

Kelly Brownell:

Welcome to Policy 360. I'm Kelly Brownell, the Dean of the Sanford School of Public Policy at Duke University. Today, I am pleased to welcome Gene Dodaro as my guest. Gene is the nation's top fiscal watchdog, he serves as the Controller General of the United States and head of the US Government Accountability Office, the GAO. His agency works to ferret out waste and duplication and fraud, and they've realized government savings in the many billions of dollars. The GAO is an impressive operation. Headquartered in Washington DC, the agency has offices in 11 cities and have placed 3000 people with specialists in fields like foreign policy and health care.

Gene became the nation's top fiscal watchdog nearly eight years ago after a GAO career spanning more than 40 years. He oversees the development of reports and testimonies, hundreds of them every year, to various congressional committees and individual members of Congress. He makes frequent appearances on Capitol Hill where he testifies to Congress on critical national issues. Welcome to Policy 360, Gene. Glad to have you here.

Gene Dodaro:

I'm very pleased to be here, Kelly.

Kelly Brownell:

So the GAO is known for holding government accountable and suggesting improvements. In simple terms, how does your office work?

Gene Dodaro:

We basically focus as the audit organization from a national perspective for the Federal government. We're housed in the legislative branch of government, and our job is to support the Congress in carrying out its constitutional responsibilities, which includes oversight over the executive branch to make sure our systems of checks and balances work in the government. We do a wide range of audits, whether people are following the law, using the money appropriately, properly accounting for the money, whether programs are working effectively or not, and provide a lot of insight into which programs are working well, which are not, how programs can be perhaps consolidated and made more efficient, help Congress pass laws that strengthen regulations and provide better public safety for people as well. We also track the Federal dollar wherever it goes, internationally as well, and tracking money spent in other countries and by our military around the world.

Kelly Brownell:

Do all the requests for reports come from Congress?

Gene Dodaro:

No, I can initiate any audits and reports using a broad statutory authority that I have to initiate any audits involving any Federal funds that have been spent, any Federal regulations, any Federal nexus. I can even initiate studies looking at best practices being done by other countries or state and local governments that have potential applicability to the Federal government to strengthen its operations. So we work on a shared agenda with the Congress on what are the important areas to focus on, but they can ask for services and then we respond to that, but I can initiate things on our own.

Kelly Brownell:

I could see how the authority you have to initiate reports on your own could be very valuable because you're looking at a big picture, whereas I could see members of Congress interested in a particular issue. But you could see how things would connect with other things, and new ideas might come out of reports that other people wouldn't see. Has that turned out to be the case?

Gene Dodaro:

Yes, very much so, because our authority spans the full breadth of the Federal government's operations and scope, so we can look across the entire Federal government, the Federal government's interactions with state and local governments, as well as with other countries. More and more Federal programs and activities require multiple agencies to work together whether you're talking about Homeland Security, nation building in other countries, dealing with climate adaptation and change, just a few examples. And so our role becomes important because we can look across Federal departments and agencies, in many cases, as you point out, that spans Congressional jurisdictions as well.

Kelly Brownell:

So you and GAO, overall, have a reputation for getting results. When the outside world hears about reports, you think of some voluminous thing that goes in a drawer and not many people pay attention to, but that doesn't happen with GAO. So how do you account for the fact that you're actually getting results?

Gene Dodaro:

Well, one of the things is that we measure our own performance on how well our recommendations are implemented and bring about change in the government, not just how many reports that we issue. We make on average, the last five years, we made 1,800 recommendations per year, 80% of our recommendations get implemented. As a result, just last year, our recommendations resulted in \$74.7 billion in financial benefits to the government. That's \$134 back for every dollar invested in GAO. And there were 1200 other benefits to the government where programs were strengthened, public safety was enhanced, and a wide range of other operational improvements to the Federal government. So we have a very good work record. We work hard with the agencies, and many of them voluntarily implement our recommendations, we have no enforcement authority except through the Congress. And if agencies aren't responsive, we think they should be, we work with the Congress to have them legislate changes or require conditional receipt of Federal funds on the condition that they respond to our recommendations.

