

**NOMINATION OF HON. SYLVIA M. BURWELL**

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**HEARING**

BEFORE THE

COMMITTEE ON  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE  
ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

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NOMINATION OF HON. SYLVIA M. BURWELL, TO BE DIRECTOR OF THE  
OFFICE OF MANAGEMENT AND BUDGET

APRIL 9, 2013

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# CONTENTS

Opening statements:	Page
Senator Carper .....	1
Senator Coburn .....	4
Senator McCain .....	8
Senator Johnson .....	11
Senator Heitkamp .....	14
Senator Portman .....	16
Senator Ayotte .....	19
Senator Baldwin .....	22
Senator Levin .....	25
Senator Pryor .....	27
Prepared statements:	
Senator Carper .....	43
Senator Coburn .....	46

## WITNESSES

TUESDAY, APRIL 9, 2013

Hon. John D. Rockefeller IV, a U.S. Senator from the State of West Virginia	
Testimony .....	1
Prepared statement .....	47
Hon. Sylvia M. Burwell, to be Director, Office of Management and Budget	
Testimony .....	9
Prepared statement .....	49
Letter from the Office of Government Ethics .....	51
Responses to pre-hearing questions .....	55
Biographical and financial information .....	80
Responses to post-hearing questions .....	101
Statement of support from Senator Joe Manchin III .....	116



## NOMINATION OF HON. SYLVIA M. BURWELL

TUESDAY, APRIL 9, 2013

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

The Committee met, pursuant to notice, at 2:33 p.m., in room SD-342, Dirksen Senate Office Building, Hon. Thomas R. Carper, Chairman of the Committee, presiding.

Present: Senators Carper, Levin, Pryor, Baldwin, Heitkamp, Coburn, McCain, Johnson, Portman, and Ayotte.

### OPENING STATEMENT OF CHAIRMAN CARPER

Chairman CARPER. The hearing will come to order.

What I would like to do is go out of order and welcome all of you here today.

Senator Rockefeller and Senator Coburn I believe have simultaneous hearings going on in the Intelligence Committee. They need to be in two places at once. Even as good as they are, they have not figured out how to do it. So I am going to ask Senator Rockefeller, if he would, to introduce our nominee, and then yield to Senator Coburn for any comments he wants to make, and then we will just take it from there, returning to regular order after that.

Senator Rockefeller, welcome.

### TESTIMONY OF HON. JOHN D. ROCKEFELLER IV,<sup>1</sup> A U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator ROCKEFELLER. I will so do, Mr. Chairman, if you promise to tell us all the times that you have been to Hinton, West Virginia, because you have.

Chairman CARPER. I actually lived there, Jay, when I was a little boy.

Senator ROCKEFELLER. Well, I want to know more about it, but not just now.

Chairman CARPER. Fished on the New River, Bluestone Dam.

Senator ROCKEFELLER. I know.

Mr. Chairman, 15 years ago, I was honored to introduce somebody named Sylvia Mathews during her nomination hearing to become Deputy Director of the Office of Management and Budget (OMB). And today, obviously, we are moving up. There is a lot that happened in her life, all of it good, but to be head of the Office of

<sup>1</sup>The prepared statement of Mr. Rockefeller appears in the Appendix on page 47.

Management and Budget at this particular time in our Nation's history is an extraordinary position.

We are going to be debating the best course for our country's future. It is going to take a wise hand. We need smart, strong leadership. We need the Federal budget office to be good.

Sylvia Mathews, now Burwell, is absolutely the person for this job. And I do not say that because she comes from West Virginia. I say that because I know her really well, and she is one of the most extraordinary people I have ever seen going through my various decades of life. I urge this Committee to swiftly consider her, pass her, and crown her.

I have written down here that I know Sylvia, I have known her most of her life—I say actually her entire life, but that would be a lie. I met her when she was 8, and I have known her parents for years. Cleo and Bill set an incredible example for their two daughters, Sylvia and Stephanie. I have attended church with them. I have been with them at many major milestones, including the wedding reception for Sylvia and her husband, Stephen, who sits behind me. And, Sylvia, you have to do all the introducing, all right? Because I will be heading out.

I can tell you that Sylvia is brilliant. It is such a cliché, almost embarrassing to say, but she is absolutely brilliant. She will never tell you that because she is modest, but I can tell you that because I am right. People like her come very rarely. She graduated from Harvard and was a Rhodes Scholar, but she has never forgotten her West Virginia roots, which is key to everything that I feel about her, and I think it is key to all of her success. Always grounded, always thinking of people in what she does.

She is humble, she is hard-working, and she has integrity. She remains devoted to helping our Nation's hard-working families, and she has just proven that through everything she has done. Her grandparents were Greek immigrants. They came to this country—that whole evocation of the emotions of that, the work of that, the toil of that is very much in my mind.

Sylvia is a proud native of Hinton, West Virginia. It is not the largest city in America, but the 3,000 who live there would argue that it has a distinguished railroad history. It is nestled in the mountains of Appalachia. It is really hard to get to. And her friend Terri Giles right behind me knows that very well. Deep in the hills of Appalachia.

She could have made a fortune at any or all points in her life just by switching signals and going off to what she was trained to do. She has spent the majority of her life in public service or working at organizations that are helping people—foundations. There is no doubt that she is—well, let me be more specific.

Sylvia previously served in the Clinton Administration as Staff Director for the National Economic Council, Chief of Staff to Treasury Secretary Robert Rubin, Deputy Chief of Staff to the President, and Deputy Director of the Office of Management and Budget.

She was central to crafting the Clinton budget in the late 1990s, which brought us a whole lot of surpluses and something called “prosperity” and “growth.”

There is no doubt, there can be no doubt that she is the person to tackle the challenges of today. Debts and deficits are staggering.

The Tax Code is riddled with complexity. And it needs her. It needs her guidance, her wisdom, and her calmness.

Our country needs somebody with the experience and the intellect of Sylvia Mathews Burwell at the center of the great debates that are going to be with us over the next 4 years at the very least. The thought of rewriting the Tax Code, to those of us on the Finance Committee, is a staggering thought. Having Sylvia Mathews Burwell around will help.

After her time in the Clinton Administration, she turned to philanthropic work, which was a natural thing for her, as President of the Gates Foundation's Global Development Program, which put her all over the world, and she headed that. And as you know, that is one of the largest foundations in the world. It makes the Rockefeller Foundation look like a small piece of dust being blown down some street somewhere. And then recently she has worked for the Walmart Foundation.

But she wants back in public service. Not only does she understand budget issues, but she wants to put that knowledge to good use and put it to good use to balance and to reduce deficits, all the right things, but mostly to help people and help communities. That is Sylvia Mathews Burwell. It just is, and that is why I am so proud to introduce her.

I am furious that I cannot introduce her tomorrow. Joe Manchin is going to, and he better not speak as well as I am. But, anyway, he has a statement he wants to put in the record, Mr. Chairman, for this hearing.

Chairman CARPER. Without objection, his statement will appear in the record.<sup>1</sup>

Before I yield to Dr. Coburn, let me just acknowledge, as my colleagues know, we have a lot of Members who come, usually Senate but sometimes House as well, to be present and to introduce a witness. Almost never do we find someone who has known the witness since the age of 8, knows her family, worshipped in church with them. It is an amazing recommendation and introduction.

Senator ROCKEFELLER. Mr. Chairman, it is interesting. The act of introducing her, presenting to a Committee a candidate for a position, there is almost a cliché protocol about it. But in my mind, this is an act of public service on my part. I just do not even think of what we all have seen so much of, you say your three words and get out. I am talking longer than I should, and I do not care—unless you do.

She has traveled the world; she knows the world. The people of West Virginia are so incredibly proud of her, always have been. She has always been that person looming out on top of the rest of us who has a sort of—not a superiority, but a depth, an honesty, and an integrity which our State sorely needs. I present her to you with pride, and I thank you.

Chairman CARPER. We are happy to receive your recommendation and to hear her testify and to take her questions. That was a remarkable, extraordinary introduction, and we thank you for it.

<sup>1</sup>The statement for the record from Senator Joe Manchin appears in the Appendix on page 116.

In all the years I spent as a little boy learning to fish on the New River, which flows right by Hinton, West Virginia, I never saw anybody walk across the New River. But if anybody could, with an introduction like that, maybe Sylvia would be that person. But thank you.

Senator ROCKEFELLER. But we do not want to take that chance.  
Chairman CARPER. Probably not.  
Let me yield to Dr. Coburn, please.

#### OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. Well, let me welcome you here, and your family and friends. We had a great conversation in my office. You are nominated to be the Director of the Office of Management and Budget.

Congress has failed to do its job, and oftentimes OMB has failed to do its job, and I have a lot of confidence that you can actually make a very big difference for our country in how that office executes strategies to actually help us solve some of our problems.

I have a statement for the record, Mr. Chairman, which I would like to put in.<sup>1</sup> And due to the Intelligence Committee meeting that I think is really a priority, Senator Rockefeller and I will not be here. I will submit some questions for the record so that we have them on record and so I can call you later and say here is what you said.

Anyhow, we welcome you to the Committee. I appreciate the fact that you would come back and serve. We do not have enough people willing to do that right now, and there is no question you are highly qualified for the position.

Thank you.

Chairman CARPER. Thank you very much.

Senator Rockefeller, again, thanks so much for joining us, and Dr. Coburn, if you can come back you are more than welcome to.

I think before we do anything else, I am going to ask our nominee if there is anyone in the room that she would like to introduce to us. You are welcome to do so at this time.

Ms. BURWELL. Thank you, Mr. Chairman. I would love to introduce my husband, Stephen Burwell, and my brother-in-law, Joe O'Keefe; one of my college friends, Linda Lurie; and one of my best friends since I was 4, Terri Giles, from Hinton, West Virginia.

Chairman CARPER. All right. That is great. We are delighted that you are all here. I was kidding Stephen before we started off about his middle name being "Lucky," and I think his wife believes that her middle name is "Lucky." And I think they are both very fortunate—we are fortunate, Stephen, that you would be willing to share your wife. I know you have a young family, so it is an extraordinary gift that both of you give to our country at this time.

Today, as Senator Rockefeller said, we meet to consider the nomination of Sylvia Mathews Burwell, President Obama's choice to serve as Director of the Office of Management and Budget, with a big underline under the word "management." This is a critical nomination, as we know, that comes at a critical time in our Nation's history, as OMB has lacked a Senate-confirmed leader since Janu-

<sup>1</sup>The statement for the record from Senator Coburn appears in the Appendix on page 46.

ary of last year, more than a year, when then Director Jack Lew left to become Chief of Staff at the White House.

Folks who know me know that I am a big believer in the power of leadership. Throughout my life and career, I have seen the impact of dedicated and talented leaders firsthand and learned how good leaders can be critical in turning around struggling organizations and providing essential guidance during challenging times. This is one of those challenging times. Leadership is an important, and often undervalued, asset that can determine whether or not an organization of any size or scale can effectively accomplish its mission or missions.

That is why I have long been concerned about a problem that has plagued the executive branch through both Democratic and Republican Administrations: numerous and longstanding vacancies in senior positions throughout the Federal Government. This problem has become so pervasive that I have started referring to it as “executive branch Swiss cheese.” At any given moment, we are lacking critical leadership in numerous positions in the executive branch in just about every agency, undermining the effectiveness and accountability of our government. While Congress and the Administration have taken steps to address this problem, the fact remains that we still have more work to do to ensure that we have talented people in place to make these critical decisions and to hold accountable. That is one of the reasons why today’s confirmation hearing is so important and why I am pleased that President Obama has put forward a nominee who I believe has the skills necessary to step in and be effective not in a week or two or a year or so, but right now.

Ms. Burwell’s prior experience in government has prepared her well to lead during this challenging period for our Nation, a time when we can no longer afford to avoid making the tough decisions that are necessary to put our Nation on a responsible and sustainable long-term fiscal path.

She served, as Senator Rockefeller mentioned, as Deputy Director of the Office of Management and Budget and Deputy Chief of Staff during the Clinton Administration—a time when our government got its deficit under control and achieved four balanced budgets in a row. She is someone who knows firsthand how challenging budget negotiations can be. But she is also someone who knows that it is not only possible but imperative for the Congress and the President to reach a bipartisan agreement on a comprehensive, long-term budget plan.

Ms. Burwell also brings valuable leadership skills from the private sector, where she helped run two of our Nation’s largest philanthropic foundations, the Bill and Melinda Gates Foundation and the Walmart Foundation. If I am not mistaken, I think she spent some time at McKinsey as well, as a management consultant. In all of the jobs she has held over the years, Ms. Burwell has shown a great work ethic and intellect and a strong business perspective. She also is a warm and gracious person and someone who can build consensus across party lines at a time when members of both political parties need to set aside partisan considerations for the sake of our country. These qualities, in my opinion, can be attributed in large part to the fact that she hails, as has been mentioned

here today, from Hinton, West Virginia—a wonderful little town of wonderful people where I was once privileged to live as a young boy.

These qualities have made Ms. Burwell an effective leader since the day she arrived in Washington as a young member of President Clinton's economic team. Her wisdom from both the public and private sectors will now be put to use in addressing fiscal challenges that are much more severe than the daunting challenges she helped address in the 1990s. For some perspective on the serious nature of our Nation's debt and deficit crisis, I will just note that in fiscal year 1993, the deficit was \$255 billion. The Congressional Budget Office (CBO) now projects the deficit for this fiscal year to be \$845 billion, and that will be the first time in 5 years that the deficit actually dipped below \$1 trillion. In 1993, debt as a percentage of gross domestic product (GDP) was 49 percent. Today, it is approaching 76 percent.

The grand budget compromise that I believe we need to address this fiscal crisis must have, I think, three essential elements. It must address both spending and revenues in a balanced approach. It must rein in the costs of our entitlement programs in a way that does not savage the poor or elderly. And it must demand better management of our Government programs, something that Senator Coburn has already referred to. We must deliver better services to the American people at a lower cost in almost everything that we do.

This Committee is an important partner with the Office of Management and Budget in all of these areas, but especially in ensuring that our government achieves better results for less taxpayer money. Both Congress and the executive branch bear equal responsibility in rooting out waste, fraud, and abuse in Government programs, and just plain inefficiency. Both the legislative and executive branches bear responsibility in ensuring that we measure the performance of programs and alter or end those programs that do not work or have outlived their usefulness. Both bear responsibility for providing transparency to the public on how their tax dollars are spent.

Dr. Coburn and I have worked closely together over the years to identify sensible, achievable savings that could be accomplished simply through better management. I will mention just a couple.

We know that we can save billions of dollars by shedding some of the thousands of pieces of Federal property that we no longer use or that we underuse.

We know that we can save billions of dollars every year by further reducing the amount of improper payments that our government makes—still over \$100 billion per year.

We know that we can save billions in Federal contracting every year through efforts such as so-called strategic sourcing initiatives, which involve buying more in bulk.

We can save billions of dollars through better management of our Government's information technology (IT) infrastructure, including, for example, by continuing the effort to consolidate Federal data centers.

And we can bring in billions of dollars in revenues by doing a better job of collecting taxes that are owed but not being paid. And

here I am not just talking about new taxes, but I am talking about doing a better job of collecting the taxes that are already owed, some of which have been outlined and pointed out by our own Permanent Subcommittee on Investigations, which is led by Senator Levin.

And I know from my conversations with Ms. Burwell that she is fully committed to all of these efforts, and more. She is also committed to helping improve ways to measure the performance of Government programs and to ensure that we have sound financial management practices across the government, including at the Department of Defense (DOD), which in its whole history has never been able to conduct a full audit of its finances, much less obtain a clean audit.

Ms. Burwell, as you sit here 20 years after you first came to Washington, I do think it is instructive to look back and reflect on the budget debate of those days when, like now, we faced deficits and long-term debt problems that on many days seemed insurmountable.

And just over 20 years ago, in January 1993, President Clinton's nominee to be Director of the Office of Management and Budget, then Congressman—my colleague at the time—Leon Panetta, appeared before this Committee. And he talked about how the American people did not trust the government anymore. He spoke of the importance of making the budget process work so that our government could start to restore that credibility. This is what he told this Committee 20 years ago. Leon said, "We need to make government more efficient, more creative, make it an instrument of long-term economic growth, not an impediment, and make it a source of investment in our future, not a robber of our children's birthright."

All of those words ring, I think, even more true today. The American people will not—and should not—tolerate Congress and the White House kicking the can down the road any longer on making tough budget decisions. Nor will they tolerate our failure to make significant progress in addressing some of the tough management challenges faced by agencies across government. My strong recommendation to my colleagues today is that we confirm this nomination of Ms. Burwell promptly so that she can apply her considerable skills and intellect to the work that the American people sent us here to do.

I called Erskine Bowles when the President submitted the name of Sylvia Burwell to be the OMB Director. I knew they worked together in the Clinton Administration. I said, "Erskine, tell me what you know about Sylvia Burwell." And he took me back in time to the late 1990s—I think you were at the time maybe Chief of Staff to Bob Rubin, as I recall. And he said that he was in a meeting in the Oval Office with Bob Rubin, the President, and you. And I think the President was grilling Bob Rubin on a particular issue, and he was maybe struggling just a little bit to respond. And you surreptitiously handed a note to Bob Rubin. He read it and gave the President a brilliant answer. And as the President was ooh-ing and ahh-ing over the brilliance of the answer, Erskine interrupted and said, "Mr. President, I think I have broken a code here. Rubin is not that smart. It is Sylvia. She just handed him this note that

enabled him to address the issue you have raised.” That is high praise from a guy that I respect enormously.

Again, we are just grateful that you are here. Our best really to the folks who raised you, your Mom and Dad, for doing a terrific job with you, and I suspect—you have one sister?

Ms. BURWELL. One sister.

Chairman CARPER. One sister. And you turned out well, and I know Hinton, West Virginia, and West Virginia are proud of you, and so am I.

And with that having been said, I think we turn next to Senator McCain.

#### **OPENING STATEMENT OF SENATOR MCCAIN**

Senator MCCAIN. Thank you, Mr. Chairman, and I apologize that I have to go to another hearing. I just wanted to say this is an incredibly well-qualified nominee who is well known to many of us in her previous incarnations. There must be some character flaw that she wants the job, but other than that, I think that she is very well qualified, and the witness can see how controversial her nomination is by this packed Committee. But this is an excellent choice, and I wish her well. And maybe before she leaves she could get us some discounts at Walmart. [Laughter.]

I congratulate her on her nomination.

I thank you, Mr. Chairman, for allowing me to say a few words.

Chairman CARPER. Thanks so much for being here and for your comments.

I am going to go through some brief introductions, very brief, and ask a couple of questions, and then we will turn it over to you and then to my colleagues.

Sylvia Burwell has filed responses to biographical and financial questionnaires, answered pre-hearing questions submitted by our Committee, and had her financial statements reviewed by the Office of Government Ethics. 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 offices.

Our Committee rules require that all witnesses at nomination hearings give their testimony under oath, and I am going to ask you, if you would, to stand and to raise your right hand and respond to these questions.

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

Ms. BURWELL. I do.

Chairman CARPER. Please be seated. Please go ahead at this time and make your statement, and then I am going to come back and ask you four perfunctory questions. Thank you. Welcome.

**TESTIMONY OF HON. SYLVIA M. BURWELL<sup>1</sup> TO BE DIRECTOR,  
OFFICE OF MANAGEMENT AND BUDGET**

Ms. BURWELL. Thank you, Chairman Carper, and thank you, Ranking Member Coburn, and the entire Committee for welcoming me today. It is a privilege to be considered by this Committee as the President's nominee for the Office of Management and Budget.

I want to begin by thanking Senator Rockefeller for that kind introduction, and I will just say, I do not know that he actually remembers it. He, for me, embodies the values of my small town in West Virginia. And it was many years ago that the Senator visited Hinton, and at that time, he gave his first interview to a group of young reporters. We were actually in the sixth grade and had started our own newspaper. And it was just a reflection of his caring and commitment to the youth of our State. And his willingness to engage with the young people of the State of West Virginia is just reflective of what an incredible role model he has been in terms of public service for me and for so many others, and I thank him for that and the tireless work that he has done in the State of West Virginia and for the Nation.

I am pleased that my husband, my brother-in-law, and friends could join me. Our 5-year-old Helene and our 3-year-old Matthew chose a park over hearing their Mommy answer questions, so they are not with us today.

I understand the sacrifices entailed by public service, and I recognize that one of the biggest burdens often falls on one's family. And so I deeply appreciate the support that my family is giving me as I take on this new challenge.

I am also grateful to President Obama for nominating me to serve as the next Director of the Office of Management and Budget. It is an honor to be considered for this position at this important time.

And, finally, I want to thank the Members of the Committee and their staffs for the meetings that have occurred over the past weeks as I have come to prepare for this hearing. I appreciate everyone's time. For those who I have not had the opportunity to meet with, I look forward to doing that. And what I hope is that those meetings are the beginning of a conversation that, if confirmed, we can continue.

I believe in the greatness of our Nation. As a second-generation Greek American, my family and I have benefited greatly by the opportunities this country has offered.

Our Nation has made important progress over the last 4 years. We have pulled out of a deep economic downturn. Our financial markets have stabilized. Businesses are hiring again. And we began the long journey to put our fiscal house in order.

The President and the Congress together have made progress on the deficit, but there is much more to do. And we need to focus on making the economy work for middle-class families and American business, in both the short and the long term—harkening back to some of the phrases and words of Leon Panetta.

If I am confirmed, my primary focus will be to contribute to achieving balanced deficit reduction, increased efficiency and effec-

<sup>1</sup>The prepared statement of Ms. Burwell appears in the Appendix on page 49.

tiveness in how our government works, and targeted investments that help this economy grow and create jobs.

The President is actively engaged with Members of Congress on this subject. And if I am confirmed, I will do everything in my power to keep this dialogue going and to continue to build on the relationships between the Administration and Members on both sides of the aisle.

From my experience in the Clinton Administration—at OMB, the White House, and the Treasury Department—I learned the importance of working together in a bipartisan fashion to get things done. I saw firsthand how we had to come together to get deficit reduction agreements in the late 1990s. I know that we all come to the table with firm convictions and the belief that we know the right answer. But I also know that we all come with the same conviction to serve the American people, which I hope is what will drive us to find common ground to move the country forward.

There is no question that the road ahead will be difficult. The challenges we face are sobering. But I am confident we can come together on a comprehensive plan.

I am pleased with the prospect of returning to OMB. I have tremendous respect for the institution and the incredibly talented men and women who work there. I am hopeful that, if I am confirmed, I can contribute to ensuring OMB is a place where talented people want to go and that the institution is strong for other administrations. Although OMB is most well known for its work on the Federal budget, the management side of OMB is critical.

In the current fiscal environment, it is more important than ever that we are operating the government in the most efficient and effective way possible.

I want to credit this Committee and Acting Director Zients for their strong leadership in these areas. And if I am confirmed, I want to build on these efforts and continue to increase the efficiency and effectiveness of taxpayer dollars. By governing smartly and being good stewards, we can reduce the deficit and increase the value of what is delivered.

As someone who has been out of government now for 12 years, I am hopeful that I can bring a fresh perspective to the fiscal debates underway. From my positions at the Walmart Foundation and the Bill and Melinda Gates Foundation, I have seen the important role that both the government and private sector play in the lives of the American people.

If I am confirmed, it would be an honor to dedicate myself to using the tools of OMB to ensuring that our government delivers for the American people.

Again, I want to thank the President for giving me this opportunity and the Committee for considering my nomination. I look forward to answering the questions that you may have.

Thank you, Mr. Chairman.

Chairman CARPER. Thank you so much for that statement, and to our guests for joining us as well.

I am going to ask four questions. I am going to yield then to Senator Johnson for whatever questions he might like to ask, and then Senator Heitkamp, Senator Portman, and then I will ask some

questions of my own. I think you may have heard these questions before.

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

Ms. BURWELL. No, I am not.

Chairman CARPER. 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 to which you have been nominated?

Ms. BURWELL. I do not.

Chairman CARPER. And 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?

Ms. BURWELL. Yes, sir, I do.

Chairman CARPER. All right. So far, so good.  
Senator Johnson, please.

#### OPENING STATEMENT OF SENATOR JOHNSON

Senator JOHNSON. Thank you, Mr. Chairman.

Ms. Burwell, welcome, and welcome to your family and friends. I also enjoyed our meeting earlier, and I appreciate your willingness to step forward and serve. It is a sacrifice, particularly with a young family. You know what you are getting into, so thank you for your willingness to do that.

I will also have an opportunity to question you during the Budget Committee confirmation hearing as well, so let me concentrate on the management side—from my standpoint, the regulatory side.

I was in Wisconsin the last 2 weeks and visited one company, which I do not want to name, but they were talking about the new Boiler Maximum Achievable Control Technology (MACT) rule. They have had an engineering study conducted on it. It will cost them about \$5 million to hopefully be able to comply. That was the cost. The benefit—and this is an independent engineering study—they would be able to reduce the non-toxic particulate matter coming out of their operation by two dump truck loads full per year. That is it. To me, that certainly qualifies under the law of diminishing returns as something we really need to take a look at.

So, in your position at OMB, what would be your response to that? How can we do a far more effective job at evaluating those types of regulations that have such a high cost at such a minimum benefit?

