



**Testimony of Thomas A. Schatz, President
Citizens Against Government Waste
Before the House Energy and Commerce
Subcommittee on Oversight and Investigations
Wednesday October 5, 2011**

I. Introduction

II. President Obama's Promise: A Line-by-Line Review of the Federal Budget

III. Methodology for Budget Review

IV. A Lesson from History: The Grace Commission

V. The Survey: Who Participated

VI. The Survey: How It Was Conducted

VII. The Survey: Finished Product and Recommendations

VIII. The Survey: What It Cost

IX. The Survey: Tracking the Savings

X. New Tracking Systems

XI. Grace Commission Success in the States: South Carolina and Nevada

XII. The Grace Commission Lives On: CAGW's Prime Cuts

XIII. Conclusion

I. Introduction

Mr. Chairman, members of the subcommittee, thank you for the opportunity to testify today. My name is Thomas A. Schatz. I am president of Citizens Against Government Waste (CAGW), a nonprofit organization made up of more than one million members and supporters, dedicated to eliminating waste, fraud and abuse in government. Citizens Against Government Waste has not, at any time, received any federal grant and we do not wish to receive any in the future.

II. President Obama's Promise: A Line-by-Line Review of the Federal Budget

On November 25, 2008, President-elect Barack Obama vowed to conduct a thorough review of the federal budget and eliminate wasteful and unnecessary government expenditures. He said, "We cannot sustain a system that bleeds billions of taxpayer dollars on programs that have outlived their usefulness, or exist solely because of the power of a politicians, lobbyists, or interest groups. We simply cannot afford it. This isn't about big government or small government. It's about building a smarter government that focuses on what works. That is why I will ask my new team to think anew and act anew to meet our new challenges.... We will go through our federal budget – page by page, line by line – eliminating those programs we don't need, and insisting that those we do operate in a sensible cost-effective way."

On May 7, 2009, Office of Management and Budget (OMB) Director Peter Orszag declared that the Obama administration had made a "significant installment" in its "commitment to review the federal budget line by line" by releasing its fiscal year (FY)

2012 “Terminations, Reductions, and Savings” document which identified 100 recommendations that would reduce federal spending by \$17 billion over one year.

While the identification of these savings is laudable, it is not unique; a recommended list of Terminations, Reductions, and Savings has been submitted to Congress each year since 2006. A list of similar proposals entitled “Major Policy Initiatives” was included as a separate document in President Reagan’s budget submission throughout his two terms in office. More often than not, these recommendations are ignored. For example, the fiscal year 1987 Major Policy Initiatives document suggested a 20 percent reduction in funding and re-targeting of Community Development Block Grants (CDBG), and President Obama’s fiscal year 2012 terminations submission included a less ambitious recommendation to scale back funding for CDBGs by 10 percent.

The traditional, standard submission of requested program cuts is therefore nothing new, and does not quite live up to the promise of a “page by page, line by line” review of the federal budget. However, the failure of Congress to adopt many long-standing recommendations is also nothing new, and the push for the elimination of even the most obvious wasteful spending has been a constant struggle for both Democratic and Republican administrations.

The line-by-line review of the federal budget is one of six major initiatives that President Obama has launched in an effort to streamline the federal government and cut costs. In January 2009, the President created a new position at OMB for a chief performance officer to increase the “efficiency, transparency and accountability” of federal agencies. In June 2010, the Obama administration suggested specific actions to

advance IT reform and cut waste. In September 2010, President Obama launched the Accountable Government Initiative, an effort to cut waste and make government more open and responsive to the American public.

On June 13, 2011, President Obama issued an Executive Order to “Deliver an Efficient, Effective and Accountable Government” which attempted to consolidate his previous initiatives. While he talked about prior achievements and “good progress,” there was no list of those accomplishments, including how much had money had been saved for taxpayers. He cited the prior Accountable Government Initiative and called for “periodic” meetings between Vice President Biden and Cabinet officials report on progress; for agencies to place quarterly reports on performance improvements on their websites; identification of program overlap by the OMB Director as guidance for fiscal year 2013 budget submissions by agencies; and established the Government Accountability and Transparency Board to provide “strategic direction” to increase transparency of federal spending.

