Reducing the Cost of Government Through Effective Management Reforms

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About Citizens Against Government Waste

Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in government.

CAGW was founded in 1984 by J. Peter Grace and nationally syndicated columnist Jack Anderson to build public support for implementation of the Grace Commission recommendations and other waste-cutting proposals. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government.

CAGW has more than 1 million members and supporters nationwide. Since 1984, CAGW and its members have helped save taxpayers more than $1.9 trillion. CAGW publishes special reports, including the Congressional Pig Book and Prime Cuts, as well as its official newsletter Government WasteWatch and blog The WasteWatcher, to expose government waste and educate the American people on what they can do to stop the abuse of their hard-earned money. Internet, print, radio, and television news outlets regularly feature CAGW’s publications and experts.

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Introduction

On June 30, 1982, President Ronald Reagan issued Executive Order 12369, which authorized “an advisory committee to study cost control in the Federal Government … [t]he Executive Committee of the President’s Private Sector Survey on Cost Control in the Federal Government composed of not more than 150 members appointed by the President from among citizens in private life.”

The President appointed the late industrialist J. Peter Grace as chairman, which led to the Private Sector Survey being more commonly known as The Grace Commission. On March 10, 1982, he asked the members of the commission to “… work like tireless bloodhounds. Don’t leave any stone unturned in your search to root out inefficiency.”

Seven weeks earlier, on January 20, 1982, in his remarks before the administration’s Executive Forum, President Reagan said, “Speaking of swamps, I want to urge you all not to get bogged down in Potomac fever. Don’t let the Washington whirl or the Washington morass let you lose sight of why we came here and what it is that we’re all trying to do. I know it isn’t always easy. As the old saying goes, ‘When you’re up to your armpits in alligators, it’s sometimes hard to remember that your original intention was to drain the swamp.’ … We’re here to cut back on waste and mismanagement; to eliminate unnecessary, restrictive regulations that make it harder for the American economy to compete and harder for American workers to find jobs; to drain the swamp of overtaxation, overregulation, and runaway inflation that has dangerously eroded our free way of life.”

This was the first time “drain the swamp” was used to describe cleaning up the waste and mismanagement in the nation’s capital. The President’s objective was heard loud and clear by the members of the Grace Commission.

On January 12, 1984, the commission issued 36 task force reports and 11 management office selected issue reports containing 2,478 recommendations that would save $424 billion over three years once they were fully implemented, leading to cumulative savings of $10.5 trillion by 2000.

Among the many examples of egregious wasteful spending, the commission helped to publicize how the Department of Defense paid $436 for a hammer, $600 for a toilet seat, and $7,000 for a coffeemaker in an aircraft. President Reagan included hundreds of Grace Commission recommendations in his annual budgets throughout the rest of his term in office. Citizens Against Government Waste (CAGW) has documented savings of more than $1.9 trillion from the implementation of Grace Commission and other waste-cutting recommendations since the organization was established in 1984 by J. Peter Grace and nationally syndicated columnist Jack Anderson.
Despite the implementation of these recommendations, the current $27.1 trillion national debt continues to escalate at a record and unsustainable pace, due in large part to the Bipartisan Budget Act of 2018, which lifted the spending caps, and the multi-trillion dollar response to the coronavirus pandemic in 2020. This makes it more critical than ever to streamline government and reduce wasteful spending. While spending more money always seems to be a bipartisan endeavor, the same should be true for reducing unnecessary spending. Dollars wasted in one area of government spending could often be redirected and spent more efficiently where citizens are in most need of help from the federal government. Yet, if the government continues down the path of spending the taxpayers’ money on duplicative, overlapping, and inefficient federal programs and services, those who are most in need will suffer the greatest harm.

On February 5, 2020, the House Republican Study Committee (RSC) issued a report from its Government Efficiency, Accountability, and Reform (GEAR) Task Force, one of six such groups established in January 2019 to provide “real, actionable solutions” to “the issues that matter most to the American people …” The report, “Power, Practices, Personnel: 100+ Commonsense Solutions to a Better Government,” included more than 100 proposals. Many of these ideas echoed and expanded on Grace Commission recommendations to combat government waste and adopt meaningful reforms to make the federal government more effective and efficient, along with proposals included in CAGW’s annual Congressional Pig Book, issue briefs, Prime Cuts, and other reports.

It is now more critical than ever for the government to reduce waste, fraud, abuse, and mismanagement, along with increasing transparency and accountability. This report is intended to help achieve those objectives.