Ms. BURWELL. Senator, I am not familiar with that specific example, but in terms of overall philosophy and how we can work to make our regulatory system work in a more effective way, I think it is, starting with what the principles of what we are trying to do with the regulation and thinking through the issues of we do the regulations in order to promote health, safety, and the environment, at the same time, consider how those regulations impact the economy, economic growth, innovation, and jobs, and putting those things together through a process of which the Office of Information and Regulatory Affairs (OIRA) is an important part—an important part of making sure that things are appropriately considered; looking at the cost/benefit analysis, which agencies do; think-

ing through, have the appropriate parties had an opportunity to comment and be a part of the discussion, and whether that is inside the government or outside the government.

And so if I am confirmed, I look forward to helping OIRA in terms of implementing that oversight role in regulation.

Senator JOHNSON. You raise an important issue in terms of having people affected by regulations having input into the process. Between 1998 and 2010, the opportunities for public comment have really declined. In other words, the number of times regulations have been issued without opportunity for public comment has basically doubled from 18 percent of the time to 35 percent of the time. Is that something that troubles you? Is that something you would direct your attention toward solving?

Ms. BURWELL. I think there are two elements to that question of the public comment, and, one, I think you are referring to interim rules, the issuance of interim rules and the use of those as a tool. And if I am confirmed, I want to make sure that any use of interim rules is both lawful and appropriate.

At the same time, in the broader category of regulation, one of the things that I think has changed since the time when I was previously at the Office of Management and Budget is the opportunity that people can actually comment using technology. So that expands the ability for people to discuss and comment in the rule-making process because I think as we think about public comment and transparency, we want to think about it over the entirety. But with regard to the specific issue you are raising, interim rules, that is something that I want to understand how and why those rules, when they are interim, what are the decisions and how they are made.

Senator JOHNSON. One of the macro pieces of information that was pretty eye-popping to me when I came here was a study commissioned by the Small Business Administration (SBA) of this Administration that tried to put a figure on how much it costs to comply with Federal regulations each year, and their result was \$1.75 trillion per year. To put that into perspective, that is a number that is larger than all but eight economies in the world.

I know some people dispute that figure. I have no idea how particularly accurate it is other than we know the regulatory burden is huge.

Is that something you acknowledge? Do you dispute the figure? Or, again, do you just acknowledge the harm that the regulatory burden is causing to economic growth and job creation?

Ms. BURWELL. Senator, with regard to the issue of small business, my father was a small businessman, and so I understand and appreciate that he was an optometrist. And when I think about that at OMB, I think it actually cuts across a number of areas that are important. And one is in the regulatory space, and I think that is an important role that OMB has in making sure that SBA and small business has a voice. And I think that is part of the oversight role.

I think throughout a number of other different areas in small business, whether it is in the area of strategic sourcing—the Strategic Sourcing Leadership Council has seven of the largest contracting members and small business, so that voice is at the table.

Or as we think about questions of insourcing and those types of topics, making sure that we consider small business.

So I think across the board, the issues of how different actions of government affect small business are important. And one of the most important things we can do is make sure the right voices are at the table.

Senator JOHNSON. What proposals have you heard potentially coming out of Congress that would help reduce our regulatory burden?

Ms. BURWELL. That is one of the things that I hope, if confirmed, that I can get deeper into, where are the places where people think things are not working. For instance, the lookback that has occurred—and, again, something related to small business in terms of the lookback and thinking things, regulations we no longer need, that is a process that is ongoing. There were 500 things identified. How is that process going? And should we build on that process, change that process? What are the specifics? Because one of the things that I think is important in thinking through the tools that OMB has or does not have is, what is the outcome we are trying to get and what is not working right now? Are there places where we do have best practices that are working that we need to build on? Or are there places where things are not working and we need to stop?

And so, if confirmed, what I would like to do is understand what that list looks like, working with this Committee to understand that, so we can get at the ones that are the largest and the most important to change.

Senator JOHNSON. Just a quick suggestion. We held a pretty interesting hearing chaired by Senator Mark Warner about the British one-in/one-out rule. So for every new regulation, you have to find one of equal or greater compliance cost to get rid of. I would go more one-in/ten-out, but that is an editorial comment.

One last quick question. I believe this Committee has been very well served by the efforts of the Government Accountability Office (GAO). It is really one of the areas of government where we have actually cut their budget, and as a fiscal conservative, it would be one of those areas I would probably be willing to increase their budget.

I want to get your quick assessment on that and your level of support for the GAO.

Ms. BURWELL. I think the GAO is actually an important partner for all of us as we try to move to more effective and efficient government, and the report that came out today, I think, is something that we need to take a close look at and work on. I think the Administration has in some cases worked on those issues. I know that the Congress has as well.

But I think GAO is an important partner to have these conversations, looking for those opportunities to make government more effective and efficient, and I welcome that opportunity, if confirmed.

Senator JOHNSON. Well, thank you. I look forward to seeing you tomorrow to talk about the budget.

Thank you, Mr. Chairman.

Ms. BURWELL. Thank you, Senator.

Chairman CARPER. Senator Heitkamp.

**OPENING STATEMENT OF SENATOR HEITKAMP**

Senator HEITKAMP. Ms. Burwell, I greatly enjoyed also our discussion as you came to my office and our free-flowing exchange of ideas. And I am here today, kind of ironically, in a room that is not very packed with people, realizing that this is probably, in my opinion, one of the most important confirmation hearings that I will attend in the next 4 years.

Why do I say that? Because if you ask any American today, they are deeply concerned about the fiscal condition of our country, not just because they hear it on the news, but because intuitively they know that in many ways we are mortgaging our children's future. And if we do not get a handle on it, we will not be successful into the future.

And so I applaud you for stepping up at a very trying time. I want to make sure that you know that, at least from my standpoint on this Committee, I intend to be a great friend and a great adviser to you in the many circumstances that you will confront.

I just want to followup on a couple points. One is leadership. I read your resume, and I know that you have been one of the folks who have been in the back passing notes forward. And I want to make sure that you know that our expectation is that you are going to be sitting at the table, a full partner with the President and with the Cabinet in solving our fiscal crisis, and that you feel that is, in fact, the authority that you have been granted by the President.

Ms. BURWELL. Yes, Senator, I do feel that. I feel very comfortable and confident that I will be a part of the President's economic team and be a part of those conversations in a very real way and an important way. And it has been my experience probably from folks like Bill Gates to Mike Duke, the CEO of Walmart, that I am not a shrinking violet in the room. [Laughter.]

Senator HEITKAMP. Somehow I had that sense when you and I had that visit.

I also want to piggyback a little bit on the discussion that Senator Johnson just had about regulatory reform. This is not make-believe. This is real all across all the corners of America. People believe in clean water. They believe in clean air. They believe in safety regulations. But they see things that are happening in their businesses that make no sense. In fact, I joke a little bit that I am going to write a book, and it is going to be titled, "That Makes No Sense," and it is going to be a thousand-plus pages because every day I hear things that make no sense. And we have all been—at least, I have been in, my life—a regulator, and I know how people who write regulations think. And I know how much leadership it requires to ratchet that zealous, "I want to make things perfect in the world" behavior, when that may not be the best way to manage it.

I think from my standpoint, the best way to understand regulation, the best way to understand what Senator Johnson has been talking about and what I have been talking about, is actually reaching out to those who are regulated, not just the agencies who are zealous, but reaching out to the people, in my case, at the grain elevator who are sweeping their floor constantly with very little risk to anyone because no one is ever on the ground there—but yet

that is a regulation that they are required to comply with—or our small community banks who are struggling under the regulations and basically forced to no longer do mortgages.

So I want to know what you are going to do to bypass what we call “the beltway mentality” and to actually visit with North Dakota and American businesses and with those folks who work every day struggling to meet compliance burdens.

Ms. BURWELL. I think as Senator Rockefeller mentioned, during my lifetime, my North Star is being from a small community and a small town and knowing and thinking about the issues from that perspective, and I will hope that during this—it has never been anything but my North Star and will continue to do that.

With the specifics of how to do that, I think your point that you struck on about leadership actually is an important point in terms of making sure that there is a culture and a thought process and an approach. I think it is a signal that in the answer I mentioned small businesses three different ways in terms of how they interact with OMB. The signals that I send as a leader, I think, are actually a very important part of the application of the processes that exist in ways that get to the outcome that you are talking about.

So I understand that it is my responsibility as part of leadership and to use those processes that exist and then answer the question that Senator Johnson posed, which is, if there are not enough tools and we do not think we can get it done, what tools do we need? And so that is, if confirmed, what I would like to try to do.

Senator HETKAMP. We would just like to believe that at the table there are not just the bureaucrats who are driven to make the world perfect, but that there are people who are experiencing real-life conditions and conclusions as a result of these regulations. And, there is legitimate fear out there, and you have seen it and I have seen it in almost daily visits with people in my communities in my home State, and I am sure many communities in States across this country.

I want to also talk a little bit about the interaction between OMB and, let us say, the Bureau of Reclamation. I have a particular concern about a record of decision, and this is not even about the merits of the case. You and I can debate the merits of the case. But my concern about this is that there is a lack of decisionmaking, which absolutely frustrates people in the real world when they know they have to make decisions in a timely basis. And I would like to hear if you are willing to make a commitment to really look at those things that have been hanging fire for a long time at OMB and do not seem to get resolved with the agencies, or they get tucked away into a corner without any real attention to resolving the controversy.

Ms. BURWELL. Senator, you have my commitment that, if I am confirmed, what I want to do is have a relationship where we can have those conversations, where, when you pick up the phone, let me know what the concerns are, and that I have the ability to have a dialogue and look into it, understand it, and have a conversation about it. And so that is what I am committed to do and believe is a very important part of relationship building, is a dialogue, an ability to hear, listen, and then actually communicate back and be

all right with saying here is what my understanding of the situation is and be able to do that.

Ms. HEITKAMP. Just one final comment. I am thrilled that you are going to be at OMB. I am thrilled that you are willing to step up and take on this challenge, because I think you are probably the right woman for the job, probably the person who is going to really begin to bring some faith of the American public back into this fiscal process. And I want you to know that, speaking just on my behalf—but I am sure for this Committee—anything that we can do that helps you address the needs of this country and move this country forward, we look forward to working with you.

Ms. BURWELL. Thank you, and I think you probably get a sense that I will probably pick up the phone and call.

Chairman CARPER. Thank you, Senator Heitkamp.

Senator Portman, please. Welcome.

#### OPENING STATEMENT OF SENATOR PORTMAN

Senator PORTMAN. Thank you, Mr. Chairman, and thank you, Ms. Burwell, for being here, and thanks for your willingness to sit down and walk through a lot of these issues in advance. You and I talked more about the job than we did about the issues I am going to raise today, but having had the honor of having that job, I agree with what you said earlier, which is OMB as the place where talented people want to go ought to be your goal. And you are fortunate because you are inheriting some really talented people. Of the roughly 500 people who were there when I was there, I owe them a lot. They were some of the best and brightest in public service, and they are drawn there for a reason: they care about government efficiency, they care about budgeting, they like balanced budgets. And so I know you will use them as great resources, and having been there before, you understand the importance of the people in the job.

It is a tough job, and it is the only job in the Cabinet where you can measure your success not by how popular you are but how unpopular you are among your fellow Cabinet Members. And when they start to like you too much, you are not doing your job. So that will be a good measure for you.

Tomorrow I will be in the Budget Committee, so we will talk more about the fiscal challenges we face, and hopefully the President's budget will offer some hope tomorrow, so there will be lots to talk about. You are going to end up being there during an interesting time.

But today let us talk about the M in OMB, which is, as you say, a really critical part of the job and sometimes overlooked, and it probably was the most fun part of the job for me, and I think will be for you.

Senator Heitkamp and Senator Johnson have both raised some great ideas on the regulatory front. You said you are looking for ideas, ways to improve the regulatory environment. Let me give you three really quickly and get your responses.

One is about having a regulatory agenda. For nearly three decades, Presidents of both parties have published their plans on new regulations twice a year. It is required by an Executive Order (EO) that was issued under President Clinton. You may have been there.

It is also required by statute, the Regulatory Flexibility Act. The publication in the spring and the fall is by statute. It is very important because it helps the public and it helps regulated parties to better understand these new rules that are in the pipeline, and helps on potential compliance costs, particularly for small businesses.

The spring regulatory agenda, as the title would suggest, is supposed to be published in the spring, and again, it is under statute—April or May. Last year, the spring agenda never showed up despite the fact that Cass Sunstein, who was the Administrator of OIRA, set April 13th as a firm deadline for agencies to submit their spring regulatory plans to OMB.

I think it is the first time it had not been released in decades, at least to my recollection. I wrote the President twice to ask where it was because we are very interested here in this Committee to look at that regulatory agenda. I received no reply. Instead, and, again, without any explanation, OMB simply ignored it and then released a single regulatory agenda on Friday, December 22, 2012—after the election, incidentally.

So in your briefing for this hearing, have you learned why the Administration chose not to issue a regulatory agenda in the spring or, for that matter, in the fall? And will you commit to us today, since this Committee is interested in this information, that you will produce these regulatory agendas on time as required by law and Executive Order?

Ms. BURWELL. Senator, I think at the root of your question there are sort of two parts. One is responsiveness in terms of some of your interactions with OMB, and I look forward to, if I am confirmed, being responsive in terms of getting back to you, as I said, in terms of answering questions in the form of a dialogue, in terms of—

Senator PORTMAN. Yes, my letter was to the President, not to the OMB Director. But I did not hear back from the President. But do you commit to send us those regulatory agendas on time under statute?

Ms. BURWELL. What I commit to is understanding—I do not know what the reasons were. As a private citizen, one of the things that is different than the last time that I was here for confirmation for a position at OMB is I was in the government. And so as a private citizen, I have not had the opportunity to be briefed on deliberations within the government.

Senator PORTMAN. OK. I would suggest a simple “yes.” I mean, this is something that has always been done. Ms. Burwell, when you were there, it was done. Are you saying that you cannot commit that you will give this Committee and the American people the regulatory agenda that is required by law?

Ms. BURWELL. Senator, because I do not know the reason that it was not done, what I can commit to do is do my best to get it here. Because I do not know the facts behind what happened, that is why I am not comfortable making a commitment when I do not know the facts around the issue.

Senator PORTMAN. Really? OK.

Ms. BURWELL. So my commitment is—

Senator PORTMAN. Let us talk about something else, then. Cost/benefit analysis. As you know, for 30 years Presidents of both parties have required executive agencies to go through this cost/benefit analysis. It is a bipartisan project initiated in the Carter Administration, formalized by President Reagan, again updated by President Clinton when you were there, I believe, reaffirmed by President Obama in January 2011; and a central element of that is to look at significant rules, at their cost/benefits, look at reasonable alternatives, and tailor new rules to limit unnecessary burdens.

What are your views on the importance and impact of the OIRA review? Do you think it has improved the quality and cost-effectiveness of major regulations?

Ms. BURWELL. I do think that the cost/benefit analysis is an important part of getting to some of the issues that were part of the earlier questions and ensuring that we understand how we think through that balance of providing safety, public health, and protecting our environment while at the same time balancing economic growth and job creation and innovation in our economy.

Senator PORTMAN. Great. There is one major gap, as you know, and you and I talked about it. It does not apply to independent agencies, and the President has talked about that, even though those agencies are now responsible for about a quarter of all major rules and have authority over critical sectors of our economy, from telecom to agriculture to financial services. They are exempt from 12866, as you know. And the economic analyses have suffered as a result.

Here is a letter that in December was sent to this Committee by a bipartisan group of former OIRA Administrators. They said that the legal advisers to both Presidents Reagan and Clinton concluded the President has legal power to extend this requirement to independent agencies, but both Presidents chose not to do so out of deference to Congress. Many of us across the political spectrum have urged reconsideration of this decision. Our concern is that independent agencies typically do not engage in the economic analysis that we have come to expect from executive agencies. In 2003, Cass Sunstein actually wrote a law review article saying that the commitment to cost/benefit analysis has been far too narrow and should be widened to include independent agencies.

So my question to you today is—we have legislation—as you know, Senator Mark Warner and I have introduced, along with Susan Collins, and other Members of this Committee have supported it—to close that gap, to give the President the authority to do what he says he wants to do. Do you think the independent agencies would benefit from that kind of analysis?

Ms. BURWELL. Senator, what I would like to understand is why do we think the independent agencies are not doing the appropriate cost/benefit analysis and what is the best way to get that done, because I think that is the question, if I am confirmed, that I would want to understand and understand what is the best way, because I think at the core of the issue is we want the independent agencies to be pursuing cost/benefit analysis in an appropriate way.

There is a question about whether or not that is being done, and then the question I would have is: What is the best way to get there, at the same time that we consider and respect the Congress'

decision to make those agencies independent at various times, and all that comes with that, whether that is the budget process or the regulatory process.

Senator PORTMAN. Well, we would like to work with you on that. They are not doing it because, for the most part, they are not required to do so unless there is a specific authorizing statute that does require them, and so this would be a requirement for them to follow this same rigorous discipline that other agencies are subject to. And, again, the President has spoken favorably of it, so I hope you will work with us to give you all the statutory authority that you need.

I have some other questions on permitting reform and other ways to help on the regulatory process side, the Federal property that I am working with the Chairman on. I look forward to doing some followup questions with you on those. And, again, I look forward to seeing you at the Budget Committee tomorrow and, I believe you will be our next OMB Director, and this Committee looks forward to working closely with you.

Ms. BURWELL. Senator, thank you, and thank you for your advice and counsel in our meeting.

Chairman CARPER. I would just have one question of my colleague? Which seat did you prefer sitting in—the one that she sits in today or the one that you sit in today?

Senator PORTMAN. It is much more fun being on this side. [Laughter.]

The seat that she will have is the one I prefer. Honestly, it is a great opportunity, and as I said, you will be surrounded by some incredible public servants and have the opportunity to do, as you and I talked about, some truly important things for the country right now.

Ms. BURWELL. Thank you.

Chairman CARPER. Thanks for those questions.

We have been joined by Senator Ayotte and by Senator Baldwin. I am going to recognize Senator Ayotte first, and then Senator Baldwin. Welcome. Glad you are here.

#### **OPENING STATEMENT OF SENATOR AYOTTE**

Senator AYOTTE. Thank you.

I want to congratulate you on your nomination, I appreciate the very important position that you have been nominated for. And I wanted to ask you about—there was a third annual GAO report on duplication issued today, and it identified 31 areas where agencies may be able to achieve greater efficiency or effectiveness. Have you had a chance to review that report?

Ms. BURWELL. I have not had a chance to review the report, but we discussed it briefly in Senator Johnson's questioning in terms of the relationship with GAO, and I mentioned it specifically proactively, because I think GAO is an important part of the partnership between the Executive Branch and the Legislative Branch on increasing efficiency and effectiveness in government.

Senator AYOTTE. I appreciate that, because in the report, it does identify particularly an area that OMB would have some oversight over and a role in going back to recommendations that GAO made in 2011 and 2012 in the appendix, updating where things are on

those recommendations. And their specific issue is the OMB guidance calls for agencies to analyze whether their information technology investments are continuing to meet business and customer needs and are contributing to the agency's strategic goals. And that is something that the GAO has recommended that OMB take action on to prevent agencies from making duplicative investments in that area. And as you know from your prior experience, I am sure, those technology investments can really be very expensive. So making sure no duplicative investments are made across agencies in electronic case management, adjudication systems, and yet apparently OMB has not followed through on the GAO recommendations.

So I know you have not seen the report, but I guess I would ask you to commit to addressing these recommendations if you are confirmed as Director.

Ms. BURWELL. Senator, the Chief Information Officer (CIO) role is something that actually has changed since I was last at OMB, and I think it is actually a very important and exciting change that has occurred in terms of the responsibility that OMB has to work across government on a number of things that I think you are mentioning, that I think are extremely important. I think we need to move from the hundreds of data centers that we have already gotten rid of to hundreds more.

I think we need to think about the IT part of the role of OMB in a couple of different ways. One is about increasing effectiveness and efficiency, and I think that gets to the core of what you are talking about with the GAO report—and I think there are many places—and whether using the cloud is cheaper operationally. There are a number of things that can be done in that space that I think are important.

The second thing is transparency and transparency in terms of technology I think has a number of different elements to it. It has elements that are related to how we serve the American people and let them know what is being spent, but also within government, when you can use information technology, one department can know what another department is spending on things and so we can move toward that efficiency and effectiveness through transparency.

And the last area that I think is very important is innovation, because I actually think there is great opportunity when the Federal Government has had the opportunity to move data, whether that is what we all use in GPS or weather. Those are opportunities for innovation in the government.

So I expanded a bit on what you mentioned because I think it is beyond efficiency and effectiveness as we think about that position and that role and what can be done.

One of the important things I think we need to do though, is to make sure when we are moving toward transparency or thinking about those things, that we carefully target, so that we can do the cost/benefit analysis to achieve whatever it is we are trying to achieve.

When we think about USASpending.gov, which there are issues with, what is the target audience that we are talking about? Is it actually people who are seeking funds or the American people? Be-

cause how you would design that site and how you would invest money in doing that I think will differ.

Senator AYOTTE. Well, I think that certainly we need to be in a position where the American people can understand clearly, so as you look at that site going forward, I would err on the side of making sure the American people can understand how their taxpayer dollars are being spent. And I appreciate your taking an interest on this case management issue, because I think that there is cost savings we could achieve there, and that is obviously important in light of our fiscal climate.

The one issue I wanted to ask you about that I know has already been touched upon is the important role you have with the Office of Information and Regulatory Affairs, as Senator Portman asked and you are responsible for reviewing agencies' regulatory actions to ensure that the agency has adequately addressed all the information, risks, costs, and benefits.

The reason I ask you about that is—how do you view your role-to-be in that regard? Because I have had numerous examples, one of them that I will raise to your attention is a potential rule that the Department of Labor (DOL) is issuing changing the definition of “fiduciary” under the Employee Retirement Income Security Act (ERISA) that will have a very dramatic impact on employee stock ownership programs across this country and many small companies that have this. And I use this as an example because it seems to me that the role of OMB in the factors that have to be reviewed, this happens to be a rule DOL issued, has withdrawn because of concerns that people have raised from the ground, and will be re-issuing in July. But it seems to me that in your proposed new role that you have a very important position that you can raise these types of concerns up front so that we are not in this position and companies are not put in this position or, average Americans put in this position that are part of these plans.

So can you let me know, first of all, how you view your role in that and how you will review these types of regulations to make sure you are fulfilling this function that we are not issuing regulations that are more harmful than helpful?

Ms. BURWELL. Senator, the issue of how OIRA—that process of when things come into OIRA, which would be the process that I would oversee if I am confirmed as Director, is something I would take seriously in terms of the application of how do we make sure we have the appropriate voices there.

I think the other thing that OIRA does attempt to do is to at least have conversations with the departments as the process is going forward, so when we know about concerns or that sort of thing, we can have those conversations as we go.

One of the most important things I think I can do in terms of that OIRA process working is to make sure that I have strong relationships with the Cabinet Secretaries so that the conversations—first of all, it is me setting an example for how I hope that the rest of the department would work, but also having those relationships where we can each pick up the phone and call. And so that will be an important part of my leadership.

I think the other thing that will be important is strong management of an OIRA team.

Senator AYOTTE. Thank you very much, and I also am on the Budget Committee, so I might see you tomorrow as well. Thank you.

Ms. BURWELL. And I would just add on the issue, TechStat and PortfolioStat, two places where we are reviewing those IT projects, because I agree with you about the importance of those costs. And when I was in government before, I saw the incredible costs, and I have seen it in the private sector when people are trying to do IT changes. It can become incredibly costly.

And so TechStat to review specific IT projects I think is a process that is going to catch some of those things early. And PortfolioStat is a means by which we look at the different pieces to make sure they interact well, are things that I think are very important to implement strongly and well.

Senator AYOTTE. I appreciate it. I know my time is up, but I think all of us having worked in government have had an experience where there is a substantial investment in a case management program, and then it does not do what it was purported to do. And so that is what we want to avoid across agencies in the Federal Government. So I appreciate your answers on that. Thank you.

Ms. BURWELL. Thank you.

Chairman CARPER. All right. Senator Baldwin, thank you. Welcome.

#### **OPENING STATEMENT OF SENATOR BALDWIN**

Senator BALDWIN. Thank you, Chairman Carper, and thank you, Ms. Burwell, for appearing before the Committee. Welcome to the Committee. I join a couple of my other colleagues on this Committee both sitting on the Budget Committee and this Committee, and as somebody who also on the House side sat on the Budget Committee, I am very familiar with the importance of the role of the OMB Director on the budget side of things. But I was really pleased to see in your testimony your emphasis on what you called the M side, the management side of OMB, because even with the best intentions in the budget process, if we do not have efficiencies and if we do not have an effective Federal Government, our budget work can be for naught.

You are nominated for this role at a very exciting time, at a tremendously challenging time for our Nation. And I think about—daily, as a Senator, I think about the enormous challenges that we face in this country. I regard them as dual or twin challenges of stabilizing our debt and deficit without shortchanging our future, but also continuing in every manner that we can to move our economic recovery forward, grow our middle class again.

Now, under President Clinton, we showed that these two goals can be accomplished, and I am encouraged that you were part of a team that helped preside over 3 years of budget surpluses. My first term in the House of Representatives was spent on the Budget Committee, and I remember—in fact, we talked about this—people worrying aloud about the dangers of running surpluses. And I would really like to see our country get back to having that as one of our primary worries.

But that said, I wonder if you could just start by talking big picture and telling all of us what your priorities are for leading the Office of Management and Budget. What is your vision?

