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NOMINATION OF BETH F. COBERT

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

NOMINATION OF BETH F. COBERT TO BE DEPUTY DIRECTOR FOR MANAGEMENT OFFICE OF MANAGEMENT AND BUDGET

OCTOBER 2, 2013

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NOMINATION OF BETH F. COBERT

WEDNESDAY, OCTOBER 2, 2013

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

The Committee met, pursuant to notice, at 10:07 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Thomas Carper, Chairman of the Committee, presiding.

Present: Senators Carper, Coburn, Johnson, Ayotte and Chiesa.

OPENING STATEMENT OF CHAIRMAN CARPER

Chairman CARPER. The Committee will come to order.

Good morning, everybody.

Ms. Cobert, great to see you and your family. Your mom, your husband, daughter, another friend right behind you. It is great to see you.

We are here to consider your nomination to be Deputy Director for Management at the Office of Management and Budget (OMB).

This Committee comes together at an unfortunate time for the American people, for Congress, and for our democratic process. Much of our government, as you know, is officially closed for business and hundreds of thousands of public servants have been forced to stay home. It is not fair to them also not fair to the people who we are here to represent, who pay their taxes and will not get the government services they expect and deserve.

I think this is an embarrassing avoidable failure that highlights the dysfunction that has dominated Congress for the past several years. But I am happy to say it does not characterize this Committee where we have a great relationship and work, I think, really well together.

Our current method of stopgap, crisis governing is no way to run a government or a business let alone a Nation of our size and stature. This type of crisis governing with last-minute stopgap funding measures and government shutdowns is actually the most inefficient, expensive way to govern. We need to do better and we can if we begin working together once again stopping some of these needless acts of political brinksmanship.

Much of the work of our congressional Committees is suspended at this time. I believe it is essential and Dr. Coburn believes it is essential for this Committee, though, to meet today to consider Ms. Cobert's nomination, and we will have another hearing imme-

diately after this one for the two other nominees for the Postal Regulatory Commission (PRC).

The Deputy Director of Management, if you ask most people in this country how important is that, they would not have any clue, because most of them are not familiar with this position.

But to Dr. Coburn and I, to our staffs, to the Members of this Committee, it is a really important job. It is really important for not just OMB and it is not just important for the Administration. It is really important for our country. It is important for us because we look to create, I talked with you earlier when we met, about leverage and trying to leverage.

Dr. Coburn and I, even Senator Johnson and Senator Chiesa and others, we are trying to figure how do we get better results for less money in everything we do. And, you or the person who holds your position in the past and in the future, you are just a key person in making that happen.

But the Deputy Director of Management is one of the top three leaders at the Office of Management and Budget. In the midst of this very partisan time, one thing that Republicans and Democrats agree on is that we need to make every effort to find savings through better management of our government.

I said it before but something that is important and bears repeating often is that to achieve a long-term solution to our fiscal problems we need to do three things. We need entitlement reform that saves money, saves these programs for our kids, for our grandchildren, for your kids and for their children; and also does not savage old people or poor people.

We need tax reform in my view that raises some money for deficit reduction; and we need to look at everything we do and ask this question: how do we get a better result for less money in everything that we do.

In the years that I have served on this Committee, many of them with Dr. Coburn, a couple of them with Senator Johnson and only a couple of months with Senator Chiesa and we have one of your constituents out there, 90 years old, is that right?

She came all the way down on the train today and it is a thrill to see her and her daughter will be introducing her in just a minute.

But in the years that I have served here with Dr. Coburn and others and with presidents of both parties, we have worked to try to find ways to better manage our government programs and our government and we put our noses to the grindstone. I think we have achieved some good results.

Maybe one of the best results is what we have done with respect to improper payments. Improper payments are payments that are, as we know, not necessarily fraud but just a mistake, paying the wrong beneficiary or the wrong contractor or paying them too much or may be too little.

More effective management and oversight has led to enormous savings, enormous savings, by preventing these errors by agencies across the government. In fact, improper payments have been on a downward trend dropping from $121 billion in fiscal year 2010 to $108 billion in fiscal year 2012. We are looking forward to see how we did in 2013. We should know that before long.

But while a lot more work needs to be done to identify, recover, and prevent improper payments, it is clear that we are making progress and we need to keep it up.

We have helped to improve government management in other ways as well. For example, over several years our Committee has given focused attention to the challenges faced by the Department of Homeland Security (DHS) in integrating its separate management systems into one department. The Government Accountability Office (GAO) recently recognized the department's substantial progress in this area.

Likewise, our Committee, GAO, and a number of Federal agencies have all worked to focus attention on wasteful spending that can occur in interagency contracting which occurs when one agency spends money through a contract negotiated and managed by another agency. I was pleased to learn earlier this year the GAO removed interagency contracting from its high risk list of troubled government operations.

Our Committee has much more important work ahead to address other serious, often long-standing management problems. The management of Federal real property is added example. One of the first things that Tom Coburn and I did was visit a post office, a big old abandoned post office building in, I think it was in Chicago, to figure out why we have buildings like that all over America where we spend a lot of money maintaining them, and securing them, providing for the utilities but nobody is there. We are not really using it or we are underutilizing them.

But what there is still going on is that there is too much, still too much duplication, something that Tom focused on a whole lot, and wasteful spending in Federal information technology (IT) projects.

We just need to tap into billions of dollars in potential savings through strategic sourcing. We had a hearing here on that just about a month or so ago with our friends from the General Services Administration (GSA), and that is one of the ways where we can leverage the government's buying power to get discounted prices when the government buys things.

As my dad would say, that is just common sense. And of course, we face a major management challenge in recruiting, training, and retaining a Federal workforce for the future. The list goes on and on.

I just want to say just a quick word. We have a lot of Federal employees who did not come to work today, not because they did not want to, not because they did not need to, because we told them not to; and I would just say to folks who serve, whose life work is to serve the people of this country, we appreciate them, we appreciate the hard work that they do and a lot of times they get a bad rap.

I have heard my colleagues call them faceless bureaucrats, and I hate that when I hear that. These are people who have good hearts, are good servants, and they deserve our respect. We work hard. We expect them to work hard and give the taxpayers a day's work for a day's effort.

But saving money is not the only reason to have good management. We deliver better service to the American people when we

have good management. It is the case in every area of the government from border security to Social Security. Unfortunately, delivering quality services are the harder in this area of stopgap, crisis governing with agencies struggling to do the best work they can despite uncertainty about their budgets.

So, I am eager to help move of this nomination forward, get a Deputy Director for Management. I think Dr. Coburn is eager to get you on the job and go to work with Sylvia and the gang and get us on the road to where we need to go in terms of our management and our budget, to help promote long-term management reforms. They are going to deliver better results and save some money for taxpayers.

And with that, I will turn to Dr. Coburn and then I will introduce you and give you the oath so you can testify. Thank you.

OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. Well, welcome. We are glad you are here. I would like to say, first, for the record, it takes a certain amount of courage and patriotism to give up a very well-paying job to come and do service for your country. It is not something you have to do. It is something you choose to do, and you have actually chosen one of the most difficult jobs in Washington because of the problems.

So, I want to recognize publicly the sacrifice that you will be making should you be confirmed, and I believe you will be, both in terms of your family, your two children and your husband, but also the travel that will be involved and the terribly long hours that are associated with this job.

I also very much appreciated our conversation yesterday. I think you have a great understanding of what the real problems are. The Office of Management and Budget is just that. It is an office of budget and management and too often it is about the budget and not the management.

So, I welcome you here today, applaud your sacrifice and a willingness to do it. My hope would be we would have more experienced people from the private sector fulfill positions such as this one; and I look forward, following your confirmation, to work closely with you in terms of changing.

I would just say it is not billions. It is hundreds of billions that the American people are not getting any value for, and it does not have anything to do with our employees. It has to do with Members of Congress and the fact that we are inappropriately not overseeing the areas where we can make a difference and I hope with your guidance at OMB, we can work together so that we can highlight for the American people where we are failing, not to recognize failure but to recognize problems so that we can change it.

The next 20 years in front of this country are going to be very difficult in terms of our finances and it has to start with good management. And so therefore, I appreciate you being willing to sacrifice.

Thank you.

Chairman CARPER. Thank you, Dr. Coburn.

At this point in our hearings, we always ask our witnesses to rise and to take an oath; and if you could do that at this time, I would appreciate it. Raise your right hand. Do you swear the testimony

you will give before this Committee will be the truth, the whole truth, and nothing but the truth so help you, God?

Ms. COBERT. I do.

Chairman CARPER. Please be seated.

Let me take just a moment just to share publicly just a one-pager on part of your background. Beth Cobert, senior partner at McKinsey and Company, where she has worked for nearly 30 years. She is the firm's global leader for functional capability building, responsible for fostering skills among over 9,000 consulting staff at the firm, 9,000. Ms. Cobert is also a global leader of McKinsey's marketing and sales practice and chairs the firm's pension fund.

From 1980 to 1982 prior to working at McKinsey and Company, she worked as an analyst at Goldman Sachs. Ms. Cobert received her Bachelor of Arts from Princeton, her Master of Business Administration from Stanford Graduate School of Business; and as Dr. Coburn has said, we are grateful.

Obviously, you do not have to do this job. For you to basically leave a great job with a great company and to take on this responsibility and for your family to be willing to share you with our country, for your mom and dad to have raised you and instilled the kinds of values in you that led you to this place today and to your husband for his willingness to be supportive and to encourage you in this way and your son who is here and your daughter who cannot be here, we are just grateful that they share their mom with all of us.

With that, your whole statement will be made part of the record. Feel free to summarize as you wish and then we will ask you some questions.

TESTIMONY OF BETH F. COBERT[1] TO BE DEPUTY DIRECTOR FOR MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET

Ms. COBERT. Thank you, Chairman Carper, Dr. Coburn, and Members of this Committee for welcoming me today. It is an honor to be considered by this Committee as President Obama's nominee for Deputy Director for Management of the Office of Management and Budget.

I am very pleased that some of my family could join me today, including my husband Adam Coith, my son Peter Cioth, and my mother Shirley Cobert. My husband and children, including my daughter Talia, who could not join us today, have been exceptionally supportive over the years even when the demands of my job and community commitments meant time away from them. I greatly appreciate their support as I take on this new role.

I would like to especially recognize my mother. She and my late father were role models to me of the importance of being engaged, involved citizens in giving back to the community.

My mother is still an active volunteer at age 90, including continuing to be a stalwart in civic engagement efforts in adult education programs in Montclair, New Jersey, where I was raised.

[1] The prepared statement of Ms. Cobert appears in the Appendix on page 29.

I want to thank President Obama for nominating me to this position, and I also want to thank Director Burwell and Deputy Director Deese for their support and confidence in me.

Finally, I want to thank Members of the Committee and their staff for taking the time to meet with me. If I am confirmed, I look forward to continuing our conversations and strengthening the vital relationship between OMB and this Committee.

If confirmed, I would hope to help advance the effort to improve government management and performance. I would focus on the four pillars the President has emphasized in his second term management agenda—effectiveness, efficiency, economy, and people.

These pillars form the base of strong government performance. Improving how the Federal Government delivers services to the public, including through the enhanced use of new technologies, will increase our effectiveness. Eliminating waste and finding operational savings in programs, processes, and systems will build efficiency.

Taking steps to ensure the government is enhancing economic growth, such as opening up government data to create new businesses and economic opportunities and the ongoing effort to speed up the Federal permitting process, will strengthen our economy; and importantly, focusing on how the government attracts, develops, retains, and optimizes a first-class Federal workforce will help us ensure that the best and brightest are serving in the Federal Government and enable us to compete successfully in a 21st-Century economy.

I believe that these are the right pillars on which to focus our government's management efforts. Given the tremendous fiscal constraints our government is operating under, it is more important than ever that we carefully integrate management efforts into our budget processes and the delivery of government services. I believe the President's management agenda will ensure that taxpayer dollars are spent wisely and that we are maximizing the value of the services we deliver.

If confirmed as Deputy Director for Management and also in my role as Chief Performance Officer, I would work with Congress and the dedicated staff at OMB and Federal agencies to drive this agenda forward on half of the American people.

I recognize that the Administration, working with Congress, has already made great strides in the management area, steadily improving the effectiveness and efficiency of our government. And, I want to commend Steve VanRoekel, who currently serves as Acting Deputy Director for Management, for his outstanding work.

As Chairman Carper noted, I come from the world of management consulting. I am currently a director and senior partner at McKinsey and Company where I have worked since 1984. I believe my experience and skills as a management consultant would serve me well in the position of OMB's Deputy Director for Management as well as the designated role of Chief Performance Officer.

Over the last 29 years at McKinsey, I have worked with corporate, nonprofit, and government entities on key strategic, operational, and organizational issues. I have led major projects to generate performance improvements, to process streamlining, and enhanced customer service, improve deployment of technology, more

effective marketing programs, and strengthened organizational effectiveness.

I have also held leadership roles at McKinsey in people management, including recruiting, training, developing, and performance evaluation of staff. These represent the same areas of performance improvements that are at the heart of President Obama's second term management agenda.

If confirmed, I will work to build on the Administration's successes and utilize my knowledge of private and public sector best practices to help make even further progress.

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

Chairman CARPER. Well, thank you, thank you for that statement. I have three questions. In every confirmation hearing we have, I try to remember to ask these three questions. I will start with those.

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. COBERT. No.

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. COBERT. I do not.

Chairman CARPER. 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. COBERT. I do.

Chairman CARPER. Thank you.

Ms. COBERT. You are welcome.

Chairman CARPER. As I noted in my opening statement, you have quite a distinguished career in the private sector. You are one of the senior leaders of one of the largest, most successful consulting firms I think in the country, maybe in the world.

Tell us a little bit more about the roles you have played at McKinsey and how you will translate that background into the responsibilities that you will be assuming if you are confirmed as Deputy Director for Management.

Ms. COBERT. Sure. I think that the experience that I have had at McKinsey and in working with my clients at McKinsey translate quite directly to the roles I would be playing as Deputy Director for Management, if confirmed.

There are a number of specific topical areas where I have worked with clients of different sizes and in different industries to help make real improvements in performance. I have worked with clients on better deployment of technology, as I mentioned, trying to make the more standard parts of that technology more efficient and to use technology tools to enable them to deliver better customer service.

I have worked with companies on procurement programs, trying to help them buy smarter, to buy what they needed at right prices,

and to make sure they are buying the right things, what they need to deliver against their goals and not more.

I have worked on a range of issues about strengthening performance management systems, something that I think is at the heart of the process of generating a mindset of continuous improvement, of using data and learning from that data to help make performance better and to build a mindset and a culture where the individuals doing their jobs everyday are thinking about how they can do their work better.

So, there are a number of things in that arena in terms of working with my clients. I have worked with them on issues around customer service, how do you simplify processes so that customers are better served; and what I have found in that experience is when you simplify that process you not only make it better for customers, you make it better for the people doing the work.

You create opportunities for people to spend their time doing things that are more in line with their performance versus fixing mistakes in a process. So, there is a set of things there.

