Federal Budget and Debt: So What?

Session 5: Accountability Examples

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With thanks to OLLI at Duke; Chris McLeod & our class support team; and Ed Johnson, my co-instructor and moderator for sessions 4 & 5

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Objectives for Session 5

- Today's presentation applies knowledge from our previous session to explore three examples of federal programs that respond to national crises for which the public recognizes that the "stakes are high" and outcomes matter
- Key questions:
  - Does publicly available accountability information describe ***what actually happens*** when the executive branch implements congressional laws?
  - Does accountability information verify that these programs achieve the objectives described in pertinent congressional laws? If not, then why?

The US Government Responds to National Crises

- A working definition of ***crisis***: an event that precipitates a dangerous and unstable situation affecting a community, region, or entire society
- There are two types of crisis:
  - ***Acute*** crisis, such as volcanic eruptions, that occur rapidly & span regional- to international- geographic scales; and
  - ***Chronic or slower-onset*** crisis, such as environmental health problems or epidemics, that are created by problems adversely affecting human, environmental, or ecosystem health over relatively long time-scales

The US Government Responds to National Crises

- Because acute and chronic crises may affect natural and human-made systems simultaneously, solutions may be very complex and require time-scales ranging from decades to more than a century. For example . . .
  - The March 11, 2011 Great East Japan earthquake and tsunami represent an *acute* natural crisis that resulted in widespread death and destruction on a regional scale—and became a contributing cause of the *chronic* human crisis represented by the Fukushima Daiichi nuclear power plant accident—which will require many decades of remediation of the nuclear reactors, their radioactive fuel and waste, and the surrounding (formerly habitable) region.
  - The global pandemic caused by the SARS-CoV-2 virus in 2020.

The US Government Responds to National Crises

- Federal laws that respond to a national crisis focus on both *response* and *recovery* and frequently represent . . .
  - Decisions based on imperfect knowledge and limited time to take action
  - Programs that attempt to solve enormously complex challenges
  - Ambitious (and sometimes ambiguous) national goals or outcomes
  - Commitments of significant federal resources over a long timeframe
- These attributes create accountability challenges when the public becomes aware of unanticipated actions, results, or impacts

The US Government Responds to National Crises

- These accountability challenges also reflect the "so what" dimension of our OLLI course . . .
  - Does the government's investment of taxpayer resources *actually result* in effective programs that achieve the national objectives required by Congress?
  - Does the government communicate about accountability in an open, objective, transparent, and easily-accessible manner?
  - Do accountable leaders take responsibility?
    - ❖"**THE BUCK STOPS HERE**"

The US Government Responds to National Crises

- Each of the 3 examples on the following slides applies an accountability lens to concisely describe complex laws and national programs that respond to a specific crisis
- The full-length discussion of the examples and references is found at our Weebly site* and is organized around 3 common elements:
  - A statement of the problem--the nature of the crisis and the US response
  - Pertinent oversight & accountability information
  - Discussion of relevant accountability concerns
- Because of today's time restrictions, this PowerPoint presentation devotes only a few slides to each example

* https://olli-federal-budget.weebly.com

The US Government Responds to National Crises

1. **The US response to the global pandemic caused by the SARS-CoV-2 virus**
    - Across the US, this crisis has dramatic impacts on public health, the economy, employment, travel, small businesses & other aspects of American society.

1. The US response to the global pandemic caused by the SARS-CoV-2 virus

- Laws were enacted rapidly in 2020 to provide about $ 5.3 trillion for programs that aim to reduce the pandemic's impact on the public and the private sectors:
  - Changes to the social "safety net" & enhanced unemployment benefits to help those in need;
  - Economic impact payments to households to supplement lost income and encourage spending;
  - Loans and grants to small businesses primarily to help them maintain their payroll;
  - Tax incentives;
  - Support for education; and
  - Payments to governments and healthcare providers to prepare for and respond to the pandemic
- Since the global pandemic was declared officially in March 2020, at least 93 federal agencies have implemented programs that respond to the pandemic

