

Testimony of Thomas A. Schatz
President, Citizens Against Government Waste
Before the House Committee on Oversight and Accountability
“Rightsizing Government”
February 5, 2025

Mr. Chairman and members of the committee, my name is Thomas A. Schatz, and I am president of Citizens Against Government Waste (CAGW). CAGW was founded in 1984 by the late industrialist J. Peter Grace and nationally syndicated columnist Jack Anderson to build support for implementation of President Ronald Reagan’s Private Sector Survey on Cost Control, also known as the Grace Commission. The commission issued 2,478 recommendations which would save \$424.4 billion over three years following full implementation. Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government. CAGW has more than one million members and supporters nationwide, and, over the past 41 years, has helped save taxpayers \$2.4 trillion through the implementation of Grace Commission findings and other recommendations.

I appreciate the opportunity to testify again about rightsizing government. The taxpayers’ hard-earned money should be spent in the most effective manner possible to achieve the objectives set forth in statutes that are enacted by Congress and carried out by the executive branch. Success should be measured by whether the intended results are being achieved. If that does not occur, the program should be reevaluated to determine if it needs to be modified, consolidated with another program, or terminated. The solution should not be to create another program or duplicate what the private sector is already doing. The proper size of government can be determined after those actions are taken, but that is unfortunately not how it works now, despite the availability of recommendations from both within the government from the Congressional Budget Office, Government Accountability Office (GAO) and inspectors general,

as well as non-governmental sources like CAGW's Prime Cuts, which would save \$5.1 trillion over five years and draws from reports by the Brookings Institution, Cato Institute, Competitive Enterprise Institute, and many others.¹ There is no lack of ideas, just a lack of action by Congress to determine which programs are the most effective and efficient, leading to the appropriate size and scope of the federal government.

President Trump campaigned on a platform of making the federal government more efficient, including his promise to create a Department of Government Efficiency (DOGE). The establishment of DOGE, along with the DOGE subcommittee and House and Senate DOGE caucuses, should lead to the adoption of policies that will establish more effective use of taxpayer dollars and more efficient delivery of government services.

President Ronald Reagan also made improving government efficiency a focus of his administration. On June 30, 1982, he issued Executive Order 12369, which established the President's Private Sector Survey on Cost Control and asked J. Peter Grace to chair what is popularly 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 top 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.

¹ Congressional Budget Office (CBO), "Options for Reducing the Deficit 2025-2034," December 2024, <https://www.cbo.gov/system/files/2024-12/60557-budget-options.pdf>; Citizens Against Government Waste (CAGW), "2024 Prime Cuts," <https://www.cagw.org/reporting/prime-cuts>; Elaine Kamarck, "Is government too big? Reflections on the size and composition of today's federal government," Brookings Institution, January 28, 2025, <https://www.brookings.edu/articles/is-government-too-big-reflections-on-the-size-and-composition-of-todays-federal-government/>; Cato Institute, "Downsizing the Federal Government," <https://www.downsizinggovernment.org/>; Clyde Wayne Cruze, "Ten Thousand Commandments 2024" Competitive Enterprise Institute, July 30, 2024, <https://cei.org/studies/ten-thousand-commandments-2024/>.

In establishing the Grace Commission, President Reagan drew not only upon his experience as governor of California, but on a rich tradition of public-private partnerships, as evidenced by such historical precedents as 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). These efforts are essential; as the Grace Commission noted, the federal government is the world's largest power producer, insurer, lender, borrower, hospital system operator, landowner, tenant holder, holder of grazing land, timber seller, grain owner, warehouse operator, shipowner, and tank fleet operator.

The Grace Commission used the principles of private sector management, which demand managerial efficiency and the effective use of resources in a competitive arena. If those demands are not met, the enterprise will eventually come to an end and impact investors, employees, suppliers, customers, and the community. It cannot continue to operate with a constant and growing deficit.

Unlike the private sector, management of the federal government is not normally subject to the consequences of mismanagement or failure to control costs. The bankruptcy that would likely result has been avoided by government's propensity to increase tax revenues, engage in deficit spending, and spend yet more money on failed programs or create new programs which mask inefficiency.

The Grace Commission focused on comparable management functions of both the government and private sector, like human resources management, fiscal management and control, procurement, and automated data processing. The managerial views and perspectives of those whose primary objective is profit maximization were combined with those whose primary

objective is the delivery of goods and services within identified constraints of survivability and efficiency, but where profit maximization is not the principal goal.

The government has unfortunately grown larger and more intrusive than it was in 1984, and deficits are projected to average nearly \$2 trillion over the next 10 years without significant changes and reforms. The DOGE should help with that effort along with greater accountability and oversight by Congress.

