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NOMINATION OF ROBERT L. NABORS II

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

OF THE

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

NOMINATION OF ROBERT L. NABORS II TO BE DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

JANUARY 14, 2009

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NOMINATION OF ROBERT L. NABORS II

WEDNESDAY, JANUARY 14, 2009

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 3:57 p.m., in room 342, Dirksen Senate Office Building, Hon. Joseph I. Lieberman, Chairman of the Committee, presiding.

Present: Senators Lieberman and Collins.

OPENING STATEMENT OF CHAIRMAN LIEBERMAN

Chairman LIEBERMAN. The Committee is reconvened for the hearing on the nomination of Robert Nabors to be the Deputy Director of the Office of Management and Budget (OMB).

Perhaps in deference to Mr. Obey's schedule, before either Senator Collins or I speak, Mr. Obey, we would be happy to hear from you. First, we thank you for coming over to introduce Mr. Nabors, and we would be happy to hear your opening statement at this time.

TESTIMONY OF HON. DAVID R. OBEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. OBEY. Thank you very much, Mr. Chairman and Senator Collins.

Yesterday, when I appeared before another committee to introduce Mr. Nabors, I noted that I had one concern with the incoming Obama Administration, their great concentration of power in the hands of Chicago White Sox fans, with both the incoming President and the Chief of Staff and Mr. Nabors. I was willing to overlook that, but as a Green Bay Packers fan, I discovered last night that all three of them are also Chicago Bears fans. That is almost too much to bear.

Chairman LIEBERMAN. Enough is enough. [Laughter.]

Mr. OBEY. But having said that, I am sure that you know what Mr. Nabors' background is. He went to Notre Dame for his undergraduate degree, got his master's degree at the University of North Carolina, served at OMB as a Program Examiner. He then served as Senior Advisor to the Director and then became Assistant Director for Administration and the Executive Secretary of OMB. He joined the staff of the House Appropriations Committee, serving in various capacities for several years. He then served 2 years as Minority Staff Director and for the last 2 years has served as Chief of Staff for the House Appropriations Committee.

I have never met a person who works harder. It is really with mixed feelings that I appear before you because he has been my right arm for the last 4 years and he is a tremendous asset to this institution of the Congress of the United States. We are losing a very valuable asset, but the Executive Branch is gaining one, and I think that is the country's gain, as well.

He is a person of solidity and wisdom. I said yesterday that, as we know, mathematics is the universal language, but budgets, even though they are a compilation of numbers, also represent what can happen to human beings behind those numbers. Mathematics is a universal language, but so is pain and so is the human desire for opportunity, and budgets certainly can provide both. I think Mr. Nabors understands that and recognizes the human dimension of everything we do in the budgeting area.

I would also simply note that he brings a special quality because I think he understands both branches of government and I think he will help bring a degree of respect between the Executive and Legislative Branches, which has all too often been absent in recent years. I think while he will provide tough-minded service to the Executive Branch and to the Congress, he will also bring a deep and profound understanding and respect for the opposite institution, and that never hurts around here.

With that, I appreciate your hearing me, and I will leave and go back to my roll calls and leave you to your business.

Chairman LIEBERMAN. Thanks, Mr. Obey. That was a very, obviously, heartfelt and thoughtful introduction and endorsement. We appreciate it very much. Mr. Nabors, I don't think you could have had a better start. Thank you. Safe travels.

Mr. OBEY. Thank you.

Chairman LIEBERMAN. I officially welcome you, Mr. Nabors, to the Committee. Since I gave an opening statement on the issues facing OMB in Mr. Orszag's hearing, I am going to simply enter that into the record, as well, for this hearing.[1]

The discussion we have just had with Mr. Orszag was, I think, both illuminating and sobering. For any Administration, directing OMB is one of the most important jobs, even though in some sense it is little known outside of Washington, but being second in command, being Deputy Director, is no less demanding, and particularly so at this unique hour, this really unprecedented time in our Nation's economic history.

As Mr. Obey illustrated, you have an impressive background. I think your previous experience at OMB will be very useful as will, of course, the service you have given the Legislative Branch of our government.

So I thank you for being here, and I am eager to hear your views. Senator Collins.

OPENING STATEMENT OF SENATOR COLLINS

Senator COLLINS. Thank you, Mr. Chairman.

I, too, outlined in my opening statement from the previous hearing the general issues, as well as welcomed our witness today.[2]

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[1] The prepared statement of Chairman Lieberman appears in the Appendix on page 11.
[2] The prepared statement of Senator Collins appears in the Appendix on page 11.

I will note that both of the nominees today have had the wisdom to bring adorable children with them, thus making it very difficult for the Members of this Committee to ask the kind of hard-edged questions for which we are known. [Laughter.]

So I think that, too, indicates a certain skill and savvy on the part of the witnesses today. But welcome.

I had a very good meeting with Mr. Nabors in my office yesterday, and I look forward to exploring a few issues with him during the questions.

Chairman LIEBERMAN. Thanks, Senator Collins.

I will say for the record that Mr. Nabors has filed responses to a biographical and financial questionnaire, answered pre-hearing questions submitted by the Committee, and had his financial statements reviewed by the Office of Government Ethics. Without objection, this information will be made part of the hearing record, with the exception of the financial data, which are on file and available for public inspection in the Committee's offices.

Mr. Nabors, our Committee rules also require that all witnesses at nominations give their testimony under oath, so I would ask you to please stand and raise your right hand.

Do you swear that the testimony you will give before the Committee is the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. NABORS. I do.

Chairman LIEBERMAN. Thank you. Please be seated. As Senator Collins has indicated, I understand your family is here with you, and I ask if you would like to introduce them at this time.

Mr. NABORS. I would be very happy to. My wife, Theresa, my son, Jude, and my daughter, Georgia.

Chairman LIEBERMAN. Welcome to all of you, and thank you for supporting your husband and dad in serving our country, as he is about to do in a very significant way.

I would ask you now to proceed with any opening statement that you have.

TESTIMONY OF ROBERT L. NABORS II[1] TO BE DEPUTY DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

Mr. NABORS. In the interest of time, I will try to keep my statement brief and try to follow the Spratt model by reading the first and last paragraph of my prepared remarks. [Laughter.]

Mr. Chairman, Ranking Member Collins, I am honored by the opportunity to come before you as President-Elect Obama's nominee for the Deputy Director of the Office of Management and Budget.

I would like to take an opportunity to thank Mr. Obey for introducing me to the Committee. As anyone who knows Mr. Obey knows about him, he has a deep-seated respect for Congress. This is a gift that he has imparted in me and a gift that I plan on taking with me to my new position, if confirmed.

Mr. Chairman, these are extraordinary times. If confirmed, I am committed to working with the Director, the Deputy Director for Management, and other members of the Administration to find the

[1] The prepared statement of Mr. Nabors appears in the Appendix on page 13.

best ways to reform our budget, eliminate waste, fraud, and abuse, put in place oversight mechanisms to ensure that we wisely allocate Federal resources, and manage those resources as effectively as possible.

With that, I thank you for the opportunity to testify before you and am prepared to answer any questions you might have.

Chairman LIEBERMAN. Thank you very much.

Let me start with those standard questions we ask of all nominees. First, is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. NABORS. No.

Chairman LIEBERMAN. Do you know of anything, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. NABORS. No.

Chairman LIEBERMAN. Do you agree without reservation to respond to any reasonable summons to appear to testify before any duly-constituted committee of Congress if you are confirmed?

Mr. NABORS. Yes.

Chairman LIEBERMAN. Thanks. Let me proceed.

Let me ask you first how you see the role of the Deputy at OMB, and as part of that, whether you and Mr. Orszag have discussed how you might divide responsibilities.

Mr. NABORS. We have had those types of discussions. I think part of the way I view the role of the Deputy Director is influenced by my previous tenure at OMB.

I think especially to the outside world, much has been made about the distinction between the management side of OMB and the budgetary side of OMB. From my experience, that distinction between the two parts of OMB are very much exaggerated, and I will just give you one example.

In my previous tenure at OMB, I served as the Census Bureau Examiner in what is traditionally thought of as the budget side of OMB. But I was as likely to interact on a daily basis with my colleagues from the Office of Information and Regulatory Affairs, the Office of Federal Financial Management, or the Office of Federal Procurement Policy as I was to interact with other budget people. It is because the issues that I was dealing with, with the decennial census in particular, were so complex that it actually took a team of experts to help think through some of the problems.

So I come to the position with a predisposition that there is no distinction between budget and management at OMB. It is one institution. I see that my primary role as the Deputy Director of OMB is to make sure that all of these different perspectives within the institution—the management components, the statutory office components, the budgetary issues—are brought together so that when a recommendation is made to the Director, all of the different facets of a particular problem are brought to the forefront.

Chairman LIEBERMAN. Very good. There was some talk with Mr. Orszag of the line-item veto or enhanced rescission. We are going to be looking at reform of current budget rules and procedures in this Committee and in Congress. I wonder if you have any sugges-

tions yourself about how we might reform our budget rules and procedures here in Congress based on your experience, again, in both branches, to advance the cause of fiscal responsibility.

Mr. NABORS. I think that there are a couple of things that the Committee could look at and that OMB could be a helpful partner in. I think that the first thing that I would point to is transparency. I think that the budget and financial systems of the Federal Government are among the most complex and obtuse systems that exist anywhere, and I think anything that we can do to bring increased transparency both to the budget itself and to the budget process is a positive step in the right direction.

I think the second thing that can be done is—any efforts to better integrate the performance aspects of program management with the budget processing components would be, once again, a very positive step. I think right now, and once again, based on my previous experience at OMB, too much of the program analysis and the budget development are separated.

The example that I would use is previously at OMB, we had a very long and detailed process that really began in October and extended all the way through February to put the budget together. After that, the examiners sort of catch 40 hours of sleep and go back to work starting on something called the spring reviews, and those spring reviews were opportunities to focus on the management components. That tended to be book-ended in between the budget creation process and the congressional budget process and appropriations process. So often times, that spring management review got short shrift.

I think that one of the things that needs to occur is that throughout the budget process, from budget formulation all the way through budget execution, there needs to be a strong focus on the management component so that, as much as possible, these pieces are not disrupted, and I think the same thing can be said of the OMB and the Administration's working relationships with the Congress.

Too often, our conversations with regard to budgetary issues are limited to either the Appropriations Committee or the Ways and Means Committee or the Senate Finance Committee. I think more attention needs to be paid to incorporating the findings of oversight committees into the deliberations that go into crafting the annual congressional budget and the appropriations bills.

Chairman LIEBERMAN. Very thoughtful. I appreciate it.

Let me go to the stimulus package and ask for a reaction to an idea. The President-Elect has set down three standards for the stimulus package. Let me see if I can recall them. One was that they create jobs; two, that they are able to be implemented fairly rapidly; and three, that they support sound national policy.

So consistent with that, we are obviously looking at a major infusion of money, for instance, into transportation by the States. We are looking at other more innovative sort of new economy ideas, like investments in health information technology (IT) and the smart grid.

Probably because I am on the Armed Services Committee, it struck me that another possibility would be to accelerate the funding of defense programs that we know we are going to have to buy

in the next 3 to 5 years and to do them this year or next year. I am not talking about using this as an excuse to sort of find money for controversial programs. I am thinking of programs that everybody agrees would be a high priority for funding and are just going to be spread out over 3 years, and I am thinking that this would create jobs quickly. I think the question is, can you find them? I am sure you can. They are ready to be funded rapidly. And they do support sound national policy, which is our national defense.