1. The US response to the global pandemic caused by the SARS-CoV-2 virus

Estimated Funding in Six Laws Enacted to Provide COVID-19 Relief [i]

(Data for FY2021 is through March 31, 2021)

	Category of COVID-19 Relief	Funding in COVID-19 Relief Enacted in 2020	Funding in the American Rescue Plan Act of 2021	Total Funding for COVID-19 Relief (2020-21)
1	Support for Small Businesses	$ 909 Billion	$ 59 Billion	$ 968 Billion
2	Economic Stimulus Payments	$ 456 Billion	$ 411 Billion	$ 867 Billion
2	Expanded Unemployment Compensation	$ 561 Billion	$ 203 Billion	$ 764 Billion
3	Public Health and Related Spending	$ 483 Billion	$ 174 Billion	$ 657 Billion
4	Tax Incentives	$ 390 Billion	$ 176 Billion	$ 566 Billion
6	Direct Aid to Governments	$ 150 Billion	$ 362 Billion	$ 512 Billion
7	Educational Support	$ 112 Billion	$ 170 Billion	$ 282 Billion
8	Other Relief	$ 418 Billion	$ 301 Billion	$ 719 Billion
9	**TOTAL FUNDING**	**$3,479 Billion**	**$1,856 Billion**	**$5,335 Billion**

[i] Adapted from the Peter G. Peterson Foundation. Available from https://www.pgpf.org/sites/default/files/2021-total-coronavirus-legislation-graphic.pdf Last accessed April 10, 2021.

1. The US response to the global pandemic caused by the SARS-CoV-2 virus

- Performance and accountability measures for these programs will be available in 2021—when the President's Budget request and its Appendix of agency budget documents are submitted to Congress
- Until then, federal oversight agencies are using available data & information and 'real time auditing' to investigate & report on accountability issues:
  - GAO: 18+ reports published (through 3/31/21) with 72 recommendations to Congress
  - OIG: 26 OIGs published reports on 89 pandemic oversight investigations
  - CBO: several reports that analyze pandemic-related impacts on Congressional legislative goals—e.g., individuals, unemployment, small businesses, the workforce, and the economy
  - PRAC: first semiannual report to Congress submitted on 9/30/2020 by the Committee of the Council of the Inspectors General on Integrity and Efficiency

1. The US response to the global pandemic caused by the SARS-CoV-2 virus

- GAO has published 6 bi-monthly reports required by the CARES Act through March 31, 2021. Important findings include:
  - National strategies prepared for previous pandemics emphasize one overarching finding: clear, consistent communication by federal leaders—among all levels of government, with health care providers, and to the public—is key to responding effectively to the pandemic.
  - "In September 2020, GAO stressed the importance of having a plan that focused on coordination and communication . . . To date, this recommendation has not been fully implemented. GAO reiterates the importance of doing so. Effective coordination and communication among federal agencies, commercial partners, jurisdictions, and providers is critical . . . ."

