think we need more authorities. I would like to note for the record, as is included in my statement, we are planning to submit a legislative proposal to our oversight and authorizing committees, this year, that does deal with certain human capital issues.

MARKET-BASED COMPENSATION AT THE GOVERNMENT ACCOUNTABILITY OFFICE

Senator LANDRIEU. As I understand, there was a hearing in the House on this, last week, that had a couple of questions about complaints that they had received about people feeling that they might not have been treated fairly. And, of course, I wasn't able to read all the testimony of that hearing. Would you like to comment, for the record—

Mr. WALKER. Sure.

Senator LANDRIEU [continuing]. About some of those—

Mr. WALKER. Yes.

Senator LANDRIEU [continuing]. Issues?

Mr. WALKER. Thank you Madam Chair for the opportunity. Let me try to provide some contextual sophistication for this, because you just get pieces of things that are reported.

In July 2003, I testified before the Congress, and I asked for additional legislative authorities in order to make GAO a more market-based, skills-, knowledge-, and performance-oriented organization with regard to classification and compensation systems. Congress granted us that authority in July 2004.

Later in 2004, we received the results of our first-ever competitive compensation study for GAO personnel. It was good news and bad news. The good news was, the vast majority of our people were either compensated fairly, or for a material percentage of individuals—Ph.D. economists, attorneys, information technology specialists, and a few others—the study found that we should raise their pay potential, raise their pay ranges; and, in fact, we did do that. There were many more positives than negatives. There was, however, one area that it was not good news for some of our employees. That study said that we had roughly 300 employees that were overpaid, as compared to the market. As a result, one had to decide, “What would you do with those individuals?”

I made the determination that, while I had the authority to freeze their pay under the law, I didn’t want to do that; I wanted to give them some performance incentives. And, in fact, we did, and we are still giving them performance incentives, even greater performance incentives. But I made the decision not to provide them an automatic across-the-board pay increase, because, in my view, doing so would be inconsistent with the concept of equal pay for work of equal value, and inconsistent with the concept of providing competitive compensation levels for our people. Candidly, I never promised to give across-the-board increases to people paid above market, nor have I ever been asked to promise to give across-the-board increases to people paid above market. To put this in context, in 2007 we’re talking about roughly 150 people out of 3,200, down from over 300 in 2006.

Senator LANDRIEU. Thank you, Mr. Walker. I think that was very well stated. I guess I should say, for the record, that I’ve done the exact same thing in my office. And I have the flexibility to do that. And I believe in that kind of approach for the 45 people that work for me. So, I don’t know all the details of this, and I’m not going to prejudge, but I most certainly find no fault with the thought and the professionalism in which you have addressed this. That is exactly what I try to do within the tight budgets that we have, to retain the very best staff that I can retain, with the skills necessary to do the job I need to do as a Senator.

IMPLEMENTING A TECHNOLOGY ASSESSMENT AT THE GOVERNMENT
ACCOUNTABILITY OFFICE

Mr. Walker, what are the critical factors in implementing a technology assessment function at GAO? Do you see merit in creating

permanent capability within GAO to study technology assessments?

Mr. WALKER. Thank you for that question, Madam Chair.

The Congress, as you know, for several years, has been debating whether, and to what extent, to reestablish a technology assessment capability. We have conducted some technology assessments, at the request of the Congress, in part to serve as a beta to determine whether or not we might be an appropriate agency to do that work. In my opinion, the Congress does need some additional capability with regard to technology assessments. Second, I think we have proven that we've got the ability to do that work. Third, I would question whether or not it makes sense to create a new legislative branch entity with all the different overhead and infrastructure that would have to come with that.

Should the Congress decide to create this capability, and to place it at GAO, we would need a few more FTEs, and we would need some additional funding, because we're already stretched. But I can assure you, it would be a lot more cost beneficial to do it at GAO than it would be to start something from scratch, a whole new entity, with its own support structure and all the other things that would have to come with it.

RELEVANCE OF EXISTING MANDATES

Senator LANDRIEU. And one more question. You've approached the subcommittee regarding a number of mandates involving your work that you believe should be repealed. Could you reiterate those, for the record, and why you think they should be repealed?

Mr. WALKER. I'll be happy to provide a list for the record.

[The information follows:]

PROPOSED REPEAL AND MODIFICATION OF GAO REPORTING REQUIREMENTS

GAO has proposed language that would repeal or modify a number of mandates for GAO audits and reports. Most of the mandates impose recurring requirements on GAO. While the circumstances of each vary, the common theme is that continued audits and reports would provide little or no value and consume resources that could be applied to GAO work of higher priority to the Congress. Eliminating these mandates would conserve resources while preserving the option for congressional committees to request GAO work in areas covered by the specific mandates.

(a) ANNUAL REPORT BY GAO ON CONSISTENCY OF IMF PRACTICES WITH STATUTORY POLICIES.—Section 504(e) of title V of the Consolidated Appropriations Act, 2000 (Public Law 106-113—Appendix E) is repealed.

(b) REVIEW OF PROPOSED CHANGES TO EXPORT THRESHOLDS FOR COMPUTERS.—Section 314 of title III of the Consolidated Appropriations Act, 2001 (Public Law 106-554—App. B) is repealed.

(c) ANNUAL REPORTS ON WAITING TIMES FOR APPOINTMENTS FOR SPECIALTY CARE.—Section 604(c) of the Veterans Health Programs Improvement Act of 2004 (Public Law 108-422) is amended by striking “the Comptroller General of the United States” and inserting “the Inspector General of the Department of Veterans Affairs”.

(d) AUDIT BY GAO.—Paragraph (4)(A) of subsection (f) of section 4404 of Public Law 107-171 (2 U.S.C. § 1161(f)(4)(A)) is amended—

- (1) by striking “shall” and inserting “may”; and
- (2) by striking “annual”.

(e) Section 902(k) of the Haitian Refugee Immigration Fairness Act of 1998 (Public Law 105-277; 8 U.S.C. 1255 note) is repealed.

(f) LOCAL EDUCATIONAL AGENCY SPENDING AUDITS.—Section 1904 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6574) is repealed.

(g) AUDIT OF FINANCIAL TRANSACTIONS.—Section 11 of the National Moment of Remembrance Act (Public Law 106-579; 36 U.S.C. 116 note) is repealed.

(h) LOSS RATIOS AND REFUND OF PREMIUMS.—Section 1882(r)(5) of the Social Security Act (42 U.S.C. 1395ss(r)(5)) is amended—

(1) in subparagraph (A)—

(A) by striking “(A) The Comptroller General shall periodically, not less than once every 3 years,” and inserting “The Secretary may”; and

(B) by striking “and to the Secretary”; and

(2) by striking subparagraph (B).

