

Opening Statement of Senator Fred Thompson  
Nomination of Mitchell E. Daniels to be Director of OMB  
Friday, January 19, 2001

Welcome, Mr. Daniels. I congratulate you on your nomination and I look forward to today's hearing. OMB Director is one of the most important positions in our government and carries many responsibilities. In my opening remarks today, I want to emphasize what I regard as one of OMB's most important responsibilities—improving the management and performance of the federal government. Regrettably, this responsibility has been neglected in recent years. I strongly believe that government reform should be an integral part of the Bush-Cheney agenda. For this to happen, it is essential that the "M" or management role of OMB be revitalized.

Due to years of neglect, our governmental infrastructure is eroding. Many of the departments and agencies of government are vulnerable to waste, poorly managed, and antiquated. We are losing many of our best people. Within the next 4 years, half the federal workforce will be eligible for retirement.

Numerous reports by the GAO, the IGs and others, along with a parade of witnesses who testified before the Governmental Affairs Committee make these assertions irrefutable. The results are billions of dollars of waste, an increasing lack of ability to provide basic services, and an increase of cynicism among the American people. For example:

The federal government of today is a crazy quilt of agencies and programs that have evolved randomly over time in response to the real or perceived needs of the moment. In just about every area of federal activity, multiple agencies and programs stumble over themselves to fix the same problems.

Few would dispute that the government in Washington cannot do effectively all it is now charged with doing. Much of what Washington does is inefficient and wasteful. But we don't have a handle on which programs work and which don't.

Most federal agencies do not adequately track receipts or disbursements and cannot account for billions of dollars in property and equipment. No one knows how much fraud, waste, and mismanagement cost the taxpayers since the federal government makes no systematic effort to keep track of it. However, based on just a few examples from GAO and IG reports, our Committee staff came up with a figure of \$220 billion--\$35 billion in just one year alone.

The federal government seems utterly incapable of using information technology to enhance its efficiency and effectiveness. One agency after another has wasted billions of dollars on failed information technology projects. Weaknesses in government information systems make them vulnerable to computer attacks from international and

domestic terrorists, crime rings, and everyday "hackers." These weaknesses jeopardize government operations and threaten the privacy of our citizens.

In recent years, the federal government reduced staffing without cutting back on anything that it does. Federal downsizing usually is just a numbers game, carried out randomly rather than strategically. Consequently, many agencies now face severe shortages of employees with the necessary skills and experience to carry out their missions. There is mounting evidence that workforce deficiencies are an emerging crisis for the federal government.

It came as no surprise when the Comptroller General just declared "human capital" a new government-wide high-risk problem.

Agency regulatory programs impose tremendous costs and burdens on our businesses, state and local governments, and citizens. However, the federal government in general and OMB in particular aren't doing nearly enough to ensure the benefits of these rules justify their costs and that they respect principles of federalism.

Over the past decade, Congress enacted a number of laws designed to change how Washington works. Foremost among them is the Government Performance and Results Act, popularly known as "the Results Act." As its name implies, the Act seeks to change the mind set in Washington from what the government does – spending money, issuing regulations, and so forth – to what actual results those activities produce. However, we still find that most agencies have trouble explaining what results they are trying to achieve and measuring how well they are performing.

Problems like these would attract the urgent attention of any rational private sector executives. They understand that investing in adequate capacity and resources, and then managing them effectively, are key to achieving their missions. On the other hand, management problems are considered too mundane and boring to warrant the attention of Washington leaders. Our leaders prefer to focus on policy issues. However, inattention to management and performance problems are just as devastating for the federal government as the private sector.

They cost the taxpayers countless billions in waste, limit the capacity of agencies to achieve their statutory missions, and threaten the ability of Presidents to carry out their policy agendas.

The only answer to these problems is strong leadership from the top, and I believe it will be met with strong bipartisan support. People implementing programs have to know what's important to people in charge. People they put in charge of government programs have to know that management is important. That has not been the case over the last eight years. I hope that it will be on your watch.