Ms. BURWELL. Thank you, Senator. As I think about the priorities, the first thing I should probably say is my experience always is you can think a lot about them; once you get into the job, one will be informed by what you find when you get in the job.

But with regard to the particulars, where I would start, I would start at the first level, No. 1, with regard to what I would refer to as regular order and relationship, and I think those two things are very interrelated. And regular order comes to some of the issues Senator Portman raised and others have raised about timeliness from the executive branch, responsiveness, and then flowing through to however I can support the processes of the Budget Committee, the Appropriations Committee, to returning to that order in terms of the processes.

I think relationships are an important part of that and that is something that I think you have heard as a theme throughout the conversation this afternoon. I think that is a very important part of how we get there.

The second priority, if I am confirmed, would be to use both the M and the B of OMB to make sure that we are doing our best to deliver for the American people an economy that is healthy in both the short and the long term. And priority one under that is, I believe, a comprehensive approach to deficit reduction, moving through that, how we do that, and making sure that we can meet the commitments that we have made over time. And a part of that we have discussed is on the M side that efficiency and effectiveness.

The third priority—and we touched upon it with Senator Portman a bit—is the institution. I believe that because I have the opportunity to go back to OMB, a place where I understand a little bit more about the institution, gives me the opportunity to commit to do my best to continue to build that organization.

Senator BALDWIN. Well, thank you. I wanted to just dovetail on a question that was asked a little bit ago—well, it was Senator Ayotte. In terms of transparency with regard to OMB's review of rules, timeliness and transparency, I mean, OMB has 90 days to review most rules, 120 if the head of OMB and the head of the relevant agency agree to an extension. We know that some rules have been sitting at OMB for much longer periods of time with little information on where or why the process seems to have ground to a halt. So how would you approach this challenge of transparency and the need for the public to know?

Ms. BURWELL. I think that there are a number of different pieces to that, and one of them is understanding why the rules are there, the ones that have been there for an extended period of time. Is it related to complexity or is it related to other issues? What are the critical path things that you can do to break those loose if you can?

There is the overall: what is the timetable for rules as they come in and how should we think about signaling, perhaps, when rules come in that are of great complexity while also making sure, to your point about transparency, that we are actually commu-

nicating, that the expectation is that because of the complexity of the rule, that is what we are doing.

And so I think it is—a little bit of this is about getting to communicating clearly where there are issues and what those issues are.

I think with regard to transparency and the American people, I think there are some tools that we are using with regard to the ability for people to comment. I think that is a part of transparency, using technology as a tool there. And what we need to understand is what is not working about that. Is it who can access? Where are the parts? And so if I am confirmed, I hope to, one, look closely at the examples that you are giving, understand why that is happening, and then as a general point, think through how we can communicate more quickly and often where we see these things happening.

Senator BALDWIN. Thank you.

Mr. Chairman, I want to get a last question in the record. Feel free to followup as my time will elapse before you may have the chance to fully respond. But in your testimony, you stated how important it is that we are operating the government in the most efficient and effective manner possible. And I agree, and I believe that one mechanism to do this is the use of something called Energy Savings Performance Contracts (ESPCs). These contracts allow Federal facilities to improve their energy efficiency using private sector investments with a guarantee of energy savings. This contracting vehicle has been supported and encouraged by the last four Administrations, but is consistently challenged because it is not a typical or traditional contracting vehicle.

So I would like to hear, either now or in the days to follow, your position on the Energy Savings Performance Contracts, and will they be encouraged by the OMB under your leadership?

Senator CARPER. Ms. Burwell, feel free to go ahead and respond at this time.

Ms. BURWELL. Thank you. With regard to the issue of the energy saving contracts, having been in the private sector and seen some of the opportunities that exist with regard to the type of investment and the return on that investment that you can achieve over a period of time, the concept of having means by which we as a government can get those investments made, get the savings, which I think is about efficient and effective government, and also a contribution to the environment, I think those are very important concepts. And how one thinks about application of those, I think at OMB that is the one thing that I would want to make sure I understand.

I am enthusiastic and excited about energy savings, how one determines that return on investment over a period of time, and ensuring that those investments in the way the contracts are done really do focus on the energy element.

So those are the kinds of things that I would like to be able to consider, if I am confirmed, in looking at this.

Senator BALDWIN. Thank you.

Chairman CARPER. Thanks.

Senator Levin has joined us, and I am going to recognize him next.

**OPENING STATEMENT OF SENATOR LEVIN**

Senator LEVIN. Thank you very much, Mr. Chairman, and welcome to our nominee. I know you have talked about the deficit and how to go about addressing it and how you would recommend that we proceed with deficit reduction, whether we do it just by looking at the spending side or whether we also look at the revenue side as well.

Can you give us your general view as to whether or not there ought to be either an exclusive focus on spending, which is what the House is proposing to do, or whether we have a more balanced approach, which would include both additional revenues and targeted spending reductions?

Ms. BURWELL. Senator, it is my belief that in an effort to get to the levels of deficit reduction that I believe we need over the long term, we need to have a combination of spending reductions as well as revenue to get to the numbers that I think we are trying to do, because I think the most important thing is that we continue on that path of reduction of the debt-to-gross domestic product ratio. We have started on that path. We need to continue on that path and think about how we do that in a way that connects to the American people.

Each of these numbers and things that we talk about are not ends in and of themselves. They are related to people, their lives and their jobs, and things like our Nation's national security.

Senator LEVIN. You talked about GDP. The percentage of our GDP that comes to the Federal Government in the form of revenues, we have been told, is at a historic low, something like 14 or 15 percent. Typically it is about 18 percent or 19 percent of GDP. Are you familiar with those numbers and that approach to looking at revenues as a percentage of GDP?

Ms. BURWELL. Yes, sir, I am familiar with the different numbers at different points in time.

Senator LEVIN. And is it true that we are at a very low point in terms of revenues when you look at revenues as a percentage of our economy, of our gross domestic product?

Ms. BURWELL. Yes, sir. The numbers when I was in the Clinton Administration, on average in the 3 years that we balanced the budget, it was 20 percent.

Senator LEVIN. And do you know what they are now?

Ms. BURWELL. They are in a much lower range, in the teens, around, as you stated—

Senator LEVIN. Is it about 15 percent?

Ms. BURWELL. Around 15 percent.

Senator LEVIN. Something like that.

Now, in terms of the corporate contribution, corporate tax payments as a contribution to the total revenues, corporate profits are now at an all-time high. Corporate taxes now account for a historically low percentage of all Federal revenues. Something like 9 percent, I believe, somewhere between 9 and 10 percent of total revenues coming into Uncle Sam come from the Corporate world.

Do you believe that additional corporate revenues need to be part of the revenue picture, which in turn needs to be part of deficit reduction?

Ms. BURWELL. Senator, while I would certainly defer to my colleagues at the Treasury Department, having served at the Treasury Department on matters of tax, the broad issue of corporate tax issues, I think that I would—what I believe is that we can broaden the base and that we can work to change loopholes in the corporate area.

Senator LEVIN. And if we do go after corporate loopholes, particularly the ones which are, in my judgment, egregious, indefensible, even if there were no deficit—I am talking about the way in which revenue to corporations here has been transferred to offshore tax havens, for instance, to avoid paying taxes altogether, and there are a number of other loopholes which I think are egregious and are bad and unjustifiable and serve no economic purpose, even if there were no deficit. But assuming there are such loopholes, assuming for the purpose of discussion that there are loopholes which should be closed, not just in order to broaden the base or not just for simplicity, but because they are unjustified, OK, on that assumption do you believe it is appropriate to look at the closing of those loopholes as a revenue raiser to reduce the deficit?

Ms. BURWELL. Senator, the question of overall revenues and how one thinks about the corporate piece as well as the individual piece I think needs to be thought of in the context of a broader package.

Senator LEVIN. OK. Let me ask you about the independent agencies—first of all, do you support the concept of independent agencies, meaning agencies that by statute have a measure of independence from the President?

Ms. BURWELL. Yes, sir, I do.

Senator LEVIN. And would you agree that independent agencies, including those involved in financial regulation and enforcement and consumer product safety need to have that degree of independence?

Ms. BURWELL. The Congress has spoken to that matter, and that is something that, if I were confirmed, would want to support the implementation of.

Senator LEVIN. And is it your understanding that independent agencies now have cost/benefit analyses that are adequate?

Ms. BURWELL. Senator, that is a point we have had the opportunity to discuss earlier today, and that I think is a point of question in terms of the quality of that cost/benefit analysis.

Senator LEVIN. So you have not reached a conclusion as to whether the current cost/benefit analyses that independent agencies use are adequate or inadequate?

Ms. BURWELL. No, sir, I have not. I have not had the opportunity to be exposed to, I think, some of the information that would be important to make that determination.

Senator LEVIN. I hope when you look at that you will remember the answers that you gave relative to their independence. Will you?

Ms. BURWELL. Yes, sir. I think the question of independent agencies and cost/benefit analysis and the question of how and who determines that cost/benefit analysis is—I will repeat what I said earlier. I apologize for repeating. But I think what is important is to understand, I think what everyone wants is cost/benefit analysis that is appropriate and rulemaking that is appropriate and of high quality in the financial area and in this area of the independent

agencies. And the question that I have is: What is the best way to get there? And it was raised that there are legislative approaches, as one way, and what I would love to do is understand what is not happening and what do we think is the best way to achieve that.

Senator LEVIN. I have been a strong supporter of cost/benefit analyses since I came here, and as a matter of fact, believe it or not, part of my campaign to get here related to the question, that question. My wife never thought I could turn that into a campaign issue, but I did—and got here anyway 34 years ago. But my point here is that I hope that—this is going to be a big issue in front of this Committee. It was last year, and I think it probably will come up again. And I think before we take that up, Mr. Chairman, I would hope that we would get our new OMB Director's opinion as to whether or not the cost/benefit analyses that are currently being used—and some people forget that—by independent agencies are adequate or not. So I hope she will get into that issue promptly upon her confirmation, which I think all of us or most of us look forward to, and we commend you and congratulate you on your nomination.

Thank you, Mr. Chairman.

Chairman CARPER. Thank you. I have just a quick question. When were you first elected to the Senate? What year was that?

Senator LEVIN. Before you were born. [Laughter.]

Chairman CARPER. Senator Levin was recalling how he was back in Michigan during the break, as he knows, and he was gracious enough to host me and take me up along the northern border of our country with Canada, which I think has about almost 1,000 miles of water border. I learned a lot from him, and it was an interesting and enjoyable experience. Thirty-four years ago when he was elected to the Senate for the first time, the hotel that I stayed in was the hotel where they had their election night celebration. It was closed later on for like maybe 20 years, and has since been refurbished and reopened. I think it was a Westin hotel. His last, most recent election night celebration was back at that same hotel some 30 years later.

Senator LEVIN. Proof of the comeback of Detroit, by the way. You do not read much about the positive side of the comeback.

By the way, I was elected—I better quickly look over at Senator Pryor here. When I was elected, there was another Pryor who had just been elected to the U.S. Senate, a Pryor who we love and whose wife, Barbara, we love as well. All the Pryors we love.

Chairman CARPER. Yes, that is for sure.

Senator LEVIN. The prior Pryors and the current Pryors. [Laughter.]

Chairman CARPER. Thank you, Senator.

Ms. BURWELL. Thank you, Senator.

Chairman CARPER. All right. Senator Pryor welcome aboard.

#### OPENING STATEMENT OF SENATOR PRYOR

Senator PRYOR. Thank you. And speaking of war stories, I know you are a Senator Byrd fan, and welcome to the Committee, and we appreciate you being here, and West Virginia roots, and maybe my favorite Senator Byrd story is the story that Senator Carper told me several years ago. He is from West Virginia. He was born

in West Virginia. And he was driving through West Virginia and seeing some of his family. And he gets on his cell phone, and he calls Senator Byrd and says, "Senator Byrd, you will never guess where I am." He says, "I am in West Virginia on the Robert Byrd Highway." And Senator Byrd said, "Which one?"

Ms. BURWELL. "Which one?" [Laughter.]

Senator PRYOR. Which I always thought was very fitting for Senator Byrd. I love that.

Listen, let me talk to you, if I can, about kind of a well-worn phrase that we hear in Washington that people love to talk about but we do not ever seem to do enough about, and that is the phrase of "waste, fraud, and abuse." We hear that phrase all the time. We all talk about it from time to time. Everybody loves to talk about waste, fraud, and abuse, but it just seems to me that we as a government, as a Congress, as an Administration, we do not do enough about it. And I feel like OMB is a place where things can be done about that.

One thing I am curious about is when you see CBO or GAO or some think tank or somebody, whoever it is, that comes out with these studies and these analyses of how we are wasting money, how we can be more efficient, how we can do things better, and that really kind of covers the waterfront.

Does OMB take those and sort of take those to heart and try to allow those to shape their policy and their priorities and their reform efforts? Or does OMB just defer to Congress and say, well, Congress needs to fix that, that is not our headache?

Ms. BURWELL. The GAO report that came out today will be an important contribution to how OMB thinks about those priorities, and I think the prioritization comes through both conversations and reports. Certainly this Committee and actually the Chairman and the Ranking Member have both focused on these issues of waste, and those are lists that OMB does think about and consider, and whether that is how some of the progress has been made on improper payments, while it is not enough, improper payments have gone from 5.4 to 4.35 percent. A hundred billion is still too much. We understand that.

But with regard to that question of prioritization, there are a number of inputs that are about how we look at finding good opportunities that are both good at cost saving, increasing the value for the taxpayers' money, and achievable, which I think is an important consideration about how one thinks about prioritizing. I think we all want to get rid of waste, fraud, and abuse, but how you go about thinking about what we can achieve, because I think what is important is points on the board. And so that is how I think about that prioritization, and I think OMB uses a number of these tools to do that.

Senator PRYOR. I appreciate you saying that. I know earlier, Mr. Chairman, I missed the questioning by Senator Johnson and Senator Heitkamp as well about OIRA, and one of the things that I am concerned about with OIRA is that their staffing level is at an all-time low, and, it seems to me that an agency is really not going to be fully effective if they are not fully staffed. It is one thing to have a vacancy here or there, and that can be hard enough, but

really, it seems like that agency, that office, cannot function anywhere close to where it needs to.

So what can you do, what can we do to try to make sure they are fully staffed and fully equipped to do their important tasks?

Ms. BURWELL. Senator, if confirmed, one of the first things that I would want to do is think about the team. When I enter into organizations, one of the things I think is most important is the team and what you have and what you do not have. And if confirmed, that is something very quickly—the team across OMB, I think there are a number of positions in places and how does one think about that to make sure we put a strong team in place across the board at OMB. And so that would be a priority.

With regard to the second part of your question, which is, what can we do, one of the things that I hope is that we can have a dialogue and I can have an opportunity to call Members of this Committee for support and help. And as long as I am articulate about what the needs are and what those needs would produce in terms of some of the results that we have been talking about. So there is a part of this that I own and then a part of it that I would look forward to working with the Committee to make sure we get the reality of good people doing good work.

Senator PRYOR. Right. To change gears on you, one of the things that you know better than most people—is that if you look at all of our Federal spending, roughly about two-thirds is mandatory spending or entitlement spending. And here in the Congress, we have tightened up on our discretionary spending quite a bit with the Budget Control Act of 2011. But we have found it difficult to really pursue the rigorous reforms we need and sensible reforms we need in our entitlement programs. And I would hope that would be a priority for the Administration, and I hope that we would do that in a bipartisan way. I think that is the only way you get it done.

But let me, if I may, Mr. Chairman, just close with something that we talked about yesterday in my office, and that is, I have been here for 10 years, going on 11, and for 9 of those 10 years, we basically have not followed the Budget Act. Either we did not get a budget done and/or we did not get our appropriation bills done; or we did an omnibus or a continuing resolution (CR) or a mini-bus, or some combination. I think 9 out of the 10 years basically we have had to do that. And that is evidence to me that the system—the law we have on the books right now is just not working. And, my guess, it is probably the politics more than anything that is preventing it from working.

But I would hope that the Congress and the Administration would work together to possibly, if we need to, go in and rewrite the Budget Act. Apparently Senator Byrd wrote it back in the early 1970s, after a couple years of false starts and trying to get it done. And that is one thing we talked about yesterday. And I am not asking for a commitment out of you or the Administration on this, but I would hope that you all would consider making budgeting—and that includes not just the dollars but the process of priority, so that we can have a better way to budget, to account, and to check on the effectiveness of government spending.

I know that we are going to be in a period of budget tightening over the next 10 years, and, I think if we have a budget process that works better, that makes the whole thing work easier.

I do not know if you had any comments on that.

Ms. BURWELL. Well, Senator, I probably should have been studying a little more last night for my hearing today, I have to say your question stimulated—I spent quite a bit of time last night just starting to think about the point. And the thing that I was trying to focus on—and I think that is something that would be very important to have conversations and dialogue with the Congress, is why is it not—what are the elements that are not working? Because the question is: What can process solve and what can process not solve? Because I think that is what you were getting to, is the question of is it the structure and the process that is wrong, or what?

And so that was something that I did start to at least reflect and think upon, and since I have not been here, it is something, though, that I will look forward to learning more about why people think that the process is not working and what are the critical things, and then how do you think about changes to process that would help that or support the things that are not currently happening.

Senator PRYOR. Mr. Chairman, that is all I have. Thank you.

Chairman CARPER. Thank you Senator Pryor.

I have not asked any questions yet, and I am going to do that at this time. While Senator Pryor is still here, he raises, again, the issues of waste, fraud, and abuse and efficient spending. He said we do not do enough about it, we never seem to do enough about it. And this is a huge enterprise of our government. It is the largest, most successful Nation in the world, and we are spending all over the country and all over the world in different ways, and it is hard to get our arms and our heads around it.

But as we seek to put our Nation back on a more fiscally responsible path, it is not just the responsibility of the OMB Director. It is not just the responsibility of the executive branch, as we know. It is not just the responsibility that falls in our laps as well. It is a shared responsibility.

One of the great things about serving on this Committee with Senator Pryor, Senator Coburn, Senator McCain, and others is that we actually have the opportunity here—this is an oversight Committee. We deal with homeland security in a big way and have for about 10 years. But it is also—its history is as an oversight Committee. And we have an opportunity here to perform really effective oversight. Almost every time we have an agency that comes before us and testifies, whether it is Defense or Homeland Security, whether it is Health and Human Services (HHS), whomever it might be, I always ask them at the end of the hearing “What do we need to do better to help make sure that we spend our taxpayer dollars more effectively?” Almost without exception, they say, “Do more oversight.”

That is why we try to have four Subcommittees. They are basically oversight Subcommittees. The full Committee, it is largely an oversight Subcommittee that is appended to this huge Homeland Security and Governmental Affairs responsibility, too. But we have

the ability to leverage the capability of one Committee, and we do it by working with GAO. Their high-risk list comes out every 2 years, high-risk ways of wasting money, and we almost use that as our to-do list. We have the opportunity to work with you, your predecessors, with your team. We have the opportunity to work with all the Inspectors General (IGs), and I might just say there are about six or seven departments that do not have an Inspector General. We have Acting Inspectors General. It is not a good situation. We need people that are confirmed. We need good people. And when the Administration nominates, we need to confirm them; or if not, if they are totally incapable, then we need to make that clear as well.

We had the opportunity to not only coordinate and cooperate and collaborate with GAO, OMB, and the Inspector Generals, but also there is a bunch of nonprofit groups around the country that basically want us to do what we want to do. They want us to stop wasting, and start effectively spending taxpayers' money.

I think we have the opportunity here, Democrat and Republican—this is not a very partisan Committee, as you know—to set aside politics and just figure out how we can get a better result for less money in almost everything that we do.

I am struck by the number of people who have said to me, in recent months, given my new responsibilities in this Committee, people have said, with regard to having to pay more taxes, even as we approach April 15th, people have said, “I do not mind paying more taxes. I do not want you to waste my money.” That is what they say. “I do not mind paying more taxes. I just do not want you to waste our money.” That is our challenge. And it is not just our responsibility. It is a shared responsibility. We look forward to working with you and your team.

I want to followup on what Senator Pryor said. I want to go back in time about 15 years, and you were in the Clinton Administration. Bill Clinton was President. And I think, as I understand it, he asked Erskine Bowles to lead an effort with the Republican House and Senate to see if we could reduce the budget deficit and maybe even balance the budget. And Erskine was asked by the President to essentially lead an effort within the Administration to see if we could not find common ground to get us to a balanced budget or a more balanced budget.

Would you just kind of go back in time, walk us back—I think you were in the White House at that time. Walk us back in time to the dynamic that existed. Why were we successful? We had a very strong economy. We do not now, but it is strengthening, I think. But what was the dynamic that enabled us to move from really substantial deficits, \$200 to \$300 billion, to a balanced budget four—not one but four in a row? What was that dynamic? And how do we learn—what lessons are replicable or transferable from that experience to where we are today?

Ms. BURWELL. So one of the things that I think happened at that period in time is that when we saw that you actually could achieve—that it was within reach, you started understanding that when you saw the numbers that it was within reach, a balanced budget was in reach, and how one thought about what to do. And that conversation was put in terms of the long-term commitments

that we had, thinking about the economy in the short and the long term. And it is probably a phrase that some may not remember, but there was something called the “Social Security lockbox.” And the reason that came about was the idea that what we wanted to do was to start paying down, because by starting to pay down, you were eliminating the debt at that time, what you were doing was creating the space and ability to make sure that we as a Nation can meet some of our long-term commitments and the commitments right now that we are very focused on in the entitlement space. I think that was an important part.

But with regard to the negotiating and how we actually got there, which Erskine was the leader of the team at that point in time, there are a couple elements that I think I learned from. One was honesty and integrity in process, your best to be able to have a relationship where you could pick up the phone and call and say what you cannot do and what you can do and it be respected that it is a confidential matter that this is a part of what we can do to build the trust to get there.

I think a second thing that was important is prioritization and using the processes to create that prioritization. When one reflects on the fact of what Senator Pryor said, that we have not used the budget process in its full over such an extended period of time, that is the means by which we as a Nation have to do the tradeoffs. Otherwise, things come on one-off. And when things come in their pieces one by one, it is much harder than when you put it in a package. Why does everyone suggest Base Closure and Realignment Commission (BRAC) processes for all kinds of decision-making? It is because when we bring it all together, that is when we have to act as a Nation, not as individuals. Of course, you need to represent your district and your State, but also that overlay of representing the Nation together. So prioritization was a second element.

Then the third element in terms of what I learned was listening—listening and trying to really hear and understand, knowing what you need—and that was part of your own prioritization, but listening to understand others. So those are some of the lessons from that period in time.

Chairman CARPER. We have an interesting dialogue here in the Congress and the Senate. I think we are getting along better in the Senate than we have in a while. I think they still have their struggles in the House, but I am encouraged by the mood here in the Senate and our ability to find common ground, for example, on the spending plan for the balance of the year, the continuing resolution, and a robust debate, not a consensus, on a budget resolution for the next 10 years, but just a very good, spirited, and healthy debate nonetheless.

When we say to our Republican friends, we need more revenue, we go back to those 4 years when we had balanced budgets, and if we look at revenues as a percentage of GDP, it was about 19.5 to 20.5 percent for each of the 4 years. Last year I think it was closer to 16 percent. Even with the fiscal cliff revenue package adopted, I think we will only be up to about 18 percent of Federal revenues as a percentage of GDP by the end of this 10-year period.

We say to our Republican friends, well, we need more revenues if we are serious about really balancing a budget or coming close. They say, well, we need some entitlement reform. To his credit, the President has said what we need is entitlement reform. He said we need entitlement reform that saves money and that saves these programs for the long haul. And I will add these words, but I think they are certainly felt by him. As we do that, we need to look out for the least of these in our society. I totally agree with that.

I spent some of the recess we have just concluded on the road. I mentioned earlier I was up along the Canadian border with Senator Levin and others. I also went over to Minnesota and went to a place called Rochester, and Rochester is where the Mayo Clinic is. One of the things I have done in the last couple of years as a member of the Finance Committee—with one of my other hats on, Medicare and Medicaid oversight—is to find out how do they get better health care results for less money at Mayo? How do they get better health care results for less money at the Cleveland Clinic, which covers most of northern Ohio? How do they get better health care results for less money at Geisinger, which covers a big part of central Pennsylvania? I have been out to California and spent time with folks at Kaiser Permanente asking the same kind of questions. And I spent some time at UnitedHealth while I was in Minnesota last week.

If we do not do something real and substantial on figuring out how to get better health care results for less money or the same amount of money in Medicare, we are doomed.

We had Alan Blinder who came and testified before the Senate Finance Committee over a year ago now, about a year and a half ago, and he and a panelist were before us. Alan Blinder is a former Vice Chairman of the Federal Reserve when Alan Greenspan was our Chairman. He is now back at Princeton teaching economics. I said to him, “Dr. Blinder”—he mentioned in his statement, he said, “The 800-pound gorilla in the room on deficit reduction is health care. Unless we do something about the cost of health care, reining that in, we are doomed.”

And when there came a chance for us to ask questions, I said, “Dr. Blinder, you just said in your statement the 800-pound gorilla in the room on deficit reduction is health care. What do you recommend we do?” And he thought for a moment, and he said—I will never forget what he said. He said, “I am not an expert on this stuff. I am not a health economist. But here is what my advice would be to you.” He said, “Find out what works and do more of that.”

