

**U.S. Senate Committee on Homeland Security and Governmental Affairs  
Pre-hearing Questionnaire  
For the Intended Nomination of Representative Mick Mulvaney to be  
Director, Office of Management and Budget**

**I. Nomination Process and Conflicts of Interest**

1. Did the President-Elect give you specific reasons why he nominated you to be the next Director of the Office of Management and Budget (OMB), and if so, what were they?

**When President-elect Trump announced my nomination, he noted that our nation is nearly \$20 trillion in debt and stated that I have the skills and convictions to responsibly manage our nation's finances. I believe that is why he nominated me for this position.**

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

**No.**

3. Have you made any commitments with respect to the policies and principles you will attempt to implement as Director? If so, what are they, and to whom were the commitments made?

**I have made none.**

4. Are you aware of any business relationship, dealing, or financial transaction that could result in a possible conflict of interest for you or the appearance of a conflict of interest? If so, please explain what procedures you will use to recuse yourself or otherwise address the conflict. And if you will recuse yourself, explain how you will ensure your responsibilities are not affected by your recusal.

**No. If any conflicts arise in the future, they will be resolved immediately consistent with the directives of the OGE.**

**II. Background of the Nominee**

5. What specific background, experience, and attributes qualify you to be Director?

**I have an educational background in economics, commerce, and finance, as well as law. I have additional executive educational training in general management, accounting, finance, negotiations, and organizational behavior.**

**I have private sector experience in law, real estate development, homebuilding, restaurant operations, and franchising – and as a result have experience in regulatory compliance, negotiations, finance and management.**

**While in government, I have served on the Education and Judiciary Committees in the SC state legislature. In the United States House of Representatives, I have served on both the Budget Committee and the Oversight and Government Reform Committee, each of which has jurisdiction over OMB. I also served on the Small Business Committee, where I chaired the subcommittee on government contracting, and the Joint Economic Committee, which often focused on economic data and projections. Finally, I also currently serve on the House Financial Services Committee and am vice-chair of the subcommittee on monetary policy and trade.**

**Accordingly, I believe I have a unique background that has exposed me to all of the primary functions of the Office of Management and Budget.**

**6. Please describe:**

**a. Your leadership and management style.**

**I prefer to manage by teams, not by a traditional top-down hierarchy. For example, I foresee an “Executive Budget Team” at OMB, made up of myself, the Deputy Director, the EAD, the 5 PADs and perhaps the Budget Review Director.**

**I am also very much a hands-on manager, and hope to do a lot of “management by walking around” at OMB. I think it is important that rank-and-file employees know their managers, all the way up the organizational chart.**

**I also believe very strongly that you can judge a manager by the way he or she treats folks “beneath” him or her on the org chart. I simply will not tolerate mistreatment of rank-and-file employees.**

**Finally, I believe very strongly that an organization will take on the personality of the person in charge. If you walk into an office and are treated respectfully and politely by a well-mannered receptionist, you can probably bet that the woman who owns the business embodies those same principles. Conversely, if you go**

to a restaurant and are treated derisively by the waiter, you might expect that that person is being treated poorly by the gentleman who owns the establishment.

b. Your experience managing personnel.

I have managed a unique set of different sorts of people. I have had the pleasure of managing not only people from across the demographic spectrum, but I have managed young, aggressive trial lawyers and quiet passive introverts; young kids in a restaurant and peers of my own; uneducated construction workers and people with graduate degrees.

And I have learned that every individual is different and that one management style does not fit all. The key to managerial success, I think, is figuring out what sort of management best motivates the particular individual being managed.

c. What is the largest number of people that have worked under you?

Roughly thirty directly, though in the real estate development the management could arguably include the literally hundreds of independent contractors to some extent.

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

7. What do you consider to be the mission of OMB, and what would you consider to be your role and responsibilities if confirmed as the Director?

OMB's mission is to serve the President and assist him in implementing his governing vision and priorities across all agencies and departments of the Executive Branch. As Director, I will ensure that mission is communicated and executed through budget development and execution, management and oversight, coordination and review of federal regulations, legislative clearance and coordination, and assistance with executive orders and Presidential memoranda.

8. What do you anticipate will be your greatest challenges as OMB Director, and what will be your top priorities? What do you hope to accomplish during your tenure?

I understand that the OMB suffered some critical personnel losses several years ago, and is still working hard to rebuild the intellectual infrastructure. That will

**absolutely need to be completed in order for OMB to operate at the level the President will need.**

**I think the top priorities will be to prepare both the “skinny” FY18 budget blueprint, which, if confirmed, I expect to produce in February, which obviously is a tight time schedule. Additional, I would hope that OMB would be able to produce a complete FY18 Budget by April, which also is not that far away.**

**And while I have not spoken to the President-Elect about it yet, I get the very real sense from his other executive team hires, and his language during the campaign, that a re-invigorated Office of Information and Regulatory Affairs will be asked to ramp up its efforts very quickly in order to help implement the President-Elect’s agenda.**

**As to my personal goals, I want to have some “achievable” and some “reaches.” An example of an “achievable” would be a forensic audit of, say, the National Parks Service. A “reach” might be fixing procurement at the Department of Defense. Ultimately I think sound management, and building the right teams, will be the key to moving those “reaches” into “achievable.”**

**9. How do you view the responsibilities of the Deputy Director and the Deputy Director for Management, and how do you plan to delegate responsibilities to these respective positions? Do you anticipate their roles and responsibilities changing?**

**My understanding is that the Deputy Director has, in the past, filled a role more accurately described as Deputy-Director-Budget. I intend to maintain a Director/DD-Budget team at the top of the aforementioned “Executive Budget team.”**

**I foresee the role of DD-MGMT staying much the same as it is, though also joining an analogous “Executive Management Team.”**

**The only two structural changes I anticipate right now, if confirmed, would be 1) to elevate the role of Administrator of OIRA to a level roughly equal to the Deputy-Budget and Deputy-MGMT and 2) to create a true deputy (possibly using the EAD spot) who can move easily between Budget, MGMT, and OIRA functions, or anywhere else necessary given the circumstances.**

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

**If I had to pick a single management challenge that applies across the entire federal government, I suppose that efficiency—on everything from procurement to delivery of services—would be at or near the top of the list.**

**The goal of an effective and efficient management of federal agencies and programs is to bring value to the American tax payer. Waste, fraud and abuse thrive in inefficiency.**

**To try to drive more efficient government, I would work first the President and his closets advisors in developing a plan of action, and then with the various Secretaries to implement those plans.**

#### **IV. Policy Questions**

##### *Budget*

11. Do you support biennial budgeting? Please explain why or why not.

**Yes. I believe biennial budgeting provides more certainty in the budget process and enables Congress and agencies to better plan for priorities and expenditures. It also has the potential to break the cycle of continuing resolutions to fund the government. As a member of Congress, I cosponsored legislation that would require biennial budgeting.**

**I listened with interest to Chairman Enzi's plan that would bifurcate a biennial budget, with six appropriation bills being taken up each year, so that there would be a sort of rolling 2-year budget. I would be interested in learning more about that concept, as it seems to accomplish much of what I see of the benefits of biennial budgets while still fully respecting the role of the appropriation committees.**

a. Do you foresee any obstacles for OMB in implementing biennial budgeting if it chose to do so in the future? How could those obstacles be overcome?

**At times, the projections over a two-year budget cycle can become inaccurate due to changes in economic conditions. I will ensure that mid-year reviews of the**

**budget continue, and budget projections are updated according to new inputs and data.**

**As to obstacles, I've come to learn that changing anything significant in Washington can be challenging.**

12. If confirmed, what preparatory steps will you take to minimize risks surrounding debt-ceiling negotiations and ensure the federal government does not threaten default?

**If confirmed, I will advocate strongly for an executive budget that reduces the deficit and seeks to approach balance to avoid a situation in which the debt ceiling would be reached. With respect to debt-ceiling negotiations, that is largely the purview of the Secretary of the Treasury, in implementing extraordinary measures, and the Congress, in deciding whether and under what circumstances to raise the debt ceiling. As Director of OMB, I will endeavor to assist this process in whatever capacity I can by providing accurate budget data and analysis of relevant policy choices.**

#### *Regulatory Affairs*

13. Please describe how you view the mission of the Office of Information and Regulatory Affairs (OIRA).

**I view OIRA as an objective voice of reason in the regulatory process. OIRA does, and should, look for less burdensome ways to achieve a regulatory result. OIRA independently examines the costs and benefits of proposed regulations. OIRA looks at whether existing regulations are effective or overly costly. In addition, there has been discussion over the years about whether OIRA should primarily function as a coordinator—ensuring rules are consistent across agencies—or as a gatekeeper—overseeing the issuance of rules to ensure the President's regulatory agenda is carried out. I believe both of these functions are essential to OIRA's function. If confirmed, I would work to ensure OIRA faithfully carried out both of these important roles.**

14. Do you believe OIRA has adequate resources to meet its mission? Please explain.

**I am not entirely familiar with the inner workings of OMB in general, let alone the operations of OIRA. That said, I have heard that OIRA has been reduced in size**

and scope in recent years, and if that is in fact the case, assets may need to be redeployed at OMB to help boost OIRA in order to accomplish the President-elect's vision for that office.

15. What actions will you take to ensure that cost benefit analyses have integrity, are accurate, and that costs and benefits of proposed regulations are properly estimated?

**Cost benefit analyses should be based on the best information available to the analyst. That should include academic research, industry data and government data. Political considerations should not play a role. Tangible quantifiable benefits and costs should be carefully distinguished from intangible non-quantifiable benefits and costs.**

16. Do you support the use of non-administration or non-federal sources to ascertain costs and benefits of proposed regulations?

**I do not think the government has a monopoly on good data. At the same time, I also recognize that there is probably an implicit bias in many data sources, whether inside or outside of government. I would therefore absolutely be open to non-administration and non-federal sources of information. However, what those sources might be, and what weight they might be given, are hard to anticipate today, and could in any event vary from case-to-case.**

**In fact it would be very difficult to conduct an adequate cost-benefit analysis without examining outside sources such as the academic literature, industry data and information, state, local and foreign government data and information, if applicable, and relevant information from NGOs.**

**Ultimately, having a broad base of data, from as many credible sources as possible, allows for the best decision-making.**

17. Of the practices listed in Executive Order 12866, both Republicans and Democrats agree that more emphasis should be placed on reviewing existing regulations to ensure they are achieving their regulatory objective.

a. Do you support the next Administration also undertaking a retrospective review process? If so, what role do you believe OMB should play in this process?

**Absolutely. Each agency and OIRA should undertake a retrospective review of existing regulations. This should include an analysis of relatively recent, specific rules promulgated during the Obama Administration, as well as a more holistic review of overall regulatory regimes. The review should examine data and information since the rule was adopted to determine if it is accomplishing the result intended and if the benefits exceed the costs of the rule or regulatory regime as anticipated. OIRA should work with agencies to conduct this review, prompting them to undertake a review when OIRA believes a review is warranted and ensuring that the review is undertaken seriously, employs best practices and is completed in a reasonable time. In cases where OIRA has the competence and resources, it should take the lead in conducting the review. OIRA and the agencies should share the results of any retrospective review with Congress and indicate what, if any, statutory changes are warranted to improve the regulatory regime. It should also work to ensure that agencies take any necessary steps to implement the lessons of the retrospective reviews, including finding ways to improve or eliminate regulations that may not have fulfilled their intended purposes.**

b. As OMB Director, how would you ensure that retrospective reviews become an integral part of agencies' culture, and embedded as a regular part of the rulemaking process?

**OIRA will encourage agencies to undertake rigorous retrospective reviews and prompt agencies to undertake a specific retrospective review when information that comes to OIRA's attention indicates that a review is necessary. OIRA will ensure that the review is undertaken seriously, employs best practices, and is completed in a reasonable time. OIRA and the agencies should share the results of any retrospective review with Congress and indicate what, if any, regulatory or statutory changes are warranted to improve the regulatory regime.**

c. In your view, have previous retrospective reviews of existing policies been successful? Please explain why or why not.

