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"BUDGETARY, FISCAL, AND PROGRAM
INFORMATION NEEDS OF THE CONGRESS"

When people live as close to governmental problems as we all do here in Washington, year in and year out, the words that we use in discussing and describing them become commonplace. There is a tendency, I think, for people to become so accustomed to shopworn phrases that the meaning of the words gets lost. How many times a day do you hear such expressions as "living in a period of ferment", "change in the air", "testing times for our institutions" and "the complexities of government"?

No doubt, as the saying goes, our ears are bent, we hear these and similar stereotyped terms so often. So let me begin by saying that I will do the best I can in discussing with you the budgetary, fiscal, and program information needs of the Congress not to use, anymore than I can help, words, phrases and sentences that come under the heading of "governmentese." However, it won't be possible to avoid some of the standard terminology of government; I will just do the best I can to put these matters in as fresh and stimulating way as possible.

I am reminded of a story told me recently by a reporter of long experience--notice I did not say "veteran newspapermen!"

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"Many old reporters", he said, "resemble old boxers. They both retire punch drunk, boxers from too many blows to the head, reporters from too many public speeches assaulting (and insulting) their intelligence.

"You find them (he continued) in bars pretending to be healthily drunk on liquor whereas they are really punch drunk from too many bombardments of cliché's over the years."

I have no doubt there is some truth to this cynicism. But the problem of avoiding commonplace language is not as simple as it may seem. We often really do lack the words to discuss, as clearly as we should, the real meaning of the problems we are trying to solve. Please notice I did not say "the intricacies" of these problems.

Recently I came across two statements, one from Washington and one from New York, on the Federal budget, worth quoting.

U/ The first is by U.S. Senator William E. Brock (R) of Tenn.:

"Picture, if you can, a corporation with 500 men on its board of directors...

"For reasons of its own, the board can't--or won't--pass on the corporation's overall annual budget.

"Instead, it farms out small parts of the budget to scores of subcommittees, each riding herd on an office or two.

"They hold hearings that go on for months, as one executive after another comes forward to sell his office's spending plans...

"Finally...about 20 separate budget reports--or mini-budgets--go before the board. Most members have only a foggy notion of what's in a report or behind it...

"So the board tends to go along with the spending plans those colleagues have endorsed... No board member knows how much it will add up to. Nor does the board weigh the relative merits of competing demands on corporate funds...

"We all know what would happen under a system like this. The board members would soon spend the corporation into bankruptcy..."

The second comes from a recent issue of The Morgan Guaranty

Survey:

"Congress recently concluded an investigation of an unusual subject--itself. In a bipartisan critique, witnesses, some of them former law-makers, offered some quite unflattering views. Congress, going into 1973, was pictured as a near constitutional relic, outmanned and out-gunned by the executive branch, and mired in a swamp of outworn tradition, archaic procedures, and narrow political self-interest..."

"Under the Constitution, primary responsibility for controlling the budgetary process is lodged in Congress. It authorizes the spending and it raises the revenues..."

"And yet, in a day of quarter-trillion-dollar federal budget interacting with a mammoth and complex private economy, the budget system now in use is more than a half century old."

There has been much similar criticism of the Congress in recent months. But, having been directly concerned with budget and legislative matters in the Executive Office of the President ³⁶³ for more than 25 years and indirectly for more than 7 years, as Comptroller General in the legislative branch, I can testify that the committees of the Congress for the most part not only make serious vigorous efforts to understand, but do understand,

the programs on which they are required to legislate or appropriate.

But, in plain talk, the Federal Government has become almost unbelievably complex--how else can one say it?--and so has the job of the Congress. It must deal with a multitude of programs, operations, functions and services including atomic energy, space programs, military affairs, Medicare, monetary reform, pesticides, air pollution. We all know that the list is very long.

The question that comes to mind at once is obvious: Has the Government become too large and too complicated for effective legislative oversight? To my way of thinking, the concepts underlying our governmental system of coordinate branches and interacting checks and balances are still sound; the system can adopt to the composite problems generated by size and intricacy.

Special problems arise when the Congress is of one political faith and the President of another. Congress, in attempting to get a firmer hold on changing Federal programs at a time of growing power in the executive branch, finds itself in the midst of what is often labeled an information gap.