(i) GAO REPORTS.—Section 14 of the Radiation Exposure Compensation Act (Public Law 101–426; 42 U.S.C. 2210 note) is repealed.

PROPOSED TRANSFER OF COMPTROLLER GENERAL AUTHORITIES

The proposed language would transfer certain functions currently performed by GAO to the Department of Labor. GAO performs purely ministerial functions under the Davis-Bacon Act and the Contract Work Hours and Safety Standards Act. These functions include payment to employees and others pursuant to determinations of the Department of Labor, and certain ministerial reporting functions. These functions are more appropriately performed by the Department of Labor.

(a) AUTHORITY OF COMPTROLLER GENERAL TO PAY WAGES AND LIST CONTRACTORS VIOLATING CONTRACTS.—Section 3144 of title 40, United States Code, is amended—

(1) in the title, by striking “of Comptroller General”;

(2) in subsection (a)(1), by striking “The Comptroller General” and inserting “The Secretary of Labor”; and

(3) in subsection (b)(1), by striking, in both places, “Comptroller General” and inserting “Secretary of Labor”.

(b) REPORTS OF VIOLATIONS AND WITHHOLDING OF AMOUNTS FOR UNPAID WAGES AND LIQUIDATED DAMAGES.—Section 3703 of title 40, United States Code, is amended in subsection (b)(3), by

(1) striking “The Comptroller General” in the first sentence and inserting “The Secretary of Labor” and

(2) striking “the Comptroller General” in the second sentence and inserting “The Secretary of Labor”.

(c) HEALTH AND SAFETY STANDARDS IN BUILDING TRADES AND CONSTRUCTION INDUSTRY.—Section 3704 of title 40, United States Code, is amended—

(1) in subsection (c)(1), by

(A) striking “Transmittal of names of repeat violators to Comptroller General” and inserting “Findings of repeat violations”, and

(B) striking all words after “effect”.

(2) in subsection (c)(2), by

(A) striking the first sentence and inserting “Not sooner than 30 days after giving notice of the Secretary of Labor’s finding under paragraph (1) to all interested persons, the Secretary shall distribute each name to all agencies of the Federal Government.”;

(B) striking “from the date the name is transmitted to the Comptroller General” in the second sentence;

(C) striking “whose name was submitted to the Comptroller General” in the third sentence; and

(D) striking the fourth sentence and inserting “The Secretary shall inform all Government agencies of the Secretary’s action”.

Mr. WALKER. But here is the key concept. And it’s something that we talked about earlier. Government tends to be an accumulation and amalgamation of various policies, programs, functions, and activities over the years; and, in this particular case, of mandates that have come up over the years. Some of them make sense, some of them don’t make sense; some of them are outdated, and some of them don’t pass a cost-benefit test. So, what we’ve endeavored to do is, we’ve gone back, and we’ve looked at all the mandates that currently apply to us, and we’ve tried to work with the Congress in understanding which ones are still relevant, which ones have merit, and which ones are cost beneficial.

And so, I’ll be happy to provide some more for the record, but I—it’s kind of a spring cleaning, and spring is coming soon, and—I think a lot of people, frankly, need to have a spring cleaning.

Senator LANDRIEU. My husband would most certainly agree with you. He threatens to start one any day. I tell the children, "Move out of the way. You, too, will be thrown out of this house."

Mr. Turri, we will move now to you. The 49-percent increase in your budget is quite substantial. Now, I understand the whole argument about starting from a baseline that's too low to do the mission, and so a 5 percent or 6 percent isn't going to make any difference. But, still, that's fairly significant. So, would you mind trying to explain a little bit more in detail about that?

GOVERNMENT PRINTING OFFICE FINANCES

Mr. TURRI. Thank you, Madam Chair.

Just for clarification, GPO is unique in the way it is funded. Of all the revenue that we have in our operation, about 80 percent of it actually is nonappropriated. It's based on a revolving fund that receives most of its revenue from procured printing, Federal Register printing, the printing of passports, and other products. That area actually funds 80 percent of what the agency is all about.

Senator LANDRIEU. And how much does that generate annually?

Mr. TURRI. We expect, this year, our total revenue to be around \$880 million. So, the balance of the 20 percent or so is appropriated funds. Of that particular amount, congressional printing and binding is a significant part of that operation. And this year, what we're asking for is about \$21 million plus to bring that budget up to where it belongs. In 2005, we were appropriated about \$88 million for congressional printing and binding. That particular year, we were very close to that appropriation. It kind of bumped right up to it. In 2006, we actually exceeded the appropriated number by \$3 million. We actually had to use transfers to fund that shortfall.

This year, with a continuing resolution, we project we are going to be in excess of \$12 million over the appropriation—the flat funding that we've had for the last couple of years. About \$5 million of that is for the U.S. Code. The rest of it is for the fact that this year Congress will have increased days in session, the fact that we have wage increases that are mandatory, and materials costs have increased. Those particular items all add up to, as I say, an increased amount. And the volume of work that Congress is doing each year has increased, and those same arguments will apply to the budget of 2008, once again looking at probably about a \$9 million increase. Just to bring us up to where we belong and the amount of money that we are mandated to spend by the work that we do every day, will bring our congressional printing and binding budget up by \$21 million. That is something we really have no control over. We are just obliged, obviously, every day to print that work.

Senator LANDRIEU. Can I ask you this? You have been with this office for a short period of time?

Mr. TURRI. I actually have been with the GPO approximately 4 years as the deputy to Mr. James. In January, I took over as Acting Public Printer, as the search for a new Public Printer continues.

Senator LANDRIEU. Has the agency ever gone through a comprehensive review—since you're generating about 80 percent of your funding—which is very substantial? I know some of that are fees set by Congress for what a passport costs, et cetera—but have

you ever had a review—since you are in sort of a business that can actually produce revenue? Is there any thought that you could actually produce more than you need and get your 80 percent up to 100 or 110 or 120?

Mr. TURRI. Are you talking about—

Senator LANDRIEU. Like an outside review of what you do to suggest additional revenues without driving up the cost of these documents for the users to a point where it would be counterproductive?

Mr. TURRI. In my tenure, we haven't undertaken anything like that, but it's certainly something, Madam Chair, that—

Senator LANDRIEU. We might want to—

Mr. TURRI [continuing]. We could possibly consider.

SPECIAL DOCUMENTS

Senator LANDRIEU [continuing]. Are all of the new documents that are being printed, designed, thought of, for homeland security weighing on your office at all?

Mr. TURRI. It's really separate and complete. It's—

Senator LANDRIEU [continuing]. Just for homeland security?

Mr. TURRI. No. I would say homeland security, on its own, is not necessarily having any significant impact on our business.

Senator LANDRIEU. You're required to update the U.S. Code every 6 years, so that's part of this request?

