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**TESTIMONY OF  
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**BEFORE THE  
APPROPRIATIONS SUBCOMMITTEE ON  
FINANCIAL SERVICES AND GENERAL GOVERNMENT  
U.S. HOUSE OF REPRESENTATIVES**

**APRIL 9, 2014**

Mr. Chairman, Ranking Member Serrano, Members of the Subcommittee, thank you for the opportunity to present the President's FY 2015 Budget request for the Office of Management and Budget (OMB).

I want to first thank this Subcommittee for its work on the Consolidated Appropriations Act of 2014. The Act is the result of hard work by members and staff of this Subcommittee and others, and represents an important step towards returning the appropriations process in Washington back to regular order. I look forward to supporting the Subcommittee in its work moving forward on FY 2015 appropriations.

As many of you know, I focus my work at OMB around three major goals. The first is building relationships, particularly when it comes to our work with our partners in Congress and on this Subcommittee. This includes supporting regular order. The second is using both the management and budget sides of OMB to ensure that we are doing our best to build an economy that is healthy both in the short and long-term – and a government that contributes to that economic health. The third is strengthening the institution of OMB, which means investing in the organization and its people so we can deliver our very best for the American people every day.

In today's testimony, I will highlight OMB's work in the management, budget and regulatory spheres – work that this Subcommittee is deeply familiar with. Through the budget development process, support of the appropriations process, and ongoing management and oversight of agency budgets, OMB drives high-quality execution of the Administration's fiscal policy and other key priorities. By working with and across agencies throughout the Federal government, OMB aims to improve overall management and deliver impact through improved efficiency, productivity and quality of critical services. In the regulatory space, OMB's work protects our health, safety and environment while promoting economic growth, job creation, and innovation. And we work to be a trusted and respected source of information for our counterparts in the Administration and Congress as well as the public, thanks to the quality analysis and work conducted by OMB staff.

**OMB Request**

The President's FY 2015 Budget request for OMB is designed to deliver against this

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vision. OMB's request of \$93.5 million and 480 full-time equivalents addresses growing workloads while making targeted investments to enable OMB to more effectively oversee program management and funding across more than 100 agencies and departments throughout the Federal government. The Budget request would bring OMB back up to a staffing level comparable to 2009, though well below 2010, and support our expanded role in a number of key priority areas for this Subcommittee. This is a critical investment with large returns in the form of improved program management, budgetary savings, and smarter regulations – some of the many critical outcomes that the Administration, Congress, and the American people look to OMB to help ensure.

While OMB has taken on a number of new functions and responsibilities in recent years, our funding and staffing levels have been significantly constrained and have not kept pace with our counterparts at the Congressional Budget Office. Today, OMB is 11 percent smaller than as recent as FY 2010, with an FY 2014 estimated FTE level of 470. As a result of sequestration, OMB employees were required to take eight furlough days last year – the most of any agency in the Federal government. While the funding restored in FY 2014 appropriations was a step in the right direction, there is still work to be done.

### **Additional Responsibilities for OMB**

At the same time that we continue to deliver on our core responsibilities, OMB has taken on an expanded role in recent years. Congress has called on OMB to take on work in a number of key priority areas, including: enforcing spending limits under the Statutory Pay as You Go Act and the Budget Control Act; supporting increased focus on disciplined performance management through the Government Performance and Results Modernization Act; ensuring improved financial management transparency and accountability under the Federal Funding Accountability and Transparency Act; and supporting new contracting, spending, and security requirements under the National Defense Authorization Act. As a result of the Budget Control Act, for example, OMB is required to issue 17 new reports annually. For sequestration, we were required to make legal determinations and budgetary calculations for nearly 2,300 budgetary resources and more than 1,000 Treasury accounts, and we will continue to do so annually for several hundred accounts.

These efforts are in addition to preparing the President's Budget and managing the development, execution and oversight of policies and programs across government. In formulating the President's Budget request, OMB assesses the effectiveness of agency programs, policies and procedures; weighs competing funding demands within and among agencies; and works with agencies and with Congress to set funding priorities. Once Congress enacts appropriations and authorizing legislation, together with the agencies, OMB is responsible for the sound execution of Federal programs and policies, and provides ongoing policy, program and management guidance and oversight to agencies.

This past year was an important case-study in the work our staff does every day to help ensure prudent planning and management in more than 100 agencies and departments. In

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the run-up to and aftermath of the Joint Committee sequestration that was ordered last March, OMB worked with agencies to ensure full compliance with legal requirements, as well as the execution of sequestration reductions. And when we faced a lapse in appropriations later that same year, it was OMB that helped agencies effectively prepare for the lapse, conduct an orderly shutdown of activities on and after October 1, manage programs and operations during the lapse, and conduct the orderly restart of activities after appropriations were restored.

### **Delivering Impact for the Public**

Through all of our work, the Administration remains deeply focused on our commitment to deliver a smarter, more innovative, and more accountable government for the American people. At the President's direction, and building on successful efforts over the past five years, OMB has taken the lead in coordinating the President's Second-Term Management Agenda – a comprehensive and forward-looking plan to deliver better, smarter services; drive innovation and economic growth; and build the workforce we need for tomorrow.