I wonder if you have a reaction to that thought.

Mr. NABORS. Well, we have spent some amount of time looking at what can be done through the Department of Defense. In particular, we have been looking at efforts that could both stimulate the economy and make the lives of our military families and soldiers more satisfactory.

We will go back and take a look at whether or not there are other defense programs that we think could be executed quickly and could provide a stimulative bolt to the economy.

Chairman LIEBERMAN. Good for you. I appreciate that. I take it you are thinking, when you think about the families, perhaps of military construction of housing and the like.

Mr. NABORS. We are thinking about military construction and housing, but we will expand that perspective to look at other issues, as well.

Chairman LIEBERMAN. That is one of the areas I was thinking about, military construction of facilities on bases that everybody agrees we are going to have to do in the next 3 to 5 years, including housing, but also perhaps the purchase of some systems that we know we can actually gain a cost benefit if we fund up front with the defense manufacturers.

I appreciate that answer, and I look forward to a response after you take a look at it.

Mr. NABORS. Yes, sir.

Chairman LIEBERMAN. Thank you. Senator Collins.

Senator COLLINS. Thank you, Mr. Chairman.

Mr. Nabors, I am particularly interested in your experience with the census. As we discussed yesterday and as I indicated in my previous questioning, I am very concerned about the total failure of a major IT contract at the Census Bureau that was absolutely critical to improving the effectiveness and efficiency of the 2010 census. It is extraordinary to me in this time and age that we are going back to such a primitive system for trying to count people and carry out the constitutional responsibility of conducting a census.

Do you think, given OMB's responsibilities to oversee IT contracts, that OMB should have been able to avert that disaster at the Census Bureau?

Mr. NABORS. I think the way I would answer that question is that because of the responsibilities that OMB has been given by the Congress and by the President on many issues, OMB is ultimately responsible, and this is one of those issues where so many components of the decennial census, both the funding, contracting issues, information technology issues, sort of reside ultimately at OMB for appropriate oversight, but yes, I believe that some amount of responsibility should be borne by OMB in terms of

whether or not an appropriate amount of attention was placed at a high enough level to catch these types of things.

I think that one of the lessons that this brings out is that we need to spend more time doing the type of oversight that is necessary to ensure that the major dollars that we are investing in things like the decennial census are spent wisely.

Senator COLLINS. Should OMB have a stronger Chief Information Officer or Chief Technology Officer who sets standards across the government?

Mr. NABORS. I think, as Mr. Orszag laid out, the issue overall of IT and the importance of IT within the Federal Government at this point really is causing us to step back and take a look at whether another type of position, maybe a Chief Technology Officer or a Chief Information Officer, is something that is worthwhile. I think the decennial census provides a prime example of why we might need to consider that. I think over the next couple of weeks, I would expect to have further conversations with Mr. Orszag about that.

Senator COLLINS. Along with technology concerns arises the greater concern about privacy of personal information that is held by Federal departments. In part due to the work that our Committee did when we passed the Intelligence Reform Act in 2004, we created privacy officers in a number of agencies. Many agencies have designated privacy officers as a result. However, within OMB, there is no single official designated as the lead on privacy policy despite OMB's responsibility in e-Government, the Office of Information and Regulatory Affairs (OIRA), and procurement issues.

I understand that when you were working at OMB, for a period of time, there was a Chief Counselor for Privacy, a position that has been vacant since 2001. Based on your experience, do you believe that this position was a valuable part of OMB that should be restored? Should Congress mandate that the position be created?

Mr. NABORS. Well, when I was at OMB, we did have a Chief Counselor for Privacy, and I think he was very effective at the time. I think it was because of two reasons. One, he was recognized as one of the foremost experts in the country on privacy, so when he spoke, he carried a lot of weight. And I think, second, the Director, the Deputy Director, and the Deputy Director of Management all made it a point to ensure that whenever we were having broader information technology types of conversations or broader policy conversations, that our privacy person was in the room and participated, so that privacy was always part of the conversation that we were having.

I think as we go forward, there are reasonable discussions that we can have about what the best way to achieve that type of goal is again. Perhaps it is having a person, but I think there is general agreement that we need to ensure that privacy is in the room and that people that we have talking about privacy are among the best, brightest, and most thoughtful people considering the issue.

So I would very much like to work with you and your Committee to determine, in your opinion, how would you think the best way to structure that to ensure that privacy gets the appropriate level of attention during the OMB decisionmaking process.

Senator COLLINS. I look forward to working with you on that issue.

Finally, I want to talk to you a bit about performance of Federal programs evaluation and assessment. So much of OMB's functioning is focused, as you indicated, on the budget that at times we lose sight not only of the management side of OMB, but the importance of evaluating the effectiveness of Federal programs. The current Administration tried to tackle this issue by establishing what is known as the Program Assessment Rating Tool (PART) program, yet Congress did not find that to be as useful as we might have hoped.

I know that when I looked at various programs, oftentimes I very much disagreed with the ratings that OMB assigned, and often giving a program the red light in a PART program evaluation really seemed to be a way to try to kill a program or reduce or eliminate its funding rather than truly being a fair assessment of its effectiveness. Yet there is no doubt in my mind that there are programs that are not effective and either should be eliminated or restructured so that they better achieve their goals.

What are your thoughts on a possible successor to the PART program that would help both the Administration and the Congress more effectively evaluate the worth of Federal programs?

Mr. NABORS. Well, I think that the first step is recreating the process that led to PART, and I say that for the following reason. When I was on the Appropriations Committee, I was routinely asked by OMB analysts and by agency officials what I thought about various PART scores, and I had to be honest with them and say, we on the Appropriations Committee don't really look at PART, in part because we don't think it is a useful tool. It is not crafted in a way that was useful to the types of decisions that appropriators were making.

From talking to my colleagues on various authorization committees, I got the same reaction from them, that while the concept of PART, the concept of measuring performance, is something that should be universally beneficial across the Congress, the way it was done was not terribly helpful.

So I would step back, and the first step in the process is actually identifying the appropriate measures by which a program's success or failure can be determined, and programs have very different levels associated with them. It can't be as simple as cost per student. There are more fundamental issues at play with some education programs than just something as simple as cost per student.

I think that one of the things in evaluating PART that I would want to do is sit down and determine with congressional stakeholders and with outside stakeholders, what is the best way to measure the performance of particular programs?

I think that the second thing that I would want to do is evaluate exactly what are we going to do with the information once we have collected it? As you have noted, oftentimes, a bad PART score is a justification to eliminate a program. I think oftentimes those proposals were made without a consideration for how integral such an activity might be to the Federal Government or to society at large. Just because something gets a bad PART score doesn't mean that we shouldn't do it. It means that we should do it better, and I

think that this is one of the things that I would like to look at as part of a PART review process.

Senator COLLINS. Thank you. Thank you, Mr. Chairman.

Chairman LIEBERMAN. Thanks very much, Senator Collins.

Senator Collins was kind enough to say before she gave her opening statement that I had said a lot in my opening statement that she had intended to say. She has now asked all the remaining questions I had wanted to ask, so unless you have others——

Senator COLLINS. I don't.

Chairman LIEBERMAN. Mr. Nabors, thanks very much for your willingness to serve. You and Peter Orszag are really a great combination. I think you will serve the country and the President and Congress really well because we have a lot of work to do together. I look forward, honestly, to getting to know you better, and I appreciate very much your testimony here today.

Without objection, the record of this hearing will be kept open until 12 noon tomorrow for the submission of any written questions or statements for the record.

We hope that the Senate will be able to confirm you as soon after the inauguration next Tuesday as possible.

With that, I thank you, your family, and your staff. The hearing is adjourned.

Mr. NABORS. Thank you very much.

[Whereupon, at 4:25 p.m., the Committee was adjourned.]

APPENDIX

PREPARED STATEMENT OF SENATOR LIEBERMAN

Welcome, Mr. Nabors. Due to Committee procedures, we are holding a nomination hearing for you separate from Dr. Orszag's. Since I just delivered a lengthy opening statement on the issues facing OMB, I will not repeat it, but I would like to enter it into the record for this hearing since we will be covering much of the same ground.

The discussion we have just had during Dr. Orszag's hearing was both fascinating and very sobering. For any administration, directing the Office of Management and Budget is one of the most important jobs—albeit little known or understood outside of Washington. And being second in command will be no less demanding.

You have an impressive background, and your previous experience at OMB will be very useful, if you are confirmed.

Mr. Nabors has been Democratic Staff Director for the House Appropriations Committee for the past two years and was Minority Staff Director for two years before that. He joined the Committee in 2001.

Before joining Congressional staff, he served in several positions at OMB—as a senior advisor to the Director from 1998–2000 and as Assistant Director for Administration and Executive Secretary from 2000–2001. From 1996–1998, he was an OMB program manager.

I am eager to hear your views and plans for the difficult times ahead. But first, please feel free to deliver an opening statement.

PREPARED STATEMENT OF SENATOR COLLINS

Seldom have nominees for director and deputy director of the Office of Management and Budget come before this Committee at a more critical time.

The federal budget is under tremendous stress from the impacts of a deep recession and the costs of rescue and stimulus packages. Spiraling entitlement costs are driving long-term budgetary imbalances. And the next few years will also see the cresting waves of Baby Boom retirements, with enormous impacts on Social Security and Medicare expenditures, as well as on our federal workforce.

Pointing to these trends and to the estimated $1.2 trillion deficit for the current fiscal year, the President-Elect has prudently warned that unless strong measures are taken, the outlook is for "red ink as far as the eye can see."

Our nation's public debt has reached $6.3 trillion—about 45 percent of gross domestic product. According to the Congressional Budget Office, federal spending will climb to an astonishing 25 percent of GDP this year—more than any time in American history outside of World War II. With a stimulus package worth another $800 billion or more, our nation's debt as a percentage of GDP could rise to 60 percent, the highest level since World War II. That is, of course, an unacceptable and unsustainable scenario for the government, for the economy, and for the households and business owners who pay the government's bills.

OMB will be the leading player as the incoming administration formulates policy to deal with a grim present and uncertain future. OMB will also be an indispensable link to Congress as the executive and legislative branches work toward consensus on a sustainable path forward.

Dr. Orszag comes before the Committee with an impressive set of skills and experiences. As a former director of the non-partisan Congressional Budget Office, he is familiar with the legislative branch, as well as with the intricacies of budgets and policy analysis. His earlier service as an economic advisor, as a scholar, and as a consultant has given him other important perspectives that will prove valuable if confirmed as OMB director.

I take special interest in several issues for which the OMB Director is a key player.

The overriding concern, of course, is the federal budget. Dr. Orszag has already indicated that the economy and stimulus measures portend a near-term rise in the deficit. But as he knows—and as we have heard from former Comptroller General David Walker and other experts—recent years' outlays and the growth of unfunded entitlements are unsustainable.

The recession will not last forever, so we desperately need a realistic plan to avoid having the federal budget become a mammoth drag on opportunities for job growth and higher personal income—and for people's ability to decide what to do with their own money. And let me add that the public expects far better oversight of the Troubled Asset Relief Program and of any future economic-recovery package.