Mr. TURRI. It's part of this, Madam Chair. We were notified that it looks like it might be pushing more into 2008. We thought we were going to be required to print it this year, but currently, we're still printing supplements for the last U.S. Code this year. But, as I say, printing it in 2008 won't decrease our overall budgetary needs. It just will push the funding requirement into 2008.

PASSPORTS

Senator LANDRIEU. Okay. And can you give us the status of the electronic passport?

Mr. TURRI. Yes, Madam Chair, I'd be delighted to do that.

The new passport had just begun to be designed when I arrived there, about 4 years ago. The last few years have been spent in the process of designing and building a system that would produce a biometric passport. In February, or just about 1 year ago, we began to get the realization from the State Department that this particular quantity of passports that we had been producing, which were about 9 million a year, was beginning to jump at a fairly rapid rate, to the point of where now it looks they're expecting, this year, to get about 17 million requests for new passports. That number, as you can imagine, is a significant increase over what was expected.

Madam Chair, in the particular area of passports, we went from 30 to 80 employees in the passport division just in the last 12 months, which obviously, as you can imagine, requires a significant amount of ingest and training into that particular operation. We have added eight brand new pieces of equipment, which are not pieces of equipment that come off assembly lines, they're all pre-designed specifically to produce the biometric passport. I'm happy to say, though, this particular month that we're in, as things ramp up and continue, we will be producing approximately 1 mil-

lion e-Passports along with still producing the legacy passports of around 500,000. This will give us about 1½ million passports this month, which would take care of the 17 million passport requests that—

Senator LANDRIEU. Requirement.

Mr. TURRI [continuing]. Might be coming this year. And I'm very proud of what we have accomplished, because even in a ramp-up mode, we are producing four times as many e-Passports as any country in the world. And we expect this to continue.

PRODUCTION FACILITY

Senator LANDRIEU. Now, where is this work being done? What physical facility?

Mr. TURRI. Currently it is being done in a building separate from our regular GPO offices. It's actually across the street from our regular buildings.

Senator LANDRIEU. And since I don't know where your regular building is, help me.

Mr. TURRI. I'm sorry. It's—

Senator LANDRIEU [continuing]. Your regular building?

Mr. TURRI [continuing]. It's actually down the street, Madam Chair, at 732 North Capitol, not—

Senator LANDRIEU. I know where that is.

Mr. TURRI [continuing]. Far from here. We'd love to have you come down and visit our operation sometime.

Senator LANDRIEU. I want to come see the main building, on North Capitol.

Mr. TURRI. Right.

Senator LANDRIEU. I'm reminded now of where that is. And this other location is right—

Mr. TURRI. Right across the—

Senator LANDRIEU [continuing]. Across the street.

Mr. TURRI. It's in a separate building.

Senator LANDRIEU. And do you find your facilities adequate? Aren't you trying to do some repairs or restoration?

Mr. TURRI. Well, that particular building is the newest of our buildings. The essential repairs and restoration that we're requesting money for are really needed across the street in our regular buildings. What we're looking for, for passports, is a remote site facility for security and increased production reasons. The idea of having passports produced in one place is not—

Senator LANDRIEU. Ideal.

Mr. TURRI [continuing]. Correct. We have been searching. And we are getting very close, we hope, to identifying someplace that may be very close to your home State.

Senator LANDRIEU. That would be good.

It's close to my home State.

Mr. TURRI. Well, close enough that they can come across the line.

Senator LANDRIEU. But let me say, I know, from the other committees that I serve on, there is great deal of interest, from many different angles, about these new passports and how people are going to get them.

Mr. TURRI. Yes.

Senator LANDRIEU. Who gets them, and—et cetera.

Mr. TURRI. Yes.

Senator LANDRIEU. I think I would like to plan a field trip to the office and—

Mr. TURRI. Well—

Senator LANDRIEU [continuing]. I'll take a couple of other—try to bring a few Senators with me that are actually either on this committee or the Homeland Security Committee, because there's a lot of concern about all of this new paperwork and documentation that we're going through to try to make our borders more secure without hampering travel, et cetera. So, I think this is going to be an issue some of the Senators are going to be interested in.

And—

Mr. TURRI. That would—

Senator LANDRIEU [continuing]. Finally—

Mr. TURRI. That would be great, Madam Chair. We'd love to have you down there.

FEDERAL DEPOSITORY LIBRARY PROGRAM

Senator LANDRIEU. And the Federal Depository Library Program, can you tell me where you see this going, because of electronic information?

Mr. TURRI. Yes. Part of our request this year is for the Federal Depository Library Program. We are requesting an increase of approximately \$12 million over last year's funding for this program. Two million dollars of that is for mandatory pay and price increases. A little over \$3 million of it is for the U.S. Code, printing and distribution, and IT support.

The balance of the \$7 million, Madam Chair, is for projects for data migration, data processing, data storage, authentication, cataloging, and indexing, along with web harvesting. We also have started a program, which we are continuing, of what's called outreach, which basically is a review for libraries, to go out and see that they're maintaining the level of operation that they need to do for user satisfaction.

But every one of these things that I have mentioned, as far as the data migration, data storage, et cetera, are all necessary for ingest into the future digital system that we're requesting budgets for. Without that particular input into the future digital system, it would be like having a home without any sinks or furniture. So, the two go hand in hand, quite frankly.

Senator LANDRIEU. Okay. Thank you very much.

Mr. TURRI. You're welcome. Thank you, Madam Chair.

HEALTHCARE COSTS

Senator LANDRIEU. Dr. Orszag, I understand that Senator Conrad has a lot of confidence in your ability, and we'll be looking forward to working closely with you. And I know that you've worked with Senator Gregg as part of the Budget Committee, as well. Your efforts in honing down on some of these healthcare costs is commendable, because it's a serious problem in our own general budget and a real issue with businesses, large and small. And it's, in my view, something we just can't sustain, and we have to change course. And finding that course has been elusive, to date. But are you going to, and how are you going to, coordinate with

your sister agencies? Or is there any coordination at all? Are you all just striking off on your own with this effort?

Dr. ORSZAG. Senator, there's a lot of coordination. Clearly, GAO does some work in health. MedPAC offers advice and options specifically on Medicare. And what we're going to try to do is play a role in broader healthcare issues, because I believe, and most analysts believe, that it is not possible, over the long term, to slow the growth in Medicare and Medicaid unless there is overall slower cost growth in the health sector, as a whole. And embedded in that, though, is the opportunity—because a variety of evidence suggests that we could take costs out of the system without actually harming American's health. And I think trying to capture that opportunity is the central fiscal challenge facing the Federal Government, and we will be working with any agency that is motivated and interested in the same thing, to be putting forward options for you to consider.

