



A new funding model for the GAO and financial relief for Congress

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Daniel Schuman
Policy Director, Demand Progress Education Fund

Executive Summary

The Government Accountability Office provides significant financial benefits to the federal government — returning more than \$100 in savings for every dollar invested. But GAO's funding is unduly constrained by the limited allocation made to the Legislative Branch Appropriations Subcommittee and competing demands inside the Legislative branch, notably security and infrastructure.

Funding for GAO should scale with the size of the federal government. GAO is currently funded at only 87% of its 1995 levels — down \$96 million in real dollars. This amount is 0.045% of federal discretionary spending. By comparison, in FY 1992 GAO received 0.082% of federal discretionary spending. If GAO were funded at 0.082% today, its funding would be \$1.1 billion — 1.7x its current level. By comparison, GAO requested an \$83 million increase in funding for FY 2022, to \$774 million. We recommend incrementally increasing GAO funding to a higher ratio.

One approach is proportionally sharing GAO's costs among the 12 appropriations subcommittees — plus \$50 million in administrative costs provided by the Legislative Branch Appropriations Subcommittee. Funds for GAO could be taken off the top prior to the subcommittee allocations or be set aside inside each subcommittee's allocation. The median subcommittee contribution would be \$31.5 million. The return on investment would be measured in the billions.

In addition to empowering GAO to meet its obligations, our proposed funding model would be a boon for democracy. Congress comparatively under-resources its staff. This has empowered the Executive branch and lobbyists by yielding them significant advantages in resources and personnel. This approach would restore resources to Congress and allow it to meet requests for hundreds of millions of dollars in new funding for security and infrastructure. In addition, it allows funding constraints to be eased inside Congress without requiring a politically difficult vote on resources.

Overview

The Government Accountability Office provides tremendous value to the federal government. The agency reported that “in FY 2020 GAO’s work yielded \$77.6 billion in financial benefits, a return of about \$114 for every dollar invested in GAO.”¹ As the Lincoln Network’s Dan Lips explains: “since 2012, GAO has averaged at least \$100 in savings for each dollar in funding it receives from Congress.”²

But there is a problem: GAO’s oversight work is constrained by how it is funded. GAO receives funding via the Legislative Branch Appropriations Subcommittee, which draws from a comparatively slow-growing pool of funds compared to that available to the federal government as a whole. In addition, GAO competes inside the Legislative branch against agencies with unavoidable and quickly growing funding needs, such as the U.S. Capitol Police and the Architect of the Capitol. But, as we explain below, there is a politically agreeable way to meet all these funding requests.

GAO Funding in the Legislative Branch Context

Two trends describe funding for the Legislative branch. First, growth in funding for the Legislative branch lags that of the federal government. Second, the vast majority of new Legislative branch funding is dedicated to security and infrastructure. The constrained funding environment has caused major shortfalls throughout the Legislative branch. For GAO, this results in billions in savings for the federal government left unrealized.

Funding for the Legislative branch significantly lags other spending

From 1995-2020, overall federal discretionary spending grew by 66 percent, or \$561 billion. Funding for the Legislative branch grew by a comparatively paltry 24 percent, or \$24.3 billion.³

2/3s of new Legislative branch funding is for security and infrastructure

Two-thirds of all new funding from FY 1995 to FY 2021 for the Legislative branch have gone to the U.S. Capitol Police and the Architect of the Capitol.⁴ The chart below shows their increase in funding versus the Legislative branch allocation. Note their proposed FY 2022 funding, not shown in the chart, would be a large increase.