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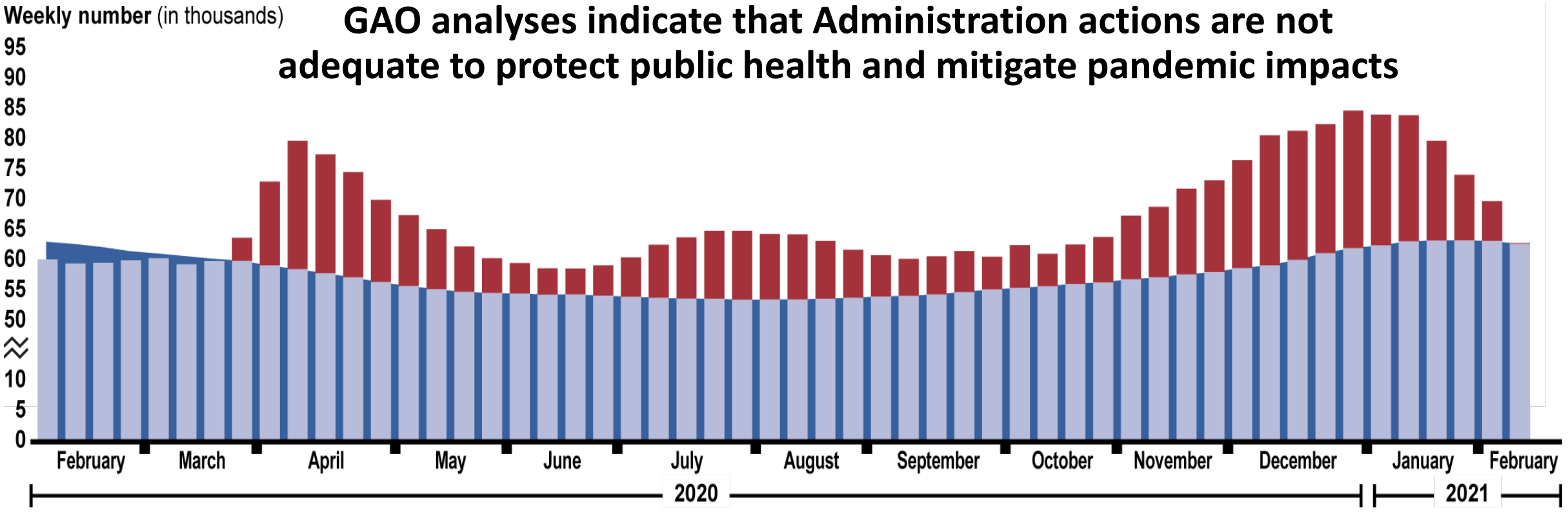
1. The US response to the global pandemic caused by the SARS-CoV-2 virus

- GAO findings, continued . . .
  - "As of January 2021, 27 of GAO's 31 previous recommendations remained unimplemented." . . . "GAO remains deeply troubled that agencies have not acted on recommendations to more fully address high priority recommendations such as
    - Critical gaps in the national stockpile and medical supply chain
    - Absence of a national testing strategy
    - Absence of Small Business Administration analytics to detect fraudulent and ineligible applications for business loans and other types of assistance

1. The US response to the global pandemic caused by the SARS-CoV-2 virus



GAO analyses indicate that Administration actions are not adequate to protect public health and mitigate pandemic impacts

Higher than expected weekly mortality in the U.S., February 2020 – February 2021

31 million confirmed US cases and 560,000 confirmed deaths through April 10, 2021

Source: GAO analysis of Centers for Disease Control and Prevention (CDC)/National Center for Health Statistics (NCHS) data. | GAO-21-387

1. The US response to the global pandemic caused by the SARS-CoV-2 virus

- The Congressional Budget Office (CBO) has published reports about significant economic impacts of the US pandemic response, e.g.
  - As a result of the pandemic-related economic disruption, annual real GDP will be 3.4 percent lower in 2030 than CBO projected for 2020-2030. **This means that the predicted size of the US economy will be $ 8 trillion smaller by 2030.**
  - The annual unemployment rate, which was projected to average 4.2 percent from 2020-2030 is now projected to average 6.1 percent from 2020-2030 and will return to 4.4 percent by 2030.

1. The US response to the global pandemic caused by the SARS-CoV-2 virus

- Because of the unprecedented nature of the pandemic, ***journalists and national news organizations*** also published results of investigations to answer important questions in the public interest. For example
  - What caused the SARS-CoV-2 pandemic?
  - What are the national/local data and trends about test positivity, hospital admissions, and coronavirus-related mortality?
  - Was the US prepared to respond to a global pandemic?
  - Does communication by the White House focus on what is actually happening during the federal pandemic response?

