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# NOMINATION OF HON. ROBERT J. PORTMAN

# HEARING

BEFORE THE

## COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

ON THE

NOMINATION OF THE HON. ROBERT J. PORTMAN TO BE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

MAY 17, 2006

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# NOMINATION OF THE HON. ROBERT J. PORTMAN

**WEDNESDAY, MAY 17, 2006**

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

The Committee met, pursuant to notice, at 10:18 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Susan M. Collins, Chairman of the Committee, presiding.

Present: Senators Collins, Voinovich, Coleman, Coburn, Bennett, Warner, Lieberman, Levin, Akaka, Carper, Dayton, Lautenberg, and Pryor.

## OPENING STATEMENT OF CHAIRMAN COLLINS

Chairman COLLINS. The Committee will come to order.

First let me explain the delay in starting the Committee's nomination hearing today. We just had a roll call vote. I know that our nominee is very familiar with roll call votes and the fact that chairmen cannot control what happens on the floor. So I appreciate everyone's indulgence in the delay in beginning this important hearing.

Today the Committee will consider the nomination of former Congressman and Ambassador Robert Portman to be the Director of the Office of Management and Budget.

The mission of OMB is to assist the President in preparing the Federal budget and to oversee its execution by Executive Branch agencies. In carrying out this mission, the OMB evaluates the effectiveness of agency programs, assesses competing funding demands, and sets priorities. The Agency is also on the front lines of the Federal Government's efforts against waste, fraud, and abuse as it evaluates the effectiveness of Federal programs and pursues management reforms.

Another responsibility of the OMB is to ensure that Agency rules, testimony, and proposed legislation are consistent with the President's budget and with the Administration's priorities.

These responsibilities place the OMB at a critical juncture within the Federal Government as the link between the Executive Branch and Congress. The OMB can exert a powerful influence on public policy through its budgetary, legislative, managerial, and regulatory mandates.

The current pressures on the Federal budget are extraordinary. The American people are very concerned about the size of the Federal deficit and the spiraling increases in the Federal debt. Some

of this increase is attributable to the war on terrorism and to unprecedented natural disasters like Hurricane Katrina. But even without these factors, our Nation faces an ongoing structural deficit that will become an increasing challenge in coming years.

While the President's budget estimates that the Federal deficit will decline to $205 billion by 2011, total debt is expected to increase to more than $11 trillion that same year.

As alarming as these figures are, this level of debt will be reached even before the retirement of the baby boomers' generation, which will present our Nation with its most serious challenge yet with respect to funding Social Security, Medicare, and other entitlement programs.

Our economy, fortunately, is strong. And as the new Federal Reserve Chairman has put it, it has always shown a remarkable ability to "absorb shocks of all kinds, to recover, and to continue to grow." The economic growth since the terrorist attacks of September 11 is a striking demonstration of this resiliency.

And yet even a small change in our economy's growth rate can dramatically affect the deficit and the revenues we need to support critical social programs. According to the Congressional Budget Office, a change of just 0.1 percent in the growth rate over a 10-year period would change Federal revenues by $224 billion and spending by $48 billion for a total net impact of $272 billion on the deficit.

While growth above projections would be very welcome news, we must be prepared for the possibility that the slightest slowdown in our economic growth rate can present us with even greater budgetary challenges than we predict today. Clearly the decisions that we make now about tax relief and spending increases will have profound repercussions far into the future.

To impose fiscal discipline, I believe that Congress should once again adopt the PAYGO rules. By requiring offsets for entitlement spending increases and for tax cuts, a requirement that cannot be waived without a super majority of 60 senators, PAYGO would provide a powerful tool for budget restraint. I believe it is critical to apply the principles of PAYGO to the tough choices Congress must make this year and in the years to come.

Given all of these extraordinary challenges, never before has it been more important to have an individual as experienced and as qualified and capable as Ambassador Portman at the helm of OMB. We are very fortunate to have such an extraordinary nominee for this critical position.

Prior to his confirmation last year as the U.S. Trade Representative, Ambassador Portman served six terms in the House of Representatives, including service on the Ways and Means Committee and as Vice Chairman of the House Budget Committee. He understands the budget, and he understands Congress.

I welcome him to the Committee, and I look forward to his testimony this morning.

Senator Lieberman.

## OPENING STATEMENT OF SENATOR LIEBERMAN

Senator Lieberman. Thank you very much, Madam Chairman. Welcome to you, Ambassador Portman, and members of your family. Congratulations on your nomination.

Your experience in the House as Vice Chairman of the Budget Committee, your membership on the Ways and Means Committee, and most recently your service as the White House trade negotiator, I think, give you excellent credentials and a unique perspective as you prepare to become Director of the Office of Management and Budget.

I also appreciated your pledge, when the President announced your nomination, to "work closely with Congress on a bipartisan basis" as we try to get our exploding Federal deficit under control. That is very important.

Madam Chairman, on what might be called a point of personal privilege, I do want to note at the outset that I have a very special personal bond with Ambassador Portman. You may or may not know that during the 2000 presidential campaign, as now Vice President Cheney prepared for our vice presidential debate, Rob Portman played the then Democratic vice presidential candidate—me. So Rob, I may, during the question and answer period, ask you to ask yourself the questions that you think I might ask you. [Laughter.]

In any case, let me help in preparing you for that dual responsibility by outlining some areas that I have concern about with regard to OMB.

Obviously, you are this Administration's third Director. You will not be writing on a blank slate. But your performance will be judged by how well you come to grips with some of the problems that face us now.

I begin by quoting President Bush, who has said, "A budget is more than a collection of numbers. A budget is a reflection of a Nation's priorities, its needs, and its promise."

I agree, but I would add that a budget must also be about balancing our revenues and expenditures and delivering on those priorities, needs, and promises, or else it really is a collection of numbers without meaning or mission or ultimately without responsibility. And I mean the responsibility that comes with good fiscal management.

Your job, as you know, is to help the President first prepare the budget and then execute it across 14 cabinet agencies and more than 100 executive agencies, boards and commissions. As OMB Director, you will recommend how and where every dollar of our budget is spent, how each agency's programs are managed, and you will oversee the review of vital rules for public health and safety.

I have concerns about how these responsibilities have been carried out. Let me start with the budget. We obviously need to get our national budget in order. We are heading, by one estimate, toward $10 trillion of long-term debt. This is a great country and a strong country, and I do not favor apocalyptic views. But the obvious reality is we are spending a lot more than we are taking in. And we are thereby placing on our children, grandchildren, and beyond an enormous burden of interest payments on the debt that is a result of our failure to impose balance.

If we are going to get our fiscal house in order, I agree with the Chairman, we have to do some of the things that have been talked about. We have to go back to pay-as-you-go budgeting. I am in favor of the idea of a line item veto.

But ultimately this is done by tough decisionmaking to simply, but strongly, balance revenue and expenditures. And in doing that, everything has to be on the table and up for discussion, spending and taxing, in my opinion.

We recently passed a $70 billion tax package that gives tax breaks to the Nation's wealthiest who do not need help and to the oil industry, which is recording record profits and thereby increasing the already enormous national debt. It also leads to a lack of resources to adequately fund some vital programs that are essential to our Nation's priorities, needs, and promises, as the President said in that statement.

For instance, I continue to believe that we are drastically underfunding education, particularly the No Child Left Behind Act, which has, in a lot of places around the country, become a bad word. But it is a law with a very worthy purpose that was adopted with bipartisan support. We just have not given the local educators enough support to carry it out.

As a matter of fact, under the budget that the President has proposed this year, Title I budgets—which is education assistance for low income school districts across the country—will be frozen or cut. In Connecticut, by my tally, 122 out of 166 school districts will actually see Title I cuts this year.

Second, this Committee is the Homeland Security and Governmental Affairs Committee. I believe that we have not adequately funded homeland security yet. Has our support of homeland security grown? Yes, it has, obviously in the aftermath of the tragedy of September 11, 2001. But I continue to believe that we are still not spending enough to meet the government's fundamental obligation to protect our citizens. I am thinking here particularly of port security, interoperable communications, and bioterrorism preparedness. The same is true as we learned in this Committee's investigation of Hurricane Katrina and the recommendations we have made.

Finally, in a somewhat different vein, I want to bring to your attention a matter of budget process that I am concerned about: The way we are using supplemental budgets to fund the wars in Iraq and Afghanistan. I believe that harms us in two ways. First, it may conceal the true costs of our total national defense by putting a large part of the cost off the budget. And that reduces the scrutiny and discipline our Defense Department needs and adds to the bill again that our children are going to pay.

Second, it has had the effect of encouraging the military to put core programs into the supplemental budget. My fear is that when, and I would say when, not if, the supplementals come to an end, some of these critically necessary national defense programs will face the possibility that they will be defunded. And that will be to our national detriment.

I do not agree that the costs of Iraq and Afghanistan are currently unknowable and that we cannot budget for them. I do agree that the budget is a statement of our priorities, needs, and promises. But without the kind of balance in the beginning that Chairman Collins and I have talked about and good execution afterward with proper priorities recognized, a budget can become just numbers with no meaning or mission. And that means it fails the American people and it fails our best values of fiscal responsibility.

Those are some of the serious challenges you will face when, as I trust, you will be confirmed as Director of OMB. And I look forward to working together with you on them in the bipartisan spirit that you have committed yourself to.

Thank you very much.

Chairman COLLINS. Thank you. Senator Voinovich.

**OPENING STATEMENT OF SENATOR VOINOVICH**

Senator VOINOVICH. Thank you, Madam Chairman. I was scheduled to introduce Mr. Portman, and in order to expedite the hearing, I will do that as part of my opening statement.

Chairman COLLINS. Thank you.

Senator VOINOVICH. It is an honor for me to be here to introduce my good friend, Rob Portman.

Madam Chairman, as you know, this is the second Committee that Rob Portman has to appear before for this nomination. That underscores the great importance of the position for which he has been nominated.

The Director of the Office of the Management and Budget is the President's aide of all macro level budget and management issues in the Executive Branch. It is an extraordinarily important position.

Ambassador Portman, former Congressman Portman, is an excellent pick for the job of Director of the Office of Management and Budget. I have no doubt that Rob is more than well-qualified for this weighty position, and if confirmed, he will do an excellent job.

I urge the Committee to speedily confirm his nomination so that he may take up his duties at this critical time.

Rob served in the House, as the Chairman has mentioned, for 12 years. He served on the Ways and Means Committee, and he was Vice Chairman of the Budget Committee. He also served as Chairman of the House Republican Leadership.

Prior to his election to Congress he was an associate in the Washington law firm of Patton Boggs, specializing in international law. He then returned to his home town of Cincinnati to work as a partner in the firm of Braydon, Head and Ritchey. From 1989 to 1991 he served in George H. W. Bush's White House as Associate Counsel to the President and then Director of the White House Office of Legislative Affairs.

In short, he understands Capitol Hill and the White House, and I have no doubt that he will work hard to foster cordial and productive relationships between OMB and Congress, which is important to the success of the OMB Director.

Most recently, he has served our Nation as U.S. Trade Representative. I have mixed emotions about his departure from USTR because he was doing such a good job in that office. He worked to expand global free trade and markets for American businesses. I am especially grateful to him because, as an Ohioan, he understands as well as anyone the impact trade has on manufacturing. While free trade is vital to Ohio and this country, so is ensuring that our international trade partners abide by the rules we have all agreed upon.

Rob has been a good friend and colleague for many years. We have collaborated on legislative matters going back to my days as

Governor of Ohio, including unfunded mandates relief legislation. He led the House on this issue and did a fabulous job. We also worked together on advocating for Cleveland's NASA Glenn, legislation to defend the rights of States to offer tax incentives to promote economic development, and the Senate version of the Portman-Cardin bill.

I have complete faith that he will serve our Nation as Director of OMB with intelligence, enthusiasm, and strength that have marked his time in Congress and the Executive Branch. I am also confident that he has the courage and the moral fortitude to advise the President as clearly as he possibly can. And of course, once giving the President his advice, doing what the President directs.

It is important that somebody understand the programs that these dollars fund and look beyond just the numbers in terms of their significance.

Rob also has excellent interpersonal skills and treats people with dignity and respect. He is a good man with a wonderful, understanding wife, Jane, and they have three children. I appreciate, Jane, your sacrifice. But I hope you will see more of him now than you did when he was with USTR.

I know that Rob appreciates the government management issues that are of high interest to this Committee and the Subcommittee on Oversight of Government Management, which I chair. I am confident that, if confirmed as OMB Director, Rob will continue the fine and unappreciated efforts—unappreciated efforts—of the Bush Administration to improve the operations and effectiveness of Federal departments and agencies.

When I came to the Senate I said there was no "M" in the OMB. Clay Johnson has really done a good job of bringing the M back into OMB. As you know, Mr. Portman, I am interested in human capital management, and I look forward to engaging you on that issue.

You are going to have your hands full with the budget side of OMB, and I think that your service as Vice Chairman of the House Budget Committee will certainly prove valuable to you.

As we recently discussed in my office, our Nation has a number of great challenges before it, and this Administration and this Congress will have to wrestle with how to prioritize and balance these competing interests with limited resources.

Madam Chairman, I agree with you. If our friend from Oklahoma had voted with us, we would have had PAYGO. I think it is absolutely essential that we go back to PAYGO for spending and taxes.

I am confident that Rob will bring strong leadership to this new role, just as he has done in Congress, at USTR, and his previous positions at the White House.

I ask this Committee to advance his nomination swiftly so he can get to work. Thank you.

Chairman COLLINS. Thank you for your introduction of the nominee. Senator Akaka.

**OPENING STATEMENT OF SENATOR AKAKA**

Senator AKAKA. Thank you very much, Madam Chairman. I want to thank you and the Ranking Member for conducting this hearing.

Ambassador Portman, welcome to the Committee. I welcome you and your family, and I want to also say thank you to your family for sharing you with the Nation. I met your lovely wife, Jane, this morning. And also I notice your dad is here, as well, and other members of the family. I want to welcome all of you here.

During this time of severe budgetary constraint, I know that the job to which you have been nominated will not be an easy one. But I feel strongly that your background on the Hill will serve you and us well, and I look forward to working with you in a bipartisan manner.

As you stated in response to pre-hearing questions posed by our Committee, as Director of the Office of Management and Budget, you will seek to ensure that the Nation's resources are properly aligned with its challenges and priorities.

I hope this is so, Mr. Ambassador, because many of us are deeply disturbed over the direction our country has taken and continues to follow under current fiscal policies.

Our country has only been out of debt for 2 years in its long history, in 1834 and 1835. Before and after those notable years more than 170 years ago, the main cause of debt accumulation was war expenditures, which is similar to what we are facing today with U.S. operations in Iraq and Afghanistan.

I firmly believe we must continue to support our brave men and women in the Armed Forces and help them to complete their missions. However, the Federal dollar is also being stretched to meet the needs of those whose lives were disrupted by Hurricanes Katrina and Rita and to continue the active stance on the global war on terror.

The government has tried to absorb all of these costs, but we are facing a declining pot of resources. Since January 2001, according to the Center on Budget and Policy Priorities' calculations of Congressional Budget Office data, in terms of projected costs from 2002 to 2011, a third of the cost of legislation adding to deficits relates to defense, homeland security, and international matters.

But 50 percent are tax cuts, which is why I voted against last week's Tax Reconciliation Conference Report that included an astonishing $70 billion cut in taxes. It is wrong to lay the heavy costs on current and future taxpayers. As you know, our country has been running deficits near $300 billion. In March, the Federal debt limit was raised to a record of about $9 trillion.

As noted by Senator Kent Conrad, Budget Committee ranking member, the national debt in just the first 5 years of the Bush Administration has increased by $3 trillion. Quite simply, this country is outspending what is being brought in as revenue. And our children, grandchildren, and generations beyond will be left to pay the bill.

Although I agree with you that we must align our country's resources and balance them to meet its challenges and priorities, I just do not see that happening under our current fiscal policies.

Ambassador Portman, I look forward to hearing your views and, of course, as I said, look forward to working with you in a bipartisan manner to meet the budgetary crisis we are in now. And I want to wish you well. Thank you very much.

Chairman COLLINS. Thank you. Senator Coleman.

## OPENING STATEMENT OF SENATOR COLEMAN

Senator COLEMAN. Thank you, Madam Chairman.

Madam Chairman, I am very pleased the President has chosen to nominate Ambassador Portman as Director of the Office of Management and Budget.

I have to apologize. I will be going to another hearing on rural broadband technology right after this, but I wanted to make a brief opening statement.

I have had the opportunity to work with the Ambassador on trade issues. I was in Hong Kong during a brief rate of time during the discussions on WTO. We worked on CAFTA together. He is a man of extraordinary intellect. He brings balance, he brings judgment. He has the personal skills, the abilities to work with people, which is important. This is a relationship business, a relationship town. It is not all about green eyeshades. You have to understand how programs work and their importance to the people who are impacted by them.

We can have a healthy debate on this Committee about deficits. Clearly we are all deeply concerned about mounting deficits and the impact on the next generation. We can debate whether tax cuts are good or bad things. I believe they stimulate growth and in the end cut into the deficit.

But I do want to at least urge the nominee, with that good heart that he has and that good mind, to bring a sense of balance to this, as the ranking member talked about. I am a former mayor. And every year we get recommendations on CDBG from OMB, and in an overwhelming manner this Congress says we need to go in another direction. We need to support those programs. We have the same thing with the COPS program that we get a recommendation from the Administration and then this Congress says we really need this.

So, this is the challenge—and I know you are up to it. I wholeheartedly endorse and support this nomination, and I urge my colleagues to.

But I would just urge the Ambassador to have that sense of balance. And if there is a way up front to avoid perhaps some of these battles that we have between the Administration and friends in Congress on issues like CDBG and the COPS programs. We are going to be working on a Farm Bill next year, a Farm Bill that has served this country well in the time, the existing bill. Now we have to look to the future.

So with that, the President has made an outstanding choice. I look forward to working with the Ambassador. And I think the skills that he has are the ones that are needed at this time.

As I said before, I wholeheartedly endorse and support this nomination.

Chairman COLLINS. Thank you. Senator Dayton.

## OPENING STATEMENT OF SENATOR DAYTON

Senator DAYTON. Thank you, Madam Chairman. I will also be following my colleague to the Agriculture hearing, and I also would second what he said about the excellent choice the President has made in your selection, sir.

Anyone who is willing to trade in international trade negotiations for Congressional committees has a proven commitment to public service, which I think is laudatory. You have proven that throughout your career. I think you will be an excellent leader, and I will support your nomination.

Thank you, Madam Chairman.

Chairman COLLINS. Senator Coburn.

**OPENING STATEMENT OF SENATOR COBURN**

Senator COBURN. Thank you, Madam Chairman. Welcome, Mr. Portman.

I had the great pleasure of serving with Ambassador Portman in the House, and I, too, know his skills and his ability, and he is ultimately respected by all of those that he has dealt with. I have not met anybody that has not. I feel very confident he will be confirmed.

The problems that face our country are not just with the budget. The problems that face our country are with the Senate and the House and failure to do oversight.

I just want to put in perspective—I am a believer in PAYGO as long as we do not bias spending against tax cuts, but we do.

One billion seconds ago was 1959. That is what a billion seconds ago was. A billion minutes ago a guy by the name of Jesus walked on the face of this earth, a billion minutes ago. $1 billion ago was 3 hours ago, the rate at which the Federal Government spends money.

I know the Ambassador has some important thoughts on EITC, which we overpay from somewhere between $9.6 billion and $11.4 billion a year. We know the Defense Department paid $6 billion out last year in performance bonuses to companies that did not meet the performance bonus requirements. We know there is another $34 billion worth of waste, fraud, and abuse in the Pentagon. There is $40 billion in overpayments by Medicare. There is at least that much in Medicaid, of which $15 billion in New York State alone. We have another $8 billion that we are spending on maintaining buildings that we do not want. And we have another $100 billion on pure waste, fraud, and abuse throughout the rest of the government.

You add all that up, and then you consider the tax gap, which is estimated by the IRS now at $350 billion, and that comes to $585 billion. We would not have a deficit if we were doing our jobs.

My goal is to make sure that we put sunshine on everything we do. Sometimes we do not have the courage to do what we need to. But when we are held accountable through methods of sunshine, where the American people realize what we are doing or what we are not doing, we are held to better account.

And so my great concerns and my belief in Ambassador Portman in this job is that accountability will be the number one thing that comes forward. And that can only happen if we have great transparency.

I would tell you this week I asked for the budget for the Architect of the Capitol, and I was told I could not have it, that they would not give it to me. And that is the kind of problems that we

deal with. As a sitting U.S. Senator, I cannot see the budget for the Architect of the Capitol?

There are real problems in our government. Sunshine cures almost every one of them. Sunshine in the agencies, sunshine in Congress, and knowing that the American people, if they have the information, will help us solve the problems that we are dealing with and will put policy ahead of politics foremost in our mind so that we address the real issues.

I appreciate our Chairman, Senator Voinovich, and Senator Lieberman because they have the same desire as I do, as not to lay a load on the next two generations that is really going to change for the first time and create opportunities that are less for our grandchildren than what we have experienced.

My hope is that we will come across the line and do the hard work, the very hard work of oversight, and then translating that oversight into legislative changes that make a difference.

So I will be with you on PAYGO as long as we start responding to the things that we are finding that are not fixed that are wrong. But I can never be for a PAYGO that advantages spending to the detriment of our tax dollars today and our grandchildren's tax dollars tomorrow.

My hope is that the leadership that I know Ambassador Portman has will shine over the next 2½ to 3 years so that we address the very real problems that are in front of us. My hope is that he will be a leader in making that sunshine be available to the American public. Thank you, Madam Chairman.

Chairman COLLINS. Thank you. Senator Lautenberg.

**OPENING STATEMENT OF SENATOR LAUTENBERG**

Senator LAUTENBERG. Thank you, Madam Chairman, for holding this important hearing to meet and talk with Ambassador Rob Portman as he is proposed for the directorship of the Office of Management and Budget.

The management side often gets less attention than the budget side, and frankly, I think it is even a more important part of the assignment.

If we look at the numbers as they are now, under this Administration, the deficit has soared and we are passing more and more debt and problems along to future generations. And it does not have to be that way. I know we can do better. We all believe that we can because we have done better in the past.

I was the ranking member on the Budget Committee when we balanced the budget and actually began to pay down the Federal debt. It took tough choices to balance the budget, but making hard choices is what leadership is supposed to be about.

The tax cuts that the Senate passed last week will give those with incomes exceeding $1 million an average tax cut of $41,977. But they will give the middle-class Americans just $46, on average. There is something so outrageous about that relationship.

And we just heard that maybe programs like EITC are spending too much money, $7 billion to $9 billion. Well my gosh, those who earn $1 million a year will be the recipient of $14.5 billion worth of tax breaks and cost to this government.

Whenever we talk about this, and I stand on my record and my past as chairman of one of America's most successful companies. You, Rob Portman, know the company very well, having known the last CEO.

So I am not embarrassed to talk about these things without risking the accusation of class warfare. That is such an unfair designation. Because if there is class warfare, it is against those who are struggling to make a living.

For what we spent last week to give wealthy Americans more tax cuts, we could have enabled another 2.8 million youngsters to attend a public college. We could have provided health insurance for every uninsured child in America. We could have hired 225,000 public school teachers and still had enough left over to scan every cargo container coming through our ports.

In the business world, where I come from, a company that followed the fiscal policies as this Administration is doing would have soon been out of business.

Now President Bush has presided over the largest fiscal reversal in our Nation's history, from a $236 billion surplus in 2000 to a projected $423 billion deficit in 2006. During his 5 years in office, the total national debt has increased by 50 percent and is now approaching $9 trillion.

Saddling our children and grandchildren with this burden is wrongheaded. We all know we can do better. But at the very least, we can hope that Mr. Portman, with his knowledge and experience, will help change the direction we are taking now and bring us to a point of fiscal fairness, to the people who look to government for assistance at critical moments in their lives.

And I welcome Mr. Portman to this job. He is someone who has skill and experience that is hardly matched, but we would like him to look at the things that I just mentioned. Thank you very much.

Chairman COLLINS. Thank you. Senator Warner.

**OPENING STATEMENT OF SENATOR WARNER**

Senator WARNER. Thank you, Madam Chairman, and distinguished Ranking Member.

Mr. Portman, I join others in saying the country is fortunate that you and your family will continue to accept those commitments for further public service. I was very pleased when I heard that you were appointed, and I must say my wife, who is proud of her roots in Ohio, sends her best this morning, particularly to your lovely wife, knowing of the commitments of the family.

I was quite intrigued with your responses to the questions. Madam Chairman, they were a very good series of questions that the Committee propounded to our nominee about the line item veto. And looking back over your distinguished record in the House of Representatives, obviously you are going to be a loyal supporter of the President. He desires it. But what stances did you take in the House?

Ambassador PORTMAN. Senator, I was in support of the line item veto. At that time we did not have the same legislative line item veto that has been proposed. And I look forward to talking to you more about that, perhaps in the questioning.

Senator WARNER. It will be interesting how you go about this.

But I want to pick up on the comments made by my distinguished colleague, who serves with me on the Armed Services Committee. That is about the supplementals regarding our military. They are absolutely essential. But it has gotten to the point where not only do we experience the true cost not being reflected in the budget, but we are losing valuable oversight.

How well you understand, being a Member of the Congress, the bifurcating of the responsibilities of the several committees, and the Armed Services Committee that I am privileged to serve on with several Members of this Committee, we have a subcommittee structure that goes over an issue first, then the full committee goes over the issue, and it is carefully reviewed in the context of the overall military budget and the balances are made within that.

That is lost. It has gone by the wayside. And that concerns me a great deal.

I would hope that in the future we can, while necessary to have this emergency spending, we will begin to recognize the downside of the enormity of these supplementals and the fact that they carry many items that would normally be under the oversight structure.

Last, the estate tax. On that question I will wait to the round of questions to get into it in more detail, but that is going to be a tough one for this Senator. As much as I feel that there is an inequity about taxing so many times the hard-earned earnings of individuals and their families, the impact on the budget is quite significant in terms of loss of income.

And you have got to keep an eye on that loss of income to the United States. The estimate is as high as $500 billion over 10 years if it were to come about this fiscal year or the next.

So Madam Chairman, that is a full platter for this nominee. We wish him well. You are going to have my support. Thank you.

Chairman COLLINS. Thank you. Senator Bennett.

**OPENING STATEMENT OF SENATOR BENNETT**

Senator BENNETT. Thank you very much, Madam Chairman.

Mr. Ambassador, we welcome you and salute you for your willingness to serve. I join with my colleagues in extending my best to you and your family for that.

I simply, as I listened to the opening statements that have little or nothing to do with your job, decided I will fit right in and give an opening statement that has little or nothing to do with your job.

As our friend Senator Moynihan used to say—I am not sure whether he created it, but he is associated with it—everyone is entitled to his own opinion but not to his own facts.

I would simply like to state, for the record, in case anybody is paying any attention, that the deficit is coming down, not going up. It is coming down in absolute dollars. And more importantly, it is coming down as a percentage of GDP.

We have heard the figure that it is projected to be $423 billion in 2006. That is an old projection. The current projection out of CBO is $300 billion. And as percentage of GDP in 2004 the deficit was 2.8 percent. As a percentage of GDP in 2005 it was 2.6 percent. And if CBO is correct with its current projection, in 2006 it will be 2.3 percent. And that projection includes passage of the sup-

plemental at the President's number and the passage of the tax extenders that the Senate acted on.

