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GOVERNMENT RESTRUCTURING

Identifying Potential Duplication in Federal Missions and Approaches

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GAO/T-AIMD-95-161

Mr. Chairman and Members of the Committee:

It is a pleasure to be here today to discuss the results and implications of our recent work for this Committee.[1] This work sought to identify and examine the functions performed by agencies of the federal government to, in effect, lay the foundation for questions concerning government restructuring.

Three weeks ago, the Comptroller General testified before this Committee on issues and principles to consider during government reorganization.[2] In that testimony, he noted some key lessons suggested by past efforts--both here and outside the United States.

- Reorganization demands a coordinated approach, within and across agency lines, supported by a solid consensus for change.
- Reorganization should seek to achieve specific, identifiable goals.
- Once goals are defined, attention must be paid to how the federal government exercises its role--both in terms of organization and tools.
- Effective implementation is critical to success.
- Sustained oversight by the Congress is needed to ensure effective implementation.

Our recent work for this Committee ties directly to the Comptroller General's testimony by describing the picture today: current missions, organizations involved in those missions, and selected approaches, as reflected by departments and agencies in their budget submissions. Our first products, issued in January and April, provide a graphical starting point for discussions concerning government restructuring by mapping department and agency obligations against the broad federal mission areas described by budget function classifications. Our last product, issued in May, extends this initial analysis in two important ways. First, it depicts spending patterns at subdepartment and subfunction levels to describe more precisely the missions of federal departments and agencies; second, it depicts these more

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[1]Budget Function Classification: Agency Spending by Subfunction and Object Category, Fiscal Year 1994 (GAO/AIMD-95-116FS, May 10, 1995); Budget Function Classification: Agency Spending and Personnel Levels for Fiscal Years 1994 and 1995 (GAO/AIMD-95-115FS, April 11, 1995); and Budget Function Classification: Relating Agency Spending and Personnel Levels to Budget Functions (GAO/AIMD/GGD-95-69FS, January 30, 1995).

[2]Government Reorganization: Issues and Principles (GAO/T-GGD/AIMD-95-166, May 17, 1995).

precise missions in terms of the approaches or means used by departments and agencies, as described by budget object classifications. Collectively, these three reports provide a governmentwide perspective not only on who is doing what, but also on how the federal government addresses its various missions.

Generally, and not surprisingly, our analysis illustrates that duplication appears to be endemic. Our current environment is a product of an adaptive federal government's response over time to new needs and problems, each of which was reflected in new responsibilities and roles for departments and agencies. Our work describes this duplication in practical and quantifiable terms, both for the government as a whole as well as for its separate missions and constituent organizations. It is worth emphasizing that our work is only indicative. In effect, it provides a road map for more detailed lines of inquiry. As this Committee knows, the General Accounting Office has done work on program consolidation in general and has conducted inquiries in many specific areas, providing our views on many federal programs in need of major overhaul and redesign.[3] That work can assist this Committee in consideration of specific consolidation proposals.

In this statement, I will touch on a few of the major observations that flow from the broad picture illustrated in the reports before you. Attachments I and II display overall fiscal year 1994 obligations by organization and mission. As these charts show, most federal spending is driven by relatively few organizations and missions. Stated in reverse, most federal departments and most federal missions drive a relatively small share of total obligations.

Attachment III displays the intersections between organizations and missions. It is a picture of both fragmentation and overlap-

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[3]See, for example, Program Consolidation: Budgetary Implications and Other Issues (GAO/T-AIMD-95-145, May 23, 1995); National Laboratories Need Clearer Mission and Better Management (GAO/RCED-95-10, January 27, 1995); Department of Energy: Need to Reevaluate Its Role and Missions (GAO/T-RCED-95-85, January 18, 1995); Multiple Employment Training Programs: Major Overhaul Needed to Reduce Costs, Streamline the Bureaucracy, and Improve Results (GAO/T-HEHS-95-53, January 10, 1995); Early Childhood Programs: Multiple Programs and Overlapping Target Groups (GAO/HEHS-95-4FS, October 31, 1994); Rural Development: Patchwork of Federal Programs Needs to Be Reappraised (GAO/RCED-94-165, July 28, 1994); Food Assistance: USDA's Multiprogram Approach (GAO/RCED-94-33, November 24, 1993); Food Safety: A Unified, Risk-Based Safety System Is Needed to Enhance Food Safety (GAO/T-RCED-94-71, November 4, 1993).

-some of it intentional. First, the table shows that most federal departments and agencies address more than one mission area. Indeed, 15 of the major executive departments and agencies made obligations in fiscal year 1994 to three or more mission areas. If the analysis is continued to the subdepartment and subfunction level, the picture is even more complex. For example, as shown in attachment IV, the Department of Commerce has 14 subordinate organizations addressing missions as varied as natural resources; advancement of commerce; area and regional development; and research and general education aids.

Looking at attachment III the other way--with a focus on the missions of government rather than its organizations--produces a similarly intricate picture. Excluding social security, Medicare, and interest on the debt, 12 of the remaining 15 mission areas are addressed by five or more departments and agencies. I will touch briefly on three examples of this apparent duplication of effort.

- The income security mission area involves 15 federal organizations, but this picture is at the same time both informative and misleading. These 15 organizations are not all in the same business. Income security actually involves three broad subfunctions. Retirement and disability issues are addressed by 14 different federal entities--many of them administering separate employee pension programs (attachment V); cash assistance is provided by three departments and two independent agencies (attachment VI); and housing, food and nutrition assistance programs are concentrated in two major departments--spread across seven components within these departments--with some small participation by five independent agencies (attachment VII).

- The education, employment and social services mission area involves seven major departments and numerous other smaller agencies. However, over 95 percent of 1994 obligations were made by only three departments: Education, for elementary, secondary, vocational, and higher education; Health and Human Services, for social services; and Labor, for training and employment services (attachment VIII).

- Federal law enforcement activities are spread among five major departments and four independent agencies (attachment IX).

The significance (in dollar terms) of a department to a mission area, or of a mission area to a department, varies considerably. For example, the transportation mission area is found almost entirely within the Department of Transportation, whose activities are almost entirely associated with that single mission area. Alternatively, the agriculture mission area is found almost exclusively within the Department of Agriculture, but it represents only about one-third of the Department's total

obligations (attachment X). Lastly, the Department of Commerce is associated with four different mission areas, but represents a small share of total obligations in two of the areas (attachment XI).

Now let me turn to the question of the "how"--the tools the federal government uses to address these varied missions. Attachment XII displays fiscal year 1994 obligations in terms of budget object classes--a classification system used by departments and agencies to report obligations for services provided or objects procured. This system can be a useful surrogate to describe the varied approaches used by the federal government in meeting its mission requirements. As this chart shows, nearly half of all federal obligations were in the form of grants or benefit payments from social insurance and retirement trust funds. Stated differently, providing cash--either as benefits to individuals or as grants--is the dominant mode of federal operations. This chart also indicates that federal salary and benefits together comprise just over 12 percent, of total obligations--about equal to total obligations for contractual services (11 percent).

Examining the objects of government expenditure permits questions about (1) whether a selected approach continues to be appropriate for a particular mission area, and (2) whether a specific approach could be consolidated across mission areas.

- Some mission areas are labor intensive--either directly through federal employees or indirectly through contractors. By focusing on the varying approaches used within different mission areas, questions can be raised about why a particular approach is deemed most appropriate for a specific mission. For example in administration of justice (attachment XIII) and veterans benefits and services (attachment XIV), salaries make up significant shares of total obligations, indicating direct federal provision of the service. However, contractor obligations dominate some technical and scientific missions, such as energy, or science, space and technology (attachments XV and XVI).

- Many mission areas--international affairs; agriculture; transportation; community and regional development; education, employment and social services; health; and income security--use grants as a basic mode of operations. Is there consistency across these varied missions and related departments and agencies? Is there potential for consolidation?

Finally, our analysis allows for all of these issues--federal missions, associated departments and agencies, and tools--to be presented and discussed in an integrated manner. The two examples below may be illustrative. The first involves a

differentiated mission addressed in different ways by several federal entities, and the second deals with a common mission differentiated by target populations and approach.