**My understanding is that, in general, previous retrospective reviews have been pro forma and not been rigorous or employed best practices. They have had relatively little impact.**

18. OMB is required by law to annually submit to Congress an "accounting statement" reflecting an estimate of total federal regulatory benefits and costs of the most recent



fiscal year, as well as estimates of expected benefits and costs for future years. What steps will you take to ensure this report is completed and submitted to Congress in a timely fashion and also reflects complete and consistent estimates from each contributing agency?

**The Regulatory Right-to-Know Act requires an annual report to Congress on regulatory costs and benefits. This report contains useful information but should, resources allowing, (1) provide more independent analysis by OIRA and others rather than relying primarily on agency benefit and cost estimates and (2) be more comprehensive and provide more findings from a more aggressive retrospective review process and (3) be more timely. I would work with the President's new appointees and the talented career staff of OIRA to prioritize congressional and public accountability and visibility into this and other OIRA and rulemaking processes.**

19. Are there any major reform proposals of the regulatory process for proposing, adopting, and reviewing federal regulations that you would like to see enacted by Congress or fulfilled through executive action or OMB guidance?

**As a member of Congress, I supported the REINS Act and I support aggressive use of the Congressional Review Act to repeal economically destructive rules adopted by the Obama administration. I will systematically work with Congress, the President, the agencies, and the public to reduce the regulatory burden on the American people.**

20. What are your thoughts on including economic, pricing, or other models used during the OMB evaluation of a proposed rule as part of the public rulemaking record?

**In general, I support transparency in government. Releasing model parameters should generally not involve data privacy concerns. Thus, unless some factor of which I am currently unaware exists, I would support making model parameters public.**

### *Management*

21. What are the most important steps that OMB can take to enable the federal government to perform its essential functions more efficiently and for less cost? Please explain any system or standard you intend to use to measure success or identify problems.

**With regard to management issues, I believe the President's Management Agenda (PMA) is the single most important tool the President has to bring cost-effective efficiency to the executive branch. This initiative was created by President George W. Bush in 2001, to make the U.S. federal government more efficient and effective. It aimed to make government more citizen-centered, market-based, and results-oriented. PMA emphasizes regular performance reviews for departments, increased managerial flexibility, and greater accountability for employees, in all cases drawing on techniques and models utilized in the private sector. Reviews examined five areas: human capital, financial accountability, competitive sourcing, e-government, and budget and performance integration. Agencies and Departments were scored each quarter by the Office of Management and Budget (and the Office of Personnel Management for Human Capital). President Obama retained the PMA and adjusted its focus as necessary to focus on management and efficiency efforts of importance to his administration. I look forward to working with President-elect Trump to do the same as we move forward.**

22. The Bush Administration created and implemented the Performance Assessment Rating Tool (PART) for assessing performance at federal agencies. The system was replaced with an approach created by the Government Performance Review Modernization Act (GPRAMA). What is your opinion of the current status of government performance management and how do you believe it can be improved? Please explain.

**As evidenced by the many recent changes in assessment tools, measurements for Federal agency management and performance success continue to evolve. I look forward to working with President Trump-Elect to continue developing and implementing effective measurements of Federal agency and program success.**

**That said, if confirmed I would very much like to re-introduce some sort of quantitative management analysis. You cannot manage exclusively by quantitative data in many circumstances, but it is almost impossible to manage with no quantitative data.**

23. How can OMB work to ensure that the federal government is more effective and supportive of economic growth?

**As to effectiveness, it seems that procurement policy could be a good place to start. Flaws in that systems are not only drawing important resources away from**

the providing of actual services, but they undermine the faith of the citizenry in the instructions themselves. Finally, I firmly believe that waste, generally, is bad for the moral of the federal workers themselves. I have seen this first-hand in my district.

As to being supportive of economic growth, I believe the regulatory burden can be one place we look for immediate reform, and the boost to economic growth it can provide. While it has been a long time since I built any roads, I know that one rule of thumb in the industry is that as much of 40% of the cost of building a road is linked directly to regulatory burden, including the delays regulations require.

24. How do you view OMB's role in addressing agency high-risk or duplicative programs highlighted in GAO's annual "High Risk List"?

I understand that GAO will be issuing a new High Risk List sometime early this year. As a Member of Congress, I have found these lists to be an important, objective identification of program or management inefficiency or outright failure. I will put high priority in following up on GAO's observations and recommendations in its High Risk Lists. I will withhold specific comment until I have reviewed GAO's updated List.

a. Of the areas identified by GAO as "high risk," which do you find to be most concerning and why?

**See above.**

b. Are there any specific recommendations from GAO's High Risk report that you plan to pursue if confirmed?

**See above**

25. Protecting whistleblower confidentiality is of the utmost importance to this Committee:

a. How do you plan to implement policies within the agency to encourage employees to bring constructive suggestions forward without the fear of reprisal?

**I am a strong supporter of whistleblower protection efforts. They ensure a clear focus on eliminating waste, fraud, abuse and mismanagement, and focus efforts to protect taxpayers, and the health, safety and welfare of all citizens.**

**I am hopeful that the team-based leadership style will encourage this. I will also work with my staff to make sure there is an open door policy and that all staff are aware of the processes and protections for bringing forward constructive suggestions.**

b. If confirmed, what avenues will be available to employees to report waste, fraud, or abuse within OMB?

**I will ensure there is a dedicated staff point of contact for such reports, and if not already in place, will consider a hotline or other anonymous process for reports. I will ensure such reports are taken seriously and investigated fully. I will also use all other methods consistent with the law, including disclosures to one's supervisor.**

c. Do you commit without reservation to work to ensure that any whistleblower within OMB does not face retaliation?

**Absolutely. This is critical. OMB will lead by example on this principle.**

d. Do you commit without reservation to take all appropriate action if notified about potential whistleblower retaliation?

**Yes, without reservation.**

26. Federal inspectors general (IGs) face unique obstacles as they do their work, including budget challenges and disputes with agency heads over access to information. How do you view OMB's relationship to the statutory IGs, and if confirmed what efforts would you make to engage with this community and support their work?

**I see OMB as sort of the IG of the IGs. If confirmed, I would hope to be able to not only let the IGs know that they will be held accountable in their own work, but that they also will have any support that OMB can provide to them in doing their jobs. My experience on the Oversight and Government Reform Committee has too often been that IGs are ignored within their own agencies. This should change, and to the extent OMB can help it change, I hope to be able to do that.**

27. How can OMB efforts to improve government be integrated with the budget process and with the work of congressional authorizing and appropriating committees?

**It strikes me that there are a few possible avenues toward promoting the regular appropriations process, which I consider critical to the proper functioning of government. One would be for the OMB to communicate regularly with the relevant Congressional committees in order to find areas of agreement early in the process, and to work on finding common ground where there is no immediate agreement. Another could be for the OMB to advise the President of the benefits of a proper appropriations process and the costs of consistently relying on continuing resolutions to fund the government.**

28. The Digital Accountability and Transparency Act of 2014 (DATA), Public Law 113-101 (2014), was a priority for the Committee during the 113<sup>th</sup> Congress. Key implementation deadlines are approaching. What steps will you take to ensure that the DATA Act implementation stays on track?

**In July 2016, the GAO review the progress made towards the goals as intended by Congress. I would follow up on the recommendations made by the GAO to ensure OMB has coordinated with the Treasury Department in regards to the agency implementation plans to address meeting the May 2017 due date.**

29. The Committee has worked to pass the Taxpayer's Right to Know Act for several years now. What is your opinion of the Taxpayer's Right to Know Act?

**As a member of Congress, I supported and voted for previous versions of this legislation.**

**I liked the fact that the bills would require government agencies to identify and describe each program they administer, the cost to administer those programs, expenditures for services, the number of program beneficiaries, and the number of federal employees and contract staff involved. It would also require information on how the program gets evaluated.**

**While I continue to support these principles, I will withhold comment until a specific bill has been introduced into the 115<sup>th</sup> Congress, and I have had an opportunity to review it.**

30. What do you believe OMB's role should be in improving financial management in the federal government?

**That responsibility falls squarely on the shoulders of OMB, most specifically upon the Office of Federal Financial Management. I think finding a competent leader for that office – and then empowering that person to best perform that function – is absolutely critical.**

31. The Department of Defense has been unable to complete and pass a financial audit as required by the Government Management Reform Act of 1994. If confirmed, what steps, if any, will you take to address DOD's longstanding financial management challenges?

**Last Congress, I cosponsored the bipartisan Audit the Pentagon Act which would reduce discretionary spending by 0.5% for federal agencies that have either not submitted a financial statement for a fiscal year or have submitted a financial statement that has not received an unqualified or a qualified audit opinion by an independent external auditor.**

**Should I be confirmed, I will direct the new OMB Deputy Director for Management to provide a briefing for me on the current status of DOD's efforts to deal with this issue and review the plan going forward.**

*Acquisition and Federal Property Management*

32. How do you view OMB's role in providing guidance to agencies on strategic sourcing?

**I expect, based upon his campaign speeches and my own early conversations with members of the transition team, that reforming Federal government operations in the procurement process will be a priority for the President-elect and his administration. This can be achieved, in part, by coordinating similar purchases of goods and services across executive departments and agencies, and by the sharing of certain basic, common administrative and personnel functions. These efforts can serve to eliminate waste and unnecessary spending, control costs for the American taxpayer, and guard against fraud and abuse.**

**It is necessary, however to ensure that these efforts are appropriately defined in scope and mission, can be assessed in their success by empirical data, have effectively identified services and procurement categories which are uniform or substantially similar in their application to multiple departments and agencies,**

**and have no adverse impact on the ability of small businesses to compete for available Federal contracts covered by these initiatives.**

33. What role do you believe OMB should play in determining the size of the federal government's property portfolio?

**The size of the Federal government's property portfolio is a factor of need versus the cost of ownership, including maintenance, or renting from private sector property stock. Further input for this evaluation will be developed as a result of the new Federal Property Management Reform Act.**

34. The Federal Property Management Reform Act was signed into law last year. If confirmed, how will you ensure that agencies are implementing the law and what additional steps do you think are necessary to improve the government's management of its property portfolio?

**Congress recently passed the Federal Property Management Reform Act of 2016 (P.L. 114-318), which creates a Federal Real Property Council (FRPC). OMB will lead the council. If confirmed, I will instruct that Administration appointees closely monitor all real property contract expenditures, and provide recommendations on how to improve Federal government management of its property portfolio.**

#### *Cybersecurity and Information Technology*

35. Congress has recently passed several laws aimed at increasing cybersecurity at federal agencies, including the Federal Information Security Modernization Act of 2014 and the Federal Cybersecurity Enhancement Act of 2015. OMB, too, has demonstrated an increased level of attention to the networks, systems, and data at civilian agencies.

a. What is your assessment of OMB's role in defending against cyber attacks, like the 2015 cyber breach suffered at the Office of Personnel Management?

**The Secretary of the Department of Homeland Security is tasked by statute to assist the OMB Director in administering the implementation of agency information and security practices for federal information systems. The Director of OMB is to develop policies, principles, standards and guidelines with the assistance of the National Institute of Standards and Technology. The Secretary**

**of DHS is tasked with developing and overseeing the implementation of these “binding operational directives”.**

b. If confirmed, how will OMB work with the Department of Homeland Security to further enhance cybersecurity at federal agencies?

**See above.**

c. Do you support GAO’s recommendations to OMB to: address agency cyber incident response practices in oversight of agency information security programs; and collaborate with stakeholders to enhance reporting guidance for the inspector general community? Please explain.