So I recognize all of the problems that we face long term. But I think the record, at least in this debate, ought to be fairly clear that the deficit is coming down, both in nominal dollars and as a percentage of GDP. And we ought to keep repeating that, rather than the canard that somehow the economy is out of control.

The current growth of GDP is higher than the averages of growth in the 1990s, the 1980s, the 1970s, and the 1960s. This is an economic performance with which I am happy to be associated.

With that, Mr. Ambassador, we will now return to the issues facing your tenure as manager of OMB.

Chairman COLLINS. Thank you, Senator.

Ambassador Portman has filed responses to a biographical and financial information. He has answered pre-hearing questions submitted by this Committee and had his financial statements reviewed by the Office of Government Ethics.[1]

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.

Ambassador, our Committee's rules require that all witnesses at nomination hearings give their testimony under oath, so I would ask that you please stand and raise your right hand.

Do you swear that the testimony you are about to give the Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Ambassador PORTMAN. I do, Madam Chairman.

Chairman COLLINS. Thank you.

Ambassador, we have referred to some of your family members who are present here today, but I would invite you to present them to the Committee at this time.

## TESTIMONY OF HON. ROBERT J. PORTMAN,[2] A NOMINEE TO BE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

Ambassador PORTMAN. Thank you very much, Madam Chairman.

It has already been mentioned that I am fortunate enough to have some of my family here who came from our home in Cincinnati. Luckily the hearing was postponed a few minutes because they were postponed as well by traffic around the Beltway. But I am very proud to formally introduce them.

First my wife, Jane, who is behind me. It has already been mentioned about the sacrifices those of us in public service make, and I appreciate more than you know those comments. But Jane, along with our three children, has been wonderfully patient with me and supportive of me in my public service career. And I could not do this job without that support and love and patience. I thank her for being here.

My father is also with us. Bill Portman is here. He celebrates his 84th birthday in July. And his integrity and his decency and his judgment inspire me every day. I will need that inspiration in this new job. So Dad, thank you for being here, too.

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[1] The biographical and financial information and pre-hearing questions appear in the Appendix on page 47.

[2] The prepared statement of Mr. Portman appears in the Appendix on page 45.

Madam Chairman and Senator Lieberman and other Members of the Committee, I very much appreciated your opening statements. I listened very carefully to them, and I look forward to having a dialogue as we get into the question and answer period on some of the specific issues you raised.

I also want to thank you and other Members of the Committee who are not here for meeting with me or speaking with me before this hearing. It was a great opportunity for me to get your input and have an opportunity to better understand your priorities and your concerns.

To my friend, former Ohio Governor, now Senator George Voinovich, thank you for those kind words and the advice that you are never hesitant to give me. To me, Senator Voinovich represents the very best of public service. I have admired him and sought his counsel throughout my career, including when my career included working for him as a volunteer. Now I get to work with him to ensure, as he said, that the M in OMB gets the attention that it properly deserves.

Madam Chairman, I do not believe there is any other position in the Federal Government that is responsible for such a broad portfolio of issues, as was evident by the opening comments, as Director of the Office of Management and Budget. It is a tough job. It is a serious responsibility. If confirmed, I will take that responsibility very seriously and work hard on behalf of the taxpayer to ensure that tax dollars are spent wisely.

As the Committee knows, I have served as U.S. Trade Representative for just over a year. It has been a great privilege to work with some of you on the Committee on those trade issues and to work with a very skilled and talented team at USTR. And I have been very proud to represent our country in trade negotiations around the world.

Prior to that, as was noted, I did represent the Second District of Ohio for about 12 years, serving on the Budget and Ways and Means Committees.

Also not mentioned, I was on the House Leadership Committee to draft the Homeland Security Department legislation, which is something I hesitate to mention because it may lead us into some tough homeland security questions. But it was a very interesting experience, and I focused, with Senator Voinovich and others, on some of the human capital issues.

This morning, thus, I find myself returning to some familiar territory, budget, taxes, entitlements, and how to make our government work better through better program oversight.

I do understand, as Senator Lieberman indicated, the importance of open lines of communication with Congress. If confirmed, I will prioritize consultation, just as I have at USTR. And I do because I believe it is essential to addressing the very real opportunities we have to work together but also the very serious challenges that we face. There is no other way to do it.

OMB has this unique and important role in our system of government. As the Chairman said, all spending decisions go through OMB, as well as major regulatory changes and, of special interest to this Committee as was noted, the overseeing of the management of the Executive Branch.

I do believe that President Bush has helped reprioritize the M for management in OMB. Should I be confirmed, I look forward to working with this Committee on both sides of the aisle to build on the good work you have done.

Senator Voinovich mentioned the Deputy Director for Management, Clay Johnson. I think the team at OMB has reprioritized that management aspect of the job. And I strongly, as you know Senator Voinovich, support that and want to continue to build on that.

I see opportunities for us to work together, to try to get even better results for the taxpayers' money. This includes efforts in the Executive Branch to further streamline programs and make them work better, improve them so that government services are as effective and efficient as possible. I think it also means budget process reforms. I believe in a workable legislative line item veto. Senator Warner has asked me. I believe and accept that it can help reduce some wasteful spending. And I think it can improve accountability through transparency.

I do believe it can be workable, working with this Committee and others, and I would be happy to talk more about that if there are additional questions.

I also believe earmark reform is important. I think it is an additional way to bring transparency to government spending so that people know how their hard-earned dollars are being spent.

On the budget side of OMB, I see challenges but also opportunities. Working together I think we can create a better legacy for our children and our grandchildren. In the past 5 years our country and the Federal budget, as Senator Collins has noted, have faced very serious challenges. From the stock market bubble to the recession in 2001, the corporate scandals to the September 11 attack, the ensuing war on terror, and of course the unprecedented natural disasters of Hurricanes Katrina and Rita.

In facing these challenges the American people and our economy have proven up to the task. Senator Collins talked about resiliency. I think with bold steps the President took early on, this resilient economy has bounced back. Senator Bennett talked a little bit about some of those indicators. Senator Collins talked about the importance of this economic growth to deficits and debt, and she is absolutely right. We are now experiencing strong and positive growth in our economy in general and in jobs and revenue in particular.

We have added jobs for 31 months in a row now, over 5 million new jobs. The unemployment rate has fallen to 4.7 percent, lower than the average of the past three decades. The job market for college graduates is at its best in years.

The economy is growing. GDP is a healthy 4.8 percent growth in the first quarter. This follows economic growth of 3.5 percent in 2005. As U.S. Trade Representative, I note that this is the fastest growth, considerably faster than our other trade partners in the industrialized world.

In the first quarter productivity is up at 3.2 percent. We had a 5.7 percent increase in the hourly compensation rate, also, in the first quarter, which was very welcome.

So as a result of this economic growth, what has happened? Revenue is up. Tax receipts for 2005 grew by 14.5 percent. That is the fastest growth, I am told, in 24 years. In February OMB estimated that receipts would grow again in 2006, even after the 14.5 percent growth last year. The estimate was 6.1 percent.

Last week the U.S. Treasury Department reported that revenues in the first 7 months of this fiscal year are at an all-time high and substantially exceeding that 6.1 percent estimate. We will see how it goes in the final 5 months, but it looks like we are going to have another year of very high growth in revenues.

The high revenue growth, thanks in part to tax relief, will have a positive effect, of course, on deficits, as Senator Collins has said.

All of this means, from a budget perspective, I do believe we are on track to meet the President's target of cutting the deficit in half by 2009. I think we have done this by working closely with Congress to focus on national priorities while reducing spending elsewhere.

I also think we have a lot more work to do. If confirmed, I look forward to working with the Committee to restrain spending while continuing to protect Americans at home and, as noted, fight terrorism abroad.

Restraining discretionary spending, as we have done in recent years, is an essential part of deficit reduction. But it is the unsustainable growth in the entitlement programs, as has been noted here this morning, including Medicare, Medicaid, and Social Security, that poses the greatest long-term fiscal danger.

It is absolutely critical that we work together now to develop sound policies that put these programs on a sustainable footing for future generations. There, too, I welcome your input.

With the good news on the economy, growing tax revenues, and continued spending restraint, our short-term deficit picture does look better, but there is clearly a lot of hard work ahead to ensure our fiscal house is in order for the future.

I am an optimist. I believe working together we can address these very real budgetary challenges and improve the management of our Federal Government in ways that serve the people we represent.

Again, I appreciate the Committee's consideration of my nomination, and I very much look forward to your input and questions.

Chairman COLLINS. Thank you very much.

I am going to begin my questioning with the standard questions that we ask of all nominees.

First, is there anything you are aware of in your background which might present a conflict of interest with the duties of the office for which you have been nominated?

Ambassador PORTMAN. There is none.

Chairman COLLINS. Second, 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?

Ambassador PORTMAN. No.

Chairman COLLINS. And third, do you agree without reservation to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Ambassador PORTMAN. Yes.

Chairman COLLINS. You passed the test. Those were the right answers for the first three questions.

I would inform my colleagues that we are going to do two rounds of questions so we will start with a 6-minute round, and I am going to ask everyone to adhere to the time limit because there will be a second round.

Mr. Ambassador, I want to turn first to the issue of pay-as-you-go budgeting, in other words, the PAYGO rules, that many of us mentioned in our opening statements.

I believe that PAYGO rules provide much needed constraints for Congress as we wrestle with fiscal decisions. The Administration has indicated an openness to imposing PAYGO on the spending side of the budget but not the tax side.

I question how you can apply PAYGO rules to only one side of the ledger? Does it not make more sense to look at both spending and revenues since both affect the size of the deficit?

Ambassador PORTMAN. Madam Chairman, it is a fair question, and I noted it came up during the opening statements, and there was a good debate here on the Committee. I would say a couple of things.

One is the way we would currently operate PAYGO, unless we change the scoring rules, it is true that there is a bias, in my view, for spending and a bias against tax relief. Why? Because we assume that programs go out indefinitely on the spending side.

For instance the Farm Bill, which was mentioned, which would expire in 2007, would be assumed to continue as would other mandatory spending programs.

Whereas on the tax side we assume that tax relief would not continue. In other words the expiration, for instance, on the relief on the investment side, capital gains side, would be assumed to end, even after the President signs the legislation you all recently passed. That would assume to end in 2010. The same with the other tax relief.

So if you apply PAYGO to that sort of a system, I do think it is a little unfair because I do think you are biasing the spending side in a positive way and disadvantaging the tax relief side.

Second, I guess it is just a philosophical question. Are we overtaxed? And is it something that we want to establish as a potential incentive for us to raise taxes, particularly to pay for mandatory spending? And I have concerns there, and I know the Administration has expressed that.

As a percentage of our economy, taxes have been relatively low from 2001 until recently. Because of the recession, because of the economy being less vigorous and not growing as fast, and also because of the tax relief.

But frankly, we are back up to the historical level if the revenue projections that Treasury made last week continue. In fact, a little above the 40-year average, which is 18.2 percent of our economy.

So I think we need to look at those figures carefully and be sure that we are not burdening our economy just as we are beginning to get out of the trough we were in with the 2001 recession and all of the challenges that you noted, but also as we are beginning to see that impact on our deficits and eventually our debt, which is to say higher revenues from the tax relief.

Chairman COLLINS. This Committee recently concluded a 7-month investigation into the response to Hurricane Katrina, and we found widespread waste of taxpayers' dollars, whether it was on wasted commodities like ice that was intended for the victims and instead ended up in my home State of Maine, fraud in the individual assistance program because of a lack of internal controls, an unnecessary reliance on sole source contracting that boosted the price that was paid for a whole host of services and items, or the hasty purchase of $750 million worth of manufactured housing that cannot be installed in flood plains and is sitting unused in Hope, Arkansas.

Our Committee has documented waste, fraud, and abuse that exceeds $1 billion. The real number is probably much more.

This Committee tried to be proactive on this front. We very early on passed legislation to create a chief financial officer to oversee the spending in the Gulf region. And we passed legislation to create a special inspector general to look for waste, fraud, and abuse. Unfortunately and, in my view, inexplicably, the OMB opposed both pieces of legislation. And thus, they were never considered by the full Senate.

Now obviously you were not involved in any way in that decision, or I am sure if you were a far wiser decision would have been reached. What can we do in the future to ensure that when there is a disaster or an unanticipated need for a massive infusion of Federal funds we have better controls in place to protect the taxpayer's investment?

Ambassador PORTMAN. Well, Madam Chairman, thank you. You have raised some very troubling issues and you raised them well in your report, "Hurricane Katrina: A Nation Still Unprepared." I read the summary as recently as last night.

You lay out a lot of the troubling facts that you have cited today but also some recommendations for better financial management, ways in which we can reduce waste, fraud, and abuse next time around because we will have future natural disasters that require very immediate attention.

On the sole source contracting, I am particularly interested in that issue and look forward to working with you on that. My understanding is that it is done only in very limited cases and should be limited to extraordinary circumstances and then should be recompeted. That certainly would be my point of view.

On the CFO and IG issues that you raise, I am happy to look at those issues carefully with the Committee. My sense there is we also want to be sure that the agencies most responsible, in this case the Department of Homeland Security or the Army Corps or other agencies or departments that had to respond quickly, the military, that they need to have accountability within their own IG systems and their own CFO systems as well.

We want to be careful not to remove that accountability from the agency structure and, in a sense, take them off the hook. So that would be one of my concerns as I begin this review with you and other Members of the Committee, should I be confirmed. I do not know if you have any thoughts on that this morning, but I do want to be sure that accountability is really felt at the agency level.

Chairman COLLINS. Thank you. Senator Lieberman.

Senator LIEBERMAN. Thanks, Madam Chairman. Thanks again, Ambassador.

I want to talk to you first about the long-term fiscal crisis that many of us mentioned in our opening statements.

In December of last year, the Congressional Budget Office warned that without change, "At some point the economy will be unable to provide enough resources for the government to pay interest on the debt."

At that time, outgoing CBO Director Holtz-Eakin stated, "It is impossible for the economy to grow its way out of this problem. It is too big."

Obviously the economic growth numbers are heartening to all of us. But I want to ask you, in so far as the economy is growing, it helps us deal with the long-term fiscal imbalances we have talked about. But do you agree with the former CBO Director that we cannot just grow our way out of the problem, that it is too big, that we have to impose some restraint on both directions to get back to balance in our Federal books?

Ambassador PORTMAN. I do. I think I was on the Budget Committee when he made some of those statements. I guess the one caveat that I would add to that is that it is not so much the domestic discretionary side, where I think this Congress has done a good job in the last couple of years of keeping restraints in place. We can talk about the supplementals, which is a concern I share with you, Senator, and others. But in general, we have been able to keep the domestic discretionary spending within inflation.

It is on the mandatory side and the entitlement side where I think Director Holtz-Eakin focused more. Those are the long-term problems you talk about. And there it is not sustainable. Not only cannot we grow our way out of it, we cannot tax our way out of it in my view.

If you look at some of these numbers, as I did again this morning, by 2030 the mandatory or entitlement side of the budget will grow by about 50 percent compared to where it is now. As you know now, roughly 20 percent defense, roughly 19 percent domestic discretionary, and the rest, about 61 percent, is entitlements and debt service.

By 2040 it would, as I read it, exceed all revenues. In other words, entitlements would be all of our budget, assuming we stay roughly within the same percentage of our economy on the revenue side.

So we have a long-term problem here that, as I mentioned in my opening statement, we can address best now so we do not come to that precipice and have to make very hard decisions that have severe impacts on the people we represent.

So I look forward to working with you on that, and I do agree with you, there needs to be changes legislatively in order to address it.

Senator LIEBERMAN. I agree. I guess I would say, just to wind up my response to that answer, which I appreciate, is that the challenge for us, as I think Senator Coburn said, is not just to deal with the numbers but to deal with the increasing political paralysis here in Washington. Because we must confront the problem you have just described, which we all know is coming. We have entitle-

ment programs that are humane programs that people count on. And yet, they are on an unsustainable course.

To deal with that unpleasant and ultimately painful reality is going to require real leadership in both the Executive Branch and the Congress, Republicans and Democrats. And I say leadership in the sense that you do not solve a problem like this without doing some things that are difficult and may be unpopular or are probably inherently unpopular.

But you do it because our future requires it. So I welcome you, I challenge you to work with us and the Administration on that.

I have just got a couple of minutes left. I want to ask you to speak a bit about what Senator Warner and I both talked about, which is what I think is the overuse of supplemental budgets by the Pentagon. And I want to ask you what your opinion generally is on that. I have indicated the reasons why I think it is problematic. And whether you have any plans to work with the Pentagon and with Congress to take some of the elements of the supplemental budgets, which allegedly are for Iraq and Afghanistan, and move it into the regular budget process and therefore, as Senator Warner pointed out, into the regular oversight process, perhaps hopefully bringing more efficiency and cost-effectiveness to those programs.

Ambassador PORTMAN. Senator, if I am confirmed, I would look forward to working with Senator Warner, you, and others who have a concern about this. I share your concern. Honestly when I was in the House, I was advocating for more in the budget and less in the supplemental.

I was very pleased thus this year to see that the Administration included in the 2007 budget the $50 billion as an allowance for Iraq and Afghanistan. That was the first time, as you know, since those operations began that the Administration included a base amount.

It is not going to be enough. The question is how much is enough? I do think there is a level of uncertainty here. None of us knows precisely, we cannot. The budget is put together, as you know, 18 months or even 2 years ahead of time.

On the other hand, we know that there will be ongoing expenditures there. And I think it is important to reflect that.

In terms of your question about whether some of the supplemental funding is better put into the base budgeting of the Pentagon, I am really looking forward to, if confirmed, rolling up my sleeves and getting into that issue. Because I do think that is a very serious problem on both sides. You would not want to put into the base something that was relatively temporary. In other words, if some of these costs in Iraq can be reduced through some of the successes we are seeing with the Iraqi forces taking some of the front-line positions, you would not necessarily want to see that in the base because then it is difficult to remove.

On the other hand, as you say, if it is, in fact, long-term or more permanent programming and therefore not subject to the oversight that Senator Warner and you have talked about, then there is a dividing line that should move it more toward the budget side.

So these are tough decisions, I know, that Congress will have to make. But I think the Administration can perhaps do a better job in giving you some guidance there.

Senator LIEBERMAN. Thanks, Ambassador. I appreciate that. I take that answer to be encouraging and appropriately balanced, resisting my invitation to directly take on Secretary Rumsfeld in your confirmation hearing. Thank you very much.

Ambassador PORTMAN. Thanks for letting me off the hook on that one.

Chairman COLLINS. Senator Voinovich.

Senator VOINOVICH. Thank you, Madam Chairman.

As I mentioned in my introductory statement, I have been impressed by the Bush Administration's focus on management issues. Clay Johnson has done a pretty good job of bringing the focus back to management in OMB.

One of the responsibilities that we have on this Committee is oversight of the High Risk list. GAO puts it out at the start of every Congress. There are 26 items on that list. One of the things that I suggested to Mr. Bolton and his predecessor was that OMB ought to be working on that list.

On that list, 14 items are in the Defense Department; some of them have been on the list since 1990. Secretary Rumsfeld says that we can probably save billions of dollars if we could shape up DOD operations. It is not something that is going to happen overnight. There are two High Risk areas that I am paying particular attention to which I call to your attention. One is the supply chain management, which we are working on with Ken Krieg at the Department of Defense.

The other one is the security clearance process. I wish I could say that progress is being made. But we are going to have a hearing, by the way, this afternoon, and we will examine why the Defense Security Service suspended processing new applications for private sector security clearances several weeks ago.

Even before this, government contractors have been increasingly frustrated that requests for security clearances often take more than a year to process. To lure employees who already have a security clearance, firms have offered large bonuses and given away luxury vehicles.

That is the kind of thing that should have been noticed by OMB. I think if you go through and look at a lot of the agencies you will discover that we are not giving them the resources they need to do the job that we are asking them to do. We are just squeezing them to the point where they are not able to get the job done.

If you give an agency a mission and then do not give it the resources to get the job done, basically you are telling the agency that you do not think very much of the job you are asking it to do. I think that OMB has failed to look at that issue.

I have similar concerns regarding the people and resources that are needed to implement the new personnel systems in the Department of Homeland Security and the Department of Defense. Those Departments need enough money to get the job done and implement those new systems as the Administration wants them to. I would like to have you look at that.

The last issue, and I do not know if you are even aware of this, but OMB is evaluated under the President's Management Agenda. Of the five categories for evaluation, OMB has earned a yellow for strategic human capital management and in E-government, but continues to have red scores for competitive sourcing, financial performance, and budget performance and integration.

What are you going to do to make sure that your own agency has green in all of those categories? You should be the leader and the role model in terms of management for the Executive Branch.

Ambassador PORTMAN. I could not agree with you more. Leading by example is certainly going to be my intent if I am confirmed. I have heard about the scorecard. It is the OMB scorecard applied to other agencies. It should also be applied to us. And we should be in position to lead by example. So I will definitely be focused on that.

On the High Risk list, I appreciate your bringing that to my attention this morning. The issues that you raise are all issues that I know enough about to know that they deserve additional focus from OMB. As you know, OMB is a relatively small entity. It has to depend on the agencies to do a lot of the oversight and necessary work.

You mentioned the personnel systems at the Department of Homeland Security and the Department of Defense that you have worked so hard on. They are working with OPM. OMB has a role. But it has really got to be within the agencies that the input is received from the people who will be affected, which I know is one of your top priorities. So we need to be sure the resources are there to meet our highest priorities. That certainly would be a high priority in terms of the changes we are asking them to undergo.

So I will look into all of these, Senator, with you and others on the Committee. I will also be sure that this High Risk list, in general, is something that we can begin to work down. You say eight have been there since 1990, so clearly it is an area that needs attention.

Senator VOINOVICH. Senator Coburn is examining a whole bunch more. But I really believe that if we attacked the High Risk list and improved the operations in the Defense Department, then some of these other issues that you are concerned about, Senator Coburn, would be addressed.

Ambassador PORTMAN. Thank you, Senator.

Chairman COLLINS. Senator Levin.

**OPENING STATEMENT OF SENATOR LEVIN**

Senator LEVIN. Madam Chairman, thank you very much. Welcome to you and congratulations to you on your appointment.

We are, I think, going to have a highly qualified person with great experience to take over this position, and I very much look forward to your being in it.

First, let me ask you, Mr. Portman, about OIRA. We did not have a chance to talk about that during your visit to my office, but I want to spend just a couple of minutes with you on this issue.

This is, as you know, the Office of Information and Regulatory Affairs (OIRA), which is in the OMB. OIRA's role is to review regulations proposed by Federal agencies. Under the Executive Order

that governs, OIRA's review process of proposed regulations is supposed to be a transparent one.

This was an issue which was very much debated and discussed in both houses, I believe. It is important that the public know which proposals come from regulatory agencies and which ones originate with OIRA. And in particular, this Executive Order, which is number 12866, requires the public disclosure of "changes in the regulatory action that were made at the suggestion or recommendation of OIRA."

And again, this was a subject which was very intensively reviewed by Congress before this Executive Order was adopted because Congress wanted very much to know whether or not it was the regulatory agency which was making changes or proposed changes or whether this came through the political folks at the top, acting through the OMB.

So what happened here is that OIRA has established a process of informally reviewing agency proposals prior to final decision-making at the regulatory agency. And according to the GAO, the number of informal reviews by OIRA has increased dramatically in recent years, and these reviews "can have a substantial effect on the agency's regulatory analysis and substance of those reviews."

The changes, however, that are made pursuant to that informal review process are not made public pursuant to the Executive Order. So this practice, this informal review practice, seems to me to frustrate the intent of the Executive Order. And again, the purpose of that order is to ensure public disclosure, that the changes are made and where these changes are coming from.

And so my question is are you familiar with this issue? If so, would you give us your reaction to these informal reviews? Because it seems to be inconsistent with the plain language of the Executive Order for agencies to make significant changes at the suggestion or recommendation of OIRA without disclosing that fact to the public.

It is fine to make changes. That is not the issue. The issue is the transparency issue. Where do these changes come from? At whose suggestion were they?

Ambassador PORTMAN. Thank you, Senator.

I am aware generally of the issue of how do you balance the internal deliberative process, which I think Members of Congress appreciate is an Executive Branch prerogative, with the need for more transparency. I was not aware of the specific issue of the informal reviews and your concern that they are not currently subject to the same transparency concerns.

My overall approach to this will be to try to open it up more. I think sometimes the secrecy and mystery surrounding OIRA does not benefit the Congress or the public's interest or necessarily the Office of Management and Budget. My sense, as I have looked at this over the last couple of weeks, knowing that I might be asked to take on this task, is that OIRA works very well with the agencies and that for the most part, although there are refinements to a lot of these proposed regulations, that relationship has improved over time and it is more professional, more transparent. I would want to encourage that to continue.

So E.O. 12866, as you know, provides for certain guidance. I will certainly be taking a look at that and specifically looking at the issue of the informal reviews.

Senator LEVIN. To make sure that not just the purpose or the spirit of the Executive Order but literally the letter, in this case, of the Executive Order be complied with fully, we would appreciate your doing that.

I guess one more question before my time is up. We have had a debate in this Congress over the Advanced Technology Program, and I think there are differences between Members of this Committee on the value of the program. I am looking at my friend, Senator Coburn, when I talk about the differences on this program. But he is very out front about it, and I have always admired him for being out front about the issues such as this where there are differences.

But nonetheless, the majority of the Congress has appropriated money for this program. The law requires that when Congress appropriates funds, that unless they are unappropriated or somehow or other Congress changes the law, that the Executive Branch is supposed to execute the laws and not make up the laws.

So this program has a 2006 appropriation, which is not being spent. I know the Administration wants to zero this program, and that may have the support of some Members of Congress. But we do not know what the 2007 budget is going to be yet, and there will be a battle over that issue as there is every year.

But until that issue is resolved in 2007, I think the law needs to be abided by the Executive Branch. It cannot take the law unto itself. And so I would urge you to take a look at the 2006 appropriation for that program and to make sure that, in fact, the program is implemented in 2006, as written by Congress, and that we do not have the funds not spent because in 2007 the Executive Branch hopes we will not appropriate more.

That would be a request to you. It is, I think, what the law does require and maybe you can get back to us on what your intentions will be relative to those funds in 2006, which are still there, and to give us the assurance that, in fact, they will be spent.

Ambassador PORTMAN. Thank you, Senator. I appreciated talking to you briefly about that the other day.

There are two issues here, as you say. One is the effectiveness of the program, the appropriateness of it, the necessity of it going forward, where we may have some honest differences.

But the second issue is, as you say, a process issue, and I will look into that as to the 2006 appropriation and get back to you.

Senator LEVIN. Thank you. Thank you, Madam Chairman.

Chairman COLLINS. Thank you. Senator Coburn.

Senator COBURN. Ambassador Portman, this last year, when the President submitted his budget and the budget justifications were sent to the Appropriations Committee, they were made unavailable to other Members of Congress. And I questioned your predecessor, Josh Bolton.

And he made a commitment to me that next year they will be made available, not only to Members of Congress, but also available online. Will you confirm that commitment from OMB that they will, in fact, the budget justifications, be available to Members

of Congress outside of the Appropriations Committee, as well as be available online to Americans?

