



“Waste in Government: What’s Being Done?”

Testimony of

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Introduction

Chairman Issa, Ranking Member Cummings, and distinguished Members of the Committee, my name is Brandon Arnold and it is a great pleasure to have the opportunity to testify before you today. I am the Vice President of Government Affairs for National Taxpayers Union (NTU), a non-partisan citizen group founded in 1969 to work for lower taxes and limited government at all levels. NTU is America’s oldest non-profit grassroots taxpayer organization, with 362,000 members nationwide.

Waste is a permanent problem facing government. Former Rep. Barney Frank (D-MA) often contended that it is extremely difficult to reduce waste because the fat doesn’t sit on top of the meat where it could easily be cut away, but rather is marbled. He’s correct in part: there is a great deal of fat that is marbled and thus, quite hard to reduce or eliminate. But there is also a tremendous amount of “low-hanging fruit” – wasteful and unnecessary spending that can and should be targeted by all Members of Congress, regardless of their ideological leanings.

Common Ground on Reducing Wasteful Spending

National Taxpayers Union has partnered with U.S. Public Interest Research Group, a left-leaning organization, on three separate occasions to highlight opportunities for spending reductions that should garner broad support. I was a coauthor of the most recent edition of this joint report, “Toward Common Ground: Bridging the Political Divide with Deficit Reduction Recommendations for Congress,” which was released last month.

The report contains 65 specific recommendations that would reduce the deficit by approximately \$523 billion over ten years with a particular focus on wasteful and inefficient spending. I hope you will read the entire report, (available here: <http://www.ntu.org/news-and-issues/uspig-ntu-toward-common-ground-2013-1.pdf>), but in the interest of brevity, I will mention just a few highlights of our findings.

- **Up to \$151.6 billion in savings from eliminating wasteful subsidies to agribusiness and other corporations.** This figure includes saving \$2 billion by eliminating the Market Access Program, which pays for large corporations to market their products overseas and reducing funding by \$1 billion for the Economic Development Administration, which was intended to benefit low-income communities but has instead become a source for many wasteful earmarks.
- **As much as \$197.2 billion in savings from ending low-priority or unnecessary military programs.** This includes saving taxpayers \$1.9 billion by reducing expenditures on military bands, \$691 million by reducing printing and reproduction costs at the Pentagon, and \$8.4 billion by consolidating commissaries and retail stores on military bases.
- **As much as \$42.3 billion in savings from improvements to program execution and government operations.** This includes saving \$140 million by eliminating a duplicative catfish inspection program at the U.S. Department of Agriculture and \$1.2 billion by cutting the Essential Air Service program, which funds service at dozens of facilities that serve fewer than 10 passengers per day or are within easy driving distance of major airports.
- **As much as \$131.6 billion in savings from reforms to major entitlement programs.** These recommendations include saving \$1.8 billion by stopping improper Medicare payments on non-covered chiropractic services, \$7.6 billion by aligning Medicare lab fees with those in the private sector, and \$11 billion by reforming and reducing payments to teaching hospitals.

To date, just one of these 65 recommendations has been enacted into law – the Bipartisan Budget Act of 2013 eliminated the Ultra-Deepwater Natural Gas and Petroleum Research program, a change that is projected to save taxpayers \$50 million. There remains much work to be done. I should also point out that our report utilized the most conservative (i.e., most modest) savings estimates possible. In many cases, credible (but somewhat more speculative) third-party analyses put the potential savings for many of these items much higher.

Legislative Strategies for Targeting and Reducing Waste

How can Congress reduce wasteful spending? It is not an easy process as it involves many steps – defining waste, identifying examples of it, crafting a bill, getting this legislation enacted into law, and working with the Administration to ensure it is effectively addressing the problem. The last point can oftentimes be particularly problematic, as some have said that budget rules and agency guidelines are no substitute for the so-called “political will” to address waste, fraud, and abuse. While it is quite true that dedicated, mission-oriented leaders and employees must be part of this process, dismissing the importance of legislative measures is tantamount to surrendering in the fight against needless,

profligate government spending. NTU has encountered several proposals in the current and previous Congresses which could be effective in taming wasteful expenditures. The following are but a few examples:

Strengthen Whistleblower Protections. The previous Congress saw the culmination of a decades-long battle involving hundreds of citizen groups on behalf better protections from official retaliation for federal government whistleblowers. S. 743, signed into law November 27, 2012, reaffirms previously enacted whistleblower statutes, reverses several damaging policy precedents, and establishes new safeguards, such as: creating whistleblower Ombudsmen in Inspector General Offices, removing a hostile court's sole jurisdiction over certain whistleblower proceedings, and allowing the Office of Special Counsel (OSC) to file friend-of-the-court briefs to support whistle-blowing employees who appeal administrative rulings against them.