Kelly Brownell:

I've enjoyed serving on an advisory board for GAO, and I remember in one of our meetings, you mentioned the 80% rate of recommendations being implemented, and that took my breath away. I thought, how in the world is that possible? And I gather it's a sign of the high regard people have for GAO. They trust the GAO, consider it an organization with high integrity, and that must be one of the reasons why the recommendations get implemented.

Gene Dodaro:

Yeah, we've worked hard. Well, first thank you for serving on the advisory committee. I appreciate your help and guidance. But we work hard to be a constructive force to bring about positive change. Many people view audit organizations as just pointing out the deficiencies, but we've had a cultural change at GAO over the last several decades where we've really focused on saying, look, if we're going to identify

deficiencies, we need to come up with positive practical solutions that are cost-effective that are going to bring about improvements that we would like to see on behalf of the American people, and we view ourselves as an advocate for the American public.

We also produce a lot of best practices and guides that we've made available to the agencies to say, basically, look, if we're going to evaluate how you're estimating the cost of a particular investment, whether it be a weapon system or information technology investment, here's best practices for putting together cost estimates, here's best practices for scheduling, here's best practices for technology readiness assessments, because a lot of times we find agencies rushing to put in place new technologies that haven't been matured yet, and end up not working and wasting money. So we, in effect, give agencies, in many cases, open book tests. We say, here's the criteria, please make improvements. And I think that whole approach that we've taken to being viewed as a constructive force in government, not one that just points out problems.

Kelly Brownell:

Does the picture of your work change much depending on which political party is in power in Congress?

Gene Dodaro:

Not really. I mean, we focus on many of the fundamental programs of government, many programs are on regular reauthorization schedules, whether it's the FAA or the farm program, the farm bill comes up every five years, and appropriations have to be passed every year. So we'll make changes based upon priorities of different administrations or Congresses, but the lion's share of our work is really the bread and butter of government, the mechanics of government.

We do a lot of our work for both parties. In fact, 60% of our reports last year had bi-partisan addressees on there. So we try to focus, we approach everything in a nonpartisan way, and try to do it. Actually, Kelly, when we have big changes, they usually occur as a result of external events that have happened, the war in Iraq and Afghanistan, the hurricane Katrina. The Fukushima nuclear power plant in Japan, for example, caused a lot of requests on our own nuclear complexes and things of that nature. 911 obviously was a big change to our government and country. And so we respond, make changes based on those events as well.

Kelly Brownell:

So every two years GAO issues a high risk list, and I know you evaluate threats to the country. Tell us a bit more about that if you would, and how you come about finding what goes on that list.

Gene Dodaro:

Yeah. The list started in 1990, when Congress asked us, "Can't you identify emerging risks to the government before they become crisis proportion?" So we focused initially on fraud, waste, abuse and mismanagement in the Federal government. But over time, we've evolved it to also identify areas that are in need of broad-based transformation, and so there's a wide range of areas on the list. In the fraud, waste and abuse area there's both Medicare and Medicaid, there's a high degree of improper payments in those programs, or payment policies that need to be revamped, they're the fastest growing Federal government programs.

But there are other areas that need a transformation, the postal service, for example, their financial condition, their business models really not effective anymore with the advent of electronic communications. First-class mail volume has been plummeting, it's not expected to return to those

levels. We identified the Department of Homeland Security management functions in need of transformation, once they were formed in 2003. We've added, recently, the need to improve care to our veterans, health care to our veterans, which is desperately in need of improvement. The need to improve information technology, acquisitions, and operations across the government.

In 1997, we flagged computer security across the Federal government as a high-risk area, added critical infrastructure protection in 2003, and most recently added the need to protect personally identifiable information in the Federal government. We've also recently added limiting the Federal government's fiscal exposure by better managing climate change risk.

And so it's got a wide range of various, food safety, oversight of food safety and medical products is on there as well, given globalization and the Federal governments need to pivot to helping protect the public in a global marketplace, not just the domestic marketplace.

Kelly Brownell:

So the GAO has been saying that the US is on an unsustainable fiscal path. What do you mean by that?

Gene Dodaro:

What we mean is that the debt that we're accumulating is growing at an exponential rate. The Federal government has always borrowed money, from the very existence back to the Revolutionary War. A peak period was following World War II, where we actually had more debt, we had about 109% of debt held by the public as a percent of our gross domestic product. That's used as a ratio of measuring your ability to repay the debt. In the years following World War II, we had rapid growth that came down, and for probably 40 or 50 years, that held by the public as a percent of gross domestic product was about 38%, so it was a manageable level. Right now, it's 74%, with funds that had to be borrowed for the wars that we've been conducting, to deal with the Great Recession that we had, the global financial crisis, and a wide range of other issues.