I have also spent a lot of time within McKinsey around people, personal leadership and personal development. I had been involved in efforts around recruiting, how do we bring great talent into the firm, how do we take people at the beginning of their careers and help them build the skills to be successful, how do we instill within them a process of thinking systematically about issues, of being able to break down a problem and look at the facts, and follow up to make sure things were being done.

I have worked on training. I have worked on career development. And so, that is the content of the work.

I think there is another element around the way that I have worked as a consultant that would be particularly helpful in the role of Deputy Director for Management at OMB, if I have the honor of being confirmed.

At McKinsey we often had a small team of McKinsey folks coming into an organization trying to make change happen at a much larger scale. To me that is analogous to what OMB is trying to do in working with the agencies. To do that you have to find a way to tap into the expertise that exists in the client organization as the way of OMB has to tap into the expertise of agencies.

You have to listen to stakeholders. You have to learn about different perspectives, be open to having input and have a process of going back so they understand what you have done with that input and the decisions that you have made, and you have to find a way to get people to own the solutions and your recommendations because a small team of McKinsey people, without the commitment of our clients, cannot make change happen.

And when we think about what we are trying to accomplish, when I think about what I was trying to accomplish at McKinsey, it was about making change happen. It was about making change stick.

And so, those topical areas and that ability to leverage a small team to create change on a larger scale are experiences that I think are particularly relevant for the role of Deputy Director for Management.

Chairman CARPER. Good. When you and I met, we talked about leverage; and I mentioned that one of the things that Dr. Coburn and I did when we were leading a Subcommittee of this Committee called Federal Financial Management (FFM), we sought to leverage the effectiveness of a small Senate Subcommittee. To get better results for less money has really been our focus for a long time.

And, we did that by working with OMB. We did that by working with GAO, we did that by working with the Inspectors General (IGs), by working with the General Services Administration, working with a number of groups in the private sector.

And, we did that I think to some success and now we get to lead the full Committee, and we are still attempting to leverage the effectiveness of the full Committee with the help of all the members, Democrat and Republican, and all our staff. And, these partnerships are just extremely important.

One of the things that we have going for us who have been here for a few years, we have relationships with our colleagues and also with folks in OMB and GAO. I met yesterday Gene Dodaro, who is Comptroller General, and with a number of the IGs. Dr. Coburn really shepherds and follows the IGs. We are trying to make sure we have IGs at all the right spots.

One of the problems we face right now is, as I said to you before, is I call it executive branch Swiss cheese. And we have so many senior positions that are vacant and yours is important one to fill. We are anxious to get it filled.

Talk to us about in terms of leverage about how you plan to develop some of the relationships. When I met with Gene Dodaro yesterday, I said we have a new woman coming in over as Deputy for Management over at OMB, and he is anxious to meet with you and begin to partner with you. How do you plan to reach out to develop and cultivate the kind of relationships that will enable you in the next 3 years and 3 months, hopefully, to be especially effective?

Ms. COBERT. Sure. If confirmed as Deputy Director for Management, I think establishing those relationships, establishing that open dialogue is a very important part of this role and what it will take to be successful and to have impact.

I know that everyone in those roles shares the same commitment about trying to make sure that the Federal Government is being effective, is being efficient, is not spending money, is trying to reduce waste, fraud, and abuse. So, we come with the same goals.

I think there is a very important dialogue to be had and I would want to delve deeper into those things. I also want to be able to take advantage of what they have learned and the reviews that they have undertaken over time, not only just address a set of specific issues but to understand and work with them and think about what are the underlying root causes that are creating some of these issues. How do we tackle those that, when we solve one problem, we do not see it occur in another place.

So, those relationships with GAO, with the Inspectors General would be an important element for me to take on, if confirmed in this position.

Chairman CARPER. OK. One of the areas that I said earlier that Dr. Coburn and I have focused on is improper payments. We like

to say where you cannot measure, you cannot manage. You probably said that a few times in your life.

The folks at the Department of Homeland Security have made progress as measured against some of the metrics set up by GAO. They have actually made reasonably good progress. They are in a position auditable now, have not been audited yet, have not at least passed an unqualified audit. But we still have problems at the Department of Defense (DOD).

The last Secretary, Leon Panetta, when he was literally going through his confirmation hearings, just like you, one of the things we talked about is, how to get Department of Defense not just off the high risk list for not having auditable financials, but how do you do so in a way that actually enables us to save some money, provide for the needs of our warfighters and save some money for the taxpayers?

I have had the same conversation with Chuck Hagel, and they are still years away from being able to get an unqualified audit. And, I would just urge you to reach out, maybe to Secretary Chuck Hagel if you have a chance, but also the Deputy and just to reiterate, as we have, how important it is that they be able to meet this requirement under the law. And, if you have any comments on how you might do that, I would love to hear it. They probably do not know who you are from Adam. I hope they will soon.

Ms. COBERT. I do not have comments on the specifics, but I share your belief that having accurate, reliable financial information is absolutely a vital starting point. You need to have that information to understand operations, to understand where money is being spent, and to be the foundation for important management decisionmaking processes.

So, I would want to understand what could be done. I would want to understand what could I do in my role, if confirmed as Deputy Director for Management, to help move that important process forward.

Chairman CARPER. Good. Well, our role is to do oversight and we focus on it big time and we will continue to do this. Sometimes we think the expectation is these folks know we are going to have them before this Committee and we are going to be asking these questions, why have you not made more progress.

So, we will be playing our role, and we want to play it, whether it is good cop, bad cop. But we have got to make more progress here. Thank you.

Dr. Coburn please.

Senator COBURN. Thank you again for being here.

One of the difficulties we have as Members of Congress, especially if you want to do oversight, is getting responsiveness out of the Administration. I have over 100 letters outstanding that have not been answered or recognized by agencies, and I believe you and I have had a good conversation.

Will you affirm to the Committee that you will be responsive in terms of our letters and inquiries?

Ms. COBERT. I would absolutely affirm to the Committee that I would be responsive. I know Director Burwell has made it a very important priority for the overall team at the Office of Management and Budget to ensure that there is an effective dialogue that

sets the appropriate level of responsiveness, and I share that commitment with her and the rest of the leadership team at the Office of Management and Budget.

Senator COBURN. And the other thing, and Senator Carper touched on this, we have done a lot of things through the years to try to get better. We have the IG Act. We have the Government Accountability Office. We have the Congressional Research Service (CRS).

And when you look, one of the problems is most of the agencies do not pay any attention to their reports because of all the open recommendations that we have year after year after year, we have all these things on the GAO high risk list and they do not get addressed. And, you and I talked about really having somebody on your staff that has knowledge of all the recommendations that the IG has made by agency and the GAO has made by agency and how does that fit into the overall management change or process change there.

And so, I was excited to hear that you concurred that is important information, maybe not to follow every one of those but at least to have the input of here is an opinion that the agency is not addressing and then measure whether or not that is effective.

Would you agree with that?

Ms. COBERT. I do. As we discussed, understanding the GAO reports, understanding their findings, understanding what actions are underway, understanding how OMB can interact most effectively with that process is something I believe is an important input as we set priorities for the management agenda, as we understand what areas to focus on.

So, getting that level of understanding would be an important priority for me, if confirmed.

Senator COBURN. We discussed, and I know you know this with your experience, but we have a bill that is a bipartisan bill called Audit the Pentagon Act; and it has got a hammer in it.

The Constitution says that you have to give an account for what you spend, and unfortunately the Pentagon cannot. They spend half $1 trillion a year and they cannot account for where they spent the money.

And, the hammer in that is we take the payment function out of the Defense Department and put it at Treasury where all the rest of the payment is, and we have not gotten a lot of support from that from our members because the Pentagon is fighting that so hard.

But the fact is the reason why we are in trouble in our Defense Department is because we have no significant, good metrics with which to manage the decisions we make.

And so, one step on that is auditing the Pentagon and making sure they can pass an audit, not a qualified opinion, but an unqualified opinion to where they can actually meet the expectations of what the Constitution literally says. Now, every other agency can do that except the Pentagon. So, I think it is pretty important.

The Department of Homeland Security has 455 open, outstanding GAO recommendations that they have not addressed. That is just the Department of Homeland Security.

So, we have thousands. We spent the money to research it. We spend the money to look at it, but we have thousands of recommendations all across the government agencies that are not being addressed.

And so, my hope would be is that you really actually spend some personal time looking at how much of this is accurate. We have found on this Committee that GAO is not right 100 percent of the time but they certainly are right in raising problems, and their solutions may not be the best because they do not have all the insight.

But I just think it is important to me and I think Senator Carper and this Committee that somebody inside OMB is actually paying attention. We are spending all this money on GAO and IGs and it does not look like we are getting progress in terms of moving on the recommendation, and especially at the Department of Homeland Security.

So, I would take a little issue with Tom on how much they have improved. I think they have a long ways to go with 455 open recommendations. But again, I appreciate your being here; and as I said in my opening statement, you have my full support. I will help you get through the Senate and I will help you do whatever you need to do over there to help us as Americans be more successful and better stewards of the taxpayers money.

Thank you.

Ms. COBERT. Thank you.

Chairman CARPER. Before we turn to Senator Johnson, let me just go back to something that Dr. Coburn said.

We have too many departments where we have no confirmed Inspector Generals. A big one is the Department of Homeland Security, and it is a huge problem. We have been in this situtation over 2 years. For about a year one of our colleagues held up a nominee. Then, for basically 2 years we have had someone in an acting capacity. That person is under investigation by a Subcommittee of this Committee, and meanwhile the Administration has been unable to vet somebody and get somebody to us as a nominee. Not a good situation.

And, I would ask you that you make it at early priority getting the Administration to get somebody nominated to be the Inspector General for the Department of Homeland Security.

Some of these 400 recommendations that Tom talked about, the IG should be working on some of these ads are well.

Senator Johnson.

OPENING STATEMENT OF SENATOR JOHNSON

Senator JOHNSON. Thank you, Mr. Chairman.

Ms. Cobert, I would like to join Senator Carper and Senator Coburn in just thanking you and your family for your willingness to serve. I mean, this is just an absolutely fascinating nomination. I commend whoever found you.

Senator COBURN. Sylvia.

Senator JOHNSON. Sylvia. I mean, that is fabulous. We are looking forward to our meeting tomorrow.

Ms. COBERT. Great.

Senator JOHNSON. Your skill set is exactly, I think, what this government needs across the board and I would like to see hundreds of people with your background.

You listed the number of different areas that you have consulted on. I am interested in just having you describe what your process was when you go into a business, and you talked about a small team trying to make large-scale impact. I mean, there is nothing larger scale than this as a financial entity and the task is really overwhelming. So, can you just tell me what your process was and what your process will be?

Ms. COBERT. Sure. Thank you for the question and thank you for your kind words.

Let me try and describe some principles about how I have tried to work at McKinsey and maybe illustrate that with one example that might be helpful here. At McKinsey we have a number of principles that underlie our approach to any problem.

One is being clear what is the objective we are trying to maneuver against, what kind of performance are we trying to deliver for customers, for the business, for the people who are working in that business.

So, we start with a clear objective because that is the objective that is going to drive our recommendations. There is then a process of looking at data and formulating hypotheses it. What are some alternatives for how things can work and what are the facts going to show us.

We then spend a lot of time thinking about data. That data can take the form of understanding financial performance. It can be understanding feedback from customers. It can be looking at changes going on in the economy. So, you can understand what the actions might be involved and what the costs and benefits might be.

And finally, there is a process of testing alternatives, building recommendations, and importantly, once you have a set of recommendations, developing a set of metrics where you are going to measure performance.

You are going to be dogged about coming back again and again to say what did we do, did it work, is it delivering the way we thought it would, and if not, what are we going to do to change things.

I can think about an example of a telecommunications company I worked for which was plagued with problems of when they were signing individuals up phones were coming back, customers were not satisfied, peoples would then drop the service.

So, they had gone to all of this trouble to bring these customers on board but they got them on board and then they left again because the process of getting them engaged did not work. It involved lots of different parts of the company.

You had to find out what was happening at the frontline at the store when people walked in. You had to find out why things were sometimes getting delayed in getting their service turned on. You had to find out whether you had actually put them in the right contract in the first place, one that really fit their needs, because if they ended up in a program that did not work, they then were either paying too much or not getting the services they really wanted.

We did that through a process of working with individuals from all of those different parts of the organization. We looked. We had people from the finance function. We had people from the frontline. We had people from the call centers who are getting the calls from the angry customers. We had people from the logistics group who were actually supplying the phones back and forth.

And, what we tried to do in that case was get a picture of the process end to end from the view of the consumer—what were the customers seeing, what was working for them, and how do we start to measure it in a way that took it from the customer's perspective?

Each of those individual groups were trying to do their job well. Someone was counting whether they were putting the data in it accurately but they did not know what happened when the data left their shop.

So, what we did there is say how can we bring this together, how could we collectively redesign a process, and in this case how did we put in new metrics, metrics that were not just about getting in people's hands but having those people 30 days in, 60 days in still be customers and be highly satisfied customers.

So, it is that mix of the end product which was keeping customers, getting them happy, the data from the different places, getting people to own that, and then having something to measure at the and to see if he were being successful.

Senator JOHNSON. I mean, not to put words in your mouth but to me it sounds like you are describing a basic strategic planning process. I mean, would you go in there and did you have a basic strategic planning process that you would implement kind of the first thing out of the box?

Ms. COBERT. There is a strategic planning process which you would then translate into operational activities, which you would translate into a budget. So, it is that whole cycle, and then into performance metrics and evaluation.

Senator JOHNSON. It is interesting. You said you first started with objectives. I guess from my standpoint, that would be the second step. I mean, really is it not the first step in the strategic planning process trying to ascertain reality and really getting the facts on the ground? I do not want to quibble with you but I think it is somewhat important in terms of my next question.

Ms. COBERT. Sure. I think both of those go together so it has to be iterative. When we think about objectives, they are pretty broad objectives as opposed to the tactical objectives. So, they do relate to the context.

And again, I think it is important to be iterative. As you learn more about the context, you can go back and check those objectives. So, this process of sort of learning and feedback is very much embedded.

So, we find sometimes it is helpful to start with where do we think we want to go, how do we adjust that, and then how do we refine it before you make a firm commitment.

So, the two go together.

Senator JOHNSON. OK. From my standpoint, we are dealing with the reason I came here, and by the way I have a pretty similar business background from the standpoint of the number of years in the private sector and then all of a sudden being here.

We are dealing with the fiscal situation here. We are dealing with financial problems. It requires numbers. If there is one thing that has driven me nuts as an accountant is the inability to come up with a common set of numbers and being able to just get information.

So, I guess, that is my next question. Do you basically agree with that assessment? Is that going to be a primary goal of yours is trying to describe our problems numerically?

Ms. COBERT. I do think having reliable financial data, as I said earlier, is a critical priority. You need reliable data. And I think there have been a number of efforts underway to try and make that data more available, more visible to the public.