**Reducing the Size of Government**

While many Grace Commission recommendations have been implemented, some need to be updated, and the remainder should be adopted. The GEAR Task Force report included proposals that echoed the commission’s recommendations, as well as CAGW’s ideas to reduce wasteful spending.

For example, the commission found that nearly one-third of all income taxes collected at the time were being wasted across various government agencies and functions, including federal leave, civil service benefits, and block grant programs at various agencies.

The commission found that compared to the private sector, civil service employees and military retirement and pension plans were three to six times higher than those offered by the private sector. In 1982, federal employees’ pensions were provided through the Civil Service Retirement System (CSRS), a defined benefit plan. The commission recommended that a new retirement system be established as a defined contribution plan, similar to most private sector pension plans. In 1986, Congress enacted legislation to establish the Federal Employees Retirement System (FERS), which along with a reduced defined benefit plan, required mandatory participation in Social Security and the Thrift Savings Plan (TSP), a defined contribution plan.
The GEAR Task Force suggested phasing out the FERS system for future federal government employees and replacing it with a new federal retirement program. The new plan would offer an enhanced version of the TSP-only system that would raise the base contributions to TSP and the cap on federal matches, which would create taxpayer savings while simultaneously allowing more certainty for future contributors. Raising the threshold for contributions with an increased benefit option would give employees greater oversight and transparency in their retirement plan.\(^7\)

Among the 593 recommendations that would save $443 billion in one year and $4 trillion over five years in CAGW’s 2020 Prime Cuts is selling excess federal real property.\(^8\) The GEAR Task Force report also recommended selling excess space that is either not currently being used or is underutilized by federal agencies. Under current practice, empty office buildings cannot be sold by agencies without undergoing a complex and strenuous review by the General Services Administration (GSA). According to a 2017 Congressional Research Service report, “In FY2016, federal agencies owned 3,120 buildings that were vacant (unutilized) and another 7,859 that were partially empty (underutilized).”\(^9\)

Using the Gear Task Force recommendations, Rep. Greg Murphy (R-N.C.) introduced H.R. 6128, the Eliminate Agency Excess Space Act. This legislation would streamline the approval process for eliminating vacant agency buildings by eliminating the lengthy GSA approval process required under current law. Following the bill’s introduction, CAGW President Tom Schatz noted, “There is nothing more sensible than getting rid of excess property, which is why the Eliminate Agency Excess Space Act should be supported by every member of Congress. The legislation will give the tools to identify and eliminate unneeded real estate and save taxpayers $15 billion over five years.”\(^10\)

Information technology (IT) modernization is another area of wasteful spending that was included by the Grace Commission. During its investigation, the commission found that the government had more than 17,000 incompatible computers.\(^11\) The commission suggested that $4 billion could be saved by upgrading these systems, 60 percent of which were obsolete.\(^12\)

Currently, the federal government spends more than $90 billion annually on IT system operations.\(^13\) The Government Accountability Office (GAO) has included IT systems on its high-risk list since 2015 and has frequently reported on the need to update and modernize these systems. In May 2016, GAO reported that 51 federal agencies had IT systems that were so old, including many dating to the 1960s, that more than 90 percent of their total IT expenditures supported operations and maintenance rather than modernization. These taxpayer-supported operations included two Department of Treasury Individual and Business Master File systems; a VA system used to track veterans’ benefits; and a DOD system used to coordinate the operation function of the nuclear forces, which operated on an IBM Series/1 computer, which was introduced in 1976, and used 8-inch floppy disks for storage.\(^14\)

Congressional action over the past 10 years to help federal agencies improve their IT systems include Public Law 113-291, the Federal Information Technology Acquisition Reform Act (FITARA); Public Law 114-210, the Making Electronic Government Accountable by Yielding Tangible Efficiencies Act of 2016 (MEGABYTE Act); and Public Law 115-91, the Modernizing
Government Technology Act of 2017 (MGT Act). Each of these laws offer opportunities for federal agencies to strengthen and modernize their IT systems through improved acquisition reforms; data center consolidations; the use of cloud computing services; and access to a centralized revolving modernization fund.

Among the issues discussed by GAO on IT spending is the cost of operations and management support for federal data centers. Many of these data centers are either underutilized or can be otherwise consolidated to reduce the federal footprint and associated maintenance cost. In August 2018, the GAO reported that federal agencies identified 12,166 data centers once or currently in operation.\textsuperscript{15} This is an increase of 9,000 data centers since being first tracked in October 2011.\textsuperscript{16} While FITARA instructed federal agencies to reduce their data center footprint, as agencies began reporting the number of data centers they controlled, the number increased exponentially. This occurred in part due to the lack of a clear definition of what constitutes a data center. Therefore, a final accounting of federal data centers remains in flux.

