



# Department of Justice

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**TESTIMONY OF**

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ASSISTANT ATTORNEY GENERAL FOR ADMINISTRATION  
U.S. DEPARTMENT OF JUSTICE**

**BEFORE THE**

**SUBCOMMITTEE ON CRIME, TERRORISM, HOMELAND SECURITY AND  
INVESTIGATIONS  
COMMITTEE ON THE JUDICIARY  
UNITED STATES HOUSE OF REPRESENTATIVES**

**FOR A HEARING ON**

**SPENDING PRIORITIES AT THE U.S. DEPARTMENT OF JUSTICE**

**PRESENTED ON**

**APRIL 10, 2013**

**Testimony of Lee J. Lofthus**  
**Assistant Attorney General for Administration, U.S. Department of Justice**  
**before the**  
**Subcommittee on Crime, Terrorism, Homeland Security and Investigations**  
**House Committee on the Judiciary**  
**April 10, 2013**

Thank you, Chairman Sensenbrenner, Ranking Member Scott, and members of the Subcommittee, for the invitation to discuss our work to reduce expenses, find and take advantage of efficiencies, and save taxpayer money. The Department takes these efforts very seriously, and I appreciate the opportunity to speak about our initiatives in these areas and address your concerns.

The Department of Justice continuously and rigorously seeks ways to operate more efficiently and cost effectively, so that our funds are available for the critical national security and law enforcement activities that impact the Nation. The Department's leadership has challenged employees Department-wide time and time again to find savings across our operations, and they have responded. When we find ways to improve our practices and save money, we act on those suggestions, recommendations and opportunities.

In addition to our commitment to save money and work as efficiently as possible, the Department also protects American taxpayers and the federal fisc by combating healthcare fraud and financial fraud, compensating victims and returning billions of dollars to the Treasury. For example, in FY 2012, the efforts of DOJ personnel resulted in total collections of nearly \$14 billion in civil and criminal fines, restitution, and other debt owed to the government.

### **Sound Financial Management**

We strive for sound financial management, which is at the core of properly accounting for taxpayer dollars. In FY 2012, the Department earned an unqualified audit opinion on its consolidated financial statements for the ninth consecutive year. For the sixth straight year, the auditor's report on internal controls over financial reporting did not identify any material weaknesses at the consolidated Department level. Moreover, for the first time, no material weaknesses were reported in any of the individual component level audits. The continued progress made by our financial management offices is concrete evidence of the Department's commitment to continually improve our comprehensive financial management practices.

The Department continues to implement our new Unified Financial Management System (UFMS) on time and within budget. With the implementation of UFMS, the Department's financial management community has integrated procurement activities, centralized redundant activities, achieved economies of scale on credit card and payroll processing, and given Departmental leadership real-time financial data for use in quickly and accurately providing an assessment of the Department's status of funds. In addition, UFMS has identified and standardized common business processes across the Department to leverage best practices to improve financial management and reporting. We have accomplished all this while maintaining a clean audit opinion.

At the beginning of FY 2013, we began implementation of UFMS at the United States Marshals Service (USMS) and at five program offices in the Federal Bureau of Investigation (FBI). The Department's Asset Forfeiture program also expanded its use of UFMS, bringing the total number of UFMS users to over 5,000. Building upon the implementations at the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the Bureau of Prisons (BOP) and the Drug Enforcement Administration (DEA), these new system expansions offer great potential for improving our financial management capabilities for the future. Once FBI fully implements UFMS, DOJ will operate only three financial systems (UFMS, FMIS2 and SAP/Federal Prison Industries) instead of the seven systems in operation in FY 2008.

### **Pro-active Efforts to Save Taxpayer Money**

The Department has worked continually to identify savings, efficiencies, cost avoidances, and best practices in order to best leverage our resources. This goes far beyond cutting conference and travel spending: we have explored streamlining administrative processes across the Department. In addition, we have consolidated or realigned several offices in order to eliminate unnecessary spending and create administrative efficiencies.

The Department also takes pride in its efforts to drive savings in response to President Obama's Executive Order 13589: Promoting Efficient Spending. In FY 2012, the Department exceeded its \$146 million reduction goal on spending in the areas of publication, travel, supplies, executive fleet, advisory contracts, and IT devices by \$91 million, for total savings of \$237 million compared with FY 2010.

#### *Conferences and Travel*

The Department has taken aggressive steps to limit and monitor conference spending. New policy guidance was issued in June 2012 that places strict controls on conference planning, approval, attendance, and reporting. This guidance was supplemented by a

January 2013 memorandum detailing additional restrictions on indirect cost rates applied to certain conference costs.

Our efforts to control conference spending have been successful. In FY 2011, we reduced conference expenditures by 28%, spending \$26 million less than in FY 2010. We further reduced FY 2012 expenditures by \$7.8 million, or 12 percent less than FY 2011.