Ambassador PORTMAN. Senator, if Josh Bolton committed to you, I would not want to go back on anything your friend and my friend, Josh Bolton, said. So as I said earlier, I think more information is better. I think it helps.

Senator COBURN. The whole culture of limited knowledge about where we are spending the money and why cannot help us. Everybody in America needs to know why the President wants to spend money a certain way. And to say that we can only give this to a certain group of Senators or Congressmen belies the fact that we are an open society and an open government. The truth will set us free.

If it is something the Administration wants, they ought to be willing to defend it, and it ought to be publicly open. So those budget justifications ought to be available to every Member of Congress and every citizen of this country.

I would just hope that you would make sure that is implemented in this next year—and it is not to be critical. It is to have an understanding of where the budget justifications are coming from.

One of the other things that I think is tremendously important for us to hold us accountable as elected officials is to have a Federal procurement database on the Internet that is transparent and allows the public to see who gets Federal money and for what. I would like your comments on that and whether or not you think that is a good idea? And if so, if you would be supportive of making that happen at OMB?

Ambassador PORTMAN. I will look into that. I know that is an issue that has come up, thanks to your interest. I think it makes sense, just as you say with regard to what the justifications are for our budget numbers, to have procurements which I assume would be major contract procurements be available for public inspection.

On the database issue, my understanding is that there may be some logistical issues as to putting it on one database, and that is something that I will be looking into if confirmed.

I believe that the agencies currently do provide the information, but it is not in the same format.

Senator COBURN. The agencies, some do, some do not. USAID, for example, does not. They are in one program now because we have insisted on it.

There is a database online today, but it is not accessible, it is not easily accessible, and it is not comprehensive. It is just part of sunshine.

And I am not talking about security issues. I do not think they ought to be out there. I am not talking about things that do not need to.

But for example, in Katrina one of the things that we have noticed is there is no transparency on the money that was spent by FEMA to the Corps past those contractors. You can get to one contractor but there is none. So consequently, in many of the things that we did in Katrina, we paid three times what we should have paid for it because we had all of this layering which was hidden. It was not transparent.

What I am asking is that the information go to the American people because basically their collective wisdom is better than ours. And when they get to see it, they get to be critical of it. And they cause us to attune to their concerns, which sometimes we are not concerned with. And they can help us be better stewards of their money. So that is the motivation behind that.

The other thing that I would like to see is some teeth to the terminations list. OMB has done a lot of great work in looking at—the PART analysis—programs that do not have effective goals, they do not measure their goals. They are not accomplishing their purposes. And OMB sends over here routinely a terminations list. Granted, it is sometimes disputed among Members of Congress.

But one of the things that OMB can do is advise the President to veto spending bills, appropriation bills, that have those terminations list funded. That is the ultimate power that the President has.

And I wonder what your thoughts are about utilizing a veto to carry out some of the terminations list that we know are wasteful. You will have a group that supports any one of those individual projects because they are localized, they are regionalized to prospective States or Congressional districts. But the only way you are ever going to get that solved is if you use the power of the Executive Branch to limit those.

Ambassador PORTMAN. It is an excellent question. I am just looking at the budget this year. As you know, there are 141 programs this year that would be proposed in our fiscal year 2007 budget for either termination or substantial reductions. I think it is a savings of almost $15 billion.

This, of course, leads to the question of how do you veto individual items in a bill because some of these are relatively small programs in much larger bills. That goes to the question of the legislative line item veto we talked about earlier, and I indicated my support for that, in part to get at some of these issues and to have more accountability in the system where those issues are brought up, as you say, to the best disinfectant, which is the sunshine, which is disclosure.

So I look forward to working with the Committee on this. I think some of it can be done short of a line-item veto, as you say, but it would also be helpful in some of these very large appropriations bills or the omnibus appropriations bills if we had the ability to pull out these individual programs that are in the Administration's budget and, from our point of view, appropriate for termination.

Senator COBURN. Thank you, Madam Chairman. My time has expired. Will we have another opportunity?

Chairman COLLINS. Yes. Senator Lautenberg.

Senator LAUTENBERG. Thanks, Madam Chairman. I apologize for having been out of the room for so long at another committee, but I watched with interest what was taking place, the magic of the television facility is certainly worthwhile, but you have to kind of divide your thoughts.

Ambassador Portman, you were asked questions, some of which I had in mind, about the budgeting process and where the variation comes between what the OMB has come up with and CBO. You have noted that there were some significant differences.

I wonder whether you could comment on, are the tools that are used different from one organization to the other? You know CBO very well, having been the recipient of information from them when you served in the House. Is it a mechanical thing that produced the difference? How are these things weighted or induced? Are they induced to come out one way or another, do you think?

Ambassador PORTMAN. That is a good question. As you know, the Chairman talked a little bit about how relatively small changes in these assumptions can make huge differences down the road in terms of the CBO or OMB projections on deficits. Right now, as you know, we are facing a big gap between where OMB is and where CBO is on the deficit calculation for this fiscal year. And so that is based on different assumptions and therefore different models.

There are very slight differences. Senator Collins talked about how 0.1 percent can mean a $272 billion change in the deficit over time. I think that accounts for it, Senator.

I do not know that there is a bias in particular. As I said to you in our conversation yesterday, if you look for a bias you might see it going back and forth because right now, for example, CBO believes that revenues will be higher than OMB has estimated. Or even than some of the Treasury estimates, as I understand it.

Other years it has been the other way around, where CBO has been more conservative in its estimates. I do not believe there is a bias there.

Senator LAUTENBERG. We discussed it, and it would be shocking to me, in my business life, to have seen us try to get two different auditors in there for the same financial statement, to see them come up with differences.

Ambassador PORTMAN. Good point.

Senator LAUTENBERG. I do not know whether conferences between the two are prohibited. I think they should be. But to iron out and be able to come up with an explanation of why these differences exist. And I understand and Chairman Collins knows very well what adjustments can mean. She understands the process extremely well, lots of things that come before this Committee.

One of the things that is noted that, as is said in colloquial English, is beauty is in the eyes of the beholder. I heard one of our colleagues discuss the pride in our financial condition and listed several things that he thought indicated that we were sailing in the right direction.

I look at the deficit, and we heard comments before by another colleague who said that we could not work our way out of the debt situation that we were in under present conditions.

Now does it bother us that we have a $9 trillion debt limit that was pushed through and there was lots of opposition in the vote in the Senate to that? What are the prospects that we could be looking for another hike in the debt limit in the not too distant future? At what point is this a really dangerous condition for our country?

We are now handing off debt to our kids in substantial proportion. Can we believe that those debts will disappear before 15 or 20 years, when our grandchildren are more mature?

Ambassador PORTMAN. It is a serious question. And, as I said earlier, I do believe our short-term budget projections are a little

better. I do believe that we will meet the President's target, should there not be another major natural disaster or other event, because revenues are increasing, the economy is doing well, and you all are doing a good job in restraining the domestic discretionary spending, at least in the last couple of years, working with the Administration.

So, we are on track, and our numbers should go down. That is what CBO is estimating for this year, as you know.

But you are right, in terms of the long-term, and I would even say midterm, issues. Why is that? It is because of the mandatory spending continuing to increase far greater than the rate of inflation.

If you look at the numbers in terms of the debt you talked about, the big concern I have is in terms of the so-called internal debt. In other words, the government to government debt, which is the Social Security Trust Fund primarily, but also other trust fund debts. Those are increasing dramatically because we have not taken some of these hard choices that Senator Lieberman and others talked about on the entitlement side.

If we do not do that, we will see that total debt, not the debt owed to the public, but the total debt, including the intergovernmental debt, increase.

On the public debt side, which is what most economists really think affects the economy, and you and I talked a little about this, we are doing a little better job. If you look at the historical average of that debt to GDP, we are within the range now. The projections going forward are that we will begin to see some reduction in that percentage to the economy, assuming the economy continues to grow as projected.

But the bigger problem is not the public debt. The bigger problem is that internal debt, which is really another way of saying we have got an entitlement problem we need to address. And if we do not address that, I agree with you, it is not sustainable.

Senator LAUTENBERG. Madam Chairman, if I might impose for just a short minute here, and that is to say that when we look at the internal debt and we try to estimate what the consequences of that will be as we try to make the sources from which we borrowed more reliable for the beneficiaries of the program, Social Security in particular, Medicare, etc.

But then are we not forced to look at the programs? There is kind of a rush to the top in our society right now. Wealthy people are doing very well. I had a successful business, and I like it better this way than when I was a poor kid growing up in Paterson, I can tell you.

But I worry about the country at large. The people who desperately need help from us, I mentioned before, like Head Start and some of the educational funding, I think is going to create a penalty that this country is going to suffer from for many generations unless we do something about it.

Thank you very much. And thank you, Ambassador Portman.

Ambassador PORTMAN. Thank you, Senator.

Senator LAUTENBERG. Lots of good luck to you.

Ambassador PORTMAN. Thank you, sir.

Chairman COLLINS. Senator Carper.

**OPENING STATEMENT OF SENATOR CARPER**

Senator CARPER. Thanks, Madam Chairman.

I would like to say we were saving the best for last but I understand there will be another round of questions so this will not be the last.

It is good to see you. Welcome. I understand your father is here?

Ambassador PORTMAN. He is.

Senator CARPER. And that he is 84 years young?

Ambassador PORTMAN. He is only 83 now. He is much younger than that. But he will turn 84 this summer.

Senator CARPER. I just want to say to your dad, you and Rob's mom did good work in raising this kid and instilling the kinds of values that we would like to see in all of our children. I just want to start by commending you.

I understand your wife is sitting immediately behind you, the former Jane Dudley. And I just want to say you took up where his parents left off, and I think he has turned out pretty well.

Ambassador PORTMAN. She continues to mold me.

Senator CARPER. Thank you for sharing him with all of us. As my friend, Joe Biden, likes to say for people who put up with a lot: for you, no purgatory, straight to heaven, Mrs. Portman. You will get your reward. Thanks for sharing him with all of us.

I say to your dad, your son is well known and well admired on both sides of the aisle here in the Congress, in the House where he served, and in the Senate as well. My guess is that he is going to be confirmed without any difficulty. He has already been confirmed once to be our Trade Ambassador, and I think, by almost every fair account, he has done a very fine job.

His two immediate predecessors were also people that we had a high regard for around here. One was Mitch Daniels who worked for a number of years, as I recall, with Dick Lugar? I think he worked with Senator Dick Lugar and is now the governor of Indiana. He was held in very high regard.

And subsequent to him Josh Bolton was our OMB Director and somebody that I like a lot, and I have a high regard for him, and I know others do, too.

During that time that Mitch served as OMB Director, I think our budget deficit went up about $900 billion. And under Josh Bolton, during Mr. Bolton's tenure as OMB Director, I believe our Nation's debt might have gone up by about $1.5 trillion.

And now we come to our third nominee here, and I just hate to think how much the deficit is going to go up under his watch.

We had a good visit yesterday and talked about some of this stuff, and I just want to mention a couple of points if I may, and then I would like to ask for your comments.

When I was in the House of Representatives, I mentioned to you yesterday that I was a co-author of the Balanced Budget Amendment to the Constitution, which got a whole lot of votes, I think about 280, which is very close to what you need to pass.

It was not a balanced budget amendment that mandated a balanced budget every year. But it was one that said the President had to propose a balanced budget at a certain date and that Congress could unbalance the budget, but you needed a super majority,

a three-fifths vote to unbalance the budget and a three-fifths vote to raise the debt ceiling, as well.

In my State, we always had to propose balanced budgets. My own experience has been if you did not have a governor who was showing leadership on fiscal issues, or a mayor or county executive or president, it is not the nature of a legislative body to somehow offer the leadership on fiscal issues that the chief executive does not provide.

In reflecting on a balanced budget amendment, sometimes I think we only need a balanced budget amendment that says at a certain date the President has to propose a balanced budget. I think in providing that kind of leadership and being able to defend himself or herself with the shield of the Constitution is still not a bad idea.

I also mentioned to you yesterday, I authored when I was in the House of Representatives the first statutory line item veto bill that passed the House, I think by a three to one margin. It died over here in the Senate.

This is an issue I think whose time is probably going to come again. I think Senator Kerry was over at the White House last month with some others sort of endorsing the idea. Our take on it was just a little different. I am going to lay it out and then ask you to comment on it.

We called for, in our statute, a 2-year test drive for line item veto powers. In our proposal, the President was limited in how much he could rescind in spending. If a program was fully authorized, he could rescind no more than 25 percent of that authorization in his proposal. If the program was not authorized at all, the President could propose a rescission of 100 percent. So there is a difference between programs that are authorized and unauthorized.

When the President submits his rescission, the problem is the President can offer rescission messages every day. The Congress just usually ignores them and has for decades.

In our proposal, the Congress could vote against a rescission by the President, a proposed reduction in spending, but they would have to vote. And we had an expedited process for compelling a vote. We did not require a two-thirds vote to override a rescission, a simple majority, 51 in the Senate and 218 in the House. And we provide the President with this power for 2 years. Not forever. It certainly was not part of the Constitution, but I called it a 2-year test drive.

There were those that were concerned that if we gave the President this kind of power and there was something that the President wanted Senator Collins to agree with him on, the President could say well, I am going to take out your favorite project in Maine, or for Senator Carper in Delaware, and to use that as a lever or a wedge to get his way.

So we made it a 2-year test drive and said if the President abuses it, he will lose it. If he does not abuse it, then maybe we will restore it beyond that point in time.

Let me just stop and ask you to comment, if you will, on the idea of line item veto powers, whether it should be in statute, whether it should be in the Constitution? And what virtues, if any, do you find in the proposal I just laid out?

Ambassador PORTMAN. First may I say, Senator Carper, I agree with you on the importance of leadership, particularly Executive Branch leadership as you saw when you were governor. It also requires teamwork, and I appreciate the leadership you have shown on some of these budget process reforms and on specific initiatives like line item veto or balanced budget where you have not necessarily been in the majority of your own party. So it requires leadership on both sides, and I take that responsibility seriously. So we will see what we can do together.

On the line item veto, in a sense the line item veto that you supported was a more powerful tool for the executive than what we are proposing because, as you know, based on the court case we have changed the line item veto language to provide more of a legislative line item veto where the Congress does have the ability to play a very important role—an up or down vote which is important but in fact nothing can happen unless the Congress votes for it. It just brings it to the sunlight we talked about earlier. But there is not a 2-year test drive in the President's proposal. It is permanent, as I understand it.

So I think it has some elements to it which I think Congress, and certainly the courts, would find more consistent with the separation of powers and the balance between us, including some time frames, including the way the rescissions would work. And OMB has already testified I understand recently that we could perhaps live with even some additional changes that Congress might think were appropriate. But it is permanent.

My own thinking would be if we work through something that makes sense, that provides Congress with the ability to work its will, but on individual spending decisions, that we should probably make it permanent subject, of course, to change Congress to Congress or at any time Congress feels it is not being used properly. But I am not sure we need to have the test drive.

Why? I think what you said is true. I think there is more of an acceptance now of the need for some more discipline on all of us and another tool for the executive to have the ability to take some of these leadership stands that you say are necessary. I think that thinking has evolved since your days in the House.

Senator CARPER. Thanks. My time is expired. I understand there is going to be a second round, and I will be right back. Thank you.

Chairman COLLINS. You are leaving during my second round?

Senator CARPER. I am not going anywhere.

Chairman COLLINS. Ambassador, I want to go back to your answer to the question about a special inspector general and a chief financial officer to oversee all of the Katrina spending. You raised a very valid point about accountability and making sure that the individual agency IGs and CFOs are not "being taken off the hook," I think was your term.

The problem, however, is when you have a massive expenditure of billions of dollars that crosses department lines and you have no one person who is responsible for establishing the controls for all of the departments and agencies involved, whether it is the Army Corps or DHS or HUD or HHS, you have a situation lacking a uniform approach. I think this leads to a lack of accountability.

In addition, with DHS, which obviously had the lion's share of the money, there was another significant problem, and that is that there is not a permanent CFO in place right now. We recently held the confirmation hearing for the first permanent CFO.

I wanted to bring those issues up before going on to some other issues because I really believe in the future we need a different approach. I continue to believe that had the proposals advanced by this Committee been put into place, we would not have seen so much waste, fraud, and abuse that have really plagued the recovery. So it is just food for thought for the future.

I do want to go on to some other issues.

As you know, within the OMB is the Office of Federal Procurement Policy, a small office but a critical one for establishing the Federal policy for contracting. We have seen some real problems with an over reliance on sole source contracts recently. The Special Inspector General for Iraq Reconstruction and Recovery has identified numerous cases of an excessive reliance on sole source contracting, as well as outright contractor fraud, both of which have resulted in significant waste of taxpayer dollars.

We have also seen an inability to be able to trace where money is going and what it has been used for.

Similarly, in the aftermath of Hurricanes Katrina and Rita, FEMA awarded four large sole source contracts to provide temporary housing. Originally these big four contracts were valued at $100 million each. But recently FEMA raised the ceilings for each of these four contracts to $500 million without recompeting them.

That is very troubling to me because had we competed these contracts in the first place and had them on the shelf available to be implemented in the event of a natural disaster, I am convinced that we could have saved significant money.

What will you do, as head of OMB, to strengthen the protections against sole source contracts? You mentioned that it is supposed to be done only when there is either not another supplier available or in times of national emergency. But we are not anticipating natural disasters that we know are going to occur. And it is possible to negotiate these kinds of contracts in advance.

Ambassador PORTMAN. You raise very valid concerns. As I said earlier, my general approaches, of course, will be to encourage competition and recompeting when it is necessary to go to a sole source because, as you say, it is the only contractor that can handle an extraordinary circumstance. And I think it may be the case in some of these issues with Iraq as well as with Katrina. And then second, when there is a national emergency or the urgency is required.

I will be working with, as you say, the Administrator for Federal Procurement Policy to review not only what happened in Katrina which, as you say in your report, has resulted in these caps being raised dramatically, and then the inability to not only save some taxpayer dollars but also some temporary housing that ended up not being used for Katrina, so some waste.

But I also think it needs to be looked at more generally, and I look forward to working with the Committee on that. As you know, in the procurement area we have made some strides in terms of transparency, and I think that needs to continue as well. There are Federal rules and regulations and statutes, as you say, that do au-

thorize sole source contracts but only in these limited circumstances. We need to be sure that we are abiding by those.

Senator COLLINS. I want to now turn to a question that I have asked at every OMB Director's hearing since I have been in the Senate, and it is still an issue. It involves the Low Income Home Energy Assistance Program (LIHEAP), which is so important to low income families in my State and in other cold weather States. It has become even more important given the cost of energy and the escalation of prices that we have seen in the last year.

We do not administer this program in the most cost-effective way. If there were an advance appropriation for this program, which would mean that for one year you would have to double fund the LIHEAP program, you would allow States, community action agencies, and others that are involved to serve their clients during the summer months when home heating oil prices are far lower or significantly lower than in the winter months. And you would be able to stretch that LIHEAP appropriation further or increase the size of the benefit or serve more people.

I ask that you work with me to take a look at the way the LIHEAP program is structured. If, in fact, the bulk of the purchasing could be done in the summer months rather than waiting to the height of the winter months when costs are the highest, we could serve more people or at least stretch the dollars further. I would ask that you take a look at this.

I raised this issue at Josh Bolton's hearing. I raised it at Mitch Daniels' hearing. And each time I get a promise to take a look at this. But I hope that you will not only make that promise but truly work with us to see if there is a better way.

Ambassador PORTMAN. I appreciate that. I enjoyed our conversation about that. And because of that conversation, I have begun to look at that and, if confirmed, I will do even more.

One of the issues that I see is the difference between the emergency funding and the base funding with regard to the emergency needs. Of course, it would be difficult to know what we need in advance. But with regard to the base amount, which is a substantial amount as you say, there I will be interested in looking at some flexibility options both with regard to the Federal share but also the State cost share.

So I look forward to working with you on it. I have learned more about LIHEAP in the last week than I had known previously, even in my time in Congress. I will be learning even more, Madam Chairman, at your request.

Chairman COLLINS. Thank you. Senator Voinovich.

Senator VOINOVICH. Thank you.

I am sorry that I had to leave for a few minutes. It is obvious that you will have a full plate, Mr. Portman, and if I were in your shoes, I would make sure that OMB's management agenda is thoroughly addressed. Because I think if some of these management challenges are taken care of, you are going to be able to do a much better job responding to some of the issues that we are asking you to address.

You and I have talked about the growing national debt, and I think the House included in their budget proposal a provision raising the debt ceiling to almost $10 trillion, which, if it becomes law

this year, would be a 78 percent increase in the national debt since I came to the Senate in 1999.

You heard Senator Bennett's comments about how these tax reductions are helping the economy. I am going to send you a copy of this article, and I would ask that it be inserted into the record.[1]

Chairman COLLINS. Without objection.

Senator VOINOVICH. It is a *Washington Post* opinion article by Sebastian Mallaby. The title of it is "Return to Voodoo Economics." The article asserts that tax cuts never produce enough economic activity to make up for the loss of revenue.

If we continue to extend the taxes that were passed in 2001, we are talking about a $2.4 trillion loss in revenue. I think we have reached a stage where we have to decide how much of our GDP do we need to run the country? A couple years ago, Federal taxes were 16.5 percent of GDP. I think Federal taxes are up to about 18.5 percent of GDP today. But what should the percentage be? It has historically been around 20 percent. The question is: What should the percentage be? How do you get there? I would be interested in your thoughts on that.

Regarding tax reform, the President has talked eloquently about it in the past, but it looks like it has been placed in somebody's drawer and forgotten.

The President, in the State of the Union address, talked about a commission to examine reforms to Social Security, Medicare, and Medicaid. To my knowledge, that commission has not been appointed yet—we ought to get on with that.

I believe what we are ignoring is the growing national debt. We are ignoring the great impact of the coming baby boomers' retirement. And we are ignoring the costs of homeland security and the war abroad.

Senator Lieberman believes that we are not spending enough money on homeland security. But Madam Chairman, I do not know if you know this or not, but we have doubled the DHS budget since September 11. If you include other homeland security money that is coming from other agencies, we have tripled that budget. So we are spending an enormous sum of money on homeland security. We are now putting pressure on the nondefense discretionary budget.

So Mr. Portman, I would be interested in knowing: Where are you on tax reform? And where are we on this commission that is going to examine mandatory spending, which we have to address as soon as possible?

Ambassador PORTMAN. You have touched on all of the big issues. You and I have had many of these conversations about the economy and the impact of taxes and particularly on the deficits. I, as you know, feel strongly that restraining the spending must go hand-in-hand with a growing economy, and we need to do everything we can to encourage that. We have seen it, as you know, in the last couple of years. I mentioned the fact that our revenues were up last year 14.5 percent. I do not think it is a coincidence. I think the tax relief that you ended up supporting and perhaps refining, that became fully implemented in 2003 correlates incredibly well with the job growth and the economic growth.

[1] The article appears in the Appendix on page 43.

Senator VOINOVICH. There are some very valid economists that say that is part of it. But we have also had lower interest rates, and the confidence has been restored in the financial markets.

Some Republicans say the economic recovery has all happened because of the tax cuts. I do not think that is the case. So there are some differences of opinion here.

But what do we do about the national debt, the growing mandatory spending, and the fact that we have a tax code that is absolutely a nightmare? Something should be done about these things.

Ambassador PORTMAN. You are absolutely right. How do we take what is a growing economy and a growing share of revenue as to GDP—by the way, the average over the last 40 years as 18.2 percent? If the Treasury estimates from last week are accurate, and we have another 5 months in this fiscal year so we do not know for sure, but if they are accurate, we will be up to 18.3 percent.

So we are not under taxed historically right now. We are overspending, slightly overspending which leads to the annual deficits. And in terms of the long-term costs——

Senator VOINOVICH. But the problem is that we are spending so much on the war——

Ambassador PORTMAN. War and Katrina.

Senator VOINOVICH [continuing]. And on the response to Katrina and homeland security.

Ambassador PORTMAN. You are absolutely right, substantial increases.

Senator VOINOVICH. That is why I have said that to be responsible, and I know this is controversial, we should go to the American people and ask them for a temporary tax increase to cover these temporary costs so we can get the budget back into balance and adequately fund the nondefense discretionary budget.

Ambassador PORTMAN. We are getting very close on that. I honestly believe we will make our 2009 cutting it in half, which will be down, by the way, Senator, to 1.4 percent of GDP, which is well below, as you know, the historical average. The 40-year average is 2.3 percent of GDP.

So we are doing OK in the short term. But the issue is the long-term. I could not agree with you more on tax reform. One thing we can do in terms of taxes is deal with the AMT and deal with the tax gap through tax reform.

I think frankly it is a challenge but also an opportunity right now for us to combine the entitlement reform that you have supported with tax reform that enables us to raise revenue in a more efficient way to be able to deal with some of these long-term problems that you talk about.

And I am eager to roll up my sleeves, if confirmed, and work with you on all three of these issues. One, being sure that we have the adequate revenue and that it is being raised in the proper way, and that is the tax reform side. Two, is dealing with the budget issues, both short-term and long-term and domestic discretionary spending. There we have to be sure we have the right balance. You talked about the concerns we have right now with homeland security and the war. We need to figure out which goes into supplementals and which goes into annual budgets so there is more oversight.

But third, is this longer-term issue of entitlement spending. It is not sustainable. Medicare, as you know, is just over 6 percent growth. Medicaid, 7 percent to 8 percent. As I said, if you look down the road 30 and 40 years, pretty soon entitlement spending takes up the entire budget, assuming we keep our revenues to GDP roughly where it is, which is important to keep the economy growing.

So these are big issues. I am an optimist. As I said in my opening statement, I took this job, Senator, as you know because I have talked to you about it, because I believe that we have a historic opportunity right now to address some of these issues. I do not know if we are going to be able to do it in the next few months because we have an important election coming up, but I do believe that it is time for us to grapple with these big issues that have tremendous long-term impacts.

If we do it now, then there will be less dislocation both to our economy but also to our seniors and others who depend on these entitlement programs.

Senator VOINOVICH. And our kids.

Ambassador PORTMAN. And our kids.

Chairman COLLINS. Mr. Ambassador, I know Senator Carper is coming back for some additional questions, and I have a few additional ones, as well.

Senator Carper, would you like to do your questions first or do you want me to proceed?

Senator CARPER. I have a group I am trying to meet with, and they are just going to wait. If I could proceed, that would be a real help.

Chairman COLLINS. Then why don't you proceed?

Senator CARPER. Thank you very much.

I recall the words in the 2004 campaign, you may recall the words in the 2004 campaign. One of the candidates for president was accused of flip-flopping. I forget what the issue was. I do not know if it was a vote on a supplemental appropriation. But he said first I was for it and then I was against it or words to that effect.

We have done some skullduggery and gone back to see how former Congressman Portman voted. And we all are captives of our voting records. I am sure you can find things to crucify me with mine.

But we found out that in 1995 and 1997 you voted for a budget reconciliation measure, a budget resolution that apparently included what we call PAYGO, two-sided PAYGO. For our guests, it means that if Senator Carper or Senator Collins or Senator Voinovich want to cut taxes we have to come up with an offset so that the deficit will not get larger. We can either cut spending someplace to offset it or raise taxes someplace else.