These initiatives were announced as part of the President’s “Campaign to Cut Waste,” which also included a plan to close down or consolidate about 500 government websites and scrap plans to launch any new ones. The White House also set a goal of reducing spending on management support service contracts by 15 percent by the end of FY 2012, a reduction of \$6 billion. Vice President Joe Biden was put in charge of the entire Campaign to Cut Waste.

While the Campaign to Cut Waste appears to be a renewed effort to increase effectiveness and accountability, and taxpayers hope that it will be successful, there is no single methodology governing the various projects, and there is no single place online or

in the budget to monitor and track the results. The Accountable Government Initiative has been in place for a year, yet for the first time it appears that there will be periodic meetings and reports. The President's Management Council or a similar entity, as well as the Federal CFO Council, have been in existence for many years, and at best this is a reiteration of what should already be done by these entities.

In regard to the Executive Order, it is not clear which of the initiatives is the most important, which of the existing programs has produced the best results, and how this latest announcement will increase the organization of the effort to improve government efficiency. Taxpayers hope that this latest campaign and its promised reporting and transparency will result in serious changes in the management of their hard-earned money.

In regard to the administration's prior attempt to increase efficiency, CAGW's research and policy staff spent several hours attempting to locate information about the various initiatives on the OMB and White House websites, and found one item devoted to the Campaign to Cut Waste. There was no information about progress, only the promise that such results would occur.

The request for information from this subcommittee to OMB for specific information on the implementation of the line-by-line review is therefore appropriate and timely. However, it should be unnecessary. The administration should already be providing a regular, easily located and searchable report on progress – either annually or quarterly – so that the answers to the subcommittee's questions would be obvious.

The most effective method of promoting an initiative to reduce wasteful spending or increase performance and efficiency has been to announce a single major idea and

provide easily accessible information about progress and results. President Reagan created the President's Private Sector on Cost Control, better known as the Grace Commission; President Clinton established the National Performance Review; and President George W. Bush initiated the Performance Assessment Rating Tool. Each of these is described in more detail below.

Today, the nation faces a massive, record-breaking \$14.8 trillion debt. A Joint Select Committee on Deficit Reduction has been formed to find \$1.2 trillion in savings so that the country can avoid default and continue to make good on its financial obligations. There has never been a more critical time for an extensive, thorough and serious evaluation of all federal budget expenditures, and I urge members of Congress to work with the administration to help execute this vital effort.

III. Methodology for Budget Review

While the need for a line-by-line budget review is obvious to every President, the question of how to go about such a task will vary from one administration to another. The President could launch a new commission that would use private sector experts to conduct in-depth reviews of the operations of federal agencies and evaluate improvements in agency operations; provide recommendations for increased efficiency and reduced costs that can be realized by executive action or legislation; offer additional information and data relating to government expenditures, indebtedness and personnel management; and seek opportunities for increased managerial accountability and improvements. For all of these efforts, however, a clear methodology will be needed to establish effective criteria for program evaluation; set an appropriate timeframe with

strict deadlines; create transparent reporting procedures; and lay out concrete steps to ensure that recommendations are adopted.

IV. A Lesson from History: The Grace Commission

On June 30, 1982, President Ronald Reagan issued Executive Order 12369, establishing the President's Private Sector Survey on Cost Control (Survey), and asked businessman J. Peter Grace to chair what became known as the Grace Commission. President Reagan directed the Grace Commission to "work like tireless bloodhounds to root out government inefficiency and waste of tax dollars."

One hundred and sixty-one business executives, assisted by 2,000 volunteers from the private sector, contributed more than \$75 million worth of their time and resources to examine all major federal programs and agencies. In January 1984, the Grace Commission's work culminated in a 47-volume report containing 2,478 recommendations to save taxpayers \$424.4 billion over three years. An additional 54 recommendations and 188 issue areas for further study also were identified by the Survey. Three-year savings and revenue potential associated with the 54 specific recommendations for further study totaled \$30.2 billion.

