

**Testimony before U.S. House of Representatives  
Committee on Oversight & Government Reform  
Hearing: Reinventing Government**

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Chairman, Government Transformation Initiative  
Former Comptroller General of the United States  
June 18, 2013**

Good morning Chairman Issa, Ranking Member Cummings, and distinguished members of the Committee. I am honored to be here to provide information about actions that can be taken to improve the economy, efficiency, effectiveness and credibility of the federal government.

I bring a unique perspective based on my almost 40 years of experience across multiple sectors of the economy, including over 20 years of private sector experience, over 15 years of total federal government service, including serving almost ten years as Comptroller General of the United States and head of the U.S. Government Accountability Office (GAO). During my tenure as U.S. Comptroller General I testified before Congress many times about government operations and transformation issues. Most recently, I've led two non-profit organizations, and am currently the founder and CEO of the Comeback America Initiative, which educates and engages the public about the threat posed by our nation's structural deficits and mounting debt burdens, and possible ways to address them. I am also currently Chairman of the Government Transformation Initiative (GTI), which aims to create a Government Transformation Commission to transform the federal government in order to improve its operational performance. GTI is a coalition of non-profit and for-profit entities dedicated to helping improve government performance for the benefit of the American people.

As a former U.S. Comptroller General and head of the GAO, I know firsthand the fiscal challenges that confront government. Despite recent positive news regarding the projected budget deficit, the federal government's fiscal path is clearly unsustainable. Congressional action in recent years has failed to

address the three main drivers of our structural deficits – aging demographics, rising health care costs, and an outdated, inadequate and overly complex tax system. Congress must take action to shore up our nation’s long-term financial stability. While these three issues must be addressed, there are numerous ongoing operating challenges within the federal government that result in huge waste and poor performance. These also have an adverse impact on the federal government’s financial condition, and our fiscal situation requires that government provide necessary services in the most economical, efficient and effective manner possible.

Many, including the GAO, have identified various fragmentations, redundancies, duplication and operational inefficiencies across the federal government. For example, GAO has issued its “High Risk List” since 1990. It started out with 14 items and the latest 2013 list has 30 items. More recently, beginning in 2011, GAO has been required to issue reports identifying areas where agencies can achieve greater efficiency and effectiveness. From 2011 to 2012, GAO identified 131 areas that could be improved<sup>1</sup>. In the report released in April 2013, GAO identified an additional 31 areas where agencies can achieve greater efficiency and effectiveness<sup>2</sup>. In the latest report, GAO identified fragmentation with regards to renewable energy initiatives, whereby 23 different agencies implemented hundreds of initiatives, estimated at several billion dollars in support for wind and solar energy, biofuels and other renewable energy sources. There are many other examples of government inefficiencies that GAO has identified (See Appendix I).

The desire for the federal government to operate more efficiently and effectively is certainly not a new phenomenon. For example, the following is a brief story from President Theodore Roosevelt’s autobiography:

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<sup>1</sup> GAO 2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue; GAO 2011: Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue

<sup>2</sup> GAO 2013 Annual Report: Actions Needed to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits

The story reached him concerning a requisition in 1904 by an officer in charge of a Bureau of Indian Affairs' district office for a stove costing seven dollars. Submitting it in early autumn, the official certified that the stove was vitally needed to keep the infirmary warm during the winter months and that the old stove was worn out and useless. The papers were processed through all their travels in the usual routine, and the stove was authorized and sent out. When the stove reached the district office he acknowledged its receipt according to the proper procedure. 'The stove is here,' he wrote, 'and so is spring.'

This event contributed to Roosevelt establishing the first of many formal presidential efforts (Keep Commission) to address inefficiency in the federal government. In fact, nearly all presidential administrations going back more than a century have taken some action with the intent to improve the management and administration of the federal government, with varying degrees of success (See Appendix II).

President Roosevelt's Keep Commission was designed to improve the administration of government services, specifically examining salary classifications, purchasing procedures, accounting procedures, cost accounting and business methods.

