

AMENDMENT 610 -- CONSOLIDATES AT LEAST \$7 BILLION IN UNNECESSARY DUPLICATIVE AND OVERLAPPING GOVERNMENT PROGRAMS.

The disaster funding amendment costs approximately \$7 billion dollars. This amendment would pay for the new spending by cutting duplicative spending.

Specifically, this amendment would require the Office of Management and Budget (OMB) and the executive branch departments and agencies to reduce at least \$7 billion by eliminating, consolidating, or streamlining government programs and agencies with duplicative and overlapping missions.

OMB would also be required to identify and report to Congress any legislative changes required to further eliminate, consolidate, or streamline government programs and agencies with duplicative and overlapping missions.

In his State of the Union Address, President Obama pledged to eliminate and consolidate duplicative programs, and the Government Accountability Office (GAO) has issued a report just this month finding the federal government could save hundreds of billions of dollars by eliminating duplication and overlap.

The federal government wastes more than \$100 billion a year on programs with duplicative and overlapping missions, according to an analysis based upon the findings of the recent GAO report entitled "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue."

This legislation would begin to recapture just a small fraction of the amount being wasted by the federal government on duplicative and overlapping programs.

The Senate passed a nearly identical amendment on April 6, 2011, by a vote of 64-36.

MORE THAN \$100 BILLION WASTED EVERY YEAR ON DUPLICATION AND OVERLAP

GAO's recent report only examined a fraction of the federal budget and only a handful of missions of varying scope.

GAO concluded, "considering the amount of program dollars involved in the issues we have identified, even limited adjustments could result in significant savings."

REDUCING INEFFICIENT DUPLICATION SAVES MONEY WITHOUT CUTTING ESSENTIAL SERVICES

The GAO report provides a blueprint outlining how Congress could save taxpayers hundreds of billions of dollars every year without cutting essential services.

Smart consolidations will improve service.

GAO identified a number of areas where consolidation would improve services and save hundreds of billions of dollars over the next decade. These include:

- DOD/VA electronic health record systems. Although the Departments of Defense (DOD) and Veterans Affairs (VA), for example, "have many common health care business needs, the departments have begun separate modernizations of their electronic health records systems. Reduced duplication in this area could save system development and operation costs while support higher-quality health care for service members and veterans."
- Multiple contracts with the same vendors for similar products. GAO found duplication among interagency and agency wide contracts across government "can result in increased procurement costs, redundant buying capacity, and in increased workload for the acquisition workforce. Some vendors stated they offer similar products and services on multiple

contracts and that the effort required to be on multiple contracts resulted in extra costs to the vendor, which they pass to the government through increased prices. ... Some vendors stated the increased cost of being on multiple contracts ranged from \$10,000 to \$1,000,000 per contract due to increased bid and proposal and administrative costs.”

- Underutilized and redundant but costly data centers. GAO concluded “the federal government could save \$150 billion to \$200 billion over the next decade, primarily through data center and server consolidation.” GAO’s analysis found “Operating and maintaining such redundant infrastructure investments was costly, inefficient, and unsustainable, and had a significant impact on energy consumption. ... Reported server utilization rates as low as 5 percent and limited reuse of these data centers within or across agencies lends further credence to the need to restructure federal data center operations to improve efficiency and reduce costs.”

PRESIDENT OBAMA PLEDGED TO REORGANIZE GOVERNMENT TO ELIMINATE DUPLICATION IN HIS 2011 STATE OF THE UNION

In his 2011 State of the Union speech, President Obama pledged to reorganize government to eliminate duplication. He stated:

“We live and do business in the information age, but the last major reorganization of the government happened in the age of black and white TV. There are twelve different agencies that deal with exports. There are at least five different entities that deal with housing policy. Then there's my favorite example: the Interior Department is in charge of salmon while they're in fresh water, but the Commerce Department handles them in when they're in saltwater. And I hear it gets even more complicated once they're smoked. ... In the coming months, *my administration will develop a proposal to merge, consolidate, and reorganize the federal government* in a way that best serves the goal of a more competitive America.” [emphasis added]

Since the State of the Union Address, the president has launched a government reorganization effort, to be headed by Jeff Zients and his team at OMB. They promised to start looking into every corner of the federal

budget and propose ways to consolidate and eliminate duplication throughout the government.

This amendment will support the President's goal by encouraging him to begin these efforts now and find immediate savings, representing a very modest first step towards addressing the duplication within the federal government.

