

GAO's 2001 Performance and Accountability and High-Risk Series Press Briefing Talking Points of David M. Walker

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PRESS BRIEFING TALKING POINTS OF DAVID M. WALKER
COMPTROLLER GENERAL OF THE UNITED STATES
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- Thank you Chairman Lieberman for your introduction and thanks to both you and Chairman Thompson for your interest and support in connection with today's press briefing. I'd also like to thank the other members of the Governmental Affairs Committee and the House Government Reform Committee for their long-standing support of our High Risk Series and related initiatives.
- Today's briefing is about how we can make government work better for all Americans. It's a topic that is of bi-partisan interest and broad-based importance.
- Specifically, I am pleased to be here this afternoon to release GAO's 2001 Performance and Accountability, and High-Risk series reports. Since 1990, GAO has periodically reported on government operations that we have identified as "high-risk".
- In calendar 2000, we published criteria for determining when a program or function would be deemed to be "high risk" and what it would take to get off the list. Those criteria, which were subject to public notice and comment, have been used to make determinations for our 2001 series report. A few copies of the related booklet are available on the tables in the room.
- The 2001 series includes separate reports on the challenges confronting 21 major departments and agencies. It also includes two summary volumes. Copies of these summary reports are also available on the tables. The entire 23 volume series is available on our web site at www.gao.gov.
- This is a particularly opportune time to release these reports because we are engaged in at least three important transitions. First, we are ending one presidential administration and beginning another. We're at the outset of the 107th Congress. In addition, we are at the dawn of a new millennium. As our nation moves into the 21st century, the 107th Congress and the new administration face an array of challenges and opportunities to enhance the performance and assure the accountability of the federal government for the benefit of all Americans. Increased globalization, rapid technological advances, shifting demographics, changing security threats, and various quality of life considerations are prompting fundamental changes in the environment in which the government operates. We should seize the opportunity to address today's challenges while preparing for tomorrow.

CURRENT CHALLENGES:

- I'd like to refer you to our first chart (See [Chart 1](#)). The first chart summarizes the overall changes in our high-risk list from 1999 to 2001. As you can see:
- The total number of high-risk areas has dropped from 26 in 1999 to 22 in 2001. We are adding one area, dropping five and modifying three others as a result of activities by the Congress, the respective agencies and GAO over the past two years.
- Specifically, we are adding strategic human capital (or people) management as a governmentwide high-risk area. The lack of adequate attention to strategic human capital management has created a governmentwide risk—one that is fundamental to the federal government's ability to effectively serve the American people both now and in the future.
- OMB, OPM, and Congress have all taken steps during the past year to underscore the importance of this issue and we are starting to make some progress in addressing this challenge.
- In fact, one of the most encouraging developments is the visibility and attention given the human capital issue by this Committee and its Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia.
- While some progress has been made, much more needs to be done. Our series shows that human capital shortfalls are eroding the capacity of some agencies—and threatening the ability of others—to economically, efficiently, and effectively perform their missions.
- Let be clear on one important point, while we are adding the human capital area to our government-wide high-risk list, government employees are not the problem. The problem is a lack of strategic planning along with outdated policies and practices in the human capital area. For too long many have viewed federal employees as a cost to be cut rather than as an asset to be appreciated. This view is shortsighted, out-of-date and must change.
- As also shown on the chart, there are five areas for which the high-risk designation is being removed. These results demonstrate that sustained attention and commitment by Congress and agencies to resolve a serious, long-standing high-risk problem does paid off.
- Finally, there are 3 program areas for which the high-risk focus is being modified (i.e., one IRS area is being expanded and another IRS area is being reduced, and; one HUD program area is being eliminated from the high-risk list).
- As detailed on the next chart, the bottom-line is that there are 22 areas on our 2001 high-risk list (See [Chart 2](#)). These include a variety of important government programs and functions.
- Each of these high-risk areas is detailed in our overall high-risk series update booklet as well as in the respective department and agency performance and accountability series booklets. These booklets also highlight the recommendations we have made to help improve these operations, the steps that agencies are taking to resolve high-risk problems, and additional actions that need to be taken.