I have also found that as you use data more, as you use it to make decisions, the individuals who are generating that data begin to even more recognize its importance, depend on it for reliability. If people are going to use it to assess their performance, if someone is going to hold them accountable, their interest in having accurate data to start with gets much higher.

So, I believe there is a lot of value there. I know that there has been efforts on that and I know that there is more to do.

Senator JOHNSON. OK. Again, I am just looking forward to working with you. Just my final comment is, if you are going to solve a problem, you first have to admit you have one, and we do not have enough people in this town truly admitting the depth of our problem; and second, you have to accurately describe it.

You have to define it; and from my standpoint, we are not dealing with just a 10-year budget window problem. We really are dealing with a 30-year demographic problem. We have made all of these promises to the baby boom generation. We did not make adequate provision to pay for them.

So, I have been working with the White House trying to define this over 30 years. What are our long-term debt and deficit issues, and I am hoping that you will work with us to come to common understanding in terms of what the depth of that problem is and then start trying to format the solutions.

I keep calling it the solution menu, just putting in options so we are actually dealing with real information, not demagoguery, but describing this with real information. That is certainly what I am looking forward. With your background I think you are in a perfect position to work with us to do that.

So, thank you.

Ms. COBERT. Thank you.

Chairman CARPER. Thank you, Senator Johnson.

Now, we will hear from Senator Chiesa.

And I would just say to your mom from New Jersey out in the audience, Ms. Cobert, you have two good senators and we are going to lose this one maybe by the end of this month but he has taken and filled the shoes of Frank Lautenberg very well and he has been a joy for us to serve with. So, I think you can be proud of the representation you have here.

OPENING STATEMENT OF SENATOR CHIESA

Senator CHIESA. Thank you, Mr. Chairman, and welcome especially to my fellow New Jerseyan, Mrs. Cobert. Nice to have you here today.

I have not had a chance to meet with you before the hearing. You answer your question with a precise analytical mind.

How did you come to the decision to uproot your life and take on this enormous responsibility on the other side of the country?

Ms. COBERT. When presented with this opportunity, it was actually a very clear decision in my mind. My parents raised me with a set of values that said community service and public service is valuable and important.

My father was a veteran. My parents have both been active volunteers in Montclair as long as I can remember. I have also had a great deal of personal involvement in community organizations. One of the things I am proudest of over the last few years was being the chair of the United Way of the Bay Area and the programs we put in place with the private sector, with government, with the city of San Francisco, with companies large and small, and with many citizens.

Last summer, for example, we helped to organize a joint effort between the city of San Francisco and businesses across the city to create 6,000 jobs for high school youth, setting them on a path to employment and economic prosperity over time.

So, it is those two things and also, frankly, this Administration's commitment to thinking about management, how can we build management within government for the 21st Century.

In working with organizations of all types, I have seen the opportunities that exist when you really try and tackle that, when you think about how you can deploy technology, when you think about the skills you need in the workforce.

So, it was the combination of the values with which I was raised, my own experience and the awards I have gotten from public service, and the opportunity to work with this Administration, with Members of Congress to try and really make a difference today when we really need, as the Senators have said, more effective management in government.

Senator CHIESA. Thank you. You talked in one of your answers about identifying waste, fraud, and abuse. Honestly, it drives the people crazy when they hear about whatever the story may be, many of them sensationalize.

I think it is hard, at least I do not know the precise figure that we attach to the losses that are attributable to those things. In your own mind, have you done any preliminary assessment as to, of those three: waste, fraud, abuse, the thing most troubling to you in the Federal Government right now?

Ms. COBERT. The issue of waste, fraud, and abuse collectively is a big issue; and if confirmed to take on this role, it is getting to the specifics of that is important.

I know that there are many efforts underway, through efforts working with this Committee, to move forward. I think there are clear opportunities. For example, how is the government effectively using data to understand those issues even before they occur, doing

those in a way that respects obviously the importance of privacy and information sharing. But there are opportunities to do that.

I have seen in the private sector, for example, when you can use information technology and data to understand where there are patterns which you then can go look at.

I know that some of the efforts like the do-not-pay list are a way of trying to get to those issues before they occur. It is always easier to tackle those things before the money goes out than trying to recover it later.

So, I think there are a number of opportunities there; and if confirmed, I would want to learn more about what is the best and highest impact place to move forward.

Senator CHIESA. Can you talk a little bit about, in your private sector experience, the things and tools that you used at McKinsey to address—because I am sure when you go into these problems, you talked about that telecommunications customer-service operational issue that you dealt with.

You must also get called in where someone is just throwing their hands up in the air, we cannot understand where all of our money is going.

Is there an internal investigations focus? Is there an accounting focus? How did you go about addressing those issues at McKinsey?

Ms. COBERT. Sure. When we came in, as McKinsey we are management consultants, not auditors. So in general, our focus was on what is the most effective way that clients are spending their money and is it accomplishing the goals that they set out.

In doing that, it typically involved working with individuals from across the organization to understand the specifics of what was being spent and to what end.

Accounting records are a place to start, integrating those with understanding of who those payments were. We used a lot of analytical tools around looking at patterns and payments. Lots of people at McKinsey, including myself, looked at how do you use statistics to say where are the patterns, where is the deviation from the norm, what might be causing that.

And again, I think the core thing is to keep asking why. It is a series of questions. When you see a pattern, what does it indicate?

The other piece in the network that we typically try to do was to say let us tackle the biggest problems first. So, let us try and identify the areas that there is the biggest opportunity for impact both because they represent the most dollars and they represent something that is catchable.

So, trying to set priorities was another important way trying to get at those issues. You are going after places where there is the biggest impact in your actions.

Senator CHIESA. Great. Well, you have an extraordinary background. It is a big job to take on. You and your family are to be thanked for the commitment that you are making and you will have my support.

So, thank you.

Ms. COBERT. Thank you.

Senator CHIESA. Thank you, Mr. Chairman.

Chairman CARPER. You bet. Thank you very much.

I think I mentioned when we met, we talked a little bit about the General Services Administration; and for reasons I cannot really explain, I have historically kind of overlooked the importance of their role in helping us get to better results for less money, trying to create almost a change of culture here in the Federal Government that focuses on that.

But Administrator Dan Tangherlini was here, my gosh, a month or so ago, for a hearing on strategic sourcing, and my guess is you have dealt with that in the past to some considerable extent to see how companies in the private sector actually save money by using strategic sourcing.

Would you talk with us specifically about that subject and whether what you worked on in the private sector might be transferable to the public sector and how you might build on that experience?

Ms. COBERT. I had considerable experience working with a range of companies to improve their sourcing efforts, to think about strategic sourcings; and I certainly look forward, if confirmed, to working with the GSA on this issue. I think it presents a real opportunity for the Federal Government.

In creating those efforts, I think there has been a couple of things in mind. One is how do you bring disparate parts of an organization together to leverage their buying power. It is important in that process to understand where their needs are common so you can actually take advantage of things and where there might be places that are unique. So, you can leverage your buying power.

Another important element that we found, that I found in strategic sourcing is making sure you are buying the right things, not just that you are getting the best price but you are actually buying the right things for the right price.

I can think of one of the clients that I served in the financial services where the folks at the frontline needed very high-powered, very light, very robust laptops because they were doing a lot of work in the field that involved a lot of graphics. They needed powerful machines.

So that became the standard of what everybody was using across the company; but when you looked at what the needs were, there were other people who needed something that was much simpler.

So, the way to save money and get people what they need was to actually not buy them an expensive laptop for a low price but to actually buy them the laptop that had what they needed but not more.

So, there is both taking advantage of leveraging buying power and making sure you are buying smart, and in bringing people along in that process so they can see the benefits to themselves and their organization to making it tangible, in this case, to the owners of these business units.

The other elements that I thought were really important was actually having a talented procurement group in the case of here the acquisition workforce who understands the commodities that they are buying. They understand the needs of the different users so they can be an effective partner in thinking about how to buy cost-effectively, how to buy what you need, how to manage demand.

So, I think that it is another elements and a challenge here as well as, again, in the Federal context thinking about how do you engage small business in that effort and take advantage of the great services and products that can be procured through many small businesses.

Chairman CARPER. One of the things that Dr. Coburn has focused on a whole lot is duplication and trying to eliminate duplication where we have it. One of the areas in terms of the IT world where we have duplication is, in some cases, the data centers.

In some cases, we have the IT projects where we spend a lot of money and just do not get the kind of result that we need.

If you will, talk to us about, what we can do on the data center side in order to reduce all the ones that we have, to be able to get better results for less money in this regard too, because there is a lot of money to be saved. I think we saved some money and we put a big effort, put a spotlight on this, but talk to us about that.

Ms. COBERT. I know that getting greater efficiency and effectiveness out of IT has been a priority for this Administration. I know that Steve VanRoekel in his role as Chief Information Officer has made this a very important priority and that I understand the Administration is making progress.

But in the world of technology there is always more to do and there is always something new. I come from the Bay Area where the world of technology is sort of exploding around us with lots of opportunities to continue to be more effective and efficient.

So, I understand that there have been efforts underway on data centers and I know that there is more work to be done. I think processes that have been put in place as best I can understand them as a citizen around PortfolioStat, around TechStat, create the kind of discipline around measuring performance, looking at how you are doing and figuring out where there are savings.

And I think, while it is important everywhere, it is particularly important around IT as the capabilities of IT continue to evolve a mindset that says we have now gotten improvement but what is the next step. This continuous improvement mindset is particularly critical.

And also, it is critical to think about this as a responsibility not just of the IT department but of the users. The IT department really needs to have that dialogue so that you are, in fact, getting the services that you need, not more, not less.

What are the requirements that the businesses or the mission side is asking for and what is the best way to deliver them, because often times as I have seen in the private sector experience, and I can think of one case in this issue, for the folks on the business side it was a relationship management system and they wanted a number of elements in it that to them seemed logical and they started to build the system to do that.

When they actually had a discussion with the IT folks and said, look, if we track this data a slightly different way it will cost a lot less, they were able to say, OK, let us change what we are specifying.

So, it is a matter about being disciplined about specifications and having a dialogue that says how can we make this better, how can we have these metrics in place.

And so, looking at how to continue the efforts around data centers, and around PortfolioStat, TechStat I think that would be an area that I absolutely would want to continue going forward. There is a lot of opportunity there.

Chairman CARPER. How are you going to find time in your life to do all of these things plus still try to be a daughter, a wife, a mom? There are only 24 hours in a day. How do you do this?

Ms. COBERT. Setting priorities is one thing. I also have had the privilege of getting to know some of the staff at OMB in this process and it is a terrific set of people.

They are hard-working. They are dedicated. They believe quite strongly in the mission that they have taken on around management effectiveness; and so working with them, working with agencies and figuring out how to take advantage of them and work with them together will be really important.

Chairman CARPER. Good. Well, when Sylvia was nominated by the President, I reached out to Erskine Bowles with whom she had worked in the Clinton White House and who just said extraordinary things about her and her abilities and all; and when Sylvia was going through the process, Dr. Coburn and I were very impressed with her and wanted to get her confirmed and confirmed quickly.

And, I pledge to her that we would do whatever we could to move her nominees that the President would submit to us for her leadership team at OMB. I think you are the last major piece, your position would be the last major piece.

When you look at the team that you will lead, there may be some other folks that we need to confirm. I do not think so but there may be. I just do not know off the top of my head. But in terms of your direct reports, do you have any idea like how strong they are, the positions that are filled, are going to need to be filled?

Ms. COBERT. I know that there are some open positions still, the office of Federal Financial Management position.

Chairman CARPER. Yes.

Ms. COBERT [continuing]. We have an interim, for example.

So, I would want to work closely with Director Burwell, with Deputy Director Deese, with the folks that are in those roles now to understand how we can bring in people who have great talent, who have dedication, who have a mix of experiences and who have a commitment to working collaboratively with each other, with this Committee, with the agencies to make progress on our agenda.

Chairman CARPER. All right. I have said this before. I think it bears repeating. The Administration needs to nominate good people for positions that require confirmation.

We have wonderful people that are willing to step up and serve in an acting capacity. We are grateful for that. But the Comptroller General recently said to me, in terms of the effectiveness, he said it makes all the difference in the world if you have Senate-confirmed rather than in an acting positions.

My message to you back to the Administration and I have used every avenue I can think of is they need to send us good names. They need to be vetted properly. We have a responsibility to vet and then to the good, confirm them; if not, turn them down. But treat them with respect. But we have to fill these positions.

The last thing the last question I would have is this. Sometimes we look at people's academic records. We look at their work experience and all of that but we do not talk about the values that they bring to the job and you talked a little bit about your mom and dad.

Just in closing, tell us a thing or two that you learned from your mom and dad that sort of prepares you for this, maybe a thing or two that you learned in your role as a spouse to your husband and maybe a thing or two you learned as a mom to these two kids that you have raised, that you both have raised, would you just close with that?

Ms. COBERT. Sure. There are a number of things that I have learned from my parents, from my husband, from my children that guide the way I approach frankly whatever task I take on.

The first is about doing the right thing, that it starts with doing the right thing and a sense of values and purpose. Second, about hard work. If you are going to take something on, you have to do it well. And so really delivering against the best of one's capabilities.

Third, and I learned this actually, when I was in high school I worked at the textile manufacturing company where my dad worked and so I actually got to see him as a manager firsthand which is something you did not get to see as a kid, and I saw him being an incredibly thoughtful listener to the folks that were working for him and really thinking about how he could make them better. He might have had an answer but he wanted them to discover it.

So, this process of listening and collaborating and learning from others is something that is really important.

I also through all of them have actually learned that really the important objective function is the goal, how we build support to a goal. It is not about taking credit. It is not about who gets it done. It is about whether it gets done. And if I can contribute to that, that is great. So, it is about this collective leadership and partnership.

And finally, it is about taking responsibility for the things that you are responsible for. If you say you are going to do something, you live up to those commitments and you do it. And probably, and this one may be from my husband, but certainly from my children. Patience.

I still work hard on that one. I am not sure I fully internalize that as much but just coming to things with a sense of patience and also assuming goodwill. That the individuals, as you said earlier, who are coming to work everyday are coming to work trying to do a good job and you start with that basic belief and your role is to figure out how you can help facilitate that.

So, those are some of the values that I would bring to the role of Deputy Director, if confirmed.

Chairman CARPER. Those are great values. We would all do well to embrace them.

I have been joined by Senator Ayotte. She is just pulling into her chair and pulling up to the dais. Our nominee, Beth Cobert, is just wrapping up but you are recognized if you would like to make a

statement or to ask a question feel free if you like and I know you just sat down.

OPENING STATEMENT OF SENATOR AYOTTE

Senator AYOTTE. Thank you, Mr. Chairman.

Chairman CARPER. None of the rest of us are very impressed with her so maybe.

Senator AYOTTE. No. I appreciate it. I am impressed with her qualifications, and I believe already you have been asked the questions about the data center consolidation and that was at the top of my list and obviously looking back at what OMB had said about it.

So, I appreciate that you are going to focus on this so that we can really get this right and save money and also make sure that we are achieving our goals.