Another major OMB responsibility falls under the general heading of Executive Branch management. This Committee has documented a voluminous record of shocking waste of taxpayer dollars by the federal government in virtually every program and department.

Many of these examples have arisen in the realm of contracting. This Committee has successfully passed legislation to improve the federal acquisition process, but additional reforms, including revitalization of the federal acquisition workforce, must be high on OMB's list of targets for critical improvements.

Effectiveness and equity are other key management concerns. Homeland Security Grants, for example, are essential to ensure that every state can achieve a baseline level of readiness and response capability for natural or man-made disasters. OMB needs to examine budget plans carefully to ensure that they consistently support our nation's first responders and help achieve our national goal for all-hazards emergency preparedness.

Other special concerns—which Dr. Orszag recognizes in responses to pre-hearing questions—include transparency in government operations, metrics for agency performance, close attention to GAO's High-Risk List, and the need to tackle the escalating costs of health care.

Today the Committee will also consider the nominee for one of the deputy directors at OMB, Robert Nabors.

I look forward to learning more about Mr. Nabors' background, particularly his experience as a program examiner at OMB during the Clinton Administration. That past OMB service included oversight of a previous Census and of agency technology investments, both areas of considerable concern today.

Our exploration with these nominees of the financial and management hurdles facing the federal government makes this a critically important hearing. Thank you, Mr. Chairman.

Testimony of Robert Lee Nabors II
Nominee to Serve As
Deputy Director of the Office of Management and Budget

Before the Committee on Homeland Security and Governmental Affairs
United States Senate
January 14, 2009

Mr. Chairman, Ranking Member Collins, members of the Committee, I am honored by the opportunity to come before you as President-elect Obama's nominee for Deputy Director of the Office of Management and Budget.

Thank you, Chairman Obey, for your introduction. It has been my great pleasure to serve with you.

Mr. Chairman, I am especially proud to have with me my wife, Theresa, my daughter, Georgia, and my son, Jude. My family means the world to me, and I wouldn't be here today without their support.

Mr. Chairman, for the past seven years, I have had the privilege of serving on the staff of the House Appropriations Committee, most recently as Staff Director and Clerk. In that capacity, I have made recommendations on legislation with respect to discretionary spending to committee members and the House Leadership. My experience has been mostly behind the dais, not in front of it as it is today. So it is with sincere humility that I sit before you to share my thoughts with you today.

Before working for the House of Representatives, I spent five years at the Office of Management and Budget. I served as budget analyst, as senior advisor to the Director, and as Assistant Director of Administration and Executive Secretary responsible for the internal management of the organization. If am fortunate enough to be confirmed, I will dedicate myself to OMB's mission, applying my experience in Congress, my knowledge of the agency, and my expertise in budgetary issues, in the role of the Deputy Director.

These are extraordinary times. In the short term, we face the enormous challenges of reviving the economy, creating jobs, and ensuring that government investments are made wisely. In the long term, we must put the budget on a more sustainable path and gain control over our huge and rising budget deficits.

I also wish to emphasize that I am committed to working with Peter Orszag, the OMB Director-designate, with Nancy Killefer, the President's Chief Performance Officer and Deputy OMB Director-designate, and with the other members of President-elect Obama's economic team to find the best ways to reform our budget, eliminate wasteful spending, and put in place the oversight mechanisms to ensure that we wisely allocate and manage the government's resources. I also want to underscore my commitment to working across party lines to address our immediate and long-term problems. I look forward to working with every member of this Committee and every member of Congress

Mr. Chairman, Ranking Member Collins, members of the Committee, that concludes my prepared remarks. I would be pleased to address any questions you may have.

Thank you.

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. **Name:** Robert Lee Nabors II

2. **Position to which nominated:** Deputy Director of the Office of Management and Budget

3. **Date of nomination:** January 20, 2009

4. **Address:**

   Home: REDACTED

   Office: H-218, the Capitol
   Washington, DC 20015

5. **Date and place of birth:** March 27, 1971. Ft. Dix, New Jersey.

6. **Marital status:** Married to Theresa Kovscek Nabors, formerly Theresa Marie Kovscek

7. **Names and ages of children:** REDACTED

8. **Education:**

   Robert E. Lee High School – Springfield, VA. High School Diploma awarded June 1989.

   University of Notre Dame – Notre Dame, IN. Bachelor of Arts awarded May 1993.

   University of North Carolina at Chapel Hill (NC). Masters of Arts awarded May 1996.

9. **Employment record:**

   January 2007 – Present: Staff Director and Clerk, House Appropriations Committee, Washington, DC

   February 2004 – January 2007: Minority Staff Director, House Appropriations Committee, Washington, DC

   February 2001 – February 2004: Minority Staff Assistant, House Appropriations Committee, Washington, DC

January 2000 – February 2001: Assistant Director for Administration and Executive Secretary, Office of Management and Budget, Washington, DC

August 1998 – January 2000: Senior Advisor to the Director, Office of Management and Budget, Washington, DC

July 1996 – August 1998: Program Examiner, Office of Management and Budget, Washington, DC

August 1994 – May 1996: Instructor/Teaching Assistant, University of North Carolina at Chapel Hill, Chapel Hill, NC

10. **Government experience:** None beyond those listed in question number 9.

11. **Business relationships:** None.

12. **Memberships:**

Member, St. Joseph's Catholic Church (Washington, DC), 2000-2003
Member, St. Ann's Catholic Church (Arlington, VA), 2004-Present
116 Club, 2008-Present

13. **Political affiliations and activities:**

(a) List all offices with a political party which you have held or any public office for which you have been a candidate.

None.

(b) List all memberships and offices held in and services rendered to any political party or election committee during the last 10 years.

None.

(c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of $50 or more during the past 5 years.

Obama for America, August 30, 2008 – $250.

14. **Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Professional Achievement Award: Office of Management and Budget
Special Achievement Award: Office of Management and Budget

Earl Wallace Award for outstanding political science teaching assistant: University of North Carolina

Notre Dame Scholar: University of Notre Dame
Bundschuh Scholarship: University of Notre Dame
Meyer Award: University of Notre Dame

15. Published writings:

I have one published article, "Redistributive Cooperation," which was included in the Winter 1998 edition of the journal International Organization (see attached).

16. **Speeches:**

(a) Provide the Committee with two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated. Provide copies of any testimony to Congress, or to any other legislative or administrative body.

None.

(b) Provide a list of all speeches and testimony you have delivered in the past 10 years, except for those the text of which you are providing to the Committee. Please provide a short description of the speech or testimony, its date of delivery, and the audience to whom you delivered it.

None.

17. **Selection:**

(a) Do you know why you were chosen for this nomination by the President?

Yes. The President-Elect believes my professional experience and expertise in budgetary issues qualifies me for this nomination and, if confirmed by the Senate, that my background will make me effective in helping to address the economic and budgetary issues that will be prominent in the future.

(b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

In addition to serving seven years as a Congressional staffer dealing with appropriations issues, including four years as Staff Director, I previously served for five years in the Office of Management and Budget (OMB). During my tenure, I served as a budget analyst, senior advisor to then OMB Director Jacob

Lew, and as Assistant Director for Administration and Executive Secretary responsible for the internal management of the organization.

B. EMPLOYMENT RELATIONSHIPS

1. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

   Yes.

2. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

   No.

3. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization, or to start employment with any other entity?

   No.

4. Has anybody made a commitment to employ your services in any capacity after you leave government service?

   No.

5. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

   Yes.

6. Have you ever been asked by an employer to leave a job or otherwise left a job on a non-voluntary basis? If so, please explain.

   No.

C. POTENTIAL CONFLICTS OF INTEREST

1. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

   None.

2. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.

None.

3. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

Yes.

D. LEGAL MATTERS

1. Have you ever been disciplined or cited for a breach of ethics for unprofessional conduct by, or been the subject of a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No.

2. Have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details.

In June 1990, at age 19, I was arrested for misdemeanor shoplifting by Fairfax County (VA) Police in Springfield, VA. I was found not guilty by the Fairfax County Court.

3. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

No.

4. For responses to question 3, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

Not applicable.

5. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

None.

E. FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

AFFIDAVIT

ROBERT LEE NABORS II being duly sworn, hereby states that he/she has read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his/her knowledge, current, accurate, and complete.

Subscribed and sworn before me this 23rd day of December, 20 08

Notary Public

Reg # 7036437

JENNIFER R. LEHNERT
Notary Public
Commonwealth of Virginia
My Commission Expires Jan 31, 2010

U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing questionnaire for the nomination of
Robert Nabors to be
Deputy Director, Office of Management and Budget

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as Deputy Director of the Office of Management and Budget (OMB)?

The President-elect believes my professional experience and expertise in budgetary issues qualifies me for this nomination and, if confirmed by the Senate, that my background will make me effective in helping to address the economic and budgetary issues that will be prominent in the future.

2. Were any conditions, express or implied, attached to your nomination? If so, please explain.

No.

3. What specific background and experience affirmatively qualifies you to be OMB Deputy Director?

In addition to serving seven years as a Congressional staffer dealing with appropriations issues, including four years as Staff Director, I previously served for five years in the Office of Management and Budget (OMB). During my tenure, I served as a budget analyst, senior advisor to then OMB Director Jacob Lew, and as Assistant Director for Administration and Executive Secretary responsible for the internal management of the organization.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as OMB Deputy Director? If so, what are they and to whom have the commitments been made?

No.

5. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.

No..

II. Role of the Deputy Director of OMB

6. Have you and OMB Director-nominee Peter Orszag discussed what your role as Deputy Director would be? If not, how do you see your role? Please describe how you view your role in light of any such discussions.

OMB Director Designate Orszag sees the Director, Deputy Director, and Deputy Director for Management working as a team, with defined areas of interest depending both on the demands of the moment and the skills and background that each of us brings to our positions. The current economic and fiscal crisis, for example, will require that we take an integrated approach both to allocating resources to stimulate the economy and to putting in place the oversight mechanisms to assure that the money is being spent wisely. For example, I would expect the Director Designate would draw on my experience in the budget and appropriations process. .

7. In many agencies, the Deputy is charged with internal management of the agency. Do you expect to take on this role at OMB? If so, what do you see as the major internal management challenges there, and how would you plan to address them? What will be your priorities?

OMB has earned a reputation for performing its many functions well, responding nimbly and ably to most challenges. OMB is regularly asked to respond to increasingly complex policy and management challenges, and to help control and coordinate an expanding bureaucracy.

OMB, though, continues to struggle to find the right model for balancing its budget and management responsibilities. A major internal management challenges will be to promote a more effective integrated approach to handling budgeting and management issues between the Resource Management Offices and the statutory offices charged with handling government-wide management issues. Considering the myriad budget and management challenges that OMB will face, it will be important that the agency have a framework and process in place for coordinating between the RMOs and the statutory offices to address budget and management issues.

8. How do you view your role as Deputy Director in relation to OMB's three statutory offices: the Office of Federal Financial Management (OFFM), the Office of Federal Procurement Policy (OFPP), and the Office of Information and Regulatory Affairs (OIRA)?

Each of the three statutory offices has specific roles and responsibilities delineated in law for government-wide financial management, Federal procurement policy, and regulatory review. I see my role, in part, as supporting the heads of these offices in fulfilling their responsibilities.

Additionally, as Deputy Director, I will be charged with ensuring that the Resource Management Offices are coordinating and collaborating effectively with the statutory offices in handling budget and management issues across the agency.