The growth in size and strength of the executive branch, together with its sophisticated techniques for gathering, sifting, and analyzing information, has left the Congress behind in the task of setting and watching over national policy, many Members fear.

Senators and Congressmen protest Presidential impoundments of funds, the refusal of top administration aides to testify

before congressional committees, and a lack of consultation by the Executive on national security issues. Until quite recently they have felt on the defensive in the battle between the legislative and executive branches but this trend may be slowing down.

No doubt many of us primarily think of the Congress in its role of enacting legislation or appropriating funds. Probably there has not been enough concern about the ability of the Congress to exercise adequate oversight over the programs it has created. Only in recent years have we begun to ask ourselves: does the Congress know whether these programs are serving the purposes that the Congress intended?

To be effective, congressional oversight should serve two highly important purposes.

--First, it can publicize waste, mismanagement, conflicts of interest, and the like, thus creating pressure for corrective action. In short--keeping administrators on their toes.

--Second, it can through its consideration of the budget, help control the total amount needed and set the priorities within the total as programs and needs change.

As of today, however, the Congress does not have the machinery to look at overall priorities or even to establish a total. The President's budget is certainly not "holy writ." It is, and always has been, made up of compromises. The budget is a political document--an economic plan, a social plan, and a national security plan. The assumptions the President uses to justify his projections may be off the mark depending on the

political year he is in or on whose economic advice he listens to, but his budget does have a rationality that all of the authorization and appropriation bills acted on by the Congress, singly or added together, do not have.

You will recall that there are 13 appropriation subcommittees. Each is highly independent; each is traditionally constituent-conscious; each is not about to have another committee, or the Congress as a whole tamper, with its work--although this sometimes happens.

Finally, appropriations measures are spread over many months and many are not acted upon until well into the new fiscal year.

JOINT STUDY COMMITTEE ON
BUDGET CONTROL

Last year during consideration of the debt ceiling act, the Congress rejected President Nixon's proposal to allow the executive branch discretion to hold 1973 expenditures to \$250 billion. At the same time it established a 32-member Joint Study Committee on Budget Control. The Joint Study Committee was given the objective of recommending ways to improve congressional control over Federal receipts and outlays. It filed its interim report this year on February 7, and its final report on April 18.

Testifying before the Joint Study Committee and later on the Study Committee's recommendations before the Subcommittee on Budgeting, Management, and Expenditures of the Senate Committee on Government Operations, I endorsed their principal recommendations, including

- establishing budget committees in each house,
- establishing congressional targets for budget authority and outlays (including all types of spending authority in the limitations and allocations made by the budget committees),
- authorizing appropriations in the year prior to appropriation committee action, and,
- requiring 3 to 5 year projections on spending programs.

The Congress is considering several bills to strengthen its hand in budgetary matters. At this time we do not know precisely the shape of things to come. There are, incidentally, many indications that the assistance role of the General Accounting Office will be greatly expanded.

IMPROVED FISCAL AND BUDGETARY
INFORMATION NEEDED

With the enactment of the Legislative Reorganization Act of 1970, the Congress declared its discontent with the flow of fiscal and budgetary information available for its use. In Title II of that act, the Congress directed the Office of Management and Budget and the Department of the Treasury, in cooperation with the Comptroller General, to develop standard classifications and data systems for budgetary and fiscal information to meet the needs of all branches of the Government.

This statutory directive is significant. For the first time, the Congress established a requirement for consistency and compatibility in all financial management systems of the Federal Government. This should make it possible for the Congress to be better able to compare similar programs of the various Federal agencies

and to track more easily programs from year to year.

On behalf of the Congress, we at GAO have attempted to determine the interests and information needs of the various congressional committees to be included in an automated, Government-wide system. On November 10, last year, we submitted a progress report to the Congress setting forth the results of our survey. During that survey we interviewed 258 persons representing 44 committees and 69 Members of Congress. We also sent letters to request the views and suggestions of every Member of Congress.

We reported that the Congress needs to be able to obtain easily--and I emphasize easily--information concerning the following three broad categories of Federal activities.

- Federal programs and projects.
- Federal fiscal policies.
- Federal financial actions affecting States and political subdivisions.

We found that Members of Congress and their staffs must consult numerous sources to watch over the basic financial status and operations of Federal programs and projects, Federal fiscal policies, national economic conditions, and Federal financial actions affecting States and their political subdivision.