The most successful of the 20<sup>th</sup> century efforts were the two Hoover Commissions created by Congress under Presidents Truman and Eisenhower. These were statutorily created commissions intended to review and make recommendations for reorganizing and improving the operations of the federal government.

Improving upon and learning from past efforts, the Government Transformation Initiative (GTI) advocates for the establishment of a statutorily created Government Transformation Commission modeled after the Base Realignment and Closure (BRAC) process. It would capitalize on the best practices of past commissions and leverage existing recommendations from GAO, the Inspectors General and many other

parties that have yet to be acted on. The Government Transformation Commission would conduct independent and professional reviews that would result in specific, actionable steps the President and Congress could take to improve the economy, efficiency, effectiveness and credibility of the federal government.

Establishing such a commission would provide Congress and the President an entity dedicated entirely towards improving government operations and management, resulting in significant federal savings and improved performance. Savings could be repurposed to address shortfalls in other areas, expand improvement initiatives and innovation, and/or reduce the federal deficit. Additionally, by implementing cost-savings measures, the federal government would have more fiscal flexibility for needed investments. The Commission would also result in the sharing of resources, ideas and innovations among government agencies that would help to capitalize on best practices and avoid common mistakes. These improvements would be a signal to the public that action is being taken, in a bipartisan manner, which would help restore confidence in the federal government.

Unlike the Simpson/Bowles Commission, the Government Transformation Commission would not make policy recommendations regarding taxes, social insurance programs, or other policy areas, but would focus on operational and management matters. Workforce reduction is not the focus of the Government Transformation Commission. If adjustments, eliminations or consolidations are made to programs or activities, it would not necessarily result in a loss of federal jobs because most individuals should be able to be re-deployed within the federal government. In addition, there is little question that there are too many government contractors and not enough controls and safeguards over them. The work of the Commission could result in the replacement of certain contractors with government employees. However, civil service reform would be required to attract and retain the full range of professionals the government must access to discharge its many responsibilities.

Past presidential commissions and initiatives offer important insights into the structure a Commission should take. For example, as with the Hoover Commissions, GTI believes it is vital that the Government Transformation Commission be statutorily created. Past efforts initiated within the Executive Branch have not possessed the needed authority or the necessary buy-in from the Legislative Branch to ensure that some findings and recommendations are acted upon. Similar to the BRAC process, providing statutory authority by which recommendations would be guaranteed consideration and a vote by Congress would help to ensure that action is taken.

Every year, GAO, OMB, various Inspectors General, Congressional Committees, think tanks and others raise major management challenges to be addressed, but often progress is not made because most recommendations are not specific enough to be actionable. In February 2012, GAO made 132 recommendations to improve efficiency, but only 21 actions were specific enough to be fully addressed<sup>3</sup>. The creation of the temporary Government Transformation Commission will address challenges through an independent, fact-based, professional, non-partisan and non-ideological approach. GTI recommends the Commission consist of seven appointed members who have proven transformational change experience in the public, private and/or non-profit sectors. The Commissioners would be supported by an expert staff who would partner with qualified private sector contractors and appropriate government employees to conduct the work of the Commission. Commission reports would contain summary findings as well as specific and actionable recommendations. Periodic reports would be submitted to the Congress and/or the President for approval, depending on whether or not the action requires legislation. Importantly, the Congress and the President would remain the sole decision makers on issues. The Commission would serve to increase the federal government's capacity to address these issues in a more timely manner and results oriented fashion.

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<sup>3</sup> GAO 2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue

GTI recommends that the Government Transformation Commission be funded by appropriations for at least two years of initial funding. Thereafter, the Commission would be self-sustaining; designed to achieve a minimum return on investment of at least 10-20 times its cost. It could immediately focus on areas with a high rate of return (e.g., unused real estate, duplicate programs and activities) to find immediate savings. A modest reinvestment of some of those returns into the capacity of agencies and programs could serve to encourage agency cooperation and improve government performance. The Commission would last as long as Congress deems appropriate and necessary, but a six year initial period is suggested with a review every two years. It would then be reauthorized periodically by Congress based on need and performance.