¹ *Testimony Before the Subcommittee on the Legislative Branch, Committee on Appropriations, House of Representatives*, U.S. GAO (March 10, 2021)

<https://docs.house.gov/meetings/AP/AP24/20210310/111292/HHRG-117-AP24-Wstate-DodaroG-20210310.pdf>

² *A new report examines the Congressional watchdog’s return-on-investment*, Dan Lips (Nov. 19, 2020)

<https://articleinitiative.org/why-gao-is-congresss-best-investment/>

³ Source: our calculations in this spreadsheet,

https://docs.google.com/spreadsheets/d/1j7oMBVq_5seIGEwcxfrOzdTUG6RbLXo-Tg60Z1gDCcc/edit#gid=1175531382, which draws from OMB data available at

https://www.whitehouse.gov/wp-content/uploads/2020/02/hist05z6_fy21.xlsx and

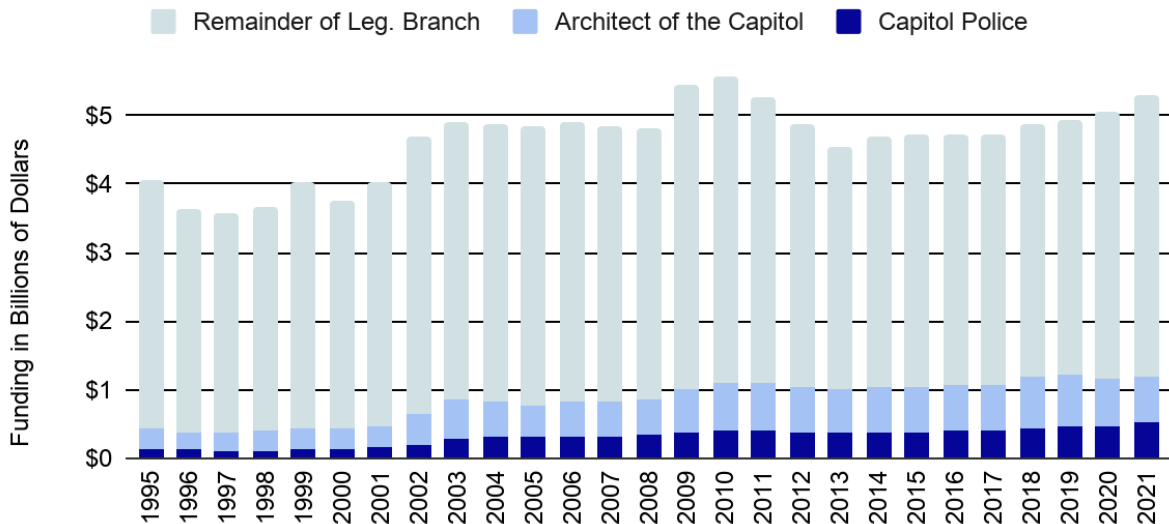
https://www.whitehouse.gov/wp-content/uploads/2020/02/hist05z1_fy21.xlsx

⁴ *25+ Years of Legislative Branch Appropriations: Data Spanning from 1994-2021 All In One Place*, First Branch Forecast (Feb. 5, 2021)

<https://firstbranchforecast.com/2021/02/05/25-years-of-legislative-branch-appropriations-data-spanning-from-1994-2021-all-in-one-place/>

Portion of Legislative Branch Resources Allocated to Capitol Police and the Architect of the Capitol

