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Chairman Lieberman, Ranking Member Collins, and Members of the Committee, I appreciate the opportunity to testify on the Reforming and Consolidating Government Act of 2012. Mr. Chairman, I would like to thank you and Senator Warner for introducing the legislation. Also, I want to commend you and Senator Collins for your commitment as Chair and Ranking Member of the Committee to working to improve the effectiveness and efficiency of executive departments and agencies. The Administration looks forward to continuing to work with you on these efforts.

From the beginning of the Administration, the President has focused on making Government more efficient and accountable – getting rid of waste, saving money and making government services more responsive. The Administration continues to pursue a number of actions to cut waste, reduce duplication, and improve government performance through the annual appropriations process, executive actions, and, now, seeking legislative authority to reform and consolidate the Federal Government. The Administration firmly believes that passage of the Reforming and Consolidating Government Act of 2012 is crucial to creating a leaner and more effective Government.

Before discussing the legislation, I would like to highlight a few examples of the Administration's efforts.

In each of his three previous budgets, the President identified, on average, more than 150 terminations totaling $25 billion each year in reductions, consolidations, and savings from Federal programs and practices. The 2012 Budget proposed nearly $25 billion in discretionary terminations and reductions, and Congress enacted $23 billion of the requested reductions. In the 2013 Budget, the Administration is proposing cuts, consolidations, and savings across the Federal Government totaling more than $24 billion in the upcoming fiscal year.

Through executive actions, the Administration has taken a variety of steps to eliminate overlap, cut expenses, and deliver better value for the American people. In the area of Federal real estate, for example, the President issued a memorandum entitled "Disposing of Unneeded Federal Real Estate" that directed agencies to accelerate efforts to identify and eliminate excess properties. Agencies have made substantial progress in implementing that memorandum and plan to exceed the President's goal of $3 billion in cost savings by the end of this fiscal year.

The Administration is also aggressively pursuing efforts to reduce improper payments, and recover improper payments when they do occur. When the President took office, improper payments were on a steady rise. By taking tough new steps to fight waste, fraud and abuse in high-error programs, we have avoided over $20 billion in improper payments over the past two years, and recaptured nearly $2 billion in overpayments. And we have brought the error rate down by nearly a full percentage point government-wide.

Changing the way Washington works is a priority for the President. This commitment is reflected in the proposal before this Committee to reinstate Presidential authority to reorganize and consolidate Federal agencies. The Federal Government needs to be leaner, smarter, and more consumer-friendly to continue giving our communities, businesses, and workers the tools they need to thrive and strengthen American competitiveness and innovation. The Reforming and Consolidating Government Act would reinstate an authority granted to past Presidents to streamline and reform the Executive Branch subject to an expedited up or down vote by Congress. The legislation would enable the President, with the consent of Congress, to streamline the Federal Government to maximize effectiveness, cut duplication, and better serve the American people. This is the same sort of authority that every business owner has to make sure that his or her company keeps pace with the times. And the President has made clear that he will only use this authority for reforms that result in more efficiency, better service, and a leaner Government.

The Reforming and Consolidating Government Act of 2012

For almost the entire period from 1932 through 1984, Presidents had the authority to submit proposals to Congress to reorganize the Executive Branch via a fast-track procedure. The authority created a route for efficient reorganizations of the Executive Branch to meet the changing needs of the American people by enabling the President to submit a reorganization proposal to Congress for an up or down vote.

First granted to Presidents as a means to achieve economy and efficiency in Government during the Great Depression, Congress renewed this reorganization authority 14 times. Under this authority, Presidential reorganization proposals generally went into effect automatically after 60 days unless either chamber of Congress passed a resolution of disapproval. Presidents used the authority to submit more than 100 proposals, over 80 percent of which went into effect.

Since the expiration of this authority, the vast majority of reorganizations proposed by the President, Members of Congress, or independent commissions have either not been taken up by Congress or have failed to be passed. We need to reverse this trend if we are to give the American people an efficient, effective Government that works for them.

And the issue is not just how the Government is structured, but how well it works. The Government is filled with talented, dedicated, public-minded employees. But their best efforts can be undermined by outdated and inefficient bureaucratic structures. And Americans who deal with the Government on a regular basis will tell you the same – Government is too complicated, making it is too hard to access relevant services. That is why the President proposed the Reforming and Consolidating Government Act of 2012.

The Reforming and Consolidating Government Act of 2012 would reinstate the 1984 Executive Reorganization authority with limited, but notable, amendments. The most notable amendment to the 1984 authority is the new requirement that any reorganization plan either reduce the number of agencies, or result in cost savings in performing the functions that the subject of the plan.

Specifically, the Reforming and Consolidating Government Act of 2012 would:

- permit the President to submit a proposal for the creation, abolition, consolidation, transfer, or renaming of an executive agency or department if the proposed reorganization would reduce the overall number of agencies or achieve cost savings;
- maintain the procedures from the 1984 authority which provide that a reorganization plan will only go into effect if approved by both Houses of Congress pursuant to an up-or-down vote under an established fast-track procedure;
- include standard provisions that preclude reorganization plans from covering more than one logically consistent subject matter, allow no more than three plans to be pending before Congress at one time, and permit the President to make amendments to a plan pending in committee to accommodate feedback; and,
- provide that the authority sunsets after two years, thereby allowing the Congress to regularly reconsider its authorization.