In establishing the Grace Commission, President Reagan drew not only upon his experience as governor of California, but also on a rich tradition of public-private partnerships, including the Taft Commission on Economy and Efficiency (1910-1912), the Brownlow Committee (1936-1937), Hoover I (1947-1949) and Hoover II (1953-1955), the Ash Council (1969-1971), and the Carter Reorganization Project (1977-1979).

V. The Survey: Who Participated

A private sector study on cost control and managerial efficiency in the federal government needed the help of private citizens who possessed the experience and the capacity to understand the processes of the federal government, analyze them intelligently, and recommend operational improvements in response to President Regan's mandate. Because of this understandable need to call upon people knowledgeable in the functions to be studied, the commission was highly sensitive to possible conflicts of interest and took every reasonable step to avoid them, including the establishment of internal rules and standards that went beyond the requirements of the law. The commission brought the best expertise of the private sector into the public analysis of government, while avoiding any compromise of the public trust.

All members of the Grace Commission Executive Committee were cleared for appointment by the White House Office of Legal Counsel. In addition, members of the Executive Committee who were asked to serve as co-chairs of individual task forces were cleared for those assignments by both the White House Office of Legal Counsel and the respective departments and agencies. Task force members, who were not subject to the same conflict of interest statutes as were appointees to the Executive Committee, were subjected to an internal review for purposes of identifying and, if necessary eliminating any potential or perceived conflicts of interest.

VI. The Survey: How It Was Conducted

The Grace Commission's mandate was to review the operations of the entire executive branch and to bring the experience and expertise of the private sector to bear on the management practices of the federal government. In other words, the President asked

the Executive Committee to look at the component parts of the Executive Branch of Government with the same degree of detail and consideration with which a private company would consider a new acquisition. The Grace Commission evaluation focused on “improved management practices, more efficient methods of operation, and better direction of spending on program targets.” Budget considerations were secondary.

As stated in the summary report of the Grace Commission, “The overriding theme of these Task Force reports is that the Federal Government has significant deficiencies from managerial and operational perspectives, resulting in hundreds of billions of dollars of needless expenditures that taxpayers have to bear each year. These reports make clear that these deficiencies are not the result of a lack for competence or enthusiasm on the part of Federal employees. Rather, responsibility rests squarely on the Executive Branch and Congress, which in the final analysis are the joint architects of the Federal Government’s management systems, policies and practices.”

The Grace Commission’s first task was to divide the challenge into manageable pieces. The commission established 36 task forces for purposes of reviewing 98 percent of the federal dollars and 100 percent of the federal work force. Of the 36 task forces, 22 focused on specific departments and agencies and 14 examined horizontal, cross-cutting issues. In some instances, more than one task force was assigned a department or agency and in other instances the task force looked at a collection of departments and agencies (for example, those specifically focusing on business and, banking). The horizontal, cross-cutting task forces focused on those issues which cut across all of Government, such as personnel procurement, automated data processing, etc. In addition, the Survey Management Office issued a series of selected issues reports on topics not covered by the

task forces because of limited time and resources or, in some instances, on topics of sufficient import to warrant further study and a separate report.

Particular attention was devoted to coordinating the efforts of the task forces so that overlap and duplication would be minimized and consistency ensured. Each task force was co-chaired by two or more members of the Executive Committee and had a full-time, Washington-based project manager who oversaw day-to-day operations. Task forces ranged in size from 20 to 90 members and their review of departments and agencies was divided into four distinct phases: organization and start-up, diagnostic survey, in-depth survey, and report preparation.

Reporting to the Grace Commission chairman, the Survey Management Office consisted of a director, a deputy director (the sole federal employee designated as the government liaison by the White House), a chief operating officer, and a staff of about 50 office personnel. There were 12 desk officers, most of whom were senior Washington-based executives with broad experience in working with the federal government. Each desk officer was responsible for the orientation of three to four task forces, guiding their efforts toward the most productive areas of review; coordinating planning and communications, monitoring progress, and assuring the quality of final task force reports. The work of this group supplemented and expanded upon that of a government resources group, which included the inspectors general offices, OMB, the General Services Administration, and the assistant secretaries for management. These two groups acted as a bridge between members of the task forces and the departments and agencies they reviewed.

