TESTIMONY OF
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BEFORE THE
APPROPRIATIONS SUBCOMMITTEE ON
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Mr. Chairman, Ranking Member Serrano, Members of the Subcommittee, thank you for welcoming me here today and for giving me the opportunity to present the President's Fiscal Year (FY) 2017 Budget request for the Office of Management and Budget (OMB).

Before discussing the President's request for OMB, I want to thank this Subcommittee for its work on the Consolidated Appropriations Act of 2016 and the Bipartisan Budget Act of 2015 (BBA). Together, we enacted a spending bill that will help grow the economy and benefit the middle class, and moved the appropriations process back towards regular order and away from manufactured crises. We look forward to working together to continue this regular order for FY 2017.

I am particularly grateful for this Subcommittee's support of OMB, which has allowed us to partially reverse the staffing losses that had threatened the agency's ability to maintain the high standard of quality that the Congress rightfully expects from OMB. Since early 2014, when staffing levels reached an all-time low, OMB has made a concerted effort to attract more of the high-performing civil servants that allow us to deliver more value for taxpayers through improved program management, high-quality analysis, and by identifying more opportunities for efficiencies and budgetary savings.

These additional resources and staffing at OMB have helped facilitate our work on the BBA, FY 2016 appropriations, and the submission of the President's FY 2017 Budget, which adheres to the funding levels authorized in the BBA and builds on the investments made in the Consolidated Appropriations Act of 2016. Formulating a Budget that is in line with bipartisan legislation is an important step in moving the Budget process back towards regular order.

The investments made possible by the BBA will help expand the economic progress we have achieved over the last seven years. The two-year period ending January 2016 marked the strongest two years of job growth since 2000. Businesses have added more than 14 million jobs over 71 straight months of private-sector jobs growth, the longest streak on record. The unemployment rate has fallen to 4.9 percent—dropping 1.7 percentage points since the end of 2013, one of the sharpest declines over the last 30 years.

The 2017 Budget continues this progress. It shows that investments in growth and opportunity are compatible with putting the Nation's finances on a strong and sustainable path. We are proud that the President's Budget meets the key tests of fiscal sustainability—reducing deficits to below three percent of GDP in the budget window, stabilizing debt as a share of the economy, and putting debt on a declining path through 2025—while making investments in innovation, opportunity, and national security.

The FY 2017 Office of Management and Budget Request

As you know, OMB plays a pivotal part in executing the President's budget, management, regulatory, and legislative agenda and ensuring that the Federal government works at its best on behalf of those it serves. OMB works with and across agencies to improve management and create a government that is more effective, efficient, and supports continued economic growth. In coordinating the review of Federal regulations, OMB focuses on protecting our health, safety and environment while promoting economic growth, job creation, and innovation. Through its role in helping develop, manage, and oversee agency budgets and its support of the appropriations process, OMB helps execute on the Administration's fiscal goals and key priorities. And we work to be a trusted and respected source of information for our counterparts in the Administration and for Congress, as well as for the public, as evidenced by the high-quality analysis conducted by OMB's excellent staff.

The President's FY 2017 Budget request for OMB is $100.7 million and 500 FTE. This funding level is necessary to support the staff we brought on board in 2015 to address our historically low staffing levels, as well as to enable us to hire an additional 10 full-time equivalents (FTE) as we continue to recover from those low staffing levels. Despite our recent gains in hiring, OMB's current staffing levels remain roughly 7 percent below where they were in 2010, while our responsibilities are growing, including new activities related to:

- Improving the Federal permitting and environmental review process for major infrastructure projects as envisioned in the bipartisan Fixing America's Surface Transportation (FAST) Act;
- Meeting new financial reporting requirements associated with the Digital Accountability and Transparency Act (DATA Act);
- Scoring legislation for PAYGO and publishing the PAYGO scorecard;
- Calculating sequestrable amounts for mandatory programs and issuing discretionary sequestration reports under the Budget Control Act;
- Coordinating the development and quarterly OMB reviews of Cross-Agency Priority Goals as well as establishing and maintaining a central Performance.gov site;
- Working with the Department of Defense and other agencies to modernize personnel security;
- Implementing the Federal Information Technology Acquisition Reform Act (FITARA);
- Implementing the remaining provisions of the recently enacted FAST Act; and
- Overseeing and coordinating intellectual property enforcement.