But some of us fought very hard for a PAYGO approach that says if anybody is going to do something to make the deficit bigger, we have got to come up with an offset, whether it happens to be spending increases or whether it happens to be revenue cuts.

Let me just ask your views now on this issue, if you do not mind. How do you feel today about two-sided PAYGO?

Ambassador PORTMAN. It is a very fair question.

As you know, I was Vice Chair of the Budget Committee, and I took a different point of view. And part of it, honestly, was informed by the experience that I had. I ran for Congress in 1992 for the first time. At that time, our deficit was 4.6 percent of our economy, which is the way most economists like to measure it because that is really what they are concerned about is how much is it affecting the economy, interest rates, inflation, and so on.

Today, this year, we are probably at about 2.5 percent of our economy. Is it too large? Do we need to get it down? Yes. But we were in even worse shape in 1992.

What happened is over that time period of my first 7 or 8 years in Congress, we finally got around to this balanced budget amendment. We got Democrats and Republicans working together—you were one of them—to say we need to keep our spending under control and we need to do some things on the tax side early, tax increases. But later in 1997, when the economy really took off, capital gains cuts and other tax relief.

My experience was, when I stood down on the House floor and said proudly, along with Chairman John Kasich, a friend of Senator Voinovich's and others, that we were balancing the budget and we were going to do it by 2002. And doggone it, it was because we were making all these tough decisions on spending.

What happened is No. 1, we did not make tough decisions on spending. Spending continued to increase. But No. 2, we balanced the budget much sooner than anybody expected. Why? Because of the economy. We did not do it in 2002–2003. I think we did it by 1999–2000, we had balanced budgets.

I just sort of became a believer more in the importance—and Senator Collins talked about this at the outset—of economic growth being really what is going to drive us to fiscal sanity here, and that we need to be very careful, whatever we do, that we do not risk putting in place policies that could affect economic growth.

I am concerned, frankly, when you look at the way PAYGO works, right now if you have a spending program it goes on indefinitely even if it is meant to expire. I mentioned the Agriculture bill earlier, but other mandatory spending. Whereas on the tax side you assume it is all going to expire, therefore there will be tax increases.

So if there was a more level playing field in terms of how you would apply PAYGO, I frankly would feel differently about it. But the position I took in the House Budget Committee is the position that, I think, the Administration takes and I still take, which is I am for the PAYGO rules as it applies to mandatory spending. I think it is important. But as to taxes, I am concerned that if we did that we would risk the economic growth side.

I do think we need to get to balanced budgets. I do think we need to increase our revenues. But as I saw in the 1990s, the way to do that is to be sure we have a strong and growing economy.

Senator CARPER. I think it was Denis Healey who used to be Chancellor for the Exchequer who used to talk about the theory of holes. It goes something like this: When you find yourself in one, stop digging. We need all the tools that we can muster to stop digging.

I do not know that we will ever have a balanced budget amendment to the Constitution. We might, but I do not know.

We may or may not have some kind of statutory line item veto powers for the President. It may happen. It may not.

We have had experience with PAYGO on both the spending side and the tax side. I think it was to good effect. And I, for one, would welcome its return. And somewhere along the line maybe we can convince our friends in the Administration that the position that some of them supported as recently as 1995 and 1997 is actually not a bad position to support now.

Yesterday when we were meeting, I telegraphed a pitch to the extent that I said I wanted to talk today a little bit about the tax gap, and I suspect others have a bit already.

But in a day when we have these huge budget deficits, $300 billion and $400 billion, and we find out that the tax gap last year apparently was about $290 billion. That is $290 billion that IRS tells us was owed, and we actually have some idea who owed it and the kind of taxes that were owed, and we did not collect the money.

I would just ask your thoughts on what the Administration would do and what role you will play in trying to make sure we reduce that $300 billion. Even if we can reduce it about $100 billion, that is real money.

Ambassador PORTMAN. It is a great question, and I know your Subcommittee has done a lot of good work on this.

As you know, I co-chaired the IRS reform effort with Senator Bob Kerrey in the 1990s. The tax gap, to me, is a huge opportunity for us. I mentioned in response to Senator Voinovich's question about tax reform that should be one of our drivers. That should be one of the reasons that we look to tax reform because there are certain things you can do to simplify the code and to make it easier to enforce the code. We have done the opposite, as you know, under our watch that will help to close the tax gap.

So I think it is a great opportunity for us. I think it should be one of the reasons we look to tax reform. I think that tax reform ought to, among other things, focus on how to close that tax gap.

Senator CARPER. Thanks very much, and it is good to see you. Good luck. You are going to need it. And it is just a real pleasure to meet your family today.

Ambassador PORTMAN. Thank you, Senator.

Senator CARPER. Thanks, Madam Chairman.

Chairman COLLINS. Ambassador, I want to discuss briefly the need to examine innovative ways of financing essential programs. Let me give you some examples.

In shipbuilding, the new Chief of Naval Operations (CNO) has said that we need to be spending on average $13.4 billion for shipbuilding for many years in order to achieve the 313 ship fleet that the CNO believes is necessary.

One obvious way to achieve that goal is to put in the $13.4 billion that is needed over the next several years. But another way to achieve the same goal is through incremental funding where you would recognize that a destroyer, for example, or a submarine is not constructed all in one year. Thus, you spread the cost over the construction period and budget an amount that fully covers the cost

in a particular year but does not fully fund the entire ship or submarine in the initial year.

OMB traditionally has been very reluctant to engage in incremental funding. Do you have any initial impressions of whether we should look for more innovative funding techniques to meet very real needs, needs that have been identified by the Chief of Naval Operations, in shipbuilding?

Ambassador PORTMAN. I am interested in looking at that. I know Treasury, OMB, and CBO have all done some analyses of the particular issue you are talking about and on capital budgeting generally. There is some concern that has been expressed by at least some of those entities, maybe all three of them, about what the impact would be on the taxpayer. Would you end up spending more or less if it was not subject to what they would call Treasury financing?

But it is something I am very interested in looking at with regard to some of those known long-term expenses, and I look forward to working with you particularly on the Navy ship issue.

Chairman COLLINS. Thank you.

Senator Voinovich, I know you need to go shortly. Do you want to ask any additional questions?

Senator VOINOVICH. No, I am fine. Thanks for being willing to take on this job.

Ambassador PORTMAN. Thank you, Senator. It is an honor to do it.

Senator VOINOVICH. It is comforting to know that you are going to be there, and I am sure that you know I will work with you and this Committee will work with you.

Ambassador PORTMAN. I look forward to it. Thank you.

Chairman COLLINS. Thank you. You are very fortunate to have Senator Voinovich as your very strong advocate. He is a terrific Member of this Committee, and his endorsement and introduction of you carry great weight with the entire Committee. So thank you for being here today.

As you may be aware, we are in the midst of a recapitalization program for the Coast Guard that is known as the Deepwater Program. Study after study has said that the Coast Guard vitally needs to rebuild its cutters, its aircraft, and its communication system. Deepwater is the plan to do so.

That plan, however, stretches over some 20 years, and I think the Administration actually recently extended implementation of Deepwater to 22 years.

If we were to recapitalize the Coast Guard over a 10-year period, we would end up saving more than $1 billion. By stretching out implementation of Deepwater we are making the program far more expensive in the long run, as well as delaying the Coast Guard the use of vitally needed assets.

The Coast Guard, as you are well aware, in the post-September 11 environment has taken on a much greater mission for homeland security, for port security, and as a result is really stretched very thin.

Will you commit to taking a look at whether or not, rather than stretching out the recapitalization program, we could achieve sig-

nificant savings by recapitalizing the Coast Guard over a shorter period of time?

Ambassador PORTMAN. I certainly will take a look at that. This is always a difficult balance, looking at the year-to-year budget numbers and then looking at what some of the long-term implications are. I think I told you about some of the experiences I had as a Member of Congress in this regard, with regard to environmental cleanups where we could shorten the time and save taxpayers literally billions of dollars, which we were able to do on one site in the former Congressional District I represented. But we had to deal with the higher impact on the budgeting in those earlier years.

Given the situation we are in of trying to reduce our deficits and eventually our debt, we need to balance that against some of these long-term needs.

But I certainly will look at that particular issue with you and, in general, would like to work with you on that to be sure that we are making wise decisions for the long-term for the taxpayers.

Chairman COLLINS. Finally, I have many other questions that I am going to submit for the record but only one more that I want to raise here today.

Senator Carper and I have been working together over the last 3 years on comprehensive legislation to reform the Postal Service. It implements many of the recommendations of the President's Commission on the Postal Service and would place the Postal Service on sound financial footing going forward.

The Postal Service really matters to our economy. It is the linchpin of a $900 billion mailing industry that employs some 9 million Americans in fields as diverse as financial services, paper manufacturing, printing, publishing, and catalog production. It has an enormous impact on our economy. The need for predictable, affordable postal rates is evident as is the need to get away from the litigious, lengthy process that we have now for determining postal rates.

Both the House and the Senate have passed comprehensive postal reform bills, and we are about to begin our conference. But the biggest hurdle that we face right now is the Administration's insistence that the bill that we produce be budget neutral.

Here is the situation that we face: Over the next 10 years, the CBO's latest estimate is that this legislation would have an impact of $1.5 billion on the budget. That is substantially lower than the original score for this bill, which was $3.9 billion.

But if you look over the long-term you find that this legislation actually has a beneficial impact on the Federal budget because we require the Postal Service to pre-fund its enormous unfunded liabilities for health insurance. And because that money is paid into Treasury coffers before it is paid out to retirees, it has a beneficial impact on the Federal budget.

We only do postal reform legislation once every 30 years. Having dealt with this bill during the last 3 years, I understand why we only do it every three decades. I would urge you to work with us on postal reform. We need to get this bill through. It is an excellent bill, reflecting 3 years of work, and has passed both the House and the Senate. We need to work together and to recognize that the

long-term impact will not only put the Postal Service on a sound financial footing and require it to pay down enormous unfunded liabilities, but also that the long-term impact will be very positive for the overall Federal budget.

So I hope you will work with us. We really need to get this done, and we need to get it done this year.

Ambassador PORTMAN. Thank you, Madam Chairman.

I am impressed with all the projects that this Committee and you personally have ongoing. And this is a huge one. As you know, I have in the House had an opportunity to look into this and to vote on this. The pre-funding of the future retiree health benefits I know is a huge issue and an overhang that needs to be dealt with.

I understand the President's budget this year does have a way to take funding out of escrow and to start to pay down some of those future liabilities. But I will look forward to working with you on this with the hopes that we can come up with a solution. As you say, once every few decades we need to do this.

I agree with you that the predictability that could come with that and putting the service on a sound financial footing, at least for the next couple of decades, is critical. So I look forward to working with you on it.

Chairman COLLINS. Thank you very much.

Again, I want to thank you not only for your participation in this hearing today and fully answering all of our questions, but for your ongoing commitment to public service. You have succeeded at every job you have ever taken on, and I feel that we are very lucky in this country to have an individual with your talent and skills being willing to take on what I think may well be the most difficult and thankless job in the Federal Government. It is a credit to you and speaks well of your strong commitment to public service.

I thank your family for their commitment, as well, because I know it means working incredibly long hours. I am confident in predicting that you are going to have very strong support by this Committee, and we will work to move your nomination forward very quickly so that you can begin working instantly on all of the issues that we have raised today.

Without objection, the hearing record will be kept open until noon tomorrow for the submission of any additional written questions and statements for the record. The sooner you get that information back to us, the sooner we can proceed to a Committee vote.

I thank you very much for your appearance today and for your commitment to public service.

Ambassador PORTMAN. Thank you. Madam Chairman, I just want to thank the staff. The staff interview was very helpful to me.

And I want to thank you particularly for a speedy hearing and your willingness to expedite the nomination. Thank you.

Senator COLLINS. Thank you. This hearing is now adjourned.

[Whereupon, at 12:39 p.m., the Committee was adjourned.]

# APPENDIX

## The Return of Voodoo Economics

Republicans Ignore Their Experts on The Cost of Tax Cuts

By Sebastian Mallaby
Monday, May 15, 2006; A17

Nobody serious believes that tax cuts pay for themselves, as I noted last week. But most senior Republicans flunk this test of seriousness.

In January, George W. Bush declared that, "by cutting the taxes on the American people, this economy is strong, and the overall tax revenues have hit at record levels." Regrettably, this endorsement of what his dad called voodoo economics was not a one-time oversight. The next month, Bush told a New Hampshire audience, "You cut taxes and the tax revenues increase."

Bush is not alone in this. Dick Cheney, allegedly a serious person, asserted in February that the "tax cuts have translated into higher federal revenues."

Bill Frist is sometimes taken seriously, not least by himself. And yet the Republican Senate leader is capable of saying: "Many people in Washington have long known a dirty little secret about tax-cut measures: When done right, they actually result in more money for the government."

Chuck Grassley chairs the Senate Finance Committee and ought to know about this stuff. But he mouths the following nonsense: "There is a mindset in both branches of government that if you reduce taxes you have a net loss, if you increase taxes you have a net gain, and history does not show that relationship."

And just last week Sen. Rick Santorum (R-Pa.) celebrated the extension of the Bush tax cuts by saying, "We've put these tax provisions in place and they've raised money."

Okay, so let's review this issue with the help of some experts. I'd like to cite Richard Kogan of the Center on Budget and Policy Priorities, because his work inspired this column. But to win over reasonable conservatives, I'm going to choose N. Gregory Mankiw of Harvard, a proponent of tax cuts who chaired the Council of Economic Advisers in the Bush White House. Mankiw is a top-notch economist hired by Bush and Cheney to advise them. And last year he published a paper on how far tax cuts pay for themselves, reporting enthusiastically that this self-financing effect is "surprisingly large."

How large, exactly? Mankiw reckons that over the long run (the long run being generous to his argument), cuts on capital taxes generate enough extra growth to pay for half of the lost revenue. *Hello, Mr. President, that means that the other half of the lost revenue translates into bigger deficits.* Mankiw also calculates that the comparable figure for cuts in taxes on wages is 17 percent. *Yes, Mr. President, that means every $1 trillion in tax cuts is going to add $830 billion to the national debt.*

Let's engage in what Bush might call the soft bigotry of low expectations and cut Republicans some slack. Hey, maybe they just overlooked that Mankiw paper? Or maybe, despite hiring Mankiw to head the Council of Economic Advisers, they later acquired reasons to doubt his judgment? In that case they should at least have listened to Douglas Holtz-Eakin, another conservative economist who worked in the Bush White House and who went on to run the Congressional Budget Office.

In a study published under Holtz-Eakin's direction last December, the CBO estimated the extent to which a 10 percent reduction in personal taxes might pay for itself. The conclusions confirm that the free-lunch mantra is just plain wrong. On the most optimistic assumptions it could muster, the CBO found that tax cuts would stimulate enough economic growth to replace 22 percent of lost revenue in the first five years and 32 percent in the second five. On pessimistic assumptions, the growth effects of tax cuts did nothing to offset revenue loss.

So Mankiw isn't with them. Holtz-Eakin isn't with them. Which raises a question: When top Republicans go around claiming that tax cuts pay for themselves, which economic authorities are they relying on? None, is the answer. These people's approach to government is to make economics up.

The Republicans' only argument is that tax receipts have boomed in the years since the 2003 tax cut. But the question is whether tax receipts increased because the tax cuts worked some kind of magic or because the economy was headed up anyway after the recession, thanks maybe to low interest rates resulting from the Asian savings glut. Friends, the reason we have economists is so that they can solve these puzzles for us. Ignoring their solutions is like ignoring the judgment of medical science in favor of faith healers and quacks.

Politicians are always speechifying about how the United States must lead the world in research to maintain its edge. But having the world's best economics research isn't particularly helpful if those same politicians are silly enough to tune it out. The truth is that American business excels at turning university research into world-beating products; the paranoia on this score is overdone. But American government is often lousy at turning research into policies. That's what we should fret about.

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**Committee on Homeland Security and Governmental Affairs**
***Statement of Ambassador Rob Portman***
***Nominee for Director of the Office of Management and Budget***

Thank you, Madame Chairman. And thank you Senator Lieberman. I appreciate this opportunity to be before you as the President's nominee for the Director of the Office of Management and Budget. I also want to thank you and the other Members of the Committee who met with me or spoke to me in advance of today's hearing. Our conversations helped me to better understand your priorities and concerns.

I will need your input should I be confirmed as the OMB Director. Virtually no other position in government is responsible for such a broad portfolio of issues. If confirmed, I will take that responsibility very seriously and work hard on behalf of the American people to ensure their tax dollars are spent wisely.

As the Committee knows, I've served as the U.S. Trade Representative for just over a year. It has been a true privilege to work with the skilled and talented team at USTR, and I have been proud to represent our country in trade negotiations around the world. And I have enjoyed working with many Members of this Committee on trade issues.

Prior to USTR, I represented the 2nd District of Ohio and served on the House Budget Committee, the Ways and Means Committee, and also the House leadership committee to draft the Homeland Security Department legislation. This morning, I find myself returning to familiar territory – budget, taxes, entitlement policy, and program oversight.

Having served in Congress for 12 years, I understand the importance of open lines of communication with Congress. If confirmed, I will prioritize congressional consultation – just as I have at USTR – because I believe it is essential to successfully addressing the real opportunities and serious challenges we face as a country.

As this Committee knows well, OMB has a unique and important role in our system of government – all spending decisions and major regulatory changes are within its purview and it oversees the management of the executive branch.

I believe President Bush has helped to reprioritize the "M for management" in OMB. Should I be confirmed, I look forward to working with this Committee – on both sides of the aisle – to build on the good work of OMB Deputy Director for Management Clay Johnson and Members of this Committee. Through the President's Management Agenda and other initiatives, I see opportunities to work together to ensure that we're getting good results for the taxpayer's money.

This includes efforts in the executive branch to further streamline programs so that government services are as efficient and effective as possible. But it also includes budget process reforms. I believe a workable legislative line-item veto can help reduce wasteful spending and improve accountability. I also believe earmark reform is an additional way to bring transparency to government spending so the American people know how their hard-earned tax dollars are being used.

On the budget part of OMB, I also see an opportunity. Working together with Congress, we can create a more hopeful legacy for our children and grandchildren. In the past five years, our country and its federal budget have faced serious challenges – from the stock market bubble, the 2001 recession, and corporate scandals to the 9-11 attack, the ensuing War on Terror and the unprecedented natural disasters of Hurricanes Katrina and Rita.

In facing these challenges, the American people and our economy have proven up to the task. With help from the bold steps the President took, our resilient economy bounced back. We are now experiencing strong and positive growth in our economy in general, and jobs and revenue in particular. Our nation has added jobs for 31 months in a row – over 5 million new jobs for American workers. The national unemployment rate has fallen to 4.7 percent – lower than the average of the past three decades. The job market for college graduates is the best it has been in five years.

And the economy is growing. GDP grew at a healthy 4.8 percent annual rate in the first quarter of this year. This follows our economic growth of 3.5 percent in 2005 – the fastest rate of any major industrialized nation. Productivity increased at a strong annual rate of 3.2 percent in the first quarter. And just recently, we learned that hourly compensation rose sharply at a 5.7 percent rate in the first quarter.

As a result of economic growth, tax receipts in 2005 grew by 14.5 percent, or more than twice as fast as the economy itself. In February, OMB estimated that receipts would grow again in 2006 – by 6.1 percent. Just last week, the U.S. Treasury reported that revenues in the first seven months are at an all time high, exceeding OMB's estimates. This higher revenue growth – thanks to tax relief – will have a positive effect on deficit reduction.

All of this means from a budget perspective, we are on track to meeting the President's target of cutting the deficit in half by 2009. We've done this by working with Congress to focus spending on our national priorities while reducing spending elsewhere. We, of course, have more work to do. If confirmed, I will work closely with you to restrain spending while continuing to protect Americans at home and fight terrorism abroad.

Restraining discretionary spending, as we've done together in recent years, is an essential part of deficit reduction. But the unsustainable growth in entitlement programs, including Medicare, Medicaid, and Social Security, pose the greatest long-term fiscal danger. It is absolutely critical that we work together now to develop sound policies that put these programs on a sustainable footing for future generations. There, too, I welcome your input.

With the good news on the economy, growing tax revenues, and continued spending restraint, our short-term deficit picture looks better. But there is clearly a lot of hard work ahead to ensure our fiscal house is in order for the future.

I am an optimist. I believe that working together we can address our budgetary challenges and improve the management of the federal government in ways that serve the people we represent. Again, I appreciate the Committee's consideration of my nomination, and I look forward to your input and your questions.

# BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

## A. BIOGRAPHICAL INFORMATION

1. **Name:** (Include any former names used.) Robert Jones Portman

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

3. **Date of nomination:** April 18, 2006

4. **Address:** (List current place of residence and office addresses.)

   Office: Office of the United States Trade Representative, 600 17th Street, NW, Washington D.C., 20508

5. **Date and place of birth:** December 19, 1955; Cincinnati, Ohio

6. **Marital status:** (Include maiden name of wife or husband's name.)
   Married to Jane Dudley Portman (maiden name Jane Dudley)

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

8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
   University of Michigan Law School, 9/81-6/84, J.D. 5/84
   Dartmouth College 9/74-5/79, B.A., 5/79

9. **Employment record:** List all jobs held since college, including the title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.)
   7/79-5/81 – Select Commission on Immigration; Research Assistant; Washington D.C.
   6/82-8/82 – Taft, Stettinus & Hollister; Summer Law Clerk; Cincinnati, OH
   6/83-9/83 – Surrey & Morse; Summer Law Clerk; Washington D.C.
   9/83-12/83 – U.S. Department of State; Legal Extern; Washington D.C.
   10/84-10/86 – Patton, Boggs & Blow; Associate (Attorney); Washington D.C.
   11/86–3/89 – Graydon, Head & Ritchey; Associate (Attorney); Washington, D.C.
   3/89-9/89 – White House, Executive Office of the President; Associate Counsel; Washington D.C.
   3/89-5/91 – Executive Office of the President, Deputy Assistant to the President and Director, White House Office of Legislative Affairs
   9/91-4/93 – Graydon, Head & Ritchey; Partner (Attorney); Cincinnati, OH
   5/93-4/29/05 - U.S. House of Representatives; U.S. Representative, Washington D.C.
   4/29/05-present – Office of the United States Trade Representative, Executive Office of the President, United Stated Trade Representative.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above.
    Co-Chairman, National Commission on Restructuring the Internal Revenue Service (1996-97)

11. **Business relationships:** List all positions currently or formerly held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

    Board of Trustees 1991-2000, **The Springer School (Elementary School for learning disabled)**

Government Relations Committee, 1999-2002, **United Way of America**

State and Federal Relations Committee, 1996-2002, **Greater Cincinnati Chamber of Commerce**

Board of Directors, 1996-2000, **Community Anti-Drug Coalition of America (CADCA)**

Member, **Congressional Advisory Committee 2003-2005**

Founder and President, 1996-2001, **Coalition for a Drug-free Greater Cincinnati**
Chairman, 2001-2003
Founding Chairman 2003-4/2005

Board of Directors, 2002-4/2005, **The Clement and Ann Buenger Foundation**, Cincinnati, OH (Section 501 (c)(3) private charitable foundation)

**CincyTech USA Leadership Council**, Cincinnati, OH (non-profit regional technology initiative) 2002-4/2005

Board of Directors, 2002-4/2005, **Jobs for America's Graduates, Inc.**

Advisory Board Member, 2003-4/2005, **The Nelson A. Rockefeller Center for Public Policy at Dartmouth College**

Member-Board, 2003-4/2005, **Jobs for America's Graduates, inc.**

Advisory Board Member, 2003-4/2005, **The Nelson A. Rockefeller Center for Public Policy at Dartmouth College**

Member-Board, 2003-4/2005, **Coalition to save Hillcrest Cemetery**, Cincinnati, OH

Co-Chair, Fundraising Committee, 2002-4/2005, **ACT (Accountability & Credibility Together)**, Cincinnati, OH

Honorary co-chairperson, 2002-4/2005, **Promount House Museum Campaign**, Milford OH

Government relations Committee, 1991-2004, **Greater Cincinnati United Way & Community Chest**
Regional Public Policy Council, 2004-4/2005, **Greater Cincinnati United Way & Community Chest**

Honorary Member, (non-voting), 2003-4/2005, **Clermont County Convention & Visitors Bureau Board of Trustees**

Board of Selectors, 2001-4/2005, **Jefferson Awards for Public Service**

Honorary Chairman, 2002-March 25, 2005, **America's Majority Trust**

Limited and General Partner, **Portman Investors Limited Partnership,** 2003-3/31/2005

LLC Member, **Peavler Partnership,** General Partner, 1988-4/2005

Limited Partner, **Village Properties**

LLC Member, **Shaker Properties,** Managing Member, 1996-4/2005

LLC Member, **Graustark** , Managing Member, 1997-4/2005

Shareholder, **Portman Equipment Company**, (1960-2004)

Board of Directors, **Portman Equipment Company**, (1991-5/1993)

12. **Memberships:** List all memberships and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable and other organizations.

Member, The Explorers Club, NYC

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.
U.S. Representative – Ohio-02

(b) List all memberships and offices held in and services rendered to all political parties or election committees during the last 10 years.
Vice Chairman, Hamilton County Republican Party (4/11/2000 until 2/13/2001)

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

- 07/06/2005, $1,000 Schmidt, Jeannette
- 07/25/2005, $1,000 Schmidt, Jeannette
- 11/7/2000, $1,000, Shaw, E Clay Jr.
- 6/30/1999, $500, Baker, Richard
- 8/9/2000, $1,000 Lazio, Rick A
- 9/30/2003, $2,000 Bush, George W
- 7/30/1999, $500 Bush, George W
- 10/11/1994, $500, Ney, Bob
- 4/11/1994, $500, DeWine, Mike

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.