9. What specific background and experience do you bring to the various roles that you would assume as Deputy Director?

In addition to serving seven years as a Congressional staffer dealing with appropriations issues, including four years as Staff Director, I previously served for five years in the Office of Management and Budget (OMB). During my tenure, I served as a budget analyst, senior advisor to then OMB Director Jacob Lew, and as Assistant Director for Administration and Executive Secretary responsible for the internal management of the organization.

10. How do you believe your prior experience on the House Appropriations Committee would help inform and guide your decisions as Deputy Director of OMB.

Most directly, my work on the House Appropriations Committee provided daily reminders of the difficulties inherent in translating broad policy goals into functional government programs. This requires a sensitivity to differing policy views and an ability to find consensus while not abandoning core principles.

III. Policy Questions

Government Management

11. One of OMB's goals, as stated in its strategic plan, is to improve the effectiveness and efficiency of government programs. What are the principal means available to OMB to further these goals? What OMB initiatives, through its statutory and resource management offices, can make the greatest difference in governmental efficiency and effectiveness?

OMB's role in working with agencies and the White House to develop the President's budget each year provides the strongest mechanism to improve the effectiveness and efficiency of government programs. Through the budget process, OMB statutory and resource management offices regularly examine all Federal spending for performance gains and savings.

While imperfect, OMB's Program Assessment Rating Tool represented a systematic effort to have performance information inform resource allocation, while identifying opportunities to improve program effectiveness. Other efforts to reduce redundant IT spending, reduce improper payments, and promote the use of shared service providers are examples of actions that OMB has undertaken to ensure taxpayer dollars are spent wisely. Most recently, OMB's leading role in implementing the Transparency Act and other consolidated web sites highlights its ability to

become a driver to ensure spending and performance information is transparent to the public in a useful way.

Going forward, OMB's ability to work across agencies offers perhaps the best opportunity improve government effectiveness and efficiency. This collaboration can take many different forms. For example, OMB management offices help lead councils aiming to achieve results through improved financial management, use of information technology, human capital, acquisition, and performance management. In particular, OMB budget and management offices are critical to identifying and spreading best practices through partnerships with agencies and guidance documents.

In the future, I expect OMB initiatives to foster more collaboration among management, budget, and program areas both within OMB and in agencies to achieve greater productivity.

12. Despite considerable effort for many years to improve federal financial management and systems, significant deficiencies remain, including impediments that prevent the United States Government from receiving an opinion on its consolidated financial statements. Please describe your views on the need for, and importance of, improvements in financial management, and on OMB's role in fostering improvement.

Strong financial management is a critical component of government effectiveness and accountability. Financial management encompasses:

- Sound accounting practices and internal controls, so that taxpayer funds are not only accurately tracked and recorded, but that risks of fraud, error, waste, and abuse are mitigated;
- Transparency and public reporting on the government's finances, including what we owe and own, as well as the cost of government operations and the sustainability of those costs in the long-run; and
- Timely and reliable financial information to inform the decision-making of government managers and policy-makers.

As we improve our financial management results, citizens can have greater confidence that the government is acting as an effective steward of the government's resources. If we fail to achieve results, this confidence can quickly deteriorate. Thus, I believe financial management improvements must be a top priority.

While there have been some recent positive trends in the financial management results, such as more timely financial reports being available and financial statement audit results improving at many of our agencies, tremendous challenges remain. The Departments of Defense and Homeland Security, two of the largest and most critical agencies in government, do not have clean opinions on their financial statements. Auditors continue to identify more than 30 material weaknesses in financial reporting across the government. These deficiencies contribute directly

to the government's inability to achieve a clean opinion on the consolidated financial statements. As important, billions of dollars in improper payments and excess real property remain on the Federal books and compromise our ability to serve the taxpayer most effectively, and inappropriate abuses in areas such as government charge cards and Federal travel occur with too much frequency.

Through legislation, such as the Chief Financial Officers Act of 1990, Congress has given OMB important responsibilities to develop policies and coordinate government-wide efforts in the areas of accounting, financial reporting, financial audits, internal controls, financial systems, and improper payments. If confirmed, I will work to ensure that OMB is proactive, aggressive, and solution-oriented in meeting those responsibilities and overcoming financial management challenges that continue to persist in the government today.

13. Many of the human capital challenges that agencies face will require targeted investments of resources, especially for training, individual performance incentives, and enhanced recruitment and retention efforts. How will you, if confirmed, work with agencies to ensure they have the resources necessary to succeed in making their agencies employers of choice?

GAO's Federal Workforce Challenges in the 21st Century highlights several areas necessary to transform the Federal workforce: improving leadership; improving strategic human capital planning; improving the government's ability to acquire, develop, and retain talent; and building a results-oriented organizational culture. The Partnership for Public Service's Roadmap to Reform also suggests that an effective workforce capable of improving organizational performance includes the right talent, an engaged workforce and strong leadership.

There are many improvements that can be made in government-wide strategic human capital management that do not require additional resources. In most private sector organizations, human capital is considered a strategic investment – a means to achieve business results. Human Resources directors work in close partnership with the organization's Chief Financial Officer (CFO) and Chief Operating Officer (COO). This is not always the case in the Federal government. One important way to emphasize the link between human capital and organizational performance is to ensure that each agency's Chief Human Capital Officer works in close partnership with the agency's CFO and Performance Improvement Officer (PIO), from strategic planning to workforce planning, from setting organizational goals to setting individual employee goals, from holding managers accountable for achieving results to engaging employees in delivering results. Systematic workforce planning and analysis that considers the capabilities of the Federal workforce as a whole (employees and contractors) is essential to addressing the Federal government's human capital challenges.

The Federal hiring process has lengthy procedures that put the government at a competitive disadvantage. While Congress has provided agencies with hiring flexibilities and OPM has improved USAJobs and developed a step-by-step hiring improvement guide, further

improvements are needed. Specifically, the Federal government needs improvements in several key areas: recruiting for a competent and diverse workforce; fixing the Federal hiring process; reducing skills gaps; and better managing a diverse, mobile, and dynamic workforce.

14. The Government Accountability Office (GAO) has recommended that a senior level position – a chief operating officer/chief management officer (COO/CMO) – should be established within federal agencies to elevate attention to, and institutionalize responsibility for, management efforts and institutional change (Report GAO-08-34).

    a. What are your views on establishing and using these COO/CMO positions?

More can and should be done to ensure that each agency has a senior official responsible for agency operations and management. Chief Management Officers have recently been established in the Department of Defense and Department of Homeland Security, offering a model for such a position.

I understand that, in most agencies, the Deputy Secretary assumes the responsibility for coordinating day-to-day operations and management responsibilities. Generally, however, the role of the agency COO function varies widely from agency to agency, as GAO suggests. If confirmed, I would work with the Deputy Director for Management, Congress, and GAO to more clearly define a COO's roles and responsibilities. Specifically, each Agency Head would be responsible for selecting and empowering an individual who regularly coordinates operations and management duties across the agency.

Ensuring that a top official within the agency can bring together Chief Financial/Budget, Acquisition, Human Capital, and Information Officers, as well as program staff, would be a significant step toward increased productivity. For example, each agency now holds quarterly meetings to review program performance that include program, budget, and management offices. I expect OMB to help foster these agency-led efforts and identify opportunities for greater intra- and inter-agency collaboration that will produce greater effectiveness or efficiency. Overall, ensuring strong COOs are in place in each agency will be critical to realizing and sustaining transformational change in the Federal government.

    b. What other mechanisms do you believe OMB should use to elevate and institutionalize responsibility for management and organizational change within federal agencies?

OMB can use two specific mechanisms to elevate and institutionalize responsibility for overall management and organizational change – its leadership of the President's Management Council (comprised of agency Deputy Secretaries, created in the early 1990s) and the recently established Performance Improvement Council (comprised of top agency performance officers). In particular, these two positions within each agency that are represented on the two councils

mentioned above have sufficiently broad scope to pull together different parts of the agency to improve performance. These COO efforts must focus on improvements in program outcomes and efficiencies.

OMB's leadership of other management councils will also be essential to establish successful partnerships government-wide and within each agency. Regular meetings between the EOP and agencies to review progress on high priority issues will also help institutionalize change. I hope OMB will be seen as a partner in building the capabilities of senior agency program operations and management leaders.

15. The Program Assessment Rating Tool (PART) initiative focuses on individual programs, which aligns with OMB's agency-by-agency budget reviews, but has been used infrequently to address crosscutting issues or to look at broad program areas in which several programs or program types address a common goal. If confirmed as Deputy Director, how would you see your role in helping to enhance the integration of agency strategic and annual planning with OMB's budget reviews?

OMB has a key role to play in integrating agency planning and budgeting efforts. Typically, the budget process has been carried out agency-by-agency. OMB, however, can play a critical role in examining program areas that address common goals. OMB has a tradition of carrying out crosscutting budget reviews that are useful for looking at broad program areas in which several programs address a common goal. To promote these activities:

- First, OMB will help establish the Administration's overall approach for addressing multi-agency, crosscutting issues. Focusing on performance outcomes throughout the budget process and for the rest of the year will necessitate OMB and agency review of broad program areas, rather than program by program reviews.

- Second, OMB will initiate and participate in Administration discussions on reform efforts to more effectively or efficiently solve national problems now addressed by multiple Federal agencies. This will require staff analysis of policy, budget, and performance issues, and engaging in the Administration's "interagency" deliberative and decision-making processes. Additional training for OMB staff may improve their ability to understand how programs and agencies can work together to achieve common public policy goals. OMB can also work with OPM to ensure senior executives' performance goals include a focus on inter-agency collaboration.

16. OMB is required under the Government Performance and Results Act (GPRA) to annually develop a government-wide performance plan; this plan is expected to provide a comprehensive picture of government performance and could be used to provide a more strategic focus on policy and budget decisions to address goals that cut across

conventional agency and program boundaries. OMB has never developed a government-wide performance plan.

a. If confirmed, would you recommend to the Director that OMB complete the required government-wide performance plan?

To comply with this requirement, the Administration, working with Congress, would need to gradually make progress in improving management and performance of crosscutting, multi-agency government functions.

Ideally, a GPRA performance plan would organize and present the Federal budget by themes, programs/functions, and outcomes, including national indicators. Under GPRA, the government-wide performance plan is supposed to reflect policy and resource allocation decisions to accomplish specific outcomes that are articulated to Congress, agencies, and citizens.

One particular challenge is that the programmatic organization of a government-wide plan requires an "architecture of programs" that relates each Federal program with each other and certain strategic outcomes. A Federal government program architecture is currently not in place. Phased implementation of the GPRA performance plan would therefore depend on the Administration's progress in developing and implementing a framework that links programs to a comprehensive set of national outcomes or indicators.

b. In light of the lack of such a government-wide plan, how will you, if confirmed, develop a budget which takes into account programs and management issues that cut across agencies?

If confirmed, I will work to develop a framework for OMB Resource Management Offices and statutory offices to do integrated planning and budgeting that would include reviewing crosscutting areas that take into account programs and management issues as part of the annual budget process. OMB is well positioned to do reviews of issues that cut across agencies within the appropriate framework and internal process. This can be considered together with laying out how the Federal government develops a government-wide performance plan to meet the GPRA requirement for the long term.

c. What role do you see for a government-wide performance plan in focusing decisions on crosscutting issues and programs?