Addressing the massive duplication throughout Washington will require both executive branch action and legislative action by Congress. The GAO report provides a unique opportunity for those on both sides of the aisle and at both ends of Pennsylvania Avenue to work together to address part of the reason for our \$1.5 trillion deficit-an endless sea of duplicative government programs with virtually no accountability, no oversight and no metrics to determine any level of possible effectiveness.

While there is much OMB can execute without congressional action and this amendment will help jumpstart the savings and duplication elimination process, at the same time, it would require OMB to coordinate with Congress to address areas of duplication outlined in the report that will need legislative action to remedy the overlap, waste, and duplication. This amendment would encourage OMB to not wait a minute longer in finding areas where at the executive branch level, immediate savings can be found and duplication can be eliminated without any needs for additional legislative action.

Even more, OMB has already begun to examine many of the areas of duplication examined by GAO, and thus finding and producing the \$7 billion in savings called for by this amendment will be part of their current work.

For example, GAO found the government could save \$150 billion to \$200 billion through consolidation of data centers, the number of which grew from 432 in 1998 to more than 2,000 in 2010. OMB has begun work on this project, but there is more to be done. According to GAO, "OMB plans to monitor agencies' progress through annual reports and has established a goal of closing 800 of the over 2,100 federal data centers by 2015." However, the report notes "It will also be important for OMB to work with agencies to establish goals and targets for consolidation (both in terms of cost savings and reduced data centers), maintain strong oversight of the agencies' efforts, and look for consolidation opportunities across agencies.

Doing so will more fully address unnecessary overlap and duplication, and could achieve further operational improvements, efficiencies, and financial benefits.”

In another area of significant overlap, there is much to be done. According to the GAO there are more than 173 tax expenditures costing taxpayers more than \$1 trillion every year, and many of these have related mission areas and overlap other spending programs. OMB could have a more active role in working to eliminate some of this overlap and reviewing these tax expenditures for effectiveness, and according to GAO, “To date, the Office of Management and Budget has not used its budget and performance review processes to systematically review tax expenditures and promote integrated reviews of related tax and spending programs.”

The GAO report also identified 80 programs at four different agencies doing economic development work for the federal government; 52 of which help with —entrepreneurial efforts, and 19 with tourism. GAO recommended that OMB work with the federal agencies to determine the amount of duplicative spending in these programs, stating that “increased attention and oversight by OMB and Congress are warranted to ensure needed actions are taken” to address and eliminate the overlap in these 80 programs.

Agencies have created numerous interagency and agency-wide contracts using existing statutes, the Federal Acquisition Regulation, and agency-specific policies. Duplication in these contracts can, according to GAO, “result in increased procurement costs, redundant buying capacity, and in increased workload for the acquisition workforce. Some vendors stated they offer similar products and services on multiple contracts and that the effort required to be on multiple contracts resulted in extra costs to the vendor, which they pass to the government through increased prices.” To remedy this, in April 2010, GAO recommended OMB “establish a policy framework for establishing some types of interagency contracts and agency-wide contracts, including a requirement to conduct a sound business case. GAO also recommended that OMB take steps to improve the data on interagency contracts including updating existing data on interagency and agency-wide contracts, ensuring that departments and agencies accurately record this data, and assessing the feasibility of creating and maintaining a centralized database of interagency and

agency-wide contracts.” Once again, OMB has already begun working on these recommendations from the GAO and this will be another area where their executive action can produce more immediate savings.

OMB can also production billions in savings by reforming the federal procurement information tracking process and leveraging its significant buying point. According to GAO, “Since 2002, spending on federal contracts has more than doubled to about \$540 billion in 2009, consuming a significant share of agencies’ discretionary budgets. Because procurement at federal departments and agencies generally is decentralized, the federal government is not fully leveraging its aggregate buying power to obtain the most advantageous terms and conditions for its procurements.” GAO recommends that “OMB ensure that departments and agencies accurately record these contracts in the procurement data system,” which will increase transparency and accountability and bring the costs of these contracts down. In fact, “The President has called on OMB to issue government-wide guidance on improving the effectiveness of government acquisition.” Again, OMB has begun this process, and this amendment will help encourage the agency to produce real savings from these efforts.