Questions & Discussion

The US Government Responds to a National Crisis

2. The US response to the Al Qaeda terrorist attacks on 9/11/2001

- Initially, the goals for the US military response to the Al Qaeda terrorist attacks were described by President George W. Bush: (1) to defeat Al Qaeda, (2) to replace the Taliban government in Afghanistan that harbored it, and (3) to destroy Osama bin Laden's terrorist network. The first two goals were achieved in about a year.
- In 2002, Congress and the President enacted the Afghanistan Freedom Support Act of 2002—which substantially expanded the original US military goals to include civilian goals aimed at helping the new Afghan government create a secure, stable, and democratic Afghanistan.

2. The US response to the Al Qaeda terrorist attacks on 9/11/2001

- Congress also directed both GAO and the new Special Inspector General for Afghanistan Reconstruction (SIGAR) to conduct oversight of the military and civilian programs authorized under key public laws
- SIGAR issued seven very consequential "lessons learned" reports from 2016-2019 on what it deemed high-risk civilian programs to help create a secure, stable, and democratic Afghanistan
  - These accountability reports (with 130 policy findings, 90 recommendations to Congress, and ~400 interviews with high-level program officials) documented enormous failures to achieve and communicate about Congressional objectives

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2. The US response to the Al Qaeda terrorist attacks on 9/11/2001

- In 2019, The Washington Post published results of its analysis of the SIGAR reports—and highlighted (for the first time) the tremendous human, financial, and societal impacts of the civilian programs that aimed to help the new Afghan government. For example:
  - In the 18 years since the US decided to help the new Afghan government, the US suffered ~2,400 military fatalities in Afghanistan and Congress has appropriated approximately $137 billion for Afghanistan reconstruction.
  - When adjusted for inflation, the $ 137 billion US investment in Afghanistan exceeds its investment in the Marshall Plan to rebuild Western Europe after World War II and it represents the largest investment to rebuild a single country in US history

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2. The US response to the Al Qaeda terrorist attacks on 9/11/2001

- The Washington Post articles also identified disturbing questions about an absence of federal accountability for this $137 billion investment:

> "The scale of the corruption [in Afghanistan] was the unintended result of swamping the war zone with far more aid and defense contracts than impoverished Afghanistan could absorb. There was so much excess, financed by American taxpayers, that opportunities for bribery and fraud became almost limitless, according to the interviews. . . . Gert Berthold, a forensic accountant who served on a military task force in Afghanistan during the height of the war, from 2010 to 2012, said he helped analyze 3,000 Defense Department contracts worth $106 billion to see who was benefiting. The conclusion: About 40 percent of the money ended up in the pockets of insurgents, criminal syndicates or corrupt Afghan officials. . . . Berthold said the evidence was so damning that few U.S. officials wanted to hear about it."*

* "Consumed by Corruption. The Afghanistan Papers: A Secret History of the War," December 9, 2019, The Washington Post

2. The US response to the Al Qaeda terrorist attacks on 9/11/2001

- The Washington Post also pointed out that key accountable leaders - **members of Congress, the military, and the executive branch -** professed ignorance of these impacts–and of the disturbing SIGAR finding that "the American people have constantly been lied to"
- A related editorial by the New York Times observed

  "America's failure in Afghanistan may come as a surprise to some Americans. But the Americans who should not be at all surprised are the members of Congress who voted to launch the war, repeatedly voted to continue funding it and have been absent without leave in their duty to oversee its progress. … **It is both truly shocking and deeply troubling that members of Congress, who oversee the military and are privy to classified assessments like those published by The Post, were surprised by [these] revelations** … ." [emphasis added]

Questions & Discussion

The US Government Responds to a National Crisis

3. The US response to air pollution, deteriorating air quality and its impacts on public health

- In 1970, Congress and the President enacted the Clean Air Act of 1970 (CAA)
- Regarded as one of the most bipartisan and effective public laws of the 20th century, the CAA enabled the US to make substantial progress in improving air quality and human health—even while millions of people still live in areas that do not meet national ambient air quality standards (NAAQS), and while air pollutants continue to damage health and our environment