In 2020, GAO evaluated 16 IT acquisitions relating to mission-critical applications at the request of Congress that continue to be designated as high-risk. These systems include the Department of Agriculture’s effort to modernize and innovate the delivery of agriculture systems; the Department of Commerce 2020 Decennial Census; the Department of Defense Healthcare Management System Modernization and Global Combat Support System; the Department of Homeland Security Student and Exchange Visitor Information System modernization, and U.S. Citizenship and Immigration Services transformation; the Department of Interior Automated Fluid Minerals Support System II; the Department of Justice Next Generation Identification System and Terrorist Screening System; the Department of State Consular System Modernization; the Department of Transportation Automatic Dependent Surveillance Broadcast system; the Department of Treasury Customer Account Data Engine and Integrated Enterprise Portal; the Department of Veterans Affairs Electronic Health Record Modernization; the Small Business Administration Application Standard Investment; and the Social Security Administration Disability Case Processing System 2.\textsuperscript{17} Modernizing these IT systems will help improve government efficiency and accountability, but more will need to be completed before federal IT is removed from the GAO’s biennial high-risk list.

**Federal Financial Management**

Among the Grace Commission recommendations was improving federal financial management, including the establishment of a “comptrollership function” within each federal agency.\textsuperscript{18} In 1990, Congress passed Public Law 101-576, the Chief Financial Officer Act (CFO Act), which gave the Office of Management and Budget new authority to direct the modernization of federal financial management systems and strengthen financial reporting across the government. The CFO Act created chief financial officer (CFO) positions in 23 major agencies that are responsible for developing and maintaining integrated accounting and financial systems; developing budgets for financial management operations; overseeing the recruitment and training of personnel to provide agency financial management functions; and implementing agency asset management systems, among other responsibilities.\textsuperscript{19}
On February 12, 2020, Senate Budget Committee Chairman Michael Enzi (R-Wyo.) introduced S. 3287, the CFO Vision Act of 2020, which builds on the CFO Act by strengthening the roles of the CFO and the deputy CFO at each federal agency and ensuring through regular audits consistency and continuity in agency financial operations. In addition, the legislation would require long-range financial planning and audited financial statements from each agency. On July 22, 2020, the Senate Homeland Security and Government Affairs Committee approved the legislation for floor consideration.

An August 6, 2020 GAO report detailed the improvements that have been made since enactment of the CFO Act of 1990 and subsequent financial management legislation, which included reforms in federal financial management, leadership efforts, and advances in technology. GAO made several recommendations for refinement of the CFO Act, several of which are included in S. 3287, like providing agency CFOs and deputy CFOs the necessary responsibilities to carry out federal financial management activities; requiring each agency to prepare agency-level four-year financial management plans; developing performance-based metrics for reporting on external controls; conducting annual assessments and reporting; and, identifying and developing key financial management information necessary for effective financial management and decision making.

Getting the federal government’s financial house in order is critical to reducing waste and mismanagement. One of the tools given to agencies under the CFO Act was the use of regular audits. However, this effort has proven to be unsuccessful in at least one federal agency, the Department of Defense (DOD), which has been unable to conduct a clean audit since enactment of the CFO Act of 1990. With one of the largest budgets in the federal government, the Pentagon released its FY 2019 financial report on November 15, 2019. Even though the department spent $1 billion to undertake this audit, DOD failed to disclose how much money turned up missing.