Senator LANDRIEU. And I know that your focus is right here in the capital, as it should be, with the Federal Government, but I know that you're aware that there are counterparts of yours in all 50 States, and some exceedingly professional people in those States that do for the States what you do for the Federal Government. Is there any formal or informal exchange of information, at any level, that you all go through with State fiscal officers or budget folks at the State levels?

Dr. ORSZAG. I'm aware of a variety of informal interactions. For example, on the Medicaid and SCHIP programs, our analysts are in touch with people at the State level, because that's what you need to do in order to fully understand those programs. And, also, there are, whenever folks come to Washington, opportunities for interactions. We have much less time, resources, and ability to go out to the States, but there is also a little bit of that.

COORDINATION OF FEDERAL, STATE, AND LOCAL GOVERNMENTS

Senator LANDRIEU. Well, I'm going to think through this a little bit. But, you know, as I said, I was a member of the Appropriations Committee in the House, where I served for 8 years, and it occurred to me there, people in Washington don't realize that. It reminds me of a slogan that I read once that said, "You don't stop dancing with a gorilla until the gorilla stops dancing." And the Federal Government is a gorilla out there. And where we are 50 percent of State budgets now, 60 percent of State budgets, it's hard for them to get a handle on their budget when they don't control 50 to 60 percent of it. At least that was the case in Louisiana when I left to come here.

And I think that sometimes we don't realize—maybe it's because we all get this Beltway mentality sometimes, to a certain degree or another. And it might be very interesting for you to think through that. And I'm going to talk with some of the Senators about this and see. It can be done informally. It doesn't have to be done formally. But you might be very surprised at the ideas that you might find out there.

And, Mr. Walker, I don't know if you have anything—

Mr. WALKER. Yes, if I might add—it might be helpful to you and to Peter. Obviously, they're a lot smaller operation than we are.

Obviously, they're based solely in Washington, DC, whereas we're in 12 cities. But a couple of thoughts.

One, I totally agree with Peter that the largest fiscal challenge for the Federal Government, State governments, and the private sector—is healthcare. He and I get along very well. We've already started to coordinate efforts. It's going to be critical that we coordinate in this healthcare area. As you know, I appoint all the MedPAC members, and we do quite a bit of healthcare work, too. But I'm confident we'll work together on that.

With regard to Federal, State, and local, you raise an excellent point. I chair something called the Intergovernmental Audit Forum, which are all the inspector generals, all the State auditors, and all the county and city auditors. We also have something on an international basis, the International Organization of Supreme Audit Institutions. I didn't pick the name.

Senator LANDRIEU. Quite fancy.

Mr. WALKER. There's a lot to be learned here, through coordinating efforts, and we've, in fact, enhanced that significantly during my tenure. So, I think you're onto something.

Senator LANDRIEU. Well—I appreciate that, because I just think that that's a whole area that we—you know, our Governors should get together with Senators and the House Members, and, of course, we have other exchanges. But I think the more staff level exchanges, the better.

Dr. ORSZAG. If I could add just one other thing, we also have responsibility for identifying mandates that are contained in legislation that are imposed on State and local governments. So, we have people who are actively scouring legislation for Federal changes that impose mandates on State and local governments.

OPERATING UNDER THE CONTINUING RESOLUTION

Senator LANDRIEU. Okay. Could you just comment on how your agency is coping with the continuing resolution, which was funded below the 2006 level?

Dr. ORSZAG. We're making do, as we—you know, as you need to in such situations. But I would identify two things. One is information technology. We have delayed investments in computers and the normal cycle of replacing equipment, to a degree that's not sustainable over time. And the second thing is something that you had asked about earlier—again, with regard to recruiting, retaining, and motivating our people—the current situation, we can get by with for 1 year or maybe, you know, a short period of time, but there is this underlying pressure, which is that, out of our roughly 235 people, 218 are professional or management, and 39 percent of them are Ph.D.'s, and 38 percent have a master's degree. The market for those people in academia, at the Federal Reserve, and let alone the private sector, has taken off over the past several decades. And we're obviously operating under a different structure. So, that puts pressure on us. And the more that we have very tight funding, the more pressure we're under. And we, therefore, have to live off of—you know, we're lucky that we have a really great reputation and a lot of people want to come work for us, and that—despite my kids calling it the “Congressional Boring Office”—most

people in Washington think—seem to think it's a very exciting place to work. So, we will continue to try to uphold that.

Senator LANDRIEU. I wish I could share with you what my kids say about my job.

We won't even go there.

Senator LANDRIEU. Ms. Chrisler, I don't have any particular questions. Actually, I do, but do you want to add anything before I get to them? And your testimony was excellent, but is there anything you can think you would like to add?

WORKLOAD DUE TO CAPITOL VISITOR CENTER

Ms. CHRISLER. Thank you for the opportunity. One thing that I did not mention that I appreciate being given the opportunity to mention at this point is the Capitol Visitor Center. And our Office has been involved in the construction of the Capitol Visitor Center, and we're appreciative of the opportunity to provide technical assistance and technical advice, at this point in the construction, prior to occupancy. Once occupancy does take place, the Capitol Visitor Center is going to add 0.7 million square feet of inspection jurisdiction to our Office, and there is a portion in our budget request to respond to that increased workload.

So, I thank you for allowing me to present that.

FIRE ALARM TESTING IN THE CAPITOL VISITOR CENTER

Senator LANDRIEU. Do you believe that the amount of testing deemed necessary by the Architect of the Capitol and the fire marshal for the CVC is adequate? Have you been looking at that, the testing for the fire threat?

Ms. CHRISLER. Thank you for the question. We—our Office has been involved in discussions regarding the fire testing and the fire issues with respect to the Capitol Visitor Center. Our General Counsel, Peter Eveleth, is with me today, and he has been directly involved in those conversations. And, if I may ask your indulgence, I would ask that he be allowed to specifically respond to your question.

Senator LANDRIEU. Okay, that would be terrific. And then, if your board member wants to come forward and just speak for a couple of minutes that would be terrific. You all could just pull up two additional chairs, if you'd like, or however. Y'all have the smallest budget and most people.

So, David, if you all will just bear with them just for a minute. Give them a minute. Just because they're little doesn't mean they're not important.

Mr. EVELETH. Good morning, Madam Chair. My name is Pete Eveleth. I'm the General Counsel of the Office of Compliance.

With respect to the testing of fire alarms and the other systems in the CVC, we've been working closely with the fire marshal, and we have been reviewing various regulations that impact that. And we support the efforts of the fire marshal in that regard, that there should be complete 100-percent testing—acceptance testing of those alarm systems, given, particularly, the location of the facility, because it is underground, and a failure of any kind of systems would—could result in a catastrophe, given the number of people—

Senator LANDRIEU. And we think that's going to take about 6 months of complete testing? Is that what I've heard?