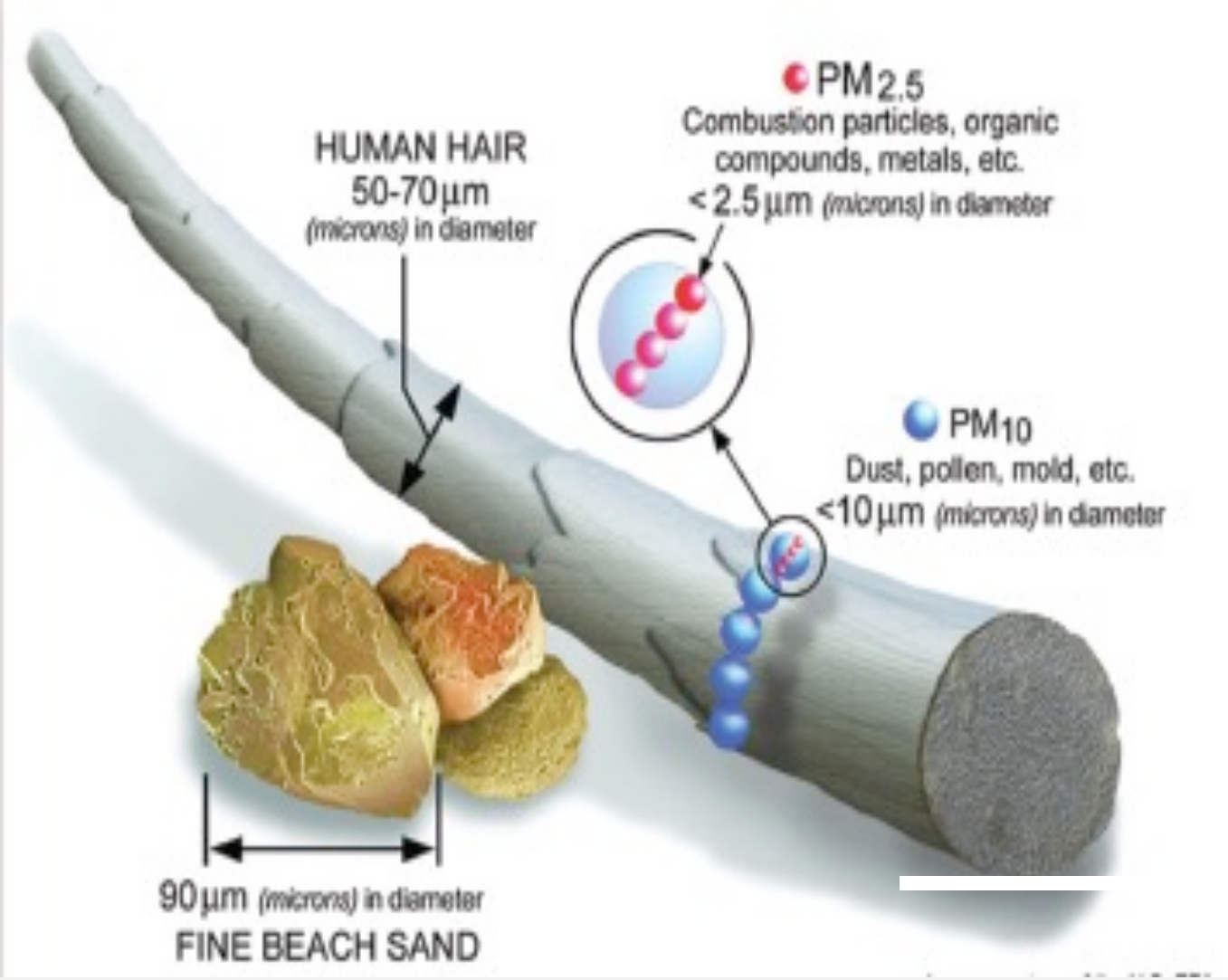
3. The US response to air pollution, deteriorating air quality and its impacts on public health

- The CAA requires EPA to conduct research and assessments on the causes and effects of air pollution on human health–and for EPA to formally consider new scientific research every five years when it decides whether its protective health standards are “requisite” to protect human health.
- This accountability example focuses on the federal particulate matter research program required by the CAA—and the impact of its scientific contributions to improving public health.