GTI is ready to advise members of the Committee on the Government Transformation Commission concept, and I am happy to answer any questions members may have about more specific aspects of how such a commission might operate. I believe the fiscal and economic realities our nation faces, both now and in the future, require that we consider new approaches to ensure that government operates in the most economical, efficient and effective manner possible. I continue to hope that Congress can come together and achieve a fiscal “grand bargain” later this year, in which a Government Transformation Commission should be included. However, the recently lowered deficit projections, combined with various government controversies (e.g., NSA, IRS, Justice Department) and other key policy issues (e.g., immigration reform) make the prospects of a “grand bargain” less likely. If a “grand bargain” cannot be reached, establishing a Government Transformation Commission as a standalone effort would demonstrate to the public that action is being taken, thereby helping to restore public confidence in the federal government, which is sorely needed.

I thank you again for the opportunity to testify before your esteemed Committee, and am happy to answer any questions that you may have.

**Appendix I: Illustrative Areas for Improved Economy, Efficiency & Effectiveness**

<b>Areas</b>	<b>Potential Savings/Cost (Annual)</b>
23 agencies with Renewable Energy Initiatives	Cost of several billion
Federal Crop Insurance Program	\$1.2 billion in potential savings
18 programs for Food Assistance	\$62.5 billion cost
Medicaid Improper Payments	\$19.2 billion cost
Use of Strategic Sourcing	\$50 billion in potential savings
DOD Supply Chain	\$9.2 billion in potential savings
47 Employment Training Programs	\$18 billion cost
10 agencies, totaling 82 programs focused on Teacher Quality	\$4 billion cost
4 agencies, totaling 80 programs focused on Economic Development	\$6.5 billion cost

Source: GAO 2013 Annual Report: Actions Needed to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits; GAO 2012 Annual Report: Opportunities to Reduce Duplication, Overlap and Fragmentation, Achieve Savings, and Enhance Revenue; GAO 2011: Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue

**Appendix II: Past Initiatives to Improve Government Efficiency and Effectiveness**

<b>Presidents in office, Name of initiative, Date</b>	<b>Description</b>
<p>T. Roosevelt - Keep Commission (1905 - 1909)</p>	<p>Executive appointed commission to study and recommend changes in administrative practices of the Executive Branch. Commission members consisted of five government executives at the sub-cabinet level. Consisted of 12 subcommittees; approximately 70 staff across executive departments. Issued 19 reports outlining hundreds of recommendations ranging from agency-specific to government-wide changes. Most recommendations were not incorporated into legislation or executive orders, and implementation varied by department.</p>
<p>Taft - Commission on Economy and Efficiency (1910 - 1913)</p>	<p>Executive appointed commission to study agency appropriations and recommend how to reduce expenditures through better management practices. Membership consisted of five members from both government and private life. Commission produced numerous reports, some of which were sent to Congress. Most of the recommendations were agency-specific and most recommendations were rejected. Noteworthy recommendation included call for a national executive budget, which contributed to the eventual creation of the Bureau of the Budget and GAO.</p>
<p>Wilson/Harding/ Coolidge - Joint Committee on Reorganization (1921 - 1924)</p>	<p>Statutory commission composed of three members of the House and Senate to study the administrative services of the government, including overlapping and duplication of authority. At the suggestion of President Harding, Congress passed a supplementary resolution allowing him to appoint a representative of the Executive Branch. Committee submitted one consolidated reorganization report to Congress. None of the recommendations were directly adopted.</p>
<p>F. Roosevelt - Brownlow Committee (1936 - 1937)</p>	<p>Formally titled the President’s Committee on Administrative Management, was an Executive appointed three person committee created to consider the problem of overall management of the Executive Branch. Committee members had previous private and public experience supported by 26 staff. Committee submitted a report to the President, which became a bill in 1937; however, because it came at the same time as FDR's court-packing bill it was seen as an executive power grab. More modest reorganization bill passed in 1939 that created the Executive Office of the President.</p>