- Emergency Committee for American Trade 2006 Trade and Investment Leadership Award
- Clermont County Leadership Award 2005
- Honorary Degree Chatfield College 2005
- Ohio Parents for Drug-Free Youth, Annual Hope Taft Substance Abuse Prevention Advocacy award, 2005
- Securities Industry Association, Foundation for Investor Education, for support of the Stock Market Game program at Ripley-Union-Lewis-Huntington High School, Spring 2004
- Coalition for a Drug-Free Greater Cincinnati, Portman Award, May 5, 2003
- Americans for Tax Reform, Hero of the American Taxpayer Award, 2004, 2000
- Southern Ohio Health Services Network, 2003 Community Health Award
- Honorary Degree Urbana University 2002
- American Bar Association, for commitment to simplification of tax and pension laws, May 7, 2002
- National Conference of State Legislatures, Restoring the Balance Award, for leadership on pension portability and simplification and service to our federal system of government, February 2002
- National Defined Contribution Council, Public Sector Leadership Award, 2002
- The Small Business Council of America Special Congressional Appreciation Award, 2002

- Friend of the Farm Bureau
- FMI/FDI Thomas Jefferson Award, 1994-2004
- National Federation of Independent Business, Guardian of Small Business Award, 103rd-108th Congresses
- National Association of Manufacturers, Award for Manufacturing Legislative Excellence, 105th and 107th Congresses
- Coalition to Preserve Retirement Security, for Outstanding Leadership, January 30, 2001
- Institute for Electrical and Electronics Engineers Distinguished Public Service Award, 2001
- National Defined Contribution Council, in recognition of bipartisan leadership on pension reform and simplification in the U.S., September 2000
- American Shareholder Association, 2000 Friend of the Shareholder Award
- Cincinnati Health Network and Affiliated Organizations, in appreciation, 2000
- Savings Coalition of America, Philadelphia Financial Freedom Award, 2000
- Citizens Against Government Waste, 1999 Taxpayer Hero Award
- National Association of Professional Employees, 1999 Millennium Award
- Association of Ohio Philanthropic Homes and Housing for the Aging Board of Trustees, Citation Award, 1998
- Christian Coalition, Friend of the Family Award, 1998
- National Association of Police Organizations, Top Cops Award, 1998
- National Family Partnership, 1998 Kiki Camarena Award
- Mid-American Multicultural Travel and Tourism Network, Beacon of Freedom Special Legislator of the Year, September 17, 1998
- Boston University School of Public Health Join Together Certificate of Appreciation for leadership in promoting interdisciplinary collaborations to create safe and healthy communities, 1997
- Community Anti-Drug Coalitions of America, Congressional Leadership Award, 1997
- National Association of Enrolled Agents, Tax Legislator of the Year, 1997
- Community Anti-Drug Coalition of America, Congressional Leadership Award, 1996
- Pride, Special Achievement Award, 1996
- S Corporation Association Crusader of the Year Award, 1996
- Young Republicans, Award of Special Recognition, March 31, 1995
- National Association of Counties, Legislator of the Year Award, March 5, 1195
- U.S. Chamber of Commerce, Spirit of Enterprise Award, 1993-2002
- Citizens Against Government Waste, in appreciation of dedication to taxpayers of America, March 15, 1994
- Free Congress Foundation, Sound Dollar Award, 1994
- SBSC Small Business Advocate, 1994-2004
- Associated Builders and Contractors, Award, 103rd – 106th Congresses
- Citizens for a Sound Economy, Jefferson Award, 103rd Congress
- Watchdogs of the Treasury, Inc., 103rd – 106th Congresses
- National Association of Government Defined Contribution Administrators, Award of Appreciation
- National League of Cities Award
- National Society of Accountants, Champion of Small Business
- Young President's Organization, Sharing of Knowledge Award

15. **Published writings:** List the titles, publishers, and dates of books, articles, reports, or other published materials which you have written.

*Wisdom's Paradise: The Forgotten Shakers of Union Village* (with Cheryl Bauer) Orange Frazer Press, December 31, 2004, 296 pages, ISBN 1882203402

16. **Speeches:** Provide the Committee with four 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.

17. **Selection:**

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

I believe I was chosen as someone who had the experience to perform the important role as OMB Director.

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

House Member, 1994 -2005
Member, Ways & Means Committee
Member, then Vice-Chairman, House Budget Committee
Previous White House experience as Associate Counsel to the President 1998 and Director, White House Office of Legislative Affairs 1989-1991

**B. FUTURE 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? 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.

**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 to my knowledge.

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 and execution of law or public policy other than while in a federal government capacity.
None to my knowledge.

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.
None to my knowledge.

2. To your knowledge, 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.
None to my knowledge.

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.
None to my knowledge.

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

## 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.)

## AFFIDAVIT

Robert J. Portman 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.

Rob Portman

Subscribed and sworn before me this 26th day of April, 2006

Notary Public

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

May 1, 2006

The Honorable Susan M. Collins
Chair
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510-6250

Dear Madam Chair:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Robert J. Portman, who has been nominated by President Bush for the position of 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 April 26, 2006, from Mr. Portman to the agency ethics official, outlining the steps which he 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 the actions he agreed to take in his ethics agreement.

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

Sincerely,

Marilyn L. Glynn
Acting Director

Enclosures

**U.S. Senate Committee on Homeland Security and Governmental Affairs**
**Pre-hearing questionnaire for the Nomination of**
**Robert J. Portman to be**
**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 Director of the Office of Management and Budget (OMB)?

**Answer:**

I believe the President chose me for this nomination based upon my service in his administration as United States Trade Representative for the past year, and because of my experience working on the Federal budget as a member of the U.S. House of Representatives, particularly as Vice-Chairman of the Committee on Budget, and as a member of the Committee on Ways and Means.

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

**Answer:**

No.

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

**Answer:**

My background includes experiences as a member of the President's Cabinet as the United States Trade Representative, as a legislator in the U.S. House of Representatives, as Associate Counsel to the President and Director, White House Office of Legislative Affairs, under President George H. W. Bush, and in private law practice. These jobs have given me broad exposure to Federal policy, including budget development; experience with the workings of both the Executive and Legislative branches of government, familiarity with domestic and international financial markets, and management experience. My experience as Vice-Chairman of the House Committee on Budget provides me with particularly relevant experience for the challenges faced by the OMB Director.

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

**Answer:**

I have committed to the President, members of this Committee, and others that I would be dedicated to achieving the President's priorities and to doing so with a watchful eye on the taxpayers' dollars.

5. If confirmed, are there any issues from which you 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.

**Answer:**

I am unaware of anything that might constitute a conflict of interest, or appearance thereof, that might cause me to recuse or disqualify myself from any issue.

## II. Role of the Director, OMB

6. What do you anticipate will be your greatest challenges as OMB Director?

**Answer:**

In general, it seems to me the greatest single challenge for the OMB Director on the budget side is to ensure that the nation's resources are properly aligned with its challenges and priorities. On the management side, it is to ensure accountability for results, so the tax dollars are well spent.

7. How do you plan to communicate and work with Congress in carrying out OMB's responsibilities?

**Answer:**

If confirmed, it will be a priority of mine to communicate frequently and work closely with Congress in pursuing the President's agenda. Achieving the President's agenda of spending taxpayers' dollars wisely on priorities, restraining spending elsewhere, and keeping the economy strong can only happen through close consultation with Congress. I look forward to working with Congress to make that agenda a reality.

8. How well does OMB's current strategic plan reflect what you plan to accomplish during your tenure as Director? What would you change?

**Answer:**

I have not had the opportunity to review the OMB strategic plan, but I believe that strategic and performance planning are important, and I look forward to reviewing the plan. If confirmed as OMB Director, I plan to work closely with OMB policy officials and senior career staff to communicate my goals and objectives. If confirmed, I will also review OMB's current strategic and performance planning processes and goals in more detail, and will revisit as necessary. I also look forward to continuing a dialogue with the members of the Committee on these issues.

9. How would you plan to hold yourself and OMB's senior executives accountable for implementing the goals and objectives set forth in the strategic plan and ensuring the integration of OMB's statutory management, budget, and policy responsibilities?

**Answer:**

I have not reviewed the strategic plan, but I believe OMB's success will be determined in large part by our success in implementing the President's program consistent with a strategic plan. If confirmed as Director, I will use OMB's Senior Executive Service (SES) performance appraisal process to hold our managers accountable for achieving our goals and objectives. We will use this assessment to evaluate ourselves and to make decisions on SES compensation, including promotions and award determinations. The performance appraisal process will be a valuable tool to ensure OMB staff is working together in an integrated fashion to implement OMB's management, budget, and policy responsibilities.

10. Are there areas within OMB where you think that re-engineering its operations or activities could enable it to operate more efficiently?

**Answer:**

If I am confirmed as OMB Director, I will certainly conduct the responsibilities of that office with an eye toward identifying and implementing organizational or operational changes that might allow it to operate even more efficiently and effectively.

11. Because of the critical nature of OMB's mission, Congress has considerable interest in, and oversight responsibility for, OMB's implementation of its statutory authorities. Accordingly, having complete, accurate, and timely information about OMB's activities is paramount to Congress' ability to carry out its responsibilities.

a. What are your views on providing Congress timely and accurate access to federal agency records and other information to federal officials, if necessary, for Congress to fulfill its oversight responsibilities?

b. What are your views on providing Congress and GAO access to OMB records and other information and to key federal officials within OMB?

c. How would you propose establishing and maintaining constructive working relationships with Congress, as well as resolving any potential disputes regarding access to information and officials?

**Answer:**

I believe Congress should have timely access to accurate information consistent with the constitutional and statutory prerogatives and obligations of the Executive Branch. If confirmed, I will work to accommodate the interests of Congress and the GAO fully and appropriately, consistent with those constitutional and statutory prerogatives and obligations of the Executive Branch. Should I have any questions about a request for information, I would consult as appropriate with officials from OMB's General Counsel, the Counsel to the President, and the Department of Justice.

12. What challenges currently face OMB from a management as well as budget perspective? How will you, as Director, address these challenges and what will your top priorities be?

**Answer:**

I believe one of the most important challenges is to ensure we sustain a strong economy. By continuing to pursue pro-growth economic policies, particularly the extension of tax relief, and spending restraint, we can achieve the President's goal to cut the deficit in half by 2009. If confirmed, the management part of OMB would also be a top priority of mine. The President's Management Agenda outlines the management challenges for the Federal Government and the steps necessary to improve the management of Federal programs. Deputy Director for Management Clay Johnson is the deputy with responsibility for this agenda and, if confirmed, I would give him my full support to continue and build on the progress he has achieved in implementing the Agenda's goals.

13. How would you see your role in helping to enhance the integration of agency strategic and annual planning with OMB's budget reviews?

**Answer:**

Budget and Performance Integration is one of the five government-wide initiatives in the President's Management Agenda. The goals of this initiative are to ensure agencies are implementing the Government Performance and Results Act as Congress intended and that performance information is used in managing and budgeting for programs and agencies. In pursuit of that initiative, OMB developed the Program Assessment Rating Tool (PART) to measure the effectiveness of programs. My understanding is that OMB now integrates management and performance information into the budget reviews that are conducted as part of the effort to develop the President's annual budget submission. In order to achieve Congress' and the President's vision of a results-based government, it is important that we continue to enhance this integration.

## III. Policy Questions

### *A. Government Management*

14. What do you see as the top three management challenges facing the federal government?

**Answer:**

- While the Federal government faces several specific management challenges, there are also broad management challenges:
    - *Clearly defining and communicating our goals.* In all areas, the Federal government needs to have a clear definition of what it is trying to achieve. Managers need to clearly and regularly communicate to employees what performance is expected of them and how they will be measured. When we invest in information technology, we need to specify the expected benefit associated with that investment and how we will measure its performance. All agencies and programs need to define what outcomes they will achieve and have specific goals for each of them.
    - *Establishing greater accountability for achieving those goals.* Clearly defining and communicating goals fosters greater accountability. We need to identify who is responsible and what the performance targets are.
    - *Achieving our goals and measuring their impact.* Having clear goals helps focus efforts to achieve them, but much of what the Federal government does (e.g., research and development, protecting the homeland) is difficult to do and even more difficult to measure. When we are successful, we need to understand why and share that information with other agencies and programs so that they can learn from it and possibly replicate it.

15. Do you propose any changes to enhance OMB's ability to lead and coordinate implementation of statutory management efforts such as the Government Performance and Results Act, the Chief Financial Officers Act, and the requirement for agencies to appoint Chief Human Capital Officers?

**Answer:**

- It is my understanding that OMB currently devotes a great deal of time and attention to its leadership or co-leadership of the various management councils and will continue to do so.
- These groups representing inter-agency partnerships have been very effective in working through management issues and driving management improvements government-wide.
- Each year OMB strengthens its efforts to integrate budget and performance so that taxpayers get more for their money. If confirmed, I will be reviewing how OMB manages implementation of the Government Performance and Results Act.

16. Since 2002, OMB has used the Program Assessment Rating Tool (PART) to evaluate the management and performance of individual programs.

a. What changes, if any, do you expect to make to PART? Please explain.

**Answer (16a):**

- If confirmed, I will be reviewing whether there should be any changes to the Program Assessment Rating Tool (PART).

b. GPRA was created to involve both the executive and legislative branches in the performance planning process. The PART is solely an Executive Branch effort. What do you believe to be the appropriate relationship between the PART and GPRA? What role do you believe each should play in assessing program performance?

**Answer (16b):**

- It is my understanding that the PART is not distinct from the Government Performance and Results Act. It helps us ensure agencies are implementing the Act as Congress intended. Completing the PART helps agencies improve their performance measures, strengthen accountability for performance, and improve program effectiveness and efficiency, all goals of GPRA.
- Both GPRA and the PART require agencies to develop annual performance goals. Through the PART, agencies have ensured that those goals are outcome-oriented and have ambitious targets.
- A PART assessment of program performance is more comprehensive than GPRA because in addition to performance measures, it includes information on how well the program is designed and managed. PART assessments help inform and drive actions to improve program performance, many of which require Congressional action. Agencies have and will continue to consult with their authorizing, appropriating, and oversight committees on both PART and GPRA implementation.

c. What will you do to ensure that interested stakeholders have a role in developing and assessing performance standards under the PART analysis?

**Answer (16c):**

- If confirmed, I will encourage agencies and officials within OMB to consult with Congress and other interested stakeholders in the assessments of program management and performance.

d. What will you do to ensure that OMB does not assert pressure on agencies through the PART review to achieve short-term results which may actually conflict with agencies' efforts to set and achieve long-term strategic goals?

**Answer (16d):**

- It is my understanding that PART requires agencies to set and report progress on both short-term and long-term goals. I will ensure PART assessments give equal priority to both.

e. Does PART lead to second-guessing Congress in terms of program purpose and design? Do you think it is appropriate for an agency to get a poor rating under PART simply because the agency follows a Congressional mandate with which OMB disagrees?

**Answer (16e):**

- If a program is doing exactly what Congress and the President intended when they authorized the program, but the program is not achieving outcomes that benefit the American people, I would hope a PART assessment would illuminate that fact. Armed with this information, Congress and the President can work together to fix the program so that it maximizes what is achieved for the American taxpayer. A program should not get a poor rating simply because it follows a Congressional mandate with which OMB disagrees.

f. Of block grant programs reviewed by PART, 8 percent have been rated as ineffective and 45 percent have results not demonstrated. Block grants are designed to give state and local governments flexibility in use of funds, and many states and localities have their own performance and accountability review processes for spending under block grants. Do you think there is an inherent tension between PART and state/ local oversight of block grant programs?

**Answer (16f):**

- If 53 percent of block grant programs are ineffective or results not demonstrated, that means 47 percent are rated adequate, moderately effective, or effective. I think we should be doing whatever we can to share the practices of effective block grant programs with those not performing as well so that all block grant programs improve at an accelerated pace.

g. Last year, Comptroller General David Walker testified at a U.S. Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Financial Management, Government Information, and International Security hearing ("21st Century Challenges: Performance Budgeting Could Help Promote Necessary Reexamination" (GAO-05-709T)). He stated that while PART is one of the Administration's means of reviewing federal programs and calling attention to the success or lack thereof of particular programs, "it is not clear that PART has had any significant impact on authorization, appropriations, and oversight activities to date." Also, an analysis of the President's FY07 budget request shows that of the 141 programs proposed for elimination or budget cuts, less than one-third have gone through the PART process, and among the 45 programs on that list, twelve were rated "adequate" and three were rated as "moderately effective." How important do you think the PART is as a tool for the Administration to assess programs? What do you think should be done for the PART to have a significant impact on Congressional decisionmaking?

**Answer (16g):**

- By identifying programs' strengths and weaknesses, it is my understanding that the PART has helped focus efforts to improve program performance and efficiency. Many of these actions can be achieved administratively and can help us achieve more with existing resources.
- I believe performance information is also valuable when determining how to allocate scarce resources and considered when developing the President's Budget, although it is only one among many factors in making funding decisions.
- Using performance information to justify its budget proposals brings more information to bear in Congressional decision-making. The Administration saw evidence of this in the 2005 appropriations when Congress enacted 89 of the 157 reductions and terminations proposed by the President.
- It is my understanding that OMB and agencies have been consulting with the Congress on the program assessments and working to provide information that will be useful to Congress in its decision-making. I will encourage OMB and agencies to continue this consultation to make PART information more useful to Congressional decision makers.

17. The Improper Payments Information Act of 2002 requires agencies to reduce their improper payments. What steps will OMB take under your direction to meet the requirements of the Act?

**Answer:**

- The Administration has made eliminating improper payments one of its top management priorities.
- To be successful, I believe the Administration must continue to hold agencies accountable for establishing and maintaining error measurements for all high risk programs, developing aggressive (yet feasible) error reduction targets, and initiating corrective actions to achieve those targets.

18. What do you think is the importance of each of the five major initiatives of the President's Management Agenda:

a. Strategic Management of Human Capital?

b. Competitive Sourcing?

c. Improving Financial Performance?

d. Expanded Electronic Government?

e. Budget & Performance Integration?

**Answer:**

It is my understanding that together, the initiatives of the President's Management Agenda are designed to improve the effectiveness and efficiency of the Government's programs.

19. OMB is required under the Government Performance and Results Act to annually develop a governmentwide performance plan; this plan is expected to provide a comprehensive picture of government performance and could be used to provide a more strategic, crosscutting focus on policy and budget decisions to address goals that cut across conventional agency and program boundaries. OMB has not issued a governmentwide plan in recent years.

a. How do you plan to comply with the requirement for a governmentwide plan?

b. How can the governmentwide performance plan help to focus decisions on broader issues cutting across specific agencies and their programs and reduce program overlap?

c. What are your views on augmenting the required governmentwide performance plan with a long-term strategic plan for the federal government?

**Answer:**

- My understanding is that the President's Budget provides a great deal of performance information and sets out long term, strategic goals. Together with the agency performance budgets and www.ExpectMore.gov it represents the government-wide performance plan.
- Also www.ExpectMore.gov, a new website launched in February, reports on how well Federal programs are performing, their current performance information, and what they are doing to improve their performance. It is the most comprehensive performance information on Federal programs that exists today.

20. 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?

**Answer:**

- While I am not very familiar with the details of the Financial Management Line of Business (FMLOB), it appears to be a sensible approach for addressing financial management and financial management system deficiencies in government agencies and departments.
- By leveraging the expertise and economies of shared service solutions, I am told the FMLOB will allow agencies to implement higher performing financial systems at lower risk and cost.

21. For the past 5 years, the Principals of the Joint Financial Management Improvement Program (JFMIP)—the Director of OMB, the Secretary of the Treasury, the Director of OPM, and the Comptroller General—have personally worked together and met on a regular basis to provide the leadership necessary to address pressing governmentwide financial management issues. Do you plan to continue OMB's active involvement and the regular, personal involvement of the JFMIP Principals in achieving federal financial management reform?

**Answer:**

- Yes. My understanding is that JFMIP Principals play an important leadership role in advancing improvements in government accounting and Federal financial management.
- If confirmed, I will work with the Secretary of Treasury, the Comptroller General, and the Director of OPM, to continue to improve the accuracy, timeliness, and transparency of the Government's financial reports.
- These efforts are an important component of the PMA initiative to improve financial management.

22. In its March 2006 report "Financial Management Systems: Additional Efforts Needed to Address Key Causes of Modernization Failures" (GAO-06-18), GAO indicated that more must be done in 4 key areas "to facilitate the implementation of the financial management line of business and Joint Financial Management Improvement Program (JFMIP) realignment initiatives across the government: "(1) developing a concept of operations, (2) defining standard business processes, (3) developing a strategy for ensuring that agencies are migrated to a limited number of application service providers in accordance with OMB's stated approach, and (4) defining and effectively implementing disciplined processes necessary to properly manage the specific projects." Do you agree with this assessment? If yes, then what steps will you take as the Director of OMB to ensure that OMB continues addressing these challenges?

**Answer:**

- If confirmed as Director, I will continue to rely on my leadership team of Clay Johnson (the Deputy Director for Management), Linda Combs (the Office of Federal Financial Management Controller), and Karen Evans (the E-gov Administrator) to address these recommendations.
- I am told OMB, working closely with the CFO and CIO communities, has several initiatives underway which address GAO's recommendations and if confirmed, I will continue to support these efforts.

***B. Government Information, Openness and Transparency***

23. Given the regular involvement that OMB has with other federal agencies, along with its dissemination responsibilities delineated under the Paperwork Reduction Act and the E-Government Act, what steps can OMB take to ensure that other agencies achieve the high standard of disclosure and access necessary for the government to be fully accountable to and interactive with the public? Are there steps you would like to undertake to strengthen public access to government information? If so, what are they?

**Answer:**

I have been advised that together with the President's December 2005 Executive order concerning the Freedom of Information Act, OMB's recent policies for improving agency information dissemination and use of agency public websites should go a long way toward strengthening the public's access to government information.

If confirmed, I would like to wait and see how effectively agencies implement the Order and OMB's policies until I make any judgments on what more should or could be done.

24. Under the Paperwork Reduction Act, the Electronic amendments to the Freedom of Information Act, the E-Government Act, and current OMB circulars, there is a general policy that supports disseminating government information, and encourages use of the Internet for dissemination purposes. The other approach to making information accessible is for the public to request records from agencies through the Freedom of Information Act. What criteria should be applied in deciding when it is better for government to be more proactive in its dissemination of information to the public or when to release information only in response to specific requests, such as under the Freedom of Information Act?

**Answer:**

It is my general belief that agencies have a responsibility to provide information to the public consistent with their missions and with the constitutional and statutory prerogatives and obligations of the Executive Branch. When managing information dissemination programs, agencies must consider the effects of their efforts on the public, State and local governments, and industry to avoid undue burden and inappropriate competition.

In determining whether and how to disseminate information to the public, agencies must determine the best balance between the goals of maximizing the usefulness of the information and minimizing the cost to the government and the public.

*C. E-Government*

25. Expanded electronic government, or E-Government, is one of the five major initiatives of the President's Management Agenda. A provision in the Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act of 2006 (P.L. 109–115) states "no funds shall be available for transfers or reimbursements to the E-Government Initiatives sponsored by the Office of Management and Budget (OMB) prior to 15 days following submission of a report to the Committees on Appropriations by the Director of the Office of Management and Budget and receipt of approval to transfer funds by the House and Senate Committees on Appropriations." Is OMB in compliance with this provision? Do you support such a requirement for future years?

**Answer:**

I believe Congress should have timely access to accurate information consistent with the constitutional and statutory prerogatives and obligations of the Executive Branch. If confirmed, I will work to accommodate the interests of Congress as it relates to the President's Management Agenda and in particular to the E-Government initiative.

26. What must OMB do to communicate the importance of E-Government and other cross-cutting initiatives to Congress?

**Answer:**

My understanding is that OMB has increasingly reached out to Members of Congress and their staff to explain the E-Government goals; performance relative to the goals; and the cost savings and benefits from the initiatives but I will be reviewing how to do more.

27. As the Director, would you make e-government initiatives a high priority? How would you assess governmentwide progress and success in e-government initiatives?

**Answer:**

Yes. If confirmed, I will be committed to the President's goals to expand E-Government. Prudent management and information technology integration is critical to improved government program performance. If confirmed as Director, I would continue to rely on my leadership team of Clay Johnson (the Deputy Director for Management) and Karen Evans (the E-Gov Administrator) to assess governmentwide progress and success with E-Government.

28. What steps should the Administration take to improve the federal government's portal, FirstGov.gov, and to encourage citizen use? Will you support an adequate level of funding to ensure that the federal portal continues to improve, consistent with the mandates of the E-Government Act of 2002?

**Answer:**

It is my understanding that Firstgov.gov is a highly-acclaimed government website. If confirmed, I will continue support for FirstGov.gov, as it complements agency information dissemination programs by providing in a central location ways to help the public locate government information and services.

29. What is your view of the potential for e-government to improve the public's participation in government processes? What is your view of its potential to improve public access to government information? Please explain your answer and give specific examples.

**Answer:**

I believe E-Government has the potential to fundamentally change agency structures, work processes, and improve ways of interacting with the public. As a result, the Government can provide more timely and accurate information to citizens and government decision makers, improve the effectiveness and efficiency of agency programs, and deliver results to the American people.

30. Pursuant to Section 207 of the E-Government Act of 2002, in 2004 an Interagency Committee on Government Information established by the OMB Director recommended standards for organizing government information in ways that make it electronically searchable. The OMB Director was then required to promulgate policies based on those recommended standards. In December of 2005, OMB promulgated a summary of pre-existing policies. OMB staff explained that OMB did not follow any of the Committee's recommendations because they were viewed as unrealistic. Do you believe that OMB has complied with Section 207? If confirmed, will you revisit the issue and consider promulgating new policies?

**Answer:**

This is an issue I will have to review.

31. The E-Government Act of 2002 requires the establishment of a federal website providing public access to information about research and development funded by the federal government? OMB has complied with this requirement by ensuring modest funding of the RADIUS database. The RADIUS database contains substantial amounts of data on research and development funding, but the web site is under-utilized. What steps would you take to promote the ongoing development of the database and web site, and to ensure greater awareness and utilization by the public?

**Answer:**

I have been advised that the Federal Government funds two primary research and development information repositories: RaDiUS (https://radius.rand.org) and Science.gov. It is my understanding use of Radius and science.gov is in part driven by the needs of the users, and agencies continuously evaluate these programs to ensure they meet user needs.

32. The E-Government Act of 2002 requires federal agencies to establish electronic dockets so that agency rulemaking can be publicly accessible over the Internet. Some agencies have objected to standardized online rulemaking; Congress has threatened funding for the initiative; and many users complain the web site is not well designed. How would you move past these difficulties to allow more efficient online interaction and tracking of public rulemaking?

**Answer:**

It is my understanding that the E-Rulemaking initiative, lead by EPA, is a centralized rulemaking site that provides citizens the best use of their tax dollar and a helpful tool to understand how their government is serving them. If confirmed, I will be in a position to look into this issue further.

***D. Information Sharing***

33. Congress included in the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) a requirement that the President establish an information sharing environment (ISE) for the sharing of terrorism information. Unfortunately, it appears that only minimal progress has been made toward achieving the ISE and that a number of the requirements set out in IRTPA have been neither promptly nor fully met. In December 2005, the 9/11 Public Discourse Project issued a final report on the implementation of each of the 9/11 Commission's recommendations; the information sharing elements received a "D," and the report found that the office of the ISE Program Manager was "not getting the support it needs from the highest levels of government." A March 2006 report by the Government Accountability Office (GAO) concluded that "more than 4 years after September 11 the Federal government still lacks comprehensive policies and processes to improve the sharing of information that is critical to protecting our homeland."

a. As Director of OMB, which has government-wide oversight responsibility for information management, what steps would you take to improve information sharing efforts across federal agencies, support the efforts of the ISE Program Manager, and fulfill both the letter and spirit of section 1016 of IRTPA?

**Answer (33a):**

If confirmed as Director, I will continue to rely on Clay Johnson (the Deputy Director for Management and Karen Evans (the E-Gov Administrator) to work with the Program Manager and the agencies to ensure the actions required by the Intelligence Reform Act are effectively implemented including coordinating with the Privacy and Civil Liberties Oversight Board.

b. What level of funding do you believe is necessary to adequately support the federal government's information sharing efforts, including the development and implementation of the ISE? Do you believe it would be helpful to have a separate line item in the budget specifically to support the information sharing efforts of the ISE Program Manager?