**Yes, it is my understanding in June 2016, OMB in conjunction with DHS and the Council of the Inspectors General on Integrity and Efficiency developed the FY2016 IG FISMA Reporting Metrics in consultation with the Federal Chief Information Officer Council. If confirmed, I will continue to evaluate the metrics to ensure the reporting guidance addresses reducing risk within the agencies versus a compliance exercise having the IGs evaluate the processes and metrics which truly address improvements to the cyber security posture of the federal agencies.**

36. The Federal Information Technology Acquisition Reform Act (FITARA), empowered and made accountable agency Chief Information Officers (CIOs) for all major technology purchases and maintenance at agencies. While progress has been made, some CIOs remain walled off from the program side of the agency mission. What is your view of the role of the CIO in federal agencies?

**By statute, the CIO is the strategic advisor to the agency head for the use of information and information technology. If confirmed, I will ensure the vision intended by FITARA is achieved by working with the agency heads to remove obstacles which may be impeding the results needed.**

37. The federal government collects and maintains significant volumes of Personal Identifiable Information (PII). What do you believe OMB’s role should be regarding ensuring federal agencies are fully protecting the privacy of this information?



**The protection of confidential and sensitive personal identifiable information should be an utmost priority for each federal agency. I will endeavor to support, through the budget process and through oversight of agencies on the management side, efforts to enhance protection of such information. The federal government should be held to the same standards for protection of data as the Congress sees fit to impose on the private sector.**

38. The Obama Administration created the U.S. Digital Service described as “a startup at the White House that pairs the country’s top technology talent with the best public servants, to improve the reliability of the country’s most important digital services.” The Administration also created a group at the General Services Administration (GSA) called 18F described as a “team of innovators, recruited from the private sector” to “partner with agencies to deliver high quality in-house digital services.” What is your view of the role of these two programs in recruiting private sector technology talent to the federal workforce?

**I am not yet entirely familiar with the 18F program. However, I believe it is important for agencies to have top technology talent to address its challenges. If confirmed, I will ensure the appropriate assessment is completed of the initiatives referenced in order to determine the most cost effective approach is implemented.**

#### *Improper Payments and Government Transparency*

39. In fiscal year (FY) 2014, GAO’s government-wide estimate of improper payments was \$124.7 billion, attributable to 124 programs across 22 agencies. In FY 2015, improper payments rose to \$137 billion. If confirmed, how do you anticipate OMB ensuring agencies are in compliance with improper payments law and following OMB guidance in this area?

**In FY15, the federal government set a record for the least number of agencies in compliance with IPERA improper payment reporting. In five years of reporting, nine of the 24 relevant agencies have never complied with IPERA requirements.**

**Agencies are IPERA compliant when they meet six criteria. The last two criteria have been particularly problematic for agencies and require that: (1) agencies meet payment reduction goals, and (2) they report improper payment rates of less than ten percent for each program. If confirmed, I wouldn’t believe it would be realistic to expect to see every agency meet these criteria during the first year,**

but we would have to put them on a path towards that goal. The first step towards achieving that goal is improving agency access to reliable and accurate data. Along with Senators Johnson and Carper in the Senate, I sponsored the bipartisan House version of the Improper Payments Coordination Act of 2015, which eventually became law. The bill was written to address just this problem, providing states and the judicial and legislative branches access to the Do Not Pay program. I think that we should consider expanding this database to include even more data, including that which might only be available through commercial sources. The SSA, for example, has been using commercially available data successfully since 2012 saving SSA millions of dollars.

The second step agencies must take in order to reduce their improper payment rates is to improve the accuracy of their estimates. In 2015, the VA reported improper payment rates that were stunningly high. Two programs reported improper rates above 50 percent when the same programs reported rates below ten percent the previous year.

The VA began looking at whether the contracts that supported the payments were valid and compliant with the Federal Acquisition Regulation (FAR) and other legal authorities. In doing so, VA found a high rate of noncompliance. According to the IG, "Without FAR compliant contracts, and in the absence of other legal authorities, VA may not be able to demonstrate that it has obtained the best value product or service on a timely basis while maintaining the public's trust and fulfilling public policy objectives." By conducting a more thorough estimation process, the VA now has the information necessary to fix these errors.

This is exactly how IPERA is supposed to work. When agencies and IGs take their obligations seriously, agencies produce good faith estimates that allow problems and errors to be identified. The requirement of corrective action plans ensures that agencies immediately start to think about how to fix the problems they have identified. The IG's required compliance review helps the public and Congress understand the agency's efforts and progress toward remediating the improper payments. As the VA IG stated in its compliance review, VA "not only reported more accurate improper payment information but established a baseline from which to measure future progress in addressing VA's compliance with laws and regulations."

40. 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?

**If confirmed, I will direct the management component of OMB, under the leadership of the DDM to strengthen the relationships between OMB and critical interagency management councils, such as the President's Management Council and the other statutory councils. We will also evaluate ways to utilize the President's Management Agenda and GPRA goals to reinforce our efforts.**

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

**I will ask for an evaluation of the cost-benefit profile associated with such a requirement.**

42. Do you agree with the importance of publicly disclosing the federal government's performance goals and the results achieved?

**Yes, in a cost-effective manner.**

## **V. Relations with Congress**

43. Do you agree without reservation to comply with any request or summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

**Yes. Without reservation.**

44. Do you agree without reservation to make any subordinate official or employee available to appear and testify before, or provide information to, any duly constituted committee of Congress if you are confirmed?

**Yes, though if a very low-level official or employee were to be called, I suppose that in order to protect the people working with me, I would naturally be curious as to why they were being called instead of a higher-ranking official.**

45. Do you agree without reservation to comply fully, completely, and promptly to any request for documents, communications, or any other agency material or information from any duly constituted committee of the Congress if you are confirmed?

Yes.

## VI. Assistance

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

The answers are my own. Since my nomination, I have spoken with current and former OMB Directors and staff about agency operations. I also had assistance from my Congressional staff on questions that pertain to things such as my voting record in Congress and statutory authority, and from the transition staff in general and as regards proofreading and final editing.

**Chairman Ron Johnson  
Supplemental Pre-hearing Questionnaire  
For the Nomination of--- Mick Mulvaney to be  
Director, Office of Management and Budget**

1. The Congressional Budget Office has been instructed to project future revenue, spending and deficits over the next 30 years to highlight America's unsustainable fiscal reality. As OMB Director, do you agree it is important to make this information public, and will you commit to providing this kind of financial data?

I absolutely agree it is important to view the fiscal situation and financial health of the country beyond the 10-year budget window. Such information assists policymakers to make the most informed decisions. Indeed, while 10 years may sound like a long time, it is a relatively "short-term" perspective to bring to things such as entitlements. As a member of Congress, I authored legislation which would have required 40-year budget projections. I will be happy to provide long-term budget outlooks to the best of my abilities.

2. Seventy percent of FY2016 spending was mandatory and not subject to annual appropriation. Only 30 percent was appropriated. Do you support efforts to subject all federal outlays to annual appropriation by Congress, or enact other measures, like a Balanced Budget Amendment, to bring federal spending, deficits, and debt under control?

I could probably give a 1000-word answer to this question, but perhaps this will suffice: YES. It makes little sense to the American people –and it shouldn't make

any sense to lawmakers – that we only “budget” roughly ¼ of what we actually spend.

3. U.S. Government Bonds are an asset to the OASDI Trust Fund, but an offsetting liability to the U.S. Treasury. Do you agree with testimony from CBO Directors and Federal Reserve Chair Yellen that as a result, those bonds have no financial value to the government for meeting future Social Security obligations in excess of any particular year’s payroll tax revenue?

**The bonds have real value and are fully backed by the federal government. However, the SSDI program is currently operating at a deficit. In 2015 it reported \$118.6 billion in income but made payments totaling \$143.4 billion. It reported a reserve of \$32.3 billion at the end of 2015. It was originally anticipated that the SSDI trust fund would be exhausted by the end of 2016, and that would have forced beneficiaries to take an 11% cut to their monthly checks. The program would have only been able to pay out what it had coming in from receipts. However, in the Bipartisan Budget Act of 2015, Congress agreed to transfer \$150 billion from the OASI trust fund to the SSDI trust fund to ensure full benefit payments for several more years (2023 is the new projected insolvency date). The program received a similar bailout (through a reallocation of tax revenues) in 1994.**

**In 1960, only 0.5% of the working-age populations received SSDI benefits. In 2014 this figure had climbed to 5.1% receiving benefits. Some of the increase is due to demographics, but an equal portion is in part due to the increased availability of benefits for new populations. This highlights the need for structural reforms to limit the number of people that are eligible for SSDI benefits. The fact that the OASI program will already be strained because of demographic factors, supports the need for these reforms and the inability of OASI to continue to be used as an offset for SSDI.**

4. Do you support implementation of a so-called “one in one out” or “one in two out” rule?

**I support the implementation of a “one in two out” rule for all new proposed regulations. We should also seek measurable cost savings at that same level for each new regulation. If confirmed, I plan to advocate for such a rule, in a ratio ultimately deemed appropriate by the President-Elect.**

a. If such a rule were to be implemented by the President-Elect, what role, if any, would OMB take in administering such a policy and providing direction to other agencies?

The Office of Information and Regulatory Affairs would play the central role in the implementation and administration of a “one in two out” policy. I would work closely with the newly empowered OIRA Administrator and, shortly after assuming office, would task them with issuing guidance to carry out the new policy to all agencies. It would also be the responsibility of OIRA to ensure that agencies are complying with the guidance and report to myself, as well as the President and Congress, regularly on the implementation of the “one in two out” policy.

5. Would you support, as a substitute or complement to retrospective review, establishing a task force outside the agencies to conduct a review and make recommendations for the repeal or improvement of old regulations? Please explain why or why not.

Yes. As a member of Congress, I co-sponsored bipartisan legislation (The Regulatory Improvement Act) that would create a commission to conduct that exact type of review. It makes perfect sense to have an independent commission review and eliminate such regulations.

**Minority  
Supplemental Pre-hearing Questionnaire  
For the Nomination of--- Mick Mulvaney to be  
Director, Office of Management and Budget**

**I. Nomination Process and Conflicts of Interest**

1. Has the President-elect, his staff or the transition team asked you to sign a confidentiality agreement?

No.

**II. Background of Nominee**

2. Do you seek out dissenting views and how do you encourage constructive critical dialogue with subordinates?

**Absolutely.** At every level of management I have filled, I have instructed those who work for me to feel free to voice their opinions and opposition openly, and

that I welcome constructive debate on issues we are considering. I have often found that I do not have a monopoly on good ideas.

3. If confirmed, what experiences and lessons learned from your service as a legislator will you bring to the position of Secretary? How would your approach to this position differ from your approach to serving in the U.S. House of Representatives and/or the South Carolina State House?

As to how this service would differ from that in elected office, the one thing that immediately occurs to me is, if confirmed, my "boss" would be the President of the United State (and his Chief-of-Staff). As an elected official, my "bosses" were the people I represented. I can foresee circumstances when that change could result in dramatically different action on my part. I may often, for example, be called upon to support legislation that I might well have voted against. I am fully aware of this, and do not think it will impair my performance in any way whatsoever.

4. Please give examples of times in your career when you disagreed with your superiors and aggressively advocated your position. Were you ever successful?

I have never been afraid to voice my own opinions, to which I suppose any of my former bosses or managers could attest. Indeed, I like to think that candor – and even well-informed and articulated dissent – are some of the traits the President-elect looked to when nominating me.

As to successes, two specific times stand out in my mind. Once when I was a very junior lawyer and wanted to take a case the senior partners weren't interested in – and which turned out very favorably for the client and the firm. And another when I was able, after probably 5 years of opposition from my board of directors, to successfully put together the largest single real-estate deal in the history of our company.

5. Please list and describe examples of when you made politically difficult choices that you thought were in the best interest of the country?

I voted for Paul Ryan for Speaker in the fall of 2015. This was probably the least popular thing I did in the eyes of many people back home (and indeed, earned me a primary challenge for the first time in my career.) However, I believed very strongly that Mr. Ryan was not only the best person to lead the House at that critical time, but also that he may have been the ONLY person capable of filling

that role. Without his election, the House very well may have not been able to function for many months, which would have been terrible for the country.