It was not the principal purpose of Grace Commission to examine basic public

policy. For example, the commission did not focus on whether the federal government should concentrate its resources on defense, education, highways, health and welfare, or nutrition, nor did it address the question of what priority should be accorded each of these endeavors. Instead, the commission concentrated on overall government operations as distinguished from policy, but included an examination of the execution of policy. Its primary concern was the degree of efficiency in the expenditure of tax resources and whether those expenditures achieved the desired public purpose at an acceptable cost through workable mechanisms and organizations equipped with the proper tools.

In carrying out its investigation, therefore, the Grace Commission concentrated first and foremost on operations. At times, however, it was extremely difficult to draw a precise line clearly separating operations and policy. Indeed there were numerous instances where a very, significant overlap existed between operations and policy, with task forces unable to look at one without the other. Many of the historical initiatives that preceded the Grace Commission, particularly Hoover I and Hoover II, also found it difficult to make this differentiation. Unlike past attempts to improve the management of the federal government, and in contrast to the numerous federal advisory committees and other private groups which at any given time are working to serve specific agency projects, the Grace Commission took a broad look at the executive branch.

VII. The Survey: Finished Product and Recommendations

The task forces produced a series of appendices and a comprehensive set of working papers to supplement data contained in the task force reports. Executive summaries for each of the commission's reports are contained in each volume. Work papers and supplemental data are on file with the Department of Commerce.

The work of the Grace Commission focused on both short-term and long-term opportunities. In fact, their savings projections were not tied to fiscal years; they were tied to full implementation of the recommendations, reiterating that they were looking at increased efficiency and improved management, not just cutting programs without justification or documentation. In many instances, unimplemented recommendations can still be easily and immediately adopted at the agency or department level. In other cases, implementation of some recommendations will require legislation and, therefore, will take a longer time. The point is that many of the Grace Commission recommendations are timeless and are still relevant today.

VIII. The Survey: What It Cost

Except for the one full-time government employee assigned to it, the Grace Commission cost the federal government nothing. A private, not-for-profit foundation was established for purposes of raising gifts in kind as well as financial contributions to support the work of the Survey Management Office (including space, equipment, and support staff) and the overall administration of the task forces. Approximately \$3.3 million was raised directly by the foundation. More specifically, members of the Executive Committee, the Survey Management Office and the task forces served without cost to the federal government. All of their salaries and expenses, including travel, hotel, and other out-of-pocket costs, were paid either personally or by their private sector employers. The total value of such resources dedicated to the Grace Commission effort was more than \$75 million. The extent to which the Grace Commission was a private sector, volunteer, no-cost-to-the-government effort makes it a unique undertaking. Virtually all of its historical precedents were financed by congressionally appropriated

funds.

IX. The Survey: Tracking the Savings

President Reagan told Peter Grace after the final Grace Commission report was issued on January 12, 1984, that he should not let the material “gather dust on a shelf.” That helped inspire Mr. Grace to join with syndicated columnist Jack Anderson and create Citizens Against Government Waste in February, 1984, in order to educate the American people, the media, and policymakers about the commission’s recommendations, seek their implementation, and track their progress.

President Reagan heeded his own advice and followed up on the commission’s work as well. He immediately submitted recommendations of the Grace Commission in his annual budgets. In the annual “Management of the United States Government” documents, which President Reagan first provided to Congress as a separate document following the submission of the FY 1986 budget, and subsequently at the same time as the rest of the budget, OMB provided a description of efforts to improve the management of federal agencies. There was a section in each of these management reports through fiscal year 1989, during President Reagan’s last year in office, which cited the Grace Commission recommendations submitted with each year’s budget, as well as those which had been adopted in the prior year.

The management reports also detailed plans and progress on improvements in productivity, return of responsibilities to state and local governments, streamlining of administrative processes, program delivery improvements, cost reductions, cash and credit management, delinquent debt collection, payment integrity efforts, upgrades made to information technology systems, and increased use of user fees and private sector

contracts. Despite the clarity and efficacy of these management reports, they disappeared after the Reagan administration and nothing of similar substance and value have taken their place. It would certainly be of great benefit to taxpayers, lawmakers and the media to restore this method of reporting.