- The natural resources and environment mission area presents an interesting example of related missions addressed in different ways. Eight organizations in five departments are concerned with this general mission area, and they employ very different approaches.

  - The Environmental Protection Agency is concerned with environmental pollution, generally using grants for wastewater treatment activities and contracts for abatement efforts.
  - Defense's Corps of Engineers and Interior's Bureau of Reclamation address water resources development, generally through contracts.
  - Conservation and land management issues are addressed by federal employees and contractors (by Agriculture's Forest Service and by Interior's Bureau of Land Management) and through grants (by Agriculture's Farm Service Agency).
  - Interior's National Park Service directly provides most recreational resource services, but also uses both grants and contracts.
  - Commerce's National Oceanic and Atmospheric Administration addresses a variety of natural resources issues, emphasizing direct services through federal employees and contractors.

- In contrast, housing is a common national need addressed in varying ways by different organizations. The Department of Housing and Urban Development (HUD) provides a variety of housing assistance and community development programs, primarily through grants. HUD, Agriculture, and the Veterans Administration all provide a variety of mortgage credit activities, but to different target populations.

Let me conclude by referring again to the May 17 testimony by the Comptroller General. Past restructuring attempts have taught us that the first steps in any reorganization involve focusing on specific goals in a coordinated manner and that careful attention must be given to the approach selected for new missions or organizations. The work I have been discussing today provides, in a governmentwide context, a picture of the current situation on three critical dimensions:

- What missions does the federal government seek to address?
- Which organizations are involved?
- What tools do they use?

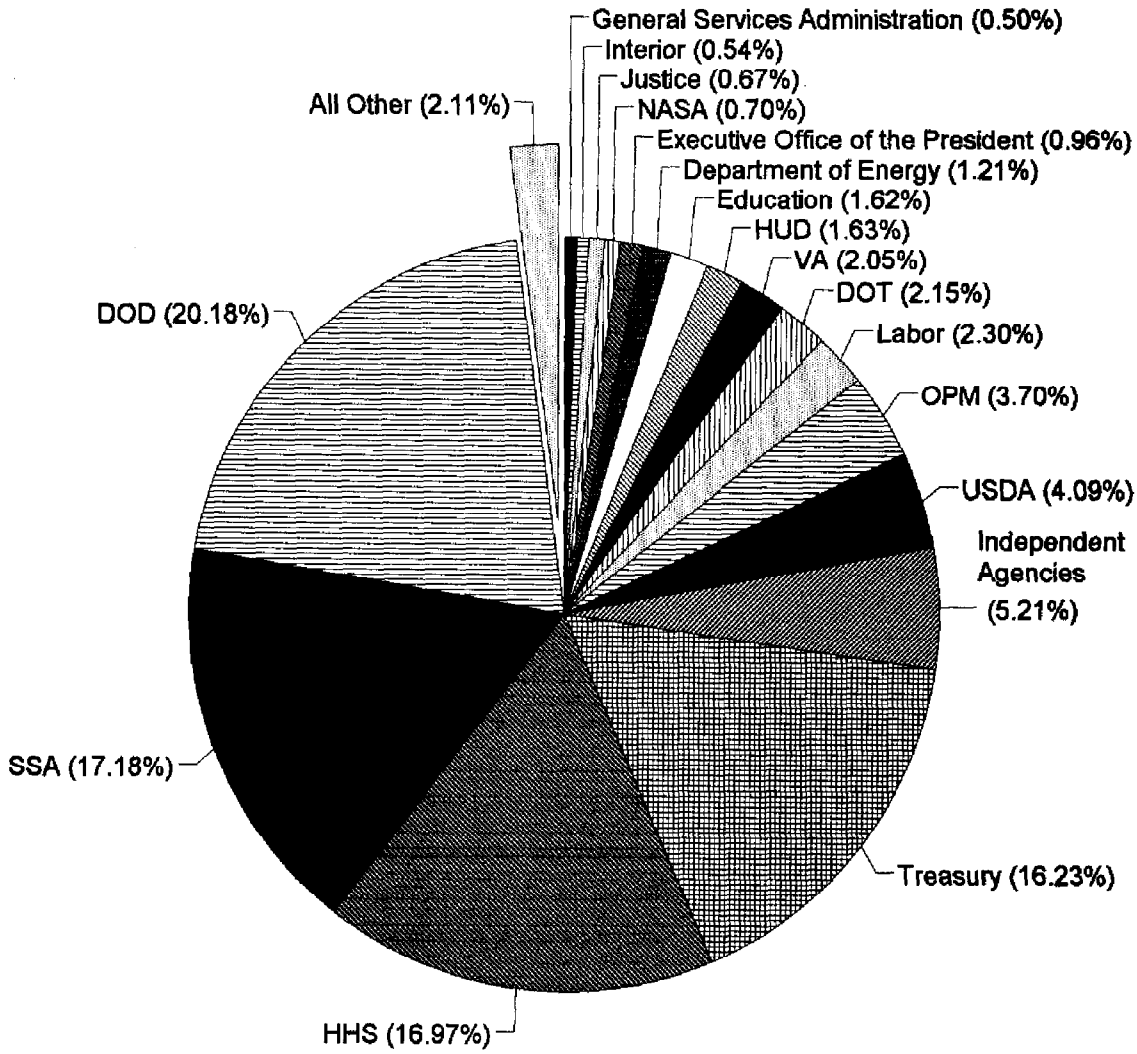
Again, I want to emphasize that our work is indicative, but not conclusive regarding the question of duplication. However, it can, by focusing on today's reality as reported in budget submissions, assist the work of this Committee by highlighting areas for further detailed assessment.

Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions.

(935162)

Attachment I

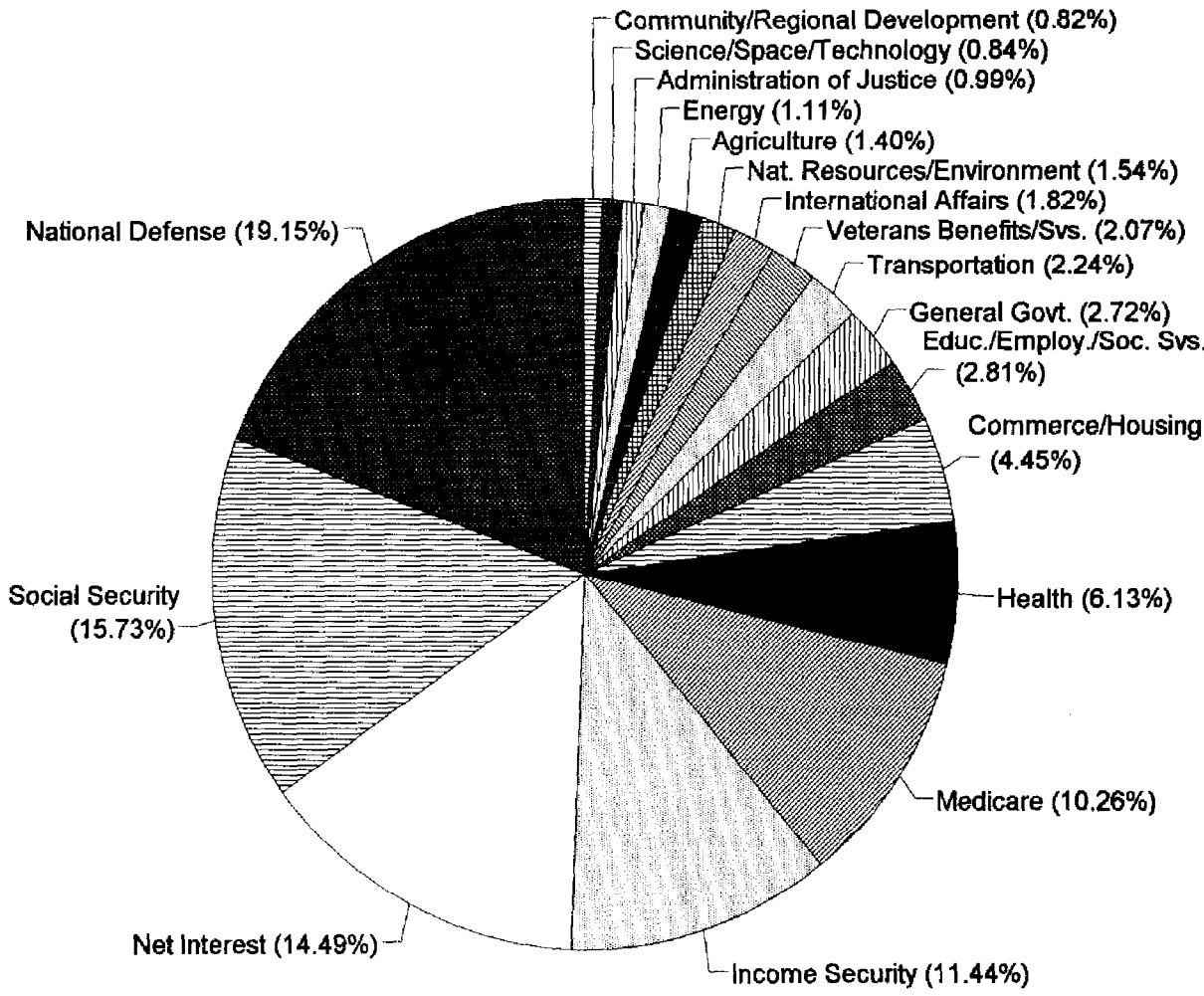
Department and Agency Summary Share of 1994 Obligations