To fulfill our mission and perform the highest quality work, OMB made a concerted effort in 2015 to bring staffing levels back up to the pre-sequester level, resulting in a net increase of 57 staff. OMB's success is ultimately dependent on our ability to attract and support high-quality, dedicated people. Restoring our staffing levels is a necessary precondition for successfully carrying out our mission and conducting the activities that Congress has charged us with. Unfortunately, our 2016 appropriation was not sufficient to support these essential staffing increases, so we will have to make use of one-time savings to cover personnel costs. Our 2017 request includes the amount needed to support our 2016 staffing levels, plus 10 additional staff that will allow OMB to more effectively oversee program management and funding, including identifying opportunities for budgetary savings across more than 100 agencies and departments throughout the Federal government.

With our request, OMB would still be 5 percent below its 2010 FTE level.

In addition, $32.5 million and 112 FTEs are requested for the Information Technology Oversight and Reform Fund, which is further described below.

Creating a 21st Century Government

The President is committed to driving lasting change in how Government works—change that makes a significant, tangible, and positive difference in the economy and the lives of the American people. The President's Management Agenda focuses on four pillars: effectiveness—delivering world-class customer service to citizens and businesses; efficiency—enhancing productivity and achieving cost savings across the Government; economic growth—opening Government-funded data and research to the public to spur innovation, entrepreneurship, economic growth, and job opportunities; and people and culture—unlocking the full potential of today's Federal workforce and building the workforce needed for tomorrow.

The Administration is executing the President's Management Agenda through Cross-Agency Priority (CAP) Goals, which were introduced by this Administration to improve coordination across multiple agencies to help drive performance on key priorities and issues. Performance for each CAP goal is regularly tracked throughout the year and goal teams are held accountable for results, which are updated quarterly on Performance.gov. In addition to the Management Agenda, the Budget also supports the President's plan to reorganize the Federal Government so that it does more for less, and is best positioned to assist businesses and entrepreneurs in the global economy.

OMB's request will enable it to continue to play a key role in executing on the President's Management Agenda in order to make government work better for taxpayers. The additional resources will let OMB ramp up promising efforts and build on progress in a number of key areas, including:

Smarter IT Delivery: To keep pace with the innovation and user experiences that the public expects, the Administration has embarked on a comprehensive effort—the Smarter IT Delivery Agenda—to fundamentally improve the way that the Government delivers technology services to the public. This agenda is focused on recruiting top technologists and entrepreneurs to work within agencies on the highest priority projects, leveraging the best processes to increase oversight and accountability for IT spending, and ramping up Government contracting with innovative companies. This effort builds off the success of the U.S. Digital Service (USDS), a unit of innovators, entrepreneurs, and engineers that the Administration launched as a pilot in 2014. This team of America's best digital experts has worked in collaboration with Federal agencies to implement streamlined and effective digital technology practices on the Nation's highest priority programs.

In addition, we continue to invest in PortfolioStat, a data-based review of agency IT portfolios that has helped the Government achieve more than $3.5 billion in savings, while ensuring agencies are efficiently using taxpayer dollars to deliver effective and innovative solutions to the public.

Building on the support Congress provided in FY 2016, we are requesting $35 million for Information Technology Oversight and Reform (ITOR) to support integrated, efficient, secure, and effective uses of information technology in the Federal Government. The requested resources will help institutionalize modern systems design and development principles and invest in scaling up particularly promising efforts like the USDS. USDS efforts have included helping on top national priorities like the College Scorecard. Working alongside the Department of Education and 18F, USDS launched the new College Scorecard with the Department of Education to give students, parents, and their advisors the clearest,

most accessible, and most reliable national data on college cost, graduation, debt, and post-college earnings. This new College Scorecard provides students and families with information on college performance that can help them identify colleges that are serving students of all backgrounds well and providing a quality and affordable education. It empowers Americans to search for colleges based on what matters most to them and allows them to compare the value offered by different colleges to help improve their decision. Within the first month, the College Scorecard had over one million users, more than 10 times the users its predecessor had in a year. Over a dozen other organizations have used the Scorecard data to launch new tools to support students in their college search and application processes. In addition, this past September, a team of visual and user experience designers at USDS and 18F created the U.S. Web Design Standards. These standards set a new bar for simplicity across U.S. government websites, and they aim to make government tools more consistently built and more easily accessible to everyday people.