Another method to drive efficiency would be to give the President greater reorganization authority. In 1947, Congress enacted legislation that established the Commission on Organization of the Executive Branch of the Government, also known as the Hoover Commission, to develop recommendations to increase government efficiency and improve the organizational structure of the executive branch, including eliminating or downsizing some agencies after the growth of the federal government during World War II.²

In a letter to Congress after the Hoover Commission made its recommendations, President Harry Truman wrote, “the Commission has proposed that the Chief Executive be given the authority and resources which he must have to fulfill his Constitutional responsibility for directing the Executive Branch of the Government. Without such authority and resources, the president cannot be held accountable for the conduct of the federal administration.”³

According to a 2012 Congressional Research Service report, “Presidents used this presidential reorganization authority regularly, submitting more than 100 plans between 1932 and 1984. Presidents used the authority for a variety of purposes, from relatively minor reorganizations within individual agencies to the creation of large new organizations, like the

² Little Hoover Commission, “History of the Commission,” <https://lhc.ca.gov/about/history/>.

³ Harry S. Truman Library and Museum, “Special Message to the Congress on Reorganization of the Executive Branch of the Government,” May 9, 1949, <https://www.trumanlibrary.gov/library/public-papers/94/special-message-congress-reorganization-executive-branch-government>.

Department of Health, Education, and Welfare; the Environmental Protection Agency; and the Federal Emergency Management Agency.”⁴ In 2012, President Obama sought reorganization authority to consolidate several business and trade-related agencies, including the Commerce Department’s business and trade functions, the Export-Import Bank, the Small Business Administration, and the office of the U.S. Trade Representative among others.⁵ However, Congress refused to provide him with those powers. The last President to receive reorganization authority was Ronald Reagan and the last president to utilize reorganization powers was Jimmy Carter.⁶

A top target for President Trump, if Congress grants him reorganization powers, should be to reorganize agencies in a manner that will eliminate the duplication and overlap of federal programs, which is a significant cause of wasteful government spending.

In May 2024, GAO released its annual report on ways to reduce duplication, overlap, and fragmentation of federal programs. The report listed 112 new items for Congress to consider and actions that executive branch agencies can take to reduce duplication. The report noted that \$667 billion had been saved since the first such report was issued in 2011.⁷ CAGW has long recommended that Congress should hold hearings and introduce legislation to adopt the recommendations in the annual GAO reports, which would save tens of billions of dollars more than their implementation has already. Presidential reorganization authority would expedite such results.

⁴ Henry B. Hogue, “Presidential Reorganization Authority: History, Recent Initiatives, and Options for Congress,” Congressional Research Service, December 11, 2012, <https://sgp.fas.org/crs/misc/R42852.pdf>.

⁵ Ibid.

⁶ Paul J. Larkin Jr., and John-Michael Seibler, “The President’s Reorganization Authority,” The Heritage Foundation, July 12, 2017, https://www.heritage.org/sites/default/files/2017-07/LM-210_0.pdf.

⁷ Government Accountability Office (GAO), “2024 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions of Dollars in Financial Benefits,” May 15, 2024, <https://www.gao.gov/products/gao-24-106915>.

One of the recommendations in the 2024 annual report is to improve management of the federal government’s real property portfolio. The GAO has found that 17 of the 24 agencies it reviewed used only an average of 25 percent of their headquarters office space, and on the high end, agencies used 40 to 49 percent of their capacity.⁸ The GAO recommended that the Office of Management and Budget (OMB) create new benchmarks to measure office space utilization and found that “a reduction of 1 percent of costs from reduced leased space could lead to potential savings of 10 million dollars or more over a five year period.”⁹

Concomitant with leased office space utilization is the sale and disposal of excess federal real property. The Federal Assets Sale and Transfer Act of 2016 established a three-round process to reduce the federal government’s inventory of civilian real property. In 2023, seven years after the enactment of this law, GAO reported that participants in the sales process “had encountered numerous setbacks while implementing the first two rounds and identified potential options to address those setbacks in the final 2024 round.”¹⁰ There were delays in selling properties, like 10 unneeded properties that took almost two years to sell for a total of \$194 million that were approved in the first round of sales in 2019. The lack of proceeds limited the number of sales that could be conducted in the second round in 2021.¹¹

In October 2022, GAO proposed that the General Services Administration review its prior experiences, yet as of May 2023, the agency still had not developed a process for lessons

⁸ Ibid.

⁹ Ibid.

¹⁰ GAO, Statement of David Marroni, Acting Director, Physical Infrastructure, Testimony Before the Senate Committee on Homeland Security and Government Affairs, “Federal Real Property, Lessons Learned from Setbacks in Sale and Transfer Process Could Benefit Future Disposal Efforts,” GAO 23-108648, June 8, 2023, <https://www.gao.gov/assets/gao-23-106848.pdf>.