X. New Tracking Systems

In March 1993, President Clinton asked Vice President Gore to spearhead a six-month review of the federal government. The National Partnership for Reinventing Government's (NPR) mission was to create a government that "works better, costs less, and gets results Americans care about." The initial task force included 250 career civil servants, and several state and local government employees and consultants. They were organized into two teams: one to review individual agencies and the other to focus on government-wide systems, including procurement, budget, and personnel.

The President also directed agencies to create their own internal "reinvention teams" to work with the administration to develop recommendations. Agency heads were also asked to create "reinvention laboratories" that would pilot innovations in service delivery and be granted waivers from internal agency rules.

President Clinton's initial six-month Performance Review detailed 1,250 specific actions intended to save \$108 billion, reduce the number of overhead positions, and improve government operations. The Clinton administration worked with Congress to enact a quarter of all recommendations requiring legislation. These recommendations included authority to reduce the size of the workforce by offering bonuses for employees leaving voluntarily and major reforms to the government's procurement system. Agencies identified \$28 billion a year in reduced regulatory burdens and proposed

eliminating 16,000 pages of regulations. The administration also developed the “Hammer Award” for federal employees who had reinvented their part of the government. Made simply of a \$6 hammer, the award parodied the Pentagon’s infamous bloated hardware costs, which were infamously publicized by the Grace Commission, CAGW and others, including how the Pentagon paid \$436 for a hammer.

For the record, that amount was calculated as follows: The Navy paid \$41 to order the hammer and figure out how to use it; \$93 to make sure the hammer worked; \$102 for “manufacturing overhead”; \$37 to make sure there were spare parts for the hammer; \$3 for packing the hammer for shipment; \$90 for the contractor’s “general administrative costs”; \$56 for the finder’s fee; and \$7 for the “capital cost of money.” The Grace Commission also provided other examples, including the \$640 toilet seat and 15 pages of specifications for making chocolate chip cookies for the military.

A September 1998 Brookings Institution report determined that the Clinton administration had achieved important accomplishments in procurement reform and customer service, but progress in reducing the size of government was more uneven. While administration did reach its target of reducing the number of civilian employees by about 300,000, progress in planning to match people who remained on the payroll with jobs needing to be done was weak. Although troubled agencies like the Federal Emergency Management Agency showed signs of improvement, the highly publicized problems with the Internal Revenue Service demonstrated NPR’s problems in identifying and preventing management disasters. Integration of the reinventing government campaign with performance measurement was inconsistent and faced difficulties earning the public’s confidence and rebuilding trust in government.

Regardless of the outcome, there was a systematic effort to publicize and track the results of the NPR. Vice President Gore was clearly identified as being in charge of the initiative, and spent a great deal of time promoting the effort and discussing the results.

In July 2002, the Bush administration launched the Program Assessment Rating Tool (PART) to assess the performance of federal programs and to drive improvements in program performance. PART covers four broad topics for all programs selected for review: program purpose and design; strategic planning; program management; and program results. Points are awarded to a program based on the answer to each question, and an overall rating of effectiveness is then assigned. There are five categories of possible ratings: Effective, Moderately Effective, Adequate, Ineffective, and Results Not Demonstrated.

The first year was spent on assessments and ratings of 234 programs covering approximately 20 percent of the federal budget, followed by publication of the results in the President's FY 2004 budget and subsequent budgets. The effort was expanded to an additional 20 percent of federal programs (or budget coverage) each year, along with selected re-evaluations of previously evaluated programs if there was a reason for a change in the rating.

The website ExpectMore.gov was created to track PART evaluations, and it produced a list of results. PART was also referenced in President Bush's budget submissions as a rationale for the list of program reductions, savings and terminations.

The Federal Funding Accountability and Transparency Act of 2006, which was co-sponsored by then-Senator Obama and Senator Tom Coburn (R-Okla.), required that OMB establish a single searchable website, accessible to the public at no cost to track

federal awards. As a result, USA Spending.gov was launched in December 2007. The website provides details on more than \$1 trillion in contracts and financial assistance awarded annually by federal agencies.

