The THRIFT Act, H.R. 5192

Frequently Asked Questions

Why focus on increasing government's operating efficiency?

Over the years, federal government spending has increased dramatically. Accompanying that rise in spending has been a renewed focus on bringing down our spending to a sustainable level. Though Congress must consider all aspects of our financial situation and corresponding remedies, one area that this bill focuses on is reducing inefficiency within federal agencies' processes. Improving the federal government's efficiency does not necessarily mean reducing services to Americans; however, it does mean gleaning savings from improved processes and operations.

Is inefficiency a problem in the federal government?

GAO recently released their fourth in-depth study of government program duplication and inefficiency. While some of GAO's revelations must be dealt with statutorily, according to a running tally by The Committee for A Responsible Federal Budget of GAO's recommendations, GAO has identified more than 400 actions that the agencies could take to improve efficiency. These changes could produce savings in the billions of dollars.

What does the bill do?

The bill establishes an incentive and savings program for federal agencies. If an agency identifies a way to streamline its operations in a way that produces a cost-savings without limiting services, the agency can notify Congress of the savings and return the savings to the Treasury for deficit reduction. As an incentive, the agency can submit a plan to Congress to retain a portion of the savings for approved expenditures.

Why provide an incentive to federal agencies?

Incentivizing analysis of operating procedures and business practices within federal agencies is a compliment to Congress' oversight of the agencies. While outside analysis conducted by Congress may uncover methods to improve efficiency, rewarding departments for self-evaluation stands to reveal additional efficiencies that could otherwise be overlooked by Congress and could have significant, positive results for streamlining federal government operations.

How does the incentive work?

An agency identifies specific actions that can be taken to improve efficiency without limiting services and submits a plan to Congress that reveals the actions to be taken and the cost-savings that result. The agency is then allowed to retain between 5% and 25% of the resulting savings and returns the rest of the savings to the Treasury for deficit reduction.

Does Congress have a say in the incentive plan?

Yes. Not only does an agency making use of this incentive have to submit a plan to Congress 30 days in advance of the implementation of the plan, it must also submit as part of its next budget request a schedule detailing how the retained money was spent within authorized parameters.