



United States Senate

Committee on Homeland Security and Governmental Affairs

Chairman Joseph I. Lieberman, ID-Conn.

Opening Statement for Chairman Joseph Lieberman
“Nomination of Jacob Lew, Director of Office of Management and Budget”
Homeland Security and Governmental Affairs Committee
Sept. 16, 2010
As Prepared for Delivery

The hearing will come to order. Good afternoon and welcome. It's a pleasure to welcome Jack Lew to this hearing on the President's nomination of him to be the next director of the Office of Management and Budget.

We all know that everything in life is relative and probably at different times in your work as Deputy Secretary of State, particularly when dealing with Iraq and Afghanistan, you could not imagine you could have a more challenging job, but now you will, if confirmed. Your long career managing budgets, finances, technology and operations in the government, private and academic sectors – including having been the director of OMB under President Clinton – makes your ability to do this job self evident, in my opinion.

But the career achievement you have that most impresses me and gives me the most hope is that as budget director under President Clinton, you left office with a \$237 billion federal budget surplus.

We all know that times have changed and our present economic challenges are different and more difficult than they were in the 1990s. And yet the experience you had then, not just within the administration, but in negotiating with Congress to come up with the Balanced Budget Act I think will serve you, and the Administration, and the American public, I think very well in the months ahead.

Obviously we're facing two big problems now. One is to grow the economy and create more jobs. That's the immediate problem.

The other, longer-term is to get our budget back in balance.

I supported the efforts of both the Bush and Obama Administrations to stabilize the financial markets and jump-start the locked up economy.

The President has appointed the National Commission on Fiscal Responsibility and Reform, which will be working on a proposal, led by our former colleague Alan Simpson and Erskin Bowles, former chief of staff.

It will be urgent that Congress act on these recommendations, and if you are confirmed, as I believe you will be, you will work with the Commission if that's appropriate, but certainly with us to bring the Commission's recommendations up for prompt consideration by the Senate.

As I believe you have been made aware, Vice President Biden sent a letter earlier this year to Senator Conrad, who was the leader of a group of us negotiating at that time around the debt ceiling extension, stating the Administration's support for bringing the recommendations of the Commission up for a vote in this Congress. That's perhaps a tall order, but it was a commitment made and I'd like to hear whether you support that commitment.

There are two other things under OMB's purview that concern me and which I would like to discuss during this hearing – federal purchases and information technology management.

Oversight of federal acquisition of goods and services is an extremely important responsibility of the OMB Director, and a responsibility that has grown substantially since you were last at OMB.

In Fiscal Year 2000, spending on federal contracts had just topped \$200 billion. In the last Fiscal Year, the number topped \$538 billion.

Across the government, a number of trends over the last decade have resulted in wasteful spending, including an over-reliance on noncompetitive contracts, inappropriate use of “cost-plus” contracts, poor contract planning, and insufficient oversight of contracts.

Too often, agencies have turned to contractors to perform work that is inherently governmental.

The federal acquisition workforce is woefully deficient, and the shortage of expertise in this area will become even more acute over the next few years when roughly half of the acquisition workforce is eligible to retire.

To its credit, the Obama Administration has made improvement of the contract process a top management priority, and former Director Orszag and his team at OMB began a number of initiatives to address the problems I have mentioned. I’m eager to hear what your plans are to keep the momentum going in this area.

OMB also has key responsibilities for information technology – an area of growing importance and concern to this Committee. If confirmed you’ll be coming in when Federal Chief Information Officer Vivek Kundra is conducting in-depth reviews of more than \$30 billion of troubled information technology projects, as well as financial management systems across the government.

I look forward to hearing how you think OMB can help agencies better use technology to fulfill their mission more effectively, while increasing transparency and citizen participation.

I thank you for agreeing to take on the enormous challenge of being the Director of OMB at this time and I look forward to working with you if you’re confirmed.

Sen. Collins.