Much of the needed information is obtainable from a variety of sources, including the President's budget, Federal agency justifications, special analyses, private sector compilations, and congressional staff studies.

In consulting numerous sources, however, extensive staff work is required and usually makes analyses or simple comparisons extremely difficult because of a lack of standard definitions, uniform accounting and reporting procedures, and compatible coding or data systems.

Many of you have said or have heard it said in one way or another, "that they get that now" or "that's available, if they would use what we send them." So, let's consider what the Congress does get. Just the naming of the documents illustrates the problem.

1. The Federal budget, its appendix, and the special analyses.
2. Detailed agency budget justifications.
3. Testimony before the authorizing and the appropriations committees, often supplemented with detailed information "submitted for the record."
4. The Scorekeeping report of the Joint Committee on Reduction of Federal Expenditures concerning the status of authorizations and appropriations during the year.
5. The Treasury's monthly and annual reports of receipts, expenditures and balances of the United States Government.
6. The annual report of Federal Outlays, presenting the Federal outlays by States, counties, and large cities.
7. Numerous statistical reports about prior years' activities.
8. Audit reports from the General Accounting Office.
9. Special reports from the Congressional Research Service as well as from numerous other sources.

10. About 750 required recurring reports involving about 1600 separate transmittals.

This impressive volume of reports contains a vast amount of information which the Congress really needs. But it is not, definitely not, easy to use.

Thus, the major problems in meeting the needs of the Congress are not the lack of financial and other data. The problems are that

- data is scattered in many different documents and files and is difficult to aggregate in consistent formats, and

- committees often cannot go to any one source to obtain information which cuts across agency lines.

These problems call for greater standardization of budget and fiscal data and for developing the means to make it easier for the committees and individual members to understand and use these data. This was--and is--one of the objectives of the Legislative Reorganization Act of 1970.

GAO has done, and is continuing to do, a substantial amount of work in identifying congressional information needs. Unfortunately, the executive branch has not given the project of developing a standardized data system nearly the same emphasis. As a result GAO had to inform the Congress recently that

- Treasury and OMB were moving too slowly in implementing the Act and were applying fewer resources to developing such a system than were required to effectively carry it out.

I have discussed the problem with the Secretary of the Treasury and the Director of the Office of Management and Budget and am given to understand that more of their staff resources

are to be devoted to this technically difficult, but very essential, project.

CHANGES NEEDED

What kind of changes in the flow of budgetary and fiscal information can we look for in the future? We do not have all the answers but here are six basic factors to consider.

One: Defining Requirements. GAO will continue to define the information and reporting requirements of congressional committees. Two underlying requirements must be kept in mind:

- Basic financial information including budget data must be reported on a consistent program basis.
- Financial classifications below the appropriation account level must be restructured, so that the Congress can have a better view of what programs and activities are being carried on before we make changes in the way data is presented.

Based on GAO experience and the experience of others, developing standard classifications of programs, activities, receipts, and expenditures and applying computer processing techniques to the analysis of such data is *extremely complicated*. This task must not be attempted on a crash basis.

Several points should be considered.

- Executive branch information systems developed and in operation should be used and information made available to Congress in the most usable form.
- Congress should recognize that developing and maintaining an effective information system takes time and is extremely expensive.
- Congress should make a greater effort to specify priorities and the type of data and evaluations it needs. Too frequently the agencies are left "in the dark" or advised too late to provide the necessary information.

--A capability is needed to supply information to Congress on a "quick response" basis either through the staff of the legislative budget director or GAO.

Two: Use of Executive Branch Information. Assuming that strengthened budgetary machinery of the Congress is obtained, much fiscal, social, and economic information which will be required can and should come from the executive branch.

Three: Accounting Systems Improvements Needed. Many changes will be required throughout the Federal Government to provide more consistent, timely and relevant information from financial management systems. More improvements in Federal agency accounting systems will be necessary.

Of 148 civil agency accounting systems subject to approval of the Comptroller General, over one-third have yet to be approved. Progress has been even more disappointing in the Department of Defense, where only 16 of 170 systems subject to approval have actually been approved.

GAO has found that too often, agency accounting reports seem designed for use by accountants and budget officials not by program managers. GAO will work harder from now on to hasten progress in improving accounting systems.