The 2017 request expands the central USDS team at OMB to support standing up Digital Service teams at 25 agencies across the government. The OMB USDS team will also continue to help coordinate cross-agency technology initiatives while serving as a resource for the small, high-impact agency teams that will tackle the most high-priority challenges faced at individual agencies. OMB will also use ITOR funding for training current Federal IT professionals to scale modern development practices across the workforce, to provide accountability to ensure agencies see results, and to recruit more highly skilled digital service experts and engineers into government. Additional ITOR funding will also help OMB work with agencies to ensure continued success in implementing the Federal Information Technology Acquisition Reform Act (FITARA), which is designed up deliver better value to taxpayers by improving federal IT acquisitions.

Cybersecurity. The ITOR fund also supports OMB's work on enhancing Federal cybersecurity. Strengthening the cybersecurity of Federal networks, systems, and data is one of the most important challenges we face as a Nation. As cyber risks have grown in severity over recent years, the Administration has executed a comprehensive strategy to address cybersecurity across the Nation. Building upon the Administration's broader efforts to enhance cybersecurity, in 2015 OMB in coordination with the National Security Council, the Department of Homeland Security, the Department of Commerce, as well as other departments and agencies, executed a series of actions to bolster Federal cybersecurity and secure Federal information systems through the Cybersecurity Sprint and Cybersecurity Strategy and Implementation Plan (CSIP). In 2015, these actions and others led to areas of significant progress across the Federal Government. For example, Federal civilian agencies have nearly doubled their use of strong authentication for all users from 42 percent to 81 percent. Challenges still remain, and the Federal Government has identified three primary challenges – outdated technology, fragmented governance, and workforce gaps. To address these challenges and continue moving the needle on cybersecurity, the President has set forth a Cybersecurity National Action Plan that takes near-term actions and puts in place a long-term strategy to enhance cybersecurity awareness and protections, protect privacy, ensure public safety and economic and national security, and empower Americans to take better control of their digital security. OMB will use ITOR resources to work with Federal agencies to implement these actions and to support responses to cyber incidents, where OMB plays a central coordinating role to ensure agencies are taking appropriate actions to effectively respond to cyber events and address any deficiencies in their cybersecurity programs.

Buying Better. OMB has also been centrally involved in efforts to simplify Federal contracting, streamline purchases, and expand shared services to make government more cost effective. For example, the Administration is shifting its approach to purchasing through the adoption of a Category Management model where the Administration will "buy as one" by creating common categories of products and services across Government. Through the application of best commercial practices as well as the collection and sharing of key performance information, we are improving how we acquire and manage common products and services to ensure that agencies get a more competitive price and better performance. This new model will allow our acquisition workforce to focus their time and energy on critical mission-specific procurement. Just one month after OMB issued a new category management policy on laptops and desktops that included standard configurations, several vendors dropped their prices for the standard configurations by 50 percent. Through this new way of buying agencies have already saved or avoided costs of $1.5 billion. By the end of 2019, we aim to save at least $10.5 billion on IT through category management and PortfolioStat in the areas of hardware, software, telecommunications, outsourcing and data center consolidation. As we scale this effort, it will lead to even more significant savings in the future. For instance, in the United Kingdom, the government was able to realize savings of roughly 10 percent from its adoption of category management practices and the Federal Government is the single largest buyer in the world with annual spending on goods and services close to $450 billion.

Using data to get better results. OMB has also been essential to efforts to establish cost and quality benchmarks in human resources, finance, acquisition, IT, and real property, allowing agencies to compare performance with peer agencies and the government-wide average and pursue efficiencies. Launched in 2014, this initiative allows agencies to see how their bureaus compare against each other, how they perform peer-to-peer, and their individual agency impacts on Government-wide averages. In 2015, in conjunction with GSA we expanded the Benchmarking program to include customer satisfaction metrics and created "FedStat" – a comprehensive review of agency management using the benchmarking data, agency strategic reviews, Agency Priority Goals and other data.   As part of this initiative, OMB met with agencies to identify potential areas for improvement, discuss shared challenges across the Government, and explore opportunities to pursue cross-agency solutions—including policies, processes, and leading practices of excellence for broader application across program administration and management. These data-driven reviews led to a number of tangible improvements— such as how agencies may benefit from shared services or strategies for addressing common hiring and recruitment challenges—that can improve the effectiveness and efficiency of individual agencies and the Government as a whole.