Mr. EVELETH. I couldn't tell you exactly how much that's going to be. It may be—it may depend on how much pretesting is done in advance of the acceptance testing.

Senator LANDRIEU. Okay.

Ms. CAMENS. Madam Chair, good morning. I'm Barbara Camens, and I appreciate the opportunity to speak on behalf of the board of directors of the Office.

I have two brief comments, both of which have to do with statutory changes which are sought by the board of directors.

The first has to do with the issue of internal promotion within the Office. Our statute, the Congressional Accountability Act, requires that the four statutory positions that are appointed by the board be held by individuals who have not previously worked within the legislative branch during the previous 4 years. This provision essentially makes it impossible for any internal promotion within our Office. Our Acting Executive Director, Ms. Chrisler, was originally appointed by the board to the Deputy Executive Director position, and, given that fact, and given the current statutory language, the board is precluded from considering her for permanent appointment, notwithstanding the confidence that we have in her performance. And the issue is broader. Obviously, it has an impact on our entire Office staff. The board of directors is seeking a statutory change to give us the ability to fully access and utilize and reward, through internal promotion, the talent and accumulated experience which has been developed within our Office. And we do seek your support.

Second, we are seeking some additional flexibility, in terms of compensation within our Office. Specifically, we're seeking an amendment to our statute to permit the establishment of two senior Executive Service positions, with regard to the Executive Director and the General Counsel. Our Office has recently undergone a comprehensive human capital needs study, and the conclusion of the outside consultant was that these two top manager positions share many attributes of SES positions in other agencies, and yet, we have a statute which imposes a salary cap. We are seeking a legislative change to allow the establishment of these SES positions. And we think it's crucial, both to the recruitment and the retention of the individuals of the high caliber that we need, the sense of leadership, the sense of vision that is necessary for leading our Office into the future.

Thank you.

Senator LANDRIEU. Thank you very much.

ADDITIONAL COMMITTEE QUESTIONS

My questions have all been answered.

Do you all have anything else that you want to add for the record? And, of course, the record is open, and you can submit anything in writing.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO DAVID M. WALKER

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

STAFFING

Question. I understand you would like to increase GAO staffing to 3,750 over the next 5 or 6 years. Please explain how you arrived at this staffing level as the optimal level for GAO, what specific areas additional staff would be deployed to, and the results you would anticipate.

Answer. Our initial estimate of this FTE level has been informed by (1) the recent update of our Strategic Plan for serving the Congress for fiscal years 2007–2012, (2) what we believe would be sufficient to minimize the existing and anticipated backlog in areas where we are experiencing supply and demand imbalances, and (3) address other critical needs. Our Strategic Plan for serving the Congress is updated through continuous consultations with the Congress.

Our request for FTE's is then based on a systematic assessment of the workforce that we will need to achieve the strategic goals and objectives outlined in our Strategic Plan in support of the Congress and the American people. Annually, we develop a workforce plan that results from a detailed analysis of staffing considerations. Our workforce needs assessment is an essential element in our strategic approach to managing GAO—an approach that links human capital and performance management with strategic planning, budgeting, and performance accountability.

Specifically, our FTE request is based on a thorough assessment of a number of factors including: Congressional requests and interests, statutory mandates, strategic priorities, emerging issues, current staffing data (FTE usage, attrition, consultant and contract usage, staff distribution by level and type), identified skill shortages, succession and knowledge retention issues, results achieved with staff resources, and budgetary considerations. As part of our workforce planning process, GAO managers identify the types of skills and experience and the level and numbers of employees needed to accomplish our anticipated workload. Relative to current and projected staffing data, our managers assess whether GAO has too few or too many staff working in each strategic area. Having received this input from our managers, the GAO leadership team makes fact-based decisions about our FTE needs and the optimal deployment of our staff resources to most efficiently accomplish our work.

The 3,750 represents a preliminary estimate and a not to exceed number based on existing and expected workloads. It also assumes an increasing role for GAO in a range of areas addressed in our strategic plan and our 21st Century Challenges report of February 2005. For example, an increase in GAO's staffing level over the next 6 years is needed to allow us to address critical needs including supply and demand imbalances in areas such as health care, homeland security, the global "war on terrorism," energy and natural resources, and forensic auditing, technology assessments, and other areas in need of fundamental reform. Also, additional staff are needed to support GAO efforts to be able to render our opinion on the consolidated financial statements of the U.S. government and the Department of Defense's financial management and related systems.

HUMAN CAPITAL ISSUES

Question. Over the past few Congresses, you have received additional human capital flexibilities through two pieces of targeted legislation. How have these pieces of legislation helped GAO to become a model federal agency? Given some of the challenges you have faced within your agency over the past few years, what else do you believe needs to be done in order to improve upon your human capital situation?

Answer. The GAO Personnel Flexibilities Act of 2000 (Public Law 106–303), and the GAO Human Capital Reform Act of 2004 (Public Law 108–271), are the two recent pieces of legislation that were enacted by Congress on behalf of GAO. GAO sought this legislation in order to help to reshape its workforce and recruit and retain staff with needed technical skills. The Comptroller General was granted permanent authority to offer voluntary early retirement and separation incentive payments to realign the workforce to meet budgetary constraints while reducing high-grade, managerial or supervisory positions and correcting skill imbalances. In fiscal years 2001 through 2006, GAO has granted voluntary early retirement to a total of 177 employees. These early retirements helped GAO reshape its workforce by providing retirement to mostly high-graded staff and allowed GAO to address succession planning and skill imbalance issues in addition to increasing the numbers of entry-level staff who can be hired. GAO was also able to establish senior level scientific, technical and professional positions with the same pay and benefits applica-

ble to the Senior Executive Service. This authority has been used to employ GAO's Chief Actuary, Chief Statistician and Chief Economist. Another authority in the law allowed GAO to provide certain key employees with less than 3 years' service to earn 160 hours of annual leave each year rather than 104 hours. This has given GAO the ability to recruit individuals with significant work experience who might not have otherwise considered joining the federal workforce. GAO has just recently recruited 2 individuals under the Executive Exchange Program provided for in section 7 of Public Law 108-371. This partnership will assist us in drawing on the expertise of individuals from accounting firms, information technology firms, consulting groups and other organizations to develop solutions to current and emerging issues. These innovative human capital management flexibilities have been instrumental in enabling GAO to become a world-class professional services organization.