That is all he said. “Find out what works and do more of that.” I will never forget him saying that. And it applies not just to health care costs, Medicare and Medicaid. It really applies to pretty much everything we do in the Federal Government. Find out what works and do more of that. Find out what does not work and try to do less of that. In a resource-constrained world, we especially need to do those things. Others have raised with you the issue of duplication. You and I have talked a little bit about that. This is something Senator Coburn is especially passionate about.

Sometimes it makes sense for us to have duplication, for example, in training programs, maybe we want to train veterans, maybe

we want to train people that are disabled or we want to train people who are coming off of welfare. It is understandable how you would have different training programs that might cover different parts of our population. But we have to figure out which ones are working and do more of those. The ones that are not working as well, either end them or fix them. That is the way I look at it.

With that having been said, this is kind of an open question for you, but just sort of reflect on those thoughts that I just shared with you, and anything that comes to mind for you to guide you in your efforts and, frankly, to guide us and help us to work together on this. We have to figure out a way to do this together. Tomorrow the President's budget will come out. We welcome that. I am encouraged to think that it may look a little bit like a grand compromise, which I am anxious to try to embrace and hopefully embrace with others, including Dr. Coburn. Please.

Ms. BURWELL. I would focus on the point you raised, which is the issue of mandatory spending as part of what is driving the major part of the issue, is one that deserves great focus because it is so much a part of the problem. And as we go to that health care point, one of the things that excites me most about what you said with regard to the examples at Mayo and Cleveland, some of which I have learned a little bit about, is that what you described actually as a part of what I believe is so important to the solution because it is not simply about government spending, it is about what is happening in the overall economy on health care spending.

And so when I think about the issues, while there will be a spectrum and a continuum of things that need to be done so that we can make progress on the costs of Medicare over time as a Nation, the things that are the best because they put us on a positive cycle and not just the government but the private sector are those things that bend the cost curve. And what was exciting about what you said was you were focused on the things that they were doing that are actually bending the cost curve, changing the cost structure.

And examples that I have experienced, I had the opportunity to be on a university health center board when I was in Seattle and saw the institution trying to implement information technology, so using it in the office. And so it was part of the transition in the costs and figuring out how to change behaviors, because it means changing behaviors in a doctor's office. And then now that I am in Arkansas, I have the opportunity as part of the hospital system I am in, the Mercy system, it is fully done.

And so I am able to receive the results of my children's tests on my e-mail at night. There is not a nurse that has to call so that I will know if the child has X or Y and know what the followup steps. If it is appropriate, I get a call, but you think about the efficiencies that are created, and the quality. I have all that information in one place. If I want to log on right now, I can see all the tests. Also, in terms of the quality and cost savings, when I go in, whether I have been to any part of the Mercy system, they can pull up every test I have had. They know I had the flu. They know that information. And it just creates incredible efficiencies.

So those are the types of things, as I think about, it is an incredibly important issue, like to focus on the things that can help both the private sector and government, because of the cost shifting and

the bending of that cost curve. So that is how I start to think about those issues.

Chairman CARPER. Good. Sometimes I tell my colleagues that I wish—and others, I wish I had only one issue to focus on, and that is health care and to figure out how do we get better health care results for less money because it is so important for everything we do, in terms of a vibrant economy, being able to compete with other nations like Japan where they spend half as much, 8 percent of GDP for health care. We spend 16, to 17 percent. They get better results. They cover everybody. How can they be that smart and we be that dumb?

But what I have sought to do is to see where there is consensus—I mentioned a number of major health care providers that are doing really exciting and smart things with respect to the delivery of health care. We have also invited health economists and others to come in just to meet with my staff and me and some of our colleagues. When looking to find where these circles overlap, concentric circles overlap, and it seems like among the smart things that we hear about are, No. 1, figure out a way to get away from the stovepipe delivery. One of the ways to do it is electronic health records. We have something in addition to that called the Delaware Health Information Network in my State, which complements electronic health records, in order for providers to function not as isolated stovepipes but as a team.

Second, prevention and wellness are key. Obesity is literally killing us, literally and figuratively. A third of our population. Most of them do not realize they are obese, that their families are obese, and what the consequences of being obese are. If you look at obesity and tobacco use, you look at end-of-life care, a tough issue, but one I think that we need to come to grips with in a compassionate kind of way, the opportunities are just enormous for us to provide better care and for less money.

Even with respect to the issue of defensive medicine, out of the University of Michigan—they played a tough game last night against Louisville, who also have come up—I am an Ohio State graduate, so it pains me to say this, but they came up with a really good idea a number of years ago called “Sorry Works,” you may have heard of, at the University of Michigan, you are my doctor and I am your patient, you perform a procedure, screw it up, I know it, you know it, and before I can sue you, we have the opportunity to meet as two human beings. You can apologize, offer financial remuneration for my discomfort, pain and suffering, loss of wages and so forth. Nothing that you say can be used against you in a court of law. And I can accept or reject it, but that conversation takes place and it reduces dramatically the incidence of medical malpractice lawsuits. They also found out that it reduces the incidence of defensive medicine, and it leads to better health care outcomes. That is the University of Michigan, a demonstration, if you will, for a number of years, called “Sorry Works.” That idea has been taken and put on steroids, up in Illinois by a fellow named Tim McDonald, doctor, lawyer, and he has a project called “Seven Pillars” which really takes that idea of “Sorry Works” and puts it on a larger scale. We have 2 years of excellent data, and it demonstrates, conclusively that we can reduce the incidence of medical

malpractice lawsuits, reduce the incidence of defensive medicine, and they demonstrate better health care results. I mean, it is the trifecta! And it is the kind of idea that we want to be able to spread across the country. The Administration supported our efforts. We support their efforts, too. Take ideas like that that work and spread them like wildfire throughout America. And take ideas like Seven Pillars, bring it to Delaware and other States. But those are all parts of the solution.

As we focus on better results for less money or the same amount of money in health care is one that I think has great potential for us, and we need to particularly focus on that.

In the past, you worked for a little bit, sometime in the 1990s, I think, at McKinsey & Company, a management consulting firm with a great reputation. Any lessons learned from that experience for you that you bring to your current responsibilities, if you are confirmed?

Ms. BURWELL. In terms of my McKinsey experience, one of the most important things I think I learned was client service, which is a topic that has come up in a number of different ways in this conversation, and the idea of responsiveness and listening to the client.

More broadly, I think McKinsey was the start of some lessons that I have had the opportunity to learn when in the private sector that are related to things like when thinking about how to use an organization to address a problem, think about strategy, structure, and people.

A second lesson is clear and measurable goals for impact, and so that is a part of that first one, but really articulating what is it we are trying to achieve and really deeply focusing on impact. I think you heard a little bit of that when I was talking about what are the targets that we are trying to use, what is the impact we want to achieve as we think about transparency. Transparency in and of itself is a positive thing, but is it the outcome that we are looking for? So that measurement and focus on impact would be the second lesson that I think I have learned.

And the third—and this is an extension for McKinsey through my current role—is the importance actually of culture and that leaders actually drive culture, and that often culture is as important a part of achieving the types of things we are talking about in terms of cost savings, efficiency and effectiveness, creating a culture and an institution of that. They are as important often as the rules, because sometimes they get you more, because if people are thinking about it and being a part of it, they consider it what they do, they take pride in making things the most efficient and effective. They take pride. It is part of what they do. And so this issue of culture I think is one that you cannot overestimate how important it can be to achieving whether it is a healthy, thriving OMB or the types of cost savings and efficiencies that we are talking about that we think are so important.

Chairman CARPER. It is ironic that you would mention that. When I was a kid growing up in West Virginia, in Beckley, in Hinton, later on in Danville, Virginia, my dad used to say to my sister and me—we would have chores to do in the house, in the yard, and in our garden. And he was always saying to us, when we did not

do our chores very well, he would say, "If a job is worth doing, it is worth doing well."

He said it often. He was an old chief petty officer in the Navy, tough as nails. He did not say it nicely. But he said it a lot, and one of the things, my takeaways from that experience was if a job is worth doing, it is worth doing well. And I like to say everything I do I know I can do better. If it is not perfect, make it better. And I talk a lot about culture. Believe it or not, in my role on this Committee, I talk a lot about culture. And we have in too many cases the culture of spendthrift in Federal Government, and we need to replace that—with culture of thrift. Everything we do, say, "How do we do this better? Is there a way to do this better, provide better customer service, do it in a more cost-effective way?" So that when people say, "I do not mind paying more taxes, but I just do not want you to waste my money," then they will say, "Well, things are different. We have a new policewoman on the job at OMB and some new leadership on this Committee as well. Culture, I think you are right, it is just hugely important.

I asked you about how your work at McKinsey has helped you, and you kind of morphed into, I think, responding how your time both at the Gates Foundation and Walmart has helped prepared you for this job. Is there anything you want to add in terms of your foundation work with Bill & Melinda Gates and Walmart as it helps prepare you for this work?

Ms. BURWELL. I think the other element that the time that I have spent at both the Bill & Melinda Gates Foundation and the Walmart Foundation has done in terms of preparation is my experience around grantmaking, and that has two elements to it that I think are helpful and important.

One is that I spend much more of my day saying "no" than "yes." There are many wonderful things that are happening in the world, and even a foundation as large as the Bill & Melinda Gates Foundation, the vast majority of requests are actually noes, and so that experience of how to respect that there are incredibly wonderful things going on that people are coming to you about, but saying no in a respectful way, respectful of their time, respectful of their ideas and their energy. And so I think that is an important part of the job.

The second thing I would say is actually doing grantmaking, how one thinking about spending money for impact, and that experience is about what is the strategy, how does this spending connect to that strategy, how am I clearly focused on impact, what are the strengths and weaknesses of what I am looking at? And on grants, I would send back—if someone sent me a grant report or a proposal for a grant and it did not have weaknesses, it would go back, because if you cannot articulate the weaknesses—I do not believe that there is any thing that really does not have weaknesses. And that is part of that quality management for impact, not just recognizing the strengths but the weaknesses.

And so I think the grantmaking experience is one that I think is relevant to the work that we do every day at OMB.

Chairman CARPER. All right. As you have been briefed by OMB staff, what has stood out as maybe some of the areas where you

think or others think that our Federal Government has made some progress since you last served? Just mention a couple.

Ms. BURWELL. Since I was last here, I actually have seen good progress on some of the issues on the M side, certainly not enough but good progress. And I would mention something that I think is important to this Committee, which is the Government Performance and Results Act (GPRA) modernization. And so when I was here before, GPRA was a box-checking act to try and put in place that type of strategy so that governments commit to the strategic approach of their work and set clear goals that they work against. And I think that has advanced in terms of how the different departments are doing that, and that is a place where I have seen change.

I mentioned earlier in the hearing the issue of the CIO and how we think about technology as a tool both that we can think about the opportunities with regard to efficiency and effectiveness, transparency, and not forgetting innovation, that it is an important part.

So those are two specific changes that I think are important.

Chairman CARPER. It is funny you should mention the Government Performance Results Act. It is something that Senator Warner, Senator Akaka, and I worked on here in the Senate, and others did, I am sure, in the House, and passed it, the President signed it—with really no fanfare. It is like a time bomb in a good sense, and it is one that is starting to spread through the Federal Government. And as it metastasizes, instead of bad things happening, I think good things are going to happen. It has been a very helpful tool for the executive branch and I think for us as well and I think for the folks that are trying to get better results for less money. I am glad you mentioned it.

I would ask you for some of the areas where you think we are making some progress, maybe a couple of areas that you think—and you have alluded to this already, but just maybe as we get ready to wrap up here, a couple of areas again you would like to just mention where you think we maybe have not made sufficient progress and we really need to.

Ms. BURWELL. Clearly, in the conversations that I have had, including in this hearing, the regulatory area and the functioning of OIRA, and it is from a number of different perspectives, and thinking about how the regulatory process is working. There have been a number of issues raised, and that is a place that I will want to understand. What are those issues, the priority of those issues? How does OMB, the institution, feel about those issues? And how do the Cabinet departments we work with—as well as the voice of people, which I think is hopefully represented by this Committee on a regular basis.

And so that is a place where I think I will want to understand more deeply and has been brought up in both my meetings and this hearing.

Chairman CARPER. OK. Finally, would you just mention one or two management practices that you witnessed in the private sector that you thought were just especially effective that could be transferred to this realm? Just one or two.

Ms. BURWELL. I would go back to thinking about strategy, structure, people, and I think that is an important process and sort of

just basic framework to help people move to a place where you get that kind of clarity of goal. That is part of what the strategy is. And so that would be one thing.

I think another element that is important is actually thinking about people management. And I know we are all extremely busy in government, and it is very hard. But I actually think that performance management is another thing that I think you said I have learned that is actually very important. It is important to set goals with your direct reports. It is important to review those goals on a regular basis. It is important to use that as a tool by which you reserve people in terms of their performance.

And so how we invest in our personnel in government is something across the board—executive branch, Legislative Branch, all of us—is something that I think is an important thing we can learn from the private sector, those disciplining tools and mechanisms, because we all get so busy, and it is one of the first things that I think goes.

Chairman CARPER. All right. Thank you.

Jeff Zients has served as our Acting OMB Director, and he is not here, but just for those of you in the room that talk to him and if somebody is watching on the television over at OMB, I just want to express my thanks to him. I know the President and others feel that way as well. He has come in and he served in a variety of capacities at OMB, and we are grateful for his service.

If you are confirmed—and I am encouraged that you will be—there are going to be a number of direct reports that are going to have to be confirmed to put your team in place. Would you just mention what those are likely to be?

Ms. BURWELL. Those are likely to be Brian Deese, who has been sent up to be the Deputy Director on the B side. I would add my thanks to Jeff Zients. If Jeff departs, there will be an opening the Deputy Director for Management. There will additionally be the position in OIRA in terms of Senate-confirmed positions that are open currently or will be open at OMB.

Chairman CARPER. Well, the Administration has an obligation to give us good names. They have given us in your case an excellent name, an excellent person, and we will look forward to getting to know the person they have nominated for the B side of OMB, and we are looking forward to meeting the new nominees for the other two.

The Administration has an obligation to vet and nominate quality people. We have an obligation to get to know them and to vet them as well, have hearings promptly, and if there are no problems, to move those names promptly, especially in this instance.

The other question, this is really kind of a personal question. I do not know that I will ever get to meet your parents, but I am struck they must really be—and Stephen is sitting right there behind you, your husband, over your right shoulder. They must be very remarkable people to have been raised in Hinton, West Virginia, a couple of gals that turned out as well as you and your sister obviously have turned out.

What was it in the water there in Hinton, West Virginia, right along the New River, that enabled a gal who grew up there in a town that I once lived in as a kid, who has gone on to Harvard and

was a Rhodes scholar and to work at the highest levels in business, foundations, the Clinton Administration, which has a remarkable record of success? What were some of the secrets that have enabled to—I do not know your sister, but I hear very good things about her. What are some of the secrets that have enabled you to turn out as well as you have. I know you are modest. You have no reason to be modest, but I admire the fact that you are. But what are the secrets?

Ms. BURWELL. I would credit my parents with a couple of very important things that they did, and one is they instilled in us the sense of the importance of service, and that is whether—my father belonged to many community organizations: the Lions Club, the Elks Club, the Jaycees, and the Rotary. My mother was with different organizations, business and professional women's groups. She was president of the Church Women for almost 25 years. And so this idea that is just part of everyday living. And so that is one thing.

And then the other thing is I just think the simple idea of always do your best. And those two things I think are what have enabled me and my sister to do the things that we have had the chance to do.

Chairman CARPER. That is great. Whenever I go to schools—I go to schools a lot. I love to do that, all kinds of schools, elementary schools, high schools, colleges. I just like to talk about service, and I tell young people I meet with, in my life there are folks that I have met that are the least happy people are the people who do not really think about much outside of themselves, do not really look for ways to serve, and some of that is scripturally based, it is faith-based, and we have an obligation to serve other people. And to the extent that we do, then we are the lucky ones that were entitled to serve.

You will be lucky, I think you will be lucky if you have this opportunity to serve, and my hope is that you will have that opportunity, and soon, and we will work with you to help put together a good team around you and then to really collaborate and see if we cannot somehow be a force multiplier for one another—we need to be—and create some synergies that are dramatically needed as this Administration begins its second 4 years.

I have been handed a note by my staff, and it says: The hearing record will remain open until the close of business tomorrow, April 10, at 6 p.m., for the submission of statements and questions for the record.

Before I close the hearing, the majority of people have come and gone during this hearing, but most of the Members, Democrat and Republican, on our Committee have come and asked questions, heard you, and I think that is a positive sign. It is actually sort of encouraging that we did not have a crush of people here in the room or sitting up here at the dais, because if they were, it would probably mean you are in trouble. I think you will have an opportunity to do this job. Then you will really be in trouble. But the rest of us will not be, because I think you bring us the kind of service and leadership that we need.

Let me just ask my staff: Anything else for the good of the order?  
[No response.]

All right. With that having been said, Stephen, great to see you again. I will finish up where I started. Thank you for your willingness to share your bride with all of us and for you to be able to share your life with the people of our country.

With that, this hearing is adjourned.

Ms. BURWELL. Thank you, Mr. Chairman.

Chairman CARPER. Thank you.

[Whereupon, at 4:35 p.m., the Committee was adjourned.]



## A P P E N D I X

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Senator Tom Carper, *Chairman*

FOR RELEASE: April 9, 2013

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### **Chairman Carper's Statement at the Nomination of Sylvia Burwell to be the Director of the Office of Management and Budget**

WASHINGTON – *Today, Senate Homeland Security and Governmental Affairs Committee Chairman Tom Carper (D-Del.) convened the hearing on the Nomination of Sylvia Burwell to be the Director of the Office of Management and Budget. For more information on the hearing or to watch a webcast of the hearing, please click [here](#). Chairman Carper's opening statement, as prepared for delivery, follows:*

"Today we meet to consider the nomination of Sylvia Mathews Burwell, President Obama's choice to serve as Director of the Office of Management and Budget. This is a critical nomination that comes at a critical time, as OMB has lacked a Senate-confirmed leader since January of last year, when then-Director Jack Lew left to become Chief of Staff at the White House.

"Folks who know me know that I'm a big believer in the power of leadership. Throughout my life and career, I've seen the impact of dedicated and talented leaders first hand, and learned how good leaders can be critical in turning around struggling organizations and providing essential guidance during challenging times. Leadership is an important, and often undervalued, asset that can determine whether or not an organization of any size or scale can effectively accomplish its mission.

"That's why I have long been concerned about a problem that has plagued the Executive Branch through both Democratic and Republican Administrations – numerous and longstanding vacancies in senior positions throughout the Federal government. This problem has become so prevalent that I've started referring to it as Executive Branch 'Swiss cheese.' At any given moment we are lacking critical leadership in numerous positions in just about every agency, undermining the effectiveness of our government. While Congress and the Administration have taken steps to address this problem, the fact remains that we still have more work to do to ensure that we have talented people in place to make critical decisions. That's one of the reasons why today's confirmation hearing is so important, and why I'm pleased that President Obama has put forward a nominee who I believe has the skills necessary to step in and be effective from day one.

"Ms. Burwell's prior experience in government has prepared her well to lead during this challenging period for our nation, a time when we can no longer afford to avoid making the tough choices necessary to put our nation on a responsible and sustainable long-term fiscal path.

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She served as Deputy Director of the Office of Management and Budget and Deputy Chief of Staff during the Clinton Administration – a time when our government got its deficit under control and achieved four balanced budgets in a row. She is someone who knows firsthand how challenging budget negotiations can be. But she is also someone who knows that it is possible for the President and Congress to reach a bipartisan agreement on a comprehensive, long-term budget plan.

“Ms. Burwell also brings valuable leadership skills from the private sector, where she has run two of our nation’s largest philanthropic foundations, the Bill and Melinda Gates Foundation and the Walmart Foundation. In all of the jobs she has held over the years, Ms. Burwell has shown a great work ethic and intellect, and a strong business perspective. She also is a warm and gracious person, and someone who can build consensus across party lines at a time when members of both political parties need to set partisan considerations aside for the sake of our nation. These qualities, in my opinion, can be attributed in large part to the fact that she hails from Hinton, West Virginia – a wonderful town of wonderful people, where I once lived as a young boy.

“And these qualities have made Ms. Burwell an effective leader since the day she arrived in Washington as a young member of President Clinton’s economic team. Her wisdom from both the public and private sectors will now be put to use in addressing fiscal challenges that are much more severe than the daunting challenges she helped address in the 1990’s. For some perspective on the serious nature of our nation’s debt and deficit crisis, I’ll note that, in Fiscal Year 1993, the deficit was \$255 billion. The Congressional Budget Office now projects the deficit for this fiscal year to be \$845 billion – and that will be the first time in five years that the deficit has dipped below \$1 trillion. In 1993, debt as a percentage of Gross Domestic Product was 49 percent. Today, it is approaching 76 percent.

“The grand budget compromise that we need to address this fiscal crisis must have three essential elements. It must address both spending and revenues in a balanced approach. It must rein in the costs of our entitlement programs in a way that doesn’t savage the poor or the elderly. And it must demand that through better management of government programs, we deliver better services to the American people at a lower cost.

“This Committee is an important partner with the Office of Management and Budget in all of these areas, but especially in ensuring that our government achieves better results for less taxpayer money. Both Congress and the Executive branch bear equal responsibility in rooting out waste, fraud and abuse in government programs. Both bear responsibility in ensuring that we measure the performance of programs and alter or end those programs that do not work, or have outlives their usefulness. Both bear responsibility for providing transparency to the public transparency on how our tax dollars are spent.

“Senator Coburn and I have worked closely together over the years to identify sensible, achievable savings that could be accomplished simply by better management. For example:

- We know we can save billions of dollars by shedding federal property that is no longer used.

- We know we can save billions of dollars every year by reducing the amount of improper payments that the government makes.
- We know we can save billions in federal contracting every year through efforts such as the so-called strategic sourcing initiative, which involves buying more in bulk.
- We can save billions of dollars through better management of the government's information technology infrastructure – including, for example, by continuing the effort to consolidate federal data centers.
- We can bring in billions of dollars in revenues by doing a better job of collecting taxes that are owed but not paid. And here I am not talking about new taxes – I'm talking about doing a better job of collecting the taxes that are already owed.

“And I know from my conversations with Ms. Burwell that she is fully committed to all of these efforts. She is also committed to helping improve ways to measure the performance of government programs, and to ensure that we have sound financial management practices across the government – including at the Department of Defense, which in its whole history has never been able to conduct a full audit of its finances, much less achieve a clean audit.

“Ms. Burwell, as you sit here twenty years after you first came to Washington, I do think it is instructive to look back and reflect on the budget debate of those days when, like now, we faced deficit and long-term debt problems that on many days seemed insurmountable.

“Just over twenty years ago, in January of 1993, President Clinton's nominee to be Director of the Office of Management and Budget, then-Congressman Leon Panetta, appeared before this Committee. He talked about how the American people didn't trust the government anymore. He talked about the importance of making the budget process work so that the government could start to restore that credibility. He told this Committee: “We need to make government more efficient, more creative, make it an instrument of long-term economic growth, not an impediment, and make it a source of investment in our future, not a robber of our children's birthright.”

“All of these words ring even more true today. The American people will not – and should not – tolerate Congress and the White House kicking the can down the road any longer on tough budget decisions. Nor will they tolerate our failure to make significant progress in addressing some of the tough management challenges faced by agencies across government.

“So my recommendation to my colleagues is that we confirm and get Ms. Burwell in place as fast as we can, and get going on the work that the American people sent us here to do.”

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**Opening Statement of Senator Tom A. Coburn, M.D.**

Hearing on the Nomination of  
Mrs. Sylvia M. Burwell  
to be Director of the Office of Management and Budget

Tuesday, April 9, 2013

Today the committee welcomes Mrs. Sylvia Burwell, the president's nominee to be director of the Office of Management and Budget (OMB).

If confirmed, Mrs. Burwell will be the country's chief budget official and performance officer, responsible for overseeing the fiscal and management functions of the federal government. Given the current financial condition of our nation and the far-reaching scope of the federal government, this will be no small undertaking.

Record levels of unsustainable spending and borrowing have placed the country at a critical fiscal juncture. After four years of trillion dollar deficits and more than a decade of unbridled levels of government spending and borrowing, our national debt now exceeds \$16.7 trillion. Federal spending has doubled since 2000, and Congress now borrows 24 cents out of every dollar it spends, adding to our national debt at a rate of \$32,000 every single second.

The president nominated a qualified and capable individual in Mrs. Burwell. Yet, the challenges with which she will be confronted are stark and sobering. Much work remains to reduce the deficit, eliminate unnecessary duplication, demand discernible results from government efforts, and reform federal operations to increase efficiency and transparency.

Lacking true leadership from both the White House and congressional leaders, Washington continues to stumble its way through a series of budget crises. We've shortchanged taxpayers at every turn, missing countless opportunities to reverse our fiscal course and do better for those that sent us here. Instead, we refused to enact meaningful deficit reduction, failed to reduce government waste and unnecessary duplication, and continue funding thousands of programs with few measurable outcomes. We must do more to guard against waste and ensure those in need of assistance actually receive the benefit of the taxpayers' investment.

Although we have differing philosophies of federal spending and taxation, I am hopeful Mrs. Burwell will use her influence at the Office of Management and Budget to advocate fiscal restraint, deficit reduction, and commonsense reforms for a more efficient government. I will commit to work with her to find bipartisan solutions in every possible arena—from government transparency and placing metrics on government programs to putting the country back on a sustainable fiscal path. At the same time, I will continue to hold this administration accountable for the promises it makes to taxpayers and will work diligently to reduce federal spending.