All other includes:
Agency for International Development (0.33%)
State Department (0.33%)
Environmental Protection Agency (0.31%)
Federal Emergency Management Agency (0.27%)
Department of Commerce (0.25%)
Legislative Branch (0.17%)
National Science Foundation (0.15%)
Judicial Branch (0.14%)
Small Business Administration (0.13%)
Nuclear Regulatory Commission (0.03%)

Attachment II

Mission Summary
Share of 1994 Obligations



The Intersection of Federal Missions and Organization

Fiscal Year 1994 Obligations by Budget Function

	National Defense	International Affairs	General Science, Space, and Technology	Energy	Natural Resources and Environment	Agriculture	Commerce and Housing Credit	Transportation	Community and Regional Development	Education/Training/Employment/Social Svs.	Health	Medicare	Income Security	Social Security	Veterans Benefits and Services	Administration of Justice	General Government	Net Interest	Number of Functions Charged by This Agency (out of 18 functions)
USDA		•		•	•	•	•	•	•		•		•				•		10
DOC					•		•		•	•									4
DOD	•				•								•		•		•		5
Education										•						•			2
DOE	•		•	•													•		4
HHS										•	•	•	•			•			5
HUD							•		•	•			•			•			5
DOI					•			•	•	•							•		5
DOJ	•	•														•	•		4
DOL										•	•		•						3
State		•			•								•						3
DOT	•				•			•											3
Treasury		•		•			•				•		•			•	•	•	8
VA															•				1
EPA					•														1
GSA							•										•		2
NASA			•					•		•									3
OPM											•		•				•		3
SBA							•		•										2
SSA													•	•					2
AID		•											•						2
FEMA	•								•				•						3
NRC				•															1
NSF	•		•																2
Legislative Branch							•			•	•		•			•	•		6
Judicial Branch													•			•			2
EOP		•							•				•				•		4
Other Independent Agencies	•	•		•	•	•	•	•	•	•	•		•		•	•	•		14
Number Agencies Charging this Function	7	7	3	5	8	2	8	5	8	9	7	1	15	1	3	8	11	1	

Source: President's Fiscal Year 1996 Budget of the United States Government.

Attachment III

 Attachment IV

Department of Commerce
1994 Obligations
By Subfunction and Subdepartment

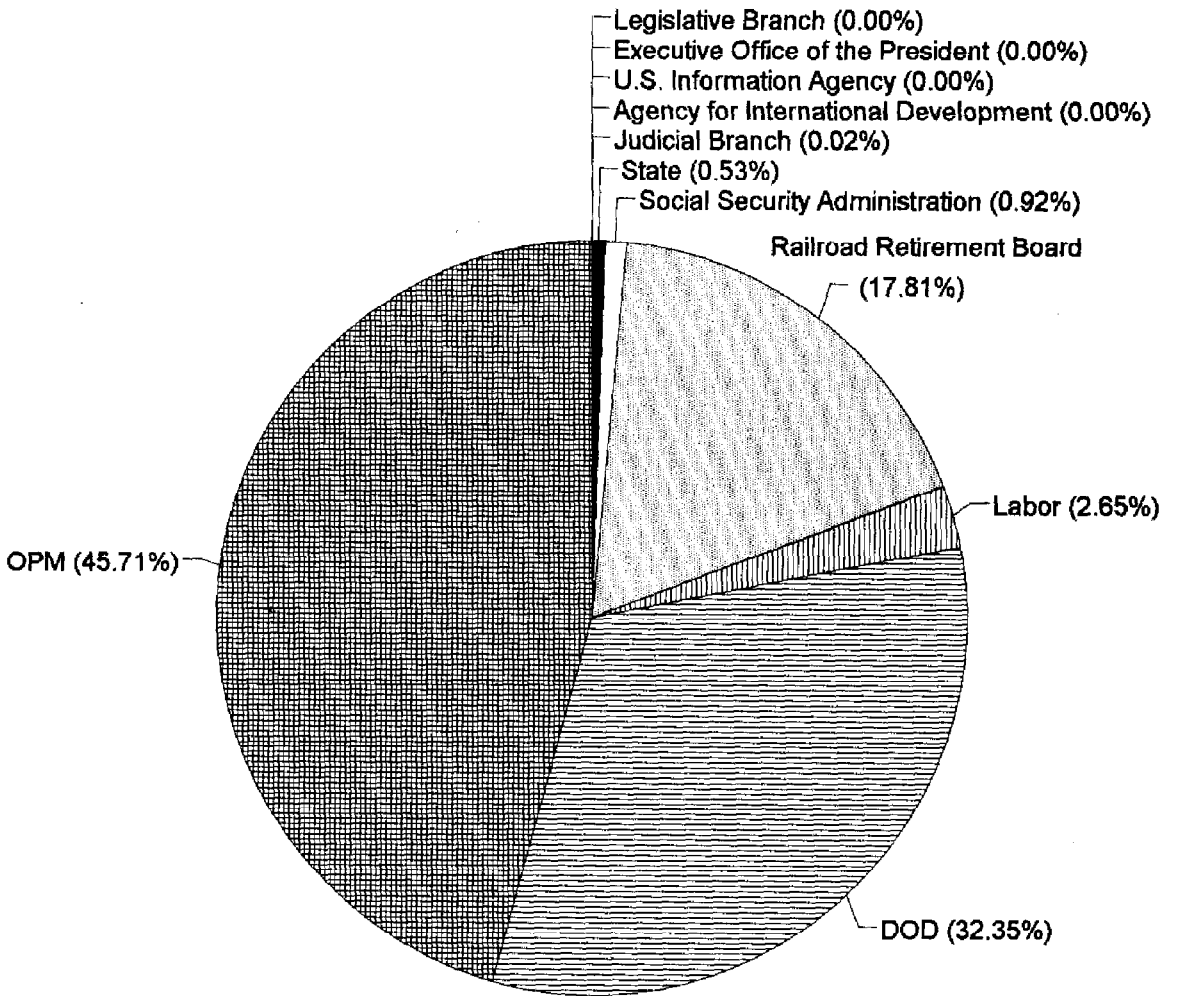
Dollars in Thousands ($000)