STRATEGIC NEEDS AND OPPORTUNITIES:

- Let me now turn from addressing the problems of today to preparing for tomorrow.
- Our current and projected budget surpluses present both an opportunity and an obligation for the legislative and executive branches of government. We have an opportunity to rise above the annual battle over budget deficits but an obligation to begin to prepare for the future before the demographic tidal wave associated with the retirement of the "baby boom" generation hits.
- This includes comprehensively reassessing what government does and how government does business in the 21st century.
- It also includes focusing on the longer-term fiscal implications of current programs and policies and a range of current and emerging major management challenges and program risks confronting the federal government.
- We have a "window of opportunity" to address a range of policy and program issues while our fiscal sun is shining and before the demographic tidal wave hits.

- We must balance between addressing today's wants and needs with our stewardship obligation to hand a strong economy and sustainable fiscal policy to future generations.
- Importantly, our current budget surplus does not mean we can relax. As our next chart clearly demonstrates, we have a demographic tidal wave approaching and it will begin to arrive just beyond the current ten-year budget forecast period. Based on our most recent long-range budget simulations—absent further policy changes, federal health & retirement programs will dominate our long-range budget outlook due largely to the impact of this approaching wave (See [Chart 3](#)). Without changes in entitlement programs, there will be no budget flexibility to address future needs and wants without significantly increasing tax burdens above current levels. For example, under such a scenario, in 2030 Social Security, Medicare and Medicaid will absorb almost ¾ total federal revenue thereby crowding out spending for national defense, our judicial system and a variety of other Constitutionally mandated and other important functions.

SUMMARY OF ACTIONS NEEDED:

- In summary, we face a range of strategic and operational challenges to maximizing the federal government's performance and assuring its accountability, while, at the same time, preparing for the future.
- As our final chart shows (See [Chart 4](#)), in order to address our current operational challenges we need to:
 - Fully implement existing legislative reforms essential to modernizing performance management, financial accountability, and information technology practices.
 - Second, revamp the federal government's entire strategic approach to human capital management (examples at Appendix I of the GW series).
 - Third, continue to attack high-risk programs and functions.
 - Fourth, address the other management challenges and program risks confronting agencies (see Appendix II of the GW series and the individual agency reports).
 - Finally, pursue more strategic and integrated organizational approaches to addressing a range of current and emerging issues.
- At the same time, from a more strategic and longer-range perspective, we need to:
 - Pursue a more sustainable longer-term budget and economic outlook to help safeguard the ability of future generations to afford the commitments of today and make decisions regarding the role of the federal government in the future given our aging society; and
 - Take advantage of our current window of opportunity to thoroughly reassess what the government does and how the government does business in the 21st century. In doing so, we must recognize the differences between wants (which are unlimited), needs (which can and should be defined), and overall affordability (which is a very real issue, especially in light of the approaching demographic tidal wave).

Overall Changes in GAO's High-Risk List 1999 to 2001

High-risk list in 1999 26

High-risk area added in 2001 1

- Strategic Human Capital Management

High-risk areas removed in 2001 5

- Year 2000 Computing Challenge (1997)
- The 2000 Census (1997)
- Superfund Program (1990)
- Farm Loan Programs (1990)
- National Weather Service Modernization (1995)

High-risk areas modified in 2001 -

- HUD Single-Family Mortgage Insurance and Rental Housing Assistance Program Areas (Reduced)
- Earned Income Credit Noncompliance (Narrowed)
- Collection of Unpaid Taxes (Expanded)

Current high-risk list in 2001 22

GAO's 2001 High-Risk List

Year Designated
High Risk

Addressing Governmentwide High-Risk Areas

- Strategic Human Capital Management 2001
- Information Security 1997

Ensuring Major Technology Investments Improve Services

- FAA Air Traffic Control Modernization 1995
- IRS Tax Systems Modernization 1995
- DOD Systems Modernization 1995