Values Inflation Adjusted to 2020 Dollars



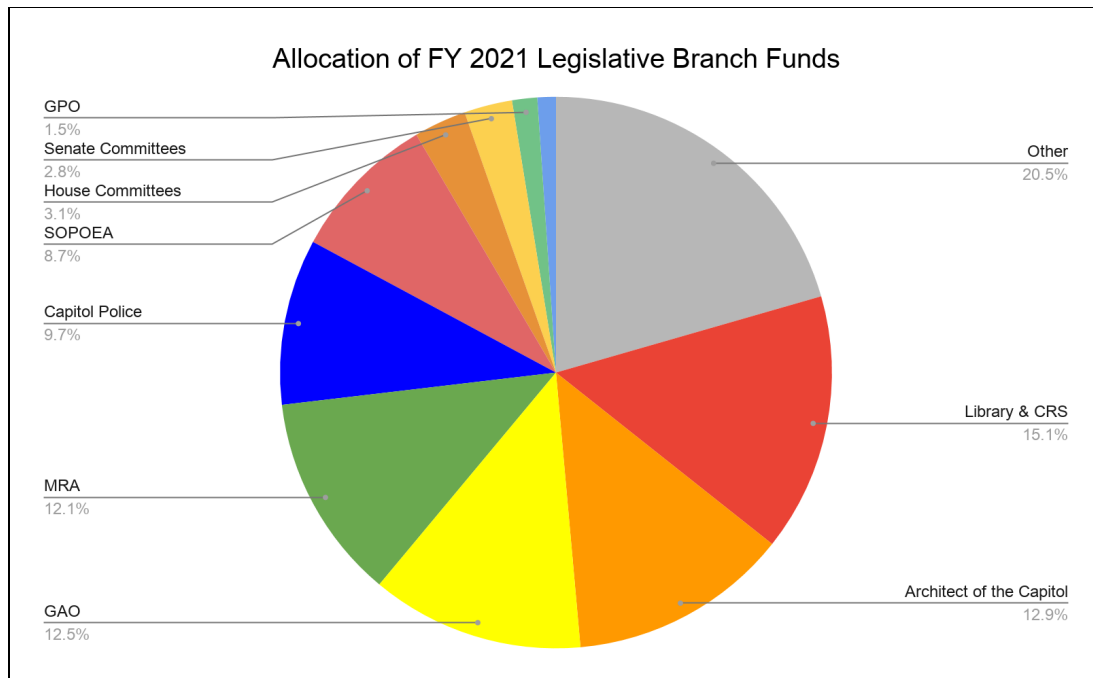
The Legislative branch funding environment

The Appropriations Committee appropriated slightly more than \$5 billion to the Legislative branch in FY 2021. Most Legislative branch components requested major increases for FY 2022.

Most significantly, the Architect of the Capitol requested an \$181 million increase over FY 2021 and the U.S. Capitol Police requested an \$107 million increase.⁵ That is a combined 27% increase. These increases do not account for the recommendations of the Honoré report, which will likely result in additional requests. We expect Congress will meet these funding requests.

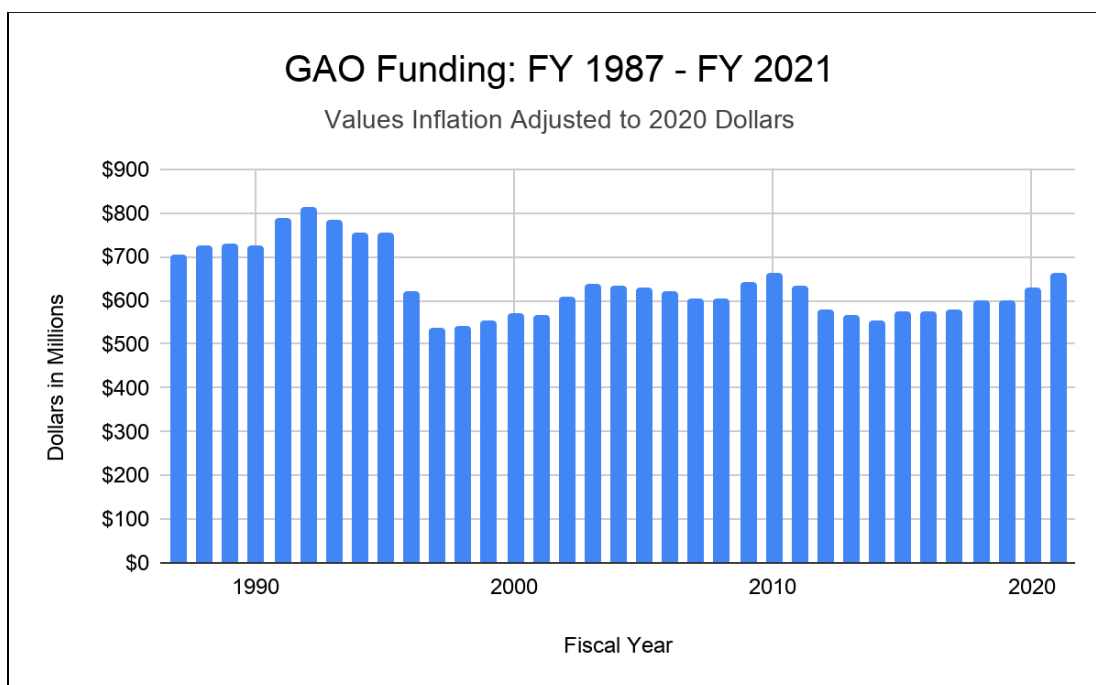
The following chart shows how Appropriators appropriated funding inside the Legislative branch in FY 2021. Please note that Capitol Police and the Architect received about 1/4 of the pie.