Subdepartment	Subfunction: Area and Regional Development	Subfunction: Other Advancement of Commerce	Subfunction: Other Natural Resources	Subfunction: Research and General Education Aids	Total
Bureau of the Census		$427,341			$427,341
Economic Development Administration	$669,710				669,710
Economic and Statistical Analysis		48,881			48,881
Export Administration		40,340			40,340
General Administration		169,335			169,335
International Trade Administration		278,858			278,858
Minority Business Development		42,317			42,317
National Institute of Standards and Technology		632,498			632,498
National Oceanic and Atmospheric Administration		84,888	$2,218,252		2,303,140
National Technical Information Service		35,390			35,390
National Telecommunications/ Information Administration		28,323		$27,535	55,858
Patent and Trademark Office		530,886			530,886
Technology Administration		6,660			6,660
U.S. Travel and Tourism Administration		24,855			24,855
Total	**$669,710**	**$2,350,572**	**$2,218,252**	**$27,535**	**$5,266,069**

Attachment V

Retirement and Disability

Percent of obligations



$82.9 billion in obligations (4.0 percent of total 1994 obligations)

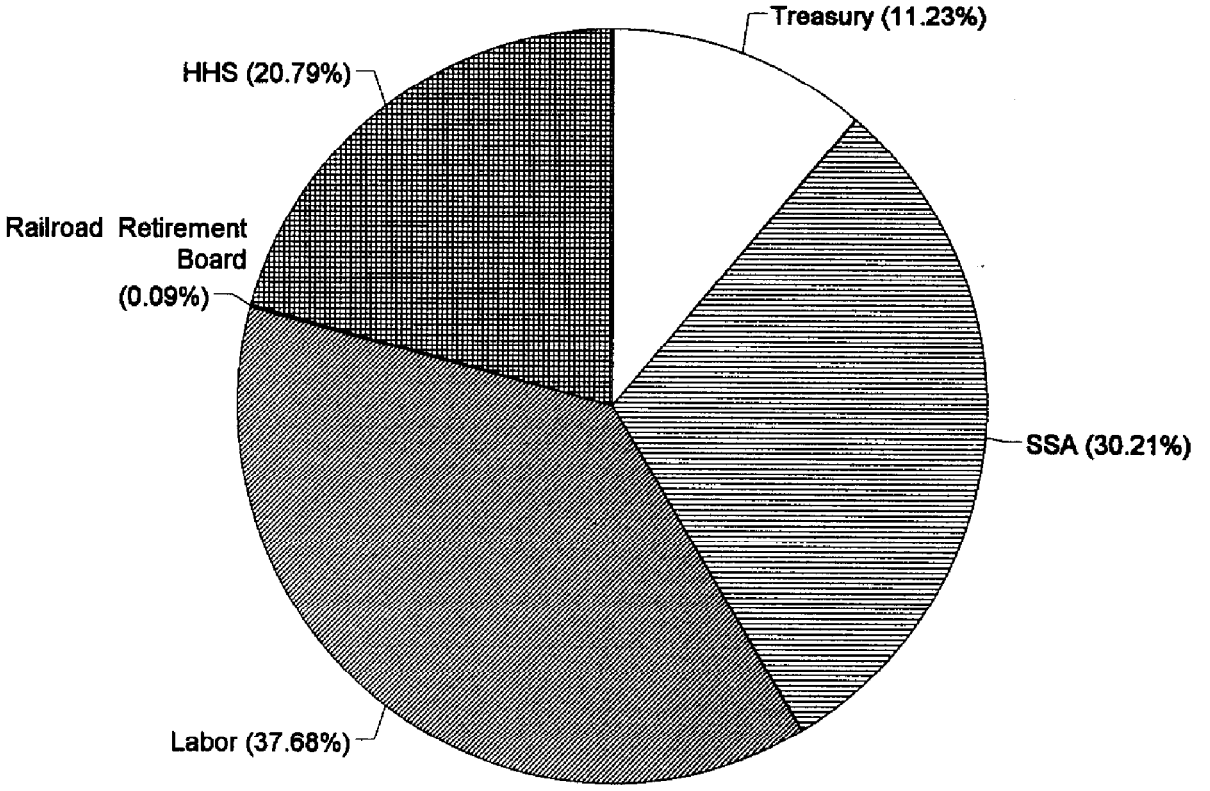
Legislative Branch includes the following entities:
- **Library of Congress**
- **U. S. Tax Court**

Department of Labor includes the following entities:
- **Employment Standards Administration**
- **Pension Benefit Guaranty Corporation**
- **Pension and Welfare Benefit Administration**

Attachment VI

Cash Assistance
(Income Security and Unemployment)

Percent of obligations

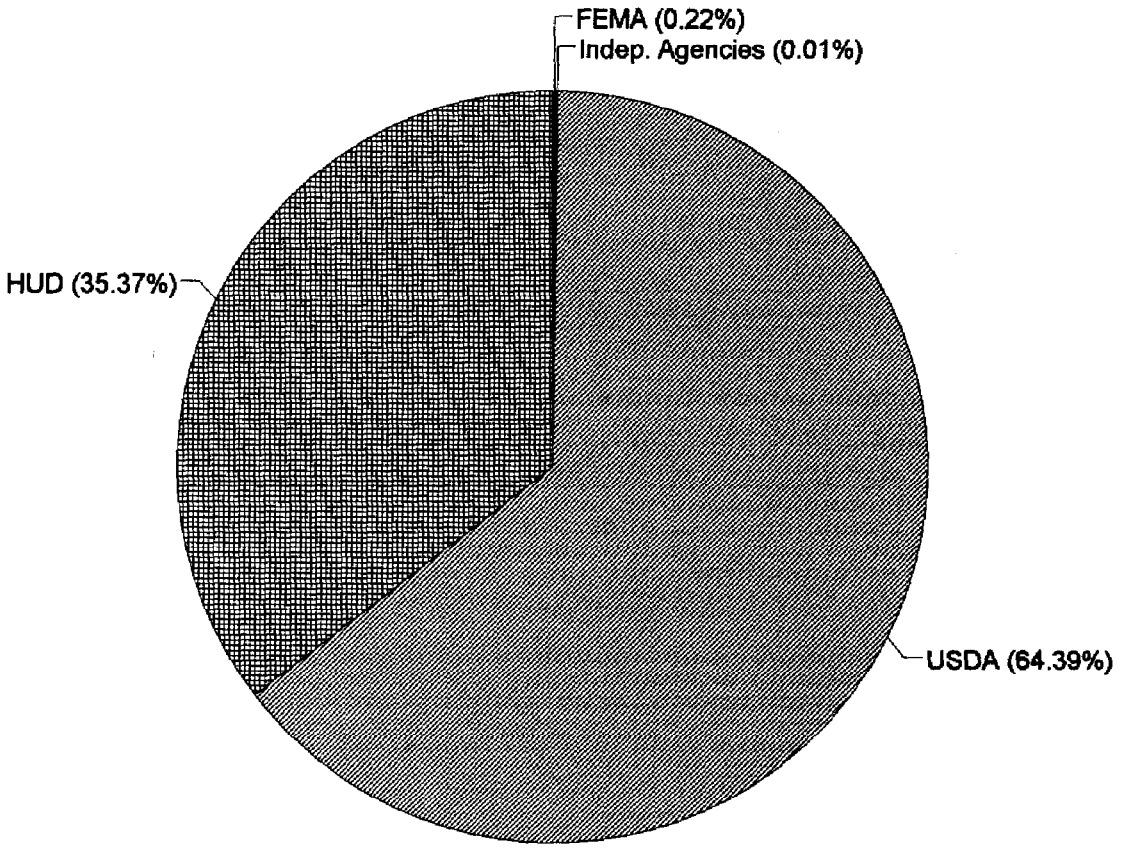


$97.5 billion in obligations (4.7 percent of total 1994 obligations)

Attachment VII

Housing, Food, Nutrition Assistance

Percent of obligations



$58.5 billion in obligations (2.8 percent of total 1994 obligations)

USDA includes the following entities:
- Agricultural Marketing Service
- Food/Consumer Service
- Rural Housing and Community Development