<p>Truman - Hoover Commission (1947 - 1949)</p>	<p>Titled the Commission on the Organization of the Executive Branch of Government, the “Hoover Commission” was a statutory commission of 12 members, six from private life, two from each Legislative Chamber and two from the Executive Branch, established to review the efficiency of the federal government. Members were appointed by the Speaker of the House, President of the Senate and President and required equal partisan representation. Commission was headed by Herbert Hoover and had 24 task forces and approximately 74 staff members. Submitted recommendations to both the President and Congress. Issued 19 separate reports containing 273 recommendations of which 116 were fully adopted and 80 were partly adopted. The commission provided a crucial impetus for passage of the Federal Property and Administrative Services Act, creating the General Services Administration, along with other significant reorganization and concentration efforts and management reforms.</p>
<p>Eisenhower - Hoover 2 Commission (1953 - 1955)</p>	<p>Statutory commission with the same title as Hoover I; 12 members, six from private life, two from each Legislative Chamber and two from the Executive Branch established to review the scope of federal government. Members were appointed by the Speaker of the House, President of the Senate and President; however legislation did not require equal partisan representation. The Commission issued twenty reports to Congress which were not required to be sent to the President; 314 recommendations of which 200 were fully or partially implemented.</p>
<p>Nixon - The Ash Council (1969 - 1970)</p>	<p>Advisory Council on Executive Organization was an Executive appointed council of five members assigned to suggest how policymaking could be centralized while administration decentralized. Members had both public and private work experience and divided into 6 working groups with an approximate staff of 47. Reports were sent to President, not Congress or the public. Council sent 13 memoranda to the President and recommended ambitious reorganizations of the Executive Branch. Only Reorganization Plan No. 2 of 1970, which reorganized the Bureau of the Budget to the Office of Management and Budget, and created the Domestic Policy Council, passed. Other proposals to transform the Executive Branch were rejected by Congress.</p>
<p>Carter - President's Reorganization Project (1977 - 1979)</p>	<p>Executive Branch initiative overseen by the OMB aimed at making government more efficient. It consisted of 30 working groups with approximately 129 staff members, but did not produce a comprehensive report. Informed the Reorganization Act of 1977, which restructured the Executive Office of the President. It also led to the establishment of the Senior Executive Service and contributed to the creation of the Departments of Energy and Education.</p>

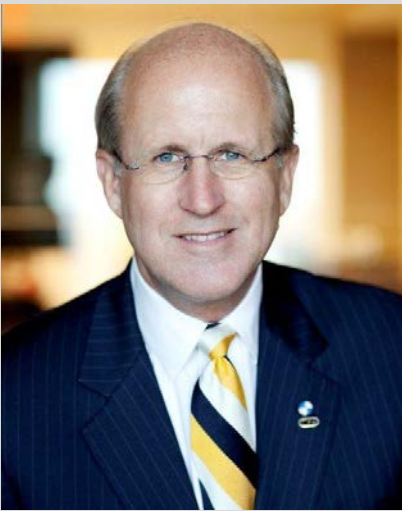
<p>Reagan - Grace Commission (1982 - 1984)</p>	<p>The President's Private Sector Survey on Cost Control was a private commission established by Reagan through an obscure provision in the law administered by Department of Commerce, and was aimed at making government work better for less. The commission was entirely private and given the right to review records, interview personnel and make public policy recommendations. The commission consisted of 161 CEOs and 2,000 staff members who reported to the President. The commission submitted one final report containing 2,478 recommendations. Some of the recommendations became law, although many of those had already been suggested by GAO or other government body. One significant achievement was the passage of the Chief Financial Officers Act.</p>
<p>Clinton - National Performance Review /National Partnership for Reinventing Government (1993 - 2000)</p>	<p>More popularly referred to as "reinventing government", the NPR was an Executive Branch inter-agency task force headed by VP Al Gore, aimed at addressing the public's disenchantment with government performance. NPR consisted of 250 staffers, all of whom were on detail from their relevant agency. The final report identified 100 significant recommendations and hundreds smaller ones. They were expected to save \$108 billion over 5 years. It did not result in legislation, but did impact management and behavioral practices across the Executive Branch.</p>
<p>W. Bush - President's Management Agenda (2001 - 2008)</p>	<p>Executive Branch council intended to improve the managerial workings of federal agencies. PMA was overseen by the Office of Management and Budget and the President's Management Council. The council consisted of executives from various federal agencies who convened monthly to discuss new issues, opportunities and best practices regarding the PMA. OMB created a rating scorecard to rate agencies under PMA.</p>