⁵ Forecast for March 15, 2021, First Branch Forecast (March 15, 2021)
<https://firstbranchforecast.com/2021/03/15/forecast-for-march-15-2021/>



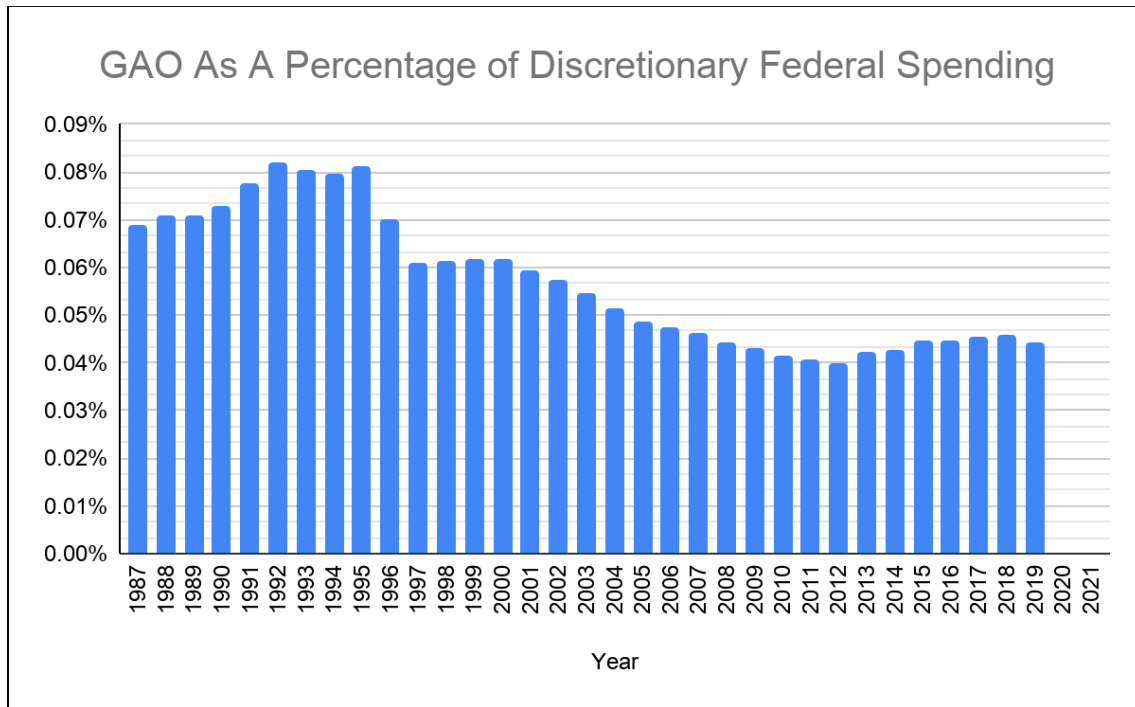
Funding for the GAO

Between FY 1995 and FY 2021, funding for GAO decreased in constant dollars from \$757 million to \$661 million, a \$96 million decline to 87% of its 1995 levels. Over the last quarter-century, GAO suffered from volatile funding levels too low for it to accomplish its mission. For example, GAO indicated it has not been able to address requests from individual members of Congress for at least 15 years and has significant deferred maintenance.