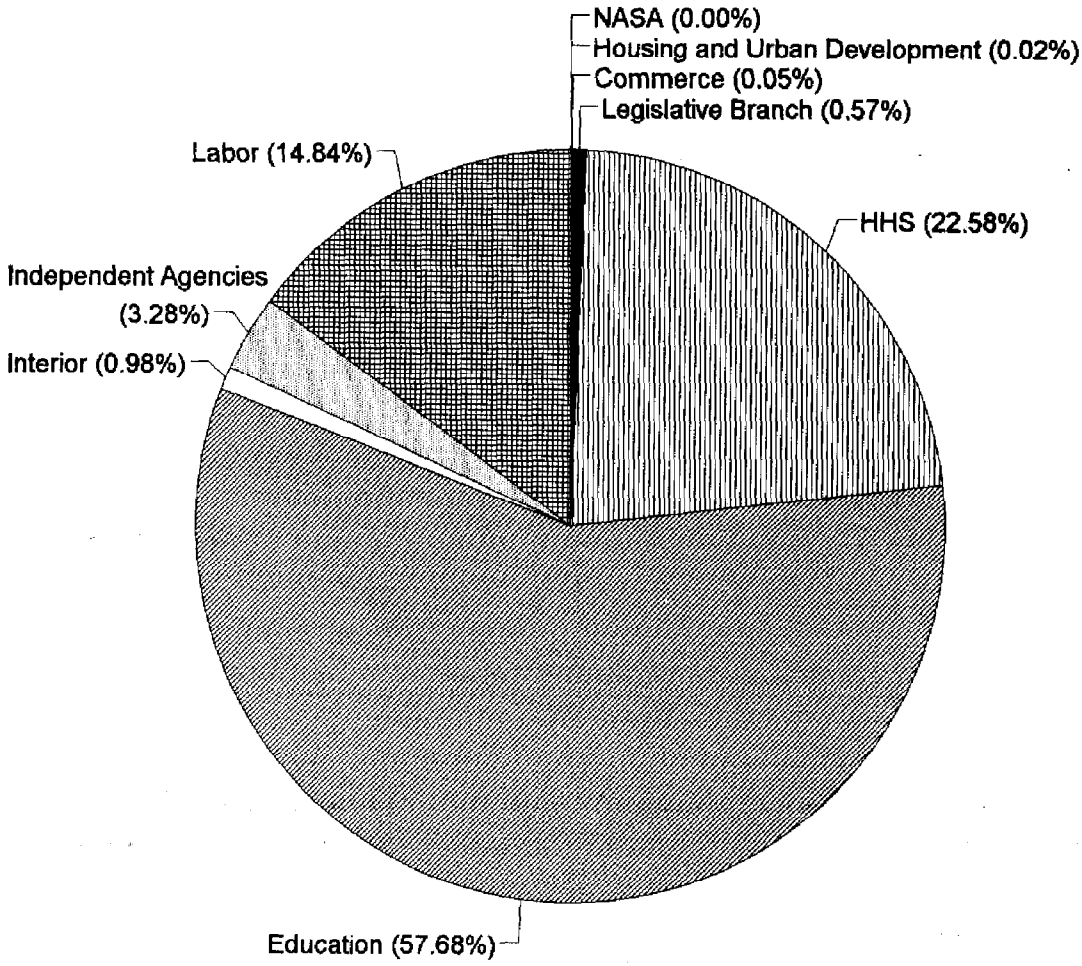
HUD includes the following entities:
- Community Planning and Development
- Housing Programs
- Management and Administration
- Public and Indian Housing Programs

Independent Agencies includes several small commissions and councils and the Federal Deposit Insurance Corporation.

Attachment VIII

Education, Employment, Social Services

Percent of obligations



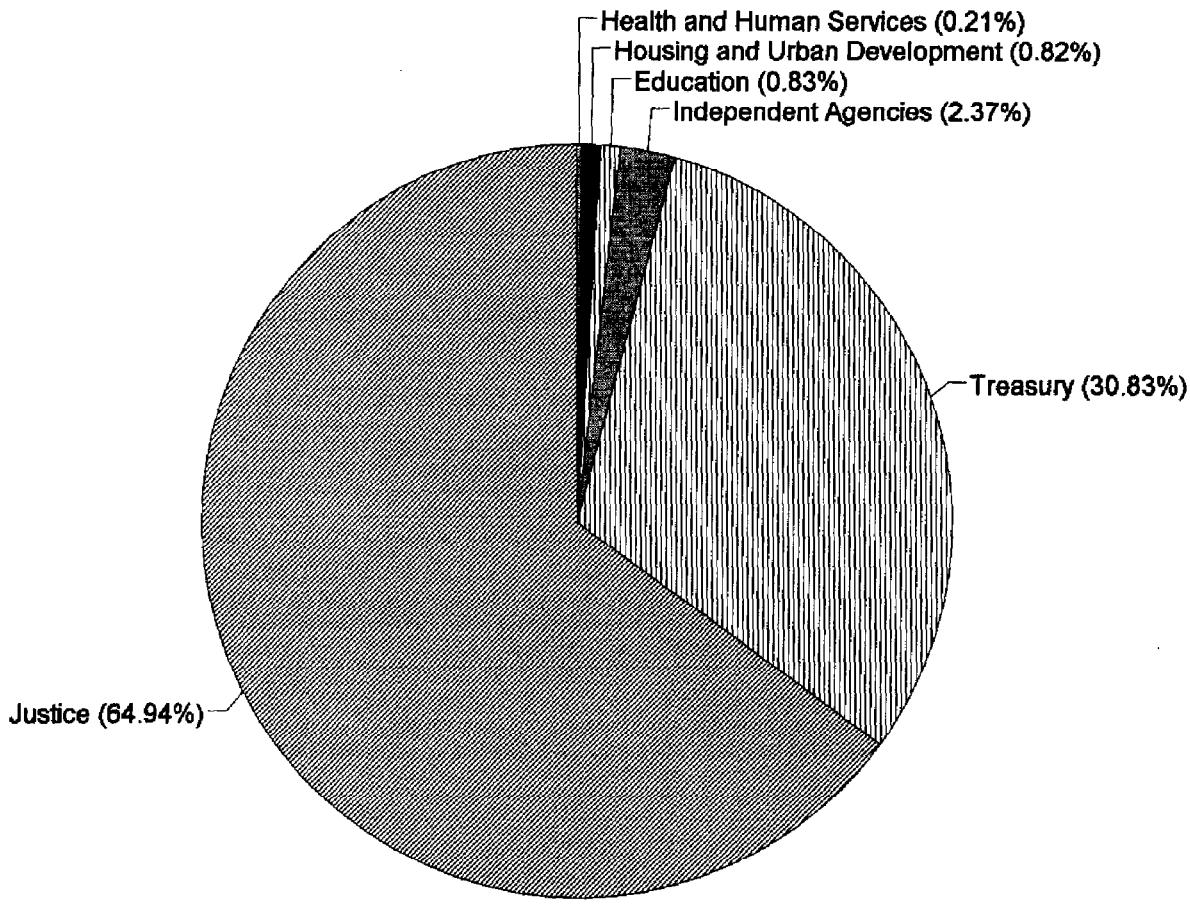
$58.7 billion in obligations (2.8 percent of total 1994 obligations)

Of the numerous independent agencies, the three largest in this mission area are the Corporation for National and Community Service, the Smithsonian Institution, and the Corporation for Public Broadcasting. A full list of the agencies in this mission area appears on pages 23 and 24 of GAO/AIMD-95-116FS.