3. The US response to air pollution, deteriorating air quality and its impacts on public health

- **Particulate matter (PM) is a complex mixture of solid, semi-volatile and liquid materials of various sizes found in the air**

- **Because of the small size of these particles, it is difficult to measure & study how changes in emissions of air pollutants, atmospheric transformation, ambient air quality, and human exposure affect human health outcomes**



3. The US response to air pollution, deteriorating air quality and its impacts on public health

- Because of the significance of this research program and its impacts, substantial accountability information has been developed over the decades—including federal performance measures, multi-year plans, program evaluations, & independent expert reviews.
- From an accountability perspective, this program has been instrumental in developing scientific and policy consensus about the public health impacts of the National Ambient Air Quality Standards

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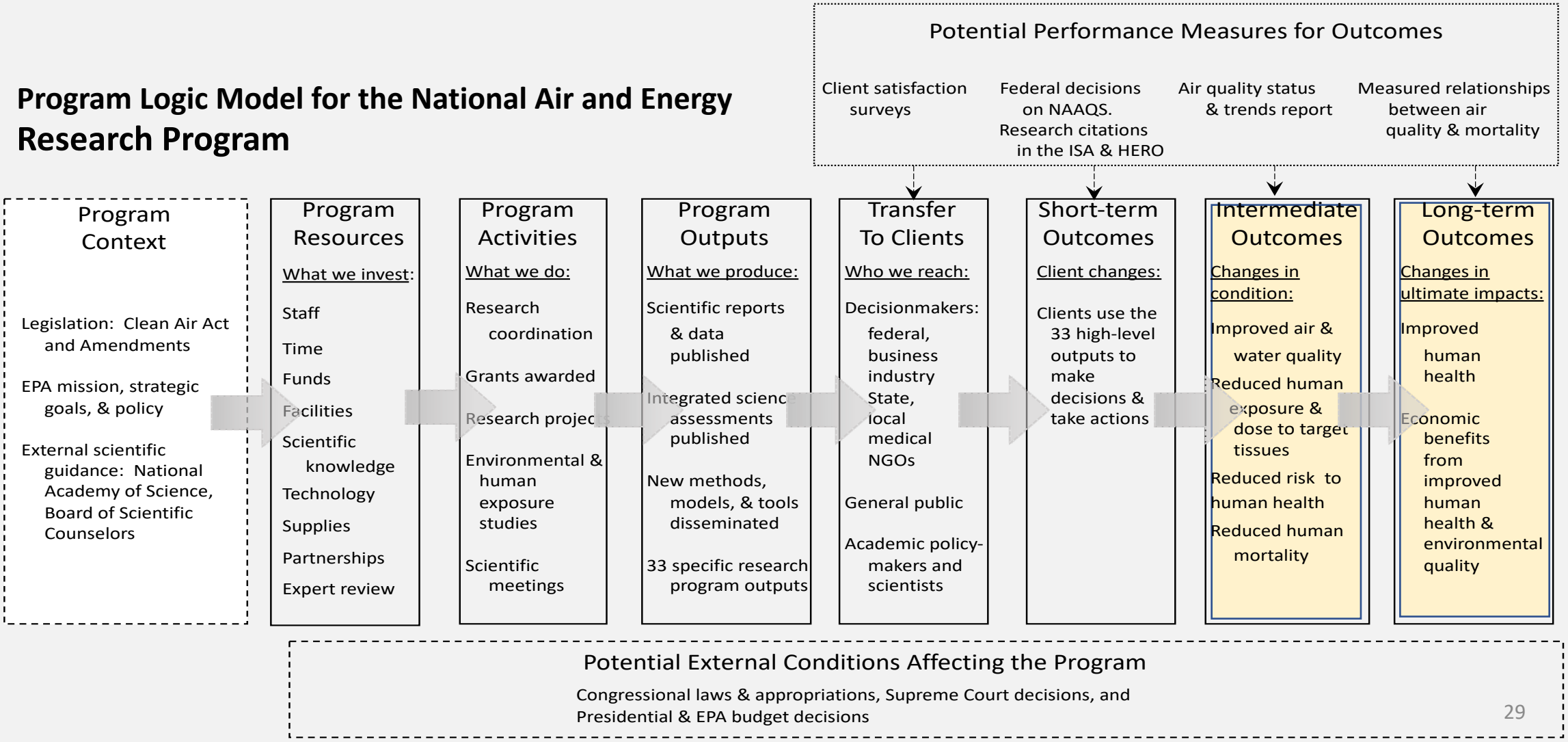
3. The US response to air pollution, deteriorating air quality and its impacts on public health