It is my hope Mrs. Burwell will take to heart the concerns of this committee regarding unsustainable deficits and federal borrowing, government transparency, accountability and efficiency, and commit to working with us to solve many of these challenges, both small and great. I plan to support her nomination and look forward to working together.

**Senator Jay Rockefeller**  
**Senate Committee on Homeland Security and Governmental Affairs**  
**Hearing on the “Nomination of the Honorable Sylvia M. Burwell to be**  
**Director, Office of Management and Budget”**  
**Statement as Prepared for Delivery**  
**April 9, 2013**

Mr. Chairman, fifteen years ago, I was honored to introduce Sylvia Mathews during her nomination hearing to become Deputy Director of the Office of Management and Budget. Today, I could not be more proud to testify again on her behalf for the even more prestigious role of Director.

As we are debating the best course for our country’s economic future, we need smart, strong leadership at our federal budget office. Sylvia Mathews Burwell is absolutely the person for this job. I urge this Committee to swiftly consider and confirm her as the Director of the Office of Management and Budget.

I have known Sylvia her entire life and her proud parents for years. Cleo and Bill set an incredible example for their two daughters, Sylvia and Stephanie. I have attended church and been with them at many major milestones including the wedding reception for Sylvia and her husband, Stephen. I have a deep abiding respect and fondness for the Mathews family. They are truly great Americans and West Virginians.

I can tell you that Sylvia is brilliant. She won’t tell you that because she is modest, but I will. Sylvia graduated from Harvard and was a Rhodes Scholar, but she has never forgotten her West Virginia roots, and the people she and I are both driven to serve.

She is humble, she is hard-working, she has integrity, and she remains devoted to helping our nation’s hard working families achieve the American dream, just as her Greek immigrant grandparents did so many years go.

Sylvia is a proud native of Hinton, West Virginia – a historic railroad community nestled in the mountains of Appalachia that has had more than its fair share of economic hardships.

Though she could have made a fortune in the corporate world, Sylvia has spent the majority of her life in public service or working at organizations that are dedicated to lifting up struggling families and communities.

Sylvia previously served in the Clinton Administration as Staff Director for the National Economic Council, Chief of Staff to Treasury Secretary Robert Rubin, Deputy Chief of Staff to the President, and Deputy Director of the Office of Management and Budget.

She was central to crafting the Clinton budget in the late 1990s that led our country to three budget surpluses in a row and to record growth.

And there is no doubt that she is the person to tackle the challenges of today. Debts and deficits are staggering. The tax code is riddled with complexity and loopholes, and while the economy is improving, growth is much too slow for my liking.

Our country needs someone with the experience and the intellect of Sylvia Mathews Burwell at the center of the great debates to come over the next four years.

After her time in the Clinton Administration, Sylvia turned to philanthropic work as President of the Gates Foundation's Global Development Program and most recently the Wal-Mart Foundation.

Not only does Sylvia understand budget issues, but she wants to put that knowledge to good use and really help people in need. That is what makes her entirely right for this job. It is not only about the numbers and line items; it is about the people who are impacted by them.

Sylvia is a true business and economics expert. But she is not someone who looks at those issues in a vacuum. She understands deeply the impact they have at home in West Virginia and on the people and places like ours across the country.

Though she has travelled the world and earned great renown, Sylvia still possesses the same qualities she did as the star student from Hinton I met so many years ago.

The people of West Virginia are incredibly proud to call her one of our own. And I am proud to introduce her to this Committee today.

Thank you.

**STATEMENT OF SYLVIA MATHEWS BURWELL**

**Nominee to Serve As  
Director of the Office of Management and Budget**

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

**April 9, 2013**

Thank you Chairman Carper, Ranking Member Coburn, and Members of the Committee for welcoming me today. It is a privilege to be considered by this committee as the President's nominee to be Director of the Office of Management and Budget.

I want to thank Senators Rockefeller and Manchin for their support of my nomination. West Virginia is fortunate to have two such great Senators who were also strong governors of our State.

I am pleased that my family could join me today: my husband Stephen and my brother-in law Joe. My 5 year old daughter Helene and 3 year old son Matthew were not able to join us today. I understand the sacrifices entailed by public service, and I recognize that the biggest burden falls on one's family members. So I deeply appreciate their support as I seek to take on this new challenge.

I am also grateful to President Obama for nominating me to serve as the next Director of the Office of Management and Budget. It is an honor to be considered for this position at this important time.

Finally, I want to thank the Members of the Committee and their staffs for meeting with me over the last few weeks and for sharing your insights. If I am confirmed, I very much look forward to continuing our conversations.

I believe in the greatness of our nation. As a second generation Greek American, my family and I have benefitted greatly by the opportunities this country offered.

Our nation has made important progress over the last four years. We pulled out of a deep economic downturn. Our financial markets have stabilized. Businesses are hiring again. And we began the long journey to put our fiscal house in order.

The President and the Congress have made progress on the deficit, but there is more to do. We need to focus on making the economy work for middle class families and American business, in the short and the long term.

If I am confirmed, my primary focus will be to contribute to achieving balanced deficit reduction, increased efficiency and effectiveness in how government works, and targeted investments that grow the economy and create jobs.

The President is actively engaged with Members of Congress on this subject. If I am confirmed, I will do everything in my power to keep this dialogue going and to continue to build on the relationships between the Administration and Members on both sides of the aisle.

From my experience in the Clinton Administration – at OMB, the White House, and the Treasury Department – I learned the importance of working together in a bipartisan fashion to get things done. I saw first-hand how the deficit reduction agreements of the late 1990s were reached. I know that we all come to the table with firm convictions and the belief that we know the right answer. We also come with the same conviction to serve the American people, which I hope will drive us to find common ground to move the country forward.

There is no question that the road ahead will be difficult. The challenges we face are sobering. But I am confident we can come together on a comprehensive plan.

I am pleased with the prospect of returning to OMB. I have tremendous respect for the institution and the incredibly talented men and women who work there. I am hopeful that, if confirmed, I can contribute to ensuring OMB is a place where talented people want to go and that the institution is strong for other Administrations. Although OMB is most well-known for its work on the Federal budget, the management side of OMB is also critical.

In the current fiscal environment, it is more important than ever that we are operating the government in the most efficient and effective manner.

I want to credit this Committee and Acting Director Zients for their strong leadership in these areas. If I am confirmed, I will work to build on these efforts and continue to increase the efficiency and effectiveness of taxpayer dollars. By governing smartly and being good stewards, we can reduce the deficit and increase the value of what is delivered.

As someone who has been out of the government now for 12 years, I am hopeful that I can bring a fresh perspective to the fiscal debates underway. From my positions at the Walmart Foundation, the Bill and Melinda Gates Foundation, and as a Director at MetLife, I have seen the important role that both the government and private sector play in the lives of the American people.

If I am confirmed, it would be an honor to dedicate myself to using the tools at OMB to ensuring that our government delivers for the American people.

Again, I want to thank the President for giving me this opportunity and the Committee for considering my nomination. I look forward to answering any questions you may have.



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

**MAR 21 2013**

The Honorable Thomas R. Carper  
Chairman  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Sylvia M. Burwell, who has been nominated by President Obama for the position of Director, Office of Management and Budget.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Walter M. Shaub, Jr.", written in a cursive style.

Walter M. Shaub, Jr.  
Director

Enclosures (2) - REDACTED

March 4, 2013

Jonathan E. Rackoff  
Assistant General Counsel and  
Designated Agency Ethics Official  
Office of Management and Budget  
725 17<sup>th</sup> Street, NW, Room 5001  
Washington, DC 20503

Re: Ethics Agreement

Dear Mr. Rackoff:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Director, Office of Management and Budget.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

Promptly after confirmation, but no later than 90 days from my confirmation, I will divest my interests in the following entities:

- Amazon.com, Inc.;
- ING Global Real Estate Fund;
- Vanguard REIT Index Fund(VGSNX); and
- Nuveen Real Estate Securities Fund (FARCX)

With regard to each of these entities, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

Upon confirmation, I will resign from my position with MetLife, Inc. I own shares of MetLife, Inc. common stock. I also own vested stock options for shares of MetLife, Inc. common stock. I do not own any unvested stock options for shares of MetLife, Inc. common stock. In addition, under the MetLife Non-Management Director Deferred Compensation Plan, I have a vested interest in the MetLife Deferred Stock Account, which is paid to me in the form of

MetLife, Inc. common stock. I previously elected to receive some of the common stock awards in a lump sum payment at resignation and some of the common stock awards in annual installments. The installment payments will be accelerated, and I will receive the MetLife, Inc. common stock at resignation. As soon as permitted following my confirmation, but no later than 60 days from my confirmation, I will divest all of my common stock and all of my vested stock options. If I divest the stock options by exercising them, I will divest the resulting shares of MetLife, Inc. common stock as soon as permitted following my confirmation, but no later than 60 days from my confirmation. Until I have divested all of these financial interests, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of MetLife, Inc., unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). In addition, for a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties in which MetLife, Inc. is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

Upon confirmation, I will resign from my positions as President of the Walmart Foundation and Vice President of Wal-Mart Stores, Inc. In accordance with the Walmart Deferred Compensation Matching Plan, a portion of my salary was deferred. The deferred salary will be paid to me by Wal-Mart Stores, Inc. in a lump sum within 60 days of my resignation as an officer of Wal-Mart Stores, Inc. In addition, I will receive a cash incentive payment for the work I performed during fiscal year 2013, ended January 31, 2013. The amount of the cash incentive payment will be fixed on February 27, 2013. I will receive a portion of the cash incentive payment before March 15, 2013, and a portion of the cash incentive payment will be paid to me within 60 days of my resignation as an officer of Wal-Mart Stores, Inc. I will not receive a cash incentive or other bonus for fiscal year 2014, which began February 1, 2013. Until I have received these payments, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the ability or willingness of Wal-Mart Stores, Inc. to make these payments to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). In addition, for a period of one year after my resignation, I will not participate personally and substantially in any particular matter involving specific parties in which the Walmart Foundation or Wal-Mart Stores, Inc. is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I own unvested Wal-Mart Stores, Inc. restricted stock and unvested performance shares (which are rights to receive shares of Wal-Mart Stores, Inc. common stock if certain performance conditions are met). Upon my resignation from my positions as President of the Walmart Foundation and Vice President of Wal-Mart Stores, Inc., I will forfeit all unvested performance shares and unvested restricted stock. In addition, I have vested Wal-Mart Stores, Inc. performance shares. These shares will be converted into Wal-Mart Stores, Inc. common stock prior to March 15, 2013. A portion of the shares of common stock will be distributed directly to me, and a portion will be deferred pursuant to the Wal-Mart Stores, Inc. Stock Incentive Plan of 2010 (the "SIP"). The shares of common stock deferred into the SIP will be distributed to me as soon as permitted, but no later than 60 days from my confirmation. As soon as permitted following my confirmation, but no later than 90 days from my confirmation, I will divest all of my shares of Wal-Mart Stores, Inc. stock. Until I have divested all of these financial interests, I

will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the Wal-Mart Stores, Inc., unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

Upon confirmation, I will resign from my positions with the following entities:

- The Council on Foreign Relations; and
- The Nike Foundation.

For a period of one year after my resignation from each of these entities, I will not participate personally and substantially in any particular matter involving specific parties in which that entity is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

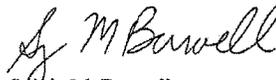
Upon confirmation, I will resign from my positions with the following entities:

- ALS Evergreen Chapter; and
- Pete G. Peterson Foundation.

I understand that as an appointee I am required to sign the Ethics Pledge (Exec. Order No. 13490) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with other ethics agreements of Presidential nominees who file public financial disclosure reports.

Sincerely,



Sylvia M. Burwell

**U.S. Senate Committee on Homeland Security and Governmental Affairs  
Pre-hearing questionnaire for the nomination of  
Sylvia Mathews Burwell 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)?

I believe that the President nominated me for this position because of my prior experience as the Deputy Director of OMB as well as my experience serving in positions at the White House, the Department of the Treasury, and the National Economic Council. In these roles, I was part of a team that presided over three budget surpluses. I also believe the President nominated me because of my private sector experience at the Walmart Foundation, the Bill and Melinda Gates Foundation, and MetLife, which complements my public sector work.

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

No.

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

In my time at OMB, the White House, the Department of the Treasury, and the National Economic Council, I worked on a number of budgetary and management issues, and while at OMB I was further responsible for helping to oversee the day-to-day operations of the agency. In addition, my experiences in grant making, management, and organizational development while at the Walmart Foundation, the Bill and Melinda Gates Foundation, and MetLife will be relevant in undertaking the responsibilities of 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?

No.

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

In connection with the nomination process, I consulted with the Office of Government Ethics and OMB's designated agency ethics official to identify potential conflicts of interest. I will resolve any potential conflicts of interest in accordance with the terms of an ethics agreement that I entered into with OMB's designated agency ethics official and that was provided to this Committee. I am not aware of any other potential conflicts of interest.

## **II. Background of the Nominee**

6. You served as Deputy Director of OMB from 1998 to 2001. What do you believe will be the most important similarities and differences between the challenges you faced then and those you will face now, if you are confirmed? What specific lessons that you learned during your earlier tenure will you be able to apply?

An important similarity is that OMB remains a place where the big picture on budgeting comes together, and where difficult choices must be made and discipline applied. The substantive challenges of how to use the agency's budget and management tools to support a healthy economy, in both the short- and long-term, are even greater today. These challenges include addressing our long-term deficit, protecting our nation's aging population, and stabilizing the economy. These are problems that cannot be solved by a single person or institution; they require dialogue, collaboration, and compromise.

From my experience in the Clinton Administration, I learned the importance of working together in a bipartisan fashion to get things done. I saw firsthand how the deficit reduction agreements of the late 1990s were reached, and I took part in many of the negotiations. I know that we all come to the table with firm convictions and the belief that we know the right answer. But in the end, we must be willing to find common ground if we hope to move the country forward. If confirmed, I would work with Congress to restore regular order and build strong relationships with Members of Congress.

7. Since your time at OMB you have served as President of the Walmart Foundation and President of Global Development at the Bill and Melinda Gates Foundation. How do you believe that experience has prepared you for the position of OMB Director and how will it inform your approach to this position?

My experiences at the Walmart Foundation and the Bill and Melinda Gates Foundation reinforced for me the value of delivering impacts through clear and measurable goals, both in grant making and organization building. These experiences also solidified for me the importance of having leadership work with all levels of an organization to ensure that teams are fully motivated to achieve these goals and to continuously improve their practices. In addition, my time spent as a grant maker has honed my ability to evaluate program performance and make difficult funding choices. Each of these experiences will inform my approach as OMB Director, if confirmed.

8. Undertaking the role of OMB Director during a time a fiscal challenges will require restraint and priority setting as the government seeks to help those in need. In what ways do you believe the mission of and challenges faced by the two charitable organizations you have worked for are consistent with, and in what ways different from, the challenges faced by OMB? Please describe how you plan to approach making difficult decisions relating to funding priorities.

My work at the Bill and Melinda Gates and Walmart Foundations required me to make difficult funding decisions in order to achieve goals and deliver measurable results. While the Foundations' work centered on specific issue areas, such as increasing small holder farmers' productivity in the developing world, OMB must work in myriad areas for the overall benefit of the American people. I believe that we must constantly strive to improve the Government's ability to meet the needs of its citizens by funding effective programs that make efficient use of taxpayer dollars. Making smart decisions to achieve these results requires listening to different perspectives, applying analytic rigor, and focusing on outcomes. If confirmed, I would bring this approach to the many challenging issues with which the Director of OMB must engage.

9. As Deputy Chief of Staff and Deputy Director of OMB under the Clinton Administration, what role did you have, if any, regarding healthcare policy?

At the National Economic Council (NEC), I supported the Director when the NEC engaged in health care economic issues. At OMB, I engaged in health care issues as part of the normal budget process.

**III. Role of the Director of OMB**

10. What do you anticipate will be your greatest challenges as OMB Director, and what will be your top priorities?

I believe our greatest challenge is putting our country on a sustainable fiscal path while keeping our commitments to America's seniors, protecting the vulnerable, and making the critical investments necessary to grow the economy. This is a challenge that can only be met with comprehensive deficit reduction coupled with a thorough look at how we can make taxpayers' dollars go further by improving government performance and finding ways to be more efficient. Pursuing this approach will be one of my top priorities, if confirmed.

I will also focus on building relationships with Congress. From my experience in the Clinton Administration, I know the importance of working together in a bipartisan fashion to get things done. Although we all come to the table with the firm conviction that we know the right answer, we must ultimately be willing to find common ground if we hope to move the country forward. If confirmed, I would work to build strong relationships with Members of Congress and I will focus on keeping OMB strong as an institution.

11. How do you intend to allocate and delegate responsibility among the OMB Deputy Director, the Deputy Director for Management, and yourself? Do you anticipate the role and responsibilities of the current Deputy Director for Management and Chief Performance Officer will change?

If confirmed, I see the three of us working together in close partnership to shape budget policy and process, promote the President's management agenda, and lead OMB as an organization. I envision working hand-in-hand with the Deputy Director to develop a responsible budget that promotes comprehensive deficit reduction and continued investments that will grow the middle class and our economy as a whole. I look forward to working with the Deputy Director for Management and Chief Performance Officer to shape and build on the President's management agenda for the next four years. The management side of OMB is very important to ensuring that the entire Federal government operates efficiently and effectively and is always working to improve its financial management, contracting, information technology, performance and personnel management, and numerous other initiatives. In these times of fiscal constraint and uncertainty, managing our resources and promoting a high level of performance in Government has never been more important.

**IV. Policy Questions***General Management*

12. What do you see as the most important management challenges facing the Federal government, and, if confirmed as OMB Director, what would you do to address those challenges?

Improving government performance is an important challenge as Federal agencies manage in tight and uncertain budgetary times. The Federal government must find ways to continue to provide a high level of service and identify innovative ways to manage resources to meet their missions. This means improving the overall productivity of the Federal workforce; preventing dollars being lost to waste, fraud and abuse; stretching contract dollars and information technology investments even further; improving or eliminating underperforming programs; and, making the most out of the facilities and other assets of the Federal government. If confirmed, I look forward to working with agency leaders, including the President's Management Council, as well as Members of Congress, to do just that.

13. One of OMB's principal goals is to improve the effectiveness and efficiency of government programs. What OMB initiatives can make the greatest difference in governmental efficiency and effectiveness? How can those efforts be integrated with the budget process and with the work of congressional authorizing and appropriating committees?

There are a number of things that OMB is currently doing to improve efficiency and effectiveness, which I will continue to advance, if confirmed. OMB is working with Federal agencies to make better use of evidence and evaluation in program design, execution, and budgeting. Evaluation enables programs to continuously improve to produce better outcomes for the public. OMB is also working, along with GAO and Members of Congress, to continue to identify programs that should be cut or consolidated because they are duplicative, under-performing, or no longer working as intended. I also believe that we should use technology as an opportunity to help government agencies do more with less, making smart technology investments that promote innovation and reduce our spending on commodity information technology (IT) services. We also need to make sure we are buying smarter, leveraging the purchasing power of the Federal government to get the best value for the taxpayer's dollars. All of these efforts will help us to do more with less, and ultimately to help government agencies be more efficient and more effective for the American people.

In terms of how to integrate these efforts with the budget and the work of Congress, these are complex issues and I look forward to working with Congress to tackle them together.

14. In light of the serious budgetary challenges facing the government, what are the most important steps that OMB can take to enable the Federal government to perform its essential functions at less cost?

I think the most important thing that OMB can do is to provide clear guidance and assistance to agencies on specific ways to reduce costs and increase efficiencies. For example, in the area of government contracting, OMB can identify areas for agencies to pool their purchasing power through the use of strategic sourcing, saving money for each agency individually and the Government as a whole. In the area of IT, OMB can help agencies identify commodity investments that can be consolidated or eliminated, and reinvest those savings into innovative technologies that will drive future productivity and cost savings. OMB can help agencies reduce administrative and operational costs through policies that promote less overhead and avoid unsound investments in facilities or systems that will drive up costs.

OMB can also work with agencies to help improve performance by setting goals and driving them to meet those goals. By helping agencies set performance goals and ensuring that senior agency officials are committed to those goals, OMB can spur high performance across the Government and improve agency effectiveness. OMB can also work with Federal agencies to build capacity for rigorous evaluation and data analysis across multiple programs and agencies to help make programs more efficient.

Finally, and significantly, OMB will continue to provide strong analysis in order to make difficult choices about program investments across the Federal government.

*Management for Performance and Results*

15. The Government Performance and Results Act (GPRA), as updated in 2010 by the GPRA Modernization Act (GPRAMA) (P.L.111-352), provides a government-wide framework for managing performance. What is your opinion of the current government-wide performance-management program, and how do you believe it could be improved?

The framework put in place by the GPRA Modernization Act provides a foundation for achieving significant performance improvements across Government. I understand the Administration is using this framework to begin shifting agencies away from a mindset focused on the preparation of plans and reports to one where agency leaders use goals, data, and other evidence to inform decisions that will lead to better outcomes and productivity. This type of framework encourages senior officials across the agency to focus on clear goals, measure progress, and take action to continuously improve outcomes; this is the kind of management that I have seen work in the private sector, and I am glad to see that both Congress and OMB are supporting this work.

If confirmed, I will work with the President's Management Council, Cabinet secretaries, and senior leaders across the Administration to ensure a continued focus on

using goals, data, and evidence to improve results. As the GPRA Modernization Act continues to be implemented, I look forward to working with Congress to collaborate upon improvements that can be made that would provide further benefits to Federal agencies and to the public.

16. Under GPRAMA, the Performance Improvement Council is headed by the OMB Deputy Director for Management and is instructed to facilitate the exchange of best practices that have led to performance improvements. As agencies continue to implement GPRAMA, how will you work with the Deputy Director for Management to ensure that the Performance Improvement Council continues to address its members' emerging needs?

The Performance Improvement Council (PIC) is in a unique position to look across the Federal government and identify areas for collaboration, facilitate cross-agency improvement of practice, and achieve goals both at agencies and on a government-wide basis. When I chaired the President's Management Council as the OMB Deputy Director, I experienced firsthand how management councils like the PIC can help solve cross-cutting problems. If confirmed, I will work with the Deputy Director for Management and agency leadership to identify new opportunities for the PIC to break down silos and increase collaboration to improve results for the American people.

17. At the beginning of each Congress, the Government Accountability Office (GAO) publishes a "High Risk" report identifying government operations that are particularly vulnerable to fraud, waste, abuse, and mismanagement or that need transformation to address particular management challenges. What do you believe OMB should do to appropriately address GAO's recommendations in this report?

The work GAO has done over the past few years both on the High-Risk list and on identifying duplication and fragmentation is commendable. With respect to the High-Risk list, I believe that agencies, GAO, OMB, and Congress need to partner to continue to address the identified challenges. Issues such as Federal oversight of food safety or the management of Federal real property are not initiatives that one agency or branch of Government can tackle on its own. I understand that this Administration is committed to working with GAO and agency leadership to work through the items on the High-Risk list and chart the appropriate paths forward. I look forward to continuing that work, if confirmed.

18. GAO annually publishes a report describing areas where it has found evidence of duplication, overlap, or fragmentation among government programs and describing opportunities to reduce the cost of government operations or to enhance revenue collection. These reports also identify actions taken by Congress and the Executive Branch to address the specific recommendations outlined in the previous year's report. In your view, what actions should OMB take to appropriately address GAO's recommendations to the Administration that are contained in these reports? Please provide any specific areas you plan to begin addressing as OMB Director. In addition, what do you believe OMB should do to help Congress review and take action on the recommendations provided directly to Congress by GAO?

Duplication, overlap, and fragmentation are areas where I think we can and should all work together through the budget process to improve. The President's last four budgets have identified numerous areas in which programs should be eliminated, consolidated, or reduced. Many of these areas overlap with areas of duplication or fragmentation identified by GAO, and GAO commended the work of the Administration's work. In areas as diverse as containing investigating potentially criminal explosive use, arms control and nuclear proliferation, management of oil and gas leases, and the tracking of agency IT projects, GAO indicated that the Administration has fully met their recommendations. I also believe there is more progress to be made. If confirmed, I will look forward to working with Congress, agencies and GAO to continually identify such areas, and see that we appropriately address them through the budget process.

19. The Obama Administration has made it a priority to ensure that the Federal government serves the American people with the utmost effectiveness and efficiency. For example, in Memoranda sent on September 14, 2010, to the Senior Executive Service, President Obama and Chief Performance Officer Zients launched the Accountable Government Initiative to make the government more efficient and effective. Then, on June 13, 2011, the President issued Executive Order 13576, entitled Delivering an Efficient, Effective, and Accountable Government, which called for a number of steps, including support of agencies' performance and management reform and cost-cutting efforts, better cross-agency coordination, better use of performance metrics, and the reduction in wasteful and inefficient programs.
- a. What is your opinion of the Obama Administration's Accountable Government Initiative and other government-reform initiatives of the Administration, including both their contents and the degree of success achieved so far?

I strongly support the steps the Administration is taking to strengthen government performance and reduce administrative costs through a broad range of initiatives from real property to IT. The Administration has a strong record of success, but there is still more to be done in this area. If confirmed, I will work with Federal agencies and the Congress to build on this success, and to ensure the most efficient and effective government possible.

- b. If confirmed, what would you do to further carry out the Accountable Government Initiative? Are there any ways in which you believe it should be modified?