As the Deputy Director for Management at OMB, you will have obviously an opportunity to lead efforts to prioritize and implement governmentwide efficiency improvements.

Can you identify some examples of your experience in the private sector that have led to improved efficiency and what you think you could bring in terms of this position to improve efficiency within the Federal Government because in this position I think your private sector experience is going to be able to help us save money in so many ways where we know there are tremendous inefficiencies right now existing in the government?

Ms. COBERT. Sure. I can think about examples from a number of different disciplines that are relevant to the role of Deputy Director for Management where I had hoped to bring that experience. Let me highlight a couple of examples for you.

I have done some work with a large business services firm looking at their IT expenditures; and in that place, we sort of framed it as a function of looking at what we called the factory, how did they get their basic infrastructure working well to be reliable, to be efficient, and to meet their business needs as their business was growing.

What could they do themselves, what were places where they too could consolidate their data centers or look to cloud-based solutions as an alternative to building systems themselves.

So, that is something in the IT world. I have done some work with a number of clients on purchase services and procurement, making sure that they were leveraging the buying power in this case of a broad-based enterprise across the United States that had different business units purchasing differently.

So, how could they leverage that buying power, how could they standardize things by having uniform cell phone contracts that actually recognize that they were sending lots of individuals overseas, and so you could actually negotiate different kinds of rates for that.

How could they make sure that they were buying the right things. It was a company in financial services and getting accurate and timely market data was important but it was really important for people who were sitting on trading desks to have daily, real time data. It was not so important for people in different roles; and so if they got data that was delayed by a few hours, it cost 50 percent less.

So, you are thinking about what you are buying, how you are leveraging buying power, how you are doing the right thing.

I did work with an insurance client looking at their entire customer service operations and thinking about from the consumers perspective how could they do a better job of filling requests to change policies.

As we looked at that from the customer's perspective, one of the things that we saw that the customers actually wanted to do it themselves. So, in this case it was how to take a process that, instead of having to talk to somebody on the phone, you could actually go on their Web site and get that changed done, get it confirmed.

It was much more efficient for the company. They did not have to have somebody taking it down. It was much more accurate because you are not getting miscommunications, and it enabled those resources that instead of spending time doing things like processing address changes or extending terms of policies those individuals could have dialogues with customers about what were the additional products and services that they needed.

So, they were able, in fact, to transform that service staff into a sales staff and get both lower costs and better revenue from that effort. Those were a couple of examples.

Senator AYOTTE. Do you think you will be able to translate that now going to work for OMB and, just having been around here only for a couple of years—I got elected in 2010—I worry that there are so many GAO reports that sort of sit on a shelf of very good ideas about how we can implement efficiency, how we can find savings, and I know both the Chairman and the Ranking Member in particular have focused on wanting to get those things done.

And as you go into the sort of government setting, how do you see you translating that and making things happen, because I think that is the great frustration that all of us share and the American people often as we see roadmaps of good people who have looked at it, whether it is GAO or others who have made important recommendations and they never get implemented?

Ms. COBERT. So, I think there is a lot to learn, as I said before, from the reports from GAO, understanding what is there, understanding the root causes of the problems.

And, I do believe there is an opportunity to apply these lessons from the private sector. I think it takes real discipline. I think it takes being consistent and having clear goals, holding people responsible, and being consistent and coming back.

If things are not making progress, why? Why not? What is getting in the way and how do you help remove those roadblocks and how do you help build that commitment, not just at OMB but in the agencies to make these changes so that they can deliver better government services and do so with greater efficiency?

So, that disciplined performance management is one way to get there, being clear about priorities, and understanding what are the constraints and trying to help work with agencies and work with Congress to get those removed.

Senator AYOTTE. Thank you. I appreciate your willingness to serve in this position, and let me just say that you will find many partners here who want to help you with this and I hope that you

will use this Committee as a resource to help you implement efficiency and savings and the things that you would like to do to make a better service within OMB and within the overall government that we can help you with that.

So, thank you.

Ms. COBERT. Thank you. I know this Committee shares that commitment and I look forward to working with this Committee and their staff on pushing this agenda forward.

Senator AYOTTE. Great. Thank you.

Chairman CARPER. Senator, thank you so much for joining us with everything else you have going on.

Thank you.

We are going to wrap it up here.

Dr. Coburn, any parting comments? OK.

I will just go back to reiterate a couple of things if I could. You mentioned when I asked you the values that you have inherited or brought from your mom in your role as a daughter and you said at the end one of the things that you learned from being a spouse and being a mom is patience, the importance of patience. That is a great one. I always heard all of my life patience is a virtue, and I believe that.

Conveying a sense of urgency is also a virtue, and I think you have probably spent your life, your life's work conveying a sense of urgency in the work you have done for McKinsey and Company. And I would just say in this role you will need it more than ever, being able to convey that sense of urgency.

And, there is no way you could do all of this by yourself or even with your team that you can do it by yourself. We need each other pulling in the same direction and we need our friends at GAO. We need those IGs. We need those IG positions filled. We need the kind of close working relationship with Dan Tangherlini and everybody that he leads at GSA, and we need folks outside of the government, folks outside the government to work with us.

And if we get all of us pulling in the same direction, we can get a whole lot done. And, we have gotten a fair amount done even when we are not all pulling in the same direction. So, I would just say that in closing.

Again, our thanks to your mom. Mrs. Cobert, again thank you so much for making the trip, thanks for riding Amtrak. As an old board member of Amtrak, thank you for taking the train. To your husband who is up there listening in, looking down probably on his daughter and you and your family in absentia thank you to him.

To your husband, to Adam Cioth. That is a great name but Adam, thanks for all you do with your life and especially for helping raise these two kids and for sharing Beth with all of us.

And for Peter, it was very nice to have met you. I wish you well back at Tufts.

Maybe someday I will get to meet your daughter Talia but we wish her well at Northwestern. Ask her not to beat up on my Buckeyes too much.

Any last words?

Ms. COBERT. I just would like to thank this Committee for the time, for their willingness to engage in this dialogue, and I look forward to working with you, if confirmed.

Chairman CARPER. All right. Let me say in closing the nominee has filed responses to biographical and financial questionnaires, answered prehearing questions submitted by the 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.

The hearing record will remain open until noon tomorrow for the submission of statements and questions for the record.

Tom, my staff just told us that the majority leader's office is saying that they are not going to entertain nominations on the floor, debating and voting on nominations on the floor which, it is not something I discussed with him. I was not happy to hear that.

Can you cast a light on that?

Senator COBURN. I am not aware that there is a statement of that, but to me that would be indicative of the whole mindset of the problem in Washington today. The entire government is not shut down. The Senate is not shut down, and the fact that we would not process a nominee that is important and vital to establishing what we need at OMB seems to me like you are shooting at your own feet.

Chairman CARPER. All right. We have tried for months now by unanimous consent to have a chance to go to conference on the budget resolution. We have not been very successful yet, and maybe we can try that approach here with a little more success.

Thank you very much. And with that, I bid you all good bye and we will look forward to working with you, God willing, in the months and years to come.

We are going to adjourn this hearing and invite our second panel to start in the second hearing.

With that, this hearing is adjourned.

Thank you.

Ms. COBERT. Thank you.

[Whereupon, at 11:15 a.m., the Committee was adjourned.]

APPENDIX

Opening Statement of Chairman Thomas R. Carper
The Nomination of Beth F. Cobert to be Deputy Director for Management, Office of Management and Budget
October 2, 2013

As prepared for delivery:

The Committee is called to order to consider the nomination of Beth Cobert to be Deputy Director for Management at the Office of Management and Budget. This hearing comes at a very unfortunate time for the American people, for Congress, and for our democratic process. Much of our government is officially closed for business, and hundreds of thousands of public servants have been forced to stay home. That is not fair to them. It's also not fair to the people we're here to represent, who pay their taxes and now will not get the government services they expect and deserve. This is an embarrassing and avoidable failure that highlights the dysfunction that has dominated Congress for the past several years.

Our current method of stop-gap, crisis governing is no way to run any government, let alone a nation of our size and stature. This type of crisis governing with last minute stop-gap funding measures and government shutdowns is actually the most inefficient and expensive way to govern. We need to do better and we can if we begin working together once again and stop these needless acts of political brinkmanship.

While much of the work of Congressional committees is suspended at this time, I believe that it is essential for this Committee to meet today to consider Ms. Cobert's nomination. The Deputy Director of Management is one of the top three leaders at the Office of Management and Budget. And in the midst of this very partisan time, one thing that Republicans and Democrats agree on is that we need to make every effort to find savings through better government management.

I've said it before but something this important bears repeating often. To achieve a long-term solution to our fiscal problems, we need a compromise that has 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 the elderly. And it must ensure that, through better management of government programs, we deliver better services to the American people at a lower cost.

In my years of serving on this Committee, I have worked closely with Dr. Coburn and with Presidents of both parties to find better ways of managing government programs. And when we've put our noses to the grindstone, we have achieved some good results. One of the best examples is the work we have done to reduce improper payments.

Improper payments are payments that occur when the government makes a mistake in paying a beneficiary or a contractor. More effective management and oversight has led to enormous savings by preventing these errors by agencies across the government. In fact, improper payments have been on a downward trend, dropping from $121 billion in Fiscal Year 2010 to $108 billion in Fiscal Year 2012. While a lot more work needs to be done to identify, recover and prevent improper payments, clearly we are making progress.

We have helped improve government management in other ways as well. For example, over several years our Committee has given focused attention to the challenges faced by the Department of Homeland Security in integrating its separate management systems into one department. The Government Accountability Office recently recognized the Department's substantial progress in this area.

Likewise, our Committee, GAO, and a number of federal agencies have all worked to focus attention on wasteful spending that can occur in inter-agency contracting, which occurs when one agency spends money through a contract negotiated and managed by another agency. I was pleased to learn earlier this year that GAO removed inter-agency contracting from its "High Risk" list of troubled government operations.

Our Committee has much important work ahead to address other serious, often longstanding management problems. The management of federal real property is an example. There is also too much duplication and wasteful spending in federal information technology projects. We need to tap into billions of dollars in potential savings through so-called strategic sourcing, which is the leveraging of the government's buying power to get discounted prices when the government buys things. And, of course, we face a major management challenge in recruiting, training, and retaining a federal workforce for the future. The list goes on and on.

Saving money is not the only reason to have good management. We deliver better services to the American people when we have good management. This is the case in every area of the government, from border security to Social Security. Unfortunately, delivering quality services is all the harder in this era of stop-gap, crisis governing, with agencies struggling to do the best work they can despite constant uncertainty about their budgets.

So I am eager to help move this nomination forward and to get a Deputy Director for Management on the job to help agencies through these tough times, and to promote long-term management reforms that will deliver both better results and savings for the taxpayer.

The nominee before us, Beth Cobert, has had a long and distinguished career at McKinsey & Company, where she has been a senior partner. She has served as the firm's Global Leader for Functional Capability Building. In that role, she has been responsible for fostering skills among over 9,000 consulting staff at the firm. She is also a Global Leader of McKinsey's Marketing and Sales practice, and chairs the firm's pension fund. She served as the head of McKinsey's San Francisco office from 2005 to 2008. Ms. Cobert, we welcome you before the Committee, and look forward to hearing your vision for promoting better management throughout the government.

###

STATEMENT OF BETH F. COBERT

Nominee to Serve As
Deputy Director for Management of the Office of Management and Budget

UNITED STATES SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
October 2, 2013

Thank you Chairman Carper, Ranking Member Coburn, and Members of the Committee for welcoming me today. It is an honor to be considered by this Committee as President Obama's nominee for Deputy Director for Management of the Office of Management and Budget (OMB).

I am pleased that some of my family could join me today, including my husband Adam Cioth, my son Peter Cioth, and my mother Shirley Cobert. My husband and children, including my daughter Talia who could not join us today, have been exceptionally supportive over the years – even when the demands of my job and community commitments meant time away from them. I greatly appreciate their support as I take on this new challenge.

I would like to especially recognize my mother. She and my late father were role models for me of the importance of being engaged, involved citizens and giving back to the community. My mother is still an active volunteer at age 90, including continuing to be a stalwart of civic engagement efforts and adult education programs in Montclair, NJ, where I was raised.

I want to thank President Obama for nominating me to this position. And I also want to thank Director Burwell and Deputy Director Deese for their support and confidence in me.

Finally, I want to thank Members of the Committee and their staff for taking the time to meet with me. If I am confirmed, I look forward to continuing our conversations and strengthening the vital relationship between OMB and this Committee.

If confirmed, I would hope to help advance the effort to improve government management and performance. I would focus on the four pillars the President emphasized in his second-term management agenda: effectiveness, efficiency, economy and people.

These pillars form the base of strong government performance. Improving how the Federal Government delivers service to the public, including through the enhanced use of new technologies, will increase our effectiveness. Eliminating waste and finding operational savings in programs, processes, and systems will build efficiency. Taking steps to ensure the government is enhancing economic growth, such as opening up government data to create new businesses and economic opportunity, and the ongoing effort to speed up the Federal permitting process will strengthen our economy. And importantly, investing in how the government attracts, develops, retains, and optimizes a first class Federal workforce will help us compete successfully in the 21st Century economy, to ensure the best and brightest are serving in the Federal government.

I believe that these are the right pillars on which to focus our government's management efforts. Given the tremendous fiscal constraints our government is operating under, it is more important than ever that we carefully integrate management efforts into our budget processes and the delivery of government services. I believe the President's management agenda will ensure that taxpayer dollars are spent wisely and that we are maximizing the value of the services we deliver. If confirmed as Deputy Director of Management, and also in my role as the Chief Performance Officer, I would work with Congress and the dedicated staff at OMB and in Federal agencies to drive that agenda forward on behalf of the American people.

I recognize that the Administration, working with Congress, has already made great strides in the management area, steadily improving the efficiency and effectiveness of our government. And I want to commend Steve VanRoekel, who currently serves as Acting Deputy Director for Management, for his outstanding work.

As Chairman Carper noted, I come from the world of management consulting. I am currently a Director and Senior Partner at McKinsey & Company, where I have worked since 1984. I believe my experience and skills as a management consultant would serve me well in the position of OMB's Deputy Director for Management as well as the designated role as Chief Performance Officer.

Over the last 29 years at McKinsey, I have worked with corporate, non-profit and government entities on key strategic, operational, and organizational issues. I have led major projects to generate performance improvements through process streamlining, enhanced customer service, improved deployment of technology, more effective marketing programs, and strengthened organizational effectiveness. I have also held leadership roles at McKinsey in people management, including recruiting, training, developing, and performance evaluation of staff. These represent the same areas of performance improvement that are at the heart of President Obama's second-term management agenda.

If confirmed, I would work to build on the Administration's successes and utilize my knowledge of private and public sector best practices to help make even further progress.

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

REDACTED

HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

1. Basic Biographical Information

Please provide the following information.