The proposed legislation would also require that the President's message transmitting a reorganization plan include estimated reductions in expenditures and describe improvements in the efficiency and delivery of Government services that would result from the proposed reorganization. The message must also include an implementation section detailing the actions necessary to conduct the proposed reorganization and a projected timetable for completion.

Too often, agencies and programs have been added without rationalizing the result, leading to duplication and overlap that make it more difficult for the American people to navigate their Government. Yet they have only rarely been streamlined or consolidated. If we were starting from scratch today, we all agree that we would likely wind up with a very different mix of agencies and departments.

In the private sector, companies are constantly evaluating their performance and changing their practices to improve their products and boost their bottom line. They are constantly restructuring to operate more efficiently and provide better customer service. The Government needs to have similar flexibility to make changes when needed. The Reforming and Consolidating Government Act is a critical next step in our efforts to continue to streamline Government, save money, improve the effectiveness of Federal programs, and enhance customer service.

Proposed Reorganization of Trade and Competitiveness Agencies

If Congress grants the President the authority to reorganize the Federal Government, his first proposal would be to consolidate a number of agencies and programs into a single new department with a mission to foster economic growth and spur job creation. The President has outlined a framework for consolidating six agencies focused primarily on business and trade, as well as other related programs, into a new integrated department dedicated to promoting competitiveness, exports, and American business. The Administration would consult with Members of Congress, Federal employees, American businesses and workers, and other stakeholders to develop a concrete legislative proposal that would most effectively consolidate agencies and programs into this new department.

As envisioned by the President, the new department would possess the necessary tools to strategically and efficiently coordinate government resources to help America's businesses succeed and create jobs in the 21st century global economy, with one Cabinet Secretary responsible to the President and Congress for results. The proposal outlined by the President would consolidate six agencies into one, integrating the Department of Commerce's core business and trade functions, the Small Business Administration, the Office of the U.S. Trade Representative, the Export-Import Bank, the Overseas Private Investment Corporation, and the U.S. Trade and Development Agency. It would also incorporate related programs from a number of other departments. The U.S. Trade Representative would continue to be the President's principal trade advisor with the rank of Ambassador, and would remain a member of the Cabinet with a direct reporting line to the President.

The proposed new Department would integrate programs into four divisions: small business; trade and investment; technology and innovation; and statistics. This consolidation would serve the American people more efficiently and effectively while saving $3 billion over 10 years by cutting waste; eliminating duplication, overlap, and unnecessary overhead costs; and reducing the size of Government.

The proposed new Department would be a one-stop shop for businesses, eliminating confusion and duplication and saving entrepreneurs countless frustrating hours. Despite the best efforts of a succession of Administrations, we hear over and over again from small businesses that interacting with the Federal Government is too difficult. While they are complimentary of the individual agency employees they interact with, they simply do not have the time or resources to navigate the maze of Federal programs and agencies created over the years. Even the most seasoned entrepreneurs often do not know how to take full advantage of the range of Federal programs and services available to them, and the dispersion of overlapping programs across agencies does not maximize their effectiveness.

By bringing together resources from across the Government and consolidating key areas of overlap and duplication, we would make it easier for businesses to access the services they need to expand and export.

With a one-stop shop for everything from financing and export promotion to patent protection and help commercializing innovative discoveries, small business owners would for the first time be able to reach out to just one Department in order to access the core Government services that will help them compete, grow, and hire. The new Department would provide small businesses with access to a broader range of services than any current agency can provide, to help businesses at every stage of their development.

The Department would have the tools necessary to develop, implement and enforce an integrated Government-wide trade strategy. The current diffusion of responsibility for trade, exports and business growth inhibits Government-wide strategic focus. With consolidated resources, the new Department would be able to respond more quickly and effectively to challenges such as helping American businesses compete in China or enter and compete in emerging markets, thereby facilitating business growth and achievement of the President's goal under his National Export Initiative of doubling exports by the end of 2014 to support millions of jobs here at home.

Conclusion

The Reforming and Consolidating Government Act of 2012 would enable the President, in consultation with Congress, to further streamline the Federal Government to maximize effectiveness, cut duplication, and better serve the American people. If Congress passes the President's proposal to provide consolidation authority, we would cut billions of dollars in Federal spending by integrating, streamlining, and better managing agencies and programs across the Government.

The proposed authority is essential to creating a 21^{st} century Government that works more efficiently and effectively for the American people, and helps make America more competitive. Winning the future will take a Government that wisely allocates scarce Federal resources to maximize its efficiency and effectiveness so that it can best support American competitiveness and innovation. Now is the time to act to consolidate and reorganize the Executive Branch of the Federal Government in a way that best serves this goal.

The Administration urges prompt and favorable consideration of the Reforming and Consolidating Government Act of 2012. We look forward to working with you on this legislation.