The Federal government needs to continue to take a hard look at government programs, operations, and management and use clear goals to communicate priorities and evidence to determine which activities provide the right return on investment of taxpayer dollars. If confirmed, there are a number of ways in which I would seek to further existing government management efforts. I would continue to pursue gains in reducing our real estate footprint and contracting costs. And I would focus on continued reform of government technology spending, working with agencies to get rid of duplicative IT – like multiple email systems across one agency – and invest in innovative technologies that produce savings through gains in efficiency.

#### *Financial Management*

20. What do you believe is the value and importance of agencies meeting statutory requirements for implementing effective financial management systems? What do you believe OMB's role should be in improving financial management in the Federal government?

I believe financial management systems play an important role in supporting the Government's responsibility to track and report on taxpayer dollars. It is my understanding that agencies are making significant progress in overcoming challenges such as having disparate financial management systems. However, I believe there are still areas for improvement. The Government must manage the risks associated with investing in any large-scale technology project, including financial management systems. If confirmed, I would continue the efforts at OMB to review and halt systems that are off-track and consider how the Federal government can expand the use of shared services so that we make the most efficient use of taxpayer dollars.

21. The Federal government has made great strides in improving financial management by federal agencies. However, more work still needs to be accomplished by federal departments and agencies in order to ensure accurate and complete financial reporting, and effective financial management. Notably, the Department of Homeland Security and the Department of Defense have yet to pass and complete a full financial audit. In fact, there are serious concerns about whether the Department of Defense will be able to conduct and pass a full financial audit by its statutory deadline of 2017. What steps should OMB take to ensure that both the Department of Homeland Security and the Department of Defense meet their goals and requirements for conducting a financial audit, and ultimately obtaining a "clean" audit?

Strong financial management practices, including reliable public reporting of the Government's finances, are critical to accountability. The results of the annual independent audit are a key indicator of progress in carrying out these activities effectively and an indicator of whether the financial information is fairly presented.

Members of the public must know that they can rely on financial statements and public sites like USASpending to understand how the Government is using taxpayer dollars. This information is also important to decision-makers, as sound information about how much programs cost can help them make the right decisions about managing government programs and implementing policy.

I understand that OMB currently works with agencies to improve audit results by providing technical assistance on their corrective action plans and also by tracking and supporting their efforts on Performance.gov. If confirmed, I will continue to emphasize the importance of improving financial management results.

*Improper Payments*

22. Congress passed The Improper Payments Elimination and Recovery Improvement Act of 2012 (P.L. 112-248) during the end of last session. This new law follows passage of the Improper Payments Elimination and Recovery Act of 2010 (P.L. 111-204). Both laws seek to identify, prevent, and recover the more than a hundred billion dollars in improper payments made by federal agencies each year.

- a. To date, not all agencies have fulfilled the requirements of improper payments law. How will OMB work with agencies to more fully implement improper payments requirements?

Over the last three years, agencies made significant progress in reducing improper payments, reducing the rate from 5.42 percent to 4.35 percent. I believe that we must build on this progress as improper payment rates and amounts remain at unacceptable levels, and agencies must continue efforts to address this issue. If confirmed as Director, I will support a continued effort to build on congressional and Administration action to reduce improper payments.

- b. What role do you anticipate for OMB in continuing to press agencies to identify, prevent, and recover improper payments?

The enactment of the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA) provided agencies with new tools to identify and address improper payments and enhance Administration efforts. OMB plays a pivotal role in the government-wide effort to reduce improper payments and, if confirmed as Director, I will ensure that OMB continues to play that role to the greatest extent possible. To achieve continued success, I believe OMB must work closely with agencies to provide technical assistance and ensure they are implementing appropriate and aggressive corrective actions to reduce their improper payments.

23. Many solutions for reducing federal improper payments involve collaboration and coordination among federal agencies, inspectors general, and state governments. For example, many inspectors general and agencies have asked for improved methods for sharing data and information proven useful for detecting fraudulent payments. However, sharing of data between agencies can still be a time-consuming process, even for sharing basic information such as death records. What role, if any, should OMB play in ensuring agency collaboration and greater sharing of data helpful for curbing waste and fraud? If confirmed, how do you plan to carry out this role?

When agencies share data, they must do so in a way that fully protects individual privacy. The public must be able to trust the Government's ability to handle and protect personally identifiable information. At the same time, greater sharing of data can help the Federal government serve the public with programs that reflect the highest degree of efficiency, coordination, and accountability. A central role of OMB is to facilitate agency collaboration. In the area of improper payments, OMB guidance to help agencies move forward with data-sharing in a manner that complies with applicable privacy laws, regulations, and policies may be useful. If confirmed, I will consider ways that OMB can assist agency collaboration and greater data sharing to help curb waste and fraud.

*Real Property Management*

24. The Federal government is the largest owner of real property in the United States, and weaknesses in the government's management of real property have been a challenge for many years. GAO has identified problems related to excess and underutilized properties, vacant and deteriorating facilities, unreliable data, and over-reliance on costly leasing. What do you believe are the principal obstacles that the Federal government faces in the management of and, where appropriate, disposition of federal real property?

As the largest owner of real property in the United States, the Federal government must continue to improve its management of real estate. As I currently understand the issue, there are several obstacles in this area, including complex legal requirements that often serve as a barrier to disposal of excess and underutilized properties and vacant and deteriorating facilities. In addition, the Administration has indicated that the disposition or transfer of Federal real estate is often slowed by the absence of an effective framework to resolve diverse and competing stakeholder interests with respect to a given property. These are challenging obstacles, and ones that the Administration and Congress must work together to overcome. If confirmed, I look forward to working with Congress on this issue.

25. What measures do you believe should be taken by OMB, the General Services Administration (GSA), the Federal Real Property Council, and others in the Federal government to overcome those obstacles? If confirmed, how would you seek to address the challenges faced by federal agencies in real property management?

Based on my current understanding, this Administration has already implemented several significant initiatives to reform Federal real property asset management and has achieved \$8.5 billion in savings to date. OMB has also recently directed agencies to build on this progress. As discussed in Question 24 above, if confirmed, I look forward to working with Congress to address real property management challenges faced by the Federal government. In addition, the Administration has indicated that the disposition or transfer of Federal real estate is often slowed by the absence of an effective framework to resolve diverse and competing stakeholder interests with respect to a given property. These are challenging obstacles that the Administration and Congress must work together to overcome. If confirmed, I look forward to working with Congress on this issue.

26. Do you believe legislation is necessary or desirable to give agencies the tools they need to improve the management of federal real property?

I am aware of legislative proposals put forth by both this Committee and the Administration on this issue, and, if confirmed, I look forward to working with the Committee towards a solution that will drive improvements in Federal real estate management.

*Procurement Policy*

27. Since you last served in government, annual federal spending on contracts has more than doubled, and for each of the last five fiscal years, total spending on contracts has exceeded half a trillion dollars. Too often, agencies' contracting decisions – e.g., over-reliance on noncompetitive contracts, or inappropriate use of “cost-plus” contracts – have unnecessarily inflated contract costs. But wasteful spending also often results from poor planning that occurs before the contract is signed, or weak oversight of the contractor after the contract is signed. What do you think are the next important steps that OMB and agencies should take to gain efficiencies in the procurement of goods and services?

Driving greater efficiency and accountability in the Government's acquisition process ensures that agencies use taxpayer resources wisely. While I understand that Federal contract spending decreased over the last three years, I believe there remain many opportunities for the Government to buy smarter. For example, I understand that OMB established a senior-level council to increase the use of strategic sourcing so that agencies can better pool their purchases, get lower prices, and reduce the cost of doing business. If confirmed, I would encourage agencies to continue to improve how the Government buys and manages goods and service.

I also believe that the Government must take steps during contract planning and administration to ensure that taxpayer dollars are being spent wisely. For example, program managers and contracting officers need to be trained appropriately to manage their responsibilities and minimize the risk to the Government. They must also collaborate throughout the process to ensure that the acquisition clearly reflects the mission need and that appropriate performance measures are established and measured. As the Nation's largest purchaser, it is critical that the Federal government has the appropriate expertise and processes in place to be able to purchase wisely for the American people.

28. What considerations should agencies take into account when deciding whether to use a contractor or the federal workforce to perform a particular function?

The first consideration must be to ensure that only Federal employees perform inherently governmental work so that the public interest is protected appropriately. Where work could be performed by either the public or private sector, I believe the Government must ensure it retains its core technical and management capabilities so that it can develop requirements, negotiate contracts, and manage performance in the best interest of the taxpayer. However, I also know that it is important for the Government to harness private sector expertise in some cases. I understand that the Office of Federal Procurement Policy issued a policy letter that discusses the various considerations, and, if confirmed, I look forward to working with the agencies to ensure appropriate collaboration between human capital, budget, and contracting officials as they consider the various factors involved in making these determinations.

29. What do you see as priorities for the Office of Federal Procurement Policy (OFPP) the next four years?

I believe that the Office of Federal Procurement Policy's priority must be ensuring that our contracts deliver the best value to the taxpayer. As I see it, there are four components to delivering on this goal. First, we must buy smarter and take full advantage of proven strategies, such as strategic sourcing, where we pool the Government's buying power to get a better deal. Second, we must ensure that we are meeting the Government's small business contracting goals and maximizing opportunities for potential small business contractors to engage with the Government. Third, we must build the right supplier relationships by rewarding good contract performance and taking action against bad performers as necessary to ensure taxpayer dollars are being used wisely. Fourth, we must ensure our acquisition workforce is effectively trained so that they have the tools necessary to award and manage contracts that deliver the best results. All of these efforts are means to the ultimate goal of maximizing value for the American people.

30. In what ways do you plan to strengthen existing initiatives, or begin new ones, to ensure that federal agencies' use of high-risk contracting types continues to decrease?

If confirmed, I will work with the Administrator for Federal Procurement Policy to make sure our government-wide rules for using high-risk contracts are clear and that agencies have effective internal controls in place to ensure that decisions to use such contracts are consistently rooted in sound analysis. Training can also help ensure that our acquisition workforce has the tools necessary to award and manage contracts that deliver the best results.

31. What do you see as the appropriate relationship between OFPP and the acquisition policy functions of the GSA?

I understand that the Office of Federal Procurement Policy (OFPP) leads the Chief Acquisition Officers Council, the Federal Acquisition Regulatory Council, the Cost Accounting Standards Board, and other cross-agency groups. I would expect the views and concerns of all agencies to be solicited and considered by OFPP. OFPP must work closely with GSA, the Department of Defense, the Small Business Administration, and other stakeholder agencies to ensure sound policy development and implementation. If confirmed, I will work closely with the Administrator for Federal Procurement Policy to ensure that OFPP's policies appropriately reflect input and expertise from GSA as well as other agencies.

32. This year GAO removed interagency contracting from its High Risk list. GAO noted that Congress, OMB, and agencies have created new policies to govern the creation and use of inter-agency contracts and have increased management controls over these contract vehicles. However, GAO also cautioned that removal of interagency contracting from the High Risk list does not mean that use of these contracts is without challenges, and continued management attention is needed. What steps do you intend for OFPP to take to ensure that agencies address the risks associated with interagency contracts, and to ensure that interagency contracts are used appropriately to streamline the procurement process and leverage the buying power of the government?

As this question acknowledges, vigilance continues to be necessary even after GAO removes a program from the High Risk list. If confirmed, I will work with the Administrator for Federal Procurement Policy to ensure that the policies and procedural measures that improved interagency contracting and contributed to its removal from the High Risk list are continued and, where possible, improved upon in order to ensure that agencies get the best results from interagency acquisitions.

33. What are the factors that OMB and OFPP should consider when reviewing federal agencies' business cases for the award of new government-wide acquisition contracts?

New government-wide acquisition contracts should create the best value for the taxpayer and help agencies achieve lower prices than are currently available on existing government-wide or agency-specific contracts. Other factors to consider in making such awards include whether the contract can help reduce duplication across the Government, and whether the contract can help sustain and grow small business participation. Finally, I believe that the executive agents for these contracts must be committed to best practices, such as analyzing and sharing information to become smarter buyers. Ultimately, our focus must continue to be on ensuring our contracts deliver the best value to the taxpayer.

34. What steps do you plan to take to strengthen the administration's efforts on strategic sourcing?

I understand that OMB established the Strategic Sourcing Leadership Council to bring together the largest buying agencies and SBA to accelerate the identification of strategic sourcing opportunities for common goods and services. Strategic sourcing enables the Government to do what many large companies do – pool demand to get better value on items that are needed across the organization. If confirmed, I look forward to working with Federal agencies to ensure the Government is taking maximum practicable advantage of strategic sourcing.

*U.S. Postal Service*

34. Because of declining mail volume, as well as the recent financial slowdown, the U.S. Postal Service has continued to suffer unsustainable losses that threaten both its short-term liquidity and its long-term viability. The Postal Service is currently losing on average about \$25 million per day, must close a projected \$20 billion gap between annual revenues and expenses, and is currently carrying only 10 days' worth of operating cash compared with 12 days at this point in 2012.
- a. The Postmaster General and others have offered a number of legislative proposals intended to strengthen the Postal Service's operations and finances and this Committee reported postal reform legislation that was passed by the Senate last year. However, postal reform legislation has yet to be enacted into law. If Congress fails to act, do you believe the Postal Service can remain viable for long?
  - b. What would be the impact on America's economy, society, and stature if the financial condition of the Postal Service continues to deteriorate to the point of major default?

The U.S. Postal Service (USPS) has enormous value to the Nation's commerce and communications. I am aware that the Administration's FY 2013 Budget request put forward a balanced plan that would return the Postal Service to financial viability while

saving taxpayers money. Absent legislative reforms, it appears the USPS will face tough choices given its current financial and operational challenges.

35. What role do you believe OMB should play in achieving legislative or other solutions to help the Postal Service achieve solvency? If confirmed, what office or official would you task with the lead responsibility to work with Congress to identify and propose measures to address the Postal Service's deteriorating financial condition? What role would you personally play in this endeavor?

The financial health of the Postal Service is important to the bottom line of the Budget of the U.S. Government and to the country more broadly. While the Postal Service is an independent establishment of the Government, OMB and other agencies have stakes in its financial condition. If confirmed, I would look forward to working with Congress on this important issue.

#### *Grants Management*

36. On February 1<sup>st</sup> of this year, OMB proposed draft guidance to improve the oversight and management of federal grants (Reform of Federal Policies Relating to Grants and Cooperative Agreements; Cost Principles and Administrative Requirements). The goal of the proposal is to create a more transparent, efficient and better performing federal grants process. What are your views about the current processes for managing federal grant programs and how such management processes might be improved?

Sound financial management enables reliable public reporting of the Government's finances, strong controls to mitigate the risks of waste, fraud, and abuse in Government programs, and timely reporting of information. If confirmed, I look forward to learning more about the current process for managing Federal grant programs and working with Congress to improve grants management across the Federal government.

#### *E-Government and Information Technology*

37. Since the start of this Administration, OMB's Federal Chief Information Officer has launched several significant information technology (IT) initiatives, including the 25 Point IT Reform Plan, PortfolioStats, and the Data Center Consolidation Initiative. These initiatives have the potential to save billions of dollars and improve the performance of federal agencies. While agencies and OMB have made progress in improving the management of IT projects, it is unclear whether the full potential savings and efficiencies from these reforms will be realized. If confirmed, how will you ensure that agencies continue to give a high priority to implementing these initiatives?

If confirmed, I plan to continue the strategic agenda for Federal IT that previous Directors established and worked to execute. I am committed to monitoring agency progress in implementing these initiatives.

38. How do you plan to further OMB's Federal Data Center Consolidation Initiative? How specifically do you plan to work with individual agencies to consistently define what constitutes a data center, how to efficiently consolidate unnecessary centers, how to consistently and repeatedly estimate savings resulting from such consolidations, and to ensure that agencies are executing what is expected of them? Under your leadership, will OMB issue guidance to agencies to assist with their efforts to consolidate data centers, and if so, what areas do you believe agencies would best be served by having the guidance of OMB? How do you envision Data Center Consolidation integrating with Portfolio Stat, a process designed to help agencies evaluate their IT investments to identify duplicative and wasteful spending, should you be confirmed?

I understand that the Administration had already made significant progress on data center consolidation, closing hundreds of data centers and identifying hundreds more for closure this year. I also understand that the Administration folded its data center consolidation initiative into the PortfolioStat initiative, which is a broader effort to eliminate low-value technology investments and reinvest in high-ROI technology investments. I believe that these are steps in the right direction, but there is further progress to be made by looking at other measures of efficiency, like energy usage. If confirmed, I will work to drive OMB's efforts to identify savings from optimizing those data centers that are pivotal to delivering taxpayer services and closing duplicative and inefficient data centers. This work will complement other important work at OMB and across agencies to eliminate low-value technology investments and drive an innovative approach to service delivery.

*Government Transparency*

39. Last summer, the Committee held a hearing to examine the current state of transparency into federal spending, lessons learned from the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) (Recovery Act), and implementation of the Federal Funding Accountability and Transparency Act of 2006 (P.L. 109-282) (Transparency Act). At the hearing, witnesses testified that the Recovery Act ushered in a new level of transparency and accountability over federal awards. By comparison, data quality and other issues have hindered the Transparency Act and it has failed to achieve a similar level of success. If confirmed, what steps will you take to learn from the success of the Recovery Act and better implement the Transparency Act? What specific steps will you take to ensure greater compliance by the agencies with the Transparency Act?

The Recovery Act served as a test case for how Federal funds should be tracked, reported, and overseen. To harness lessons learned from this effort, the President established the Government Accountability and Transparency Board (GATB). Building on the work done to date, I believe there are improvements that the Federal government can make with respect to data quality, public usability of data, and data analytics and fraud analysis.

If confirmed, I will continue the Administration's efforts to improve data quality. I will also continue OMB's close collaboration with the GATB, Federal agencies, Congress, and others to build on the lessons learned from the Recovery Act and ensure transparency and accountability in Federal spending.

40. Currently information on recipients of federal grants, contracts, and loans is required to be posted online for public review pursuant to the Transparency Act. Do you support making information on all federal assistance, including subcontracts and subgrants, transparent in the same manner?

I share the goal of creating a more open, transparent Government and support the Administration's efforts in this area. The public deserves to see how taxpayer dollars are being used – including who they are going to and for what purpose. If confirmed, I will work to build on the transparency efforts already underway and identify new ways to make this information available. It is also important to align this transparency objective with agency management practices and, where possible, to mitigate costs associated with reporting.

41. The Government Performance and Results Modernization Act of 2010 directed OMB to make available on a public website a full list, description, and source of funding for all federal programs by October 1, 2012. OMB has informed the Committee that a complete list of all federal programs will not be available until late Spring 2013. In your view, is it beneficial for Congress, OMB, and executive agencies to have a regularly updated list of all federal programs? How can OMB use such a list to determine overlapping and duplicative programs and leverage existing efforts to drive government efficiency and better program management?

From my previous time at OMB, I know that a significant amount of information exists regarding Federal programs and activities, including the information in the President's Budget. At the same time, I appreciate the need for a more user-friendly, easily accessible, and regularly-updated inventory of Federal programs. It is my understanding that OMB developed guidance for a phased approach to developing a common inventory of all Federal programs, with the initial list scheduled to become available this spring. If confirmed, I look forward to working with the Committee on the program inventory and discussing how to use it to reduce duplication and improve program management.

*Regulatory Affairs*

42. What do you believe should be the role of OMB and its Office of Information and Regulatory Affairs (OIRA) regarding regulation? For example, what should be the respective powers and responsibilities of the heads of regulatory agencies and the heads of OIRA and OMB? In what areas should OIRA provide guidance or direction to the regulatory agencies, and how should differences between OIRA and an agency be addressed?

The Office of Information and Regulatory Affairs (OIRA) develops and oversees the implementation of government-wide policies in the areas of regulation, information collection, information and technology, privacy, and statistical and science policy. Executive Order 12866, Regulatory Planning and Review, issued by President Clinton, gives OIRA the responsibility to review agencies' draft proposed and final significant regulatory actions. With respect to regulatory policy, OIRA's mission includes ensuring coordination and interagency review within the Executive Branch, including offices within OMB and the Executive Office of the President; promoting adherence to the law and to the President's priorities and commitments; and ensuring that regulations serve the purposes of the statutes that authorize them, are based on sound analysis, and serve the interests of the public.

OIRA's review of draft proposed and final significant regulations helps ensure that the issuing agency has adequately defined the problem that it intends to address; considered alternatives; assessed available information, risks, costs, and benefits (both qualitative and quantitative); consulted affected parties and promoted transparency and participation; and tailored the regulation to focus on the problem in a simple and clear way that does not conflict with other rules or statutes.

43. In what respects do you believe the current process for proposing, adopting, and reviewing federal regulations should be improved, and what steps do you believe OMB or others in the government should take to make those improvements?

Starting with President Reagan, both Republican and Democratic Presidents required a process of interagency review of significant rules, overseen by OIRA and requiring careful attention to costs and benefits, to alternatives, and to avoiding unjustified burdens. I believe that the principles embodied in the regulatory Executive Orders are a strong foundation for our regulatory process.

Building on this foundation and seeing a need for improvement, President Obama issued Executive Order 13563, Improving Regulation and Regulatory Review, which initiated a historic government-wide review of existing regulations to streamline, modify, or repeal regulations as appropriate to reduce unnecessary burdens and costs.

If confirmed, I will strive to ensure that the regulatory process continues to maintain a balance between our obligation to protect the health, welfare, and safety of Americans

and our commitment to promoting economic growth, job creation, competitiveness, and innovation.

*Personnel Management*

44. Since 2001, GAO has identified strategic human capital management as a government-wide high-risk area, explaining that agencies must do a better job of addressing mission-critical skill gaps that threaten the government's ability to effectively handle significant national issues. What do you believe are the biggest challenges in addressing these skill gaps and what role should OMB play in efforts to improve human capital management across government?

Closing Federal employee critical skills gaps is of great importance. If confirmed, I will work to ensure that OMB and OPM continue to make progress in this area. My understanding is that OMB is working closely with OPM and agencies to identify those areas with significant government-wide skills gaps as well as having each agency identify its highest priority skills gap areas, such as economists, grants management, procurement, human resources, cybersecurity and the STEM. To drive progress forward on these areas, I understand that OMB identified addressing these skill gaps as a key cross-agency priority goal. This will ensure frequent engagement from OMB, OPM, and agency leadership to monitor and regularly report progress on this important issue.

*Budget and Economic Policy*

45. In your view, what actions should Congress and the Administration take to address our long-term structural budgetary imbalances? By what amount do you believe our deficit should be reduced in order to stabilize our finances, and by how much in the short term and by how much in the long term? What level of publicly held debt as a percentage of GDP do you believe would be appropriate to achieve by the end of 2023?

I believe that Congress and the President have already taken several steps to address our long-term budget challenges, but I also recognize that additional steps are required. The Budget Control Act of 2011 cut discretionary spending by over \$1 trillion, and the American Taxpayer Relief Act of 2012 raised over \$600 billion in revenue. In total, the spending cuts and revenue increases enacted over the past two years reduce the deficit by over \$2.5 trillion. This is over halfway to the \$4 trillion in deficit reduction needed to stabilize our debt, an important milestone of fiscal sustainability. I believe the remaining deficit reduction must both support our economic recovery in the short term and reduce the deficit over the medium to long term to put our debt on a declining path as a share of the economy.

If confirmed, I look forward to working with Congress to enact a comprehensive package of spending cuts and revenue increases to stabilize our debt.

46. Do you believe that revenues need to be increased in addition to spending being reduced (each as a percentage of GDP), to restore balance to our nation's finances? If so, what do you believe should be the relative amounts of spending cuts and revenue increases?

I believe that putting our Nation on a sustainable fiscal path will require a comprehensive package of spending cuts and revenue increases. The spending cuts and revenue in the President's FY 2013 Budget built on over \$1 trillion in cuts to discretionary spending enacted in 2011, including in the Budget Control Act of 2011. Since the release of the FY 2013 Budget, Congress passed and the President signed the American Taxpayer Relief Act of 2012, which included over \$600 billion in additional revenue. Including interest savings, these actions have reduced the deficit by over \$2.5 trillion, over halfway to the \$4 trillion required to stabilize our debt. If confirmed, I plan to work with Congress to achieve the remaining deficit reduction in a balanced manner.

47. Do you have recommendations on how the policy-making process should be reformed to more effectively address our long-term fiscal challenges? For example, do you believe that budget reforms, such as enactment of enhanced rescission authority for the President or biennial budgeting, should be considered in order to provide an important tool for the President to cut wasteful spending and ensure that tax-payer dollars are being spent wisely and effectively?

I believe it is important that Congress and the Administration work together to return to regular order. This will require hard work and compromise. With respect to budget reforms, the President and Congress worked together to enact the Statutory Pay-As-You-Go Act of 2010 (PAYGO), which requires that OMB record the deficit impact of all legislation affecting mandatory spending and/or governmental receipts on official 5- and 10-year PAYGO scorecards, as well as the Budget Control Act of 2011, which restored tight caps on discretionary spending. Both of these tools were also in place during the 1990s, and contributed to the Nation's fiscal health during that time.

In the last Congress, the President put forward a legislative proposal for an expedited procedure that guarantees an up or down vote on certain rescissions proposed by the President, helping to eliminate unnecessary spending and discouraging waste. If confirmed, I look forward to working with Congress on this and other proposals that could help address the country's long-term fiscal challenges.