Position to Which You Have Been Nominated	
Name of Position	**Date of Nomination**
Deputy Director for Management	September 11, 2013

Current Legal Name			
First Name	**Middle Name**	**Last Name**	**Suffix**
Beth	Frances	Cobert	

Addresses					
Residential Address (do not include street address)			**Office Address** (include street address)		
[redacted]			**Street:** 555 California Street Suite 4700		
City: San Francisco	**State:** CA	**Zip:** 94118	**City:** San Francisco	**State:** CA	**Zip:** 94104

Other Names Used						
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)
					Est ☐	Est ☐

Birth Year and Place	
Year of Birth (Do not include month and day.)	**Place of Birth**
1959	New York, NY

Marital Status					
Check All That Describe Your Current Situation:					
Never Married	**Married**	**Separated**	**Annulled**	**Divorced**	**Widowed**
☐	X	☐	☐	☐	☐

Spouse's Name (current spouse only)			
Spouse's First Name	**Spouse's Middle Name**	**Spouse's Last Name**	**Spouse's Suffix**
Adam	Julian	Cioth	

Spouse's Other Names Used (current spouse only)						
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)
					Est ☐	Est ☐

Children's Names (if over 18)			
First Name	**Middle Name**	**Last Name**	**Suffix**
Peter	Jacob	Cioth	
Talia	Stephanie	Cioth	

2. Education

List all post-secondary schools attended.

Name of School	Type of School (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/ online school)	Date Began School (month/year) (check box if estimate)	Date Ended School (month/year) (check box if estimate) (check "present" box if still in school)	Degree	Date Awarded
Princeton University	University	09/1976 Est □	06/1980 Est □ Present □	B.A., Economics	June 1980
Stanford University	University	09/1982 Est □	06/1984 Est □ Present □	M.B.A.	June 1984

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.

Type of Employment (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	Name of Your Employer/ Assigned Duty Station	Most Recent Position Title/Rank	Location (City and State only)	Date Employment Began (month/year) (check box if estimate)	Date Employment Ended (month/year) (check box if estimate) (check "present" box if still employed)
Non-Government	McKinsey & Company	Senior Partner	New York, NY and San Francisco, CA	09/1984 Est □	Present Est □
Non-Government	IVAC Corp. (subsidiary of Eli Lilly and Co.)	International Marketing Intern	San Diego, CA.	Summer 1983 Est X	Summer 1983 Est X
Non-Government	Goldman, Sachs & Company	Analyst-Corporate Finance Department	New York, NY	1980 Est X	1982 Est X
Non-Government	W.R. Grace and Company	Economics Department Intern	New York, NY	Summer 1979 Est X	Summer 1979 Est X

Non-Government	Camp Merriwood	Counselor	Orford, NY	Est X Summer 1978	Est X Summer 1978
Non-Government	Stacy Fabrics Corp.	Accounting/Office clerk	Clifton, NJ	Est X Summer 1978 and Summer 1977	Est X Summer 1978 and Summer 1977

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

Name of Government Entity	Name of Position	Date Service Began (month/year) (check box if estimate)	Date Service Ended (month/year) (check box if estimate) (check "present" box if still serving)

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 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. 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 has been provided to this Committee. I am not aware of any other potential conflicts of interest.

(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.

In my volunteer capacity as the Board Chair of the United Way of the Bay Area, I visited several members of Congress and their staff for one day during 2011 to meet with them to discuss legislation to authorize a national 211 program to act as a helpline to connect callers in need with programs (both government and not for profit) to provide food support, housing, health care,

senior services, child care, legal aid, volunteer opportunities, and much more. The 211 program is one of the services provided by the United Way of the Bay Area and other United Ways across the United States.

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.

- 2009: San Francisco Business Times' 100 Most Influential Women List
- 2008: San Francisco Business Times' 100 Most Influential Women List
- 2007: San Francisco Business Times' 100 Most Influential Women List
- 1984: Arjay Miller Scholar (top 10%), Stanford Graduate School of Business
- 1980: Phi Beta Kappa, Magna cum laude, Princeton University

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).

Name of Organization	Dates of Your Membership (You may approximate.)	Position(s) Held
Stanford Graduate School of Business Advisory Council	2012-present	Member
Stanford Graduate School of Business Management Council	2005-2007	Member
United Way of the Bay Area	2009-2012 2008-present	Board Chair Board Member
San Francisco Ballet Board of Trustees	1999-2011	Board of Trustee Chair, Long Range Planning Committee Chair, Marketing Committee
San Francisco Chamber of Commerce	2007-2009	Board of Trustees

Princeton University Annual Giving: Fundraising for Class of 1980	2004-2005	Major Gifts Committee member
Stanford University Graduate School of Business, Alumni Giving Fundraising: Class of 1984	2008-2009	Fundraising Committee member
Lahontan Golf Club, Truckee, CA	1998-present	Member
California Tennis Club, San Francisco, CA	1994-present	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.

None.

(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.

Name of Recipient	Amount	Year of Contribution
Obama for America	$500	2012
Obama Victory Fund	$2300	2008
Brian Johnson for Assembly (CA)	$2000	2012
Shavar Jeffries Team for Newark 2014	$26,000	2013
Students for Education Reform Action Network	$125,000	2013

Planned Parenthood Federation of America	2008-2013	~$250 annually (est)

8. Publications and Speeches

I have done my best to identify titles, publishers and dates of all books, articles, reports, speeches, testimony and other materials including a thorough review of my personal files and searches of publicly available electronic databases. Despite my searches, there may be other items I have been unable to identify, find, or remember. 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.

Title	Publisher	Date(s) of Publication
Mobile Money: Getting to Scale in Emerging Markets	McKinsey on Society, co-authors Brigit Helms, Doug Parker	February 2012
The Promise of Mobile Banking	Milken Institute Review, co-authors Alberto Chaia and Elena Thomas	2012
Banking on Mobile	McKinsey on Society/McKinsey on Financial Inclusion, co-authors Chris Beshouri, Alberto Chaia, Jon Gravak	February 2010
US pension funds: Mind the gap	McKinsey Quarterly, co- authors Robert Palter and Elizabeth Urdan	May 2004
The virtual reality of mortgages	McKinsey Quarterly, coauthor Pooneh Baghai	August 2000
Reinventing real estate closing	McKinsey Quarterly, coauthor Cathy Kenworthy	August 1997

(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.

There were no prepared remarks for speeches listed under Question 8, sub-question (B) and (C).

Title/Topic	Place/Audience	Date(s) of Speech
Women in the U.S. Economy	Fortune's Most Powerful Women, Palo Alto, CA. Audience: 100 senior executive women	November 29, 2011
Technology and Financial Inclusion	Roundtable hosted by The Atlantic and Visa, New York, NY. Audience: Financial service executives, senior editors and journalist, and social sector leaders	September 19, 2011
How Will Private Equity Rebuild the Economy	Women's Private Equity Conference, Half Moon Bay, CA. Audience: 300 private equity and venture capital executives	March 2009
The Changing Market for Private Equity and its Implications for GPs and LPs	CalPERS/CalSTRS – Women in Investment Management Conference, Sacramento, CA. Audience: Client and industry participants	February 10, 2009

(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.

Title	Place/Audience	Date(s) of Speech
Streamlining the Home Equity Loan Origination Process	Consumer Bankers Association Annual Conference, San Francisco, CA	2007

9. Criminal History

Since (and including) your 18th 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.

No.

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

(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.

McKinsey & Company, as a large, global management consulting firm, has been involved in several cases of civil litigation over time linked to its activities. I have not been personally involved or had any findings of wrongdoing against me in any of these matters.

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

(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.

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.

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

(B) 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

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.

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

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

16. Additional Financial Data

REDACTED

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.

This 18th **day of** Sept **, 2013**

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

SEP 25 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 Beth F. Cobert, who has been nominated by President Obama for the position of Deputy Director for Management, 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,

Walter M. Shaub, Jr.
Director

Enclosures **REDACTED**

September 18, 2013

Jonathan E. Rackoff
Assistant General Counsel and
Designated Agency Ethics Official
Office of Management and Budget
725 17th 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 Deputy Director for Management in the 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.

I have been advised that the duties of the position of Deputy Director for Management may involve particular matters affecting the financial interests of First Niagara Financial Group. The agency has determined that it is not necessary at this time for me to divest my interests in this entity because my recusal from particular matters in which this interest poses a conflict of interest will not substantially limit my ability to perform the essential duties of the position of Deputy Director for Management. Accordingly, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of either of these entities, 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).

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

1. Serent Capital Associates, LP;
2. Lowell Capital Fund, LP;
3. Nipun Asia Total Return Fund LP;
4. SPDR Dow Jones REIT (RWR)

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).

I have disclosed in my financial disclosure report financial interests in the following funds:

1. Compass Special Situations Fund, LLC;
2. Compass Global Private Equity Capital Fund;
3. Compass European Private Equity Capital Plan;
4. Special Situations Investment Fund, L.P.; and
5. Special Situations Aggressive Long-Term Portfolio.

However, the funds' managers declined to provide me with sufficient information to enable me to disclose the funds' underlying assets in my financial disclosure report. Therefore, I will divest my financial interests in these funds within 90 days of my confirmation. With regard to each of these funds, until I have divested the fund, I will not participate personally and substantially in any particular matter in which to my knowledge I have a financial interest, if the particular matter has a direct and predictable effect on the financial interests of that fund, or its underlying assets, 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 all of my positions with McKinsey & Company ("McKinsey" or the Firm"), including my positions as a McKinsey Director, as Co-leader of the Firm's global Marketing & Sales Practice, and as Chairperson of the Board of Trustees of the McKinsey Master Retirement Trust. In accordance with McKinsey's standard policies, practice, and timing of delivery, I will receive certain payments and benefits from McKinsey after departing the Firm. These include:

1. A lump-sum payment reflecting the value of my capital account;
2. A lump-sum payment reflecting compensation and pro rata bonus for services performed in 2013 through the date of my withdrawal;
3. A lump-sum termination payment calculated based on age and years of service pursuant to an established McKinsey formula;
4. A *pro rata* share of the firm's profit sharing program for services performed in 2013 through the date of my withdrawal. This payment will be based solely on the firm's earnings through the date of my withdrawal from the firm.
5. A lump-sum payment reflecting the value of my supplemental defined-benefit pension plan;
6. Continued coverage by McKinsey-paid personal lines umbrella insurance policy; and
7. Continued coverage by McKinsey-paid medical, dental, and vision insurance.

I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the ability or willingness of McKinsey to make these payments to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). For a period of one year after my resignation, I also will not participate personally and substantially in any particular matter involving specific parties in which this firm is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d). In addition, I will not participate personally and substantially in any particular matter involving specific parties in which a former client of mine is a party or represents a party for a period of one year after I last provided service to that client, 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:

1. United Way of the Bay Area (*Board Member*); and
2. Stanford University Graduate School of Business (*Advisory Council Member*).

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).

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,

Beth F. Cobert

Beth F. Cobert

U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing questionnaire for the nomination of
Beth Cobert to be
Deputy Director of Management, Office of Management and Budget

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as Deputy Director of Management at the Office of Management and Budget (OMB)?

   I believe the President nominated me based on my 29 years of business experience. As a consultant, I help a wide variety of organizations to improve their management processes, efficiency and productivity, customer experience, organization effectiveness, and performance management.

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 Deputy Director of Management?

   I am currently a Senior Partner at McKinsey & Company, a leading global management consulting firm. For over 29 years, at McKinsey, I have worked with many different types of companies and institutions in the private, non-profit and public sector to help them make significant improvements in their performance. I specialize in working with providers in the service industries to streamline their operations and processes, improve efficiency, deploy information technology to support their operations, create a better customer experience, and maximize the effectiveness of their workforce. In addition, I have held multiple leadership roles within McKinsey in personnel management of our 9,000 plus consulting staff, including leading efforts in recruiting, development, training, performance management and evaluation. My experience has exposed me to best practices that can be adapted and incorporated across many industries and different types of organizations.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as OMB Deputy Director of Management? 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 Office of Management and Budget's (OMB) designated agency ethics official to identify potential conflicts of interest. I would 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 has been provided to this Committee. I am not aware of any other potential conflicts of interest.

II. Background of the Nominee

6. What have been your primary responsibilities as a Senior Partner at McKinsey & Company, and how has your experience at McKinsey prepared you for the position of Deputy Director for Management at OMB?

As a Senior Partner, I work with multiple corporate, not-for-profit, and government entities on a range of strategic, operational and organizations issues that are relevant to the Deputy Director for Management (DDM) portfolio at OMB. My work with these clients focuses on implementing management improvements to streamline processes, enhance customer service, improve deployment of technology and strengthen organization effectiveness. I have also had substantial leadership roles within McKinsey, with an emphasis on how we can best attract, develop and retain a talented and diverse workforce. I believe these skills and experience prepared me for the position of DDM.

7. To what extent has your work at McKinsey involved consulting for components of governments at the federal, state or local level?

At McKinsey, I worked with State governments, including the State of California and the State of Washington. In both cases, McKinsey's work covered topics related to the States' pension plans and how to define strategies, policies and organizational approaches to help improve management of these funds and their abilities to meet the obligations to retirees.

Beyond my consulting work, in my volunteer capacity as Board member and Chair of the United Way of the Bay Area, I have worked with the cities of San Francisco, Oakland and other Bay Area localities to design and deliver many of our programs.

8. Please describe in detail your previous management experience and personal management philosophy, including the size and nature of the teams, individuals or offices you have overseen, examples of any challenges and successes as a manager.

My personal management philosophy revolves around a highly collaborative leadership model to create a shared sense of purpose and joint commitment to delivering common goals. Specifically, I feel that it is important to start with a clear definition of the outcome to achieve, use data to drive insights and create and test alternatives, collaborate with key stakeholders in developing solutions and the best path to making change happen, and be relentless about measuring progress and adapting going forward. I have applied these principles in driving major change programs at my clients' organizations and in my leadership roles within McKinsey.

At McKinsey for the past 29 years, including over 23 years as a partner, I have worked with a broad array of clients from across the globe – primarily focused on service industries such as financial services, telecommunications, health care, professional services, as well as non-profits and governments. With these organizations, I have done significant work on process streamlining, Information Technology (IT) deployment, better management of purchased costs, customer experience improvements, and organization effectiveness. I had oversight responsibility for multiple McKinsey teams, each ranging in size from four to 25 team members, almost always supplemented by a dedicated client team two to 10 times that size. We jointly worked to drive change in large client organizations ranging in size from several hundred to over 50,000 staff.

I am proud of the impact I have had with my clients over the years—whether it was: working with a financial services firm to create a new on-line, self-service offering that delivered an expanded set of services, at a lower price point with lower costs and higher levels of customer satisfaction; helping a telecommunications provider to drive significant reductions in their costs through revamping their procurement practices; implementing a new system of performance metrics and management for an insurer that reignited growth and instilled a strong customer service focus in their key front-line staff; helping a services provider reshape their approach to IT deployment to drive great business value at lower cost; or identifying ways to expand access to financial services in the developing world as a means to support economic development.