Developing a systematic approach for producing a government-wide plan – using a government-wide approach to planning, budgeting, and managing multi-agency programs and activities – would help improve decision-making for both the effectiveness and the efficiency of government as a whole. Going forward, we need to put in place mechanisms to promote crosscutting planning, management, and reporting across programs with similar purposes and goals.

d. Without a government-wide performance plan, how do you intend to reduce program overlap across the agencies?

We can do so in part through an OMB-guided process for reviewing program areas that cut across agencies during the budget process. Another mechanism for addressing program overlap is to reconfigure the PART tool to enable it to compare program results across agencies. The President-elect has committed to reconfiguring PART to ensure that programs are assessed in the context of other programs that are serving the same population or meeting the same goals. OMB can play an important role in the Administration's performance improvement efforts.

17. For years GAO has recommended that OMB augment a government-wide performance plan with a long-term strategic plan for the federal government. GAO has stated that a government-wide strategic plan could provide an additional tool for government-wide reexamination of existing programs, as well as proposals for new programs and, if fully developed, provide a much needed basis for fully integrating, rather than merely coordinating, a wide array of federal activities.

    a. Do you see the need for a government-wide strategic plan in making long-term budgetary decisions?

Producing a single, executable government-wide strategic plan is a significant undertaking that would involve the entire Federal government. The plan would need to specify both high level and detailed priorities through a revised policy and resource allocation decision-making process.

However, the government would greatly benefit from producing more expansive, systematic, and coordinated cross-agency strategic analyses and strategic plans. Synchronizing these reviews with the budget development process as well as individual agency GPRA strategic/annual plans and a potential government-wide performance plan would be essential. Longer term, an examination of existing and new programs could be performed through the lens of a strategic analysis around key priorities and outcomes. In the near term, we plan to identify a few high priority areas (such as energy and health care) to engage in these long-term analyses.

We can all agree that using a comprehensive, government-wide strategic planning process to improve long-term budget goals is important, but it will take significant time and Congressional engagement to fully realize.

Given the variety of government-wide strategy documents that the Federal government produces today, we could rationalize them and then produce an integrated set of strategic plans whose coverage of both the budget and Federal programs increases over time.

b. If you do not think a government-wide strategic plan is necessary, how do you propose achieving a cohesive perspective on the long-terms goals of the federal government, especially in light of a unified federal budget?

We should seek to set the long-term direction of the government by guiding allocation of its budget and resources as effectively as possible, given the limited time and planning capabilities available. A government-wide strategic plan is one means toward this end, though it is a longer term objective. The government could start by developing a strategic management system, which includes the development of an integrated set of strategic plans; legislative-executive compromise for allocating resources to carry out the plan; and managing, executing, and transparently reporting Federal funds in a way that maximizes benefits to the nation.

18. Since 2002, OMB has used PART to evaluate the management and performance of individual programs. GPRA was created to involve both the executive and legislative branches in the performance planning process. One of the criticisms of PART is that it does not involve Congress is setting priorities for program performance review. Without developing an effective strategy for obtaining and acting on congressional views on what to measure, how to measure it, and how to best present this information to a congressional audience, it is more likely that performance information would largely be ignored in the authorization, appropriations, and oversight processes.

a. How would you obtain Congress's views on these matters?

The performance information provided to Congress can be more relevant and informative. If confirmed, I will actively solicit Congress' input on how the Executive Branch can provide useful performance information to inform authorization, appropriation, and oversight processes.

Currently, the GPRA requires agencies to consult with Congress when developing their strategic plans. I will work to ensure that OMB and agencies reach out early and often to appropriate oversight, authorizing, and appropriations committees as well as other stakeholders to receive feedback on performance measures that are useful to Congress.

OMB and agencies should also work more closely with GAO and other stakeholders to lay out a regular process for engaging Congress on high risk or timely agency- or program-specific performance issues. Through more regular dialogue, OMB and agencies could identify targeted opportunities for engagement on performance issues, such as in advance of programs coming up for reauthorization.

For example, the GAO's high-risk list identifies widespread weaknesses in management across the government, including strategically managing human capital, managing Federal real property, protecting the government's information systems and infrastructure, and contracting. OMB has worked with GAO and agencies to develop detailed plans to address these issues.

b. What steps would you take to ensure that your agency's performance measures and reporting meet congressional as well as executive branch needs?

OMB will work to obtain greater Congressional, agency, and stakeholder buy-in to assessment and performance measurement frameworks. Regular meetings between Congressional oversight Committees and interagency councils such as the President's Management Council and the Performance Improvement Council is a critical step in ensuring better communication. Specifically, I would ensure that OMB and agencies regularly brief appropriators and authorizers on performance challenges and trends as they are developing budget justifications, annual performance plans, annual performance reports, and 5-year strategic plans, so that they can incorporate Congressional feedback.

19. The current administration undertook an effort to focus agencies' attention on GAO's High Risk List by requiring that all agencies develop corrective action plans to address challenges identified on the list. If confirmed as Deputy Director, how will you ensure that agencies incorporate capacity, resource, and staff needs into the corrective action plan to ensure that it can be properly implemented?

The GAO High Risk List is one of several instruments – others include GAO reports, IG reports, and comments from the public – that help us identify things that are not working as well as they should.

We have a number of instruments that can promote attention to High Risk List issues:

- Asking agencies to include their corrective action plans in their strategic plans and submit them as part of the annual budget process;
- Asking agencies to publish those plans on their websites so the public can know what agencies are doing to improve their program results;
- Conducting periodic reviews with GAO, especially on items that involve multiple agencies.

By requiring that corrective action plans contain performance measures and targets, and indicate the resources necessary to carry out those actions, OMB can ensure that agency budgets allocate sufficient resources to address these items

Financial Management

20. The Improper Payments Information Act of 2002 requires agencies to reduce waste that occurs in the form of improper payments. Under OMB guidance to agencies covered by the Improper Payments Information Act, however, agencies only report improper payments for a program if they actually exceed $10 million and 2.5 percent of program

outlays. This high threshold undermines the original intent of Congress in drafting the Improper Payments Information Act and results in millions in payment errors going unreported each year.

Based on the most recent estimate submitted by agencies in their annual financial reports, the federal government makes more than $70 billion per year in improper payments, most of them overpayments to contractors, beneficiaries, and others. This calculation does not even include estimates from programs such as Medicare Part D and a number of programs at the Department of Homeland Security.

This Committee recently passed the Improper Payments Elimination and Recovery Act, authored by Senators Carper, Coburn, and McCaskill, to address these issues. There was no floor action on this bill, so the problems in attempting to recoup improper payments continue to exist.

a. If confirmed as Deputy Director, what steps do you intend to take to ensure that agencies comply with the Improper Payments Information Act?

Payment errors of this magnitude are unacceptable and, if confirmed, I will work to ensure that Federal agencies fulfill their responsibility to identify and report errors as well as take actions to reduce or eliminate the errors altogether. I understand that Federal agencies have identified approximately $1.89 trillion of outlays as being high risk for improper payments and have produced an annual error measurement for 97 percent of those program dollars (approximately $1.84 trillion). The three percent of unmeasured dollars are from six programs (five from the Department of Homeland Security, and Medicare Part D at the Department of Health and Human Services), of which the five from DHS will report an error measurement in fiscal 2009 and Medicare Part D will report an error measurement in fiscal 2010. Ensuring that reporting measurements for these six programs come in on schedule will be a top priority.

Additionally, as part of the Administration's overall initiative to improve the transparency of the government, I will work to make improper payment reporting a focus area and highlight the magnitude of payment errors as well as the steps agencies are taking to reduce improper payments. I will also ensure that OMB staff are working with agencies to ensure that efforts to improve payment integrity are rigorous and are integrated into routine financial management practices at every agency.

b. Would you consider changing the OMB guidance to agencies under this Act so that agencies are more accurately reporting the improper payments they make?

Under existing OMB guidance, agencies are measuring approximately $1.89 trillion of the $2.98 trillion of total Federal outlays (or 64 percent). Agencies have thus already made significant progress in identifying and measuring high-risk programs. However, if confirmed, I will review the guidance and the reporting that derives from it.

Such a review of OMB's current guidance should go beyond an evaluation of comprehensive reporting of error, however. I believe we need to start rolling up our sleeves and eliminating the more than $70 billion in annual improper payments that has already been identified. In my view, we should dedicate resources toward reducing or eliminating errors in the 12 programs* that account for more than 90 percent of the government's total error. This approach has greater returns for the government and taxpayer as opposed to dedicating more resources towards measuring and reporting additional (lower risk) programs.

* Medicaid, the Earned Income Tax Credit, Medicare Fee-For Service, Medicare Advantage (Part C), Supplemental Security Income, Unemployment Insurance, Old-Age Survivors and Disability Insurance, Food Stamps, Temporary Assistance for Needy Families, School Lunch, Public Housing/Rental Assistance, and the State Children's Health Insurance Program.

c. What steps would you take to prevent improper payments before they occur so that the money being wasted now can be spent more productively?

The Obama Administration wants to ensure that, at the time of payment, the right person receives the right benefit for the right amount. In recent years, program integrity has not been fully funded out of the agency's base discretionary appropriations largely because of budget constraints and because these activities often fall behind other priorities. If confirmed, I will request adjustments for spending that would provide additional resources for administrative program integrity and tax compliance efforts at the Social Security Administration, Internal Revenue Service, Department of Health and Human Services, Department of Labor, and their respective Offices of Inspector General. Program data show that these funds would generate program efficiencies that result in large, positive returns on investment for taxpayers as high as 11:1 and produce savings estimated as high as $3 billion over ten years. I will identify and prioritize other program integrity initiatives that will provide the greatest return on investment for the government and reduce or eliminate the over $70 billion in improper payments (reported in fiscal 2008).

d. Most private sector firms and a handful of federal agencies use recovery audits as a tool to identify and recover overpayments they make. For example, in a three-year recovery auditing pilot in the Medicare program, more than $1 billion was collected in just three states. Would you expand the use of recovery auditing in the federal government?

Innovative solutions such as recovery auditing are critical for recouping payments in programs. Since the Recovery Auditing Act was enacted in 2002, agencies have recovered approximately $982 million in contract errors, reflecting an overall recovery rate of 53 percent. Recently, legislation was introduced that would have lowered the threshold as to what programs are subject to recovery auditing.

If confirmed, I will not only work to identify solutions to prevent improper payments from being made altogether, but I will look at the possibility of expanding recovery auditing to all Federal benefit programs where such an approach is feasible. We must ensure, of course, that we are not spending more resources up front than we collect in recovered dollars.

21. Federal financial management systems must be able to produce accurate, timely, and reliable information. Yet, this capability is lacking in many federal agencies. Do you believe OMB's financial management line of business is the best approach to addressing financial management deficiencies in government agencies and departments? If confirmed as Deputy Director, what changes would you make to improve the approach?

The Office of Federal Financial Management is charged with coordinating and leading government-wide financial management improvement efforts that include modernizing financial systems and standardizing financial operations across government. OFFM is now providing management oversight for several government-wide financial management improvement reforms, including financial systems modernization. This reform activity supports the objectives of the Federal Financial Management Improvement Act of 1996 by significantly improving the quality of financial data that government managers need to make timely and successful decisions while reducing the cost of government operations. If confirmed, I would work with the Deputy Director for Management and the Controller of OFFM to assess what changes should be made to improve OMB's current approach to addressing financial management deficiencies in government agencies and departments.

