

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

**MARCH 26, 2019**

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

I appreciate the opportunity to be here today to discuss the President's Fiscal Year (FY) 2020 budget request for the Office of Management and Budget, or OMB. The full request of \$116.6 million is an 11 percent cut from OMB's FY 2019 enacted level. This reduction demonstrates OMB's own commitment to fiscal discipline and efficiency as we enforce these same principles across the executive branch. This request reflects a realignment of OMB's responsibilities, while still making sure the agency has the staff and resources necessary to carry out its mission.

Within OMB's request, \$101.6 million will support a staffing level of 477 full-time equivalents (FTE) to help OMB carry out its responsibilities in an effective and efficient way. The request reflects a decrease of \$1.4 million below the FY 2019 enacted \$103 million appropriation. In order to achieve the lower request level, OMB will reduce its FTE level by 16 (from 493 FTE in FY 2019 to 477 FTE in FY 2020) – this includes a reduction of five FTE consistent with the realignment of the Intellectual Property Enforcement Coordinator outside of OMB.

OMB is also requesting \$15 million for the Information Technology Oversight and Reform (ITOR) fund. The staffing level for ITOR in FY 2020 is 69 FTE. This is a \$13.5 million decrease below the FY 2019 enacted appropriation of \$28.5 million. To ensure that its important work continues, ITOR anticipates collecting \$3 million in reimbursable funding from United States Digital Service (USDS) agency teams for personnel that USDS details to those agencies. The proposed funding will allow OMB to continue to modernize and improve government operations and service delivery, improve cybersecurity, and continue to improve analytics and oversight aimed to achieve cost efficiencies in agencies' use of IT. It must be noted that our request assumes that funding for the maintenance of the IT dashboard is accounted for in GSA's Office of Government-wide Policy.

On top of the \$116.6 million request, OMB is requesting an additional \$400,000 and three FTE to establish a new office that will provide Government-wide strategic direction on federal human capital policy, and coordinate personnel policies, regulations and procedures for Executive agencies. This request is part of a legislative proposal to reform the Office of Personnel Management, and OMB's human capital leadership will be in conjunction with Office of Personnel Management activities that will be vested within the General Services Administration. The new OMB office will ensure alignment of Federal workforce planning and policies with other Government-wide management activities. It will be modeled after other

statutory offices in OMB, such as OMB's Office of Federal Procurement Policy, which provides leadership on Federal procurement issues and works closely with the General Services Administration on Government-wide implementation.

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 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 serves as the central point for review and clearance of Executive Branch legislative proposals, executive orders, and presidential memorandums.

OMB continues to be a leader in strengthening and improving not only OMB's organizational effectiveness, but also increasing the effectiveness of the Federal Government to serve the needs of the 21<sup>st</sup> Century. OMB's responsibilities have increased with changes in Administration priorities and policies as well as new legislative direction from Congress. At the same time, OMB's budget and staff have decreased. Since FY 2010, OMB has significantly reduced its FTE number – dropping from 527 in FY 2010 to 477, requested in FY 2020, a reduction of 50 FTE (or approximately 10 percent).

OMB has taken on numerous new and expanded responsibilities, including:

- Regulatory reform, where OMB reviews tax-related and similar regulations with the goal of ensuring that the regulations adhere to core good government principles, and are transparent, simple, efficient and pro-growth; and
- Implementation of the President's Management Agenda consistent with the Administration's 2018 *Reshaping American Government in the 21<sup>st</sup> Century: Reform and Reorganization Recommendations*, which serves as a cornerstone for productive, bipartisan dialogue on structurally realigning the Federal Government to more effectively operate in the 21<sup>st</sup> Century; and

OMB also continues to play a leading role in making sure that taxpayer dollars are used effectively, and that limited resources are redirected from lower to higher priorities.

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Before I close, I would like to take a minute to discuss the President's overall FY20 Budget request.

Similar to President Trump's previous budgets, the FY2020 Budget was written with the everyday American in mind. All across the country, hardworking taxpayers have to balance their household budgets, finding ways to do more with less and save for the future. Our federal agencies and departments should be held to the same level of responsibility, and with accountability.

This year, President Trump directed most agencies to meet a target of 5 percent reduction to nondefense discretionary spending. I am proud to report to you that the FY20 Budget achieves his 5 percent goal, and OMB has held itself to the same high standard of fiscal discipline while producing this Budget.

Over the past two years, President Trump has unleashed the American economy through his pro-growth agenda, resulting in a return to prosperity for the American people.

OMB has been a key leader in implementing much of this agenda, such as robust regulatory reform, resulting in small businesses and the American economy saving more than \$33 billion in burdensome, regulatory costs.

However, these great achievements will be challenging to maintain if we do not get our fiscal house in order. Annual deficits are continuing to rise and will exceed \$1 trillion a year, and interest payments on the national debt are projected to exceed military spending by 2024. The national debt nearly doubled under the prior Administration and is now more than \$22 trillion. This level of debt is unsustainable and threatens the prosperity and economic freedom of future generations.

The President came to our nation's capital with a commitment to help get our fiscal house back in order and end the wasteful spending in Washington. OMB is using every tool at our disposal to support the President's efforts to put taxpayers first, including by developing a Budget containing more spending reductions than any other in history.

I look forward to working with Congress to prove to the American people that their government is capable of balancing a budget by prioritizing efficient and effective spending. These principles will help define the course of our freedom and prosperity for decades to come.

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