Beyond my work with clients, I have held multiple leadership roles regarding people development at McKinsey – most recently, running the leadership team for functional skill building and leadership programs for McKinsey's 9,000 plus consulting staff. These functional skills included operations, IT management, risk management, organization effectiveness, marketing and customer experience. I was responsible for leading our efforts to develop and deliver training programs for junior and senior staff, establish competency requirements, adapt career paths to promote greater technical expertise and ensure our performance evaluation approaches reflected the requirements for greater expertise to serve our clients. These efforts have been a

great success with a major increase in consultants' depth of expertise in these new areas over the past few years and a measurable increase in the reach and effectiveness of these training programs.

One of the greatest challenges that I have faced as a consultant is making change happen on a large scale through a small team of people whom I am managing directly. Our projects at McKinsey are global in scope and broad in terms of the industries, non-profits, and governments served. To be effective, our projects are comprised of small teams working in joint step with our client's own staff; to be successful, we must find ways to leverage the expertise inside the client's organization, be fact-based and objective and build ownership of our recommendations within our clients. This is something that I consider highly relevant to how OMB's smaller staff must find ways to partner with agencies, Congress, businesses, non-profit organizations, state and local governments, and other stakeholders to have impact on management and budget issues.

III. Role of the Deputy Director of Management at OMB

9. The former OMB Deputy Director for Management was also designated by President Obama to serve as the first "Chief Performance Officer" of the federal government. Do you anticipate you also will serve as the Chief Performance Officer, and if so, what is your understanding of how the duties of the Chief Performance Officer differ from the duties of the Deputy Director for Management?

If confirmed, I will serve as the Chief Performance Officer (CPO). The Chief Financial Officers Act of 1990 created the DDM position. The DDM develops and executes a government-wide management agenda that includes information technology, financial management, procurement, performance, and human resources. Through the CPO position, the Administration is emphasizing the importance of making government more efficient, effective, and transparent; identifying practices that should be adopted across agencies; and facilitating reforms that require cross-agency coordination and cooperation.

10. Have you discussed with OMB Director Sylvia Mathews Burwell and Deputy Director Brian Deese your respective roles related to the functions of the office of the Deputy Director for Management? If so, please describe how you view your role in light of those discussions.

I have had the opportunity to speak with both Director Burwell and Deputy Director Deese about my role. Director Burwell expects the Deputy Director and the Deputy Director for Management to work as a team, and if confirmed, I am committed to doing so. I would work closely with Director Burwell to implement the President's second term management agenda. I would also work closely with the Director and Deputy Director to develop a budget that sets goals for improving the effectiveness and efficiency of government, delivering results and improving government

performance. I would look forward to collaboratively working with Deputy Director Deese across the management and budget sides of OMB, if confirmed.

11. What do you anticipate will be your greatest challenges as OMB Deputy Director for Management?

If confirmed, I believe an important and immediate challenge would be determining how to most efficiently and effectively manage programs, deliver services, and provide benefits to taxpayers in an environment characterized by a lack of budget and fiscal certainty. I appreciate the challenges such an environment presents to agencies, their managers, and those the Federal government serves. I would look forward to working bringing my private sector experience to bear in working with Director Burwell, Deputy Director Deese, agencies and Congress to smartly manage the Federal Government, if confirmed.

12. What do you think are the most effective ways for OMB's management efforts to be integrated with the budget process?

Working collaboratively across the management and budget sides of OMB is the most effective way of integrating the Management Agenda with the budget process. This is a function of continuing to foster relationships within OMB and across the Federal Government, and providing leadership that brings the right skills and perspectives to the table to have a holistic conversation. Also, strengthening the use of evidence in budget formulation is a complementary effort that can pay dividends in both processes.

An important means of integrating OMB's management efforts with the budget process is making sure there is consistency among OMB's government-wide management priorities, agency management priorities in their strategic plans, and the President's Budget. The Government Performance and Results Act (GPRA Modernization Act) requires all agencies to produce an updated strategic plan, assess progress on agency goals and objectives, and set priority goals, along with the President's fiscal year (FY) 2015 Budget. This process will provide agencies and OMB the opportunity to identify changes to policy, strategy, management, and budget priorities that need to be considered during the formulation of the President's Budget.

Director Burwell talks about the need to strengthen the institution of OMB and continue efforts to integrate OMB's management and budget functions. If confirmed, I would work with her on these efforts.

13. The General Services Administration (GSA) is tasked with numerous functions related to the efficiency of the federal government. How do you view the respective roles of the Deputy Director for Management and the Administrator of GSA, and what will be your strategy for collaboration with the Administrator of GSA?

My understanding is that the General Services Administration (GSA) is a service provider to agencies and can offer shared services and strategic sourcing that truly leverages economies of scale and the government's buying power. The OMB DDM, on the other hand, has statutory requirements to conduct "...organizational studies, long-range planning, program evaluation, productivity improvement, and experimentation and demonstration programs." In this role, if confirmed, I would fulfill the statutory requirements of the DDM position and work collaboratively with the Administrator of GSA to implement effective and efficient solutions that are available to agencies on a government-wide basis and ultimately save costs, reduce overhead, and improve outcomes.

IV. <u>Policy Questions</u>

General Management

14. What will be your top priorities as Deputy Director for Management, if confirmed, and how do you plan to address them?

    Building a high-performing government would guide my top priorities as DDM, if confirmed. To that end, my first priority would be to build and maintain a strong working relationship with Congress and Federal agencies in order to engage on critical management issues, especially the ones with broad support. Second, I would work collaboratively with Congress and the agencies to implement the President's second-term management agenda in a way that delivers results for the American people and lasting change in how we run our government. Lastly, I would continue to work with OMB staff to strengthen OMB as an institution can to implement smart management policies and priorities.

15. Of the federal management issues currently in need of reform, which three do you believe should be the first and immediate focus of this Congress and the Administration?

    There are a number of critical priorities in the management area at OMB that I am committed to, and if confirmed, would work with Congress and other stakeholders to continue improvements. If confirmed, I would continue to work on implementation of the GPRA Modernization Act and the development of the second term management agenda. Second, I would continue efforts to enhance program integrity across the government and to use evidence and evaluation in budget, management, and policy decisions to make the government work more effectively. This means continuing progress to drive down improper payments in the government's largest benefit programs, promoting greater accountability in contracting, and eliminating fraud in Federal spending. Thirdly, if confirmed, I would want to make sure the Federal Government has effective tools in place to attract and maintain a dedicated, high-performing Federal workforce. There are a host of other critically important management priorities for OMB, ranging from real estate reform, to commodity IT

consolidation, to strategic sourcing of purchasing, to better performance management. I look forward to working on all of these areas, if confirmed.

16. Of the federal management issues currently in need of reform, with which ones do you have the most knowledge and experience? Similarly, with which areas of federal management are you least familiar?

During my time in the private sector, I specialized in working with providers in the service industries to streamline their operations and processes, improve the value from purchased goods/services, deploy IT to enable new business processes and reduce costs, create a better customer experience, and maximize the effectiveness of their workforce. In addition, I have held multiple leadership roles within McKinsey in personnel management of our 9,000 plus consulting staff, including leading efforts in recruiting, development, training, performance and evaluation. My experience has exposed me to best practices that can be adapted and incorporated across many industries and different types of organizations.

While these experience give me knowledge of many of the key issues that are part of federal management, if confirmed, I look forward working to apply these skills to management approaches in the Federal Government. I look forward to working with the experienced and skilled staff at OMB and the agencies to understand these jointly develop ways to strengthen performance and management practices.

17. In June, President Obama directed his Cabinet to develop "an aggressive management agenda" and asked OMB Director Burwell to lead the effort.

a. If confirmed, what role would you play in developing and implementing the management agenda?

If confirmed, I would continue efforts to develop and implement the management agenda. I would continue to work with agencies, Congress, and other stakeholders to ensure that in refining and implementing the management agenda, the Federal Government uses the lessons learned from previous efforts, and provides support across agencies to ensure they have the tools necessary to deliver impact for the American people. I would also bring my private sector experience to bear as the Administration works through the development and implementation of the management agenda.

b. What outreach do you think the Administration should conduct to citizens, members of Congress, and congressional committees, in developing the management agenda?

I believe that the process to develop the management agenda should be inclusive and seek input from the public and private sectors, Congress, and other stakeholders. If confirmed, I would ensure that the goals and objectives of the management agenda reflect the will of the Federal Government's stakeholders, including the American taxpayer.

18. What do you see as the fundamental differences between achieving good management practices in the federal government and achieving them in the private sector?

I believe achieving good management practices in the private and public sectors are closer than one would suspect. However, one fundamental difference is the metrics for defining management and operations. In the private sector, money is both an input and an output – in terms of it being a resource for achieving great results and a measurement of great results. In the Federal Government, results must be assessed in terms of performance relative to mission, even if the performance outputs don't seem inherently measurable. Another key difference between achieving great management in the private sector and Federal Government is the context through which one must manage. There is an inherent flexibility and adaptability in the private sector to respond as the environment changes. This strikes me as more difficult in the Federal Government given the lead times in the budget cycle as one example. If confirmed, I look forward to identifying ways to bring practices I have seen work in high-performing private sector organization to Federal agencies.

19. Are there particular management techniques or tools that you have seen in the private sector that you think are underutilized by the federal government? If so, how do you plan to overcome logistical and institutional hindrances to implementing these practices within a public sector setting?

In general, I believe the techniques and tools are similar between the public and private sectors. Managers must stay focused on the outcomes they are trying to achieve and the customers they serve, be creative in developing strategies to achieve those outcomes, be disciplined in project planning and management, and regularly evaluate progress. The PortfolioStat initiative is a great example of work in this space. If confirmed, I would ensure OMB and agencies identify outcomes and evaluate progress against those outcomes. I would emphasize that agencies should use evidence and evaluation to increase the federal return-on-investment in terms of investments in people, time, and resources. If confirmed, I plan to strengthen existing management processes, such as those established by the GPRA Modernization Act, to keep a continual leadership focus on making improvements in government performance. I believe that by establishing clear goals focused on the outcomes we want to achieve, and regularly reviewing progress using data and evidence, we can overcome most barriers and achieve the intended impact.

20. What are your views on the impact, if any, of budget uncertainty in recent years, and the challenges of operating on short-term continuing resolutions and significant annual deficits, on the effectiveness and the readiness of the federal government?

Based on my experience in the private sector, I believe that uncertainty over the budget makes it more challenging for organizations to efficiently manage their programs and provide benefits to stakeholders, which in the case of the Federal

Government are taxpayers. Finalizing appropriations on time would provide more certainty to agencies, and I believe agencies would make better decisions and programs would be easier to manage. I believe that budget certainty is a critical ingredient to effective federal management and program and service delivery, both in the near and long-term.

21. In light of the serious budgetary challenges facing the government, what are the most important steps OMB can take to enable the government to perform its essential functions at less cost? Please explain any system or standard you intend to use to measure success or identify problems.

    OMB can continue to take a number of steps to deliver on the the Federal Government's functions at less cost. If confirmed, I will work with the General Services Administration to aggressively pursue the use of shared services and strategic sourcing across government to reduce costs and duplication and improve outcomes. Similarly, I will work with the various councils, namely the Performance Improvement Council, the CIO Council, the CFO Council, and the CHCO Council to identify, share, and spread best practices not only within each of those communities, but also across them. Further, I believe that the TechStat, Federal Data Center, and PortfolioStat initiatives established over the past four years have all been delivering promising results in savings, and if confirmed, I would want to continue to focus on these efforts. Lastly, I will work with the Director and Deputy Director to ensure that the President's budget makes key investments that lead to greater savings and better outcomes in the long term. If confirmed, I will draw on a robust set of tools and frameworks that I used successfully at McKinsey to identify problems, design solutions, and measure success.

22. During your experience in the private sector, have you personally handled or worked on matters relating to the Office of Management and Budget or any offices within the agency? If so, please describe.

    I have not personally handled or worked on matters relating to the Office of Management and Budget.

Management for Performance and Results

23. 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 experience with performance management? What is your opinion of the current government-wide performance-management program, and how do you believe it could be improved?

    Based on my experience, I believe it is essential that organizational leaders set priorities, and establish clear goals and metrics. At McKinsey, I worked with a variety of industries as well as non-profits, such as financial services,

telecommunications and healthcare to strengthen management and performance functions. In my experience, I have learned that to be effective, any performance management system must start with the sustained commitment of top leaders and clarity on their few top priorities. By focusing leadership attention on tracking performance against these key goals and metrics, cascading that focus throughout the organization and making results transparent to all stakeholders, I believe we can make noticeable improvements in government performance.

The Administration's emphasis on engaging leadership, setting priorities and regularly reviewing progress through the GPRA Modernization Act framework are based on proven, effective management practices in both public and private sectors. OMB plays a lead role in implementing this important cross-government program, and, if confirmed, I would work with agency leadership to ensure the performance management framework is being actively used to drive agency management and decision-making, and would work to make improvements to the framework as needed to drive progress on results.

24. Under GPRAMA, the Performance Improvement Council is headed by the 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 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 learning and cooperation, and support goal achievement both at agencies and on a government-wide basis. If confirmed, I would work with agency leadership to ensure the PIC's priorities are based on feedback from its members and they work to continue to break down silos and increase the adoption of effective management practices across agencies.

25. GPRAMA directed OMB to make available on a public website a full list, description, and source of funding for all federal programs. OMB produced such a list on May 31, 2013, calling it a "pilot" list, acknowledging more remains to be done. This list of federal programs, including the information regarding each program as required by GPRAMA, is expected to be updated in Spring 2014. What improvements do you envision to the compilation of the inventory that would help identify overlapping and duplicative programs and leverage existing efforts to drive government efficiency and better program management?

While I know a significant amount of information exists about Federal programs, I appreciate the need for a more user-friendly, easily accessible inventory of Federal programs. I understand OMB developed guidance for a phased implementation approach, and agencies are working to refine the initial inventory. If I am confirmed, I look forward to feedback from Congress and other stakeholders on the initial lists agencies developed in order to improve their usefulness.

I know the Administration has made it a priority to eliminate duplication, overlap, and fragmentation across Federal Government. The program inventory would be an important input into that process, along with other sources of budget and spending information. To this end, I understand that agencies are working to connect their strategic goals and objectives to the programs in the inventory, which will help identify where multiple programs are contributing toward similar outcomes and can focus attention on where coordination or other reforms are needed to increase impact and reduce fragmentation, overlap, and duplication.

26. At a hearing on May 22, 2013, GAO head Gene Dodaro stated that OMB's approach in creating the program inventory required under the GPRA Modernization Act was to "let the agencies define the program" and that such an approach "is not gonna work long term" and that the lack of a standard definition of a program is "problematic." Do you agree with the Comptroller General that OMB needs to provide agencies with a standard definition of a program before it is updated this spring? What role do you expect to play in future updates to the federal program inventory? Do you plan to pursue an ongoing effort to further update the list?

If confirmed, I would look closely into the issue of how the Federal agencies define programs. I do believe, however, it is important to get the right balance between government-wide consistency and accounting for unique agency missions, existing organization and budget structures, and stakeholder relationships. The ultimate test of whether agencies and OMB achieved the right balance is whether the inventory is meaningful for Congress and the agency's, and also provides utility when working on objectives that cut across government programs. If confirmed, I look forward to working with the Congress on the inventory and how to make the inventory more useful for these purposes.