Providing Basic Financial Accountability

- DOD Financial Management 1995
- Forest Service Financial Management 1999
- FAA Financial Management 1999
- IRS Financial Management 1995

Reducing Inordinate Program Management Risks

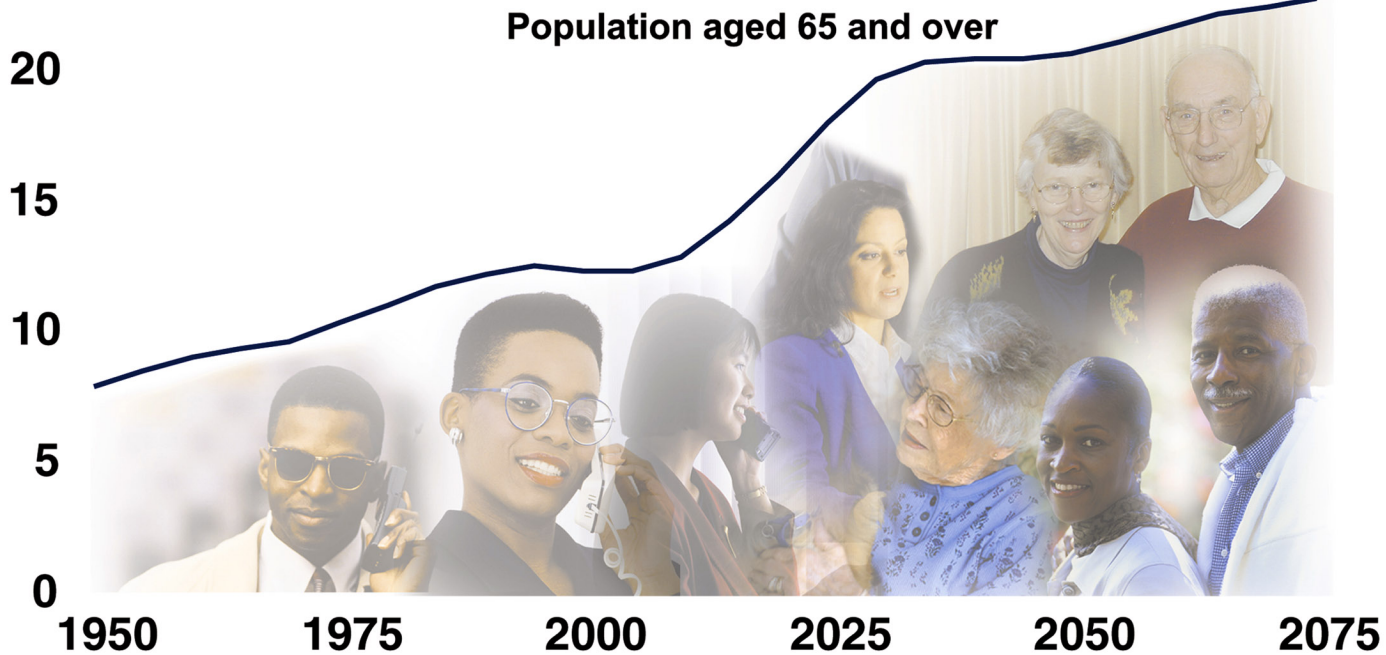
- Medicare Program 1990
- Supplemental Security Income 1997
- Earned Income Credit Noncompliance 1995
- Collection of Unpaid Taxes 1990
- DOD Infrastructure Management 1997
- DOD Inventory Management 1990
- HUD Single-Family Mortgage Insurance and Rental Housing Assistance Program Areas 1994
- Student Financial Aid Programs 1990
- Asset Forfeiture Programs 1990

Managing Large Procurement Operations More Efficiently

- DOD Weapon Systems Acquisition 1990
- DOD Contract Management 1992
- Department of Energy Contract Management 1990
- NASA Contract Management 1990