We have other human capital challenges for which we may seek additional assistance from Congress to address:

- Ensure that the bonus portion of our annual performance based compensation counts for retirement as long as employee's total basic pay plus performance based compensation is below the maximum for his or her position. GAO has implemented a performance-based compensation system that is designed to enhance performance and accountability while helping the agency maintain a competitive advantage in attracting, motivating, retaining, and rewarding a high performing and quality workforce. As part of this modern system, an employee's performance-based compensation is distributed between a base pay increase and a bonus. This latter payment is currently not considered in calculating an employee's basic pay for purposes of his/her annuity.
- Eliminate GS-15, step 10, cap to allow the Comptroller General to pay employees up to the rate for Executive Level III based on the results of our periodic market pay studies. GAO has a highly diversified and skilled workforce that performs work of the highest level and importance. Presently, employees other than those in the Senior Level or Senior Executive Service are limited by statute to a pay rate that cannot exceed GS-15, step 10. According to recent market surveys commissioned by GAO, some of GAO's professionals, such as economists and attorneys, cannot be compensated commensurate with market rates because of this statutory limitation. This is problematic, since GAO must compete for its staff with the private sector and other public agencies that can pay more. For example, the Departments of Defense and Homeland Security, and the Federal Deposit Insurance Corporation and other agencies concerned with financial matters are not subject to the GS-15 limit.
- Eliminate the prohibitive cost associated with buyouts by amending Public Law 106-303 to remove the requirement, consistent with the rest of the federal government, that GAO make additional contributions to retirement funds in the case of voluntary separation incentive payments (VSIP) to GAO employees. This payment renders this flexibility virtually unusable, especially in these times of budget constraint.

Question. In 2005 and 2006, GAO conducted a restructuring of Band II staff and placed employees in one of two pay levels. What was the impetus for this effort? What are you doing to address the concerns that have been raised?

Answer. As part of our overall human capital transformation efforts, GAO has developed and implemented a validated competency-based appraisal system and modern market-based and skills, knowledge, and performance-oriented compensation system. When developing the Analysts' competency-based performance system, some Band II staff responded that certain activities associated with staff leadership were critical to their jobs and others did not. This bimodal response indicated that different roles and responsibilities were being performed by staff within the band. As a next step in its human capital transformation, GAO proceeded to develop a compensation system that would:

- Enable GAO to attract and retain top talent;
- Result in equal pay for work of equal value over time;
- Reflect the roles and responsibilities that staff are expected to perform;
- Be reasonable, competitive, performance-oriented; and based on skills, knowledge and roles;
- Be affordable and sustainable based on current and expected resource levels; and
- Conform to applicable statutory limits.

The purpose of restructuring the Band II position was to clearly distinguish between the roles and responsibilities of those analysts who are generally individual contributors and/or sometimes provide overall leadership on selected engagements and those who are expected to consistently take on a leadership role for a broad range of engagements over time. When comparing Band II roles, responsibilities and

pay to the market, a Watson Wyatt market based compensation study supported the CG decision that these two roles should have different pay ranges. By better linking roles and responsibilities to the appropriate market-based pay ranges, senior analysts will be more equitably compensated.

Since the initial restructuring and placement of staff into the Band IIA and IIB pay levels, GAO has conducted 2 competitive placement opportunities resulting in the placement of additional staff into Band IIB. To address concerns regarding compensation for Band IIA employees, we decided for 2007 pay decisions to provide 100 percent of the performance based compensation amount to those Band IIA staff whose salaries were above the Band IIA maximum rate (i.e., "transition staff"). In 2006, Band IIA transition staff received only 50 percent of their performance based compensation.

Question. It is our understanding that you relied upon the results of a market based pay study to establish pay ranges for GAO staff and to limit the compensation of those employees who were paid in excess of these ranges. CRS has stated that these limitations have had the impact of significantly reducing the salary and future pension benefits of affected GAO staff. Can you share with the committee the data that GAO relied upon to conclude that GAO's Analyst Band II staff were overpaid and that such actions were therefore justified?

Answer. GAO has established market based compensation ranges for major occupational groups. These ranges are based on salary surveys conducted by Watson Wyatt Worldwide, a leading human capital consulting firm. Watson Wyatt's process for developing the ranges entailed meeting with GAO occupational experts to develop an understanding of GAO's positions, linking these positions to comparable jobs in comparator organizations, and collecting salary data from various sources for such positions. Among the sources of salary data used by Watson Wyatt were the following surveys: Abbot Langer Consulting and Legal, Altman Weil Legal, Cordom Not-for-Profit, Mercer IT and Watson Wyatt Data for Professional positions and others. We would be happy to brief the Committee on the extensive data, if requested, and provide further details.

Question. Federal employees in the Washington, DC area received across-the-board and locality adjustments resulting in base pay increases of 2.64 percent in January 2007. What increase was provided to GAO staff? What was the basis for GAO's increase and why does it differ from other federal employees?

Answer. In 2007, the Comptroller General authorized a 3 percent increase in the salary ranges applicable for GAO employees within the ranges. A 2.4 percent increase in the annual salary for all employees performing at a satisfactory level who were within competitive compensation limits was provided. This percentage was based on the annual update of competitive compensation trends conducted by Watson Wyatt. In addition, GAO employees were also eligible for performance-based compensation (PBC) adjustments. PBC is based on individual performance and is calculated as a percentage of the "competitive" or market rate for the employee's band and location. An employee with an average appraisal would receive a PBC amount equal to 2.15 percent of the competitive rate for his or her position as base pay and/or as bonus. Except for Band IIB staff subject to the speed bump who received their entire PBC amount in the form of a bonus, 100 percent of the 2007 PBC amount was provided to all other staff as an increase to base pay not to exceed the maximum rate applicable to the employee's position.

The Comptroller General's determination regarding the amount of the annual adjustment was based on a consideration of the criteria set forth in 31 U.S.C. 732(c)(3). Among the data considered by the Comptroller General was salary survey information indicating that consulting, professional, scientific and technical services organizations actually adjusted ranges by an average of 2.7 percent in 2006 and projected an adjustment of 3 percent in 2007. Prior to the passage of Public Law 108-371, GAO employees' salaries were given the same base and locality increase as the General Schedule. As provided in 31 U.S.C. 732(c)(3), GAO employees' increases were decoupled from the General Schedule and the authority to determine the amount of the increase was granted to the Comptroller General.

The average across-the-board increase provided to executive branch employees was 2.2 percent nation-wide. In addition, most executive branch employees receive within grade increases on a regular basis and the annual value of such an increase is approximately 1.6 percent. GAO employees received a 2.4 percent across-the-board increase and were eligible for additional performance based pay. An employee with an average appraisal would receive a performance based pay amount equal to 2.15 percent of the competitive rate for his or her position.

Question. Each year, federal employees' pay adjustments are effective the first pay period beginning on or after January 1. Our understanding is that GAO employees did not receive their pay adjustments in January. When did GAO provide its across

the board increase? Why is the date different than and later than other legislative agencies, given that the entire government was subject to the same budget uncertainties?