Another way to look at GAO's funding level is as a percentage of overall discretionary funding. For example, overall federal discretionary spending in FY 2020 was \$1.395 trillion and GAO's funding was \$629 million, or 0.045%. This is a historically low ratio.

We looked at GAO funding as a percentage of total discretionary spending over the last 35 years. In FY 1992, GAO was funded at 0.082% of discretionary spending. It is now 0.045%. Over the decades, GAO was forced to cut thousands of employees.



GAO's funding request for FY 2022

GAO requested a funding increase for FY 2022 to \$744 million, an \$83 million increase over FY 2021.⁶ To put that in context, if GAO were funded in FY 2020 at the same percentage of total discretionary spending as it was in 1992, i.e., 0.082% of federal spending, its budget would be \$1,143 million. GAO would have an additional \$482 million over its FY 2021 funding level, or 1.7x current funding.

⁶ 25+ Years of Legislative Branch Appropriations: Data Spanning from 1994-2021 All In One Place, First Branch Forecast (Feb. 5, 2021), <https://firstbranchforecast.com/2021/02/05/25-years-of-legislative-branch-appropriations-data-spanning-from-1994-2021-all-in-one-place/>. Our calculations are here: https://docs.google.com/spreadsheets/d/1aB36PIJrOBXVVMiN-vBiQqu-kHkF_Y1EPJ6y0z8by3o/edit?usp=sharing
Note: we are using FY 2020 as the comparator year, not FY 2021, because we do not have access to the necessary numbers to make that calculation.

SCALING GAO FUNDING WITH THE SIZE OF GOVERNMENT

According to Comptroller General Dodaro's testimony before the Legislative Branch Appropriations Committee, the best return on investment — the most money saved — arises from GAO focusing on where the most money is: defense and health care.⁷ It makes intuitive sense that savings are proportional to the size of the expenditure. But while the benefit goes to the agencies being overseen — and to taxpayers — the costs of oversight are carried solely by the Legislative branch.

What is the proper starting point to reset GAO's funding?

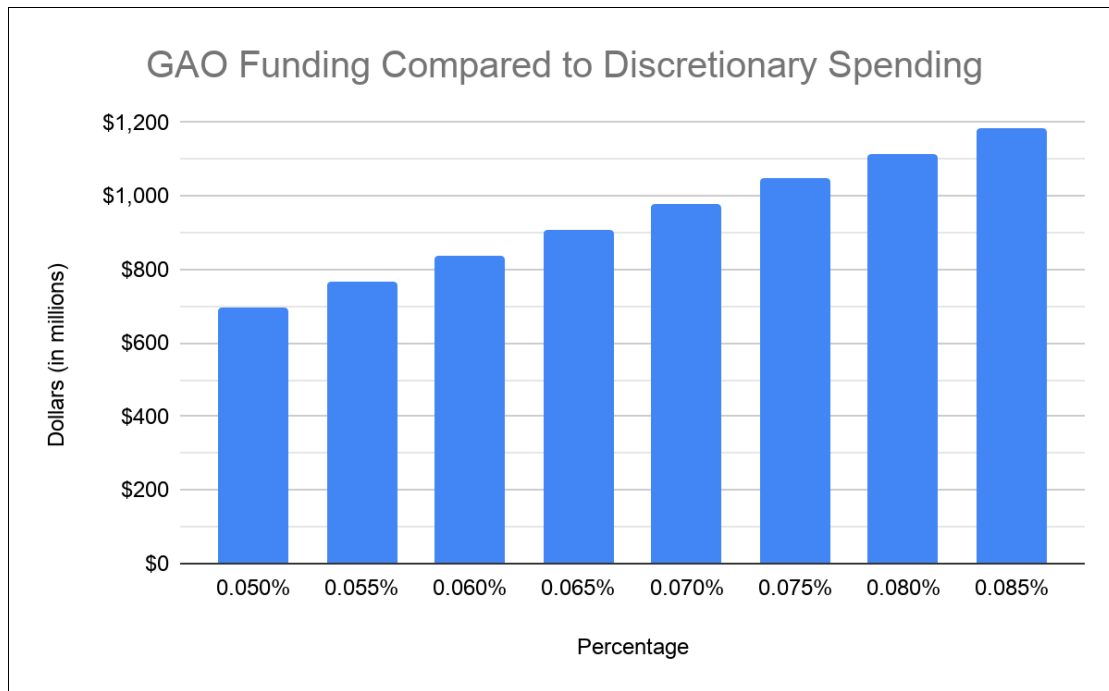
The U.S. government as a whole derives great value from the work of GAO, a return of more than \$100 for every \$1 spent. A larger GAO likely would result in additional savings for taxpayers and a more efficient government. Paradoxically, spending money on GAO would make money for the federal government through greater efficiencies and reduced waste, fraud, and abuse. A more robust GAO would also further empower Congressional oversight and individual members of Congress, as it would once again become possible to respond to some individual member requests. Indeed, one of the harshest critics of federal spending ever to serve in government, former Sen. Tom Coburn, opposed planned cuts in funding to GAO, describing the agency as “far more limited than it needs to be for the work Congress demands of it.”⁸