6. What would you consider your greatest successes as a leader?

I have a note on my bathroom mirror that reads, very simply, "LEAD BY EXAMPLE." So, if I had to provide an example of my greatest success as a leader, I would point to my three 17-year-old children. They have grown into honest and respectful young people. They perform well in school. They can move easily among various groups at school, regardless of race or economic background. They appreciate the central role of family and faith (though they could go to Church more regularly when they are away from home!) And they are leaders in their own right.

I would like to think that they learned to be those kind of people from their parents.

As I noted in one of the first answers on this form, I believe that organizations will take on the personality of the people who run it. That goes for families as well.

7. In 2002, you joined your family housing development/real estate business, The Mulvaney Group, LLC. Please list all real estate transactions that you have participated in personally or with The Mulvaney Group, LLC since 2000. Please include the address, value, date of transaction, address, the parties, LLC names, any partners, and any state, local, or federal assistance or financing.

Please see the attached Exhibit II(7). And I assume the year 2000 is a typo, given that I only started at the company in roughly 2002.

### III. Role of the Director of OMB

8. What do you believe are the most important actions the Director should take to strengthen the overall management of OMB?

I am told, and I believe, that the current director Shaun Donovan has done a good bit to rebuild the Office after some trying years from a management perspective. I absolutely believe that that needs to continue. I have no idea what Mr. Donovan's management style has been in accomplishing that, but I believe that, if confirmed, my own personal management style will allow that rebuild to continue. For many



years OMB had the reputation for being the best place to work in the federal government, and as a result it was able to attract some of the best talent.

9. As you advise the President, what qualities will you look for in recommending people for OMB's leadership positions?

**If confirmed, I will be looking for strong-willed people who are not afraid to speak their mind, even when – especially when – their ideas might conflict with my own. I will also be looking for the most competent people I can find on issues such as the budget, management, and regulatory affairs. At the very highest levels, I will be looking for people whose management style, and management principles, match my own.**

#### **IV. Policy Questions**

##### **Management for Government Performance and Results**

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

**As noted above, I believe that reforming the procurement process is one area where OMB can work to help effectiveness and efficiency of government. One way to integrate those reform initiatives might be to come up with an incentive system (one that works) that encourages federal workers to solve problems they perceive in the procurement process. The Congressional committees could be extraordinarily helpful in not only formulating such a strategy, but also in making sure the incentives are manifested in the various appropriations bills.**

11. The Government Accountability Office (GAO) has recommended repeatedly that that OMB develop and implement a framework for conducting performance reviews of tax expenditures, which represent forgone revenue estimated at \$1 trillion. GAO has also recommended that OMB designate tax expenditures as a type of program and include relevant information about each expenditure in future iterations of the federal program inventory.

- a. Do you agree with GAO's recommendations? If not, why not?

**Current law requires the President's Budget to include information about the level of tax expenditures under existing law in the tax expenditures budget for the fiscal year for which the budget is submitted, considering projected economic factors and changes in the existing levels based on proposals in the budget.**

**The President's budget submission for Fiscal Year 2017 contained a separate chapter with 40 pages specifically dedicated to tax expenditures in the Analytical Perspectives volume on the budget. This chapter describes each tax expenditure in the budget, catalogs their budgetary effects, and presents various conceptual methods on how best to evaluate them. The OMB under the Trump administration will continue to abide by current law as well as continue to evaluate the effectiveness of all tax expenditures within the budget.**

- b. Do you plan to set a schedule to evaluate tax expenditures?

**Yes. See above response to question (a). The OMB will continue publishing a chapter in the Analytical Perspectives of the annual budget with comprehensive information on tax expenditures.**

- c. Do you plan to set a schedule to designate expenditures as a type of program and include relevant information about each tax expenditure the federal program inventory?

**I have not yet had the opportunity to talk with the President-elect about whether tax expenditures should be assigned a new type of designation in the budget. That said, I fully expect that our budget will provide information about tax expenditures within the budget in accordance with the requirements current law as explained in the answers to question (a) above.**

## **Financial Management Systems**

12. What is your view of the government's current financial reporting requirements? Do you plan to make any revisions to OMB Circular A-136, *Financial Reporting Requirements*?

**If confirmed I will ask the DDM and Controller to review A-136 and recommend updates.**

13. The Obama Administration has emphasized the importance of having appropriate risk management processes and systems to identify challenges early, to bring them to the attention of Agency leadership, and to develop solutions. As part of this effort, OMB updated Circular A-123 in July 2016, to adopt a more integrated risk management structure. The updated Circular A-123 requires Agencies to implement an enterprise risk management capability coordinated with the strategic planning and strategic review process established by the GERA Modernization Act, and the internal control processes required by the federal Managers' Financial Integrity Act (FMFIA) and GAO's Green Book.

a. Will you continue to pursue the integrated approach detailed in Circular A-123?

**Enterprise Risk Management is a widely-used approach to proactively address challenges and inform planning. I will ask the DDM and Controller for a briefing on the updated Circular A-123 and how this practice will be applied in federal agencies.**

b. If not, please explain what approach you will take to ensure agencies maintain appropriate risk management practices?

**See a. above**

### **Real Property Management**

14. The consolidation of the Department of Homeland Security's headquarters at St. Elizabeth's serves as an example of how the Bush and Obama administrations have used real property management reforms to improve agency performance, reduce waste, and save taxpayer dollars. The project will reduce DHS's overall footprint from more than 50 locations in the National Capital Region to as few as six. To date, Congress has provided nearly two-thirds of the total funding needed to complete the project. Builders have made substantial progress constructing the consolidated headquarters, including completing the Coast Guard headquarters in 2013 and working toward completion of renovations of the "Center Building," which will house the Secretary and other key leadership staff in 2018. However, progress has been limited due in part to inadequate funding. If confirmed, what steps will you take to ensure that finishing the DHS headquarters project remains one of the highest federal construction priorities in the

new Administration? Further, how would you ensure that agencies are taking advantage of other, similar opportunities to consolidate and to replace costly leased space with more cost-effective alternative arrangements?

**The Office of Management and Budget is not involved in the management or oversight of Federal government construction contracts. It monitors agency expenditures to that end. However, Congress recently passed the Federal Property Management Reform Act of 2016 (P.L. 114-318), which creates a Federal Real Property Council (FRPC). OMB's Deputy Director for Management leads that council. I will instruct that Administration appointee to closely monitor all real property contract expenditures, including the build-out of the DHS headquarters at St. Elizabeth's.**

### **Contracting and Procurement Policy**

15. The President-elect has stated, "Boeing is building a brand new 747 Air Force One for future presidents, but costs are out of control, more than \$4 billion. Cancel Order!"

a. Has the President-elect explained to you the process he plans to use to cancel the referenced contract with Boeing? If so, what is his plan?

**No.**

b. If confirmed, what specific changes will you make to federal procurement policy that will limit the federal government's responsibility for cost overruns on existing and future contracts?

**Cost overruns occur when the government is inappropriately using or managing cost-type contracts. If confirmed, I would emphasize the use of fixed price contracts, where the risk is born by the contractor rather than the government. Section 832 of the FY 2017 NDAA required that the Defense Acquisition University develop and implement a training program for Department of Defense acquisition personnel on fixed-priced incentive fee contracts, public-private partnerships, performance-based contracting, and other authorities in law and regulation designed to give incentives to contractors to achieve long-term savings and improve administrative practices and mission performance. While the course is not yet developed, I would want to review its contents and consider expanding it to the civilian acquisition workforce.**

16. The President-elect has stated, "The F-35 program and cost is out of control. Billions of dollars can and will be saved on military (and other) purchases after January 20th," and "based on the tremendous cost and cost overruns of the Lockheed Martin F-35, I have asked Boeing to price-out a comparable F-18 Super Hornet!"

a. Has the President-elect explained to you how he plans to save billions of dollars on government purchases? If so, what is his plan?

No.

b. If confirmed, what specific changes will you make to federal procurement policy that will increase savings on military and other government purchases?

According to the federal procurement data system, in FY 2015 nearly 95% of contract actions were awarded competitively, but only 64% of the dollars obligated on contracts were awarded competitively. If confirmed, I would look forward to working with Congress and the agencies to increase competition on the remaining one third of federal procurements. Furthermore, in the cases where there is only one source, as may be the case with certain major defense acquisition programs, I would seek to work with Congress and the agencies to ensure that the government obtains the necessary data rights so that there are greater opportunities for competition when we transition to sustainment of those weapons systems.

17. Too often, agencies' contracting decisions – e.g., over reliance on noncompetitive contracts, or inappropriate use of "cost plus" contracts – have unnecessarily inflated contract costs. What are the most important steps that OMB should take to ensure that agencies' contracting decisions do not waste taxpayer dollars?

In my opinion, many poor contracting decisions result from a lack of training of the acquisition workforce, or a lack of communication and planning between contracting officers and program managers. If confirmed, I would look forward to implementing the Program Management Improvement Act passed by Congress as part of the FY 17 NDAA. I would be the first Director to have a Program Management Policy Council, which I would direct to work with the Office of Federal Procurement Policy, the Federal Acquisition Institute, and the Chief Acquisition Officers Council to improve the process of requirements definition, and reduce the reliance on noncompetitive contracts.

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

**While not an exclusive list, if confirmed I would want OMB and OFPP to continue to evaluate the GWACs in accordance with the Clinger-Cohen Act and section 865(b)(2) of the National Defense Authorization Act for FY 2009. This includes minimizing unnecessary duplication, ensuring that the appropriate contract ceilings are established, and that on and off ramps are included when necessary to ensure that task order competition remains vigorous and taxpayer interests are protected.**

19. You have previously stated that one way to address debt would be "outsourcing non-governmental functions to the private sector". What do you consider to be non-governmental functions? Which functions are governmental and should not be contracted out? Is there an ideal balance between federal contractors and employees in any given agency and on any given project?

**A rough rule of thumb for determining if something is governmental versus non governmental is the "Yellow Pages" test: if you can find a private sector entity that performs the same functions in the phone book, then the activity is probably not governmental. Examples might be mapping services or pest control. (Obviously, exceptions should be made for matters that pertain to national security.) Governmental functions include, but are not limited to, national defense and tax collection. The ideal balance between federal contractors and employees within an agency and on any given project would need to be evaluated on a case-by-case basis.**

20. What are your priorities for the Office of Federal Procurement Policy (OFPP) for the next four years?

**Federal contracting has become burdened by thousands and thousands of pages of regulation and other requirements that have caused the compliance cost of doing business with the federal government to grow significantly. Should I be confirmed, I will review this situation with the DDM and Office of Procurement Policy Administrator.**

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

**The Office of Federal Procurement Policy (OFPP) is responsible for developing policies, regulations (including the Federal Acquisition Regulation (FAR) and providing guidance on the federal procurement practices. GSA is an important partner in implementing these policies.**

22. The Obama Administration has focused on the use of shared services and category management to make federal procurement more efficient and cost-effective. If confirmed, will you support category management? If so, what specific steps do you plan to take to continue its implementation?

**Both Category Management, whereby the procurement of certain goods and services common to all agencies are centrally coordinated, and Shared Services, whereby agencies contract out their basic administrative functions to centralized agencies, presumably freeing up time and energy to focus on core missions, are opportunities to bring economies of scale to government operations.**

**It is necessary that both initiatives be appropriately defined and executed in scope, mission and governance, and can be assessed in their success by empirical data. Should I be confirmed, I will ask for a review of whether these goals are being met in an effective and efficient manner.**

23. In a July 2016 hearing, you indicated an interest in reviving A-76 competitions, named for the A-76 OMB circular, which allow private contractors to bid on certain work that is done by federal employees. Do you support bringing back A-76 competitions? If so, is there particular type of work for which you find A-76 competitions to be appropriate or not appropriate?