48. Every year, the President's Budget submission to Congress includes an extensive list of government programs proposed by the President to be terminated, consolidated, or reformed, in order to achieve significant budgetary savings. Yet, Congress continues to fund nearly all of these same programs. What further steps do you believe the Administration and Congress should take to terminate, consolidate, or reform programs to achieve budgetary savings, and what would you do, if confirmed, in this regard?

As you indicate, in each of the previous budgets the Administration identified on average more than 150 cuts, consolidations, and savings proposals, totaling nearly \$25 billion each year, and Congress acted on a number of those proposals. Given the fiscal

challenges we face and the many critical needs we must address, it is important that we redouble our efforts to address programs that have become outdated or wasteful. If confirmed, I will continue to work with Congress and Federal agencies on proposals to terminate, consolidate, or reform programs in order to achieve savings.

49. The OMB recently asked federal agencies to achieve savings through a number of reforms, including reduced spending on travel, conference attendance, and purchase of promotional items, among other policy changes. Do you plan to continue and expand on this effort? If so, please describe some of the specific additional changes you believe agencies could undertake to find additional savings.

It is important that Federal agencies pursue strategies to increase savings, which will allow them to invest further resources in their missions. It is my understanding that agencies have made significant progress in this regard, but these efforts are by no means complete. If confirmed, I will look for opportunities to increase government efficiency and effectiveness, including by continuing efforts to find savings in travel and conference spending.

#### *Healthcare Policy*

50. What is the role of the rising cost of healthcare in driving our long-term debt, and how important is it that we find ways to reduce healthcare costs to solve our fiscal challenges?

Finding ways to reduce health care costs to solve our fiscal challenges is one of our most pressing needs. Federal spending on Medicare and Medicaid and rising health costs are major contributors to our Nation's long-term deficit. Health care comprises one-quarter of non-interest Federal spending and this is projected to increase over the budget horizon. The Affordable Care Act was a down payment on health policies that will put our Nation on a sustainable fiscal path. If confirmed, I look forward to working towards finding additional ways to reduce the growth of Federal health costs to address our country's long-term fiscal challenges.

51. What do you believe OMB and others in the Federal government should do to address the rising costs of healthcare?

The Affordable Care Act (ACA) took historic and significant steps towards putting our country back on a sustainable fiscal course while laying the foundation for a higher-quality, more efficient health care system. In its latest analysis, the Congressional Budget Office estimated that the ACA will reduce the deficit by more than \$100 billion over the first decade and by more than \$1 trillion in the second decade. At the same time, the ACA has the potential to fundamentally transform our health system into one that delivers better care at lower cost. The ACA includes many of the most promising ideas from economists, practitioners, and leaders across the political spectrum to rein in long-term health costs. We need to ensure the ACA cost-saving measures are implemented

and move forward with other efforts to reduce deficits. If confirmed, I look forward to working on the effective implementation of the ACA.

To further control health care costs and strengthen Medicare, Medicaid, and other health programs, the Administration has proposed additional health savings policies that build on the ACA by eliminating improper payments and supporting reforms that enhance the quality of care. Moreover, the proposed policies accomplish these objectives without shifting significant risks onto individuals, slashing benefits, or undermining the fundamental compact these programs represent to our Nation's seniors, people with disabilities, and low-income families.

52. Do you believe that caps on Medicaid per capita, similar to what was proposed under President Clinton, is an approach that is still relevant today? If so, would you support such an approach? How would states be affected by this type of proposal?

My understanding is that States appear to be doing a good job controlling per capita Medicaid spending. According to the Medicaid Actuaries, total Medicaid per capita spending decreased by almost 2 percent in 2012, and it is projected to grow slower than per capita GDP over the next decade. If confirmed, I look forward to working with the Secretary of Health and Human Services to identify additional ways to improve efficiency in Medicaid and explore flexibility for States to better manage their programs.

53. What are your views on achieving Medicare solvency via a defined competitive benefit? What steps do you believe would be needed to ensure that the most vulnerable seniors are protected under this proposal?

I believe it is important to strengthen and preserve Medicare. Plans to transform Medicare into a defined competitive benefit or voucher program could undermine the fundamental commitment to seniors that Medicare represents and shift cost and risk onto retirees. Under voucher proposals, CBO's analysis indicates that the premiums beneficiaries must pay to remain in traditional Medicare would increase significantly. I believe it is important to continue implementing the ACA's Medicare reforms, which reduce beneficiaries' costs and per capita cost growth in Federal spending through targeted payment refinements and by encouraging high-quality and efficient health care delivery. The President's FY 2013 Budget builds on the ACA's reforms to achieve further cost savings while strengthening and preserving the program. Any changes to those services that help the most vulnerable must be analyzed carefully.

54. For Section 402 demonstrations, OMB generally requires budget neutrality, but this requirement is not mandated by statute. What do you believe the requirements for future demonstrations ought to be?

I understand that Section 402 demonstration authority in the Social Security Act (SSA) allows the Secretary to test whether different methods of payment will increase the efficiency and economy of programs without adversely affecting quality. If confirmed, I will look into the issue of requirements for future demonstrations.

55. Please explain the process that you believe should be used to review budget neutrality in Medicaid 1115 waivers. What data do you believe should be required from states in order to apply for these types of waivers? Please discuss the complexity of the Medicaid waiver process and suggest potential ways to simplify the process.

Section 1115 of the Social Security Act gives the Secretary of Health and Human Services authority to approve demonstration projects that promote the objectives of the Medicaid and CHIP programs. States have been able to use Section 1115 authority to expand eligibility, provide additional services, and create new service delivery and payment models that improve care, increase efficiency, and reduce costs. The budgetary impacts of proposed demonstration projects must be carefully evaluated. Recognizing the importance of such projects, the Affordable Care Act made changes to the State and Federal review processes to ensure transparency and public input. If confirmed, I look forward to working with the Secretary of Health and Human Services to continue to increase transparency, simplify application processes, and ensure the programmatic and budgetary impacts of State requests are carefully evaluated.

56. CBO's analysis clearly indicates that increasing health care spending is a challenge for our country. What provisions of Patient Protection and Affordable Care Act do you think hold the most promise for restraining costs and why? What else needs to be done? For example, should competitive bidding be expanded beyond durable medical equipment?

The Affordable Care Act (ACA) took significant steps towards putting our country back on a sustainable fiscal course while laying the foundation for a more efficient health care system that delivers higher quality care. In its latest analysis, the Congressional Budget Office estimated that the ACA will reduce the deficit by more than \$100 billion over the first decade and by more than \$1 trillion in the second decade. At the same time, the Act has the potential to fundamentally transform our health system into one that delivers better care at lower cost.

Using authorities in the ACA, Centers for Medicare and Medicaid Services (CMS) is undertaking steps in targeted areas in which payments exceed the cost of high-quality and efficient care, such as by expanding competitive bidding for durable medical equipment. The ACA includes provisions that link payment to performance on measures of quality and efficiency, and it establishes initiatives to encourage providers to coordinate services, such as the Medicare Hospital Value-Based Purchasing Program, the Hospital Readmissions Reduction Program, and the Medicare Shared Savings Program. In addition, the ACA created the Innovation Center, which enables CMS to develop and test new payment and delivery system models in both Medicare and Medicaid to help determine the best ways to improve care and lower costs. If confirmed, I look forward to working with Congress on both ACA implementation and future legislation to strengthen health care delivery.

**V. Relations with Congress**

57. 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?

Yes.

58. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress, if confirmed?

Yes.

**VI. Assistance**

59. Are these answers your own? Have you consulted with OMB or any other interested parties? If so, please indicate which entities.

These answers are my own. I consulted with staff from the Administration and from OMB in developing them.

I, Sylvia Mathews Burwell, hereby state that I have read the foregoing Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

  
\_\_\_\_\_  
(Signature)

This 1st day of April, 2013

REDACTED

**COMMON QUESTIONS FOR  
EXECUTIVE NOMINEES**

**1. Basic Biographical Information**

Please provide the following information.

<i>Position to Which You Have Been Nominated</i>	
<u>Name of Position</u>	<u>Date of Nomination</u>
Director, Office of Management and Budget	March 8, 2013

<i>Current Legal Name</i>			
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>
Sylvia	Mathews	Burwell	

<i>Addresses</i>					
<u>Residential Address</u> (do not include street address)			<u>Office Address</u> (include street address)		
			Street: 702 SW 8th Street		
<u>City:</u> Bentonville	<u>State:</u> AR	<u>Zip:</u> 72712	<u>City:</u> Bentonville	<u>State:</u> AR	<u>Zip:</u> 72712

<i>Other Names Used</i>						
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	<u>Check if Middle Name</u>	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)
Sylvia	Mary	Mathews		X	6/23/1965      Est	4/2007      Est X

<i>Birth Year and Place</i>	
Year of Birth (Do not include month and day.)	Place of Birth
1965	Hinton, WV

<i>Marital Status</i>					
Check All That Describe Your Current Situation:					
Never Married <input type="checkbox"/>	Married <input checked="" type="checkbox"/>	Separated <input type="checkbox"/>	Annulled <input type="checkbox"/>	Divorced <input type="checkbox"/>	Widowed <input type="checkbox"/>

<i>Spouse's Name (current spouse only)</i>			
Spouse's First Name	Spouse's Middle Name	Spouse's Last Name	Spouse's Suffix
Stephen	Roderick	Burwell	

<i>Spouse's Other Names Used (current spouse only)</i>						
First Name	Middle Name	Last Name	Suffix	Check if Maiden Name	Name Used From (Month/Year) (Check box if estimate)	Name Used To (Month/Year) (Check box if estimate)
N/A					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Children's Names (if over 18)</i>			
First Name	Middle Name	Last Name	Suffix
N/A			

**2. Education**

List all post-secondary schools attended.

<u>Name of School</u>	<u>Type of School</u> (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school)	<u>Date Began School</u> (month/year) (check box if estimate)	<u>Date Ended School</u> (month/year) (check box if estimate) (check "present" box if still in school)	<u>Degree</u>	<u>Date Awarded</u>
Harvard College	University	9/1983    Est <input type="checkbox"/>	6/1987    Est    Present <input type="checkbox"/> <input type="checkbox"/>	Bachelor of Art	6/1987
Oxford University, Worcester College	University	10/1987    Est <input type="checkbox"/>	6/1990    Est    Present <input type="checkbox"/> <input type="checkbox"/>	Bachelor of Art	Est X 7/1990

### 3. Employment

(A) List all of your employment activities, including unemployment and self-employment. If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

<u>Type of Employment</u> (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non-Federal Employment), Self-employment, Unemployment, Federal Contractor, Non-Government Employment (excluding self-employment), Other	<u>Name of Your Employer/Assigned Duty Station</u>	<u>Most Recent Position Title/Rank</u>	<u>Location</u> (City and State only)	<u>Date Employment Began</u> (month/year) (check box if estimate)	<u>Date Employment Ended</u> (month/year) (check box if estimate) (check "present" box if still employed)
Non-government	Walmart Foundation	President	Bentonville, AR	12/2011	Present Est 11
Non-government	Bill and Melinda Gates Foundation	President Global Development	Seattle, WA	04/2001	11/2011 Est 10
Federal government	Office of Management and Budget	Deputy Director	Washington, DC	Est X 1998	01/2001 Est 11
Federal government	The White House	Assistant to the President and Deputy Chief of Staff	Washington, DC	Est X 1997	1998 Est X
Federal government	U.S. Department of Treasury	Deputy Chief of Staff to the Secretary	Washington, DC	Est X 1995	1997 Est X
Federal government	The White House	Staff Director for the National Economic Council and Special Assistant to Robert Rubin head of the National Economic Council	Washington, DC	Est X 1993	1995 Est X
Federal government	Presidential Transition	Economic Policy DC Office Manager	Washington, DC	11/1992	01/1993 Est 10
Non-government	Clinton/Gore for President	Deputy Economic Policy Director	Little Rock, AR	07/1992	11/1992 Est 10

Non-government	McKinsey and Company	Associate	New York, NY	08/1990	07/1992
Non-government	Oxbridge Academic Resources	Administrator	New York, NY	07/1989	08/1989
Non-government	Dukakis/Bentsen Presidential Campaign	Researcher	Boston, MA	06/1988	11/1988
Non-government	The LEK Partnership	Research Associate	Boston, MA	06/1987	09/1987
State government	State of Massachusetts	Governor's Aide	Boston, MA	06/1986	08/1986
Non-government	Harvard Business School	Executive Education Reunion Coordinator	Boston, MA	01/1986	06/1986
Non-government	Congressman Nick Joe Rahall	LBJ Intern	Washington, DC	06/1985	08/1985
Non-government	Kirk's Home of the Hungry Smile	Waitress	Hinton, WV	06/1983	08/1983

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere. None

<u>Name of Government Entity</u>	<u>Name of Position</u>	<u>Date Service Began</u> (month/year) (check box if estimate)	<u>Date Service Ended</u> (month/year) (check box if estimate) (check "present" box if still serving)	
		Est <input type="checkbox"/>	Est <input type="checkbox"/>	Present <input type="checkbox"/>
		Est <input type="checkbox"/>	Est <input type="checkbox"/>	Present <input type="checkbox"/>
		Est <input type="checkbox"/>	Est <input type="checkbox"/>	Present <input type="checkbox"/>

(C) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?

No

**4. Potential Conflict of Interest**

**(A) 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.**

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Office of Management and Budget's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with OMB's designated agency ethics official and that has been provided to this Committee.

**(B) 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 or execution of law or public policy, other than while in a federal government capacity.**

I have not engaged in any such activity.

**5. Honors and Awards**

**List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.**

1. Rhodes Scholar
2. Institute of Politics Fellow, Harvard University
3. Senior Fellow, UCLA School of Public Policy

Honorary Degrees: West Virginia University, Doctor of Humane Letters, 2003

Northeastern University, Doctor of Philanthropy, 2011

### 6. Memberships

List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.

Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of \$1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

<u>Name of Organization</u>	<u>Dates of Your Membership</u> (You may approximate.)	<u>Position(s) Held</u>
Aspen Strategy Group	2001-Present	Member
Trilateral Commission	2007-Present	Member
World Economic Forum	2004-2009	Young Global Leader
Pacific Council on International Policy	2003-2009	Member
Aspen Institute	2005-2007	Henry Crown Fellow
MetLife, Inc.	2004 - Present	Director
University of Washington Medical Center	2002-2005	Board Member
Pete G. Peterson Foundation	2009 - Present	Advisory Board Member
The Nike Foundation	2005 - Present	Advisory Group
Council on Foreign Relations	2002-present	Member, Board of Directors
The Next Generation Initiative	2003-Present	Founding Member

St Paul's	2012-present	Member
St. Mark's Cathedral	2001-2011	Member
Wasatch Group	Present	Member
Alliance for a Green Revolution in Africa	2007 - 2011	Board Member
A.S Evergreen Chapter	2008 - Present	Professional Advisory Board Member
Brookings Institution	2007 - 2008	Member Advisory Group for Managing Global Insecurity
Center for Strategic and International Studies	2007-2008	Smart Power Commission Member
Miller Center of Public Affairs	2000-2008	Governing Council Member

### 7. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?  
No.

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

<u>Name of Party/Election Committee</u>	<u>Office/Services Rendered</u>	<u>Responsibilities</u>	<u>Dates of Service</u>
Democratic Party/Obama for America	Hosted Fundraiser	Listed as co-host of an Obama fundraiser at my 25th college reunion	May 2012

(C) Itemize all individual political contributions of \$200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

<u>Name of Recipient</u>	<u>Amount</u>	<u>Year of Contribution</u>
Anne Barth	500	2008
Susan Craighead	250	2008
Obama for America	1300	2008
Clinton for President	500	2008
Obama Victory Fund	2000	2008
Alan Khazai	3000	2009
Democratic Senatorial Campaign Committee	250	2010
Patty Murray	250	2010
Joe Manchin	250	2010
Alan Khazai	500	2011
Holton for AG	1000	2012
Jon Tester	100	2012
Obama Victory Fund	1500	2012
Obama for America	1500	2012
Nancy Soderberg	250	2012

Washington United	500	2012
Walpac	5000	2012

### 8. Publications and Speeches

I have done my best to identify all books, articles, reports, speeches, testimony and other materials including a thorough review of my personal files and searches of publicly available electronic databases. I identified the following:

**(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.**

<u>Title</u>	<u>Publisher</u>	<u>Date(s) of Publication</u>
Mother's Day Every Day	Huffington Post Blog	May 11, 2012
Better Crops = Better Lives.	Bill & Melinda Gates Foundation Blog. <a href="http://www.gatesfoundation.org">www.gatesfoundation.org</a>	April 13, 2011
Leading Thinkers Series: Aid in the 21st century.	The Globe and Mail	March 3, 2011
Aid in the 21st Century	Bill & Melinda Gates Foundation Blog. <a href="http://www.gatesfoundation.org">www.gatesfoundation.org</a>	March 3, 2011
Fortify Lives with Agriculture and Nutrition.	Bill & Melinda Gates Foundation Blog. <a href="http://www.gatesfoundation.org">www.gatesfoundation.org</a>	February 10, 2011
Addressing the Needs of Smallholder Farmers.	Bill & Melinda Gates Foundation Blog. <a href="http://www.gatesfoundation.org">www.gatesfoundation.org</a>	May 6, 2010
The Policy Wonk in the War Room.	Huffington Post Blog	October 4, 2011
Building a Better World.	Huffington Post Blog	May 25, 2011
Keeping Promises and Delivering Hope to Poor Farmers and Their Families.	Huffington Post Blog	December 17, 2010
Banking on Savings for the Poor	Huffington Post Blog	November 11, 2010
A Green Revolution growing in West Africa.	Huffington Post Blog	September 14, 2010
Hope on a Hillside	Huffington Post Blog	August 17, 2010

Big Action for Small Farmers.	Huffington Post Blog	June 25, 2010
Security and Development at a Time of Global Economic Turmoil. Article from The Global Economic Crisis and Potential Implications for Foreign Policy and National Security.	Aspen Strategy Group	2009
Making Progress/ Les champs du progrès.	Jeune Afrique, Op-ed.	June 13, 2009
If you improve agriculture, you improve life for millions.	DesMoinesRegister.com	October 13, 2008
Building Public-Private Partnerships: a condensed case study.	Aspen Strategy Group	2008
Financing for Global Health. Article from Transforming the Development Landscape: The Role of the Private Sector.	The Brookings Institution	2006
Chapters Play Important Role in Keeping Nation Connected.	The Navajo Times	March 11, 2004
Libraries Open Digital Window.	Albuquerque Journal	March 13, 2004
Computers Connect People.	Charleston Gazette	February 14, 2004
American Economic Policy in the 1990s	In J.A. Frankel & P.R. Orszag (Eds.) The Role of Institutions in the White House: The Process of Economic Policy-Making During the Clinton Administration (pp. 1034-1038)	2002

**(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.**

In my official capacity at the Walmart and the Bill and Melinda Gates Foundation, I delivered speeches that focused on global development (e.g. increasing productivity for small holder farmers) and philanthropy. None of these speeches were on topics relevant to the position for which I am being nominated, and thus copies are not provided.

<u>Title/Topic</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
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No title	International Women's Day Event, Bentonville, AR.	March 14, 2012
Reinventing the Toilet address	AfricaSan conference, Kigali, Rwanda	July 19, 2011
Graduate School commencement address	Northeastern University, Boston, MA	May 6, 2011
Leveraging Agriculture for Improving Nutrition & Health address	International Food Policy Research Institute (IFPRI) conference, New Delhi, India	February 10, 2011
Creating Opportunity address	Brookings Institution, Washington DC	February 8, 2011
Global Development Program address	Institute of Health Metrics and Evaluation, University of Washington, Seattle, WA	January 6, 2010
Keynote Address: Seizing the Moment, Seeding the Future	World Food Prize, Des Moines, IO	October 16, 2008
Global Development Program address	Microsoft Corporation, Redmond, WA.	July 11, 2008

(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee.

<u>Title</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
Bill and Melinda Gates Foundation	St. Mark's Elders Group	April 11, 2007
Address to the Inaugural Class of the Clinton School of Public Service	University of Arkansas, Little Rock, AR	November 17, 2005
Keynote Address: Community Responsibility in the 21st Century at the Law Firm Leaders Forum.	Four Seasons Hotel, San Francisco, CA.	March 3, 2005
Global Disparities in Women's Health at the Best of Women's Health	UW Medicine, Seattle, WA.	December 7, 2004
Welcoming Home Success: How Do you Measure Success?	West Virginia Bankers Association 111th Annual Convention. Greenbrier Resort, White Sulphur Springs, WV	July 24, 2004
Improving Global Health Through Strategic Partnerships	Global Diabetes Research Forum. JW Marriott, Washington, DC.	June 11, 2004
From Bill Clinton to Bill Gates: Lessons learned from Public Service and Philanthropy	13th Annual Charles L. Ihlenfeld Lecture on Public Policy and Ethics. West Virginia University College of	October 15, 2003

	Law, Morgantown, WV.	
Extending Opportunity and Equity: The Motivation and Methods of the Bill & Melinda Gates Foundation.	Seattle University, Seattle, WA.	September 13, 2003
Transforming Adversity into Opportunity at the Achievers College Experience.	Washington State University, Pullman, WA.	June 24-27, 2003
Philanthropy's Policy Role at the 2nd Annual Conference on Borderless Giving.	Stanford University, Palo Alto, CA.	June 5-6, 2003

### 9. Criminal History

Since (and including) your 18<sup>th</sup> birthday, has any of the following happened?

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you? (Exclude citations involving traffic infractions where the fine was less than \$300 and did not include alcohol or drugs.) No.
- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official? No.
- Have you been charged, convicted, or sentenced of a crime in any court? No.
- Have you been or are you currently on probation or parole? No.
- Are you currently on trial or awaiting a trial on criminal charges? No.
- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation? No.

**If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).**

A) Date of offense:

- a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

- 1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: Yes / No
- 2) Firearms or explosives: Yes / No
- 3) Alcohol or drugs: Yes / No

- D) Location where the offense occurred (city, county, state, zip code, country):
- E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes / No**
- 1) Name of the law enforcement agency that arrested/cited/summoned you:
  - 2) Location of the law enforcement agency (city, county, state, zip code, country):
- F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**
- 1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):
  - 2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:
  - 3) If no, provide explanation:
- G) Were you sentenced as a result of this offense: **Yes / No**
- H) Provide a description of the sentence:
- I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**
- J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**
- K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:
- L) If conviction resulted in probation or parole, provide the dates of probation or parole:
- M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: **Yes / No**
- N) Provide explanation:

**10. Civil Litigation and Administrative or Legislative Proceedings**

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings. I have not.

<u>Date Claim/Suit Was Filed or Legislative Proceedings Began</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

I personally have not. As a member of the MetLife Board I may have been named in individual matters, however, to my knowledge, none of these cases involved allegations of wrongdoing by me in my official or individual capacity. Walmart as a company has various proceedings and litigation; however, I was not involved in any of these matters.

<u>Date Claim/Suit Was Filed</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>


(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

Please see above.

**11. Breach of Professional Ethics**

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.  
No.

<u>Name of Agency/Association/Committee/Group</u>	<u>Date Citation/Disciplinary Action/Complaint Issued/Initiated</u>	<u>Describe Citation/Disciplinary Action/Complaint</u>	<u>Results of Disciplinary Action/Complaint</u>

(C) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?  
No.

**12. Tax Compliance - REDACTED**

(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.)

REDACTED

**13. Lobbying**

**In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State).**

No.

**14. Outside Positions**

X See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

<u>Name of Organization</u>	<u>Address of Organization</u>	<u>Type of Organization</u> (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	<u>Position Held</u>	<u>Position Held From</u> (month/year)	<u>Position Held To</u> (month/year)

**15. Agreements or Arrangements**

X See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

<u>Status and Terms of Any Agreement or Arrangement</u>	<u>Parties</u>	<u>Date</u> (month/year)

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**16. Additional Financial Data - REDACTED**

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.)

**REDACTED**

**SIGNATURE AND DATE**

**I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.**

*Sy M Barwell*  
\_\_\_\_\_

This 26 day of March, 2013

**Senator Heidi Heitkamp**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

1. During our previous meeting, we had a chance to discuss efforts to address water supply issues in the Red River Valley of North Dakota during times of drought and the work of the Bureau of Reclamation and the state of North Dakota the past several years to identify the best options to meet the water needs in the region. As you know, the Bureau of Reclamation selected a preferred alternative to meet the water needs of the region after a lengthy study and review, but the Record of Decision on the project has not advanced. Will you commit to working with me to identify viable options to advance this project?

*Response: If confirmed, I would be happy to work with you and the Bureau of Reclamation on this issue.*

2. I also wanted to touch on another important issue for my state and that is flood protection for the city of Fargo, North Dakota. Fargo, which is our state's largest city, is facing another flood this spring from the Red River, which forecasters are predicting could be the fifth-worst flood on record. I have appreciated the Administration's past support in advancing permanent flood protection for the region by providing funding in the budget for engineering, planning and design. The federally recommended plan involves a diversion channel to protect the area from future flooding. The diversion is the best plan because it would reduce average annual damages by more, benefit more people and protect more structures all without increasing federal expenditures. Significant non-federal resources have already been allocated to the project from the state of North Dakota and through local sales taxes approved by voters. Authorization for the project is currently included in the Water Resources Development Act approved by the Environment and Public Works Committee last month. Will you commit to working with me to continue advancing this critical project as it moves from design to construction?