Source: "Reorganizing the Executive Branch in the 20th Century: Landmark Commissions," By Ronald C. Moe, Government and Finance Division, Congressional Research Service Report RL31446, June 10, 2002; "President's Management Agenda," By HHS; "Managing for Results," By White House

# Comeback America Initiative

## **Hon. David M. Walker**

Founder and CEO



Dave Walker (61) is a seasoned professional with over 39 years of experience in the private, government and the not-for-profit sectors. He has extensive leadership experience in all three sectors of the economy and his experience spans numerous functional areas and industries. For example, he has significant strategic planning, risk management, financial/audit, human resources/compensation, government relations, change management and other expertise.

Dave currently serves as the Founder and CEO of the Comeback America Initiative (CAI). In this capacity he leads CAI's efforts to promote fiscal responsibility and sustainability by engaging the public and assisting key policymakers on a non-partisan basis to help achieve solutions to America's federal, state and local fiscal imbalances.

He previously served as the initial President and Chief Executive Officer (CEO) of The Peter G. Peterson Foundation ("The Peterson Foundation") after being personally recruited by Pete Peterson. Prior to joining the Peterson Foundation, Mr. Walker served as the seventh Comptroller General of the United States from 1998-2008. As Comptroller General, Mr. Walker was head of the U.S. Government Accountability Office (GAO) and the de-facto Chief Accountability Officer of the United States Government. He also served as Chairman of the U.S. Joint Financial Management Improvement Program and as an ex-officio member of the Defense Business Board. During this period he was a non-partisan and outspoken advocate for fiscal responsibility and government transformation.

While head of GAO, he "led by example" in spearheading a number of transformational reform efforts within the agency, within government, and for the accountability profession both domestically and internationally. The transformational reforms at GAO dramatically improved the agency's performance, productivity, credibility, visibility and reputation. They have been praised by a variety of respected organizations, including Booze, Allen Hamilton; The Boston Consulting Group, and; IBM Consulting. GAO was ranked the second best place to work, in the Federal Government's Best Places to Work Employee Survey, during his tenure. Mr. Walker was also selected as one of the three most effective federal leaders by an independent group of experts.

Dave has received Presidential appointments from Ronald Reagan, George Herbert Walker Bush (41), and William Jefferson Clinton. He was confirmed unanimously all three times by the U.S. Senate.

Prior to being appointed as Comptroller General of the United States, Mr. Walker served as a Partner and Global Managing Director of the Human Capital Services Practice (e.g. human capital strategy, change management, compensation, pensions, health care) for Arthur Andersen LLP from 1989 until 1998. During this time, he also served as one of two Public Trustees for the U.S. Social Security and Medicare programs from 1990-1995.

# Comeback America Initiative

Prior to Arthur Andersen, Mr. Walker served in several senior leadership positions within the U.S. Government, including Assistant Secretary of Labor for Pension and Employee Benefit Programs and acting head of the Pension Benefit Guaranty Corporation. His initial professional and private sector experience was gained with Price Waterhouse, Coopers and Lybrand, and Source Services Corporation.