Attachment IX

Federal Law Enforcement Activities

Percent of obligations



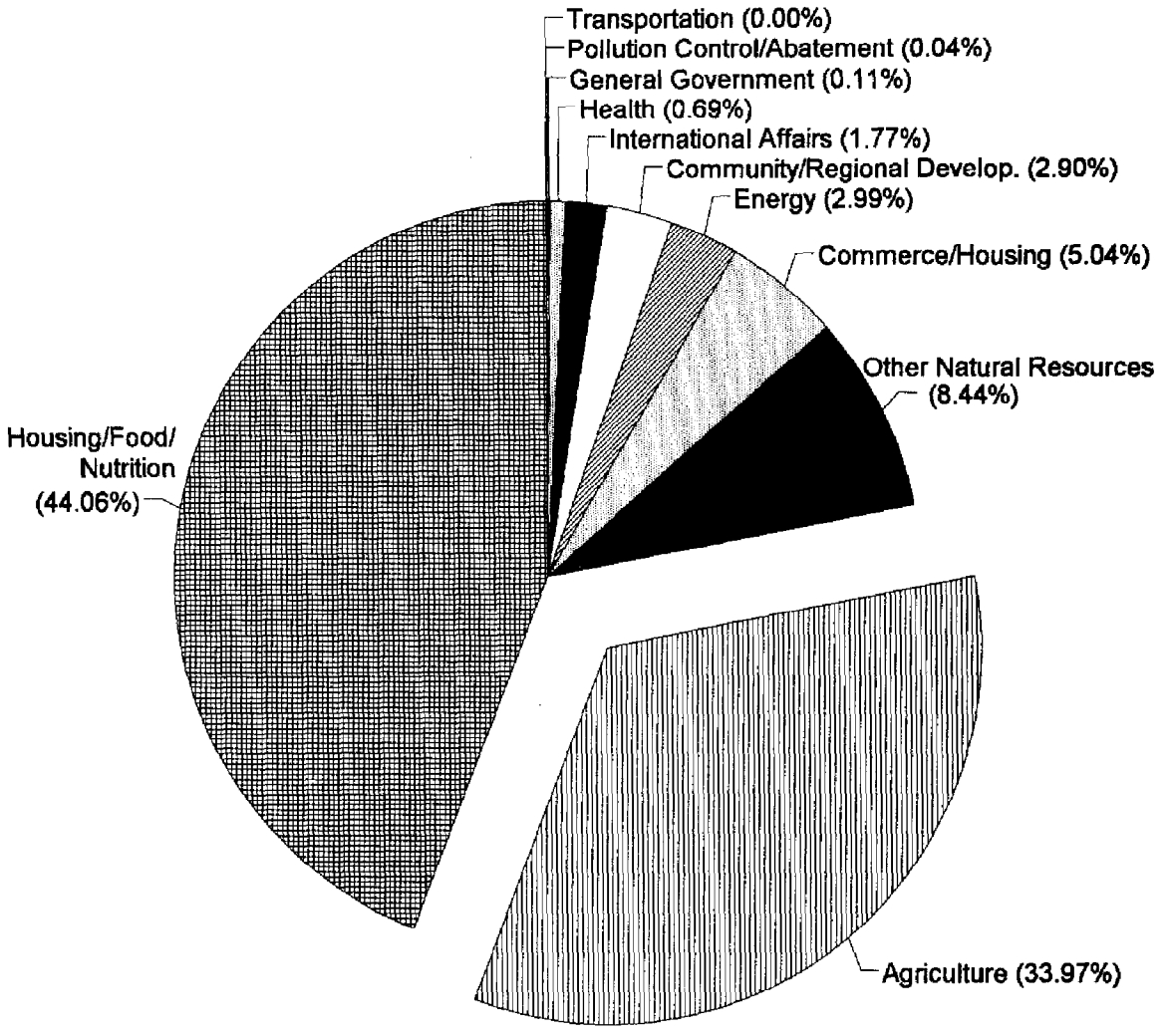
$10.3 billion in obligations (0.5 percent of total 1994 obligations)

Independent Agencies includes the following entities:
- Equal Employment Opportunity
- Commission on Civil Rights
- Architectural and Transportation Barriers Compliance Board
- Administrative Conferences of the U.S.

Attachment X

Department of Agriculture

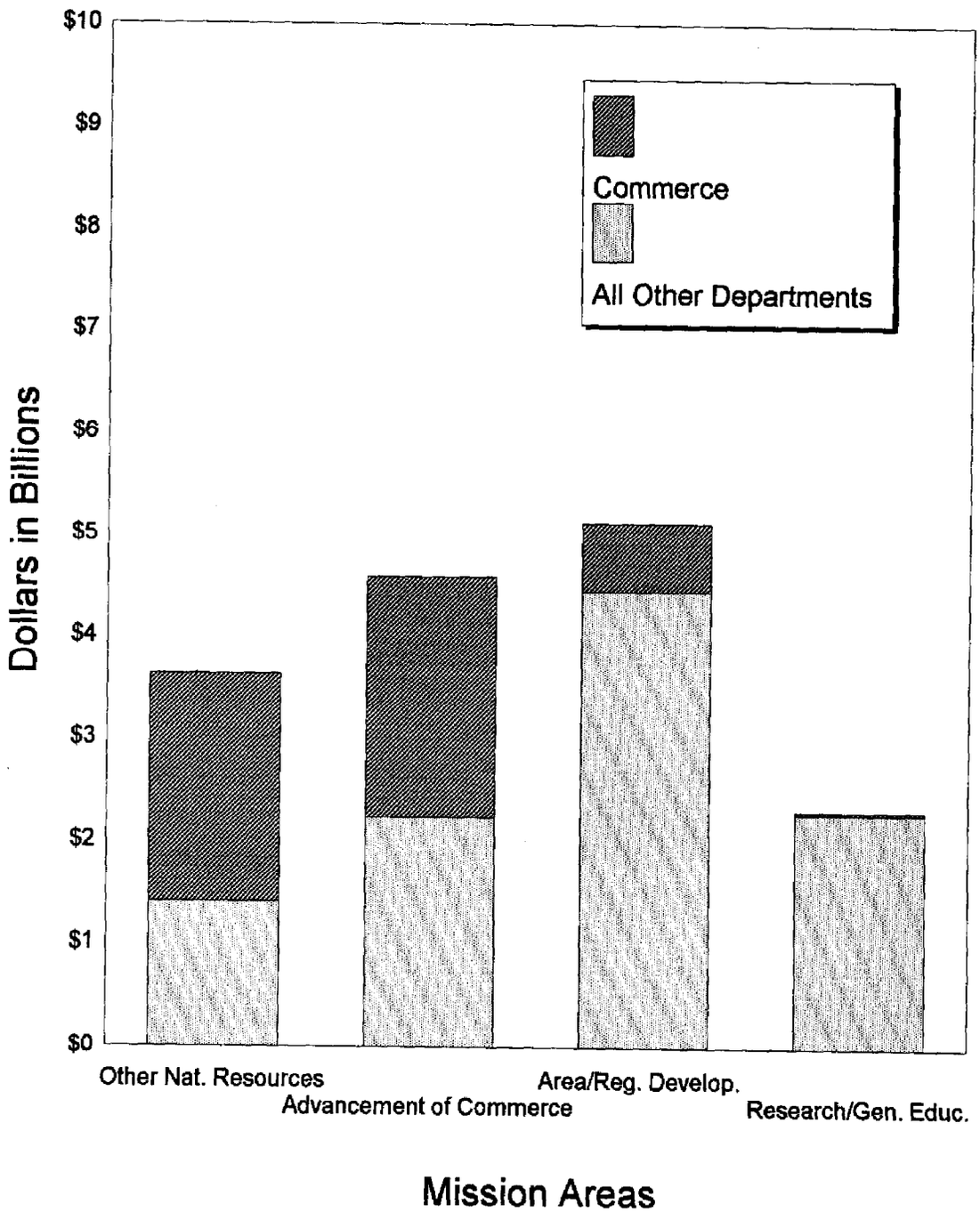
Percent of obligations



$85.5 billion in obligations (4.1 percent of total 1994 obligations)