**If confirmed, I will review the use of A-76 competitions and where they might be appropriate.**

### **Infrastructure and Security Improvements**

24. During your career in the House of Representatives you have repeatedly voted against allocating money to aid federal highway and transportation projects. The President-elect plans to "pursue an 'America's Infrastructure First' policy that supports investments in transportation, clean water, a modern and reliable electricity grid, telecommunications, security infrastructure, and other pressing domestic infrastructure needs policy." The President-elect also plans to "[i]mplement a bold, visionary plan for a cost-effective system of roads, bridges, tunnels, airports, railroads, ports and

waterways, and pipelines in the proud tradition of President Dwight D. Eisenhower, who championed the interstate highway system.”

a. Have you discussed the “America’s Infrastructure First” with President-elect Trump?

**No.**

b. Do you support the “America’s Infrastructure First” policy?

**As a member of Congress, I have supported infrastructure funding for traditional infrastructure projects such as roads, bridges, tunnels, railroads, ports and waterways, and pipelines, when such projects do not add to the federal deficit.**

c. Do you have any concerns about implementing a policy that could have significant costs for taxpayers?

**Yes. And if confirmed, I would seek to provide the President-Elect with information on how to minimize the cost to the taxpayer for implementing any policy, not just the infrastructure agenda.**

25. President-elect Trump has repeatedly stated that he plans to build a wall along the southern border of the United States and that Mexico will pay for this wall.

a. Have you spoken with President-elect Trump about financing the wall?

**No.**

b. If Mexico will not pay for the wall and the President-elect moves forward with this policy, the American taxpayer will have to foot the bill. Given your stance on the need to decrease the deficit and rein in spending, do you believe that making American taxpayers foot the bill is fiscally responsible?

**If confirmed, I would seek to provide the President with information on how to minimize the cost to the taxpayer for this type of policy proposal.**

**US Postal Service**



26. The U.S. Postal Service has long been a valuable resource to the American public, especially to rural and remote communities that are difficult to reach and may not receive sufficient mail and package delivery services without the Postal Service's universal service mandate. However, the recent recession, the loss of mail volume to other forms of communication, and significant long-term liabilities have made it difficult for the Postal Service to continue to provide the level of service its customers have come to rely on. There have been a number of proposals to reform the Postal Service put forward recently. What do you believe needs to be done to modernize the Postal Service and ensure it has the resources it needs to carry out its mission?

**If confirmed, I would advocate for reforms that allow the Postal Service to return to profitability without the need for taxpayer subsidies. I could potentially support such ideas as: (1) a BRAC-like program for postal facilities, (2) giving the postal service the option of eliminating Saturday delivery (as President Obama has also suggested), (3) prospectively eliminating no-layoff clauses in Postal Service collective bargaining agreements, (4) ending door-to-door service and instead relying on neighborhood "cluster" boxes.**

27. Members of the House and Senate on a bipartisan basis have expressed concern about some of the service cuts the Postal Service has instituted in an effort to find cost savings. What is your view on the level and quality of service the Postal Service currently provides?

**I believe that service reductions may be necessary and appropriate way for the Postal Service to address its financial challenges. I am open to other ideas, however.**

28. The Postal Service is obligated under current law to make a series of payments to pre-fund the remainder of its long-term retiree health care liabilities. The payments are significantly more aggressive than those made by private companies of a similar size, and have been the primary reason why the Postal Service has reported large losses in recent years. Numerous proposals have been made over the years to address these payments and reduce the Postal Service's health care liabilities. What do you believe should be done to address these issues?

**I believe that the pre-funding requirement is appropriate given the Postal Services shrinking workforce and rising medical costs. While such pre-funding is not common among federal agencies, other agencies are not intended to be self-**

sustaining. Many of the same workforce attrition principals that I support for federal civil servants also apply to the postal service. In short, I would support the postal service utilizing many of the same cost-saving measures that a private business in a similar financial situation would. I do not believe the postal service should be permitted to stray outside its traditional function of mail delivery.

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

29. Which agency do you believe should have primary responsibility for protecting the federal government from cybersecurity threats?

**As outlined in the Federal Information Security Modernization Act (FISMA) of 2014, I believe that the Department of Homeland Security to be primarily responsible for the civilian agencies.**

30. Every day, federal agencies face sophisticated and persistent cyber threats that pose strategic, economic, and security challenges to our nation. However, the supply of cybersecurity talent needed to meet the increasing demand of the federal government is simply not sufficient. You have consistently supported measures that would shrink the size of the federal workforce. If confirmed, how would you ensure that federal agencies are taking the steps necessary to hire the cyber talent they need to meet the growing threat our country faces in cyberspace?

**I would work with the Office of Personnel Management to appropriately address the federal workforce needs in this area.**

31. What do you view to be the most significant current and potential cyber security threats facing our federal networks and critical infrastructure owners and operators? If confirmed, what steps do you intend to take to improve the nation's cyber security, both with respect to the government and private networks?

**The most significant threat may come from the agencies themselves. Ensuring basic cyber hygiene on systems while reducing unnecessary excess access to systems and information could reduce the risks. Managers and employees must be trained to understand that not strictly adhering to proper cyber protocols could end up being the biggest threat. If confirmed, I would leverage the government's buying power to have vendors address our security requirements in the products and services they deliver for our use.**

## Government Transparency

32. Sec. 1222 of GPRAMA instructs that the OMB director "shall issue guidance to ensure that such information is provided in a way that presents a coherent picture of all federal programs, and the performance of the federal government as well as individual agencies." The statute also states that the standards set for transparency and frequency of updates are the minimum.

a. Will you use your authority as Director to ensure that disclosures to the public are provided in a coherent and easily accessible manner?

Yes.

b. Will you use your authority as Director to ensure that OMB uses its website to provide transparency and accountability to the public, including beyond the statutorily required minimums if necessary for a coherence and comprehensiveness?

Yes.

## Government Waste

33. What is your assessment of the oversight work performed by the IGs over the past decade? What do you view as the greatest challenges facing the IGs? What are your plans to address these challenges?

**Federal Inspectors General do an important job of identifying and eliminating waste, fraud, abuse and mismanagement. The Council of the Inspectors General on Integrity and Efficiency (CIGIE) is an independent entity established within the executive branch to address integrity, economy and effectiveness issues that transcend individual Government agencies and aid in the establishment of a professional, well-trained and highly skilled workforce in the Offices of Inspectors General. The Deputy Director of OMB for Management (DDM) is Executive Chair of this council, ensuring the work of IGs is a central priority of the President and OMB. As I responded above, I will fully support the DDM in his/her work with the council.**

34. The Paperwork Reduction Act, the electronic amendments to the Freedom of Information Act (FOIA), the E-Government Act, and current OMB circulars, together have led to a government-wide policy that supports the dissemination of government

information and access to that information via the internet. What standard should be applied in determining the circumstances under which the federal government should be proactive in its dissemination of information to the public or when the dissemination of information should require a FOIA request?

**If confirmed, I would work with the Department of Justice in order to review the Electronic FOIA (E-FOIA) amendments which were signed into law in 1996 which added the requirement for agencies to establish an electronic reading room which among other requirements had agencies include an index of records released by FOIA that are likely to become subject of subsequent FOIA requests for potential improvements in order to address effective information dissemination.**

### **Whistleblower Rights**

35. Please describe any previous experience—in the public or private sector—with handling whistleblower complaints, and what steps you took to ensure those individuals did not face retaliation and that their claims were thoroughly investigated?

**I have no direct personal experience. I like to think this is because I worked in environments that obviated whistleblower complaints.**

36. How will you ensure that OMB whistleblower complaints are properly investigated?

**If confirmed, I plan to create an environment where whistleblowers know they will not only be protected, but encouraged to come forward. Indeed, OMB needs to lead by example on this point, especially if we hope to have whistleblowers come forward at various agencies regarding perceived problems.**

37. If confirmed, will you ensure officials in your agency do not retaliate against federal employees, officials and contractor employees who communicate with representatives from this Committee, the GAO, IGs, the Office of Special Counsel, and any other statutorily protected channels for disclosure?

**Absolutely.**

## **Executive Orders**

38. Under Executive Order 11030, as amended, OMB substantively reviews and clears all draft Presidential Executive Orders and Memoranda to agency heads prior to their issuance. What, in your view, is the appropriate use of executive orders? What criteria will you use when evaluating proposed executive orders?

**I believe that executive orders are an appropriate function of the executive authority. Indeed, as the de facto Chief Executive Officer of the federal government, one would expect any President to use Executive Orders to the fullest of his or her ability.**

**That said, I believe that any President oversteps his or her Constitutional authority when any executive order crosses the line from enforcement of laws to creation or deletion of laws. Lawmaking is the proper, and exclusive, function of the legislative branch.**

39. Of the existing executive orders concerning OMB's responsibilities and operations, are there any you believe should be repealed or replaced?

a. If so, describe which executive orders and your reasoning.

**I'm not fully familiar with the array of executive orders concerning OMB's management, so I am not in a position to respond as to specific ones that I might want to see repealed or replaced.**

b. If not (or if you do not yet have a view), describe what approach you will take to evaluating the current executive orders that apply to OMB.

**If confirmed, I would apply the same sort of test, retroactively, that I hope to use proactively for new EOs: is it constitutionally sound, does it conflict with the law, do the benefits outweigh the costs, does it advance the President-elect's agenda, etc.**

## **Regulatory Affairs**

40. What role should qualitative analysis play in the rulemaking process?

**Both qualitative and quantitative analysis of costs and benefits should play a central role in the rule-making process. In certain instances, data limitations will seriously circumscribe the practical ability for this to be the case. In limited circumstances, intangible costs and benefits can outweigh quantifiable costs and benefits.**

41. What role do you think OMB has when it comes to the substance of rules versus the budgetary impact?

**OIRA can and should play a central role in analyzing the costs and benefits of proposed rules and in determining less costly means of achieving a regulatory objective and in ensuring that agencies do so as well.**

42. The President-elect has announced plans to "(r)eform the entire regulatory code." If confirmed, what steps will you take to implement this proposal?

**If confirmed, I would like to discuss the possibility of elevating OIRA to a deputy-level position within OMB.**

**I will systematically work with Congress and the agencies to reduce the regulatory burden on the American people. In addition, OIRA will encourage agencies to undertake rigorous retrospective reviews and prompt agencies to undertake a specific retrospective review when information that comes to OIRA's attention indicates that a review is needed. OIRA will ensure that the review is undertaken seriously, employs best practices and is completed in a reasonable time. OIRA and the agencies should share the results of any retrospective review with Congress and indicate what, if any, statutory changes are warranted to improve the regulatory regime.**

43. In the 114<sup>th</sup> Congress, you voted in favor of H.R. 185, the Regulatory Accountability Act (RAA); H.R. 427, the Regulations from the Executive in Need of Scrutiny Act of 2015 (REINS); and H.R. 527, the Small Business Regulatory Flexibility Improvements Act of 2015 (SBRFIA).

a. What principles within each of the bills do you support and would like to see implemented under the Trump Administration?

**As I voted for these bills, I would advocate to the President-Elect that his administration implement as many of these principles as possible.**

**I support the REINS Act because Congress as representatives of the people should provide a check on unelected bureaucracies when they engage in unwarranted rule-making. I support effort such as the Small Business Regulatory Flexibility Improvements Act because it is clear to me that the ever-increasing regulatory burden is having a disproportionate impact on small firms and harming entrepreneurship and job creation. I support the Regulatory Accountability Act because increased judicial review of agency compliance with the Administrative Procedure Act is warranted and because of increasing use by agencies of guidance to evade the APA.**

44. Do you intend to work with EPA to administer the Renewable Fuel Standard's annual rulemaking process in accordance with the law, including blending targets, authority to waive them, and statutory deadlines?