Mr. Walker has significant domestic and international experience and exposure. For example, he has direct working experience with various senior level government, private and independent sector officials in many states and a number of countries around the world. In November 2007, Mr. Walker was elected by the United Nations (UN) General Assembly to serve a four-year term as a member of the UN Independent Audit Advisory Committee (IAAC). He was subsequently elected Chairman of the IAAC each year by his colleagues from Russia, India, Uganda and Jamaica. Mr. Walker previously served as a member of the Board and Chair of the Strategic Planning Task Force for the International Organization of Supreme Audit Institutions (INTOSAI), which involved about 170 nations. As Comptroller General, he also served as Chairman of the National Intergovernmental Audit Forum in the United States. This forum is comprised of leaders from federal, state and local audit and accountability organizations throughout the U.S.

In addition to his current responsibilities at CAI, Mr. Walker serves on several boards and advisory capacities, including the Committee for a Responsible Federal Budget (CRFB), the Public Company Accounting Oversight Board (PCAOB), the Center for the Study of the Presidency and Congress, the Institute for Truth in Accounting, and the Peterson Foundation. He is a member of the Trilateral Commission, the American Institute of Certified Public Accountants (AICPA), the National Academy of Public Administration (NAPA), and the National Academy of Social Insurance (NASI), the Association of Government Accountants (AGA), and the Sons of the American Revolution. He served as Chair of the Postal Reform Panel for NAPA, as Chair of the Government Transformation Initiative Coalition, and as Co-Chair of the Institute of Medicine's End of Life Panel.

Mr. Walker has won many awards for his leadership, accomplishments, writing and speaking. For example, he received the top Public Service Award from the Security Analysis and Risk Management Association (2011), was admitted into the International Accounting Hall of Fame (2010), received the Alexander Hamilton Leadership Award from the Center for the Study of the Presidency and the Congress (2009), a presidential distinguished service award from the President of Indonesia (2009), the Gold Medal Award from the American Institute of Certified Public Accountants (2008) - the CPA profession's highest award, the Strategic Vision Award from the Center for Strategic and International Studies (2008), the Government Communicator of the Year Award from the Association of Government Communicators (2008), the Distinguished Service Award from the Secretary of Defense (2008), the Economic Patriot of the Year Award from The Concord Coalition (2007), the Presidential Achievement Award with Sash from the President of Austria for his leadership within the global accountability community (2006), and the George Romney National Public Administrator of the Year Award (2006). He is listed in a number of leadership publications, including Who's Who in the World and Who's Who in America.

Mr. Walker is a frequent speaker, Congressional witness, writer and media commentator. He has authored three books, including a National Bestseller

# Comeback America Initiative

entitled "Comeback America: Turning the Country Around and Restoring Fiscal Responsibility" (2010), as well as numerous articles and opinion pieces. He is the subject of the critically acclaimed documentary I.O.U.S.A. (8/08) and a 60 Minutes segment (3/07).

Mr. Walker is a Certified Public Accountant (CPA). He holds a Bachelor's Degree in Accounting from Jacksonville University (Florida), a Senior Managers in Government Certificate from the John F. Kennedy School of Government at Harvard University, and several honorary doctorate degrees from various universities, including The American University and his undergraduate alma mater. He has also successfully completed the CAPSTONE program for flag rank military officers.

Mr. Walker is married to the former Mary Etheredge of Jacksonville, Florida. They have two grown children and three grandchildren. The Walkers have lived in a number of states and currently reside in the Black Rock section of Bridgeport, CT.

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

Name:

David M. Walker

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2010. 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.

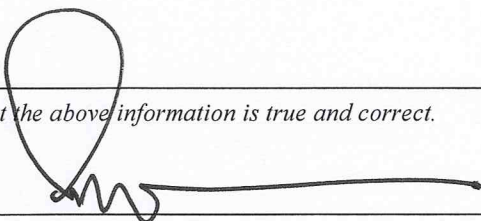
Government Transformation Initiative Coalition is a 501(c)(6) non-profit focused on improving the economy, efficiency, effectiveness and credibility of the federal government for the benefit of the American people.

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:



Date:

June 14, 2013