The size of GAO should scale with the size of the federal government it is overseeing. One reasonable approach is to reset GAO's funding to a percentage of discretionary spending. If it were reset to funding levels in the late 1990s, where it hovered around 0.060%, GAO would be funded at \$837 million. By comparison, GAO's request for FY 2022 is \$744 million. Each 0.005% increase is equal to \$70 million. We would be sympathetic with restoring GAO's funding to the same percentage of discretionary spending as in FY 1992, or 0.082%. In today's context, that would be approximately \$1.1 billion.

The following chart shows options for GAO funding levels as a percentage of FY 2020 spending levels.

⁷ FY 2022 Budget Hearing for Government Accountability Office and House Officers, House Legislative Branch Appropriations Subcommittee (March 10, 2021) <https://appropriations.house.gov/events/hearings/fy-2022-budget-hearing-for-government-accountability-office-and-house-officers>.

⁸ *Shooting the Messenger: Congress Targets the Taxpayers' Watchdog*, Senator Tom Coburn (Nov. 2011) https://web.archive.org/web/20140919171253/http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=c6bdbbe64-ad37-4571-9c6a-8d97a3154253



It is unlikely the GAO could absorb an increase to \$1.1 billion all at once. GAO requested an \$80 million increase for this fiscal year, which is approximately 0.006% of federal discretionary spending. This suggests GAO could absorb an increase of at least that much. It may be wise to consult with GAO on whether they could productively tolerate more. We recommend year-over-year increases at 0.006%, or \$80 million, until overall federal funding for GAO is at 0.082% of federal discretionary spending. We recommend pegging GAO funding at that rate *now* to clearly establish the goal, but providing an incrementally increasing amount to GAO.