While the website is a step in the right direction toward increasing transparency and accountability in the area of government spending, in March 2010, the GAO found that agencies did not always report awards on USA Spending.gov and that numerous inconsistencies existed between USA Spending.gov data and agency records. These errors were due to a reliance on voluntary agency compliance and a lack of specific guidance. While the effort can be improved, at least there is now a single source for information about grants and contracts being awarded by the federal government. It would be helpful to have a similar single location for proposals and progress related to the Obama administration's efforts to eliminate wasteful spending.

XI. Grace Commission Success in the States: South Carolina and Nevada

On June 10, 2003, South Carolina Governor Mark Sanford signed Executive Order 2003-15, establishing the Commission on Management, Accountability, and Performance (MAP). According to the official MAP website, the commission was “modeled after President Reagan’s Grace Commission, [and] we seek to determine how government can be more productive, efficient and cost effective while providing quality service.”

The state was struggling with the eighth highest state unemployment rate in the country (5.4 percent) and the thirteenth highest percentage of people living in poverty (14.1 percent). South Carolina was also suffering from shrinking revenues with out-of-control spending. From fiscal 2002 to fiscal 2003, approximately \$443 million had to be

cut from the state budget to prevent the state from operating in a deficit, which is unconstitutional according to South Carolina law.

The MAP Commission was formed as a bi-partisan entity with 12 private sector business and industry leaders and two constitutional officers, Lt. Governor Andre Bauer and Comptroller General Richard Eckston. The commission's aim was to make the South Carolina state government more productive, efficient and cost-effective while maintaining quality service.

Along with its own ideas, the commission actively sought out suggestions from state employees that were directly responsible for providing services to the public. CAGW was asked by Governor Sanford to provide guidance to the commission, and I was honored to testify at the first hearing. The commission held meetings from June 17, 2003 to September 30, 2003 and suggested 213 improvements for nine areas of the state government.

Gov. Sanford reported success in abolishing wasteful government spending through MAP. In June 2004, he signed the Fiscal Discipline Act which limited state spending from the General Fund over the next four years to ensure that borrowed funds from the General Reserve Fund were restored by fiscal 2008-2009. After this legislation was passed, Gov. Sanford was able to get the General Assembly to agree to pay off the remaining \$155 million deficit.

The Spending and Government Efficiency Commission (SAGE Commission) was created by Executive Order of Nevada Governor Jim Gibbons on May 7, 2008 and held its first meeting on June 26, 2008. The Commission was created to review state government operations that fall under the Executive Branch and to provide the Governor

with recommendations for streamlining operations, improving customer service and maximizing the use of taxpayer dollars.

The SAGE Commission was established as a privately funded, bi-partisan panel. The Chairman and 13 members were appointed by Governor Gibbons based on recommendations from Nevada's leadership in the Assembly and the Senate as well as the Governor's own election.

Governor Gibbons appointed Bruce R. James, the former Public Printer of the United States and a local business executive, as chairman of the commission. Mr. James and the other citizens appointed by Governor Gibbons are all recognized, established business leaders, either active or retired, who have the expertise and experience required to carry out the commission's mission. Members received no compensation for their service and paid their own expenses.

The commission released several reports that detailed billions of dollars in savings. By May 2010, Gov. Gibbons reported that eight of 44 recommendations from the panel of private business people he appointed in May 2008 had been fully implemented. Another 19 were already in progress or planned for implementation following the 2011 legislative session.

Even though there was a concerted effort in South Carolina and Nevada to emulate the Grace Commission, tracking and reporting was not as formalized as it was under President Reagan.

XII. The Grace Commission Lives On: CAGW's Prime Cuts

For the past 27 years, CAGW has been working tirelessly to carry out the Grace Commission's mission to eliminate government waste. Since 1984, the implementation

of Grace Commission and other waste-cutting recommendations supported by CAGW has helped save taxpayers \$1.2 trillion. These recommendations provided a blueprint for a more efficient, effective and smaller government.