- Since the CAA was enacted in 1970, particulate matter emissions have been reduced by 66 percent on average through 2020—and Americans are living healthier, longer lives:
  - In 2020 alone, CAA reductions in particulate matter (through the NAAQS) are estimated to prevent over 230,000 instances of premature death.
  - Medical scientists and epidemiologists estimate that since 1970 the human health benefit from reductions in particulate air pollution alone (due to the Clean Air Act) is an additional 1.6 years of life expectancy for the average American.
    - ❖Economists estimate that the impact of this health benefit (i.e., the economic value of life-years saved) is more than $100 trillion

The US response to air pollution, deteriorating air quality and its impacts on public health

Program Logic Model for the National Air and Energy Research Program



Questions & Discussion

Summary

- The 3 examples illustrate distinct challenges, issues, and successes
- They also demonstrate that accountability **IS** able to describe and verify
  - What actually happens when the executive branch implements congressional laws
  - Whether federal programs are effective and achieving congressional objectives
  - The nature of any leadership problems in communicating about accountability in an open, objective, and transparent manner
  - Whether Congress & the executive branch are using taxpayer resources effectively to achieve important goals and objectives

Summary

- Program evaluation is an important technique to assess the performance, outcomes, and impacts of the federal programs
  - The evaluation of federal programs requires organizations with multi-disciplinary expertise—for example, the National Academy of Sciences, the Government Accountability Office, the Congressional Budget Office, or the Offices of Inspectors General
  - Journalists also focus on accountability. Increasingly, resources possessed by very large news organizations are needed to investigate national programs

Summary

- Accountability tools continue to evolve . . .
  - Knowledge of natural and human systems, and their dynamic interactions, is essential for
    - Design of effective programs
    - Measuring changes over time to natural & human systems in order to gauge progress toward program outcomes
  - To address complex societal challenges and legislative goals (e.g., risk, response, and recovery) accountability increasingly relies on the use of science and evidence to evaluate policy and decision-making

Question and Discussion:

If accountability does help determine whether federal programs are using taxpayer resources effectively, then why are oversight and accountability not working?

Why has Congress NOT followed its own accountability guidance when it plans, prepares, and enacts legislation and appropriations?

End of Session 5

- Any outstanding questions?
- Today's presentation will be available this afternoon at the "Session 5 page" of our Weebly website https://olli-federal-budget.weebly.com
- REMINDERS: We will end with Session 6, **next Thursday, April 22th** @ 11 am, and . . .
  - Evaluate the current growing debt, including past and estimated deficits, as well as current and future spending and revenue choices.
  - Discuss the debt's relationship to GDP, and the key components of debt (what's driving it and who owns the debt).
  - Try to answer the question "Is the debt sustainable, manageable, or a little of both, and what can be done."
- Please feel free to contact Ed or Dale through OLLI or our personal emails