**I will comply with all legal requirements. I will work with the EPA and Congress to develop the least burdensome means of complying with the law.**

45. In 2011, you cosponsored legislation designed to "ensure economy and efficiency of federal government operations by establishing a moratorium on rulemaking actions." Do you plan to implement such a moratorium at OMB? Do you envision any exceptions to the moratorium?

**In his campaign speeches and comments subsequent to his election, the President-elect has proposed a moratorium on existing rules that have been proposed, made final but not yet published or published but not yet effective. Should that remain his policy, I intend to execute that moratorium.**

46. In 2010 you stated that "I don't believe small business needs government."

a. Do you believe that small businesses do not need a set aside, priority in contracting, loan programs, or advocacy by the Small Business Administration?

**As a small business owner, I came to believe that government set-aside programs were often used as "cover" for the recent onslaught of regulations that crushed small business. I believe I have said many times that small-business would be much better served by having a business-friendly regulatory regime and no set-aside, that crushing regulations married to a set-aside program. That being said, as these programs are statutory, the decision of whether or not to keep or eliminate them would fall outside of my role as Director of OMB.**

**That said, I believe the set-aside program to be admirable, and an excellent way to use public expenditures to assist small businesses. I would not advocate for its discontinuation.**

b. Are there any federal, state, or local regulations that are beneficial to small businesses?

**Yes. There are laws that protect against fraud and misrepresentation, provide for the enforcement of contracts, protect property and provide needed public goods such as roads that have an unambiguous positive impact on all Americans, including small business owners. Carefully targeted laws designed to address negative externalities or other market failures can have a beneficial impact. In general, however, we have little need to additional regulations. We probably have enough rules (if not too many).**

#### **Personnel Management**

47. What do you believe the biggest challenges are in addressing skill gaps in the federal government? What role should OMB play in efforts to improve human capital management across the federal government?

**I honestly have not yet had any time yet to assess the skill sets – and any skills gaps – at the various federal agencies. If confirmed I expect to use OMB to implement whatever improvement plans the President and his team of advisors settle on. As to OMB itself, I am aware that there has been a sort of brain-drain in the recent past, and that Director Donovan has undertaken to address that. I would very much like to speak with him about those efforts, and where he thinks the next Director should focus attention.**

48. What do you believe the role of the Senior Executive Service (SES) should be in the federal workforce? If confirmed, what, if any, measures would you take to reform the SES system?

**I am not yet familiar with the workings of the SES, so I am not in a position to offer any assessment of strength and weakness, or any ideas on reform.**

49. In response to some questions that Senator McCaskill submitted to the Army after a 2012 hearing on the cost of contractors, the Deputy Assistant Secretary for



Force Management, Manpower and Resources stated that, even when their analysis showed that using a federal employee was better from a cost and a mission perspective, the Army was under some circumstances forced to use a contractor instead because of a DOD-mandated freeze on civilian full-time equivalents, or FTEs for FY 2011 through FY 2013. This cap was later extended through FY 2018.

a. Do you believe that hiring freezes lead to decreases in government spending?

**Generally speaking, yes, simply because so much of most agency's budgets are for personnel and related costs (retirement benefits, etc.) That being said, I fully recognize there may be times when a contractor could in fact end up costing more than using a federal employee.**

b. If so, does this come at a cost to efficiency and productivity? Do you believe the use of contractors is necessary and cost effective?

**As mentioned just above, I do believe that the use of contractors can be more cost-effective and thus necessary in a time when all agencies should be looking for opportunity to optimize efficiency. Here again, though, I recognize that that is not necessarily a one-size-fits-all model.**

50. In 2011, you advocated for getting rid of the Environmental Protection Agency, and said that Congress should "neuter" them and other regulatory agencies by cutting off funding if they couldn't get rid of them altogether. In a Washington Post article from December 28, 2013, you expressed your disappointment that no major agencies had been eliminated since your election, saying: "Have we eliminated anything? No. We haven't. I can't think of a single major agency that we've gotten rid of. Or a role of government that we've gotten rid of."

a. Please list the agencies or roles of government you believe should be eliminated and explain why each is on the list.

**I think a cogent argument can be made that there is no Constitutional authority for the Departments of Education or Energy, and indeed the country survived, and thrived, for almost 200 years without those agencies. It seems that both of their functions could be effectively, perhaps even more effectively, performed at the state level. However, I see my job, if confirmed, as providing the President with information that will allow him to make the best policy decisions possible. Sometimes we will agree, and other times we will disagree. But my job will ultimately be to advance the agenda the President sets.**

b. Are there any programs or operations within OMB that you believe should be eliminated? If so, explain why that program or operation should be eliminated.

**I have not yet had the time to evaluate the duties of all of the programs and operations within OMB, let alone form an opinion on eliminating one or more of them. I will say this, however: if confirmed I expect to have OMB leading by example. We will subject ourselves to the same level of scrutiny that we expect other agencies to undertake. That includes identifying programs or operations that need reform or elimination.**

51. On numerous occasions you have referenced the need to shrink the size of the federal workforce, a sentiment echoed by President-elect Trump. In 2016, we learned that to implement his immigration policies President-elect Trump has proposed using a "deportation force" by drastically increasing the number of ICE deportation officers.

a. Have you spoken to President-elect Trump about the deportation force?

**No.**

b. If implemented, do you believe that such an increase in personnel will have an impact on the federal budget?

**Whether such an increase in personnel at ICE will have an impact on the federal budget depends on how personnel are managed across federal agencies. It is quite possible that any so-called deportation force simply involves a more aggressive enforcement of current law by ICE and other, already existing agencies.**

### **Budget and Economic Policy**

52. Since the Congressional Budget Act of 1974 was enacted into law, each incoming President has submitted a budget to Congress. Do you commit to providing a fiscal 2018 budget to Congress? If not, why not?

**I would like to have the opportunity to submit a so-called "skinny" FY18 budget to Congress in February, and a more detailed budget in April or early May. I am hopeful that any decision on my confirmation can be made in time to allow me to do that.**

53. Do you consider the reports, analysis and data produced by the Congressional Budget Office to be reliable? If not, why not?

**Examples exist of items when it was both fiendishly accurate, and wildly off, on its projections. Such is the nature, perhaps, of long-term prognostication, especially when using a static model.**

54. The President-elect campaigned on a budget plan that, according to the nonpartisan Committee for a Responsible Budget (CRIB), would increase the federal debt by \$11.5 trillion over the next ten years.

a. Do you agree with the CRB's estimate? If not, what is your estimate of the increased level of federal debt under his plan?

**I am not familiar with the CRB estimate, and neither have I yet had the opportunity to do my own analysis of the President-Elect's budget (or tax reform) plan.**

b. What consequences would that level of debt, which is roughly 127% of GDP, would have on the economy? Have you informed the President of these consequences? Will you?

**I have seen several academic papers that suggest that above a certain ratio of debt-to-GDP (often in the range of 85%-100%), the GDP suffers dramatically. I see this as somewhat traditional economic orthodoxy, as the result is entirely consistent with the concept of "crowding out," where higher levels of government debt draw capital away from private investment and into government debt.**

**I have not yet had a chance to discuss this specific issue with the President-Elect, but I absolutely intend to use it as a basic tenet of any fiscal advice I am asked to provide him. Indeed, I like to think that my perspective on this exact topic is one of the primary reasons he wants to have me at OMB.**

c. The President-elect has said that he would "insist on" a balanced budget "relatively soon." Have you discussed with the President-elect when he would like a balanced budget?

No.

55. Steven Mnuchin, the President-elect's nominee to be Secretary of the Treasury, stated after his nomination that "Any reductions we have in upper income taxes will be offset by less deductions so that there will be no absolute tax cut for the upper class. There will be a big tax cut for the middle class, but any tax cuts we have for the upper class will be offset by less deductions that pay for it."

a. Is Mr. Mnuchin correct?

**I have not discussed the details of the President-elect's tax plan with him.**

b. The Tax Foundation and the Tax Policy Center calculated that under Trump's campaign tax plan, middle class families would see a 1.8 percent boost in after-tax income, while the top 1 percent would receive a 10 to 16 percent gain. Given that this is inconsistent with Mr. Mnuchin's statement, has the President-elect's tax plan changed?

**I have not discussed the details of the President-elect's tax plan with him.**

56. The current continuing resolution funds the government until April 28, 2017. If a new budget or continuing resolution is not adopted by then, the government will shut down all non-essential operations.

a. A 16-day government shutdown in 2013 caused \$24 billion in lost economic output, or 0.6 percent of projected annualized GDP growth, according to the Standard and Poor's rating agency. You called the shutdown "good policy." Do you still believe the shutdown was "good policy"? If so, why do you believe that to be the case?

**Yes. The so-called "shut down" (traditionally referred to as a "temporary lapse in appropriations") was fought, in large part, over a one-year delay on the individual mandate within the Affordable Care Act. At the time of the "shut down" President Obama had just recently afforded US corporations a similar one-year delay on their mandate. There were many of us in the House that believed, and still believe, that it was unfair to afford corporations such accommodation, while denying it to individuals.**

**There were 17 "shutdowns" in the 20 years from 1976 to 1996. Those battles were often fought over good-faith disagreement (often entirely within one party**

that controlled the House, the Senate, and the White House) over important policy issues.

Any time that Congress attempts to assert the power of the purse, the possibility for a temporary lapse in appropriations exists. But defending the basic principles of Congress' constitutional authority always contains some element of "good policy."

b. You stated regarding the 2013 shutdown that "85% of the government was open." What was your source for this information? Do you believe that is the percentage that would be open in a future government shutdown, and if not, what do you think it will be?

The source of that data was the office of Senator Rand Paul, which I believe relied on a story reported in the Washington Examiner, whose sources was an unnamed staffer on the Senate Budget Committee. I also believe that Politifact later acknowledged that, when measured by the amount of money spent, the 85% number was roughly accurate, though a measure of number employees furloughed would be much lower.

I would expect the number would be roughly the same today, as the structure and operations of the government are little changed since 2013.

c. What lessons did you learn from OMB's preparation for and management of previous government shutdowns that you would apply as the director of OMB?

I am not familiar with OMB's preparation and management of any previous government shutdowns.

57. At a March 13, 2013 Homeland Security and Governmental Affairs Committee hearing titled "The Costs and Impacts of Crisis Budgeting," witnesses discussed the numerous management and other challenges government shutdowns and continuing resolutions create for federal agencies, state governments, and government employees. If confirmed, you will be responsible for setting budget policy for the administration, and also for ensuring that agencies across government are effectively managing the resources entrusted to them. What steps would you take to avoid the waste and inefficiency that can result from the kind of budget uncertainty agency managers have been forced to deal with in recent years?

If confirmed I fully expect to be heavily involved in the setting of budget policy for the Administration, though obviously the final decision on all policy matters will lie with the President.

My understanding of one of the primary functions is to do exactly what the question contemplates: ensuring that agencies across government are effectively managing the resources entrusted to them.

**I fully agree with the premise that the breakdown of the regular budget and appropriations process, and the rise in reliance on continuing resolutions, has heavily contributed to both waste, and lack of planning ability by agencies. I think that it is important for Congress to follow regular order. As a part of that process, it is also important for Congress to authorize the agencies and activities that they fund. To incentivize Congress to do so, I will fulfill President-elect Trump's promise and require any agency or program with an unauthorized appropriation to face a 5% reduction in funding. I believe that once Congress gets back into the habit of passing authorization bills, adopting a budget, and passing annual appropriations bills, waste and inefficiency will be more easily identified and actions will be taken to either improve or eliminate those programs.**

**If confirmed, I absolutely expect to be advocating to the President that he take steps to encourage the re-invigoration of the regular budget and appropriations process.**

58. The debt limit, or debt ceiling, currently suspended, will be reached on March 16, 2017. Existing obligations will require that the debt ceiling be raised in order to avoid breaching the debt limit.

a. During the course of your Congressional campaigns, you have promised never to raise the debt ceiling. Will you recommend that the President and Congress agree to raise the debt ceiling in March?