OMB also plays a key role in helping work across agencies to deliver results for the American people. The Administration uses Cross-Agency Priority (CAP) Goals to deliver a more integrated approach to tackle a challenge, helping break down organizational barriers to achieve better performance and results than one agency can achieve on its own. For example, DOD and the Department of Veterans Affairs (VA) have partnered to improve veterans mental health. Through this collaboration, last year over 11,000 individuals participated in 144 VA medical center-hosted Mental Health Summits across the Nation in order to identify unmet needs and increase awareness of community-based programs and services for organizations supporting veterans and their families. Newly available data also shows that, for those servicemembers completing a Post-Deployment Health Reassessment in 2013 who screened positive for posttraumatic stress disorder (PTSD), depression, or alcohol abuse and received a referral to mental

health specialty, or behavioral health in primary care, 55 percent received care at VAs or DOD (2013), up from 46 percent in 2011, and nearing the target of 56 percent by 2016.

The CAP Goals are part of the performance improvement framework developed with Congress through the Government Performance and Results Act (GPRA) and the GPRA Modernization Act. Each CAP Goal has senior level Goal Leaders and publishes quarterly progress updates on Performance.gov. Agencies have also used the Priority Goal process to drive performance improvements. For example, HUD and VA have reduced the total number of homeless veterans; the Department of Justice has improved the protection of the most vulnerable within society, including victims and survivors of human trafficking, and the Small Business Administration has helped increase small business access to capital by adding new lenders to its flagship lending program. We appreciate this committee's support in granting authority in FY 2016 for OMB, with prior notification to Congress, to transfer up to $15 million from agency budgets to support these cross-cutting management initiatives. This institutionalizes a capability to fund cross-agency efforts and provides a powerful tool to turn management reform ideas into real and lasting results for the American people.

Cost-Effective, Evidence-Based Regulation. Our efforts to help deliver a smarter, more innovative, and more accountable government for the American people extends to our regulatory responsibilities. OMB is responsible for reviewing significant rulemakings and ensuring that our regulatory system is both cost-effective and evidence-based. The Administration is committed to an approach to regulation that promotes economic growth, competitiveness, and innovation while protecting the health, welfare, and safety of Americans, now and into the future.

The Administration continues to make significant progress on the President's unprecedented prioritization of the retrospective review of existing regulations. OMB is focused on rooting out regulations that are unnecessary or overly burdensome and streamlining, modifying, or repealing those regulations to reduce burdens and costs. Since 2010, the publicly released agency retrospective reviews have detailed hundreds of initiatives that will reduce costs, simplify the regulatory system, and eliminate redundancy and inconsistency. This effort has already produced completed actions that will save more than $22 billion in regulatory costs in the near term, with more savings to come. This work will continue to be a major focus for OMB.

By promoting health, safety and welfare, as well as reducing long run costs to the American economy, the net benefits of regulations issued through the sixth fiscal year of this Administration were about $215 billion when factoring lives saved and injuries prevented.

All of the responsibilities and efforts described above are in addition to our work with agencies to prepare the President's Budget and execute Federal budgetary policies, and our work with Congress. While some people think only about OMB's efforts on behalf of the President's Budget, OMB plays an important role as a steward of taxpayer dollars, working closely with agencies to ensure that Federal programs and services are well-implemented, cost-effective, and high-quality. Members of this subcommittee know that OMB also works with Congress every day to provide information and analysis, and in order to help respond to contingencies and unforeseen circumstances. Last year, OMB worked with Congress on the development, enactment and implementation of a supplemental appropriation to address the outbreak of Ebola, and is currently working with Congress on a package that would respond to the outbreak of the Zika virus. Our FY 2017 Budget includes a number of proposals that we look

forward to working with Congress on in the year ahead, including new investments in cancer research, funds to ensure that those struggling with opioid addiction can get treatment, and an expansion of tax credits that support work and reduce poverty for workers without kids at home.

I want to close by thanking you again for the opportunity to testify on OMB's FY 2017 Budget request. Supporting OMB and the work we do to make government perform better for the American public will continue to be a smart and necessary investment. I look forward to continuing to work closely with Congress and this Subcommittee as we continue to move toward regular order. Thank you and I would be glad to take your questions.