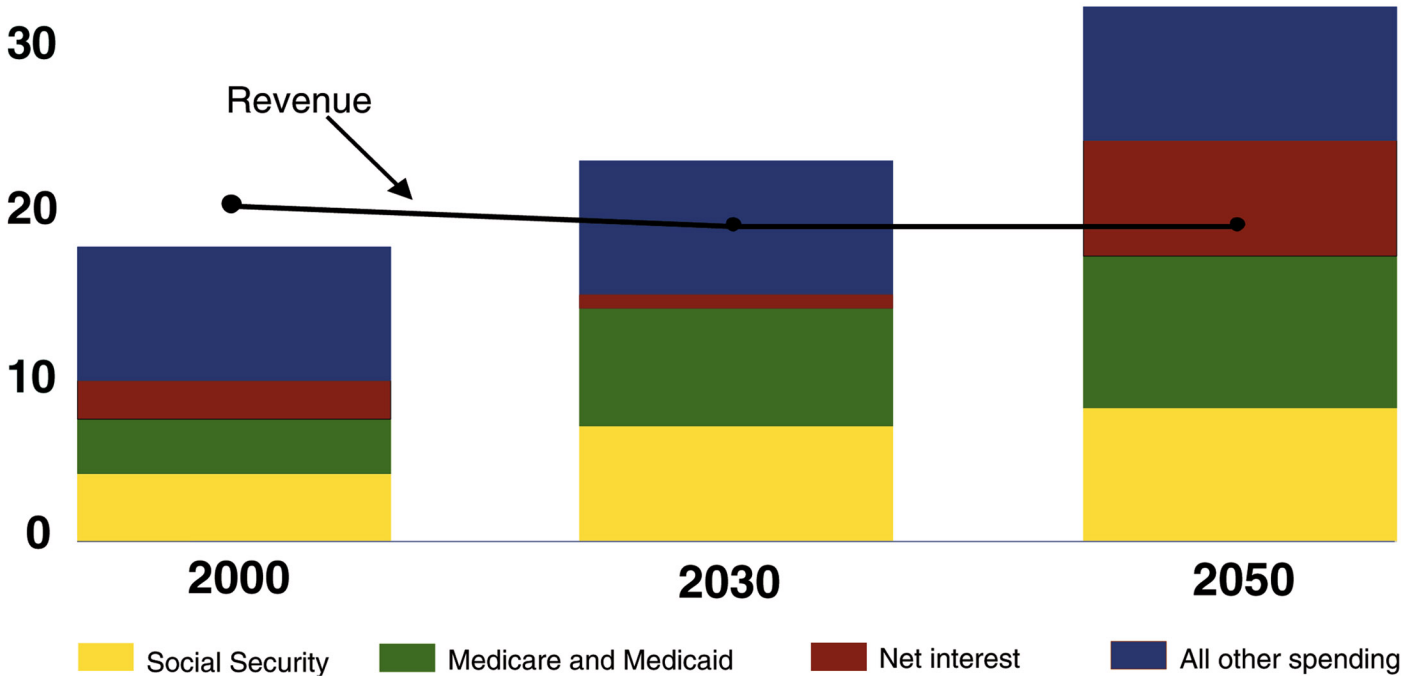
Aging of the Population

25 Percent of total population



Composition of Spending under "Save the Social Security Surpluses"

40 Percentage of GDP



■ Social Security
 ■ Medicare and Medicaid
 ■ Net interest
 ■ All other spending

Key Actions for Improving Performance and Accountability and Preparing for the Future

Operational Challenges

- Fully Implement Existing Management Reforms
- Revamp Human Capital Planning and Management Practices
- Continue to Attack High-Risk Programs and Functions
- Confront Other Management Challenges and Program Risks
- Pursue More Strategic and Integrated Approaches to Emerging Issues

Strategic Challenges

- Pursue a Sustainable Longer-Term Budget and Economic Outlook
- Fundamentally Review What Government Does and How Government Does Business