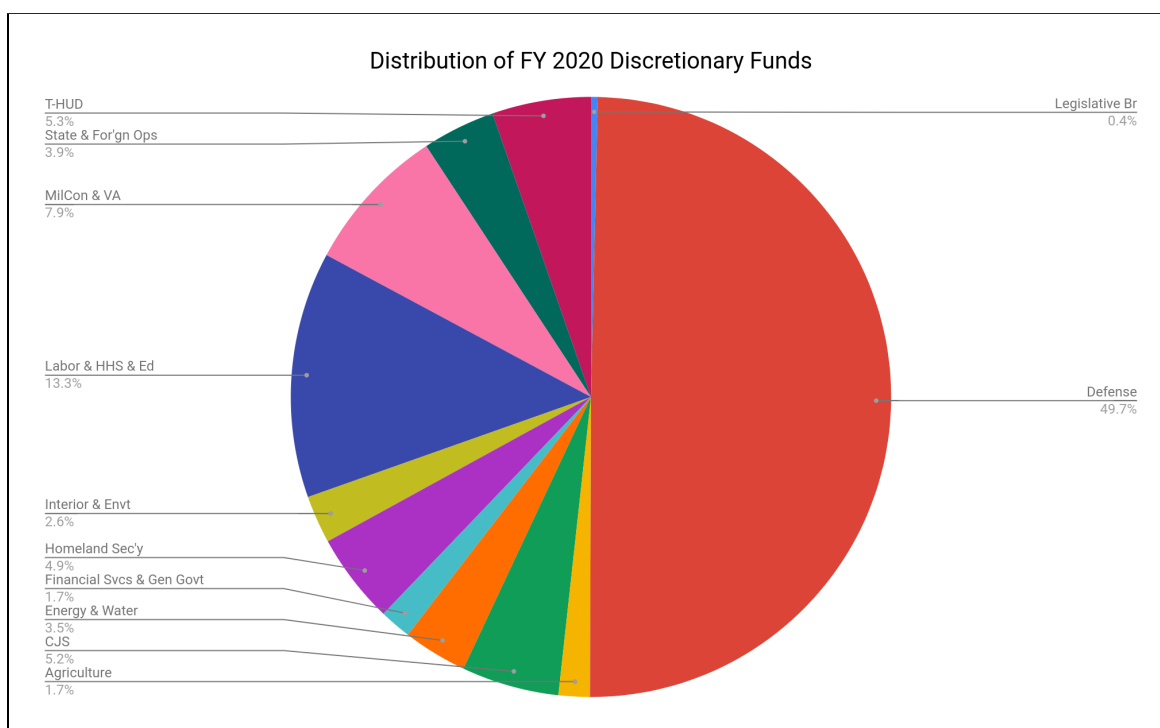
While we recommend that the Legislative Branch Appropriations Subcommittee be empowered to recommend up to 0.082% of federal discretionary spending for GAO, the Legislative Branch Appropriations Subcommittee should be empowered to deviate downward should it determine there is a good reason to do so. The Subcommittee should also be able to request or require certain funds be dedicated towards certain purposes.

How do we pay for all this if not from the funds provided to the Legislative branch?

GAO's Costs Should Be Shared Among the Appropriations Subcommittees

As we have seen, placing the burden solely on the Legislative Branch Appropriations Subcommittee allocation to fund GAO makes little sense when the Legislative branch's tiny size constrains spending and larger pools of money are available to share the cost. Let's look at the 12 appropriations subcommittees, which in FY 2020 collectively appropriated \$1.39 trillion.

The Legislative branch received 0.36% of discretionary spending, or \$5 billion. The next smallest subcommittee, Agriculture, received 1.68%, or \$23 billion. The largest subcommittee, Defense, received 49.69%, or \$693 billion. The chart below breaks out the 12 subcommittees.⁹



We recommend that the costs of funding GAO be proportionally distributed among the 12 appropriations subcommittees, plus an administrative cost borne by the Legislative branch subcommittee. There are at least three ways to operationalize this:

1. **Take the money off the top.** After the Appropriations Committee receives its 302(a) allocation, a portion of those funds should be set aside for appropriation to the GAO prior to the allocation of funding to the 12 appropriations subcommittees. For example, 0.082% of the 302(a) allocation could be set aside for use by GAO. Those funds would be merged by the full committee into the bill reported out by the Legislative Branch Appropriations Subcommittee.
2. **Set aside money inside the twelve subcommittees.** The full Committee could request each appropriations subcommittee set aside a small proportion of its funds for the GAO, such as 0.082%. As those bills become law, the funds become available for GAO.
3. **Create a 13th appropriations subcommittee.** The full Committee could create a 13th appropriations subcommittee, with its purpose solely to fund GAO. The full committee would allocate it a fixed percentage of federal discretionary spending and members of the subcommittee would be identical to those on the Legislative branch. The legislative

⁹ Note: for ease of calculator, we do not include emergency and supplemental funding.

text reported by the GAO Subcommittee would be merged with the Legislative Branch Appropriations Subcommittee bill.