**Answer (33b):**

I do not know the details of the ISE PM, but am advised that the successful creation of the Information Sharing Environment is critical to winning the War on Terror. If confirmed as Director, I will work with the DNI to ensure the Information Sharing Environment resources are adequately addressed.

c. Section 1016(d)(2) of IRTPA required that, within 270 days of enactment (i.e., by September 13, 2005), the President, in consultation with the Privacy and Civil Liberties Oversight Board, issue guidelines to "protect privacy and civil liberties in the development and use of the ISE." However, when the President issued Guidelines and Requirements in Support of the Information Sharing Environment on December 16, 2005 – three months after the statutory deadline – there were no specific guidelines on protecting privacy and civil liberties. Instead, the Attorney General and the Director of National Intelligence (DNI) were given an additional 180 days to develop such guidelines and submit them to the President through the Director of OMB.

c (i). Has the Privacy and Civil Liberties Oversight Board been consulted about privacy and civil liberties guidelines for information sharing? What is the role of the Privacy and Civil Liberties Board in the development of such guidelines?

**Answer (33c (i)):**

It is my understanding the Board is being consulted as directed in the Intelligence Reform Act and the President's Executive Order but I will review this issue, if confirmed.

33c (ii). If confirmed, what specific steps will you take as OMB Director to ensure that government information sharing efforts protect individuals' privacy and civil liberties?

**Answer (33c (ii)):**

Through OMB's oversight of agencies privacy practices and the work of the Privacy and Civil Liberties Oversight Board, I will work to help ensure that privacy and civil liberties will be protected as we improve government information sharing.

d. In its March 2006 report, GAO found that federal agencies report use of 56 different designations to protect sensitive but unclassified information; that for most such designations, there are no government-wide policies or procedures that describe the basis for the designation to be given or to ensure that it will be used consistently from agency to agency; and that the lack of a standardized policy increased the challenges in sharing such information. GAO recommended, among other things, that the OMB Director issue, in conjunction with the DNI, a policy that consolidates sensitive but unclassified designations where possible and addresses their consistent application across agencies; and that the OMB Director issue a directive requiring agencies to have in place internal controls, including implementation guidance and a training and review process, to help make sensitive but unclassified programs more effective. If confirmed as Director of OMB, will you commit to carrying out these recommendations?

**Answer (33d):**

If confirmed, I would be committed to carrying out the recommendations, as appropriate, to improve government-wide processes related to the sharing of sensitive information.

*E. Fiscal Policy*

34. Do you advocate any change in current budgetary laws, rules, or procedures to improve budget discipline?

**Answer:**

- The Administration supports a number of budget reform proposals that would enhance budget discipline and make the process more efficient.

- Legislative Line Item Veto. In his State of the Union address, the President asked the Congress to give him the line-item veto. The President's proposal is designed to do two things: one, to give the President a tool to reduce unnecessary or wasteful spending; and, two, to improve accountability and cast a brighter light on spending items that probably would not have survived had they not been included in a much larger bill. This line item authority would allow the President to reach into these bills and subject unjustified spending to additional public scrutiny, without endangering other priorities.

- Discretionary caps. The Administration has proposed extension of the BEA with 5-year statutory caps on discretionary spending.

- Mandatory spending restraint. The Administration also proposes to require that legislative changes that increase mandatory spending, in total, do not increase the deficit.

- Other. My understanding is that the Administration proposes a number of additional measures and reforms that would reform the budget process: biennial budgeting, a joint budget resolution, an automatic continuing resolution to prevent Government shutdown, new measures to address the long-term unfunded obligations of Federal entitlement programs, and a sunset and results commission.

35. What do you think is an appropriate rate of growth for discretionary spending over time?

**Answer:**

- It is my understanding that the 2007 Budget proposes 5-year discretionary spending levels that provide for a modest, but reasonable spending growth plan that hovers near or below the rate of inflation through 2011.

- I believe these levels would help to meet the goal of cutting the deficit in half by 2009.

- The Administration's Budget increases funding in high priority defense and homeland security programs and offsets these increases with savings in low priority programs, programs where there is not a clear Federal role, and through striving for greater performance of Federal programs at a lower cost.

36. What would be your strategy for reducing the deficit? Do you believe there are particular programs that should be subject to spending reductions as part of this strategy? Please explain.

**Answer:**

- If confirmed, I would support the twofold approach the President has outlined for reducing the deficit: promoting economic growth to increase tax revenues and restraining growth in both discretionary and mandatory spending, while supporting vital priorities such as winning the war against terrorism and securing the homeland.
- First, I believe a pro-growth economic agenda will increase revenues and reduce the deficit. For example, the tax relief enacted to date has been critical to helping our economy expand at a healthy pace despite a historic series of economic shocks, starting with the recession and the terror attacks of 2001 and continuing through the hurricanes last summer. In 2005, our economy grew by an estimated 3.5 percent, which was the third consecutive year of healthy growth, and real growth in the first quarter of this year was a vigorous 4.8 percent. With the economic expansion, tax receipts rebounded. In 2004, the receipts grew by 5.5 percent, and in 2005, the receipts jumped by a remarkable $274 billion, or 14.5 percent, which was the largest increase in 24 years. I believe we should maintain our economic strength by extending the tax relief that has fueled our economic expansion.
- Second, I believe aggressive spending restraint in both non-security discretionary spending and mandatory spending will be critical not just for near-term deficit reduction, but especially for holding down the deficit in the long term. In regards to mandatory spending programs, I believe the Administration's proposals to slow the growth in spending in these programs, saving $65 billion over 5 years, are an important step towards a sustainable long-term budget picture. More needs to be done. Toward the end of the next decade, deficits stemming largely from mandatory programs such as Social Security and Medicare will begin to rise indefinitely, and no plausible amount of discretionary spending cuts or tax increases could possibly solve this problem. I support the Administration's willingness to take on these future unfunded obligations and to propose long-term mandatory program reforms.

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

**Answer:**

- Clearly, major tax law changes can have significant effects on the economy. I believe the Administration and Congress should be able to consider these economic effects as part of the budget and legislative process. To that end, the Administration has proposed a new division within the Department of the Treasury's Office of Tax Analysis to estimate the economic effects of major tax proposals.

- As I understand it, there are still a large number of technical issues related to translating estimated economic effects – "dynamic analysis" – into the official scoring estimates that are used in the legislative process – "dynamic scoring." Until these issues are resolved, I believe the results of dynamic analysis can provide helpful supplemental information when reviewing legislation.

38. Last year, Comptroller General David Walker testified at a U.S. Senate Committee on Homeland Security and Governmental Affairs, Subcommittee on Federal Financial Management, Government Information, and International Security hearing (21st Century Challenges: Performance Budgeting Could Help Promote Necessary Reexamination (GAO-05-709T)) that "the federal government is in a period of profound transition and faces an array of challenges and opportunities to enhance performance, ensure accountability, and position the nation for the future." What do you see as the most important "opportunities to enhance performance, ensure accountability, and position the nation for the future," and how will OMB take advantage of them?

**Answer:**

The President has outlined an ambitious agenda to "position the nation for the future." OMB has a responsibility to assist the President in implementing this agenda. If confirmed, I will be in position to know more about what the opportunities are and how OMB can take advantage of them.

39. In late 2004, and again last fall, OMB imposed topline reductions on proposed defense budgets of almost $60 billion across the Future Years Defense Plan. How do you intend to ensure that potential future defense budget reductions are driven primarily by military analysis and requirements?

**Answer:**

- Department of Defense funding is one of the Administration's highest priorities.

- My understanding is that all Defense budget requests are developed in close coordination with senior Pentagon officials, using the best available analysis of military needs. The national security of the United States is obviously of paramount importance and the President's Budget this year and in the last five years reflects this reality. Since 2001, the Administration has increased the defense budget by almost 50 percent, not including Supplemental funding.

40. The collection and management of criminal debt, primarily fines and restitution, has been a long-standing problem for the federal government. Repeated GAO studies have shown that billions of dollars of outstanding criminal debt remain to be collected by the Department of Justice. While the Department of Justice has made progress over the past several years in improving its collection of criminal debt and increasing federal revenues, additional substantial improvement appears warranted. What kinds of new policies, resources and incentives would enhance and mobilize more effective collection of criminal debt? Would the return to the Department of Justice of three percent of criminal debt monies collected, in a fashion similar to the current return of three percent of civil collections, assist and encourage the Department to more effectively administer its debt collection responsibilities?

**Answer:**

- It is my understanding that the Administration has improved its collection efforts with the creation in 2005 of an interagency working group involving Justice, Treasury, OMB and the Administrative Office of the U.S. Courts and is taking steps to make additional improvements.

***F. Human Capital Management***

41. Many of the human capital challenges that agencies face will require targeted investments of resources, especially for training and individual performance incentives. How would you work with agencies to ensure they have the resources necessary to succeed in making their agencies employers of choice? Would you be an advocate for additional resources for human capital management within the Administration?

**Answer:**

- As I understand it, under the President's Management Agenda, agencies have adopted human capital strategies to better accomplish organizational missions. They are also developing agency budgets that target resources toward training, recruitment and other activities to ensure they have the right staff to succeed.
- Ensuring the money is spent on effective training that is reinforced and supported by management will be a challenge.
- I think there should be a commitment to training and will consider developing mechanisms to see that funds are dedicated to training, if confirmed.

42. What is your view of the concern that, without adequate safeguards, performance-based compensation systems can be subject to favoritism and politicization of compensation decisions?

**Answer:**

We should not allow favoritism or politics to influence pay decisions. However, this does not mean that we should avoid reforming these systems to make performance more of a factor in each individual employee's pay. Adequate safeguards must be in place to ensure favoritism and politics are not factors about an employee's pay.

43. What additional steps, if any, do you believe the Departments of Defense and Homeland Security should take to build employee trust in their respective personnel systems?

[Answered as part of Question #48]

44. Do you believe there are special challenges in establishing a pay-for-performance system in some environments? Do you believe there may be certain settings where pay-for-performance is not appropriate? For example, how do you believe pay-for-performance could be made to function effectively in a workforce that requires extensive teamwork to successfully accomplish its mission? What is your opinion about whether and how pay-for-performance could be applied effectively in a law-enforcement context, or in the case of Administrative Law Judges?

**Answer:**

- The challenge in establishing pay-for-performance systems in any environment is to have clearly defined performance measures and targets tied to agency mission.
- Many jobs in the Federal government require strong team work to accomplish their goals. In those cases, employee performance can be judged based on both individual and team accomplishments.

45. What is your view on the respective roles and responsibilities of OPM and OMB in federal human capital management?

**Answer:**

- It is my understanding that OPM's primary role is to aid and advise the President on actions to promote an effective civil service in accordance with Merit System Principles. OPM also has the lead in assuring progress in the Strategic Management of Human Capital Initiative.
- It is my understanding that OMB ensures that the Human Capital Initiative is implemented in concert with and in support of the other management initiatives. OMB is also responsible for assessing the budgetary implications of the government's personnel policies.

46. With a significant portion of the acquisition workforce eligible to retire in the next few years, OMB has begun initiatives to develop and manage this critical human capital resource. However, most of OMB's focus has been on standardizing the education, training, and experience requirements for contracting professionals to improve workforce competencies and increase career opportunities. At the same time, many agencies' vacancies go unfilled in the face of competition over too few qualified and experienced candidates. How would you respond to this challenge?

**Answer:**

- I understand that OMB tasked senior acquisition managers with establishing workforce plans that include recruitment needs, retention strategies, and skills assessments, and the primary focus will be to support the community in this effort.

47. What role should federal employees and their organizations and unions play in the design and implementation of federal human capital policies and practices? To what extent should they be subject to collective bargaining? What steps would you take, as Director of OMB, in this regard?

**Answer:**

- For new human capital policies and practices to work, I believe that there must be employee buy-in and the best way to get that is employee involvement. Federal employees and their representatives should have participation in the design and implementation of new HC policies and practices.

48. It is often argued that one function of statutory civil service projections, such as assurances of job and pay, is to enable career civil servants to serve as a bulwark against improper politicization and abuse of the organs of government. Do you agree? If so, how can we ensure that proposals to grant increased flexibility to managers in the areas of hiring, firing, and setting of pay and benefits would not compromise the ability of the civil service system to serve this function?

**Answer:**

- It is my understanding that the Administration strongly agrees with the merit system principles and the protections against prohibited personnel practices and would require that these provisions be upheld under any increased Human Resource flexibility or authority given to managers. These laws help guard Federal employees against undue political influences so that they can do their jobs and serve the taxpayers.

*G. Competitive Sourcing*

49. The Administration anticipates realizing cost savings and improvements in the performance of commercial functions by competing these functions between public and private entities. Should public-private competitions be the primary tool agencies use to determine which sector should perform commercial functions? Given the inherent differences between the public and private sectors, what can be done to ensure that these competitions are fair to both sectors? In your view, how should the government decide which services should be provided by government employees and which would be appropriate to be potentially provided by contractors?

**Answer:**

- Evidence to date shows that public-private competition for commercial functions can be a highly effective tool for achieving significant savings and better service.
- Rules governing competitions must be transparent and provide for impartial and consistent decision-making.
- Federal employees should perform all inherently governmental activities and commercial activities that are unsuitable for private sector performance. Private sector performance should be considered only for activities that are commercial in nature and can be provided by contractors more efficiently and effectively than by Federal employees.

50. Congress has expressed opposition to establishment of arbitrary goals, targets, and quotas for contracting out government work. Will you commit to rejecting arbitrary goals, targets, and quotas under the President's privatization initiative?

**Answer:**

- I do not support arbitrary goals, targets, or quotas. Nor do I see competitive sourcing as an initiative to outsource or privatize government functions. I view competitive sourcing as a management tool that can help agencies determine which sector and provider can meet the citizens' needs in the best and most cost-effective manner. Its use must be tailored to meet each agency's workforce and mission needs.

51. What steps will you take to reach out to federal employees and ensure that they are treated fairly under the A-76 process?

**Answer:**

- If confirmed, I will ask OFPP and the OMB budget offices to work with agencies to ensure the Circular is followed. I understand that Federal employees have won more than 80 percent of the work that has been competed over the past 3 fiscal years, which suggests that employees and taxpayers are faring well in competitions.

52. In response to questions from the House Subcommittee on Government Management, Finance and Accountability following the Subcommittee's March 15, 2006 hearing, "OMB's Financial Line of Business Initiative: Are We Ready?", OMB has stated that it will "provide a general deviation [to the A-76 process] for public-private competitions involving the potential migration of 10 or fewer positions." (Emphasis by OMB.) This policy would be a direct contradiction of the May, 2003 revisions to the A-76 circular, which eliminated direct conversions and established streamlined procedures for competitions involving fewer than 65 employees.

a. Do you think that work performed by federal employees should be given to private contractors without competition, and if so, under what circumstances?

**Answer (52a):**

- If confirmed, I will look into this issue.

b. How are direct conversions consistent with the goal of providing the taxpayers the best value at the lowest cost?

**Answer (52b):**

- If confirmed, I will look into this issue.

c. If OMB allows direct conversions for workloads performed by as many as ten employees, what procedures should OMB implement to ensure that agencies do not abuse the policy by breaking up tasks into groups of people fewer than ten and outsourcing the work without competition

**Answer (52c):**

- My understanding is that OMB is planning to encourage public-private competition, not direct conversions.

53. Do you believe that there is new work or work currently performed by contractors that should be subject to public-private competition for possible insourcing? If public-private competitions result in the greatest efficiency for work traditionally performed by government workers, why would OMB not give federal employees the opportunity to win through competition work that they can perform more efficiently than contractors?

**Answer:**

- If confirmed, I will look into these issues.

54. Current A-76 rules do not allow federal employees who have made a "Most Efficient Offer" (MEO) to protest an agency's decision in an A-76 competition to the General Accounting Office (GAO) but do allow an "agency tender official" to protest on their behalf. Private sector contractors have standing to protest A-76 decisions before GAO. Do you support granting protest rights not only to the agency tender official but also to a representative chosen by the federal employees? Please explain.

**Answer:**

- If confirmed, I will look into these issues.

55. In its FY2006 budget submission, the Department of Veterans Affairs (VA) reported that its alternative to the A-76 circular, known as Business Process Reengineering, "would initially reduce and eventually eliminate the need for a separate competitive sourcing program within VA." To what extent would you support the use this type of in-house reengineering in selected instances as an alternative to A-76?

**Answer:**

- I am not familiar with VA's program. If confirmed, I would look to the OFPP Administrator to consider whether deviations to pursue alternatives to A-76 public-private competitions are justified and appropriate.

56. Last November, the General Accounting Office (GAO) found that the Department of Veterans Affairs (VA) did not track its in-house time and expenses associated with performing cost comparison studies to determine whether increased savings can be obtained from outsourcing certain segments of its operations. GAO stated that "VA was unable to provide us with any estimate, no matter how rough, of the time its VA employees spent on activities in connection with the cost comparison studies . . . [T]his amount is likely to be substantial." ("Subject: Purpose Statute Violation: Veterans Affairs Improperly Funded Certain Cost Comparison Studies with VHA Appropriations" (November 30, 2005), GAO-06-124R.) What steps will you take to ensure that agencies keep track of time and expenses related to conducting cost comparisons in-house? What steps will you take to ensure that such costs are taken into account in projecting savings from the A-76 process?

**Answer:**

- I am not familiar with the GAO's report, but support efforts to ensure that the competitive sourcing initiative is carried out in a transparent manner. This includes tracking the incremental costs of competition (i.e., out-of-pocket expenses) to project net savings from public-private competitions.

***H. Acquisition***

57. How will you ensure that the federal government is obtaining fair and reasonable prices, does not avoid competition, and otherwise ensures that it obtains the best value for the taxpayer in the acquisition of services?

**Answer:**

- If confirmed, I will look to the Administrator for Federal Procurement Policy to ensure agencies are using sound contracting practices. These practices include the consistent use of competition, contracts with clear performance standards that tie payment to results, and effective oversight to make sure contractors deliver on their commitments.

58. The acquisition function and processes at several agencies has been on GAO's high-risk list for over a decade and in January 2005 GAO added interagency contracting to this list. DOD, NASA, and DOE spend billions of dollars as a result of ever-increasing reliance on contractors for services and mission operations and support. Unfortunately, a history of inadequate management and oversight of contractors and even failure to hold contractors responsible puts government contract management at DOD, NASA, DOE, and other agencies at high risk for fraud, waste, abuse, and mismanagement. With interagency contracting, several factors can pose risks, including the rapid growth of dollars involved combined with the limited expertise of some of the agencies in using these contracts and recent problems related to their management. What are your views on the ability of agencies to resolve these high-risk management areas and what is OMB going to do to press them for real reform?

**Answer:**

- I understand that OMB has been working with agencies and the GAO on action plans that identify an acceptable degree of risk, the steps agencies must take to mitigate and manage risk, and an appropriate timetable for making improvements. If confirmed, I will continue to support these efforts.

*I. Real Property*

59. In January 2003, the Government Accountability Office (GAO) placed federal real property on its "High-Risk List" of federal programs. Problems with federal management of its real property across the government include excess and underutilized property, deteriorating facilities, poor inventory data, and over-reliance on costly leasing. Since the high-risk designation, the administration has taken steps to improve the management of real property through an executive order and other initiatives.

a) What is your evaluation of the steps taken so far by the executive branch to address the problems identified by GAO?

b) Do you believe that the government as a whole has made progress in addressing the problems identified by GAO?

c) What further steps, if any, would you recommend to improve the management of federal real property?

**Answer:**

- My understanding is that there has been significant progress in improving the management of the government's real property assets.

- If confirmed, I look forward to working with Congress to streamline the property disposition process so that agencies have needed flexibilities to move unneeded properties off the Federal books.

*J. Homeland Security*

60. What can be done to improve the working relationship among federal agencies, state and local governments, the private sector, and the not-for-profit nongovernmental organization sector on selected critical issues (such as emergency response, and preparation for a possible influenza pandemic)?

**Answer:**

It is my understanding that the Director of OMB is a member of the Homeland Security Council, the White House body that coordinates policy on critical homeland security issues, especially those that require interagency coordination and outreach to non-Federal partners. I look forward to working on these issues including improving the working relationship among federal agencies, state and local governments, the private sector, and the not-for-profit nongovernmental organization sector on critical issues.

61. The Homeland Security Act of 2002 among other things, changed OMB's requirements for reporting funding data related to combating terrorism. Combating terrorism includes efforts to secure the homeland and those to combat terrorism overseas. Section 889 of the Homeland Security Act of 2002 required the President's budget to include an analysis of homeland security funding only. Because combating terrorism funding is embedded within appropriation accounts, agencies provide OMB with information on the portion of funding that is attributable to combating terrorism activities—both homeland security and overseas combating terrorism. OMB then uses this information to report funding information on homeland security activities only in the President's budget.

a. What action, do you believe OMB should take, if any, to help ensure that Congress has the best available funding information on all combating terrorism activities? Should OMB include funding data on overseas combating terrorism activities in the President's budget along with an analysis of homeland security funding?

b. What do you believe should be the process and criteria for determining which accounts are classified as homeland security funding? What level of transparency should there be for these criteria and determinations?

c. According to a budget document prepared by FEMA, OMB has classified 5 percent of FEMA's budget as homeland security spending and the rest as non-homeland spending. Is this correct? What are the criteria for determining which FEMA programs consist of homeland security spending? Do you think those criteria reflect a correct view of FEMA's work? What weight, if any, should those determinations have in deciding whether FEMA's budget requests for inclusion in the President's budget request?

d. Do you think that a separate budget function should be created for homeland security? Please explain.

**Answer:**

a. It is my understanding that the Office of Management and Budget has fulfilled its reporting requirements for combating terrorism data since the Homeland Security Act of 2002 (HSA) was signed into law. Specifically, OMB has included a detailed analysis of Homeland Security funding in each of the last three years' Presidential budgets.

b. As required by the Homeland Security Act, it is also my understanding that OMB consults annually with representatives from the Congressional Budget Office and the House and Senate Budget and Appropriations Committees on the definition of homeland security activities that is used in the President's Budget.

c. I am not familiar with FEMA's budget classifications but if confirmed as Director, I will look into it.

d. If confirmed, I will look into this issue.

62. Producing a budget in a manner that balances competing priorities and provides the appropriate level of funding to do the work of the Federal government within available resources is a tremendous challenge. Homeland security needs in recent years have further exacerbated the challenge. Recognizing that challenge has been exacerbated by homeland security needs, it is clear that key areas, such as port security and interoperable communications, have continually been underfunded. Do you believe we are spending an adequate amount on homeland security? How would you determine the appropriate level of homeland funding? Should homeland security needs be treated with greater urgency?

**Answer**:

- Homeland security requires a coordinated national commitment with cooperation among all levels of government, the private sector, and individual citizens to be successful. Fully developing the strategic capacity to protect America is a complex effort. There is a wide range of potential threats and risks from terrorism.
- The President's Budget continues to increase funding for homeland security in 2007.
- Since 2001, it is my understanding that the Administration has more than tripled spending devoted to non-defense homeland security, and the President's Budget continues to increase funding for homeland security in 2007.

63. The Homeland Security and Governmental Affairs Committee's report, "Hurricane Katrina: A Nation Still Unprepared" found fundamental shortcomings in preparedness efforts at all levels of government. Secretary Chertoff has also testified to this Committee that DHS "was not where it needed to be" in terms of preparedness for a catastrophic event before Katrina. Nevertheless, the President's proposed budget makes cuts in programs that would help first responders become more prepared, and indeed would cut funding for DHS's overall Preparedness Directorate by nearly 16 percent.

What are your views about the federal government's responsibility to ensure preparedness for catastrophic events, and what are the budget implications of that view. Specifically, do you believe that significant new resources should be dedicated to this task? If not, why not?

**Answer:**

It is my understanding that the 2007 Budget requests $2.8 billion in DHS grants and assistance to continue enhancing the homeland security and emergency readiness of state and local governments. If confirmed, I will be reviewing whether adequate resources are being provided.

64. The Homeland Security Act of 2002 requires the maintenance of non-homeland security missions transferred to DHS. How should OMB monitor the performance of non-homeland security missions and ensure they are not diminished under DHS' control?

**Answer:**

While DHS was created to focus on and consolidate homeland security programs, it is my understanding that its non-homeland security missions are afforded the same level of oversight at OMB as homeland security programs. If confirmed, I will continue to support this effort.

65. In addition to the hurdles that would accompany any restructuring on the scale of creating DHS, the new Department has been burdened by ongoing vacancies in allotted positions and substantial turnover in leadership posts. This situation at the leadership level, combined with a tendency to contract out many program-development tasks, may lead to a deficiency of institutional knowledge and expertise within the career professional staff of the Department. Moreover, some observers are concerned about poor morale among line employees. How can OMB help to build a robust, skilled and stable workforce at DHS?

**Answer:**

Through the President's Management Agenda, Human Capital Initiative, it is my understanding that OMB and OPM are working with DHS to address its hiring and retention shortfalls by developing a Human Capital Strategic Plan and redesigning civil service regulations.

66. The International Trade Data System (ITDS) is an important initiative to rationalize mandated data submissions from regulated parties to the Federal government related to import and export information. However, it has not made the necessary progress to actually accomplish its goal of more efficient and customer-friendly government. We understand that the most significant hurdles have to do with lack of participation and investment by all the relevant agencies. For that reason, S.2459, the GreenLane Maritime Cargo Security Act, would provide additional direction for implementing this initiative and would bolster the role of the Office of Management and Budget. While we are not seeking your views on the legislation, can you provide your perspective on the value of ITDS and how you would ensure further progress, should you be confirmed?

**Answer:**

ITDS has value. If confirmed, I look forward to examining this issue in more detail.

67. Despite the terrorist attacks on the rail and transit systems of London, Madrid, Moscow, Tokyo, and Israel, the Administration did not include a line item for rail or transit security in the FY2007 budget and instead left to the discretion of DHS a $600 million fund for a host of critical infrastructure security needs, including rail, transit, chemical facilities, nuclear facilities, and ports. There is no guarantee what portion of that fund, if any, will go toward rail and transit security. The federal government has appropriately spent over $15 billion over the last four years, but has spent less than $500 million on rail and transit security. Do you support dedicating federal funds specifically and directly for rail and transit security?

**Answer:**

Properly prioritizing homeland security funding is a serious concern and if confirmed, I look forward to studying the best way to allocate such funding.

***K. FEMA***

68. There has been a debate about how much help the federal government should give states and localities to prepare for disasters. The Committee on Homeland Security and Governmental Affairs recently released a report, "Hurricane Katrina: A Nation Still Unprepared." The report found that neither the local, state, nor federal levels of government was prepared for a storm whose destructive impact had long been predicted. What is your vision of the role of the federal government in assisting state and local officials in preparing for all domestic incidents – both man-made and natural? What policies should this Administration pursue in assisting state and local officials in preparing for all domestic incidents – both man-made and natural?

**Answer:**

Close working relationships among Federal, state and local governments are critical to disaster preparedness. If confirmed, I look forward to working more on this issue.

69. The Homeland Security and Governmental Affairs Committee's report, "Hurricane Katrina: A Nation Still Unprepared" also found that FEMA lacks the resources needed to accomplish its mission and that resource shortages contributed to FEMA's failures in responding to Katrina. Although the Administration's 2007 budget request for FEMA contained increases, it fell short of addressing the urgent concerns about FEMA. What is your vision of the need for increased funding for FEMA?

**Answer:**

- It is my understanding that the 2007 Budget proposes $3.1 billion in gross discretionary funds for FEMA – a 13 percent increase over 2006. The 2007 Budget request would nearly double FEMA's core funding since 2001.

