

**TESTIMONY OF
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BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON
FINANCIAL SERVICES AND GENERAL GOVERNMENT**

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Chairman Graves, Ranking Member Quigley, Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the President's Fiscal Year (FY) 2019 budget request for the Office of Management and Budget, or OMB.

The \$103 million request will support a staffing level of 493 full-time equivalents (FTE) to help OMB carry out its critical mission. The request reflects an increase of \$2 million above the FY 2018 enacted appropriation of \$101 million. The increase provides resources to fund unavoidable cost increases and restore IT reductions taken in FY 2018 that were necessary to operate at the enacted level. In addition, the request seeks resources to fund six new FTE necessary to support the priorities of the Administration, with a particular emphasis on the Office of Information and Regulatory Affairs (OIRA) and OMB's newly expanded role in tax regulatory review.

Separately, OMB is also requesting \$25 million for the Information Technology Oversight and Reform (ITOR) fund. This is a \$6 million increase above the FY 2018 enacted appropriation of \$19 million – but it is a necessary increase, because unlike prior years, ITOR will no longer have significant carryforward funding available to offset a reduced appropriation in FY 2019. OMB uses ITOR funds for critical activities and tools that enhance the efficiency, effectiveness, and security of federal investments in information technology. ITOR supports our Cyber and National Security Unit -- a small team focused on strengthening federal cybersecurity -- and the U.S. Digital Service, which recruits top private-sector tech experts into government service to modernize some of the government's most critical programs. The FY 2019 request, along with management efficiencies, will expand ITOR's ability to perform data-driven, risk-based oversight of agency and government-wide cybersecurity programs as well as the coordination of the federal response to major cybersecurity incidents and vulnerabilities.

At the core of its mission, OMB, in consultation with the President and agencies, develops the President's budget proposals, submits the President's Budget to Congress, supports its enactment, and oversees the Executive Branch's implementation of the enacted appropriations. OMB also ensures agencies develop, express, and implement policies and practices in accordance with the President's priorities and statutory direction, and is committed to improving the effectiveness and efficiency of federal programs. OMB also oversees the management of the Executive Branch – including human capital, procurement, financial management, and information technology – and serves as the central point for review and clearance of Executive Branch legislative proposals.

Finally, OMB performs and oversees interagency review of hundreds of significant regulatory actions that agencies across the Executive branch issue, approves thousands of agency requests to collect information from the public, establishes Government statistical practices, and coordinates federal privacy policy.

OMB continues to meet its ever expanding and increasing responsibilities without a corresponding increase in staffing and resources. Since FY 2010, OMB has significantly reduced its FTE number – dropping from 527 in FY 2010 to 493 requested in FY 2019, a reduction of 34 FTE and a more than six percent cut in staffing. In a small agency like OMB, this is not an insignificant reduction.

Concurrent with declining staffing levels, OMB has taken on numerous new responsibilities, including – but not limited to – critical regulatory reform processes that OMB is charged with implementing as established in Executive Order 13771, “Reducing Regulation and Controlling Regulatory Costs;” and Executive Order 13777, “Enforcing the Regulatory Reform Agenda.” In particular, EO 13771 supplements the long established OMB regulatory review functions under Executive Order 12866, “Regulatory Planning and Review” and principles of OMB Circular A-4. EO 13771 assigns to OMB the responsibility to oversee the requirement that Federal agencies identify at least two deregulatory actions for each new regulation they issue. In addition, pursuant to EO 13789, “Identifying and Reducing Tax Regulatory Burdens,” OMB’s role in reviewing tax-related regulations has expanded significantly.

As you know, OMB and the Department of the Treasury recently concluded a Memorandum of Agreement (MOA) creating a new framework for the review of tax regulations. Under the MOA, OIRA will review a subset of tax regulatory actions and provide expedited review for these actions, with the goal of reducing regulatory burdens while ensuring that taxpayers continue to receive timely guidance. Our FY 2019 request, combined with a reallocation of existing staff resources, will enable OIRA to execute these additional duties in close cooperation with Treasury.

In addition, pursuant to EO 13781, OMB issued Memorandum 17-22 “Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce,” in April, 2017, and is tasked with working with agencies Government-wide to develop and implement a plan for reorganizing the Executive Branch. An initial set of proposals was issued as part of the FY 2019 Budget, and additional proposals will be published in the coming months.

Before I close, I would like to take a few minutes to note two of the Administration’s government-wide priorities in the Financial Services and General Government (FSGG) appropriations bill that are critical to our efforts to reform and modernize government operations, and to discuss the President’s overall FY 2019 Budget request.

First, I want to thank you for funding the Technology Modernization Fund in the Omnibus, a game changer in our efforts to rid the Government of antiquated legacy IT systems. The Technology Modernization Board is already actively reviewing the first tranche of agency

project proposals, for which the cumulative funding needs far outpace the amount of available resources, making it vital that we have this subcommittee's continued support for funding in FY 2019.

Second, I want to raise a concern with Congress' use of the Federal Buildings Fund (FBF). Without adequate funding for construction, renovation, and maintenance, the quality of the Federal Government's building inventory will decline, reducing the ability of agencies to meet their missions for the American people. The FBF collects agency rent payments and invests those resources back into the FBF portfolio. Unfortunately, over the last eight years, approximately \$7.2 billion in agency rent payments to GSA have been diverted to other uses – including \$876 million in diversion in the 2018 Omnibus. I urge this subcommittee to halt this practice, and follow the Administration's 2019 request to set FBF spending equal to collections.

To speak more broadly about the President's request, the FY 2019 Budget focuses on four main priorities:

1. The safety and security of the American people.
2. Continuing to build an even stronger and more robust American economy.
3. An enhanced quality of life for hardworking Americans.
4. A commitment to a better future.

The Budget requests funding for critical programs that advance these priorities and build upon the successes of the Administration's first year. However, the fact remains that our nation's fiscal path is unsustainable. The FY 2019 Budget recognizes that we must restrain unnecessary spending and rightsize the Federal Government.

Mr. Chairman, I appreciate you inviting me to testify in front of this important subcommittee today. I believe OMB is staffed with some of the most talented and most dedicated professionals in all of the federal government, who worked around multiple lapses in appropriations and made major revisions to the FY 2019 Budget within days of enactment of the *Bipartisan Budget Act* to ensure timely delivery of the Administration's request. This budget request will provide them with the necessary resources to meet our obligations to the President, Congress, and the American people.

I look forward to working with all of you as the appropriations process moves forward.

Thank you.