**I do not believe that I have campaigned promising never to raise the debt ceiling. I voted for Cut, Cap & Balance, a piece of legislation I co-authored, which, if passed, would have raised the debt ceiling.**

**The debt ceiling has often been used in the past as a vehicle to enact reforms that seek to reform some of the underlying causes of our growing government debt. If confirmed, I intend to advocate to the President to support a debt ceiling increase that likewise contains reforms necessary to help reduce our deficits and the our national debt.**

b. On previous occasions when the debt approached the ceiling, the Secretary of the Treasury employed extraordinary measures to avoid reaching the limit, such as suspending sales or nonmarketable debt or withholding receipts that would be transferred to certain government trust funds. If there is an opportunity to employ extraordinary measures to avoid reaching the debt ceiling, would you encourage the employment such measures?

**The decision to employ extraordinary measures rests with the Secretary of the Treasury, but I would advise the President as stated above and defend whatever policy decision he and the Treasury Secretary make on using extraordinary measures.**

c. What would be the effect be of not raising the debt ceiling on the credit rating of the United States?

**I cannot predict the effect. The effect (or lack of effect) of not raising the debt ceiling will be determined by credit rating agencies.**

d. What would be the effect be of not raising the debt ceiling on the stock market?

**I cannot predict the effect. The effect (or lack of effect) of not raising the debt ceiling will be determined by the market.**

e. What would be the effect of breaching the debt ceiling on the national and global economy?

**I cannot predict the effect. The effect (or lack of effect) of not raising the debt ceiling will be determined by global markets.**

f. Have you discussed with the President-elect of any of these effects? Will you?

**I have not but will discuss with the President-elect the various possible contingencies in such an event.**

59. In previous episodes where the debt ceiling was raised, you suggested that the government could choose which obligations to pay (for instance, Social Security benefits) and which not to pay (such as government works or contractors). You have also stated that if the debt ceiling is reached, "there will absolutely be no default."

a. Do you still believe this to be true? If so, which government obligations would you prioritize for payment? Which would you prioritize for default?

**Yes. And I believe there is a GAO circular from the 1980s on exactly this point.**

**As to default, if you believe, as I do, that default is a specific term used to describe non-payment of interest or principle on debt, then yes, there will be no default as there is plenty of cash received on a monthly basis to service the debt, and refinancing (rolling over) of existing principle does not add to the total debt.**

**As to prioritization, I would advise the President to prioritize interest on the debt first, followed by things such as Social Security and Medicare and salaries for our military.**

b. What is the legal basis for these statements? Have you identified any creditors that share this belief?

**The legal basis is the GAO circular I mentioned. I have not spoken to any creditors on this issue, but I do know that it was widely reported that representatives of the US Treasury reached out to several of the primary dealers in federal debt that interest would in fact be paid --- prioritized -- in the event the debt ceiling was reached.**

c. Do you believe that such an action would avoid downgrading the credit rating of the United States? On what basis? Have you ever discussed this course of action with the nation's credit rating agencies?

**I have no idea what such an action would have on the credit rating of the US, as credit ratings are driven both by markets forces and the intangibles of human interpretations of the same. (Thus, credit agencies rated much subprime debt as AAA or the equivalent prior to the recent housing/financial crisis.)**

60. The President-elect has stated that "If there's a chance to buy back debt at a discount, interest rates up and the bonds down, and you can buy debt. That's what I'm talking about."

a. How would this be done without issuing further debt at a higher interest rate?



**I do not believe this could be done, as private debt is fundamentally different than government debt. That said, I have not discussed this issue directly with the President-elect.**

b. Do you recommend this course of action?

**I simply do not see how it is possible to buy-back US government debt at a discount without creating disarray in the credit markets. That said, I have not discussed this issue directly with the President-elect.**

c. Have you discussed this with the President-elect? If confirmed, will you do so?

**As noted, I have not, but would welcome the opportunity to do so.**

61. The President-elect has stated that "I would borrow knowing that if the economy crashed you could make a deal" with debt holders and that "You go back and say, hey guess what, the economy just crashed. I'm going to give you back half."

a. How would this be done?

**Please see my answers to Question 60, immediately above.**

b. Janet Yellen, the Chairman of the Federal Reserve, stated that the consequences of such an action would be "very severe." Do you agree? If not, why not?

**I do.**

c. What advice would you give the President-elect regarding this course of action? Have you discussed this with the President-elect? If confirmed, will you do so?

**Again, I have discussed none of this with the President-elect. I would very much like to do so, and if I do, will present my concerns that I have noted immediately above. I would also welcome more information from the President-elect, and possibly other Cabinet members such as the Secretary of the Treasury, on this exact issue.**

62. In your view, what actions should Congress and the Administration take to address long-term structural budgetary imbalances? By what amount do you believe our deficit should be reduced in order to stabilize our finances, and by how much in the

short term and by how much in the long term? What level of publicly held debt as a percentage of GDP do you believe would be appropriate to achieve by 2025?

**I have said many times that the federal government will eventually balance the budget. The only question is whether we do it voluntarily (through spending decisions) or involuntarily (through the credit markets refusing to buy additional debt, or offering to do so only at unsustainably high interest rates.)**

**I have no idea what the point-of-no-return is in terms of, say, debt-to-GDP ratios. I only know that the CBO currently projects the ratio to be 84% in 2025, and that eventually the growth in the debt will create an existential threat to the nation.**

**I would hope that, by 2025 if not sooner, the debt-to-GDP ratio would be smaller than it is today, and set firmly on a path to continue its decline.**

63. You have repeatedly criticized the use of Overseas Contingency Operations (OCO) appropriations to fund budget items that are not actually related to OCO, calling it a slush fund. You said "It's past time to do away with the slush fund entirely." Will you eliminate requests for separate OCO appropriations from Congress while at OMB?

**I will employ the criteria the OMB already uses to determine if an expenditure is properly an "overseas contingency" or if the expenditure is a base budget request. And I will advocate, at the very least, that the President ensure that true "base" budget expenditures are reflected in the top line defense discretionary numbers, and that only true war-related costs are contained in OCO. I will advocate for an end to OCO, and to moving true war-related costs into the base defense numbers, while at the same time recognizing that the President-elect may ultimately settle on a different policy.**

64. You are a strong fiscal conservative and you've been very clear in your desire to drastically shrink the federal budget. However, sometimes the federal government spends money on pre-mitigation needs, including projects that improve flood control; millions up front saves billions down the road. What is your general attitude about projects that will protect flood-prone regions where we can work to prevent federally declared disasters?

**I have no objection to, and in fact have supported, federal expenditures that provide a good cost-to-benefit return for the taxpayer. If confirmed, I would advocate for a comprehensive plan to mitigate flood damages instead of responding to flood damage with emergency spending. That said, I believe any**

**additional funds for such programs should be offset with reductions elsewhere in programs that do not offer promising returns for the taxpayer.**

65. There are a limited number of public-private partnerships that involve the federal government but that number is expected to grow under the President-elect. As someone who will control how much federal spending is allocated to specific initiatives, what is your feeling about these partnerships, and should the federal government continue to spend money on them if they can cut the federal cost substantially (in North Dakota, one partnership is saving the federal government about \$400 million)?

**I have no fundamental objection to public-private partnerships, especially if they can establish true savings to the taxpayer. That said, if confirmed, I plan to articulate to the President-Elect the risks inherent in PPP's, such as the risk of awarding them to only those private firms who have close political ties to the government or either party.**

#### **Health Care Policy**

66. In 2016 you said that "Obamacare needs to be repealed and replaced with something that makes health care affordable." What do you believe should replace Obamacare?

**To the extent I have the opportunity to advise the President-Elect, I will be advocating for a system that provides more free-market reforms while ensuring the safety net for the truly needy.**

**I believe that Americans should have access to insurance that they both want and can afford. There are a number of ways to get to that place. He has nominated an outstanding health policy leader and thinker in Dr. Tom Price to be Secretary of Health and Human Services. If confirmed, I look forward to working with Dr. Price and the Congress to stem the tide of disturbing premium (and deductible) increases caused by Obamacare and to create more choices for families who are struggling under current federal law.**

67. In 2015 the House Freedom Caucus, of which you are a member, took the official position that they would oppose any spending bill that didn't defund Planned Parenthood. Additionally, you have urged House Republican leadership "to use every available tool to strip this organization of any and all taxpayer funds" and claimed that funding for Planned Parenthood "is one of those line-in-the-sand type of issues."

a. The President-elect has said that Planned Parenthood does "very good work for millions of women." Do you still believe that Planned Parenthood is a "line in the sand issue"?

**I personally believe that it is a line in the sand issue for me, but I am able to separate my personal beliefs from my responsibility to implement the law and the President-Elect's spending priorities. I see my job, if confirmed, as being to provide the President-Elect with information that will allow him to make the best policy decisions possible. Sometimes we will agree, other times we will disagree. But my job will ultimately to implement the nation's laws and advance the agenda the President-Elect sets.**

**I will point out that during the campaign The President-elect also committed to "defunding Planned Parenthood as long as they continue to perform abortions, and reallocating their funding to comprehensive health care for women." This is consistent with my voting record in the House.**

b. If confirmed, do you believe it is your role as OMB Director to continue to "using every available tool" to defund Planned Parenthood?

**If confirmed, my role is to provide the President with information that will allow him to make the best policy decisions possible.**

68. In 2011, you voted for an amendment that would bar the use of funds authorized in the bill for graduate medical education to provide abortion or training in abortion procedures. It also would bar the use of funds for a teaching health center that discriminates against individual health care entities that refuse to provide, pay for, provide coverage of, or refer for abortions. What role do you believe the federal government should play in higher education?

**If confirmed I will be advocating to the President-Elect the conditional position that education is a matter best reserved to the states. Ultimately, though, my job will be to advance the agenda the President-Elect sets.**

69. In 2011 you said that "We have to end Medicare as we know it. We have to fix it." What changes do you think will fix Medicare and what impact will these changes have on current and future generations?

**First of all, I believe that people at or near retirement age should receive the benefits of the existing Medicare system that they have paid into their entire lives. With that said, the hospital trust fund faces insolvency in about 10 years at its current pace, so clearly changes need to be made.**

**I believe that moving away from traditional fee-for-service and towards a system that better stabilizes federal costs is one way to address this long term funding shortfall.**

70. Social Security keeps 22 million Americans – including 15 million seniors – out of poverty, according to the Center on Budget and Policy Priorities. Social Security's trust fund is scheduled to become insolvent in 2034, which means that if we do nothing, beneficiaries will only get 77 cents for every dollar promised today. These projections do not mean, however, that the program will cease to function. The President-elect promised during the campaign not to cut this safety net, while you have advocated drastic cuts to the program.

a. How do you reconcile your position with that of the President-elect?

**I have never advocated for dramatic cuts, especially for those at or near retirement already, for whom I cannot recall ever having advocating any cuts whatsoever (other than, possibly, means-testing for current recipients). I have recommended changes that will strengthen Social Security and keep it solvent over the long term, even if that means changes in the near-term. Without changes the program will become insolvent, resulting in a cut to the safety net. Recommending ways to protect Social Security over the long term is not inconsistent with a promise to “not cut the safety net” as doing nothing results in a cut to the safety net.**

b. If confirmed what changes would you recommend for reforming Social Security?

I would recommend to the President-Elect:

**(1) Stop propping up the disability trust fund with retirement funds.**

**(2) Men who reach age 65 in 2014 live on average more than six years longer than did men who reached age 65 in 1940. For women, the difference is seven years. Lawmakers should increase the Social Security retirement**

**age, gradually and predictably, to reach 70 over the next two decades, and then index the age to life expectancy.**

71. In a Face book post from 2015 that discussed the spread of the Zika virus, you stated that the best questions to ask was "Do we really need government-funded research at all."

a. If confirmed, would you prevent the federal government from investing in science and scientific inquiry, especially in the public health field?