- If I am confirmed, I intend to continue to review FEMA's funding needs to ensure they are adequately prepared to respond to disasters and that its Federal responsibilities are coordinated appropriately with State and local government partners who lead preparedness and response.

*L. Gulf Coast Recovery*

70. The Administration made a commitment that the federal government would be a full partner in the recovery and rebuilding of the areas devastated by the hurricane. A full partnership includes providing adequate resources and oversight of the recovery efforts. To date, $100.94 billion has been set aside for the recovery effort and Congress is currently considering the third Katrina supplemental spending bill for 2006.

a. What steps will OMB take to monitor the distribution of these funds to ensure that they are being spent efficiently and that real progress is being made towards full recovery?

b. How will OMB ensure that there is transparency with regard to the federal dollars obligated to the storm ravaged area?

c. Do you anticipate another supplemental spending bill to cover ongoing recovery needs this year?

d. Congress has allotted $11 billion to the Gulf Region for Community Development Block Grants (CBDG), which will be used to help fund the reconstruction of communities devastated by Katrina. The fourth supplemental appropriations bill, which recently passed the Senate contains another $4 billion to help rebuild communities. How will OMB work with the impacted states to ensure that the states' needs are being met on a continuing basis and that funds are being spent properly?

**Answer (a,b):**

I understand OMB has taken a number of steps to improve oversight of Gulf Coast recovery spending including acting as a clearing house for agency's plans to adopt additional controls over such spending.

**Answer (c):**

- In addition to the $90 billion already made available for hurricane response and recovery, it is my understanding that the Administration requested another $19.8 billion on February 16th, which is currently pending in Congress. These funds would allow the Federal government to continue disaster assistance and Gulf Coast recovery work.

- The Administration recently amended the Disaster Relief Fund (DRF) request to provide an additional $7.2 billion, rather than the previous request of $9.4 billion, in order to re-allocate $2.2 billion to the Corps of Engineers to further raise and strengthen levees protecting New Orleans. This adjustment is based on the immediate funding priorities for this supplemental, not a reduction in FEMA's long-term recovery needs.

- The February 16th supplemental request was developed to provide sufficient funding to continue recovery efforts uninterrupted through fiscal year 2007. Based on current information and projections, the revised Disaster Relief Fund request would provide sufficient resources to continue Federal disaster response and relief efforts through the

remainder of calendar year 2006. It is my understanding that the Administration plans to revisit FEMA's 2007 funding needs at a later date.

**Answer (d):**

- It is my understanding that OMB continues to work closely with HUD to ensure that the CDBG funds are used properly and as intended for the rebuilding of communities in the Gulf Coast States.

71. On November 1, 2005 the President announced the appointment of Donald Powell as Coordinator of Federal Support for the Recovery and Rebuilding of the Gulf Coast. According to the Executive Order released by the White House describing Powell's responsibilities, he serves as the Administration's primary point of contact with Congress, state and local governments, the private sector, and community leaders on mid and long-term recovery and rebuilding plans in response to Hurricanes Katrina and Rita.

a. Does Mr. Powell need management and oversight authority over other Federal agencies to successfully manage the recovery and rebuilding effort in the Gulf Coast?

b. Does he need financial authority over other federal agencies in order to streamline financial assistance to the affected states?

c. Do you believe three years is enough time for Mr. Powell to ~~fully~~ oversee the long-term reconstruction of the Gulf Coast?

d. What is your vision for the Coordinator of Federal Support for the Recovery and Rebuilding of the Gulf Coast and is it currently being met?

**Answer:**

- It is my understanding that the Executive Order establishing the Coordinator's position required him to coordinate with all executive branch agencies, and directed heads of departments and agencies to provide cooperation and support in his efforts to strengthen Federal support for recovery and rebuilding of the Gulf Coast.
- I believe departments and agencies must continue to be accountable for their appropriated funds, and adding another layer of financial oversight might conflict with other authorities and contribute to delays in recovery.
- My understanding is that the Administration believes three years is adequate time to make progress on the most critical near-term recovery issues. The ongoing need for the Coordinator's office can be reassessed at the end of the three-year period.

***M. Budget Process***

72. 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.

a. One of the major benefits claimed for biennial budgeting is that providing funding for a longer period of time would enhance agencies' abilities to manage their operations. How would this be achieved and what should OMB's role be in assuring the objectives of biennial budgeting are met?

**Answer:**

- My understanding is that the President supports biennial budgeting.
- Reaching agreement on budget priorities and providing appropriations for two years should allow agencies to devote more time to program evaluation and aspects of management and facilitate longer-range planning. It would also give OMB more time to concentrate on program evaluation and management issues and to engage in additional oversight.
- Almost any program would benefit from greater certainty of funding. However, the programs that would benefit the most are those that require long lead times, such as procurement, or those that are carried out over longer periods of time, such as research and development. The recipients of grant programs would also benefit from the greater certainty that funds would be available.

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

**Answer:**

- It is not possible to predict the specific occurrence of fires, tornados, hurricanes, and other domestic disasters, but it is reasonable to assume that a combination of domestic disasters will occur in any given year that require funding equal to a multi-year average for disaster relief.
- As I understand it, the President's Budget provides funding based on a historical average and only requests emergency funding when it exceeds this average funding.
- If confirmed, I look forward to working on this important issue.

74. What is your view of the line item veto ("enhanced recission") proposal from the President? As a former member of the House, should you be concerned that it will so enhance the power of the president that it will affect relations between the executive and legislative branches?

**Answer:**

- I support a legislative line-item veto, and I want to work with the Congress to see it enacted into law.
- I understand that some concerns have been raised with the President's proposal and if confirmed, I look forward to working with Congress to address those concerns.
- It is important to note that the bill preserves Congress' law making authority. A rescission could only take effect if passed by both houses of Congress.

***N. Regulatory Issues***

75. Presidential oversight of federal regulation, primarily through the mechanism of OMB reviews of agencies' draft rules, has been conducted under successive administrations. At the same time, views on the value and appropriateness of OMB's role in the rulemaking process, and views on how OMB should carry out its role have varied.

a) What is your opinion about the role of OMB and OIRA in regulatory oversight?

b) What, if any, changes do you believe should be made in the role and procedures of OMB and OIRA in overseeing agency rulemaking?

**Answer:**

As a general matter, I support the centralized oversight role performed by OMB and OIRA under Executive Order 12866, and the emphasis OMB places on ensuring that regulations are developed in a transparent manner and are based on sound analysis. While I am committed to providing strong and ongoing leadership to ensure OIRA performs its statutory and Executive Order duties effectively, I have not yet formed any views on specific changes to the role and procedures of OMB and OIRA in overseeing agency rulemaking. If confirmed, however, I plan to work closely with OIRA to ensure that OIRA's many responsibilities are carried out as effectively as possible.

76. OIRA is a relatively small office within OMB, but it has many responsibilities under various statutes and executive orders. Administration initiatives in recent years have also added more oversight duties to OIRA's staff, in areas such as oversight of information quality, peer review, and reviews of regulatory agencies' guidance documents.

a. Do you believe OIRA has sufficient staff to carry out all of these tasks effectively?

**Answer (76a):**

- If confirmed, I will be committed to providing support to help OIRA achieve its many responsibilities as effectively as possible.

b. Alternatively, do you believe any of these tasks should be eliminated, reduced, or delegated to other federal officials?

**Answer (76b):**

At this stage, while I am still in the process of learning about these duties, I do not have any recommendations to eliminate, reduce, or delegate any of these tasks. OIRA officials tell me that they have adequate resources to handle these responsibilities.

77. During the Bush administration, OMB has been very active with regard to regulatory reviews. Many business groups have been highly supportive of OMB's actions, arguing that regulatory burdens have been reduced. At the same time, many environmental and other public interest groups have been highly critical of OMB's actions, arguing that the concerns of regulated entities have been placed above the public health and safety. Are there ways to bridge this divide? Do you envision any new ways in which OMB would operate with regards to its regulatory review functions?

**Answer:**

It is my understanding that this Administration has worked to reduce the costs of new regulations. It is less well known that it has also increased the benefits, many in terms of improved public health and safety. If confirmed, I will review OMB's regulatory review functions.

78. Authorization for appropriations to the Office of Information and Regulatory Affairs under the Paperwork Reduction Act expired after 2001. Is it important to reauthorize the Paperwork Reduction Act, and, if so, why? What, if any, key changes do you believe may be needed in any Paperwork Reduction Act reauthorization?

**Answer:**

I believe it is important to reauthorize the PRA, since I strongly support the PRA's goal of reducing government reporting burdens while improving the management of agency information resource activities. While I have not yet formed any views on possible changes to the PRA, if confirmed, I look forward to working with Congress to advance its important goals and objectives.

79. E.O. 12866 is the executive order that governs the review of proposed regulations by OIRA. Are there any changes to this executive order, or to applicable policies and guidance for implementing it, that you believe should be made?

**Answer:**

At this time, I do not believe that it would appropriate for me to suggest any changes to E.O. 12866. If confirmed, I will consult with OIRA on this matter.

80. E.O. 12866 establishes public disclosure requirements for OIRA and for regulatory agencies with respect to OIRA review. For example, disclosure requirements apply to substantive communications between OIRA personnel and persons outside the executive branch; OMB must provide a written explanation for all regulations returned to the agency; the agency must publicly identify changes made after OIRA review; and documents exchanged between OMB and the agency must be made public.

a. Do you believe each of the disclosure requirements of E.O. 12866 is in the public interest? Why, or why not?

b. Do you believe that there are any improvements which should be made to the public disclosure rules and policies associated with OIRA's oversight of rulemaking?

c. How would you, as OMB Director, ensure that both the spirit and the letter of the public disclosure requirements of E.O. 12866 are fully complied with?

**Answer:**

The public disclosure of information—when properly balanced with the Executive Branch's legitimate constitutional interests to maintain the confidentiality of its internal deliberations—can improve government accountability and accessibility. While I would need to study this issue further before supporting specific steps to improve transparency, I would, if confirmed, be willing to consider proposals that are consistent with the prerogatives of the Executive Branch. I am committed to ensuring that OIRA complies with the Executive Order's requirements concerning regulatory transparency.

*O. Information Technology*

81. In general, under the federal government's current legislative framework, OMB is responsible for providing direction on government wide information resources and technology management and for overseeing agency activities in these areas, including analyzing major agency information technology investments.

a. What is your understanding of the role of the OMB Director with regard to policies and oversight of government wide and agency-specific information management and technology decisions?

**Answer (81a):**

- My understanding is that the role of the Director is found in several statues -- the Paperwork Reduction Act, the Clinger-Cohen Act, the Federal Information Security Management Act, and the E-Government Act. I take OMB's statutory requirements very seriously and, if confirmed, plan to ensure that OMB fulfills them.

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

**Answer (81b):**

The use of information technology to serve the American people is a continuing challenge to the Federal government. Although OMB has made much progress in the last year, if confirmed I will remained committed to a market based approach to using information technology to enhance the Federal government's productivity.

*P. Information and Technology Management*

82. Regarding information technology policy, how do you understand the respective roles of the Office of Information and Regulatory Affairs (OIRA) and the Office of E-Government and Information Technology? How should they effectively coordinate their efforts to encourage agencies to use information technology to accomplish their mission? What is the unique contribution each makes to OMB's mission?

**Answer:**

It is my understanding OIRA and the Office of E-Government coordinate their activities closely and, if confirmed, I expect it to continue.

83. How would you, the OIRA Administrator, and the E-Government Administrator expect to work with the federal Chief Information Officers (CIO) Council? What do you see as the primary role of the agency Chief Information Officers created by the Clinger-Cohen Act?

**Answer:**

- If confirmed, I expect the Administrator for E-gov, under the leadership of the Deputy Director for Management, will continue her active work with the CIO Council to maintain their current role.

84. The Clinger-Cohen Act authorizes OMB to enforce accountability for agency information resources management and information technology investment decisions through the use of the budgetary process. What are your views on the use of the budget process to improve information technology management? What other incentives does OMB have at its disposal to encourage good management practices? As Director, how do you intend to enhance coordination between the Statutory Offices and the Resource Management Offices in order to improve the adoption of OMB policies and guidance across government?

**Answer:**

I believe that the budget process is a powerful tool to use in motivating agencies to improve the management of information technology and other elements of the President's Management Agenda. If confirmed, I will work with agencies through the budget process and other venues, including the statutory authorities provided by Congress.

85. The Clinger-Cohen Act requires agency Chief Information Officers (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. What actions will you take to ensure that CIOs effectively fulfill this mandate?

**Answer:**

I believe that Federal employees are a great asset and an investment in their skills is a critical part of the Human Capital element of the President's Management Agenda. My understanding is that the Administration is pursuing a plan in which agencies establish information technology workforce plans and report quarterly to OMB on their progress.

86. What actions would you have OMB take to mitigate the risks presented by the several hundred information technology projects that OMB currently considers to be "at risk"?

**Answer:**

It is my understanding that agencies continue to improve their efforts to implement information technology projects successfully. If confirmed, I plan to continue and strengthen these efforts.

*Q. Information Security and Privacy Issues*

87. What are your views on the current status of federal information security? How would you ensure that agencies correct their information security weaknesses?

**Answer:**

It is my understanding that agencies made significant progress in closing the Federal government's information technology security performance gaps.

I am advised that OMB continues to use the quarterly PMA scorecard to monitor and evaluate agency security and is working with the Department of Homeland Security to establish security centers of excellence to assist agencies.

88. OMB is required by law to oversee agency compliance with statutory information security requirements, to review agency information security programs at least annually, and to approve or disapprove these programs. How will you ensure that these functions are adequately supported in OMB?

**Answer:**

It is my understanding that OMB will continue using its existing oversight mechanisms to improve agency and government-wide IT security.

89. How do you think policies and programs to protect the privacy of personal information can be better coordinated across the federal government?

**Answer:**

- I am advised that in February 2005, OMB directed each agency to designate a Senior Agency Official for Privacy. OMB is working with these officials and agency CIOs to further improve agency implementation of existing policies and identify additional needs in this area.
- OMB has added privacy to the President's Management Agenda Scorecard and together with its recently expanded annual privacy reporting, it is working to ensure a more consistent understanding and implementation of privacy policies.

90. What are your thoughts regarding the balancing of individuals' privacy interests against the use of personal information by federal agencies entrusted with homeland security missions?

**Answer:**

I believe the government should strive in all its activities to preserve individuals' information privacy rights.

91. What measures should OMB take to ensure the quality of the data (including accuracy, completeness and timeliness) relied on by federal agencies, including law enforcement agencies?

**Answer:**

It is my understanding that OMB issued guidelines to agencies for "ensuring and maximizing the quality, objectivity, utility, integrity of information (including statistical information) disseminated to the public." I am advised that all agencies subject to the Paperwork Reduction Act have complied with this requirement. I believe law enforcement agencies are subject to OMB's information quality guidelines and also are required to ensure their information is of high quality.

92. Federal agencies' use of data mining techniques has raised privacy concerns. In August 2005, GAO described its review of five data mining initiatives. It reported that agencies hadn't met key privacy and security requirements. GAO concluded that individual privacy rights weren't being appropriately protected in the implementation of the data mining initiatives. What would you do to ensure that the public's right to privacy is protected in data mining initiatives and programs?

**Answer:**

It is my understanding that the referenced GAO report highlighted important issues related to data mining, which involves sharing, matching and manipulation of information in ways already subject to the fair information principles of the Privacy Act and the privacy assessment requirements of the E-Government Act.

I am advised that OMB continues to work with the agencies to ensure a consistent understanding of these principles and requirements.

93. In April 2006, GAO described ambiguities in OMB guidance on how privacy requirements apply to federal agency uses of information obtained from commercial resellers of personal data. GAO found that agency practices in this area were uneven and did not fully comply with Fair Information Practices. GAO recommended that OMB revise privacy guidance and develop specific policies for the use of personal information obtained from commercial resellers. What is OMB doing to ensure agencies comply with Fair Information Practices when they use personal information obtained from commercial resellers? What would you do to ensure agencies comply with Fair Information Practices?

**Answer:**

It is my understanding that information obtained from third parties, such as commercial resellers or data aggregators, is governed by existing requirements and processes, which are addressed in current OMB guidance.

If confirmed, I will ensure that we help agencies interpret and properly apply existing law and guidance to new types of information uses and will issue new guidance should we identify policy gaps.

94. The E-Government Act of 2002 requires agencies to conduct privacy impact assessments (PIAs) whenever they develop or buy new information technology systems and whenever they initiate new collections of personal information. How would you ensure that agencies comply with this mandate? How would you ensure that PIAs are promptly made available to the public, as required by the E-Government Act?

**Answer:**

It is my understanding that in the past few years, modifications have been made to the Information Collection Request process, the IT budget process and the security/privacy oversight process to ensure that agencies conduct and make available privacy impact assessments in appropriate circumstances. I have been advised that adequate processes currently are in place to ensure that PIAs are conducted and made available to the public as required.

***R. LIHEAP***

95. The Low Income Home Energy Assistance Program, known as LIHEAP, helps low income families throughout the Nation meet their energy needs. In southern states, this assistance helps elderly people and other at-risk citizens get through potentially deadly heat waves. In northern states, this assistance helps thousands of families who literally would not be able to heat their homes during our long, cold winters without this assistance.

This program has become even more critical recently as the Nation struggles with an explosion in energy prices. While last winter was not as cold as it could have been, it was still extremely difficult due to the high price of home heating oil. With the price of oil over $70 per barrel, next winter could be even worse. For low income families and people on fixed incomes, it can be extremely difficult to meet rising energy prices.

Some have suggested that LIHEAP funds be not only allocated but also appropriated a year in advance, such that funding for the winter of 2006-2007 would have already been made available in the fiscal year 2006 appropriations bill. Doing so would promote orderly planning, allow for more efficient program management, and ensure the timely availability and release of funds. Do you believe advance funding would help promote efficiencies in the LIHEAP program?

**Answer:**

- I understand your programmatic concerns and the interest in advance appropriating LIHEAP. If confirmed, I will take a close look at LIHEAP funding, including the option of advance appropriations.

- For FY 2007, as in previous years, if confirmed, I will work with Congress to determine the right funding level for LIHEAP. It is my understanding that there are no plans at this time to amend the President's FY 2007 budget request.

96. LIHEAP is not available to public housing authorities, many of which have recently experienced a significant increase in utility costs. What steps do you think can be taken to assist housing authorities with these increased costs?

**Answer:**

- It is my understanding that HUD encourages energy efficiency at Housing Authorities through a variety of measures including the purchase of efficient 'ENERGY STAR' products and energy saving performance contracts to save energy and reduce operating costs.

## IV. Relations with Congress

97. 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?

**Answer:** Yes.

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

**Answer:** Yes.

## V. Assistance

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

**Answer:** I have consulted with staff in OMB to craft answers to the Committee's questions. The answers are my own.

AFFIDAVIT

I, Robert J. Portman, 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.

Robert J. Portman

Subscribed and sworn before me this 11th day of May, 2006.

Notary Public

Comm. expires 1/8/2008

**Post-Hearing Questions Submitted by**
**Senator Susan M. Collins**
**For the Nomination of the Honorable Robert J. Portman to be**
**Director, Office of Management and Budget**
**May 17, 2006**

1. Increasing the security of our nation's seaports is one of my top priorities. This Committee has held hearings, conducted investigations, and put forward legislation to address the well-documented threats, vulnerabilities and consequences of an attack on one of our ports or through the international supply chain. In addition, for the past four years, Congress has provided more than $700 million in funding for dedicated port security grants.

   In contrast, the Administration has failed to fund port security adequately. The President's FY2005 budget included only $46 million for port security grant funding. More recently, the Administration has insisted on consolidating transportation and critical infrastructure security grants into one fund, despite the $400 million in port security needs identified by the American Association of Port Authorities. In addition, the Coast Guard has suffered from tremendous budget shortfalls in comparison to the many missions assigned to them.

   If confirmed, what will you do to ensure that port security is appropriately funded to provide adequate security for our nation?

**Answer:**

I appreciate your input on port security and the Coast Guard, and if confirmed, I look forward to working with you on the topic.

It is my understanding that the 2007 budget includes $2.9 billion for Port Security, an increase of more than 15 percent over 2006. This amount would fund several on-going initiatives to ensure the security of our nation's ports. It is also my understanding that the President's 2007 Request includes a six percent increase for the Coast Guard.

If confirmed, I look forward to working with the Congress to ensure appropriate funding is provided for Port Security and the Coast Guard.

2. The fiscal year 2006 Senate defense authorization bill included report language which stated:

   "The Committee recommends that the President consider establishing a special shipbuilding fund, which would be funded apart from the normal give and take within the Department of Defense budget process, to dedicate a sustained amount of funding for the construction of naval ships."

   What are your thoughts on "fencing" off the shipbuilding funds, apart from other Navy and

defense accounts, in order to alleviate the classic annual problem of fiscal constraints and the robbing of "Peter"—which, in the case of defense budgets are typically procurement accounts—to pay "Paul?"

**Answer:**

As you know, Defense is a key priority for the Administration and the 2007 Budget recommends a seven percent increase for DOD. I am not familiar with the details of the DOD shipbuilding plan, but, I appreciated your input at the confirmation hearing and, if confirmed, I look forward to working with you on shipbuilding and other national security priorities.

3. I support other budget enforcement policies, such as discretionary budget caps. Most past budget enforcement proposals have also included discretionary budget caps, along with PAYGO, as a means to achieve a balanced budget. What discretionary budget caps or other budget reforms do you believe Congress should operate under as a means of achieving budget discipline?

**Answer:**

The Administration supports a number of budget reform proposals that would enhance budget discipline and make the process more efficient, and I am eager to work with Congress to adopt such reforms.

*Discretionary caps*. The Administration has proposed extension of the BEA with 5-year statutory caps on discretionary spending. It is my understanding that the 2007 Budget proposes 5-year discretionary spending levels that provide for a modest, but reasonable spending growth plan that hovers near or below the rate of inflation through 2011. I believe these levels would help to meet the goal of cutting the deficit in half by 2009.

*Legislative Line Item Veto*. In his State of the Union address, the President asked the Congress to give him the line-item veto. The President's proposal is designed to do two things: one, to give the President a tool to reduce unnecessary or wasteful spending; and, two, to improve accountability and cast a brighter light on spending items that probably would not have survived had they not been included in a much larger bill. This line item authority would allow the President to reach into these bills and subject unjustified spending to additional public scrutiny, without endangering other priorities.

*Mandatory spending restraint*. The Administration also proposes to require that legislative changes that increase mandatory spending, in total, do not increase the deficit.

*Other*. My understanding is that the Administration proposes a number of additional measures and reforms that would reform the budget process: biennial budgeting, a joint budget resolution, an automatic continuing resolution to prevent Government shutdown, new measures to address the long-term unfunded obligations of Federal entitlement

programs, and a sunset and results commission.

4. I have been disappointed at the slow pace of establishing the congressionally-mandated Privacy and Civil Liberties Oversight Board and requests for what I consider inadequate funding for the Board. Do you support the need for the Board, and, if so, what will you do, as OMB Director, to support the Board's activities to protect the privacy and civil liberties of Americans?

**Answer:**

Yes, I support the need for the Privacy and Civil Liberties Oversight Board and, if confirmed, I am committed to giving the Board the resources it needs to perform its important function. I will also work to help ensure that privacy and civil liberties will be protected as we improve government information sharing.

**Post-Hearing Questions Submitted by**
**Senator Tom Coburn**
**For the Nomination of the Honorable Robert J. Portman to be**
**Director, Office of Management and Budget**
**May 17, 2006**

1. Will you support a limitation on spending for agencies to send federal employees to conferences?

**Answer:**

I fully support the objective of controlling the costs associated with conferences and other training activities. If confirmed as Director, I will work with the agencies and Congress to identify effective approaches for ensuring conference-related costs are justified and reasonable.

2. Will you continue OMB's work with the FFM Subcommittee on Improper Payments and real property management reform?

**Answer:**

Yes. Eliminating Improper Payments and Improving Federal Real Property Asset Management are both program initiatives under the President's Management Agenda and are of high importance to this Administration. I welcome the opportunity to work in partnership with Congress to achieve the important objectives of these initiatives.

3. Will you reconsider OMB's definition of "significant" improper payments (currently defined as 2.5 percent of program payments AND $10 million) whose current definition excludes many activities and programs?

**Answer:**

I agree with you that all programs with significant improper payments should be identified and tracked very closely. It is my understanding that, in FY 2005, Federal agencies committed to report an improper payment measurement on programs and activities that account for nearly 80 percent of all Federal outlays. In addition, I understand OMB is currently working on revisions to its Improper Payment Information Act implementation guidance that will require Federal agencies to do more due diligence to ensure that programs with significant improper payments, but low error rates, are identified and reported.

4. Will you support Congressional efforts to reform the budget process? What elements in your view most need reform? Will you support dynamic scoring changes?

**Answer:**

The Administration supports a number of budget reform proposals that would enhance budget discipline and make the process more efficient, and I am eager to work with Congress to adopt such reforms.

- Legislative Line Item Veto. In his State of the Union address, the President asked the Congress to give him the line-item veto. The President's proposal is designed to do two things: one, to give the President a tool to reduce unnecessary or wasteful spending; and, two, to improve accountability and cast a brighter light on spending items that probably would not have survived had they not been included in a much larger bill. This line item authority would allow the President to reach into these bills and subject unjustified spending to additional public scrutiny, without endangering other priorities.

- Discretionary caps. The Administration has proposed extension of the BEA with 5-year statutory caps on discretionary spending.

- Mandatory spending restraint. The Administration also proposes to require that legislative changes that increase mandatory spending, in total, do not increase the deficit.

- Other. My understanding is that the Administration proposes a number of additional measures and reforms that would reform the budget process: biennial budgeting, a joint budget resolution, an automatic continuing resolution to prevent Government shutdown, new measures to address the long-term unfunded obligations of Federal entitlement programs, and a sunset and results commission.

With respect to dynamic scoring, clearly, major tax law changes can have significant effects on the economy. I believe the Administration and Congress should be able to consider these economic effects as part of the budget and legislative process. To that end, the Administration has proposed a new division within the Department of the Treasury's Office

of Tax Analysis to estimate the economic effects of major tax proposals.

As I understand it, there are still a large number of technical issues related to translating estimated economic effects – "dynamic analysis" – into the official scoring estimates that are used in the legislative process – "dynamic scoring." Until these issues are resolved, I believe the results of dynamic analysis can provide helpful supplemental information when reviewing legislation.

**Post-Hearing Questions Submitted by**
**Senator Joseph I. Lieberman**
**For the Nomination of the Honorable Robert J. Portman to be**
**Director, Office of Management and Budget**
**May 17, 2006**

**Competitiveness**

1. Senator Ensign and I have introduced legislation designed to carry out major initiatives to help keep America competitive in the global economy. Our legislation would implement key recommendations of the report of the Council on Competitiveness by: focusing strongly on increasing our funding for scientific research; promoting high tech, innovative manufacturing processes; and boosting our talent base in science, math, and engineering. There is strong congressional interest in this issue, but there is also concern about whether the necessary funding will be available.

   If confirmed as OMB director, will you give a high priority to federal funding for these critically important activities?