Procurement Policy

22. A history of inadequate management and oversight of contractors puts government contract management at high risk of fraud, waste, and mismanagement. What are your views on the need for improvement in this area, and what do you believe OMB should do to help?

Our government relies heavily on contract services to help agencies meet their missions. Our acquisition workforce must have the necessary skills, capacity, and technology to effectively manage our contractors and ensure timely, cost-effective, and quality performance. If confirmed, I will work with the Deputy Director for Management, the Administrator of the Office of Federal Procurement Policy (OFPP), agency Chief Acquisition Officers, and other stakeholders to pursue initiatives that promote sound contract management practices.

23. What are the considerations and procedures that you believe should be applied in deciding whether a function is better performed by federal employees or by a commercial entity?

Issues related to the management of our multi-sector workforce are challenging and deserve careful attention. Federal employees and contractors both play essential roles in helping government deliver services to our citizens, and we need to make sure their roles are clearly understood and properly balanced.

Generally, before an agency considers which sector may be most suitable to perform a function, the agency should consider whether it has the necessary internal expertise and capacity to manage the function. For example, the agency might consider the total skills and manpower that it requires and the amount of Federal manpower needed to maintain control of its operations. The remaining work, assuming it is commercial in nature, could be considered for either private or public sector performance, factoring in cost, capability, and other appropriate elements. By approaching workforce planning in a more deliberate manner, we can better ensure that decisions to rely on contractor expertise are supplementing and not supplanting agencies' ability to effectively manage their affairs.

24. Do you believe that a public-private competition procedure should be made applicable when there is new work or work currently performed by contractors that might be in-sourced? How might such a process be instituted to be fair to affected parties and to serve the best interests of the government?

Determining whether public-private competition is appropriate before new work or contracted work is in-sourced depends on the circumstances. For example, if an agency determines that it is having difficulty managing its operations due to its lack or insufficiency of certain skills, it should take appropriate steps to ensure that it develops such skills and capacity in house. Conducting a public-private competition before in-sourcing this capability would be inappropriate under these circumstances. By contrast, if the function in question is not core to the agency's mission and contract performance has been cost-effective, public-private competition generally would be an appropriate means by which to determine the cost benefit of bringing the work in house. If confirmed, I would work with the Deputy Director for Management and OFPP to review the applicable policies governing these issues to determine whether human capital, economic, and any other applicable considerations are being applied in an effective, appropriate, and transparent manner.

25. A number of recent GAO reports, including those on DHS and DoD, noted concerns about the government's increasing reliance on contractors and raised serious questions about how to ensure that the government retains the core capabilities needed to perform its mission, that contractors do not perform functions that properly should be performed only by government employees, and that contractors are used in a cost-effective way. While contracting out can be an effective means of fulfilling some responsibilities of government, it is critical that the federal agencies have sufficient staff on board with the necessary skills to establish policy, maintain a strong institutional memory and

effectively manage acquisitions and contract oversight in order to ensure quality, economy, and timeliness

a. What do you believe should be done to ensure that the agencies maintain a career workforce sufficient to achieve these objectives?

Recent reports, including several by the GAO, suggest that agencies do not consistently consider the impact of contract performance, such as for new work, on their capability and capacity to manage the agency. Federal policies addressing the management of the multi-sector workforce, including the rules of OMB Circular A-76, must be reviewed to ensure they are working in tandem with human capital planning and do not result in decisions to use contractors where doing so would supplant the internal expertise and capacity that the government requires to effectively manage its affairs. At the same time, our policies should not inhibit agencies' ability to take full advantage of the marketplace to supplement the skills and competencies of our workforce in carrying out their missions.

b. What do you believe is the test for determining whether work is inherently governmental and should be performed by a federal employee rather than by a contractor?

Inherently governmental activities are those that are so intimately related to the public interest as to require performance by Federal government employees. They include functions such as those that involve the setting of agency policy and the award of contracts. We must ensure that inherently governmental activities are performed only by Federal employees.

c. What safeguards are appropriate to prevent conflicts of interest of contractor employees?

We must ensure that contractor employees, like their government employee counterparts, operate with the highest standards of integrity and ethics when performing work for the government. If confirmed, I will look to the Office of Federal Procurement Policy to work closely with procurement regulatory agencies to develop guidance that helps agencies to mitigate the risk of contractor conflicts of interest to ensure that government decision making is not influenced by inappropriate or biased interests.

Homeland Security

26. The nation faces a wide range of potential threats, from both terrorist attacks and natural disasters, and the federal government has finite resources to address them.

a. What principles will guide your decision making regarding the use of risk-analysis and risk-based resource allocation to set priorities to address these threats?

Comprehensive risk-based analysis is critical to leverage our finite homeland security resources and target them to minimize the greatest threats. For example, we should award Homeland Security state and local grants through a sound, risk-based methodology.

b. The threats facing the nation vary from higher consequence/lower probability events to lower consequence/higher probability events. How will you prioritize within this range of threats and balance the investment in protecting against and responding to them? How will you determine if some threats or events require enhanced emphasis and investment or have already received sufficient focus?

Achieving the appropriate prioritization of our investments will require the involvement and partnership of our nation's homeland security leaders, intelligence experts, and state, local and private sector stakeholders. If confirmed, I would work to achieve that partnership. The President-elect has stated his commitment to have OMB conduct a thorough review of the entire Federal budget. Through this process, we will examine existing programs to determine whether we need enhancements to improve Federal efforts at prevention, preparedness, mitigation, or response or whether these programs no longer serve a useful purpose.

27. State and local first responders are on the front lines of our national effort to prevent, prepare for, respond to, and recover from acts of terrorism and natural disasters. For this reason, Congress has restored some or all of the funding that the Bush Administration proposed be cut from the budget for DHS's state and local homeland security grants each of the last five years. Do you believe that federal homeland security funding for states and localities should be kept the same, increased, or decreased?

The Obama Administration wants to work with Congress to ensure that the appropriate level of homeland security funding for states and localities is allocated based on risk, and that prior instances of inefficiencies are eliminated. The Administration's priorities would include increasing Federal resources and logistic support to local emergency planning efforts by further improving coordination between all levels of government, creating better evacuation plan guidelines, ensuring prompt Federal assistance to emergency zones, and increasing medical surge capacity.

28. The RAND Corporation noted in a 2004 report, "When Terrorism Hits Home: How Prepared are State and Local Law Enforcement," that "[h]omeland-security experts and first-responders have cautioned against an overemphasis on improving the preparedness of large cities to the exclusion of smaller communities or rural areas, noting that much of our critical infrastructure and some potential high value targets (nuclear power plants,

military installations, agriculture facilities, etc.) are located in less-populated areas." Moreover, we know that al Qaeda attackers lived, trained, transited, hid, and otherwise used smaller communities and rural areas as a staging ground for the September 11, 2001 attacks. What steps will you take to ensure that smaller communities and rural states and localities receive adequate federal assistance to prevent, prepare for, respond to, and recover from terrorist attacks?

The Obama Administration supports continued funding for first responders and ensuring that homeland security grant funds are targeted based primarily on risk. Towards that end, the Administration plans to review the methodologies and strategies that the Department of Homeland Security has used to award state and local homeland security grants. Too often, programs, particularly grant programs, become "entitlements" that no longer serve the primary purpose for which they were created. Or they are broken into specific, targeted grants that may serve an infrastructure or interest, but are not based on an overall assessment of risk to the nation. While the risk from possible terrorist attack is not solely focused on major cities or monumental infrastructure, the consequence of such attacks on these locations could have a major impact on the nation as a whole. The Administration believes that a successful homeland security grant program must rely on a well grounded, risk-based methodology and input from all stakeholders at the state, municipal, and rural levels as well as from the owners of critical infrastructure.

29. The Committee's 2006 report on the failed response to Hurricane Katrina, "Hurricane Katrina: A Nation Still Unprepared" found that FEMA lacked the resources needed to accomplish its mission and that resource shortages contributed to FEMA's failures in responding to Katrina. For the past two fiscal years, the Bush Administration has asked for increases in FEMA's budget, but some believe FEMA's budget is still not adequate to accomplish its mission. Do you believe there is a need for additional increases to FEMA's budget? If so, please describe.

The Obama Administration is committed to raising the agency's profile and focusing management attention on building the systems and management structures to ensure that FEMA is successful in the future.

Since Katrina, and at Congress' direction, FEMA has improved its logistic systems and strengthened its field operations. Further, it has achieved some success in developing regional response plans that identify "disaster support" gaps that can be filled either by neighboring states or the Federal government. It is in these areas, working with state and local governments in their planning for disasters and in assessing needs or gaps, where FEMA can provide a real service. This effort will result in better understanding of future funding and support requirements that FEMA may have. Improving FEMA's role in marshalling existing Federal resources and providing expertise and a coordinated Federal face for state and local governments should be an immediate and primary focus. In this way, FEMA can better serve as a useful, equal partner with

state and local governments that, after all, are and should remain the first line of response in any disaster situation.

30. Although Hurricane Katrina made landfall over three years ago, the recovery and rebuilding process is far from complete and much work remains to be done. What is your vision of the role of the federal government in the recovery and rebuilding process in the Gulf Coast and what should the Obama Administration do to support those recovery and rebuilding efforts?

To date, Congress has provided over $120 billion to aid for the reconstruction and recovery of the Gulf Coast states. The Obama Administration is committed to ensuring that these resources reach the communities that need them. However, the Federal role remains one of partnership – with decisions on how, what, and where to rebuild remaining firmly with state and local leaders. We also must ensure that the Federal government does not impede progress through bureaucratic processes. To help achieve that goal, the Federal government must speak with one voice through a Federal rebuilding coordinator who will report directly to the President.

31. The Post-Katrina Emergency Management and Reform Act directs the President to ensure that each federal agency with responsibilities under the National Response Framework (formerly the National Response Plan) has appropriate capabilities, resources and plans. It also requires the FEMA Administrator to submit to Congress annually an estimate of the resources needed by federal agencies to respond to a catastrophic incident. If confirmed, what will you do to ensure that the many federal agencies that need to prepare for and respond to natural and man-made threats to our nation have sufficient resources to do so?

OMB will work with FEMA and the appropriate agencies under the broad outline of the National Response Framework (NRF) to ensure that Federal agencies are reviewing their resources and management requirement needs to adequately respond to a catastrophic incident.

Budget and Economic Policy

32. President-elect Barack Obama has "vowed get rid of federal programs that no longer make sense and run others in a more frugal way to make Washington work in tough economic times."[8]

    a. What factors will you use to determine when a program "no longer makes sense," and when a program needs to be run "in a more frugal way?"

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[8] Rhee, Foon. "Obama Vows Line-by-Line Budget Review." *The Boston Globe*, November 25, 2008. Available from http://www.boston.com/news/politics/politicalintelligence/2008/11/obama_vows_line.html

For each program, we will look closely at whether it is effective. Is it meeting the objectives for which Congress created it? We will look closely at program integrity. Is the program in question being run efficiently? And we will look closely at whether it is serving an inherently governmental function.

b. What will be your approach to discussing potential funding cuts and reprogramming with affected entities and with Congress?