Four: Auditing Standards. Less than a year ago, GAO issued "Standards for Audit of Governmental Organizations, Progress, Activities and Functions." A publication with this title hardly sounds like a best seller but you will be interested to learn that about 55,000 copies of these standards have been distributed to date.

We hope these standards, applicable to Federal, State and local auditing, will bring improvements in government financial and operational record-keeping; specifically, better control by program managers and others with review functions.

Five: Budget Justifications. Budget and supporting justifications by Federal agencies must be revised. For example, budget data should be based on standard program and activity classifications so that all activities directed to accomplishing a goal--drug abuse control is as clear an example as any--can be easily identified.

GAO presently is examining how agency budget justifications can be better presented to show how the agencies plan to use requested funds and how funds received in previous years were used.

Six: Quick Response on Congressional Request. GAO expects an increasing number of congressional requests for financial information must be supplied on a quick-response basis. Its experience has shown that much information needed by Congress can be obtained and made available promptly.

Other developments are involved in the fiscal, budgetary, and program information process. Some of you are familiar with such projects as:

- The Regional Management Information System being developed for the Federal Regional Councils to provide better data--by cities, counties, congressional districts, States, or Federal regions--on status of grant applications, predictable distributions of Federal funds.
- The Catalog of Domestic Assistance Programs, quite well-known and probably as widely used as any Federal information system but which still has not reached its full potential for the Congress.

--The Grant Data System will provide information on impact of Federal grants in aid in terms of dollars for political subdivisions such as states, counties, and cities as well as congressional district and useful management information.

PROGRAM EVALUATION

Improving budgetary and fiscal information for congressional use in its authorization and appropriation activities is obviously important. Also important is a more timely flow of information to Congress on results of Federal programs.

Agency managers have the first line of responsibility for assessing how useful their programs are and for reporting to the Congress and the public on their operations. In this country's system of checks and balances independent scrutiny also is essential, such as provided by GAO.

The Legislative Reorganization Act of 1970 provided additional significance to this aspect of GAO's audit operations. This law directed GAO to review and analyze the *results* of Federal programs and activities. About 30 percent of GAO staff time is spent on this kind of work. Evaluation of Government programs results is an art in the process of accountability about which all of us have much to learn. There are many difficulties but, we are learning by doing how to make these evaluations more useful.

REVENUE SHARING

Another new challenge in the arts of accountability is in general Revenue Sharing which began this past year. This new form of Federal assistance does not have many of the restrictions to expenditures of funds that State and local governments

experienced under grant-in-aid programs. The 39,000 State and local governments that received revenue sharing funds established their own priorities regarding the use of these funds.

Absence of many of the usual controls of Federal assistance makes apparent the need for carefully planned and executed audits in order to evaluate the operation of the revenue sharing program. The law requires the work to be done by the Secretary of the Treasury and the State and local governments but reviewed by GAO. On this basis Congress should be able to weigh and measure compliance and operations.

In recent months, GAO auditors have visited each State government and obtained information on how the \$1.7 billion of revenue sharing funds for calendar year 1972 are being used and we are now preparing our first report to the Congress.

Because revenue sharing is considered by many to eliminate the multiplicity of administrative, financial, and reporting problems required by categorical grants, the Congress undoubtedly will want information on the new effects that revenue sharing are having on the relationships of Federal, State, and local governments--what is being accomplished and what is resulting. GAO will be making many studies to assist the Congress in this vital area.

THE FUTURE

We can expect that the Congress will continue its present efforts to develop new ways, new concepts, and new techniques in conducting its business. Recent events have shown clearly enough that the setting up of an adequate system of information

flow requires improved relationships between the Congress and the branches and levels of government. A rational working relationship between the executive and legislative branches is basic to improving the information flow.

We really do not need giant integrated computer systems with enormous data banks in both branches. Just as useful, and certainly far less costly, is an arrangement whereby the executive agencies maintain their own separate data files but make them accessible to the other branches of government. Such an arrangement will require new strategies for collecting and combining information already available.

This is an exacting challenge for the Congress. If it improves its sources and channels of information, and becomes more vigorous in the use of this information, this can only result in gradual improvement in the functions and services of government programs and operations. This is the long-range view. In summary, the Congress may be able to make the Federal Government more accountable to our citizens than ever before and to do more to improve many aspects of the quality of American life, so urgently needed in this last third of the 20th Century.

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