OMB: The Federal Government is Reducing Costs, Eliminating Waste

In a report released today to Congress, the Office of Management and Budget declared that Federal agencies are better managing the costs of their programs and successfully working to eliminate waste, fraud, and abuse. “Managing Costs in the Federal Government” is designed to be an annual report following tax season on the cost management activities underway throughout the Federal Government.

“Especially when their checks to the government for income taxes are clearing, the American people want to know that the Federal Government is focusing on results,” said Clay Johnson III, Deputy Director of Management at OMB. “This report shows that Departments and agencies are reviewing themselves to see if they’re accomplishing the desired result at an acceptable cost. If the answer is ‘no’ – or ‘don’t know’ -- to either question, they are figuring out what to do about it.”

Many initiatives discussed in the OMB report are a result of the President’s Management Agenda, a set of initiatives announced by President Bush to improve the results achieved by Federal Departments, agencies, and programs. The report, which was sent to the chairmen and ranking members of the Budget, Appropriations, and Oversight Committees of the Congress, illustrates the ways agencies are managing costs in four key areas: managing with timely and accurate financial information, improving program performance and the cost of achieving it, eliminating waste and maximizing the value of our people and property. Examples provided in the report include:

- The number of agencies with verifiable financial data has increased. 20 of 24 major agencies have verifiable financial data (unqualified financial statement audit opinions), up from 10 agencies six years ago and 18 agencies three years ago.
- The Small Business Administration centralized its loan liquidation program in one office from 69 district offices. As a result, SBA staffing requirements have decreased from 170 to 40 employees and work is being completed more thoroughly and quickly. The changes are estimated to reduce SBA liquidation costs from $44 million to approximately $15 million per year – a two-thirds reduction in cost. The loan program centralization has freed district employees to focus on the delivery of targeted programs and services rather than liquidation functions.
- To reduce the more than $2 billion in net improper rental subsidy payments paid by the Federal Government, HUD can now correctly determine rental subsidies by accessing the National Directory of New Hires to verify beneficiary income. This authority is expected to save $6 billion over 10 years.

“Federal agencies are already doing much to look out for the taxpayers,” said Johnson. “We will continue to find ways to achieve measurable results for the American people at the lowest cost.”

For more information on the Report and the President’s Management Agenda, please call OMB Communications at (202) 395-7254 or visit the website at www.omb.gov.

###