These reforms have been helpful and the response from the OSC encouraging. Nonetheless more legislative work remains, especially in light of the *Conyers* court decision in 2013 that effectively gave the green light for agencies to reclassify hundreds of thousands of federal positions as "sensitive" (and therefore not fully protected under whistleblower statutes). Congress must act to re-establish the intent of S. 743 by clarifying that agencies do not have this latitude, and that employees who do not have either a security clearance or access to classified information cannot be stripped of their due process rights by relying on a flawed court ruling. In addition, Congress should create a safe communication channel in the law that would allow those who truly do work in national security areas of government to convey information to appropriate committees without fear of reprisal from their supervisors. We applaud the House and Senate's recent work to improve and update the Military Whistleblower Protection Act of 1988.

Address End-of-Fiscal-Year "Use It or Lose It" Spending Sprees. Currently, many agencies operate under a "use it or lose it" philosophy at the end of the fiscal year. This was documented in a September 28, 2013 article in the *Washington Post* that detailed many examples of extravagant, wasteful spending that routinely occurs in the closing days of the year. According to the *Post*, 19.1 percent of all spending occurs in the final five weeks of the fiscal year. Many of the expenditures are rather dubious. For instance, in the last few days of the 2013 fiscal year, the Department of Veterans Affairs spent \$562,000 on artwork; the U.S. Department of Agriculture spent \$127,000 on toner cartridges; and the U.S. Coast Guard spent \$178,000 on cubicle furniture – an expenditure that its own spokesman admitted was "lower-priority." One option for reducing this practice would be converting to biannual budgeting. Representative Reid Ribble (R-WI) has introduced bipartisan legislation, H.R. 1869, to do so.

Reestablish the "Byrd Committee." The late Senator Harry F. Byrd Sr. (D-VA), whose son (also a Senator) was a close advisor to NTU, first created the Joint Committee on the Reduction of Nonessential Federal Expenditures in 1941. Over the next 33 years, the so-called "Byrd Committee" was vital in finding, studying, and eliminating government waste in order to strengthen federal finances. In its first four years of existence alone the Byrd Committee's recommendations directly saved the government

nearly \$2.5 billion while requiring only \$46,000 in funding. Legislation to create such a committee has been introduced regularly, most recently by Rep. Jeff Duncan (R-SC) in the form of H. Res. 119.

Sunset Outdated or Unnecessary Programs. H.R. 606 (112th Congress) would have created a Sunset Commission to methodically evaluate each federal program against standard criteria, thereby producing a report for those initiatives that should be eliminated or reformed. The key to this proposal's success is a provision that the Commission's findings for abolished programs would take effect unless Congress specifically reauthorized each of them. A slightly different version of a sunset bill, H.R. 1954, was introduced by Rep. Richard Hudson (R-NC) in the current Congress. This legislation would require GAO to review three executive departments a year to look for agencies and programs that are no longer needed. Congress would then be required to reauthorize each of these departments with GAO's recommendations in mind. Furthermore, lawmakers could consider a more inclusive, freewheeling process for eliminating wasteful programs. In the 103rd and 104th Congresses, Representatives Rob Andrews (D-NJ) and Bill Zeliff (R-NH) proposed a legislative framework that would have permitted more than 50 hours of structured but open (i.e., without prior Committee approval) House floor debate over virtually any federal spending item. Although Leadership generally opposed this "A to Z Spending Cut Plan" as too unwieldy, the fact is not lost on taxpayers that the national debt has more than tripled since the proposal was unceremoniously buried. Perhaps the time has come to unearth "A to Z" and explore the benefits of such an approach; if nothing else, the American people and their elected officials would be part of a prominent national conversation on how government can work better.

Audit the Pentagon. Bipartisan bills to audit the Pentagon have been introduced as H.R. 3184 by Representatives Mike Coffman (R-CO) and Jim Cooper (D-TN), and as S. 1510 by Senators Joe Manchin (D-WV) and Tom Coburn (R-OK). The Pentagon has never fully complied with financial management laws. Senator Coburn's staff estimated in 2011 that a financial audit could produce savings of approximately \$25 billion per year. The need to fully audit the Pentagon is underscored by the disappointing results of the reforms initiated by former-Defense Secretary Robert M. Gates, who directed the Department of Defense to identify and pursue \$100 billion of savings over five years through actions such as manpower reductions. Another \$78 billion was to be achieved by consolidating information technology, reducing bureaucracy at top levels, and cutting back on internal reports. A subsequent Government Accountability Office report could only identify less than \$3 billion in savings DoD might actually realize from some of the efficiency initiatives. A 2012 review initiated by DoD's Comptroller outlined \$60 billion in FY 2013-2017 savings from "more disciplined use of resources," but GAO has expressed doubts that these goals have been adequately articulated.