OTHER EXAMPLES OF WASTEFUL DUPLICATION AND OVERLAP IDENTIFIED BY GAO

Key GAO findings and examples of duplication, mismanagement and waste:

- Dangerous lack of coordination regarding defenses against biological terror threats. At least five departments, eight agencies and more than two dozen presidential appointees oversee \$6.48 billion related to bioterrorism. GAO writes: “There is no national plan to coordinate federal, state, and local efforts following a bioterror attack, and the United States lacks the technical and operational capabilities required for an adequate response.”
- \$1 trillion for special tax benefits, many of which are redundant. GAO writes: “For fiscal year 2009, the U.S. Department of the Treasury listed a total of 173 tax expenditures, some of which were the same magnitude or larger than related federal spending for some mission areas.”

- Financial literacy education offered by a government with a \$14 trillion debt. Twenty agencies operate 56 programs dedicated to financial literacy but GAO and agencies can't estimate what they cost.
- Economic development programs with little evidence of economic development. The federal government runs 80 economic development programs across 4 agencies at a cost of \$6.5 billion.
- Outdated highways programs. The Department of Transportation (DOT) spends \$58 billion on 100 separate programs run by five DOT agencies with 6,000 employees. GAO says the programs have "not evolved to reflect current priorities in transportation planning."
- Special treatment for catfish. GAO found that the Farm Bill assigned the United States Department of Agriculture responsibility for monitoring catfish, thus splitting seafood oversight between USDA and FDA. Fifteen federal agencies administer more than 30 food related laws.
- Duplication among military branches. GAO found the military wastes untold billions on duplication and overlap. For instance, Army and Air Force transportable base equipment, which includes mobile housing and dining facilities, could be used by both service, but are not.

The GAO Duplication Report was Praised by Members of Congress on Both Sides of the Aisle, Including Majority Leader Reid and Speaker Pelosi, and Should Now be Considered a Roadmap for Bipartisan Efforts to Create a More Efficient Government That Does More With Less

"Again, we all agree we have to get rid of waste, fraud, abuse, duplication, obsolescence, and the rest. The GAO [report detailing duplication] has given us a blueprint for that, and we subscribe to that. We all agree that we must reduce the deficit, and the fiscal commission has given us a road map for that. We can agree or disagree with some of it; but the fact is it gives us a blueprint for how to go forward, and we should take heed of that.." – Speaker Nancy Pelosi (House floor, 3/15/11)

"So ending unnecessary bureaucratic programs and cutting funding, as I have indicated, for other things. I commend my friend, Dr. Coburn, the Senator from Oklahoma. He got a GAO report that shows all kinds of

redundancies and overlapping. Those are places we can cut money. Let's do it.” – Majority Leader Harry Reid, (Senate floor, 3/4/11)

“Additionally, we need to incorporate what we just learned from the Government Accountability Office about inefficient and duplicative areas of the Federal budget. GAO's recommendations for consolidations and eliminating programs should be fully reviewed and, in many places, implemented for next year's budget.” – Senator Mark Kirk (Senate floor, 3/1/11)

“We need to address our long-term deficit. We all know that. We need to make some hard choices to balance the budget. But there is a right way and a wrong way to do that. The right way is to first look at things such as eliminating the billions of dollars in duplicative programs that were identified just this week by the GAO.” – Senator Shaheen (Senate floor, 3/3/11)

“The U.S. Department of Agriculture, USDA, is currently engaged in the proposed rulemaking process for implementing this new inspection authority. A recent Government Accountability Office, GAO, report flagged this FSIS program as “duplicative” and “high risk” for “fraud, waste, abuse, and mismanagement.” GAO estimates that the USDA would spend about \$30 million in taxpayer dollars to implement the agency's new catfish inspection program and that we would be further fragmenting our federal food safety system by having catfish regulated twice by both USDA and FDA.” – Senator McCain (Senate floor, 3/7/11)

“Beyond the regulatory burdens, it is also essential we focus on removing redundant programs within the various Federal agencies. Listen up. Every upset taxpayer should know this and, more importantly, demand action from this Congress. Last month, the administration's own Government Accountability Office--the famous or infamous GAO --released a report highlighting hundreds of duplicative programs currently on the books that cost American taxpayers billions of dollars every year.” – Senator Roberts (Senate floor, 3/7/11)

“The GAO, as we all recall, recently found that billions of taxpayer dollars are being spent on duplicative and redundant government programs. For example, the Federal Government has more than 100 different programs dealing with surface transportation issues--100; 82 monitoring teacher quality; 80 for economic development; 47 for job training; and 17 different

grant programs for disaster preparedness. I think common sense would tell us that kind of duplication and overlap is not efficient and it is not an effective use of taxpayer dollars.” – Senator Cornyn (Senate floor, 3/15/11)