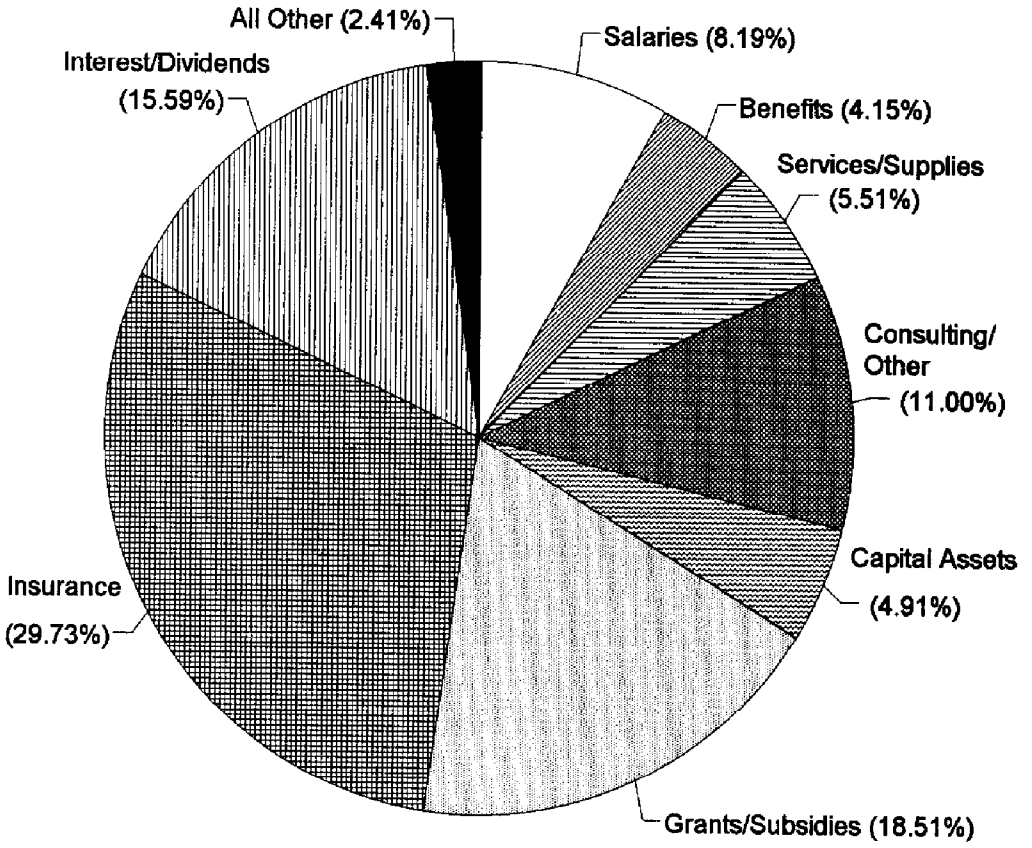
Attachment XI

Department of Commerce's Share of Spending on its Four Missions



Attachment XII

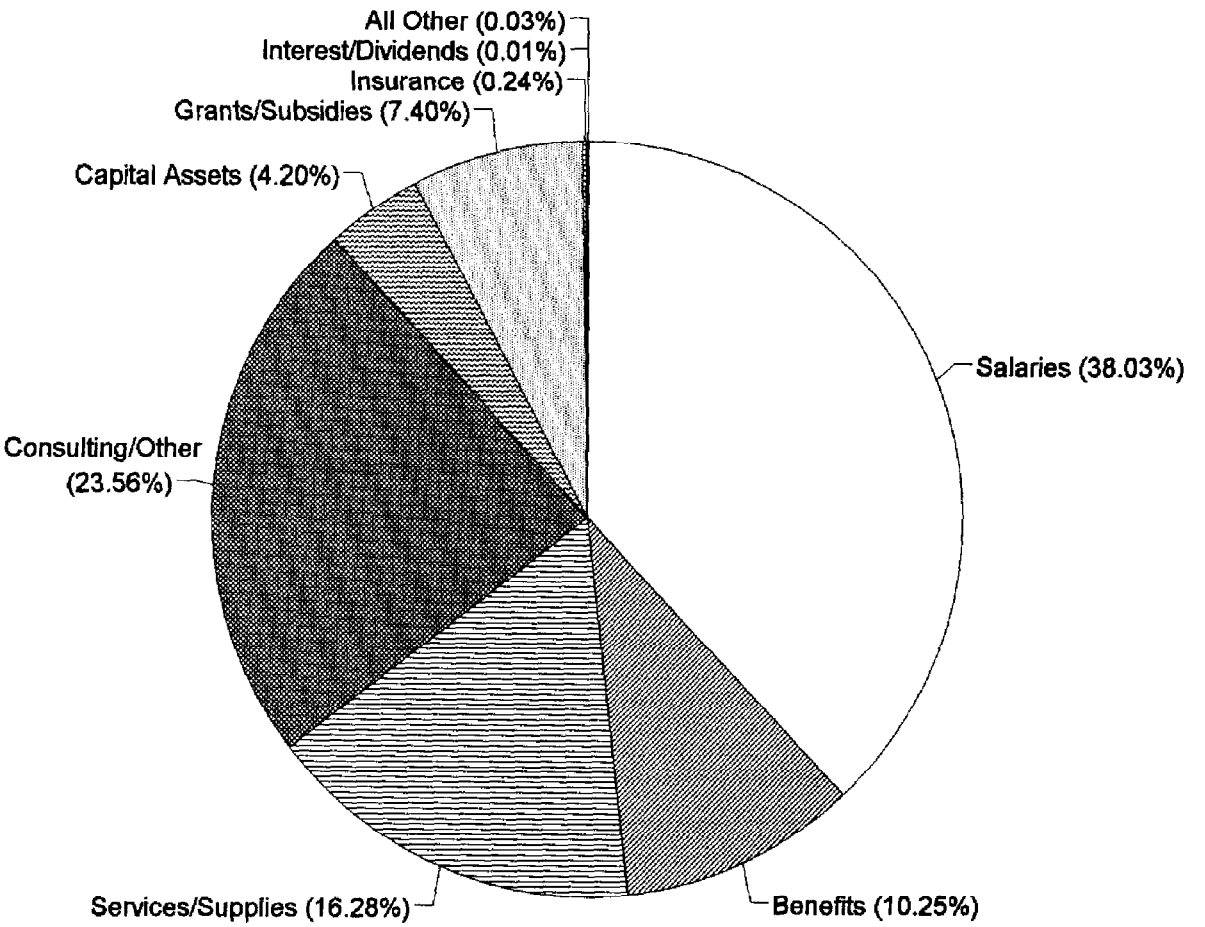
Object Category Summary
Share of 1994 Obligations