¹¹ Ibid.

learned. The final round of FASTA would not be successful without establishing more effective methods and using reliable data to dispose of federal real property.¹²

GAO reports about duplicative programs in other areas of spending also provide opportunities to reorganize federal agencies and improve efficiencies. A May 10, 2023, GAO report found 133 federal programs across 15 executive branch agencies that have the goal of increasing broadband access and bridging the digital divide. The duplication and overlap of these programs make achieving that objective more difficult, especially in areas of the country that most need and want to be connected to the internet. These programs should be assessed to determine which is the most effective and efficient; where and how each may duplicate another program; whether the program's goals are still current in today's market; if the funds are being spent outside of the statute establishing the program; whether the program's objectives can be more effectively achieved by the private sector; or can be consolidated with a more efficiently managed program in another agency.¹³

As Federal Communications Commissioner Brendan Carr noted, there is up to \$800 billion in federal funding available for broadband programs, and that is more than enough to connect every business and household that wishes to be connected.¹⁴ But conflicting regulations and statutes, like Treasury regulations under the American Rescue Plan Act and National Telecommunications and Information Agency Notice of Funding Opportunity (NOFO) guidance under the Infrastructure Investment and Jobs Act, have made it more costly and delayed the

¹² Ibid.

¹³ Deborah Collier, "133 Broadband Programs May Be 132 More Than Necessary," Citizens Against Government Waste, December 5, 2024, <https://www.cagw.org/thewastewatcher/133-broadband-programs-may-be-132-more-necessary>.

¹⁴ CAGW, Facebook Live, CAGW President Tom Schatz and FCC Commissioner Brendan Carr, February 1, 2022, <https://www.facebook.com/CAGW/videos/1904295433090108/>.

finalization of those connections. The NOFO guidance is so onerous that small providers in Minnesota are not participating in the program.¹⁵

Having 133 broadband programs across 15 agencies is clearly excessive and wasteful. It is time for these programs to be scrutinized so taxpayers are no longer forced to pay for those that are inefficient and ineffective and support the few that will not only work as intended but also deploy broadband to every remaining unserved and underserved business and household across the country that wishes to be connected to the internet.¹⁶

While the federal government has signaled its intent to better coordinate between agencies and broadband programs, these efforts have fallen short and more can be done to better utilize taxpayer dollars. The May 10, 2023 GAO report recommended that a national strategy with clear goals and performance measures be adopted to better coordinate federal broadband programs. According to the report, “a national broadband strategy, led by the Executive Office of the President, could help coordination across the federal agencies overseeing broadband programs. Without such a strategy, federal broadband efforts continue to risk overlap and duplication of effort.”¹⁷ If Congress grants the president reorganization powers, he would be able to more quickly implement a national broadband strategy to consolidate federal broadband programs which would help to bridge the digital divide and reduce the wasteful spending that has plagued these programs for years.

Broadband funding is one of the programs included in CAGW’s “Critical Waste Issues for the 119th Congress,” which was released this morning. The report contains 12 policy areas,

¹⁵ Jericho Casper, “Minnesota Broadband Providers Not Participating in BEAD Program,” Broadband Breakfast, December 2 2024, <https://broadbandbreakfast.com/minnesota-providers-not-participating-in-bead-program/>.

¹⁶ Deborah Collier, “133 Broadband Programs May Be 132 More Than Necessary,” Citizens Against Government Waste, December 5, 2024, <https://www.cagw.org/thewastewatcher/133-broadband-programs-may-be-132-more-necessary>.

¹⁷ GAO, “Broadband: A National Strategy Needed to Coordinate Fragmented, Overlapping Federal Programs,” May 10, 2023, <https://www.gao.gov/products/gao-23-106818>.

including greater accountability and transparency, budget reform, entitlements, healthcare, privacy, technology, and telecommunications.

Budget reforms include a biennial budget, passing a budget before receiving or considering the President’s budget, strengthening budget enforcement, eliminating gimmicks, revising the scoring system, and of course, passing a budget resolution and all 12 appropriations bills on time. These recommendations were also included in CAGW’s budget reform issue brief.

Healthcare recommendations include eliminating price controls on pharmaceuticals, reforms to the 340B Drug Pricing Program, increasing the availability of telehealth, and expanding association healthcare plans. The telecommunications section calls for renewal of spectrum auction authority for the Federal Communications Commission and reforms to the Universal Service Fund. Federal information technology procurement proposals include continuing electronic health records integration at the Department of Veterans Affairs and holding the Internal Revenue Service accountable for releasing the unnecessary and duplicative Direct File program. Policymakers have considered but failed to act upon many of these recommendations in the past and completely ignored others.

I want to also remind the committee of CAGW’s concerns about the U.S. Postal Service, which we provided in testimony submitted for the record for the December 10, 2024, oversight hearing.¹⁸

Rightsizing government is an objective on which all members of Congress should agree. It requires constant vigilance and oversight to determine if federal tax dollars are being spent in the most effective and efficient manner and achieving intended objectives. Increased efficiency

¹⁸ Thomas A. Schatz, “Testimony Before the House Oversight and Accountability Committee on Reforms to the USPS,” December 10, 2024, CAGW, <https://www.ccagw.org/legislative-affairs/congressional-testimony/testimony-house-oversight-and-accountability-committee>.

will go a long way to restore the public's confidence in the ability of the federal government to avoid as much waste, fraud, abuse, and mismanagement as possible.

Thank you for the opportunity to appear before you today.