Answer. The effective date of GAO employees' pay adjustment was February 18, 2007. Under 31 U.S.C. 732(c)(3), the Comptroller General is authorized to set the date of GAO employees' pay adjustments as well as the amount. GAO delayed the annual pay adjustment because we did not receive the funding requested, to ensure that we would not negatively impact our ability to operate effectively, and to avoid unpaid furloughs of our employees.

GAO TECHNOLOGY ASSESSMENT

Question. Mr. Walker, there is interest once again in re-funding the old Office of Technology Assessment. In response to such interest back in 2002, our Committee established a pilot program for GAO to conduct technology assessment. How successful was that effort, and do you believe GAO can continue to effectively conduct non-partisan forward-looking technology assessment work? GAO has completed 4 technology assessment jobs in the past couple of years, which were requested in a bi-cameral, bi-partisan fashion. Were those work-products well-received and are the findings being utilized? Can you describe GAO's in-house capacity for technology assessment?

Answer. In response to the committee's direction to establish a technology assessment pilot program at GAO, we have completed four technology assessment reports.¹ Our products have been relevant, timely, and well-received. For example, we testified before three different congressional committees on our findings in our biometrics report. As a result of one of these hearings, and using information from our biometrics report, a bill was introduced in the House in July 2004, directing the Transportation Security Administration to establish system requirements and performance standards for using biometrics, and to establish processes (1) to prevent individuals from using assumed identities to enroll in a biometric system and (2) to resolve errors. These provisions were later included in an overall aviation security bill and were eventually included in the Intelligence Reform and Terrorism Prevention Act of 2004, enacted in December 2004. The biometrics report is still relevant, even after 4 years, in examining the numerous biometrics programs being developed in the federal government.

GAO has designated cybersecurity as a high-risk area since 1997 and the technologies discussed in our technology assessment report on cybersecurity play a key role in addressing this area.² In 2005, we testified on the findings of our report on technologies that can be used to protect structures and improve communications during wildland fires. Senator Bingaman sent a letter to the Comptroller General thanking us for this report, stating that such studies are important tools for understanding the technology implications of policies considered by Congress. In March 2006, Senator Bingaman sent another letter to the Comptroller General thanking us for our timely, thorough, and well-received report on cargo security technologies, which he stated will help the Congress perform its oversight functions with regard to port and container security.

A technology assessment function in the legislative branch can be beneficial. For congressional decision-makers, an independent technology assessment study can make complex scientific and technical issues more accessible by analyzing the values and tradeoffs of various technologies and presenting them in a public policy context that can be applied directly into the legislative process. Should the Congress determine the need for this type of analysis and that it would be more prudent to place the function in an existing organization rather than create a new one, we believe that GAO is qualified to take on this function. A GAO line of work on technology assessments would not be a departure from its normal mission, but a process of differentiating, defining, and implementing new work methods. GAO's focus on producing quality reports that are professional, objective, fact-based, fair, balanced, nonideological, and nonpartisan is consistent with the needs of an independent legislative branch technology assessment function.

Further, GAO's work already covers virtually every area in which the federal government is or may become involved. To accomplish this work, GAO maintains a workforce of highly trained professionals with degrees in many academic disciplines,

¹*Technology Assessment: Using Biometrics for Border Security*, GAO-03-174 (November 15, 2002); *Technology Assessment: Cybersecurity for Critical Infrastructure Protection*, GAO-04-321 (May 28, 2004); *Technology Assessment: Protecting Structures and Improving Communications during Wildland Fires*, GAO-05-380 (April 26, 2005); and *Technology Assessment: Securing the Transport of Cargo Containers*, GAO-06-68SU (January 25, 2006).

²*High-Risk Series: An Update*, GAO-07-310 (January 2007).

including accounting, law, engineering, public and business administration, economics, and the social and physical sciences. More specifically, GAO's Center for Technology and Engineering, which led our pilot program in technology assessment, is staffed by engineers and scientists with experience in systems engineering, software engineering, real-time systems, computer security, cost estimation, and biological technologies. To leverage our multidiscipline workforce, we have staffed our technology assessments with both staff from the Center for Technology and Engineering and analysts in our mission teams, such as Homeland Security and Justice, Information Technology, and Natural Resources and Environment.

While GAO is capable of conducting the work, we believe there are critical factors that need to be considered to conduct technology assessments on a permanent basis at GAO. First, we would need to define an operational concept for this line of work, adapted from current tested processes and protocols. At a minimum, this capability would require: (1) developing and maintaining relationships with relevant congressional committees to facilitate the selection of technology assessment topics; (2) keeping congressional committees abreast of the results of technology assessments, meeting with members and staff, and preparing testimony statements for relevant hearings; (3) developing and maintaining relationships with key external experts and organizations to remain informed about emerging technologies and potential related public policy issues; (4) developing, documenting, and refining processes for conducting technology assessments; (5) consulting with independent experts and conducting peer review of reports; (6) developing standards and procedures for issuing technology assessment reports as distinct from our audit products; and (7) developing metrics to measure the value of the technology assessment capability.

A second critical factor is the estimation of resources for conducting technology assessments. To establish a basic capability to conduct one assessment annually, GAO would require four additional full-time staff, at an estimated cost of about \$723,000 (\$573,000 for four FTEs and \$150,000 to obtain contract assistance or provide expertise not readily available within GAO). For higher demands, additional technology assessment requests would require—depending on economies of scale, timing, and scope of work—incremental additional resources.

GAO OPERATIONS UNDER THE CONTINUING RESOLUTION

Question. Mr. Walker, according to your statement, GAO has had to operate in a constrained manner this year because of resource shortfalls under the continuing resolution. Are there significant numbers of Congressional requests GAO is turning down, or is it taking longer to get work done? What is your current backlog of Congressional requests? How does this compare to previous years?

Answer. We are only a few months into the new Congress and we see several trends which lead us to believe that Congress will be requesting much more of GAO. For instance, our current backlog as of March 2007 has grown above 2005 and 2006 levels. Also, during our outreach for our upcoming strategic plan update, we have been told that demand will likely increase. We are seeing this in the recent surge in requests for GAO testimonies during the Congress's first few months. We have been quite fortunate that much of this early testimony has been based on previous work. Constraints on FTEs due to the current funding situation for the remainder of fiscal year 2007 will likely prevent us from being as responsive in the future as Congress begins to request new work for the second session.