How would this work in practice?

Let's assume a \$774 million budget for GAO for FY 2022, with \$50 million in administrative overhead paid for by the Legislative branch. The following chart illustrates how the remaining \$724 million in costs would be carried by the 12 appropriations subcommittees using the same subcommittee allocations as used in FY 2020.

Subcommittee	Contribution to GAO (rounded, in millions)	Subcommittee Funding (in millions)
Legislative Branch	\$3	\$5,049
Agriculture	\$12	\$23,493
Financial Services and General Government	\$12	\$23,830
Interior + Environment	\$19	\$35,989
Energy and Water	\$25	\$48,300
State + Foreign Ops	\$28	\$54,700
Homeland Security	\$35	\$67,800
CJS	\$38	\$73,180
T-HUD	\$39	\$74,300
MilCon VA	\$57	\$110,400
Labor HHS	\$96	\$184,900
Defense	\$360	\$693,300

As you can see, the median subcommittee contribution to GAO is \$31.5 million. Excluding Defense, the average subcommittee contribution is \$33 million. When the costs are shared among the 12 appropriations subcommittees, the burden is light. And, of course, the return on investment — the savings to these agencies — will be significant.

We acknowledge not all spending on GAO will tie directly to reducing waste, fraud, or abuse or be evenly shared among the agencies. For example, resolution of bid protests or spending on the *Science, Technology Assessment, and Analytics* team may not map cleanly onto this framework. We do not have enough information to assess this issue, but it may not matter for practical purposes. The vast majority of GAO's work fits this cost-sharing framework. And, as we recommend that the Legislative branch continue to provide an additional \$50 million in administrative costs above its proportional share of GAO's costs, any inequities would be covered by these supplemental funds.

We recognize that treating GAO's costs as overhead taken out of discretionary spending is a new approach. It has the benefit of being something that can be implemented through must-pass legislation. However, we would also support making much of GAO's funding level mandatory spending, but that is outside the scope of this paper.

Additional Benefits to Changing GAO's Funding Model

We addressed the benefits to GAO and to the federal taxpayer for changing GAO's funding model. There is another key benefit: strengthening our democracy.

A strong and capable Congress is essential for our democracy to thrive. But, over the decades, we have significantly underfunded the Legislative branch.¹⁰ Funding for personal offices and committees, for example, is a diminishing share of overall Legislative branch funding even as funding for Congress has stagnated. Congress comparatively underpays its staff and has refrained from investing in the technology and benefits necessary to make congressional employment competitive over the long term. This empowers the Executive branch and lobbyists at the expense of the legislature and the people it represents by giving them advantages in personnel and resources.

While many elected officials have been persuaded of the necessity of restoring Congress's strength, a handful remain fearful of potential political drawbacks. They are afraid that restoring funding for Congress — which includes remediating cutbacks in staffing and addressing funding deficiencies — would come at a political cost. We do not agree, but we understand their fears.

At the same time, many on Capitol Hill are concerned about potential funding deficiencies for the Capitol Police and the Architect. Security and infrastructure always are prioritized over legislating and oversight — and will continue to receive priority. However, even their funding has fallen short.

One way out of this conundrum is to change how GAO is funded. By redistributing the vast majority of GAO's costs from the Legislative branch to overall federal discretionary spending, we in effect increase funding available to the Legislative branch without changing the top line. Our approach, for example, would immediately yield an additional \$724 million for the Legislative branch while simultaneously saving billions of dollars in federal spending. This is the proverbial win-win.

¹⁰ See "The Undermining of Congress," First Branch Forecast (Feb. 17, 2020) <https://firstbranchforecast.com/2020/02/17/the-undermining-of-congress/>