27. The GPRA Modernization Act requires OMB and agencies to consult with Congress and get meaningful feedback in establishing and updating Cross-Agency Priority Goals (CAP Goals). When the first CAP Goals were unveiled, congressional staff received a briefing a week before they were released—too late to provide any meaningful input. Are you committed to working with Congress as the CAP Goals are updated? What is OMB's role in ensuring that other agencies reach out to committees of jurisdiction regarding individual agency priority goals?

If confirmed, I am committed to engaging with congressional committees to gather views on the Cross Agency Priority Goal areas before they are finalized. Regarding the agency priority goals, it is my understanding that OMB encourages agencies to engage stakeholders early in the goal development process, including Congress. While consultation on individual goals is an agency responsibility, I recognize OMB plays an important role and, if confirmed, will work with agency leadership to ensure meaningful consultation occurs.

28. 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 will be your role be in evaluating GAO's findings and recommendations in these "High Risk" areas and making sure that agencies take necessary and appropriate corrective actions? Of the areas identified by the GAO to be at high risk for waste and mismanagement, which do you find the most concerning and why? Please list any specific recommendations regarding OMB actions to address high risk programs you plan to pursue if confirmed for this position.

    My understanding is that OMB, and specifically OMB's DDM, plays a key role in working with the Government Accountability Office (GAO) to ensure agencies are making progress on areas identified by GAO as "high risk." If confirmed, I would continue these efforts by working regularly with GAO, agency leadership, and Congress both to identify areas where progress is ongoing and to focus on troubleshooting with respect to outstanding challenges.

    In particular, I would focus first on those areas where OMB has a critical government-wide leadership role, including statutory responsibilities. In addition, I would continue to convene discussions between OMB, GAO, and agency leadership to assess the capacity needed to address problems, agency action plans, and progress in implementing corrective measures.

29. 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 evaluate and appropriately address GAO's recommendations to the Administration that are contained in these reports? What role do you believe the Deputy Director for Management should play in eliminating duplication, overlap, or fragmentation among government programs? Of the areas as identified by the GAO , which do you find the most concerning and why? Please list any specific recommendations and issues raised in these reports you plan to pursue if confirmed for this position.

    I appreciate GAO's work to identify areas of duplication, overlap, or fragmentation in the Federal Government. My understanding is that while work remains, Executive Branch agencies are making progress in areas as diverse as food safety, veteran's homelessness, and financial literacy.

    If confirmed, my first priority will be to ensure that OMB is taking appropriate actions to address any recommendations directed at OMB. Second, I believe it is a priority to take a closer look at the areas identified by GAO where the Congress and the Administration both have responsibility for addressing the recommendations.

While some issues can be addressed through administrative actions alone, many will require our partnership. Lastly, I would ensure OMB is playing a role in facilitating coordination across agencies that have overlapping and duplicative programs, and when necessary, holding agency leaders accountable for making progress.

30. Many of the federal government's missions cut across multiple agencies. In such cases, a "portfolio" approach to management goals is intended to identify the strengths and weaknesses of existing programs, duplication of efforts, and gaps in capabilities. Under this approach, portfolios of programs, not individual programs, could become the approach to collectively achieve better and more efficient performance. Please share your thoughts on the portfolio approach to management, and whether you believe agencies could and should use portfolio management to improve the efficiency and effectiveness of government-wide management.

In my experience, the portfolio approach works best when the focus is on outcomes and impacts first and then addresses how the various inputs contribute to these outcomes. One challenge that will need to be addressed in a portfolio management approach will be how to link the portfolio outcomes with a budget process that is tied to individual programs rather than a collective grouping. The CAP Goals, which the GPRA Modernization Act required, will help drive progress across the portfolio of agencies and programs that contribute to these cross-cutting goals, government-wide outcomes. Similarly, each of the CAP Goals identifies the multiple programs that contribute toward achievement of the goal, and CAP Goal Leaders at the agency are responsible for coordinating across these programs to drive progress. If confirmed, I look forward to working with agencies and Congress to ensure that cross-cutting management and performance goals are intergreted with the budget process.

Financial Management

31. 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?

The focus of the Chief Financial Officers Act (CFO Act) and other financial management statutes is on developing timely, accurate, and reliable financial information. Finding ways to link financial information and performance data, and making it readily available to decision-makers within the Administration and in Congress can help the Federal government use limited financial resources most effectively.

I understand that OMB works with agencies in establishing the appropriate standard for financial information to support management decision-making, and to ensure that agencies have the people, processes, and systems to meet this standard. If confirmed,

I would work with agencies to meet their statutory requirement for implementing effective financial management systems.

32. 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?

My understanding is that 23 of the 24 CFO Act agencies received an audit opinion—the highest number of opinions the Federal Government has achieved since the passage of the CFO Act. If confirmed, I would work closely with the Secretaries of the Departments of Homeland Security (DHS) and Defense (DOD) to address financial management challenges. I am aware that DHS is now focusing efforts to obtain a clean opinion on all financial statements in 2013. Also, I understand that DOD is significantly accelerating their efforts. If confirmed, I would ensure leadership support is maintained and that lessons learned from other agencies are applied.

33. During your experience in the private sector, have you personally handled or worked on matters relating to federal financial management systems? If so, please describe.

I have not personally handled or worked on matters relating to federal financial management systems.

Improper Payments

34. 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?

Agencies have made significant progress over the last few years, reducing the government-wide improper payment rate from 5.42 percent in 2009 to 4.35 percent in 2012. However, some agencies' improper payment rates and amounts are at

unacceptable levels, and they must continue their effort to substantially decrease their improper payment rates and become compliant with the law. The enactment of improper payment laws provided agencies with new tools to identify and address improper payments and enhance Administration efforts. OMB issued guidance to help agencies implement these laws and move forward with data-sharing in a manner that complies with applicable privacy laws, regulations, and polices.

If confirmed, I would make sure that OMB continues to work closely with agencies to identify root causes for the highest improper payment rates and amounts and focus on corrective actions targeted at those root causes to effect the largest reductions in improper payments. In this way, OMB could focus its strategy on a handful of programs and craft solutions with the highest return on investment.

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

I believe that OMB can play two important roles. First, OMB can build on recent progress and keep working closely with agencies to reduce their improper payments by facilitating lessons learned and cross-agency collaboration—particularly agencies with unacceptably high improper payment rates and agencies that are not in compliance with statutory requirements. Second, OMB can support a continued effort to build on congressional and Administration action to reduce improper payments. For example, the President's most recent Budget includes a number of program integrity proposals that aim to reduce improper payments and improve government efficiency. If confirmed, I would work to ensure that OMB works not only with agencies, but also with Congress to continue finding solutions for reducing improper payments.

35. 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 that have 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?

I believe that OMB plays a key role in facilitating agency collaboration and guiding agencies to implement data-sharing in compliance with laws, regulations, and policies. Federal agencies must share data in a way that fully protects individual privacy. At the same time, greater sharing of data can help the Federal Government serve the public in an efficient, accountable, and coordinated manner. OMB has focused on these types of issues for the last few years, as exemplified by the efforts to strengthen the "Do Not Pay" initiative. In fact, I understand that this summer, OMB issued a memorandum allowing the Department of the Treasury to begin using certain Federal databases and begin matching identifiable data to prevent improper payments

in a way that safeguards privacy. If confirmed, I would work closely to ensure a continued coordinated approach within OMB.

36. During your experience in the private sector, have you personally handled or worked on matters relating to improper federal payments? If so, please describe.

    I have not personally handled worked on matters relating to improper federal payments.

Inspectors General

37. The Deputy Director for Management has traditionally been the point person within the Administration for issues relating to the Inspectors General in the federal departments and agencies. Under previous executive orders, the Deputy Director for Management chaired the two IG councils, one for presidentially appointed and Senate-confirmed IGs and another for those IGs appointed by their agency head. The Inspector General Reform Act of 2008 replaced those councils with a single, statutory IG council made up of both groups of federal IGs, and chaired by an IG elected by the membership. However, the Act continues to envision an active role for the Deputy Director for Management, who is to serve as the executive chairperson of the new IG Council.

    a. What is your familiarity with the Offices of Inspector General (OIGs) within the federal government and what is your view of their mission and performance? To which OIGs would you point as examples of excellence in the work undertaken by these offices?

       I am aware that the Offices of Inspector General (OIGs) play a critical role in identifying and mitigating fraud, error, waste and other improprieties in Federal programs. Also, by their mission, the OIGs are uniquely positioned to: determine emerging and ongoing risks of agency mismanagement; investigate the scope of problem areas, root causes, and responsible individuals; shine a light on agency activities in a way that facilitates transparency and accountability; and recommend effective reforms and improvement actions.

    b. Are there any changes or improvements you would like to seek in the OIGs?

       I would look forward, if confirmed, to working with the OIGs in my role as Executive Chairperson of the Council and will meet with the Chair, Vice-Chair, and the Executive Council to seek their views on changes or improvements that may be needed in the OIGs.

    c. If confirmed, how would you view your role as Executive Chairperson of the IG Council and, more generally, with regard to the IG community?

I believe that as the Executive Chairperson of the Inspectors General (IG) Council, and when requested, OMB, should be available to help both IG and agency management to determine productive steps that can be taken to help resolve issues. If confirmed, I would focus on assisting the IG community and Federal agencies to strengthen Federal financial management.

Real Property Management

38. 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; and the management of federal property remains on GAO's "High Risk" list. What specific steps will you take to overcome the principal obstacles that the federal government faces in the management of and, where appropriate, disposition of federal real property?

    I believe that the Federal Government's stewardship of real property is critical to achieving agency missions and to spending taxpayer dollars effectively. If confirmed, I will make it a top priority to pursue opportunities for rightsizing the Federal real property inventory and encouraging better utilization of our assets. My understanding is that the Administration is making significant progress in reforming real property asset management, leading to over $8.5 billion in savings to-date. Earlier this year, OMB directed agencies to implement a new government-wide policy to restrict real estate growth and institute a long-term planning process. This policy, known as "Freeze the Footprint", is one that could have significant benefits in terms of constraining the size of our real estate footprint and is an initiative I look forward to working on, if confirmed

    The President's FY 2014 Budget includes proposals for new approaches that would require legislative changes. If confirmed, I would work with the Congress to explore potential legislative solutions that can help overcome additional existing challenges in disposing of excess, underutilized, or vacant properties.

39. What specific steps will you take to improve the effectiveness of the Federal Real Property Council?

    It is my understanding that the Federal Real Property Council (FRPC) develops guidance and helps ensure the success of agencies' asset management plans. This forum facilitates collaboration and development of policies that could have a significant impact on the government-wide real estate inventory. Working with the OMB and the GSA, I believe that the FRPC should establish performance measures to determine the effectiveness of Federal real property management. I would also continue to leverage the agency expertise from the Senior Real Property Officers who

make up the FRPC to inform our work to make more effective and efficient use of Federal real property

40. In recent years, agencies have been looking at innovative approaches, such as enhanced use leasing, to get value from underutilized federal real property. What is your view of this practice, and what other such approaches would you suggest be examined to address the federal government's inventory of underutilized properties?

First, the most effective approach to the problem of underutilized Federal property is to dispose of unneeded properties, as the Administration has proposed. Enhanced Use Leases can make sense when an agency is unable to dispose of a specific property. Another potential innovative tool to help manage underutilized Federal real property is GSA's statutory exchange authority. With this authority, GSA could potentially exchange Federal buildings in its portfolio for other assets. As I understand it, exchanges implemented through this authority could help to improve operational efficiency and reduce costs. These are just two examples of the tools that can be used to achieve the Administration's broad commitment to maximize the impact of its real property portfolio.

Procurement Policy

41. What do you see as priorities for the Office of Federal Procurement Policy (OFPP)?

With nearly one of every seven dollars spent through Federal contracts, buying smarter, strengthening the workforce, and supporting small business participation – especially in this constrained budget environment – are critical priorities. I understand that Office of Federal Procurement Policy (OFPP) is taking strong steps toward leveraging the significant buying power of the Federal Government, and if confirmed, I would work to further increase the use of strategic sourcing government-wide. My experience in the private sector has given me important insight into the effective acquisition and management practices of successful organizations. Practices that lead to more competitive pricing and more efficient consumption of goods and services can greatly improve an organization's ability to meet their goals and, if confirmed, I look forward to applying these lessons to the government's strategic sourcing initiative.

Additionally, contracting officers, program managers, and other acquisition professionals play instrumental roles in protecting taxpayer dollars and meeting mission needs. Ensuring that the workforce is adequately trained and has the skills and competencies needed is essential to the government's ability to negotiate contracts and manage programs in the best interest of the taxpayer.

Finally, small businesses drive the economy and deliver innovative solutions that make the government more effective and efficient. If confirmed, I would work closely

with the Small Business Administration to further harness the talent of America's small businesses and promote their participation in Federal contracting.

42. Weaknesses in agencies' contracting decisions – *e.g.*, over-reliance on noncompetitive contracts, or inappropriate use of "cost-plus" contracts – often 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. Do you think OFPP needs to expand its focus beyond "procurement" to a broader concept of "acquisition" involving the entire life cycle of the good or service being purchased?

The acquisition workforce needs to address the full life cycle of the product or service – from the development of the requirement, to negotiations and award, and throughout the performance of the contract. I understand that OFPP is strengthening acquisition planning and contract management through initiatives such as modular requirements development to reduce the cost and risk of IT projects, commodity management to enable strategic sourcing and smarter buying generally, and use of past performance assessments to inform future award decisions. If confirmed, I would work to ensure that OFPP continues to strengthen its policies to support the entire acquisition process.

43. What considerations should agencies take into account when deciding whether to use a contractor or the federal workforce to perform a particular function? Concerns have been raised about the problem of the federal government employing contractors or federal employees with seriously delinquent tax debt. What approach do you think should be taken in response to these concerns?

We must make sure that only Federal employees perform inherently governmental functions – i.e., functions that are so intimately related to the public interest as to require performance only by Federal Government employees, such as setting policy, hiring employees, and awarding contracts. In addition, we must ensure that agencies have a sufficient number of federal employees performing functions that, while not inherently governmental, are critical or core to a particular agency's mission. If confirmed, I would work with OFPP to ensure that our contracting policies take these and other factors into account when considering the appropriate mix of federal employees and contractors.

While I am not familiar with the scope of the problem or the issues surrounding tax delinquent employees or contractors, if confirmed, I would look closely into this issue and potential responses.

44. Agencies have struggled to meet requirements passed by Congress mandating complete inventories of service contracts. If done properly and consistently across the government, these inventories would provide senior agency leadership and Congress valuable information on the scope of functions performed by contractors and the number and cost of contractor employees supporting government contracts.

What steps should OMB take to ensure that these inventories are a useful gathering of data?