More specifically, we are currently experiencing supply and demand imbalances in responding to congressional requests in areas such as health care, homeland security, the global "war on terrorism," energy and natural resources, and forensic auditing. In fiscal year 2007, we will experience a reduction of 35 FTEs—from 3,194 to 3,159—from our fiscal year 2006 FTE level, which will exacerbate the problem. In fiscal year 2008, we are seeking an FTE increase in teams conducting work related to homeland security, defense, natural resources and energy, and health care to help address these supply and demand imbalances. We will also be seeking your commitment and support to provide the funding needed to increase GAO's staffing to a to-be-determined level not to exceed 3,750 over the next 6 years in order to address critical needs, including supply and demand imbalances, high-risk areas, 21st Century Challenges questions and other areas of the federal government in need of fundamental reform, and technology assessments. In addition, as we get closer to when GAO may be able to render our opinion on the consolidated financial statements of the U.S. government and the Department of Defense's financial management and related systems, we will need to increase our workforce capacity.

GAO has made significant progress in reducing the very large backlog of Congressional requests over the past several years so that we can better support the Congress, but this has been very difficult to achieve. We are doubtful that it will con-

tinue based on our outreach efforts with the new Congress and the constrained resource level we will be operating at through fiscal year 2007. As of March 31, 2007, we had a workload imbalance of 419 requests—a growing increase over the last two years. The general result of GAO’s initiative to be more responsive to the Congress is seen in the following table showing the pending requests at the end of each year.

PENDING REQUESTS AS OF DECEMBER 31ST OF EACH YEAR

| | Requests |
|-------------------------|----------|
| 2002 | 463 |
| 2003 | 390 |
| 2004 | 492 |
| 2005 | 358 |
| 2006 | 329 |
| 2007 ¹ | 419 |

¹ As of March 31, 2007

Last year (fiscal year 2006), we accepted about 85–88 percent of the requests received. Of these, roughly one-fourth (22 percent) were delayed. Of those not accepted, some were declined, withdrawn, sent to an Executive agency, or were pending a decision by GAO on whether we are able to accept the request. We also have done and are doing work, on such topics as Iraq and Katrina, under the Comptroller General’s authority because there is such broad congressional interest in them. We believe this has also served to limit the number of requests we would have received on these issues. Due to the increasing supply and demand imbalances, GAO typically has been unable to accept requests from individual members in recent years and has worked to merge requests so that we can do related work for several requesters.

Our requested work has also been taking somewhat longer to start—almost doubling in some areas—resulting in longer timeframes to respond to the requester. The table below shows the average number of months that it has taken us to start mandates (priority 1), requests from Committee chairs and ranking members (priority 2), and requests from members (priority 3).

AVERAGE DURATION TO INITIATE ENGAGEMENTS

[In months]

| | 2004 | 2005 | 2006 |
|----------------------|------|------|------|
| Priority: | | | |
| 1 ¹ | 1.82 | 2.49 | 2.74 |
| 2 | 2.93 | 2.49 | 3.91 |
| 3 | 2.74 | 4.41 | 6.37 |

¹ Prior to the update of GAO’s Congressional Protocols in July 2004, priority 1 designation included requests from committee chairs and ranking minority members.

GAO SUPPLEMENTAL

Question. GAO is requesting \$374,000 for oversight work in Iraq. Why can’t GAO absorb this relatively small amount of funding within its \$500 million budget?

Answer. Because about 80 percent of our budget provides funds to support our staff—our most important asset—and the balance of our budget contains many mandatory operating expenses—such as rent, utilities, and contracts for ongoing operations—we have very limited flexibility to make adjustments. In fiscal year 2007, we received significantly less funding than we had requested. In order to operate within the constraints of the fiscal year 2007 joint resolution, our Operating Plan holds most of our budget accounts at or below fiscal year 2006 funding levels, resulting in reduced operating levels, deferred hiring to address succession planning challenges and skill gaps, and delayed investments geared to further increasing productivity and effectiveness. While we have allocated funds to address needed oversight work in Iraq, additional funds are needed to allow us to maintain a continuing presence in Baghdad.

Question. GAO has an extensive array of performance targets and measures. Your testimony indicates that you met most of your performance targets. How often do you reevaluate those measures to see whether they are responsive to GAO and the Congress? Do you have them evaluated by an independent party, such as during a peer review?

Answer. GAO's performance measures include those measures traditionally used by auditing and professional services firms. Annually, GAO reviews its performance targets and continuously reevaluates its performance measures. In fact, it is rare for a year to pass without some refinements in our performance indicators to help us better manage our agency to support the Congress for the benefit of the American people. For example, in the past few years, we have added measures to better assess how our support units are doing their jobs; changed our measure for determining how timely our products are by obtaining feedback directly from our congressional clients; and eliminated measures, such as the number of recommendations made, that we thought were no longer useful. Further, as we continue to gain more experience, we anticipate making additional changes so that we can better support the Congress.

In addition to the continuous evaluations by our Office of Quality and Continuous Improvement, we routinely receive suggestions from such organizations as (1) GAO's Inspector General, who annually reviews some of the measures before they are included in the annual Performance and Accountability report, (2) an independent Audit Advisory Committee as part of their annual review of GAO's financial statements and performance data included in our annual Performance and Accountability Report, and (3) independent reviewers for the Association of Government Accountants (AGA) as part of their annual process to evaluate Performance and Accountability Reports submitted by participating executive branch agencies and GAO.

Specifically, staff in our Inspector General's (IG) office test our compliance with procedures related to our performance data on a rotating basis over a 3-year period. During fiscal year 2006, the IG reviewed accomplishment reports totaling 96 percent of the total dollar value reported for financial benefits, including most accomplishment reports of \$100 million or more, and found that GAO had a reasonable basis for claiming these benefits. Their suggestions have also resulted in policy clarifications or changes in the performance measures reported. For example, the IG's review of fiscal year 2005 qualitative measures led to GAO discontinuing public reporting of these measures and retaining them for internal use. The 3-member Audit Advisory Committee is composed of individuals who are independent of GAO and have outstanding reputations in public service or business with financial or legal expertise. Two members are former IRS Commissioners and the other member is a former Controller of the Office of Federal Financial Management in OMB. The comments we receive from the committee members have, among other things, helped to ensure transparency in our Performance and Accountability Report when we describe our performance measurement processes and results. Comments that we receive as part of the AGA's Certificate of Excellence in Accountability Reporting program also help improve the transparency and clarity of our performance reporting.

GAO also recognizes that our performance measures can be supplemented by other information. We do this by taking such actions as outreaching for feedback on our performance to our congressional clients on an annual basis, participating in periodic oversight hearings of GAO's performance and operations, using our audits to identify best practices and then applying them to GAO's operations, listening closely to Congressional clients who provide unsolicited comments throughout the year, and seeking continuous feedback from our clients as part of our web-based survey to measure satisfaction with our most significant written products and testimonies.

SUBCOMMITTEE RECESS

Senator LANDRIEU. The subcommittee stands in recess. Thank you.

[Whereupon, at 11:10 a.m., Friday, March 16, the subcommittee was recessed, to reconvene subject to the call of the Chair.]