We are making progress in a number of areas, including improving and streamlining the way the Federal Government delivers services. First, in the IT space, we are working to improve the management of IT spending and to shift the focus of Government IT projects from simply complying with requirements to truly meeting users' needs. Building on the support Congress provided in FY 2014, we are requesting \$20 million for Information Technology Oversight and Reform (ITOR), which will continue to drive additional savings across departments and agencies; strengthen the government's cybersecurity posture through targeted oversight; and support IT initiatives aimed at providing a world-class customer experience to citizens and businesses. Since the inception of this effort in FY 2012, agencies have reported \$2.16 billion in cost savings. And through additional key tools like PortfolioStats, OMB will continue to work towards improving government programs and operations and maximizing the government's return on investment in IT. For example, thanks in part to PortfolioStat, the Department of Homeland Security consolidated and eliminated excess wireless devices and associated services, saving \$48 million for American taxpayers.

At the same time, we are encouraging and expanding strategic sourcing – having saved over \$300 million since FY 2010 by using the Federal Government's buying power to save on essential purchases. We also are focused on increasing shared services across the Government by streamlining core administrative functions that nearly all agencies use, like human resources, IT, and finance. In FY 2015, for example, OMB will help the Department of Housing and Urban Development transition its core financial management functions to the Department of the Treasury in the largest financial management shared service arrangement established by the Federal Government to date. We are also strategically addressing the government's real property portfolio by freezing growth in the portfolio, measuring the cost and utilization of real property to support more efficient use, and identifying opportunities to reduce the portfolio through asset disposal.

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Together with Congress, the Administration has made it a top priority to reduce improper payments – payments made to the wrong entity, in the wrong amount, or for the wrong reason. When the President took office in 2009, the improper payment rate was 5.42 percent and rising. Since then, we have made substantial headway through yearly reviews by agency inspectors general and expanded audits for high priority programs – resulting in more than \$22 billion in recovered overpayments in 2013 and a decline in the improper payment rate to 3.53 percent in 2013 when factoring in Defense Department commercial payments.

We are making strides to modernize the Federal permitting process for infrastructure to help spur economic growth – a goal that we share with Congress. Building on the President’s executive order in 2012 and presidential memorandum in 2013, we are moving forward in implementing reforms to accelerate critical infrastructure projects and fix systemic challenges within the infrastructure permitting system. In Maine, agencies saved up to a year in the permitting and review of the Kennebec Bridge Replacement, which will replace an 80-year old movable bridge and vastly improve regional accessibility and mobility. The FY 2015 Budget includes a request for permanent funding for the new Interagency Infrastructure Permitting Improvement Center hosted at the Department of Transportation that will be accountable for driving progress on these major projects and key reforms.

On the regulatory side, OMB is responsible for reviewing significant new rulemaking and ensuring that our regulatory system is both cost-effective and evidence-based – a goal I know we share. The Administration’s approach to regulation is to protect the health and safety of Americans while promoting economic growth, job creation, and innovation. The regulations that OMB reviewed over the Administration’s first five years are expected to have an overall value to society worth about \$200 billion annually when implemented, even after considering potential costs.

As part of this work, OMB coordinates the Administration’s historic government-wide review of existing regulations in an effort to streamline, modernize, or repeal regulations on the books that impose unnecessary burdens or costs. This regulatory retrospective review, or “lookback,” has resulted so far in over 500 initiatives that agencies are pursuing to reduce costs, simplify the system, and eliminate redundancy and inconsistency. These lookback efforts have already created savings of more than \$10 billion dollars in the near term, with more savings to come in the future.

For example, the Department of Health and Human Services (HHS) removed unnecessary regulatory and reporting requirements on hospitals and other healthcare providers, saving more than \$5 billion over the next five years. And the Department of Labor (DOL) simplified and improved hazard warnings for workers, producing net benefits of more than \$2.5 billion over the next five years, while strengthening worker safety. The Department of Transportation (DOT) proposed a rule that would rescind the requirement that commercial motor vehicle drivers submit (and motor carriers retain) driver-vehicle inspection reports when the driver has neither found nor been made aware of any vehicle defects or deficiencies. This rulemaking would save tens of millions of

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hours in paperwork burden per year, for approximately \$1.5 billion in annual paperwork time savings. Notably, many of the agency review efforts focus especially on benefitting small businesses, which are crucial engines of growth in our economy.

**Conclusion**

Thank you for the opportunity to testify on OMB's FY 2015 Budget request. The requested funding will allow OMB to continue to play a central role in supporting the development and execution of a wide range of crucial programs and policies and managing critical government functions. Today more than ever, OMB has a central role to play in our efforts to move our economy forward by creating jobs, growing the economy, and promoting opportunity for all.

Mr. Chairman and Members of the Subcommittee, thank you for holding this hearing and for inviting me to speak today. I look forward to continuing to work closely with this Subcommittee on our shared priorities for OMB and the Federal Government, and supporting the Committee's efforts to return the budget and appropriations process to regular order. I would be pleased to answer any questions you may have.