We plan to work closely with Congress as well as with affected entities in connection with potential funding cuts and reprogramming of Federal funds. We plan to maintain an ongoing dialogue in order to propose program savings and the allocation of resources that make sense at a time of tight discretionary resources.

33. What do you believe should be included in the President's budget proposal to enable Congress and the public to understand the budgetary costs and market risks associated with the several legislative and administrative measures adopted in response to the economic crisis?

Current Federal budget and accounting rules and practice provide a good start. Current law, including the Federal Credit Reform Act as amended by the Emergency Economic Stabilization Act (EESA), requires cash and present value accounting for government actions in response to the economic crisis. The year-by-year cash projections and the present value estimates provide a basis for understanding the near- and medium-term budgetary costs and market risks of the government's recent actions. The additional information that OMB typically provides, in the *Analytical Perspectives* volume of the President's budget, for credit and insurance programs and for long-term obligations provides a basis for understanding the longer-term budgetary costs and market risks. EESA includes additional reporting requirements for the President's budget that will help to make these costs more transparent. I would welcome additional ideas from the Congress and the policy-making community about other steps to provide useful information about the budgetary implications of current activities.

Much more should be done to be more transparent about both the objectives and the details of the federal government's financial support programs, including the Troubled Assets Relief Program (TARP). If confirmed, I will work with my colleagues at the Treasury to ensure that transparency is at a standard that should be expected for such a significant government program. And, I will build on the progress that has already been made in this direction at OMB. For example, on December 5, OMB issued its first report under TARP showing both the path of expected cash flow in and out of the federal government and the up-front subsidy costs under two different assumptions about discount rates. OMB is required to issue regular reports on the program and to provide information on the program in the President's budget. If confirmed, I will welcome ideas from the Congress about ways to ensure that this reporting is most useful to

both the Congress and the public.

A much more complicated issue involves the disclosure of specific details of the exposures of the Federal Reserve's balance sheet and its lending and arrangements as well as the FDIC's explicit and implicit exposure to individual financial institutions. The Federal Reserve and the FDIC have historically been sensitive to disclosing information about their exposures to specific institutions or, in the case of the Fed, the specific amounts and values of collateral pledged as security for Fed lending. I do believe that there may be some additional types of information that could be disclosed in a manner that would not undermine the objectives that these institutions are seeking to achieve with these programs and could also help lawmakers and the public evaluate the increase in the government's financial exposure resulting from these efforts to stabilize the financial system. If confirmed, I will work with my colleagues in these institutions to examine the types of disclosures that could be appropriate.

34. What opportunities do you see for enhancing transparency in the President's annual budget proposal to Congress, particularly regarding assumptions about future spending and revenues? For example, do you believe OMB should increase its reporting on the long-term budgetary implications of major programs, or that OMB should expand its use of accrual measurement?

The President's annual budget proposal could more clearly and simply present information about future spending and revenue assumptions in several ways. For instance, the budget could better account for likely war costs. The Federal government has largely budgeted for the wars in Afghanistan and Iraq through supplemental appropriations that Congress has considered separate from the Federal allocation for defense needs. The budget could better integrate war costs into its presentation of likely future spending on defense. In addition, the President's budget proposal could present a list of all expiring tax and spending provisions, with an explanation of how such provisions are treated in the baseline and policy budget estimates. Also, the budget could more explicitly state the assumptions behind Federal projections for future expenditures for Social Security, Medicare, and Medicaid.

OMB traditionally presents very long-term budget projections under various economic and demographic scenarios in the *Analytical Perspectives* volume of the President's annual budget proposal. We will consider giving these projections more prominence in the budget.

35. Do you advocate any changes in current budgetary laws, rules, or procedures to improve budget discipline? What role do you believe pay-as-you-go (PAYGO) budget rules should have? What do you think is an appropriate rate of growth for discretionary spending over time? What controls do you believe are appropriate for discretionary spending? If caps are appropriate, how should they be set?

We need to separate the very short-term from the medium- and long-term. In the type of short-term economic environment in which we find ourselves, the key impediment to economic activity is the level of aggregate demand – and in that context, PAYGO on items like an economic recovery act that is intended to promote demand can be counterproductive.

After the economic recovery plan is enacted, and after the economy starts growing again, the principles involved in pay-as-you go budgeting make considerable sense – especially given the serious medium-term and long-term deficits we face. The President-elect is concerned about our fiscal future and committed to the common-sense principle that we shouldn't exacerbate our long-term fiscal gap.

Different parts of the discretionary budget should grow at different rates. Some types of government programs have large fixed costs and low marginal costs, suggesting they can fall relative to Gross Domestic Product over time – although fixed costs, like all costs, are responsive to inflation. Other components should grow both with inflation and with the size of the population that they are serving, or with the overall size of the economy.

36. Do you believe there is more that OMB, in cooperation with the Treasury Department, can do to ensure that tax expenditures are identified and that their performance and efficacy are routinely evaluated, as is done with respect to spending programs?

The President's annual budget submission already provides a comprehensive list of tax expenditures with respect to individual and corporate income taxes, but the budget could identify other tax expenditures with respect to payroll taxes and inheritance and gift taxes. Past administrations have used the President's budget to display subtotals of tax expenditures for the budget's different functional areas along with administration spending policies and priorities, although there are some methodological shortcomings with that sort of presentation. We will consider such issues in conjunction with the development of the President's fiscal 2010 budget in the coming weeks.

37. What are your views on the subject of congressional earmarks, and what approach do you believe OMB should take towards them?

President-elect Obama has made clear that he would like to reduce earmarks and, in fact, he will not be proposing any earmarks as part of his upcoming American Recovery and Reinvestment Act. We appreciate, however, the constitutional role that Congress plays in determining how the Federal government spends taxpayer dollars. We plan to work closely with Congress on this issue.

38. Acquiring green technologies and facilities often takes large upfront investment. Under the current budget scorekeeping rules and OMB Circular A-11, agencies are required to

recognize the full value of a multi-year investment obligation in the budget year of the contract obligation, rather than over the term of the contract or the life of the investment. Under the current annual appropriations environment, this tends to make it very difficult for an agency to invest in capital intensive green technologies and facilities that are more beneficial to the taxpayer in the long term. Some believe that this approach penalizes agencies for making the right, long term, investment decisions. What are your views on this? How would you adjust the scoring rule to address this concern?

The scoring rule that requires the government to recognize the full cost of an investment up front is designed to ensure that the government maintains a sound capital investment program that recognizes current and future budget constraints, prevents overreaching into endeavors we cannot afford, prioritizes investments in a manner that ensures the most critical needs are addressed first, and preserves flexibility in future budgets to meet emerging challenges. I will make sure that the rule is meeting its intended objective while also taking into account the tradeoffs between the costs and benefits of important infrastructure investments.

39. Do you believe dynamic scoring should be used in preparing cost estimates of pending legislation?

No.

40. What is your view of a line item veto ("enhanced rescission")?

The Administration supports a constitutionally acceptable line-item veto or enhanced rescission authority to give the President the ability to stop wasteful or unnecessary spending without infringing upon Congress's prerogatives to present legislation to the President.

41. Given your experience working in the Administration and in Congress, how do you view the President and Congress's authority to set spending priorities?

Ultimately, the power of the purse resides with the Congress. However, the President plays a critical role in recommending overall Federal fiscal policy and identifying priorities for Federal programs.

42. Over the years, there have been various proposals for a biennial budget with funding decisions made in odd-numbered years and with even-numbered years devoted to authorizing legislation. What is your opinion of biennial budgeting?

The annual budget process already suffers from a considerable time lag between forecasts – such as for the economy, for anticipated revenues, and for automatic spending increases for key

programs – that shape budget proposals from the President and Congress and budgetary decision-making. Biennial budgeting would add a year to that time lag, making the forecasts far less likely to reflect reality by the time the Administration and Congress make final budget decisions.

43. What are your thoughts on how or whether the Federal Government can or should budget for emergencies?

Congress has a legitimate need to budget separately for emergencies. The Federal government must be able to respond quickly to unforeseen situations that demand immediate attention without the ordinary constraints of budget rules. However, such designations should not be used simply to evade budget mechanisms intended to ensure fiscal discipline. Emergency designations should be reserved for truly unforeseen events.

E-Government and Information Technology

44. In your view, what are the major challenges in information policy and technology management facing the federal government? How can OMB best help the government meet those challenges?

The Federal government faces multiple information policy and technology management challenges. Major issues include responsibly spending more than $70 billion per year on IT to support performance improvement in and across agencies; ensuring the security of the cyber assets supported by that investment; protecting the privacy of citizens' information used by agencies; and using technology to promote openness of and collaboration with government. OMB can best help to meet these challenges in multiple ways, including by fulfilling its statutory responsibilities for information policy and technology; fostering collaboration, coordination, and exchange of best practices among Federal agencies and with State and local governments and the private sector; and promoting new technology and innovation strategies that help make the government a leader in the digital age.

45. What steps do you believe OMB should take to ensure that agencies achieve the high standard of information disclosure and transparency necessary for the government to be accountable and interactive with the public? Are there measures that you would recommend to strengthen public access to government information?

The Obama Administration wants to create an unprecedented level of openness in our government, and I am firmly committed to that objective. If I am confirmed, I will work with our Chief Performance Office and our Chief Technology Officer to make the government more transparent and accountable. As a small example, agencies can and should use new technologies to make publicly available online information about their operations and decisions – including

greater use of websites to make the operations and information of government open to the public, and use of the Internet to bring major improvement in citizen participation with government through public comment on legislation. OMB can help to promote this agenda and ensure consistency across agencies in its implementation.

46. A major initiative spearheaded by OMB in recent years has been to manage key areas of government services as lines of business, by developing common solutions that individual agencies would procure. For example, the human resources line-of-business initiative requires agencies to out-source their human resources systems to pre-qualified public sector or commercial shared service center providers. What is your opinion of OMB's initiative to manage human resources and other agency management services as lines of business, and what changes do you believe should be made in this effort?

As I understand the lines of business initiatives, they focus on allowing agencies to buy common back-office services from centers of excellence, so as to focus their own HR and policy resources on activities more closely aligned to their mission. This approach represents a commercial best practice; implemented properly, it can reduce redundancy and leverage economies of scale. I intend to closely evaluate the lines of business, and to work with the Director, IT leadership, and affected agencies in developing any recommendations for change to foster improved performance in these areas.

47. OMB has played the lead role in developing the Trusted Internet Connection (TIC) and Federal Desktop Core Configuration initiatives, which are designed to strengthen information security at federal agencies. What role do you see OMB playing in encouraging agencies to implement these initiatives? In what other ways do you envision OMB supporting the Comprehensive National Cybersecurity Initiative?

The TIC and FDCC initiatives are both elements of a comprehensive strategy to ensure the security of Federal cyber assets. Protecting our sensitive information from cyberattack is one of the nation's most important national security and economic imperatives. Hostile actors are constantly trying to attack the information systems of government agencies, as well as the systems supporting critical infrastructure such as at banks and telecommunications companies. OMB can play an important role in assisting agencies to protect against cyber threats by issuing policy guidance, overseeing budget, planning and implementation activities, and facilitating coordination and communication between agencies.

If I am confirmed, I will work closely with the Chief Technology Officer, the NSC, and other key players to improve the security of Federal systems and critical private sector ones. At the same time, we will have to address the need for security while preserving our values of privacy and civil liberties.