But we do long range simulations, and we show that, while we're highly leveraged right now, we're moving toward a path, absent fiscal policy changes, where we would well surpass the World War II levels and have 100, 200 and perhaps 300% of debt held by the public as a percent of gross domestic product. The main drivers changing demographics were the aging of our population, with the baby boom retirement generation hitting Medicare and Social Security, Medicaid, and also rising health care costs. Health care costs have slowed recently, but they're still rising much faster than gross domestic product. And then of course, interest on the debt. Compound interest works well when you're saving, but not when you're borrowing. And so we've been fortunate, so far, that the interest rates that we've been able to borrow money on, of the about \$18 trillion in our cumulative national debt, have been low, but interest rates will rise as the economy improves.

Kelly Brownell:

I must say how impressed I am with the breadth of your knowledge. It's really remarkable, and you seem to be the perfect person to be at the helm of the GAO. Let me end by asking you the following question. Given that you've been doing this for a long time and you've seen so many reports, one could barely count, do you ever get surprised by what comes out in the reports? And could you give us an example of something like that?

Gene Dodaro:

Not really, Kelly. I've moved past surprise a long time ago. I'm amazed at the lack, though, of some fundamental management principles that need to be put in place in government. There are two overriding themes that I care about a lot and I'm trying to change. One is that, as a government, we do not do a very good job of planning ahead for a wide variety of things. So strategic planning and getting to think ahead before problems become crises. I'm always reminded of Winston Churchill's quote about the United States when saying that, "The Americans will always do the right thing, but after they've tried everything else." And so planning ahead, we could do a much, much better job of planning ahead in the government.

And then secondly is, our government is really good and proficient at creating plans, but the implementation is not there. The execution, following through on fundamental management principles, of having good metrics and milestones and really doing the necessary basics of government to implement change, our track record as a government is not good. And that's what GAO tries to do, is try to improve that track record, try to point out problems ahead of time, try to get ahead of the curve and help the government plan ahead and help Congress look ahead as well.

So those are the things that I think if we can bring about those sort of cultural changes in our society and our government, we'll be much better positioned for the 21st century.

Kelly Brownell:

So I promised that would be my last question, but I thought of another. With your permission, I'd like to ask. Is it even possible, given the political structure of the United States, to do the sort of long range thinking that you're talking about? Because one party might come in and see as a threat, like the national debt, something that you've identified, or climate change, or whatever it might happen to be, and then there might be a political change and the people coming in may not believe those are threats. So is it even possible to do the kind of long range planning on some of these big issues?

Gene Dodaro:

Yeah, I think one of the things that needs to be done is we need to look at the structure in the executive branch of the government for continuity over time. You can have different policies, but you should have some continuity and foundational planning that goes on in government. One of the reasons that GAO has become the default organization for many of these activities is that my position, the Controller General, has a 15 year term. It's the longest term in the government, and while it was set up to provide independence, so that we would carry out our work in a nonpartisan manner without fear of political fallout, it has resolved in greater continuity in our thinking at the GAO over time, and why we provide a lot of that continuity in government. We're mentioned in the presidential transition act as one entity, the only entity outside the executive branch that incoming administrations are to go to, to get advice on management challenges going forward.

So, to your point, we're not really organized to do it properly now. We could be, under our system of government, but it would require some more fundamental changes.

Kelly Brownell:

Good, well thank you for being with us today. I appreciate your time.

Gene Dodaro:

Well, I appreciate being with you, and the opportunity to talk, and to be here and visiting too.

This transcript was exported on Jun 17, 2021 - view latest version [here](#).

Kelly Brownell:

Thank you. So I've been talking today with Gene Dodaro, the Controller General of the United States and head of the GAO. Gene is here at Duke to deliver the Terry Sanford Distinguished Lecture. The lecture was endowed by a gift to Duke University and the school by the William R. Keenan Jr. Charitable Trust. We're going to be recording another podcast with Gene, so please tune in for that one. Thank you.