CAGW maintains and annually updates a comprehensive list of spending cuts that has been a valuable tool for taxpayers, legislators and the media. CAGW's *Prime Cuts 2011* contains 691 recommendations that would save taxpayers \$391.9 billion in the first year and \$1.8 trillion over five years.

Prime Cuts relies on expert opinions, bipartisan reports, and analysis and recommendations provided by think tanks, independent organizations, GAO, OMB, the Congressional Budget Office, the White House, and many other resources. At a minimum, Congress and the administration should review these recommendations as they look for ways to save taxpayer dollars.

XIII. Conclusion

It is important to conduct a line-by-line review of the federal budget, but such an undertaking will not be successful unless taxpayers, legislators, and federal agencies understand the parameters and methodology of such an effort. There must be strict, comprehensive and transparent reporting and tracking procedures in place. It is essential that Congress, the administration and taxpayers are able to clearly identify how much money is being spent in a particular area, which programs are meeting their objectives, and which are in need of reform or elimination. Without such a methodology, efforts to conduct a line-by-line budget review will be futile.

As the national debt tops \$14.8 trillion, continuing to pour money into wasteful, unnecessary and duplicative programs without proper scrutiny or oversight is not only

inefficient, it is fiscally irresponsible and an affront to taxpayers and future generations who will ultimately bear the burden of our massive financial obligations. We again thank the subcommittee for holding this hearing, and encourage members to work on a bipartisan basis to ensure that tax dollars are spent effectively.

When President Obama announced that he would make sure that there would be a line-by-line examination of federal spending, taxpayers had high hopes that the result would be an in-depth, comprehensive examination of government waste, fraud, abuse and mismanagement. The President has discussed many times how his administration will be accountable and transparent, including the latest effort in the Campaign to Cut Waste. Taxpayers are hoping that the results will both improve efficiency and that the information will be provided to them clearly and concisely, and on a regular basis.

This concludes my testimony. I will be glad to answer any questions.

Thomas A. Schatz

Thomas A. Schatz is president of Citizens Against Government Waste (CAGW) and its lobbying affiliate, the Council for Citizens Against Government Waste (CCAGW).

CAGW was founded by the late businessman J. Peter Grace and late Pulitzer Prize-winning columnist Jack Anderson in 1984 following the completion of President Ronald Reagan's Private Sector Survey on Cost Control (the Grace Commission). A 501(c)(3) nonprofit, nonpartisan educational organization, CAGW works to eliminate waste, fraud, abuse, and mismanagement in government and has more than one million members and supporters nationwide. According to official Office of Management and Budget and CAGW estimates, implementation of Grace Commission and other CAGW waste-cutting recommendations has helped save taxpayers \$1.08 trillion.

Mr. Schatz is a nationally-recognized spokesperson on government waste and has been interviewed on hundreds of radio talk shows from coast to coast. He is a regularly featured guest on national television news programs and local news broadcasts. His appearances include ABC's "Good Morning America," CBS's "60 Minutes," FOX News Channel's "The O'Reilly Factor," NBC's "Nightly News," and PBS's "The News Hour." He was a regularly featured guest on the "Pork Watch" segment of CNBC's "Squawk Box." His editorials on fiscal policy have appeared in publications nationwide, including *The New York Times* and *The Wall Street Journal*.

Mr. Schatz has testified numerous times on government waste issues before committees of the United States Senate and House of Representatives, as well as before state and local legislative and regulatory bodies.

During his 25 years with CAGW, Mr. Schatz has helped make CAGW a "leading government watchdog on fiscally conservative issues, like taxes and earmarks," according to *National Journal*. In his role as president of CCAGW, *The Hill* named him one of the "top 10 public interest lobbyists."

Prior to joining CAGW in 1986, Mr. Schatz spent six years as legislative director for Congressman Hamilton Fish Jr. and two years practicing law and lobbying.

Mr. Schatz holds a law degree from George Washington University and graduated With Honors from the State University of New York at Binghamton with a bachelor's degree in political science. He is married to Leslee Behar and has two daughters, Samantha and Alexandra.