*Response: I share the President's commitment to cost-effective investment in the Nation's infrastructure to help lay the foundation for long-term economic growth. I am not familiar with the specific details of this particular project. If confirmed, I would be glad to work with you to determine how best to proceed.*

**Senator Mary L. Landrieu**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

1. Section 904(c) under General Provisions (Title IX) of the Disaster Relief Appropriations Act of 2013 (PL 113-2) requires expenditure of obligated funds by grantees within two years unless, in accordance with guidance to be issued by the director of the Office of Management and Budget (OMB), the Director waives this requirement for a particular grant program and submits a written justification for a waiver. Lengthy environmental impact reviews and other regulatory requirements must happen before any dirt gets turned. Due to the catastrophic scale of Hurricane Sandy, major infrastructure projects like subways, water treatment plants and housing developments will take longer than two years to rebuild. It seems there is no good policy reason to set an arbitrary and unrealistic two-year deadline. Housing and Urban Development (HUD) officials and the President's Sandy Recovery Commission seem to inherently grasp this reality. Given these facts, would you not agree that the two-year deadline is unrealistic for large projects, creates unnecessary uncertainty across the entire recovery enterprise, and should therefore be waived by OMB without delay?

*Response: I share the President's belief that we must take seriously the long-term rebuilding of this critical region and its infrastructure. While ensuring the swift outlay of these funds is an important objective, it is also imperative that we have a process for ensuring long-term projects are completed in an efficient and effective way. If confirmed, I would work to make sure all long-term recovery projects are reviewed swiftly while making sure funds are spent with the utmost care.*

2. The Metropolitan Transportation Authority (MTA) is one of the few transit systems in the United States that runs 24 hours a day, 7 days a week. The subway system alone carries nearly 6 million people a day. In order to possibly meet the 24-month requirement for some projects, the MTA would be forced to shut down an entire subway line that already carries one million people a day. The New York City region is the nation's largest regional economy and contributes 11 percent of the nation's GDP. It simply cannot function without the MTA. In order for the MTA to effectively rebuild from the largest disaster to ever strike the 108 year-old system, when will the OMB issue a waiver to the 24-month requirement for critical transportation repair and mitigation projects under the jurisdiction of the Department of Transportation and the Federal Emergency Management Agency (FEMA)?

*Response: If confirmed, I would look into this issue.*

3. As you know, I vigorously supported the \$16 billion in Community Development Block Grant (CDBG) funding that was approved by Congress and signed into law on January 29, 2013 as part of the Disaster Relief Appropriations Act of 2013 (PL 113-2). On March 5, 2013, HUD issued a Notice in the Federal Register allocating \$5.4 billion of this amount. The Notice states that "[t]he Department is instituting an alternative requirement to the provisions at 42 U.S.C. 5305(a) as follows: when grantees under this Notice provide funds to for-profit businesses, such funds may only be provided to a small business, as defined by the SBA under 13 CFR Part 121. CDBG-DR [Disaster Recovery] funds made available

under this Notice may also not be used to assist a privately-owned utility for any purpose." Notice, p. 69.

This HUD "alternative requirement" approved by OMB is inconsistent with existing law in 42 USC 5305(a)(17). Specifically:

Congress expressly chose not to restrict eligibility for CDBG funds for for-profit entities to small business. In fact, Senate language in the Disaster Relief Appropriations Act, 2013 specifically stated that funds may be provided to eligible for-profit enterprises. Notice, pp. 90-91.

Congress did not change existing law with the Disaster Relief Appropriations Act, 2013. Under 42 U.S.C. 5305 (a)(17)(C), CDBG funding can be used to provide assistance to "private, for-profit entities, when the assistance .... meets urgent needs."

In its disaster relief request to Congress, HUD expressed the view that but for "limited exceptions related to small businesses that face long-term business disruption, public resources should not be used to ... pay for repairs to privately-owned business assets." Again, however, under the Disaster Relief Appropriations Act, 2013, Congress did not limit CDBG assistance to for-profit entities only to small businesses.

I am concerned by reports that HUD guidance for future allocations of the supplemental CDBG funding will include the same alternative requirement restricting eligibility. OMB's approach to this matter raises two important issues that are set out below for your consideration and response.

- a). Since Congress chose not to exclude private utilities, what is OMB's legal authority for an alternative requirement?
- b). Will OMB's subsequent allocations of the CDBG funding provided through PL 113-2 give state and local officials the flexibility provided under the statute and HUD's regulations to use funds for privately-owned utility infrastructure repair? If not, why not?

*Response: I share the President's belief that we must take seriously the long-term rebuilding of this critical region, and I am committed to working to help the Northeast recover from Hurricane Sandy. I am not aware of what decisions may have been made on CDBG allocations, but if confirmed, I would work with HUD and the Hurricane Sandy Task Force to make sure that allocations are in the best interest of taxpayers and effectively support the long-term recovery of the region.*

**Senator Ron Johnson**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

1. GAO found that agencies did not publish a notice of proposed rulemaking (NPRM) for about 35 percent of major rules. This number has doubled from 18 percent in 1998. GAO also found that when agencies did ask for and respond to public comment, the new rules were often better and less costly than the ones originally proposed by the agency. GAO recommended that OMB issue guidance to encourage agencies to respond to comments on final major rules, for which the agency has discretion, that are issued without a prior NPRM. OMB disagreed that guidance would offer substantial benefits. Do you believe that rules can be improved when agencies solicit and respond to public comment? Do you think that it is important for the public to be able to comment on proposed rules, and to have agencies respond to these comments? Will you direct agencies to respond to public input that is received when agencies solicit public comment?

*Response: I believe that public comment is a crucial component of successful rulemaking. Indeed, the Administration emphasizes the importance of consulting stakeholders likely to be affected by rulemakings. If confirmed, I would oversee closely the use of interim final rules to ensure they are used lawfully and appropriately, and that agencies proceed to finalizing such rules after taking public comments into consideration.*

2. The Small Business Administration Office of Advocacy estimates that there is a \$1.75 trillion annual regulatory burden on our economy. This is larger than all but eight global economies. Do you acknowledge that our national annual regulatory burden is extremely large and burdensome to small businesses?

*Response: I appreciate the importance of ensuring that our regulatory system is consistent with a healthy economy and successful small businesses. I know that the President cares deeply about small businesses and about minimizing unnecessary regulatory burdens. I understand that the President issued a memorandum in January 2011 instructing agencies to focus on the issue of reducing the burden of regulations on small businesses.*

3. What are some of the proposals that you have heard being proposed in Congress that you would like to see enacted in order to alleviate some of the regulatory burden placed on our nation and economy?

*Response: We start from common ground. I believe that the Federal Government should not impose unjustified regulatory costs. There are a wide range of legislative proposals in the regulatory area that Members of Congress have put forward. I am not currently in a position to weigh in on the specifics of legislation. If confirmed, I would work to ensuring that our regulatory system functions in a cost-effective manner consistent with economic growth and job creation, while continuing to protect the health welfare and safety of Americans.*

**Senator Ron Johnson**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

4. Executive Order 13563, issued by President Obama on Jan. 21, 2011, directed agencies to promote public participation in rulemaking and make the process more transparent, reduce redundant, inconsistent, or overlapping regulations, identify and consider flexible approaches to problems, promote scientific integrity; and produce plans for retrospective review of regulations. Do you believe that it is important for agencies to conduct thorough retrospective review of their own rules? How will you ensure that agencies comply with Executive Order 135663 in a timely manner?

*Response: I believe retrospective review of regulations is important, which is why the President called for a historic government-wide review of regulations on the books to streamline, modify, or repeal regulations and reduce unnecessary burdens and costs. As I understand it, agencies issued lookback plans and detailed over 500 initiatives that will reduce costs, simplify the regulatory system, and eliminate redundancy and inconsistency. The Administration estimated that these initiatives will save more than \$10 billion in the near term, with far more savings to come.*

*With respect to implementation, Executive Order 13610 requires agencies to submit reports to OMB twice a year updating the status of their retrospective review efforts. If confirmed, I look forward to ensuring that agencies continue to build on the success of the retrospective review efforts to date.*

**Senator Carl Levin**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

1. Is it your understanding that cost benefit analyses at independent agencies, including those involved in financial regulation and enforcement and consumer product safety, are currently inadequate to ensure the agencies' abilities to carry out their important duties?

*Response: No. During my prior tenure at OMB, OMB did not perform a review of the independent agencies' standards for cost-benefit analyses. I am not in a position to speak to the overall quality of analyses conducted by independent agencies. These analyses cover a wide range of subject matters, and are the result of varying cost-benefit requirements, many of which are statutorily defined. I appreciate the long tradition, and unique roles of the independent agencies, and believe in the importance of their continued independence.*

**Senator Coburn**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

1. The Social Security Actuary recently estimated the Disability Trust fund could be exhausted as early as 2015 and unable to pay full benefits. Press reports indicate the president's budget may include a proposal to limit individuals from receiving unemployment benefits and SSDI payments, a concept I support. Outside of this initial reform, what reforms to the Social Security Disability Insurance program do you see as necessary?

*Response: The Disability Insurance (DI) program provides vital income support to workers with disabilities and their family members. The Social Security trustees project that on a combined basis, the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds will be solvent through 2033. However, by itself, the DI Trust Fund will be exhausted in 2016, based on the trustees' intermediate assumptions. This underscores the need for bipartisan action to strengthen Social Security, for which the President has called.*

*As you noted, the President's Budget includes a legislative proposal to reduce an individual's DI benefit in any month in which that person also receives a State or Federal unemployment benefit. In addition, to help protect the trust funds, the President's Budget proposes to fund a historic number of medical eligibility reviews to make certain that only those beneficiaries who remain eligible for benefits continue to receive them.*

*If confirmed, I would look into additional measures that would safeguard both the DI and OASI programs for the long run.*

2. The majority of disability claimants are represented at their hearings before SSA's administrative law judges. Because of this, both the Social Security Advisory Board and the Union of Administrative Law Judges support that a representative of the government also be included at the ALJ hearing to explain or defend the agency's previous decision not to award disability benefits. Do you also support such a reform?

*Response: I am not in a position to weigh in on the specifics of the hearing process at this time; however I recognize the importance for applicants and for taxpayers of getting the highest-quality decisions from ALJs.*

**Senator Coburn**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

3. Every year the government spends more than \$2.5 trillion on thousands of government programs, few with tangible, measureable results. While many are in fact meeting the needs of those they serve, in countless cases, it is nearly impossible to measure the outcome or success rate of many federal efforts. Right now very few government programs are subject to real metrics or performance evaluations to determine if they are meeting the goals set at their creation. This not only does a disservice to taxpayers who should "get what they pay for," but even more, harms those relying on these programs and the services and assistance they are meant to provide.

Outside of implementing the mandates placed on OMB by the updated GIPRA law, what specific actions do you plan to take to hold agencies accountable for the effectiveness of their programs?

*Response: The GPRA Modernization Act provides a solid foundation and framework for achieving significant performance improvements across Government, but will not be sufficient to make lasting progress if agencies fail to change their culture. If confirmed, I would work closely with leaders across the Administration and with the Congress to ensure the sustainability of the Act's focus on impact using goals and its robust emphasis on measurement to improve outcomes for the American people.*

4. OMB is largely responsible for administering many of the government's current transparency efforts, which continue to need to be updated, improved, and expanded. For example, OMB is responsible for USAspending.gov, the Google-style government website established by a law in 2006. Currently many agencies fail to comply with the law for USAspending reporting, and the website's data quality is poor. This and other transparency efforts should be a high priority for this administration and the Office of Management and Budget. What will be your approach to addressing this concern with agency compliance for of current transparency laws?

*Response: I believe that there has been significant progress made in Federal spending transparency through the implementation of USAspending.gov and reporting of Recovery Act dollars on Recovery.gov. I believe this is work that must be continued, and hope both funding and an operational home will help. If confirmed, I look forward to working with Congress to continually drive these efforts forward.*

5. For the past decade, OMB has been required by law to ensure federal computers and networks are secure. Yet dangerous gaps remain. In fact, this year OMB's own reporting shows agencies lost ground in protecting their technology from malicious actors, despite spending almost \$15 billion on IT security. What are your plans to make sure OMB starts living up to the mandate Congress imposed upon it with the Federal Information Security Management Act (FISMA)?

*Response: From what I understand, the Administration is making strides to improve the safety and security of the Government's information. An integral component of this work is to change how the Government thinks about cybersecurity – by shifting from a focus of compliance to one which tracks key performance metrics to ensure agencies are given the tools to protect their systems from threats as they arise. This approach, known as continuous monitoring, allows a shift across the Government to use information security as an enabler, instead of a limiting factor, in harnessing technological innovation.*

*A key element to managing an information security program is having accurate information about security postures, activities and threats, and making sure our efforts continuously evolve as technologies do. If confirmed, my staff and I will work with DHS to ensure a well-designed and well-managed information security continuous monitoring program to protect our nation's critical data.*

6.The federal government holds more critical data -- security plans and weaknesses for nuclear or chemical facilities, commodities data which moves markets, trillions of dollars in loans, valuable scientific research -- than any other entity in the world. It also holds more sensitive information on private citizens than anyone else. Are you prepared to be held accountable the next time a government entity is penetrated, valuable data is stolen or operations interrupted?

*Response: It is my understanding that the Federal Information Security Management Act (FISMA) requires the head of each agency to provide information security protections commensurate with the risk and magnitude of the harm resulting from unauthorized access, use, disclosure, disruption, modification, or destruction of information collected or maintained by or on behalf of the agency; and information systems used or operated by an agency or by a contractor of an agency or other organization on behalf of an agency. If confirmed, I will work with agencies to ensure that they are fulfilling their requirements in accordance with FISMA, as well as related policies, standards and guidelines.*

7.Will you assist this committee in any effort it makes to improve federal cybersecurity -- including overseeing federal IT security efforts, investigating breaches, and reforming laws and policies governing federal cybersecurity?

*Response: The President has made clear that cybersecurity remains a critical priority. If confirmed, I would make cybersecurity and the protection of our information assets a priority of my role. I would keep a dialogue with the Committee on this critical issue and help to continue the great work both the Administration and the Committee have done in this area.*

8.In 2010, OMB delegated responsibility for certain tasks to the Department of Homeland Security. Are you familiar with their efforts?

a.Do you believe DHS cybersecurity efforts undertaken on OMB's behalf are well-managed, suitably designed, and being implemented on time and under budget?

b.Do you have any concerns at all about DHS' work fulfilling Congress' mandate to secure federal technology?

**Senator Coburn**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

If you or your staff have any concerns at all about DHS's work in this area, will you bring them to the Committee in a timely manner, to ensure we can fulfill our obligations to oversee the department and federal cybersecurity?

*Response: I am aware that in 2010, OMB delegated certain operational responsibilities to DHS and that OMB continues to retain policy and oversight responsibilities. However, at this time, I am not familiar with how well DHS is implementing the FISMA responsibilities delegated to it. If confirmed, I intend to review DHS's actions in this area to ensure they are effective.*

*As the President has said, the cyber threat is one of the most serious economic and national security challenges we face as a nation. I believe this is an area that receives and will continue to require high-level attention from Government leaders. If I am confirmed, I will ensure OMB continues to work closely with DHS to implement cybersecurity programs that are both effective and efficient.*

*Every agency in the U.S. Government has a role to play in cybersecurity whether in securing its own network or more wide-ranging responsibilities. Because of the diverse nature of authorities and responsibilities, cybersecurity truly requires a whole-of-Government approach. Ongoing congressional involvement will continue to be key to any cybersecurity solutions. If confirmed, I would look forward to working with Congress on any matters in this area that require attention.*

9. Have you reviewed recent reports on regulatory issues, such as the reports issued by the President's Council on Jobs and Competitiveness last year, or the Business Roundtable's report titled "Achieving Smarter Regulation?" I recall that in June last year, Boeing CEO Jim McNerney -- a member of the President's Jobs Council -- said that "It's different today," that regulators take a hostile approach to business and companies are "guilty until proven innocent." Do you have any views or reactions to these reports and observations? Will you be an advocate for improving the regulatory process? If so, can you tell us some of the areas that you would like to see improved?

*Response: I am generally aware of these reports, but have not had the opportunity to review them in any detail. As a general matter, I do believe that in difficult economic times, it is especially important that the Federal Government not impose unjustified regulatory costs. I also think that it is very important that business and companies, as well as other stakeholders, participate in the regulatory process.*

*I believe the President's call for a government-wide retrospective review of regulations is very important and, if confirmed, I look forward to ensuring that effort continues to produce results. In addition, I know the Administration has been working to advance international regulatory*

*cooperation, which will promote American exports, economic growth, and job creation by helping to eliminate unnecessary regulatory differences between the United States and other countries.*

*If confirmed, I would look forward to working with the business community and other stakeholders to ensure we promote job creation and innovation while protecting the health, welfare, and safety of Americans.*

10. Under Executive Order 13563, issued on January 18th, 2011, President Obama required regulatory agencies to explicitly consider the cumulative costs of regulations. On March 20, 2012, the OIRA Administrator issued a memorandum to agencies to consider cumulative impacts as part of agency analysis of particular rules and the timing of these rules. In your opinion, are federal agencies effectively implementing this particular Presidential directive?

*Response: I am not currently at OMB, and therefore, I am not in a position to speak to how effectively agencies are implementing these directives. I agree that it is important to take into consideration the cumulative effects of new and existing rules. I also believe that, where possible, agencies should seek ways to simplify requirements on the public and private sectors. If confirmed, I would look forward to learning more about implementation of the President's directive and would certainly welcome any input from you or others on the issue.*

**Senator Thomas Carper**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

1. The Department of Labor (DOL) is currently working on fiduciary regulations that appear to be closely interrelated to regulations that the Securities and Exchange Commission (SEC) is working on in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act. A SEC staff study, consistent with the Act, recommended that broker-dealers be subject to a fiduciary standard of care. It is currently unclear how the SEC will proceed, yet the DOL continues to work on a proposal of its own. As you know, OMB is responsible for ensuring proper coordination in the rulemaking process across agencies. Should the DOL be coordinating its proposal with the SEC in order to prevent any confusion arising from differences between the rules governing regular retail brokerage accounts and IRA accounts?

*Response: I am not familiar with the specifics of this rulemaking. I also recognize that the Securities and Exchange Commission (SEC) is an independent agency. That said, the President in Executive Order 13563 emphasized the importance of coordinating and harmonizing rules. If confirmed, I would continue to look for ways to coordinate and harmonize rulemakings where possible.*

**Senator Rob Portman**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

1. The President's Job Council called for reform of permitting in part by giving OMB a larger management role. The Council wrote: "The current system for permitting and approving job-creating projects . . . can lead to delays, litigation, and inconsistent standards. The permitting systems for infrastructure projects must be streamlined to eliminate duplication and unnecessary delays."
  - a. Do you agree with the Job Council's assessment of the problem?
  - b. How do you plan to strengthen and expand on the Federal Infrastructure Permitting Dashboard and OMB's other efforts to reform permitting?
  - c. What are your thoughts on a possible role for OMB in streamlining the federal permitting process through better coordination, deadlines and transparency?

*Response: As the President's Jobs Council correctly noted, the permitting and review of infrastructure projects can lead to delays, litigation and inconsistent standards. To improve the process, President Obama signed Executive Order 13604 in March 2012 launching a Government-wide initiative to improve the performance of Federal permitting and review of infrastructure projects. According to the Federal Infrastructure Permitting Dashboard, agencies expedited the review and permitting of more than 40 major infrastructure projects to date, including bridges, transit projects, railways, waterways, roads, and renewable energy generation projects, with time savings ranging from several months to several years.*

*If confirmed, I would continue OMB's leadership efforts, both through the Chief Performance Officer's chairmanship of the interagency Steering Committee on infrastructure permitting and through OMB's role stewarding performance management across the Government. I would support this goal by continuing to strengthen, expand, and institutionalize best practices.*

2. Please provide an up-to-date list of proposed (NPRM stage) and final regulatory actions taken by executive agencies as part of the retrospective review launched by Executive Order 13563, "Improving Regulation and Regulatory Review," along with the estimated cost savings and sources for those estimates.

*Response: Since I am not currently at OMB, I am not in a position to provide such a list. However, I understand that the reports agencies produced as part of the retrospective review effort are posted on their websites.*

**Senator Rob Portman**  
**Additional Questions for the Record**  
**Nomination of Sylvia M. Burwell to be Director, Office of Management and Budget**  
**April 9, 2013**

3. For nearly three decades, presidents of both parties have published their plans for new regulations twice a year. That transparency measure is required by Executive Order 12,866 and by the Regulatory Flexibility Act, which calls for publication of a spring and fall regulatory agenda. The semiannual agenda is important because it helps the public and regulated parties better understand new rules in the pipeline — including potential compliance costs and effects on small businesses.

As its title suggests, the Spring Regulatory Agenda is published in the spring — April or May — and the Fall Agenda appears in October or November. Last year, former OIRA Administrator Cass Sunstein set April 13, 2012, as the “firm deadline” for agencies to submit their spring regulatory plans to the Office of Management and Budget.

But without explanation, the Spring Agenda was never released, for the first time in decades to my knowledge. Instead, again without explanation, OMB released a single regulatory agenda -- on Friday, December 22.

I wrote the President about the missing agendas in August and December, yet received no reply. In addition, in a November 30th letter to OIRA, the American Bar Association’s Section on Administrative Law called the Administration’s failure to timely publish these regulatory plans “an unfortunate precedent.”

In your briefing as a nominee, have you learned why OMB decided to skip the Spring agenda? Does it represent a policy change?

Will you commit to this Committee to produce the semiannual regulatory agenda on time and as required by law and executive order — the Spring Agenda by April/May and the Fall Agenda by October/November?

*Response: As a nominee, I do not have access to any information about decisions that the Administration may or may not have made about the Unified Regulatory Agenda. If confirmed, I would work to produce the Unified Regulatory Agenda in a timely manner.*

**Senator Tom Carper  
Senate Homeland Security and Governmental Affairs Committee**

**Additional post hearing question for the record for the nomination hearing of  
Sylvia M. Burwell to be director of the Office of Management and Budget**

**April 15, 2013**

1. When Congress enacted the Affordable Care Act three years ago, we included a provision that I co-authored, designed to make it easier for employers to run effective wellness programs for their employees. Even before health reform was passed, companies designed outcomes-based wellness plans that provided incentives for people to take better care of their health, in accordance with regulations in place since 2006 under the Health Insurance Portability and Accountability Act (HIPAA). The provision in the ACA, that I offered as an amendment, was intended to codify those wellness program regulations and in addition, to allow for greater rewards for employees within the context of those existing rules.

However, I am troubled that the Administration's proposed rule published in November, entitled "Incentives for Nondiscriminatory Wellness Programs in Group Health Plans," might unintentionally take a step in the wrong direction, by substantially departing from the regulations that have been in place since 2006 and were reinforced in the ACA. Specifically, I am concerned that these departures from existing regulatory requirements might have the effect of disallowing existing effective wellness programs, thereby actually undermining the purpose of the wellness provisions of the ACA.

What will you do to ensure that, as OMB fulfills its regulatory review functions with respect to this rulemaking, the final rule implements the purposes of the ACA in this respect and does not inadvertently disallow existing effective wellness programs?

I am not familiar with the specifics of this proposed rulemaking. However, I recognize the importance of wellness programs for cost-effective and quality health care. If confirmed, I look forward to learning more about this issue.

**Senator Joe Manchin III**

**Statement in Support of Sylvia Mathews Burwell, Nominee for Director of the Office of Management and Budget**

**Senate Committee on Homeland Security and Governmental Affairs**

**April 9, 2013**

Mr. Chairman, thank you for the opportunity to express my support for the nomination of Sylvia Mathews Burwell to be the Director of the Office of Management and Budget. She is a great West Virginian, from the great town of Hinton, and if confirmed, she will make a great OMB Director.

I am proud to support Sylvia's nomination for this prestigious position, where she will be responsible for managing our federal spending as we make the tough decisions to put our fiscal house in order. Sylvia and her family represent the heart and soul of West Virginia – a state where people are defined by their deeds as much as their words – and Sylvia has already accomplished so much in her life, in public service and philanthropy.

That doesn't surprise any of us who are friends with her parents, who have been Hinton business and community leaders for over a half century. Her father, Dr. William Mathews, is a longtime optometrist, and her mother, the Honorable Cleo Mathews, previously served as the Mayor of Hinton.

Not only did Cleo serve as mayor of Hinton – she also spent eight years on the State Board of Education, and two as President of the board. She later chaired the West Virginia Center for Professional Development Board, served as Vice President of the National Association of State Boards of Education and served on the Board of Directors of the West Virginia Municipal League.

It's easy to see that public service is in Sylvia's DNA. She is proof of the old saying, "the acorn does not fall far from the tree."

As many of you know, Sylvia dedicated the last eleven years to serving the greater good, helping the least fortunate among us both in the United States and throughout the world, as a visionary leader with the Bill & Melinda Gates Foundation and, more recently, with the Walmart Foundation.

She served as Chief Operating Officer and Executive Director at the Gates Foundation from its inception in 2001 until 2006, at which point it was firmly established as a global philanthropic leader. Sylvia then transitioned to the Gates Foundation Global Development Program, where she served as President until 2012 and led the foundation's \$725 million annual effort to improve the lives of more than 200 million people worldwide. Under her leadership, the foundation broke new ground in pursuing sustainable investments in agricultural development; low-income financial services; water and sanitation; global literacy; emergency relief; and poverty alleviation.