**I will advocate for a federal government that invests in health related research where the private sector lacks the incentive to do so. If Merck or Pfizer comes up with a cure for diabetes or cancer, they will make billions of dollars, and rightly so. The same cannot be said for cures to hydrocephalus, cystic fibrosis, sickle cell, or any other "orphan diseases" where the relatively low number of victims does not provide a potential customer base sufficient to offset the R&D costs for new treatments. It is here – where the private sector would not otherwise have the incentive to invest – where government should focus its efforts.**

**Ultimately, my job will be to faithfully implement the nation's laws and advance the agenda the President sets.**

b. In your view, what is the ideal role of the federal government in preventing the spread of emerging diseases?

**I believe that public health is an appropriate jurisdiction for the federal government, specifically in that diseases can easily spread across state lines. Doing so primarily through the Centers for Disease Control and Prevention makes sense, and those programs must be adequately funded. That said, there are still many roles in this area that can and should be played by the private sector and the states.**

c. What sorts of investments, if any, will you advise President-Elect Trump in making when it comes to preventing the spread of public health catastrophes?

**I have not given this specific topic much thought, but I imagine my general counsel would be in accordance with the answer shown above. I would also review carefully the resource requests of Dr. Tom Price, should he be confirmed as Secretary of Health and Human Services.**

## V. Relations with Congress and the Public

72. If confirmed, how will you make certain that you will respond in a timely manner to Member requests for information?

**Having been a Member of Congress, I believe in and will support the proper Constitutional roles of the various branches of government. I will treat requests for information with the high level that an inquiry from the legislative branch is entitled.**

73. If confirmed, do you agree without reservation to reply to any reasonable request for information from the Ranking Member of any duly constituted committee of the Congress?

**Yes.**

74. Do you agree without reservation to identify to the Committee all Presidential appointments (regardless of Senate confirmation requirements) within OMB? Do you agree without reservation to allow Committee staff, as requested, an opportunity to interview such appointments?

**I intend to have a strong and transparent relationship with Committee and would have no objection to any reasonable request for OMB appointees to meet with the Committee if it is agreed to by Majority and Minority staff.**

75. If confirmed, will you ensure that your staff will fully and promptly provide information and access to appropriate documents and officials in response to requests made by the Government Accountability Office (GAO) and the Congressional Research Service?

**Yes, to the extent consistent with all applicable rules, regulations and policies.**

76. If confirmed, will you agree to work with representatives from this Committee and the GAO to promptly implement recommendations for improving OMB's operations and effectiveness?

**Yes, consistent with all applicable rules, regulations, exemptions and policies.**

77. If confirmed, will you direct your agency to fully and promptly respond to Freedom of Information Act requests submitted by the American people?

**Yes, to the extent consistent with all applicable rules, regulations, exemptions and policies.**

78. If confirmed, will you direct your staff to adopt a presumption of openness where practical, including identifying documents that can and should be proactively released to the public without requiring a Freedom of Information Act request?

**I believe very strongly in a government that is open and transparent. Accordingly, I will be encouraging exactly that sort of openness.**

79. If confirmed, will you keep this Committee apprised of new information if it materially impacts the accuracy of information your agency's officials have provided us?

**Yes.**

## **VI. Assistance**

80. Are these answers completely your own? If not, who has provided you with assistance?

**I typed most of these answers myself. I had assistance from my Congressional staff, primarily in pulling up data regarding my previous votes, statements and positions, as well as some statutory background data. The Presidential Transition team reviewed the answers and offered suggested edits. I accepted some of these, but they did not change the sentiment of my response.**

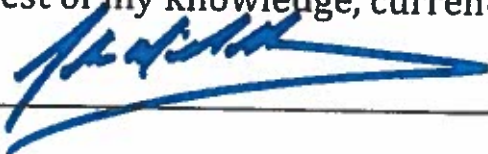
81. Have you consulted with OMB or any other interested parties? If so, please indicate which entities.

**I reached out to the current OMB Director, Shaun Donovan, who graciously invited me to lunch at the Navy Mess in the West Wing. We also walked around the EEOB for about 15 minutes. Our discussion was mostly personal in nature (i.e.: how to manage family time, travel, etc.) though we also talked about some of OMB's recent history and current challenges, much of which is reflected in these answers. Subsequent to that lunch, Mr. Donovan called me to discuss certain**



personnel in politically-appointed offices, with a specific intent to recommend that I keep certain people, even if just for a short time during transition. I told him that, unfortunately, I had learned in the interim that it was a breach of protocol for us to be talking. As a result, those discussions – unfortunately in my mind – did not continue.

I, JOHN MICHAEL MULVANEY, hereby state that I have read the foregoing Pre-Hearing Questionnaire and Supplemental Questionnaires and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.



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This 9<sup>th</sup> day of January, 2017

**Minority  
Supplemental Pre-hearing Questionnaire  
For the Intended Nomination of Representative Mick Mulvaney to be  
Director, Office of Management and Budget**

**EXBHIBIT II(7)**

7. In 2002, you joined your family housing development/real estate business, The Mulvaney Group, LLC. Please list all real estate transactions that you have participated in personally or with The Mulvaney Group, LLC since 2000. Please include the address, value, date of transaction, address, the parties, LLC names, any partners, and any state, local, or federal assistance or financing.

There were literally thousands of individual transactions during the referenced time period. Our business was buying large tracts of land, subdividing and improving them into residential lots (usually, but not always single-family) with an occasional sale of a commercial tract. It would be practically impossible, for example, to detail every single lot sale that our company entered into.

Furthermore, our corporate policy is to only retain records for these transactions for 5 years. Accordingly, what records existed for older transactions no longer exist.

It is possible, however, to detail some of the larger land sales that took place during the relevant time period. Those are listed below.

As to the question of partners: we never did any joint ventures or took on any partners on deals.

As to the question of state, local, or federal assistance or financing, we never availed ourselves of any such governmental support.

I would be happy to supplement this response as the committee sees fit, and as is practically achievable given the size of the request and the period of time covered.

LAND SALES

<u>YEAR</u>	<u>BUYER</u>	<u>PROPERTY</u>	<u>\$\$\$</u>	<u>SUBSIDIARY</u>	<u>NOTES</u>
2015	LGI HOMES LGI HOMES Plaza Drive LLC Statecourt Enter. LGI LGI PULTE	PHASE 1 WOODSIDE TH LOTS KINGSTREE Zaye Shopping Zaye Shopping WOODSIDE KT CHURCH SITE AUDUBON	\$ \$ \$ \$ \$ \$ \$	MP MP 1330 MP WW WW	2.74 Acre 22.51 Acre 54.74 acre 14.87 acre 59 lots
2014	OAKMONT HOMES PULTE PULTE EST PROPERTIES	KINGSTREE HWY 21 SITE AUDUBON KT (91 LOT SEC)	\$ \$ \$ \$	MP KJ WW WW	45.66 ACRES 45 lots 91 lots
2013	OAKMONT HOMES CITISIDE BLD. PULTE	KINGSTREE CITISIDE AUDUBON	\$ \$ \$	MP CS WW	53 lots
2012	MISC DURBAN ACQ, LLC NC. DEPT TRANS	ADJUSTMENT PROSPERITY COMM PROSPERITY COMM	\$ \$ \$	MP MP MP	4.5 acres right of way
2011	NVR HOMES	KINGSTREE	\$	MP	
2010	NVR HOMES CITISIDE BLD RC DIOCESE OF CHARLESTON	KINGSTREE CITISIDE ARTBEE/STK Comm	\$ \$ \$	MP CS STK	aprox 10 acres/FMV=\$22,000
2009	GARVER HOMES NVR HOMES CITISIDE BLD'S	BRIGHTON KINGSTREE CITISIDE	\$ \$ \$	MP MP MP	
2008	CITISIDE BLD'S C.P. MORGAN NVR HOMES K.B. Homes	CITISIDE KINGSTREE DOMINION B. York Cty.	\$ \$ \$ \$	CS MP MP STK	20.632 Ac
2007	UNKNOWN C.P. MORGAN K.B. HOMES NVR HOMES	TREYURN VARIOUS VARIOUS DOMINION B.	\$ \$ \$ \$	WEDGE. M.P M.P M.P	

2006	CITISIDE BUYER	CITISIDE	\$	2,379,865	CS	
	RYAN HOMES	SIMPSON	\$	3,253,187	STK	
	CHARTER PROPERTIES	PROSPERITY MF	\$	3,120,000	MP	15.0Acres
	C.P.MORGAN	VARIOUS	\$	1,467,653	M.P	
	MULVANEY HOMES	K.T.	\$	75,000	M.P	
	CRAFT HOMES	VARIOUS	\$	156,996	M.P	
	COLONY	adjustment	\$	24,695	M.P	
	K.B. HOMES	VARIOUS	\$	4,386,941	M.P	
	NVR HOMES	VARIOUS	\$	1,629,340	M.P	
	CITISIDE BUILDERS	VARIOUS	\$	3,045,050	CS	
2005	C.P. MORGAN	VARIOUS	\$	659,277	ST. K.	
	TRAILING COST		\$	262,342	ST. K.	
	?	SIMPSON PROPERTY	\$	1,001,000		
	CITISIDE BLDRS	HOMES	\$	4,001,850	CS	
	CP MORGAN HOMES	OAKDALE	\$	885,718	MP	
	CRAFT HOMES	BRIGHTON	\$	1,429,378	MP	
	KB HOMES	VARIOUS	\$	7,823,563	MP	
	NVR HOMES	MILLSTONE/DOMIN	\$	2,170,040	MP	
	Lawson Bend LLC	Indian Land	\$	659,277	STK	38.781 Acre
	LAWSON BEND LLC.	Indian Land	\$	264,342	STK	?
2004	Lawson's Bend LLC	St. Katherine Site	\$	10,697,261	STK	628.78 Ac
	MULVANEY HOMES	BELMEADE	\$	1,227,064	MP	
	CITISIDE BLDRS	LOTS	\$	299,373	MP	
	CRAFT HOMES	BRIGHTON	\$	1,284,522	MP	
	COLONY HOMES	VERSAGE	\$	113,508	MP	
	KB HOMES	VARIOUS	\$	8,166,876	MP	
	ARVIDA HOMES	CITISIDE	\$	240,500	MP	
	HART HOMES	CITISIDE	\$	45,000	MP	
	NVR HOMES	MILLSTONE	\$	1,365,000	MP	
	SHEA HOMES	McKENDRY	\$	1,123,427	MP	
2003	CITISIDE BLDRS	HOMES	\$	2,109,767	CS	
	MULVANEY HOMES	VARIOUS	\$	4,815,061	MP	
	CITISIDE BLDRS	LOTS	\$	328,164	MP	
	CRAFT HOMES	BRIGHTON	\$	1,020,300	MP	
	COLONY HOMES	VERS/MOUNTAIN	\$	4,427,517	MP	
	K.B. HOMES	KINGSTREE	\$	465,168	MP	
	ARVIDA	CITISIDE	\$	412,000	MP	
	HART HOMES	CITISIDE	\$	270,000	MP	
	NVR	MILLSTONE	\$	1,432,500	MP	
	SHEA HOMES	McKENDRY	\$	1,152,182	MP	
CITISIDE BLDRS	HOMES	\$	1,468,910	CS		

2002	MULVANEY HOMES EMPLOYEE COLONY HOMES ARVIDA NVR	VARIOUS LOTS SINGLE LOT MERIWETHER CIISIDE MILLSTONE	\$ \$ \$ \$ \$	7,175,502 33,000 1,827,000 456,000 212,500	MP MP MP MP MP	
2001	MULVANEY HOMES SHEA HOMES Edens & Avant	VARIOUS LOTS VARIOUS LOTS CITISIDE COMMERCIAL	\$ \$ \$	16,480,584 973,250 1,675,443	MP MP MP	2.4 Acre