**Answer:**

I agree that maintaining American competitiveness is critically important and appreciate your leadership in this area. As you know, earlier this year the President announced the American Competitiveness Initiative, which seems to be consistent with your initiatives. It commits federal funding over ten years to increase investments in research and development, strengthen education, and encourage entrepreneurship. If confirmed as OMB Director, I will give a high priority to the American Competitiveness Initiative. I look forward to working with you and the Committee on this important issue.

**Homeland Security Funding**

2. I am troubled that this Administration is consistently underfunding critical homeland security needs. For the past several years, I have identified billions of dollars in urgent homeland security needs that the president's budget request does not properly fund, and this year is no different. Funding to help first responders prevent or prepare for a terror attack has been cut;

medical preparedness funds for a bioterror attack or pandemic flu remain inadequate; rail, transit, and other critical infrastructure systems remain vulnerable; and the Administration's inadequate funding levels for the Coast Guard – who played a pivotal role in response to Hurricane Katrina and are a vital piece of our overall homeland security network – leaves them to make do with antiquated equipment and a modernization plan that will take 25 years to complete.

a. What is your assessment of our progress at creating a robust system of homeland security that can meet the threat of terrorism and natural disasters?

b. What measures will you rely on to determine whether these programs are adequately funded?

**Answer:**

At this time I can not provide a thorough analysis of the nation's homeland security and natural disaster preparedness, but I do believe the Administration has made the protection of our country from terrorist attacks and from natural disasters a top budgetary priority and, if confirmed, I would certainly want to do so.

While dollars spent is not always the most accurate measure of homeland security effectiveness, I understand that the Administration has more than tripled non-defense homeland security spending since 2001. As we develop more robust performance measures for the effectiveness of homeland security, it will be critical to ensure that metrics are focused on demonstrable results of lowering the risk of terrorist attack, improving preparedness and addressing vulnerabilities, not just how much money was appropriated.

If confirmed, I look forward to working with the Congress to ensure appropriate funding is provided for homeland security programs in the Federal budget.

**Hurricane Katrina and Preparedness/Response**

3. This Committee recently completed an intensive investigation of Hurricane Katrina and found that the federal government remains seriously unprepared for a major catastrophe on the scale of that hurricane – or of a serious terror attack. This is of particular concern as we head into what experts believe will be another bad hurricane season – one that may threaten

not only the coastal areas of the South, but also the mid-Atlantic and New England regions of the country.

The Committee report recommends creating a National Preparedness and Response Authority within the Department of Homeland Security to address the serious failures in preparedness and response that were so painfully evident during Katrina. Unfortunately, the

Administration seems wedded to its own recent reorganization that perpetuates and deepens a dangerous division between preparedness and response activities within DHS. But whatever organizational structure one supports, it should be clear that the federal government needs a more robust capability to plan, prepare for, and respond to major disasters. Unfortunately, I do not see this recognition in the President's proposed budget. For instance, there is little or no increase for FEMA's core response operations or to augment medical surge capacity. In fact, the budget would actually cut funding for DHS's overall Preparedness Directorate by nearly 16 percent.

a. Do you agree that Hurricane Katrina exposed serious shortfalls in the federal capability to prepare for and respond to catastrophes and, if so, do you believe those problems are addressed in the proposed budget?

b. Although the White House's own review of Katrina included many recommendations for enhanced disaster planning, training and response capabilities, Administration officials have said there are no plans to adjust the budget request to reflect these recommendations, which were released after the budget was sent to Capitol Hill. What meaning do these recommendations have if the Administration is not prepared to back them with the necessary resources?

c. If confirmed, would you agree to review and reconsider the Administration's budget proposal to ensure that weaknesses in our national capacity to respond to catastrophes are addressed?

**Answer:**

(a) First, I believe the Committee's report is a valuable contribution to the post-Katrina analysis. As you know, Hurricane Katrina's combination of a strong hurricane and massive flooding created catastrophic conditions that overwhelmed the normal disaster response system. I understand that the Administration is actively engaged with agencies across government in examining "Lessons Learned" from the Federal response to Hurricane Katrina. These recommendations will improve the full range of preparedness functions within DHS and throughout the Federal Government, with particular attention to the upcoming hurricane season.

It is my understanding that the Budget includes $4.0 billion to assist state and local public safety and health agencies and personnel better prevent and respond to emerging catastrophic threats. The Budget also includes a $50 million Preparedness Directorate initiative to improve Federal planning for catastrophic events. In addition, the Budget proposes $3.1 billion in gross discretionary funds for FEMA – a 13 percent increase over 2006. The 2007 Budget request would nearly double FEMA's core funding since 2001.

If confirmed, I look forward to working with you and others in Congress to ensure that key recommendations are implemented.

(b) It is my understanding that many of the recommendations are already being implemented to improve disaster preparedness and response capabilities prior to this upcoming hurricane season within existing budget resources. If confirmed, I will work to ensure that there are sufficient resources to implement the recommendations.

(c) Yes, if confirmed, I plan to do my best to ensure that we have sufficient resources to prepare for and respond to catastrophic events. I look forward to working with you and the Committee on this important issue.

**Katrina recovery**

4. In response to a pre-hearing question submitted by this Committee regarding the oversight and monitoring of the $90 billion allocated to the recovery of the Gulf Coast, you wrote: "OMB has taken a number of steps to improve oversight of Gulf Coast recovery spending including acting as a clearing house for agencies' plans to control spending."

   This Committee has heard testimony about egregious expenditures made by FEMA that have wasted millions of tax payers' dollars, such as:

   - The purchase of 25,000 modular homes, at a total cost of nearly $900 million, that are largely unusable for Katrina victims.
   - Paying exorbitant rates for hotel rooms that were being unused by evacuees.
   - Spending $7.9 million to upgrade a military facility in Alabama which only sheltered 4 to 19 evacuees per day over a one month time span.

   It is not acceptable for precious resources to continue to be squandered while Katrina's victims remain in need of assistance. There is much more to do as part of this recovery effort, and the American people expect that the funds we spend will be used wisely and efficiently.

   a. If confirmed, what steps will you take as OMB Director to improve the oversight of the Gulf Coast recovery spending?

   b. How you will coordinate your efforts with those of Don Powell, the Coordinator of Federal Support for the Recovery and Rebuilding of the Gulf Coast, with the DHS IG, and with other parties involved with monitoring the recovery?

   c. Do you believe any additional legislative authority or managerial structures are needed to help in coordination and oversight of activities and spending for Gulf Coast recovery?

**Answer:**

(a) I share your concerns about inappropriate or wasteful government spending, regardless of the program. I know that OMB has an important role in overseeing agency spending through budget and management oversight, and, if confirmed, I plan to review these efforts.

(b) If confirmed, I plan to work closely with Chairman Powell and the Secretary of Homeland Security to ensure recovery priorities are funded appropriately and that possibilities for waste, fraud or abuse of federal dollars are minimized.

(c) It is my understanding that, through OMB coordination, agencies have already established additional internal controls to improve stewardship of Katrina-related funds. Agencies have also initiated the appropriate actions under the Improper Payments Information Act of 2002 (IPIA) to identify and recover any improper payments made in the aftermath of Hurricane Katrina. If confirmed, I will review the relevant authorities and management structures.

5. Many Katrina survivors continue to need a variety of services including: long-term housing, employment, mental health services, and food assistance. I am concerned that FEMA programs – which are intended to serve people on a temporary emergency basis and normally run out after 18 months – may not be adequate to deal with the longer-term needs of the majority of those affected by Katrina.

   a. What do you believe the federal government should do to assist Katrina evacuees after many of the FEMA programs expire?

   b. Can you provide assurance that, if you are confirmed, you will work to keep the Administration committed to rebuilding the Gulf Coast, as well as assisting the people who have been displaced from their homes?

**Answer:**

(a) It is my understanding that FEMA's role is to provide assistance in response to an immediate emergency – not to provide long term assistance. The Administration and Congress, if the supplemental is enacted, will have provided over $100 billion in Federal assistance to the Gulf Coast States, a significant portion of which is for longer-term recovery and assistance.

(b) The President has made a commitment to assist the people of the Gulf Coast states in their recovery efforts. If confirmed, I plan to work closely with the President and Chairman Powell to support these efforts.

**OMB Director's Management Responsibilities**

6. The preparation of the President's budget request and the implementation of the federal budget are the functions of OMB that tend to attract the most attention. OMB has an equally important, if less glamorous, role in overseeing and coordinating the management of the executive branch agencies. OMB is responsible for making sure that the taxpayers get the most value for their dollar by making sure each federal agency implements sound financial management and procurement policies. Strong leadership from OMB on management is key to cutting back on the waste and inefficiencies that undermine both the delivery of government services and the public's confidence in the government to deliver those services.

   Will you commit that, if confirmed, you will personally involve yourself in this extremely important part of OMB's portfolio?

**Answer:**

Yes. I have a strong interest in this area, and believe there are opportunities to work together to improve federal government services.

**Competitive Sourcing**

7. Over the past few years, I have on numerous occasions expressed concerns to the Administration about the direction of the Administration's so-called "competitive sourcing" initiative. For the first several years of the program, the Administration appeared committed to setting quotas at each agency for the privatization of government jobs. I disagreed with this approach, because the goal of competitive sourcing should be to get the best value for the taxpayer, not to set arbitrary numbers of jobs that will be handed over to contractors. I appreciate that, in your written response to the Committee, you indicated that you do not support arbitrary goals, targets, or quotas under the competitive sourcing initiative.

   The Committee also raised other specific concerns about competitive sourcing, and you responded that you are not yet familiar enough with the program to comment. For example, we expressed concern that OMB recently indicated to a House subcommittee that it would consider allowing the direct conversion of government jobs to contractors, without competition, in instances involving 10 or fewer government employees. I have concerns with that policy, because if it were implemented, it would take the competition out of competitive sourcing. Moreover, it would be a general invitation to abuse because agencies might break tasks into fewer than 10 employees in order to turn work over to contractors without competition. I also caution you against assuming that contractors can perform more efficiently than government employees. Not only is it inaccurate, but the reality is that we have recently been seeing egregious cost overruns under government contracts.

   Will you make a commitment, if confirmed, to approach competitive sourcing with a fair mind, to ensure that inherently governmental jobs are not turned over to contractors, and to

ensure that the rules for competitive sourcing are fair to federal employees and are not biased in favor of privatization?

**Answer:**

Yes. If confirmed, I will ensure that OMB's rules treat federal employees fairly, are unbiased, and prohibit agencies from turning over inherently governmental jobs to the private sector.

**Avian Flu**

8. I am concerned about the support our Federal government is providing state and local government partners to assist in disaster preparedness – whether it be avian flu, bioterrorism attacks, or natural threats. Recently, the White House recently released their pandemic flu strategy – "The National Strategy for Pandemic Influenza Implementation Plan".

   The President's National Strategy relies heavily on states and localities to carry the burden in the event of pandemic flu without providing commensurate resources for pandemic flu planning. In order for states and localities to be the first responders, if a pandemic flu were to hit, they need more funding to ramp up their local medical surge capacity. To try to accomplish this, States and localities are forced to depend on funds from programs such as the CDC's state and local preparedness grants, and even these programs are not aimed specifically at avian flu preparedness. The President's budget proposal for FY07, for the second year in a row, decreases funding for this critical program. In fact, national experts estimate that the CDC state and local preparedness grants program alone is underfunded by approximately $125 million. This is one example of the Administration not providing funding to states and localities that is commensurate with what they will be called on to do in the event of avian flu and other disasters.

   I believe programs such as the CDC's state and local preparedness grants are essential to preparing state and local communities in the event of a disaster to safeguard their communities.

   If you are confirmed, will you agree to make CDC's state and local preparedness programs a priority, and will you work to adequately fund programs to make sure that states and local government are adequately prepared to respond to pandemic flu and other health emergencies?

**Answer:**

Yes, I will. It is my understanding that, since FY 2001, over $8 billion in State, local, and hospital preparedness grants have been distributed, an increase of over 1,000 percent. In FY 2006, the Centers for Disease Control and Prevention is also distributing an additional $350 million for an influenza pandemic. If confirmed, I will work with State and local governments to ensure preparedness against public health disasters.

**No Child Left Behind**

9. When we passed No Child Left Behind, we understood that we were placing new demands on states in order to ensure that every child, regardless or race or economic status, received a quality education and the attention necessary to reach certain proficiency standards. And, in recognition of these demands, we made a commitment to significantly increase funding to states and school districts.

   Yet year after year, we have failed to meet this commitment. The FY 07 budget under-funds NCLB by $15.4 billion from its authorized level. Title I, the largest component of NCLB, and a critical source of funds for states, is under-funded by $12.3 billion.

   Over the last 3 appropriations bills – FY04, FY05, and FY06 – the majority of the 15,000 school districts across the nation each year have received Title I allocations that have been frozen or cut from the preceding year. While this can be explained in part by the fact that we changed the Title formula to target funds to school districts with larger percentages of disadvantaged students, the primary problem is that we have failed to fund Title I at its authorized level.

   This year, in my state of Connecticut, out of 166 school districts, 122 will lose funding, 28 will receive level funding, and only 15 will see modest increases. Yet over this period, each state has been required to raise its academic performance requirements – that is, the percentage of students meeting proficiency standards; and every state is faced with the upcoming federal deadlines to have all their teachers meet the "Highly Qualified Teacher" criteria, and all their paraprofessionals meet the federal qualifications criteria.

   a. How can we expect states and school districts to effectively meet these academic performance and staff qualifications mandates when they are serving an increased number of poor children with fewer dollars?

   b. If confirmed, will you work to ensure that adequate funding is provided to enable state and local school districts to satisfy the federal mandates we have placed on them?

**Answer:**

I appreciate your input on education funding and No Child Left Behind (NCLB) implementation in particular. I will certainly be focused on education, should I be confirmed.

It is my understanding that there have been significant new resources committed to NCLB and education in general. Since President Bush took office, funding for NCLB programs has grown by nearly $6 billion or 34 percent and Title I funding has increased

by $4 billion or 45 percent. The President's 2007 Budget continues the President's commitment to education by increasing NCLB funding by $1 billion or 4.6 percent over 2006. This increase includes an additional $200 million for Title I, all of it devoted to School Improvement Grants, which will help States turn around low-performing schools.

It is also my understanding that the results of these significant investments are beginning to come in and that multiple studies and reports indicate that NCLB is working and student achievement is rising across America.

**Enhancing Education Through Technology (EETT)**

10. The Enhancing Education Through Technology (EETT) program, authorized under Title II, Part D of NCLB, is slated for elimination in the President's proposed budget. EETT's primary goal is to improve student academic achievement through the use of technology in schools. The program seeks to ensure that by the time students complete eighth grade, they are technologically literate. This proposed elimination ignores the rapid emergence of technology as a vital tool for teaching and learning, the importance of preparing students for a technology dominated workplace, and the use of advanced information systems to manage assessment results and guide instruction. It is critical that our students be technology-literate to be competitive globally in the ever-expanding technology market.

    Effective use of technology in education can make an important contribution to the future of American competitiveness. I do not understand why this Administration would zero out one of the few sources of funds for such technology. If confirmed, would you agree to review and reconsider this decision?

**Answer:**

As you know, the No Child Left Behind Act sets high standards for our schools and stresses that States and localities should have maximum flexibility in choosing the most appropriate strategies for meeting those standards. I agree that using educational technology may be an appropriate strategy for some schools, but I believe that it is best left to our school districts and local leaders to decide what approaches work best for them. However, if confirmed, I will review the education technology programs.

**Individuals with Disabilities Education Act (IDEA)**

11. In its recommended budget for FY 07, the Administration proposed only a $100 million increase in funding for the Individuals with Disabilities Education Act (IDEA), for a total of $10.7 billion. This would provide just 17% of the national average per-pupil expenditure toward meeting the costs of educating disabled students – down from 18% in FY 06, and 19% in FY 05. Federal law calls on the federal government to provide 40% of these costs. Among other things, school districts will soon face considerable implementation costs as a result of new regulations being developed pursuant to our recent reauthorization of the IDEA statute.

    The proposed regulations, developed pursuant to the recent reauthorization of the IDEA statute, include substantial new requirements and procedures for identification and evaluation of students with learning disabilities. Do you believe is it wise management to continue to impose new burdens on our schools without giving them adequate resources?

**Answer:**

I share your concern about mandates and about ensuring that students with disabilities have the services they need to succeed.

It is my understanding that funding for the IDEA Grants to States program has increased by 67 percent since 2001. President Bush has proposed record-high increases in funding for the program and has achieved record-high levels of the Federal contribution for this program. If confirmed, I am committed to providing adequate resources for this program.

**Food-Related Activities of the FDA**

12. FDA regulates and protects approximately 80% of the food supply, which is a vital part of our critical infrastructure, yet the Administration has proposed a reduction in funding for the FDA's food-related activities. Please explain what priority you attach to performance of the food-related activities of the FDA, and what you will do to ensure that those activities are adequately funded.

**Answer:**

I agree with you that safeguarding the nation's food supply is an essential part of promoting and protecting public health and a critical infrastructure. If confirmed, I will review the Food and Drug Administration's food-related priorities to ensure that resources are used in the most effective and efficient manner. I look forward to working with you and the Committee on this important issue.

**Post-Hearing Questions Submitted by**
**Senator Daniel K. Akaka**
**For the Nomination of the Honorable Robert J. Portman to be**
**Director, Office of Management and Budget**
**May 17, 2006**

1. OMB Statistical Policy Directive 15, Race and Ethnic Standards for Federal Statistics and Administrative Reporting, which governs the racial and ethnic data collection by federal agencies was revised in 1997. Native Hawaiians were disaggregated from the Asian Pacific Islander category and a new category entitled, "Native Hawaiians and Other Pacific Islanders" was created. The Directive gave federal agencies until January 1, 2003 to make all new and existing record keeping or reporting requirements consistent with its standards.

What steps has the Office of Management and Budget (OMB) taken to date to ensure proper implementation of this directive. How is OMB measuring agency compliance with the directive, and are all agencies in compliance? As Director of OMB, what actions will you take to ensure proper implementation of OMB Statistical Policy Directive 15?

**Answer:**

It is my understanding that OMB has continued to work with the agencies to ensure that they are aware of the changes to the standards. I am not familiar with the details of this issue, but if confirmed as Director, I will work to ensure that OMB continues to monitor implementation of the standards for Federal data on race and ethnicity through its information collection review process.

2. The Emergency Management Performance Grant Program (EMPG) is the only source of federal funding to states and localities for all-hazard emergency management preparedness and response. The majority of EMPG recipients use the grants to fund key emergency management personnel that could not be afforded otherwise. In my home state of Hawaii, 50 percent of the State Civil Defense staff are funded through these grants. I have heard from the National Emergency Management Association and officials in Hawaii that in the past OMB has tried to put a 25 percent cap on the amount of EMPG funds that can be used for salaries and other personnel expenses. This would cause states and localities to lose a significant number of their trained staff severely crippling emergency management capabilities.

   What are your views on a 25 percent cap on EMPG funding for personnel uses?

**Answer:**

It is my understanding that the 2007 Budget includes $170 million for the EMPG program and does not propose a cap on EMPG funding for personnel uses.

I appreciate the need for shared responsibility and, if confirmed, will work to ensure the appropriate balance among Federal, State, local and private funding.

3. As you know, the budget request for the Federal Emergency Management Agency (FEMA) is part of the Department of Homeland Security's overall budget request. We saw during Hurricane Katrina what can happen when FEMA's funding needs are not met. Given FEMA's critical role and the fact that FEMA's budget has been short changed in the past, how will OMB provide Congress with increased visibility of FEMA's budget request?

**Answer:**

I share your concern about FEMA. It is my understanding that the 2007 Budget proposes $3.1 billion in gross discretionary funds for FEMA – a 13 percent increase over 2006. If confirmed, I will work to ensure that OMB collaborates with DHS and FEMA to brief the Congress on future budget proposals.

4. As you know, to determine whether federal rules and regulations would impose certain burdens on the public, the Paperwork Reduction Act (PRA) requires a federal agency to solicit public comment to enhance the quality, utility, and clarity of information to be collected. Concerns have been expressed to me by power mobility device (PMD) suppliers that the recently issued PMD final rule does not establish a uniform standard governing documentation collection and retention for PMD claims. This creates the possibility of a subjective and burdensome paperwork policy. As the Director of OMB, what actions will you take to ensure that the PMD final rule reflects the principles embodied by the PRA and that the concerns expressed by suppliers of PMD are thoroughly reviewed?

**Answer:**

I appreciate your interest in this matter. If confirmed, I look forward to working with you and the Committee on this important issue. I would also work with Centers for Medicare and Medicaid Services and Department of Health and Human Services to ensure that the paperwork burdens are minimized while continuing to monitor the standards as are needed.

5. As you know, the OMB Director plays a pivotal role in steering fiscal policy in our country. Back in 2001, at the start of this Administration, you spoke about the President's budget, noting, "We're... going to be able to pay down all of the available public debt, $2 trillion of it, also be able to increase spending for important priorities like education – like national defense ..." I believe if this had been done, our country would be in much better shape today.

   How do you reconcile your projections from the beginning of the Bush Administration to the current picture of skyrocketing debt we face today?

**Answer:**

I was relying on projections when I made that statement. As you know, when the President took office, CBO and OMB projected surpluses of $5.6 trillion from FY 2002 to 2011. Subsequent events – including a recession, stock market downturn, and the challenges of September 11th and the ensuing war on terror – showed this projection to be dramatically wrong. Today's deficits are the result of those events and other developments such as last fall's devastating hurricanes.

The President has set out a goal to cut the deficit in half by 2009 through pro-growth economic policies and spending restraint. If this goal is achieved, it would result in a lower deficit (in terms of the deficit to GDP ratio) than in 18 of the past 25 years. The ratio of debt to GDP is already close to its historical average, and under the President's plan it will steadily decline.

Looking past 2009, it is important to remember that as the baby-boom generation begins to retire and becomes eligible for Social Security and Medicare it will cause a surge in mandatory spending. If we do not take action to reform these programs to slow their growth, federal spending and debt levels will rise to unprecedented heights and threaten the Nation's future prosperity. We do not need to cut these programs, but we do need to adopt common-sense reforms to slow their growth to sustainable levels.

6. As I noted in my statement, half of the cost of legislation adding to the deficit, as projected over a ten-year period from 2002 through 2011, is represented by tax cuts. How long do you think the Administration can continue to pursue a posture that aggressively cuts taxes, while needing to pay for military operations, hurricane relief, and, other vital costs addressing the needs of American families?

**Answer:**

I believe the President's 2001 and 2003 tax cuts were exceptionally well-timed, and well-designed, to bring an economy out of recession and to strengthen the recovery once it began to take place. We see the results of those policies in the strong economic and job growth now in progress, and in the healthy increases in receipts in the last several years. With the tax cuts in place, revenues were up 14.5 percent last year. Based on a recent report from the Department of Treasury, receipts are also up this year. As a result taxes as a percentage of GDP have increased to approximately historical levels.

It is critical to maintain today's healthy economy, which is why the President has proposed maintaining today's tax rates rather than imposing a tax increase by allowing them to expire. The tax bill enacted by Congress and signed by the President just this week locks in the lower rates on dividend and capital gains income through the end of 2010, allowing businesses and investors to plan for the future and therefore encouraging investment and economic expansion.

On the spending side, the President's Budget funds critical priorities for the War on Terror, homeland security, and hurricane relief. At the same time, it calls for significant restraint on the spending side, including sizeable reforms in mandatory programs and an

actual cut in non-security discretionary spending for the second year running. With fiscal restraint and continued pro-growth economic policies, I believe that the Administration can deliver on the President's goal to cut the deficit in half by 2009.

7. In response to the Committee's pre-hearing questions, you said that adequate safeguards must be in place to ensure that favoritism and politics are not factors in determining an employee's pay. Please describe the safeguards that you believe should be in place to prevent such action.

**Answer:**

It is essential that we treat employees fairly if we expect them to perform effectively in serving the American people. The Administration strongly agrees with the statutory merit system principles and protections against prohibited personnel practices. It is my understanding that these provisions forbid as well as provide redress for favoritism and political consideration in determining employee pay. If confirmed, I would support the effective administration of these existing safeguards. In addition, I would want to be sure that pay determinations are reviewed to ensure fairness and consistency and that the resolution of appeals and grievances is procedurally fair.

8. In response to the Committee's pre-hearing questions, you said that employees and their representatives should participate in the design and implementation of new human capital policies and practices. What level of participation do you believe employees and their representatives should have in the development of such policies and practices, and how would you rate the success of the level of involvement employees have had to date?

**Answer:**

Employees should be integrally involved in the development and implementation of organizations' human capital policies and practices. I believe the input is valuable. I understand that demonstration projects relating to personnel systems have found that after an initial drop in morale following implementation of a new system, continued employee involvement leads to growing comfort, acceptance, and support for the system. Thus it may be too early yet to accurately rate the success of the level of involvement so far at least in the Departments of Defense and Homeland Security. However, I understand that the Administration is holding agencies accountable for using employee survey data to measure and track employee attitudes and to identify areas of employee concern that can be addressed through employee involvement.

9. On February 11, 2005, OMB Deputy Director for Management Clay Johnson issued a memorandum directing each agency to designate a senior official who would have agency-wide responsibility for privacy issues relative to information management.

a. What training would you consider appropriate for these designated officials to ensure that they are fully aware of existing privacy protection requirements?

**Answer:**

I understand, generally speaking, the designated Agency Senior Officials for Privacy are the agency Chief Information Officers (CIO) and that there exists a significant body of privacy-related OMB and other policy and guidance implementing applicable law, which provides a programmatic framework for those responsible for information management.

b. How do you envision such training being provided, by whom, and with what frequency would refresher training be provided?

**Answer:**

I am not familiar with the training requirements for such persons. If confirmed, I would ensure that these issues are reviewed.

c. How do you see these designated officials exercising enforcement or remedial authority regarding privacy protection?

**Answer**:

I am not familiar with the issues of enforcement or remedial authority. If confirmed. I would ensure that the applicable policies are reviewed.

d. What are your thoughts regarding executive branch oversight of the activities of these designated privacy officials?

**Answer**:

I am informed that OMB meets with all the agencies' Senior Officials for Privacy and their "teams" to review the status of the agencies' privacy programs. If confirmed, I would ensure that these and other oversight plans and policies are reviewed.

e. What would be their working relationship to the Privacy and Civil Liberties Oversight Board?

**Answer**:

I understand that the Privacy Board anticipates a productive and active relationship with Privacy Officers throughout the Executive Branch.

**Post-Hearing Questions Submitted by**
**Senator Thomas Carper**
**For the Nomination of the Honorable Robert J. Portman to be**
**Director, Office of Management and Budget**
**May 17, 2006**

1. With bioterrorism, emerging animal diseases like avian influenza and mad cow disease and a growing use of imported produce that is not cooked prior to consumption, please explain what priority you attach to the performance of the core mission of the FDA, especially its food-related activities that recently have been receiving less funding annually?

**Answer:**

I appreciate your raising these issues. I believe safeguarding the nation's food supply is an essential part of promoting and protecting public health and a critical infrastructure. If confirmed, I will review the Food and Drug Administration's priorities, including food-related activities to ensure that resources are used in the most effective and efficient manner. I look forward to working with you and the Committee on this important issue.



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