The Department has also cut back on travel costs. In addition to the Attorney General's January 2011 guidance that suspended all non-essential travel (initially implemented for FY 2011, but renewed in 2012 and 2013), the Department also generated cost savings by using non-refundable airfares instead of government contract fares. Overall Department travel obligations have decreased by over 19% from FY 2010 through FY 2012.<sup>1</sup>

### *Reorganization and Consolidation*

The Department has identified savings by proposing to consolidate and realign components in order to realize increased efficiencies. During FY 2012, the Department refocused and realigned functions of the National Drug Intelligence Center (NDIC) to the DEA and closed NDIC, which will save about \$12 million in FY 2013. We merged the administrative functions of the Office of Legal Counsel and the Office of the Solicitor General into a single executive office, which will result in savings of \$463,000 in FY 2013.

To promote greater efficiency, the Department also realigned the Office of Dispute Resolution into the Office of Legal Policy, and has decentralized the Law Enforcement Wireless Communications (LEWC) funding by transferring LEWC functions and funding for operation and maintenance of legacy radio networks back to components for a combined savings of nearly \$120 million from the FY 2010 enacted level. The Department has also merged the detention functions previously performed by the Office of the Federal Detention Trustee into the USMS to align detention resources with operations and reduce contracts, overhead, and IT costs.

In addition to Department-wide savings initiatives, we have also identified component-unique program savings. The Bureau of Prisons' expansion of compassionate release to inmates with medical conditions that have served at least 67 percent of their sentence (for non-violent and non-sex offenders) is estimated to save \$3.2 million in FY 2013. Evaluating Federal Prisoner Detention intergovernmental agreements, which set daily

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<sup>1</sup> Travel obligations (Object Class 21.0) declined from \$580 million in FY 2010 to \$469 million in FY 2012.

rates per detainee (known as “jail day rates”) starting in FY 2012 through FY 2014 is expected to achieve \$20 million in savings.

### *IT Savings*

The Department’s ongoing efforts to increase inter-component collaboration in IT contracting have realized numerous efficiencies. Recent efforts have led to the Department proposing IT offsets in the FY 2012 and FY 2013 President’s Budget. In FY 2012, we proposed extending the technology refresh cycle by one year and submitted an offset of \$8 million. In FY 2013, we proposed an offset of \$22 million associated with increased component collaboration in the acquisition of IT equipment and services.

Beginning in FY 2014, the Department will redirect five percent of our IT base resources annually into a reinvestment pool dedicated to IT projects that will produce a favorable return on investment within 18 months or demonstrably improve citizen services or administrative efficiencies. This five percent redirection beginning in FY 2014 comes in addition to the Department’s five percent reduction in IT from FY 2012 to FY 2013.

### **Attorney General’s SAVE Council**

In July 2010, the Attorney General established his Advisory Council for Savings and Efficiencies (the SAVE Council) to explore additional areas where we can reduce spending to operate as efficiently as possible. The SAVE Council develops, implements, and tracks ongoing initiatives that result in savings, cost avoidance, streamlining, and instituting best practices. The SAVE Council drives savings efforts throughout the Department. To date, we’ve saved over \$120 million through the efforts of this Council. Examples of these efforts include:

Permanent Change of Duty Station Reform – The Department revised a longstanding policy that reduces the number of days (120 days to 60 days) an employee may be reimbursed for temporary quarters expenses when they are transferred. This initiative has saved the Department \$21 million.

Online Travel Booking – With a uniform, standardized, web-based travel reservation service, the Department has saved \$9.1 million.

Department of Justice's Asset Forfeiture Program Internet Noticing:

Civil /Judicial and Criminal Notices: the Department implemented an internet site ([www.forfeiture.gov](http://www.forfeiture.gov)) to publish civil/judicial and criminal

notices. Internet notification facilitates the management of the advertising process and saves considerable advertising/newspaper expenses. The total estimated savings expected in 2013 is \$1.5 million.

Administrative Notices: In September 2012, a regulation change allowed the Department to publish administrative notices on the internet. Now all forfeiture notices can be published on forfeiture.gov, giving the public a single access point to search, retrieve, and print notices. The total estimated savings expected in 2013 is \$3.75 million.

Consolidation of Wireless and IT Contracts – The Department mandated that all Department components move to the existing wireless contracts of agency partners. This has saved the Department \$6.4 million.

The SAVE Council continues to meet on a monthly basis to report on active savings initiatives, and to discuss new ideas for saving taxpayer money.

### **Space/Physical Footprint Reductions**

The Department has been actively reviewing its inventory so that it can reduce its physical footprint and better utilize existing workspace. As part of this ongoing effort, from FY 2010 through FY 2012, as part of the Administration's \$3 billion real property cost savings goal, we identified over \$300 million in savings. We were able to realize these savings through project terminations or reductions, as well as lower new lease space rent rates. As part of the Administration's "Freeze the Footprint" policy, which requires agencies to freeze growth in their office and warehouse space at FY 2012 levels, the Department is developing its Real Property Cost Savings and Innovation Plan for FY 2013-2015, which will document square footage growth and offsets in the Department's real estate portfolio. Wherever feasible, we will continue to pursue cost savings in this area.

### **Closing**

Our efforts to make the Department more efficient and to save taxpayers money is by no means complete, and our work in this area is ongoing. We appreciate the work of the Office of the Inspector General and the Government Accountability Office in highlighting areas where we can make further improvements. I am acutely aware of the financial challenges we face, and acutely aware of the need to ensure every dollar the Department receives is spent wisely. Thank you for the opportunity to appear today.