In addition, I will review OMB's role under the Comprehensive National Cybersecurity Initiative and assess how OMB can best contribute to this initiative – which has both classified and unclassified elements – consistent with its statutory responsibilities.

48. The federal government will spend over $70 billion in fiscal year 2008 on IT projects. Major IT investments are tracked quarterly by OMB in its Management Watch List and High Risk List. Through these lists, OMB consistently identifies more than a billion dollars worth of IT projects that are poorly planned and/or poorly performing. The number of investments on these lists grows annually, signifying that additional money is being spent on poorly planned and/or poorly performing projects. OMB is responsible, under the Clinger-Cohen Act, for overseeing these major IT investments by approving agencies' business cases and ensuring that investments achieve on average 90 percent of cost, schedule, and performance goals. Unfortunately, many of these costly investments have far exceeded their original cost estimates and delivery dates, leading to billions of dollars in waste.

    a. What do you believe OMB needs to do to get these troubled investments back on track?

    b. Initial planning of the full lifecycle cost, schedule, and performance of major information technology projects is an important aspect of preventing future cost, schedule, and performance overruns. What policies would you implement, if confirmed, to ensure that agencies effectively plan major information technology investments?

    c. What do you believe should be done to improve general management of information technology projects in order to improve performance and reduce wasteful spending?

    d. If confirmed, how will you better inform Congressional oversight Committees on those information technology investments that are facing cost, schedule, and performance problems before their costs significantly increase?

I believe OMB and agencies can improve the manner in which we select, plan, manage, and oversee IT investments by improving the capital planning and investment management process.

To get off-target projects back on track, I will direct staff to review the existing portfolio of investments closely and ask agency heads to make explicit decisions and recommendations as to whether investments in their current portfolios should continue as part of the 2010 and 2011 budgets. Consistent with the requirements of the Clinger Cohen Act, the Agency Head will be responsible for ensuring troubled projects get the assistance they need to get back on track within a reasonable time frame and ensuring that progress is made before committing more agency resources to the effort.

To improve planning, agencies should ensure that capital investments are properly selected at the onset, reflecting an explicit alignment with the agency's strategic and tactical plans. The government can do more to ensure that IT investments help deliver mission results and that technologies are acquired and managed in a manner that supports priority needs. With IT investments properly selected, we can then focus on ensuring that investments are well planned and well managed

With respect to better IT management for performance improvement, I will review the current OMB approach to the Watch List and evaluate whether we need to make changes to prioritize management and oversight attention on high-risk and high-impact investments. More generally, I will also assess current guidance for developing cost and schedule estimates for IT projects, as well as current guidance for ongoing performance measurement, to determine whether improvements are needed.

To better inform Congressional oversight committees and Federal agencies about the performance of Federal IT investments, I will look to ensure that OMB makes oversight data available in an appropriate manner that balances timeliness and quality. In particular, I would expect to continue developing capabilities to provide transparency of Federal IT investment cost, schedule, and performance information to Congress. Finally, I would expect that OMB would meet with the appropriate Congressional committees to discuss the specific kinds of information that the committees need.

49. OMB memorandum M-05-23 requires agencies to monitor cost, performance and schedule information for major information technology investments using an earned value management (EVM) system. OMB is required to collect this information on a regular basis and help agencies that are experiencing cost, schedule, and performance overruns. Many agencies, however, fail to provide EVM data, either because project managers are not aware of the requirement, do not effectively collect and track EVM data, or do not require contractors to provide accurate and useful EVM data.

    a. What do you intend to do to enhance the education of project managers and senior management to effectively collect, use, and report EVM data?

    b. How do you intend to ensure that agencies provide the EVM data to the Office of Management and Budget in an accurate and timely manner?

    c. How will OMB use the EVM data submitted by agencies to monitor the status of IT investments government-wide and better inform Congress whether investments are achieving cost, schedule, and performance goals?

    d. If confirmed, how will you ensure that contractors are providing useful EVM data to project managers?

If confirmed, I will assess how agencies collect and use cost, schedule, and performance data, including EVM data. While EVM is a proven tool for large and complex development projects, it is not the only management tool to track progress against established cost and schedule goals. I will also work with OPM to assess the capacity of the Federal IT workforce to apply project management, EVM, and other cost, schedule, and performance management estimating and tracking processes.

Accurate and timely data are critically important to successful EVM. Accordingly, I will assess the need for improving the manner in which agencies systematically collect and report cost, schedule, and performance information to OMB (including EVM data). Good EVM data can enable OMB to monitor higher risk investments, to work with agency management on remediation actions, and to inform Congress about progress.

Two aspects of a robust EVM process are crucial to ensuring ongoing process and data quality, regardless of whether a project is performed by a contractor or government staff – compliance reviews and ongoing system surveillance. I understand that outside of the Department of Defense, agencies often struggle to find qualified, independent, and affordable resources to perform compliance reviews and system surveillance. I will work with industry groups and the IT and acquisition communities to improve the performance of these services.

50. The Clinger-Cohen Act of 1996 created federal chief information officers (CIOs) and charged them with strategically planning and managing agency information resources to enhance the way the Federal government achieves its overall mission. Congress originally intended for CIOs to report directly to the agency head, but many agencies have positioned CIOs lower in the organizational structure.

    a. What do you see as the role and proper authority of federal CIOs?

    b. What steps, if any, will you take toward providing additional authority to the CIOs to carry out their mission?

    c. The Clinger-Cohen Act requires agency CIOs to assess the requirements established for agency personnel regarding information technology knowledge and skills and to develop specific plans for hiring, training, and professional development. If confirmed, what actions will you take to ensure that CIOs effectively fulfill this mandate?

The CIO's primary role is to actively identify and facilitate the process of achieving improvements in agency mission performance and internal efficiency by applying IT and using information systems effectively. With this come related responsibilities and duties, including IT planning, management, governance, and operations. I would examine whether the law provides sufficient authority for CIOs to fulfill their responsibilities and develop any appropriate recommendations thereafter.

The IT community faces some unique issues in terms of normalizing the technical skills and abilities of the Federal workforce. Agency IT staff need to apply available and emerging technology into their day-to-day activities, and they need skills to oversee the significant amount of IT that is executed through contracts. I will assess the adequacy of these skill sets and determine whether additional steps are needed.

Regulatory Affairs and Paperwork Reduction

51. In addition to its responsibilities as outlined by the Paperwork Reduction Act and other statutes, the Office of Information and Regulatory Affairs reviews draft regulations under Executive Order 12866 and can play a significant role in their development. Do you see OIRA continuing this role in the Obama Administration? Do you believe that OIRA has sufficient resources to effectively carry out these responsibilities?

A key function of OIRA is to review draft regulations under EO 12866, coordinating the regulatory process and promoting regulatory decisions that are consistent with the President's priorities. I believe that OIRA should fulfill this responsibility by working together and in a spirit of cooperation with the agencies to ensure smart regulation. If confirmed, I would work to ensure that OIRA helps agencies to meet pressing needs.

With regard to resources, I would need to make a careful review to answer this question. If confirmed, I would carefully review OIRA's needs and develop appropriate responses.

52. In the past, OMB – and specifically OIRA – has used "prompt letters" – letters to agencies suggesting that they develop regulations in a particular area or encouraging agency review of existing regulations for possible revision or rescission. Do you believe OMB should continue to prompt agencies in this way to shape regulatory policy?

I understand that prompt letters, introduced under the current Administration, have in a number of cases led agencies to consider cost-beneficial regulatory approaches to addressing their programmatic challenges. I intend to work with the Director, the Deputy Director for Management, and OIRA Administrator to assess the effectiveness of prompt letters and recommend whether to continue, change, or cease this practice.

Privacy Policy

53. During your earlier service at OMB, there existed a Chief Counselor for Privacy, who served as the point person at OMB for privacy issues. In your experience, did you find having a separate position devoted to solely to privacy issues was valuable? Would you support the restoration of this position at OMB?

I believe that agencies must continue to safeguard citizen's right to privacy. As Deputy Director, I would ensure that OMB implements its statutory responsibilities for privacy under the Privacy Act and E-Government Act, and I would assess whether additional policies are needed to strengthen privacy protections for the digital age, working with privacy leaders in and outside of government. I recognize that achieving the goal of greater transparency requires attention to strong privacy, and I would ensure that addressing privacy concerns is a high priority area of information management.

In my experience at OMB, having a senior policy official devoted solely to privacy issues served to focus attention on this critically important issue. If confirmed, I will work with the Director and other White House officials to assess the staff capacity to develop and oversee privacy policies across the government, including the need for a senior position in OMB or elsewhere.

54. Currently, only a few agencies are required to conduct a Privacy Impact Assessment (PIA) on proposed rules that involve the collection of personally identifiable information. In many cases, these PIAs have proven to be a valuable tool in identifying and addressing privacy issues that may arise from a proposed rule. Do you support expanding the requirement to conduct a PIA to all agencies conducting a rulemaking that implicates personally identifiable information?

The E-Government Act of 2002 requires the issuance of PIAs for the collection of personal information in many government activities. In addition, the Homeland Security Act requires DHS to conduct PIAs specifically on proposed rulemakings. Current OMB guidance requires all Senior Agency Officials for Privacy to evaluate the effects on individual privacy of a number of agency actions, including rulemaking. I intend to study the impact of such activities on regulatory content and determine whether and how best to apply PIAs to regulations as a general policy.

IV. Relations with Congress

55. Do you agree without reservation to respond to any reasonable request or summons to appear and testify before any duly constituted committee of the Congress, if confirmed?

Yes.

56. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress, if confirmed?

Yes.

V. Assistance

57. Are these answers your own? Have you consulted with OMB or any other interested parties? If so, please indicate which entities.

These are my answers. I have consulted with staff from the presidential transition team and with OMB staff in developing them.

AFFIDAVIT

I, ROBERT L. NABOB II, being duly sworn, hereby state that I have read and signed the foregoing Statement on Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Subscribed and sworn before me this 7 day of January, 2009.

Notary Public

District of Columbia: SS
Subscribed and Sworn Before Me
This 7th
Day Of January 2009
Maria Sorreta, Notary Public District of Columbia
My Commission Expires March 14, 2013

Maria Sorreta
Notary Public District of Columbia
My Commission Expires March 14, 2013

United States
Office of Government Ethics
1201 New York Avenue, NW., Suite 500
Washington, DC 20005-3917

December 24, 2008

The Honorable Joseph I. Lieberman
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510-6250

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Robert L. Nabors II. President-elect Obama has announced his intent to nominate Mr. Nabors for the position of Deputy Director, Office of Management and Budget.

We have reviewed the report and have also obtained advice from the Office of Management and Budget concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is a letter dated December 23, 2008, from Mr. Nabors to the agency's ethics official, outlining the steps Mr. Nabors will take to avoid conflicts of interest. Unless a specific date has been agreed to, the nominee must fully comply within three months of his confirmation date with any action he agreed to take in his ethics agreement.

Based thereon, we believe that Mr. Nabors is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Don W. Fox
General Counsel

Enclosures

December 23, 2008

Mr. Stuart Bender
Assistant General Counsel and
Designated Agency Ethics Official
Office of Management and Budget
725 17th Street, NW, Room 5001
Washington, DC 20503

Dear Mr. Bender:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Deputy Director for the Office of Management and Budget.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Sincerely,

Robert L. Nabors II