Attachment XIII

Administration of Justice

Percent of obligations

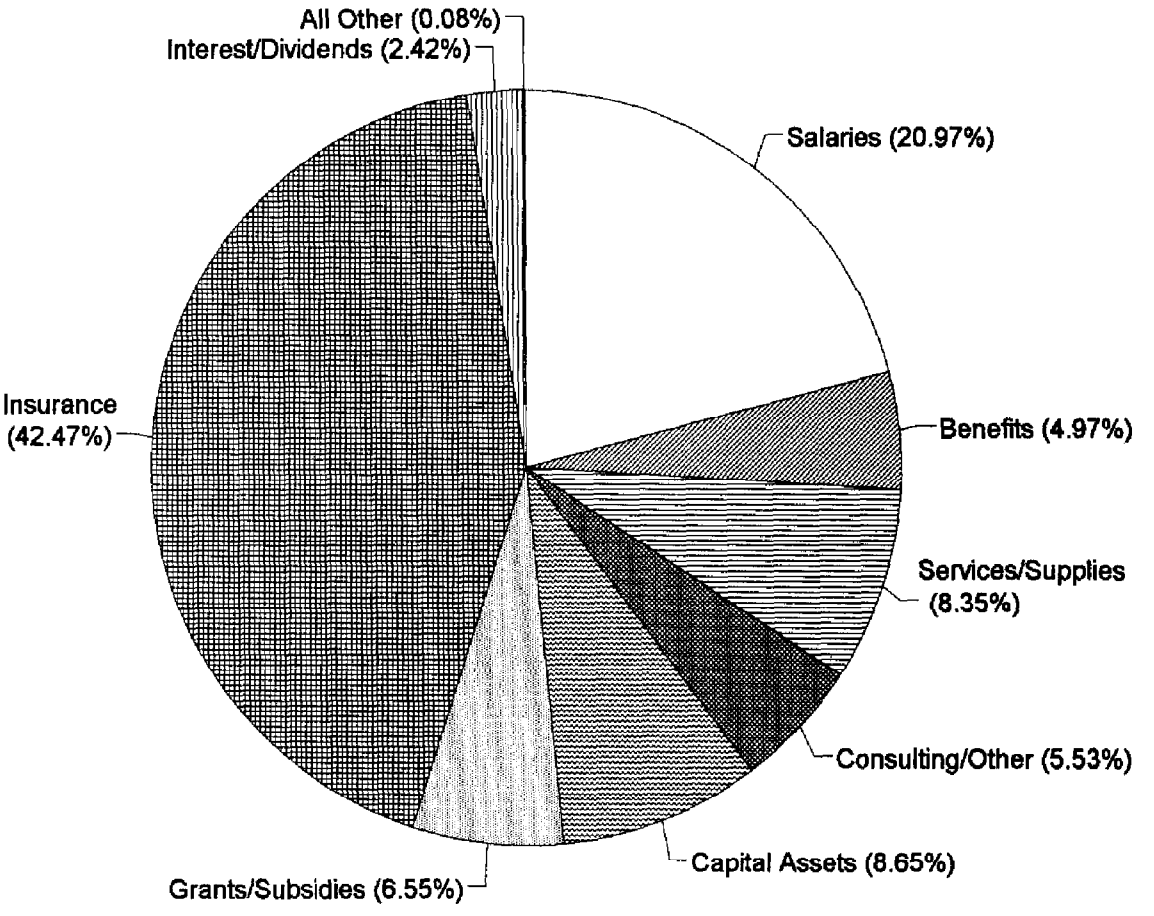


$20.7 billion in obligations (1.0 percent of total 1994 obligations)

 Attachment XIV

Veterans Benefits and Services

Percent of obligations

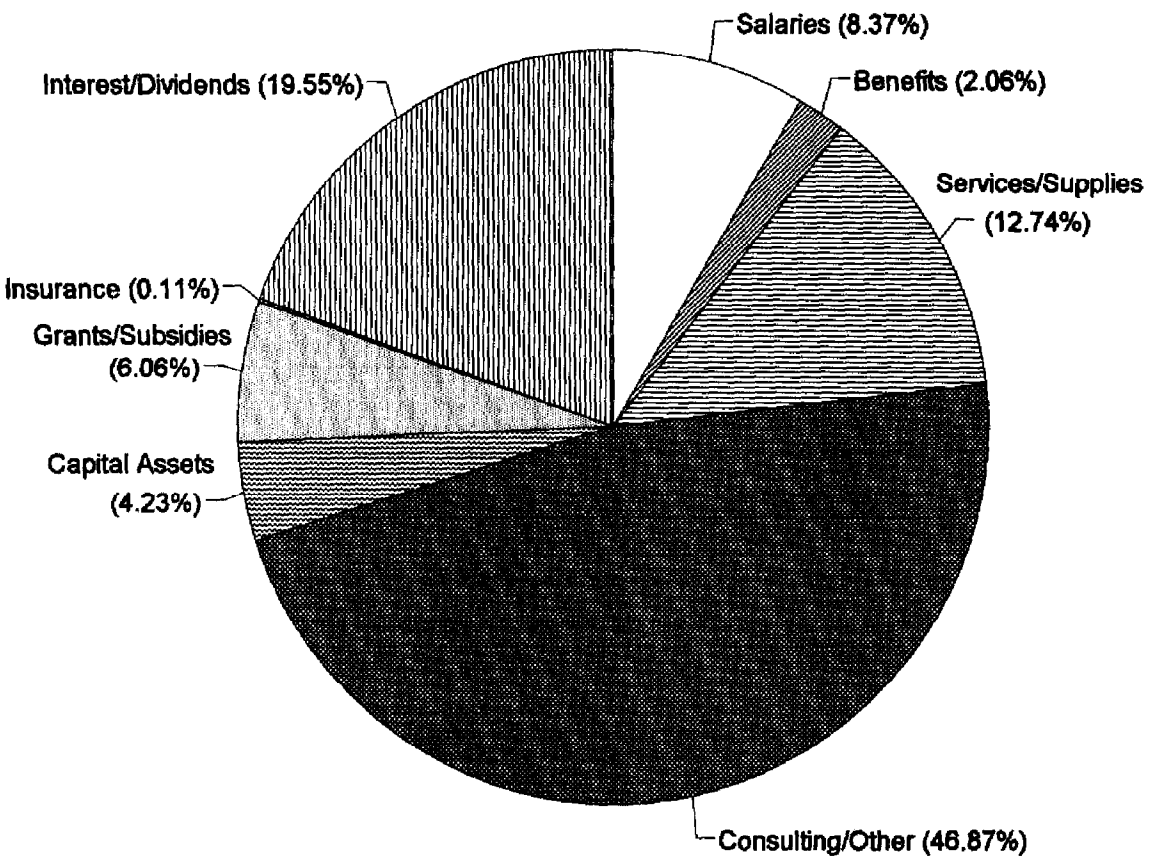


$43.2 billion in obligations (2.1 percent of total 1994 obligations)

Attachment XV

Energy

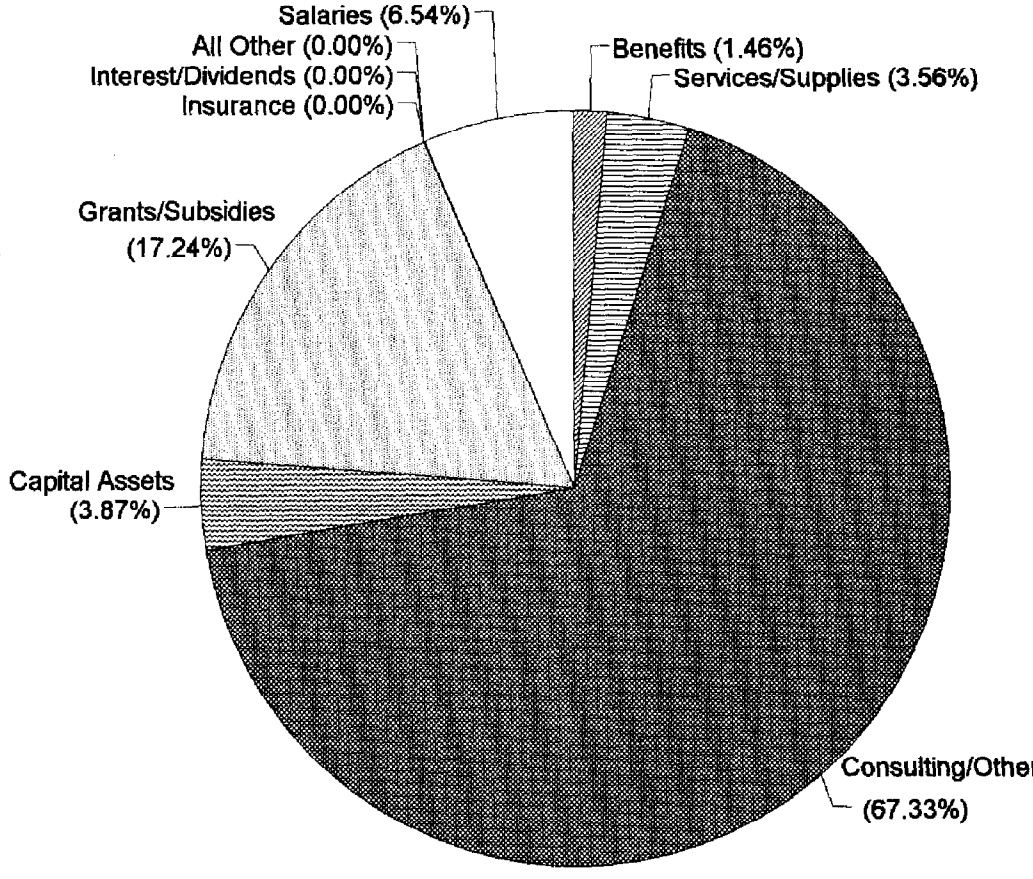
Percent of obligations



$23.2 billion in obligations (1.1 percent of total 1994 obligations)

Science, Space, and Technology

Percent of obligations



$17.6 billion in obligations (0.8 percent of total 1994 obligations)

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