**Eliminating Federal Duplication**

On October 22, 2020, Chairman Enzi (R-Wyo.) released a report detailing issues with federal housing assistance programs. The report described the fragmentation of these programs and called for solutions. According to the Senate report, the federal government spent more than $50 billion on low-income housing assistance programs in FY 2019; guaranteed $2 trillion in home loans; and provided billions more in additional assistance through the tax code. Since the 1930s, 13 key laws have been passed to provide housing and homeless assistance through numerous agencies and programs, including the Federal Housing Administration (FHA), the Department of Housing and Urban Development (HUD), the Department of Agriculture (USDA), Ginnie Mae, Fannie Mae, Section 8, Community Block Grants, the Low-Income Housing Tax Credit, the HOME Investment Partnership program, and the Housing Trust Fund. This has led to a complicated and fragmented housing program in dire need of reform, particularly in programs that are redundant or overlap other federal programs.
In August 2012, the GAO found that there were 160 federal housing programs and activities. In addition, the GAO found that overlap existed for some products, services, as well as geographic areas served by programs within the USDA’s Rural Housing Service, FHA, and the Department of Veterans Affairs (VA). All of these programs provide mortgage guarantee loans to homeowners, but better coordination of activities may provide improved assistance outcomes across the three agencies. The GAO recommended that “To enhance evaluation of coordination or consolidation of single-family programs, HUD, the Office of Management and Budget (OMB), USDA, and VA should adopt a more rigorous approach for their task force that incorporates collaborative practices. To further improve initiatives to consolidate and align requirements in multifamily programs, HUD, USDA, and Treasury should document their efforts in annual and strategic plans. As part of these collaborative effort, these agencies also should identify specific programs for consolidation, including those requiring statutory changes.”

The Senate Budget Committee report highlights the insufficiency of the current housing system, noting that “we spend billions on housing assistance, yet over half a million people are homeless each night. There are years-long waiting lists for public housing. Studies have shown that public housing and project-based programs can trap families in high-poverty neighborhoods, with significant long-term consequences for their health and well-being. Programs scattered across agencies, creating confusion and headaches for those seeking assistance.”

A close review of these 160 programs with an eye toward eliminating duplication and consolidation is critical to ensure funding for housing is directed where it is needed most, rather than wasted on the bureaucracy that maintains unnecessary programs. Congress should delve deeper into finding those programs that are truly effective at delivering the most bang for the buck and eliminate those that don’t deliver to the American taxpayer.

In addition, CAGW has long advocated for the consolidation of the federal government Science, Technology, Engineering, and Math (STEM) education programs. The federal government has invested tens of billions of dollars in STEM programs. The GAO’s February 2012 report on duplicative and overlapping programs found an all-time high of 209 programs across 13 federal agencies costing taxpayers $3.1 billion in FY 2010. The GAO noted that programs for STEM education and occupations are also provided by the private sector, universities and colleges, and state and local governments. But these investments have not created a “strong pipeline of future workers in STEM fields” and “U.S. students continue to lag behind students in other highly technological nations in mathematics and science achievement.” The GAO found that 173 of the 209 STEM programs, or 83 percent, “overlapped with at least 1 other program in that they offered similar services to similar target groups in similar STEM fields to achieve similar objectives.”

In other words, like the approach to nearly every other issue in Washington, Congress and the executive branch agreed to create more programs to solve a problem, wasting billions of dollars in the process, and failing to succeed in fixing the problem. Even with the programs that existed in 2012, these programs failed to include the computer sciences, which are essential for the future success of the country and the economy.
The America COMPETES Reauthorization Act of 2010, Public Law 111-358, authorized a restructuring of STEM programs across the federal government and improved oversight to direct the money where it was needed most. However, a March 23, 2018 GAO report found that even though the number of STEM education programs had been reduced from 209 to 163 programs, overlap and duplication had continued. And, despite the reduction in programs, the funding levels had not been concomitantly reduced.

**Earmarks**

Earmarks highlighted by CAGW in the 2020 *Congressional Pig Book* also appear in the GEAR Task Force recommendations, including $65,000,000 for the Pacific: Coastal Salmon Recovery Fund, $24,000,000 for the aquatic plant control program, $16,000,000 for the Save America’s Treasures grants, $5,000,000 for the National Capital Arts and Cultural Affairs (NCACA) grant program, $3,000,000 for the Maritime Guaranteed Loan Program, and $663,000 for the brown snake eradication program. These are just a few of the 274 earmarks costing $15.9 billion in the *Pig Book*.

**Conclusion**

Since CAGW was established following the release of the Grace Commission report in 1984, the organization’s mission has been to uncover, expose, and eliminate government waste, fraud, abuse, and mismanagement. The examples and reforms cited in this report from the Grace Commission, CAGW, GAO, the RSC’s GEAR Task Force, and the Senate Budget Committee all provide pathways for the federal government to spend the taxpayers’ money more efficiently and effectively.

The goal of reducing waste, fraud, abuse, duplication and mismanagement should be the goal of every member of Congress regardless of party affiliation. They all should strive to work together to make the government operate more efficiently and effectively.
Endnotes


7 Ibid.


22 Ibid.


24 Ibid.


26 Ibid.

27 Ibid.


29 Ibid.

30 Senate Budget Committee Housing Report.


32 Ibid.

33 Ibid.


35 Ibid.