Having a clearer picture of the number and cost of contractor employees by function can help agencies better understand whether the contractor's skills are being used appropriately and cost-effectively. While I am not familiar with the scope of the data currently being gathered or the extent to which this information is being used in practice, I would work closely with OFPP and the Chief Acquisition Officers Council, if confirmed, to determine the next appropriate steps to maximize the utility of this effort.

45. What exposure have you had in the private sector to strategic sourcing, and do you have specific ideas on ways in which OMB could improve the effectiveness of the federal strategic sourcing initiative?

Throughout my consulting career, I have worked with small and large organizations to find efficiencies in their supply chain and increase productivity. These efforts have included strategic sourcing type initiatives where we have helped to coordinate procurement activities across multi-unit global organizations to increase leverage with suppliers and improve buying practices in terms of getting the appropriate quality and quantity of goods and services.

As I become more familiar with the federal strategic sourcing initiative, I plan to draw on this extensive experience, if confirmed, to determine how the government can better leverage its buying power. For example, I would work with the OFPP and other agency leaders to identify key measures and metrics – such as agency adoption rates, savings achieved, and lead agency performance – to determine strategies for improving the effectiveness of the initiative. I would also work with the OFPP to further the Administration's efforts to promote strong and meaningful participation of small businesses in these efforts.

46. In the coming years, the federal government faces a retirement wave in the acquisition workforce. What should be OMB's role in developing and implementing a strategy to recruit, train, and retain new talent into the federal acquisition workforce?

A qualified and appropriately staffed Federal acquisition workforce is critical in the stewardship of taxpayer resources and in accomplishing agency missions. I understand that OFPP has taken significant steps toward strengthening their certification programs, ensuring that agency training is reused government wide, and otherwise ensuring that acquisition professionals have the training they need to negotiate in the best interest of the taxpayer. Acquisition professionals are involved in planning for, awarding, and managing acquisition programs to achieve agency objectives, and this is especially important in this budget constrained environment. I support these efforts to provide needed leadership on acquisition workforce issues,

and look forward to working with the OFPP Administrator to ensure we are doing all we can to recruit, train, and retain acquisition talent.

47. During your experience in the private sector, have you personally handled or worked on matters relating to federal procurement? If so, please describe.

I have not personally handled or worked on matters relating to federal procurement.

U.S. Postal Service

48. 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 Postmaster General and others have offered a number of legislative proposals intended to strengthen the Postal Service's operations and finances. The President's budget for FY 2014 includes several proposals to shore up the Postal Service's finances, and, on August 1, 2013, Senators Carper and Coburn introduced S.1486, the Postal Reform Act of 2013.

a. How important to you believe it is that we enact legislation to address the deteriorating financial condition of the Postal Service?

As a private citizen, I have read about the financial condition of the United States Postal Service (USPS). I am aware that the President's 2014 Budget proposes reforms that provide temporary cash relief and structural flexibilities for the USPS to reduce its costs, increase its revenues, and realign its business strategy to regain solvency and better compete in the changing marketplace.

b. What role do you believe OMB should play in achieving legislative or other solutions to help the Postal Service achieve solvency? In particular, what role would you, if confirmed as Deputy Director for Management, play in this endeavor?

This is clearly an important issue, and OMB plays a central role in forecasting Postal Service budget impacts, including administrative actions and legislative proposals. If confirmed, I would work to understand the specifics of this issue and engage with OMB staff, other relevant federal agencies such as the Office of Performance Management (OPM), and the Congress on it.

Grants Management

49. On February 1st 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?

I am committed to building on the work done by this Administration engaging with Federal grant making agencies, recipients, auditors, and other stakeholders to improve the impact of Federal financial assistance. To do this, I would continue OMB's work to improve financial management policies and practices that reduce the risk of waste, fraud, and abuse and administrative burden. This would allow Federal agencies and recipients to focus more resources on achieving the mission. The OMB draft guidance would overhaul and streamline existing guidance documents on grants. If confirmed, I would welcome feedback on this effort.

50. During your experience in the private sector, have you personally handled or worked on matters relating to the federal grant process? Have you ever applied for, or assisted another individual or entity in applying for a federal grant? If so, please describe.

During my time as Board Chair of the United Way of the Bay Area from 2009 to 2012, the United Way received Federal grants. None of which were in my name.

E-Government and Information Technology

51. 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.

a. If confirmed, how will you ensure that agencies continue to give a high priority to implementing these initiatives?

In my current position, I have experience using similar tools and see the real benefits that they have to the private sector. If confirmed, I plan to help continue the strategic agenda for Federal IT that OMB leadership is working to execute. I would work with the management team to conduct data driven analysis of agency IT portfolios and use the results from this analysis to meet regularly with senior agency leadership and the budget team to track progress and take action when agencies are not demonstrating progress.

b. How would you further OMB's PortfolioStat initiative? How specifically would you work with individual agencies to consistently and repeatedly estimate and realize savings resulting from the PortfolioStat initiative?

I understand OMB's work currently is focusing on analyzing Commodity IT products and services that are common to almost every agency – with senior leadership focused on assessing the effectiveness of current IT management practices and finding opportunities to reduce duplication and inefficiencies. If confirmed, I would look forward to working with agencies to ensure that they deliver on the planned improvements and targets that they have identified. I also believe that it is important to continue seeking new ways to collect and analyze data to measure the effectiveness of this and other programs, while streamlining the reporting burden on agencies to the extent possible.

52. How do you plan to further OMB's Federal Data Center Consolidation Initiative?

As I've seen in the private sector, consolidating and optimizing data centers are a good lever of both effectiveness and efficiency of operations. If confirmed, I would work with the Federal Chief Information Officers and agencies to further the Federal Data Center Consolidation Initiative (FDCCI) through PortfolioStat to measure Agency progress. I understand that the Administration has made great progress with closing 643 data centers, but there is still more to do. I understand that OMB is incentivizing agencies as part of the development of the FY 2015 budget. Agencies were asked to submit priority IT reinvestments in areas that have clear dividends for taxpayers including cloud and mobile computing, open data and the FDCCI. These proposals will be evaluated consistent with larger agency discussions as the budget is finalized. If confirmed, I would continue these efforts.

Government Transparency

53. What specific ideas do you have on how the federal government should improve the transparency of government data, with goals of both improving the effectiveness of government service and providing more information to taxpayers on how their money is spent?

The Administration is taking a number of important steps to increase transparency. The *Digital Government Strategy* is built on the idea that all Americans should be able to access information anywhere, anytime, and on any device; the belief that the government has a duty to liberate government data to spur innovation; and the notion that technology can help us improve our internal efficiencies. If confirmed, I look forward to working with the Chief Technology Officer and others to maximize agencies' efforts to increase government transparency, as well as opportunities for public participation and collaboration.

54. Since the passage of the Federal Funding Accountability and Transparency Act of 2006 (P.L.109-282) ("Transparency Act"), OMB has played an integral role in creating and implementing the USASpending.gov website. The information on USASpending.gov remains incomplete and has been found to be insufficient and inaccurate. The President's FY 2014 budget seeks to transfer responsibility of the

website to the Department of Treasury. If this transfer occurs, what role, if any, should OMB have after the transfer, to ensure agencies are complying with any future guidance the Department of Treasury may issue to implement the Transparency Act?

As the question notes, the President's FY 2014 Budget included a proposal for the Department of the Treasury to become OMB's implementing partner for Federal spending transparency. My understanding is that OMB will continue to maintain its institutional role of guiding the implementation. If confirmed, I look forward to working with the Treasury Department on improving compliance and providing greater transparency into Federal spending on USASpending.gov.

Regulatory Affairs

55. 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?

As a general matter, I support the current, basic framework of our regulatory system, which has existed for decades across Administrations. I also believe this Administration is taking a number of steps to improve the regulatory process. For example, Executive Order 13563 requires careful cost-benefit analysis, public participation, harmonization of rulemaking across agencies, and flexible regulatory approaches. In addition, Executive Order 13610 further institutionalizes retrospective review by requiring agencies to report regularly on the ways they are identifying and reducing the burden of existing regulations. I think it is important to always look for ways to make any process better, and if confirmed, I would look forward to working with the Administrator of the Office of Information and Regulatory Affairs.

56. Some have criticized the length of time it has taken the Office of Information and Regulatory Affairs (OIRA) to review certain proposed rules and the extent of the backlog of regulations awaiting OIRA review. We also understand that, under Sylvia Burwell's and Howard Shelanski's leadership, efforts have been made to address these issues. What role would you play, if confirmed, in helping OIRA meet goals of timeliness, as well as quality, in its review of regulations?

I believe that the timely review of regulations is important. I know that addressing this issue has been a priority for Director Burwell and Administrator Shelanski, and I understand that significant progress is being made in reducing the number of rules that were under review for many months. If confirmed, I would look forward to discussing these efforts with Director Burwell and Administrator Shelanski and supporting these efforts.

57. Businesses and other entities seeking to build large industrial or infrastructure projects sometimes face difficulties in obtaining prompt and consistent decisions from the several federal, state, and local agencies that may have responsibility for

reviewing the project and determining what conditions must be met for the project to proceed. What do you believe OMB and other federal agencies can do to better coordinate and expedite the process by which federal, state, and local decisions are made regarding proposed large industrial or infrastructure projects?

My experience working in the private sector suggests that this is an area where a focus on better coordination, business process improvement, and greater transparency can help the government protect the interests of communities and the environment in less time and at lower cost, while giving project proponents the increased certainty they need for financing and business planning. I am pleased that the Administration has made this a priority. My understanding is that over the last few years, the Administration has focused on expediting the review of 51 major projects, including bridges, transit projects, railways, waterways, roads, and renewable energy generation projects. I understand that many of these projects have now completed all Federal reviews with time savings ranging from several months to several years. Building on the lessons learned from this first phase of the effort, the President issued a Memorandum in May 2013 that will further streamline the process for making permitting decisions. If confirmed, I look forward to learning more about these efforts and how OMB can help continue this progress.

58. During your experience in the private sector, have you personally handled or worked on matters relating to federal regulations? If so, please describe.

I worked with several financial institutions on how to best implement and comply with regulations.

Human Capital Management

59. The Deputy Director for Management serves as the Vice Chair of the Chief Human Capital Officers Council (CHCO Council), and the Director of the Office of Personnel Management serves as the Chairman of the Council. The CHCO Council is a forum to discuss pressing human capital issues in the federal government, to share best practices from various agencies, and to provide recommendations to the Chair and Vice Chair for government-wide guidance. How would you use your position on the CHCO Council to help bring needed reform in the area of workplace issues?

If confirmed as DDM, I would work to make sure there is a strong relationship between OMB and OPM that helps ensure critical workforce issues are aligned with budget and management priorities. I also believe it is important that human resources policies and programs are aligned with improvements expected in the agency's mission performance objectives as well as the broader government-wide management agenda. Furthermore, based on my experience, workforce issues are critical to the success of any mission or management support effort. If confirmed, I would want to focus on those areas that present major risks or where similar challenges cut across

multiple agencies and the sharing of best practices will have the biggest impact. I have spent a lot of time on talent management and recruiting in the private sector. I am encouraged to see that human capital is one of the areas of focus on performance.gov that benchmarked agency performance on a number of key human capital metrics. If confirmed, I look forward to working with the Chief Human Capital Officers (CHCO) Council to identify and focus on those metrics that are critical to organizational success.

60. 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 handle significant national issues. Especially during this period of substantial pressure on the federal budget, what do you believe are the biggest challenges in addressing these skill gaps, and what do you believe OMB can and should do to help?

Based on my experience in the private sector, making sure you have the right talent in place from the top to the bottom of an organization is the most important factor in determining success. Strong human capital management becomes even more important during tight budgetary times. If confirmed, I plan to dedicate time to working with OPM and agencies to ensure there are robust efforts in place to analyze and act on areas where skill gaps pose a significant risk to agency or cross-agency missions.

My understanding is that OMB has worked with the OPM and the CHCO Council to identify, measure, and close high risk skills gaps. In particular, I believe the Administration has taken targeted action by establishing a CAP goal that has focused on IT/Cybersecurity, Acquisition, and Economists occupations. If confirmed, I would ensure there are effective strategies for skills gap closure within these and potentially other key occupations and there are processes in place to implement immediate and long-term actions while evaluating improvements.

61. The President's budget proposal for Fiscal Year 2014 contains a substantial discussion of trends regarding the federal workforce, and presents the Administration's plans in this area. (Analytical Perspectives, chapter 10.) What do you believe are the most important parts of this discussion, and what role would you play, if confirmed, in its execution.

My sense is that the Federal workforce currently confronts many of the same challenges that I have seen working in the private sector such as tightening budgets, rapidly changing problems, and the need to adapt to new technologies. The budget situation will play a key role in determine the size and shape of the workforce in the future. As part of this, agencies must decide on the right mix of federal employees and contractors when determining the most effective and efficient way to meet their mission. If confirmed, I would make sure that Federal workforce issues are a prominent consideration of any policy, budget, or management decision-making process.

Budget and Economic Policy

62. Please describe how you perceive the interaction of OMB's management agenda and the needed reforms to government operations with OMB's efforts to address the country's ongoing fiscal challenges.

I believe that the Administration's management agenda will help Federal agencies manage programs, deliver services, and provide benefits to taxpayers more efficiently and effectively. During my time in the private sector, I helped clients improve performance and customer satisfaction in the midst of financial uncertainty and declining budgets. If confirmed, I would draw upon that experience to explore a number of ways that the Administration's management agenda could help make sure the Federal Government is making sound investments. For example, if confirmed, I would continue to work with agencies and members of Congress to identify programs that should be cut or consolidated because they are duplicative, under-performing, or no longer necessary. I would also continue efforts to enhance program integrity and use evidence and evaluation in budget, management, and policy decisions to make the government work more effectively. This means continuing progress to drive down improper payments in the government's largest benefit programs, promoting greater accountability in contracting, and eliminating fraud in Federal spending. There are a host of other critically important management priorities, ranging from real estate reform, to commodity IT consolidation, to strategic sourcing of purchasing, to better performance management that would improve government operations while reducing costs. I would look forward to working on all of these areas, if confirmed.

V. <u>Relations with Congress</u>

1. 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.

2. 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

3. 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 OMB and the Administration in developing them.

I, Beth F. Cobert, 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 26th day of Sept, 2013

Senator Tom Coburn, M.D.
U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire for the
Nomination of Beth Cobert to be
Deputy Director of Management, Office of Management and Budget

Concerns have been raised about the problem of the federal government employing contractors and federal employees with seriously delinquent tax debt. What approach do you think should be taken in response to these concerns?

Should the government employ contractors or federal employees with seriously delinquent tax debt? Why or why not?

While I'm not familiar with the scope of the problem or the issues surrounding tax delinquent employees or contractors, if confirmed, I will work within OMB and with the Department of the Treasury to ensure that government work is performed only by responsible, law-abiding parties. With respect to employing those with seriously delinquent tax debt, I would want to examine the existing authorities agencies have to prevent the employment of or award to those who fail to meet their tax obligations, and ensure the agencies were taking full advantage of their discretion to determine - based on the specific facts and circumstances of each case - the steps that should be taken to protect the interests of the Government.