Limit Spending. Leaner budgets require department and agency heads to exercise additional fiscal discipline and prioritization. Absent such restraints, there are insufficient incentives to meaningfully address waste, fraud and abuse. Accordingly, Congress should have kept the Budget Control Act of 2011 caps in place, although it would have been reasonable to reprioritize the spending within the existing spending limits. Additionally, Congress should pass and send to the states a Balanced Budget Amendment to the Constitution. Doing so would force departments and agencies to prioritize spending and reduce waste. Numerous Balanced Budget Amendments have been introduced in this Congress.

Address Waste in Entitlement Programs. Tackling waste, fraud and abuse in Medicare and Medicaid can be more daunting given the size of the programs and difficult political considerations. Thankfully, there have been bipartisan attempts to make much-needed reforms to these programs. The Preventing and Reducing Improper Medicare and Medicaid Expenditures Act of 2013, or PRIME Act, was introduced in the House by Representatives Pete Roskam (R-IL) and John Carney (D-DE) and in the Senate by Senators Tom Carper (D-DE) and Tom Coburn (R-OK). The bill was endorsed by my organization, NTU, as well as by progressive groups like the Center for American Progress Action Fund. The PRIME Act would make important, common-sense reforms to entitlements such as reining in the abuse of physician identification numbers by criminals seeking illegal access to prescription drugs at the expense of taxpayers, improving the tracking of improper payments to stop this persistent problem before it happens, and helping seniors and other beneficiaries blow the whistle when Medicare or Medicaid funds are being misused.

Involve the Executive Branch. Despite partisan tensions, Members of Congress can and should acknowledge the value of the Executive Branch's recommendations for reducing wasteful expenditures. Constitutional item-veto or enhanced rescission powers are worthwhile topics for consideration (NTU has supported such measures in the past). However, Congress need not engage in such protracted debates to effect some savings with the help of the President. According to an analysis from NTU's research affiliate, National Taxpayers Union Foundation, the White House's FY 2014 Budget lists 215 "cuts, consolidations, and savings" proposals amounting to more than \$25 billion in 2014. A total of 159 specific items pertain to "discretionary" programs, 119 of which (worth \$8.3 billion) were in the FY 2013 budget as well. Granted, some of the "savings" proposals amount to little more than tax increases, which NTU does not support. Others are admittedly controversial from policy standpoints. Nonetheless, NTUF research indicates that the pattern of neglected spending-cut opportunities from Presidential budgets stretches many years back. Congress should more forthrightly consider these recommendations, if for no other reason than to demonstrate due diligence toward deficit reduction.

Additionally, Congress should pay close attention to the recommendations from federal workers via the President's SAVE Award. President Obama created the Securing Americans Value and Efficiency, or SAVE, Award in 2009. As with enhanced whistleblower efforts, SAVE Awards encourage federal employees to identify and reduce wasteful expenditures. According to the White House, 80 SAVE submissions have been included in the President's budgets.

Conclusion

Efforts to reduce wasteful government spending are critical. Although cutting waste can limit some red ink, such efforts alone cannot solve our serious long-term debt and deficit problems. However, they can demonstrate to Americans Congress's desire to act as a good steward of their hard-earned tax dollars. On those grounds alone, Congress has an obligation to root out and eliminate as much wasteful spending as it can. Once again, I appreciate the Committee's good work and the invitation to testify today. I will be pleased to answer any questions you may have.

Brandon Arnold

Brandon Arnold is the Vice President of Government Affairs at National Taxpayers Union (NTU), the nation's oldest grassroots taxpayer association. In this role, he communicates with policymakers at the federal, state and local levels on behalf of NTU's 362,000 members. Additionally, he researches and writes about a broad array of fiscal policies. His writings have appeared in publications including Politico, National Review, The Hill, and American Spectator. He has appeared on numerous television programs and networks including Fox Business, C-SPAN, Voice of America, and Russia Today.

His previous positions include Director of Government Affairs at the Cato Institute, Manager of External Affairs in former Maryland Governor Robert Ehrlich's energy office, Senior Legislative Aide to Rep. F. James Sensenbrenner Jr., Fiscal Policy Analyst at Citizens for a Sound Economy, and Research Analyst at the National Republican Senatorial Committee. He holds a B.A. in Political Science and Psychology from the University of North Carolina at Chapel Hill.

Committee on Oversight and Government Reform
Witness Disclosure Requirement - "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

Name: Brandon Arnold

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2011. Include the source and amount of each grant or contract.

None

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

National Taxpayers Union, Vice President of Government Affairs

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2010, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

None

I certify that the above information is true and correct.

Signature:

Brandon Arnold

Date:

1/6/14