

Opening Statement of Chairman Fred Thompson (R-TN)
Committee on Governmental Affairs
Hearing on the Nomination of Sean O'Keefe
Tuesday, February 27, 2001

This morning we are holding a hearing to consider the nomination of Mr. Sean O'Keefe to be Deputy Director of the Office of Management and Budget.

OMB has responsibility for implementing a number of statutes aimed at ensuring the efficiency and effectiveness of the government's operations. As Deputy Director of OMB, the person who assists the Director daily in his many responsibilities, you can have a great impact in this area.

As I mentioned to Mitch Daniels when he was before the committee, I believe that OMB's responsibilities for the management of the federal government have been neglected. I was gratified by his February 14th memo to agency heads asking that they set goals for achieving major governmentwide management reforms in their FY 2002 Performance Plans. That same memo made the point that agencies should have goals for achieving any reforms that will significantly enhance the administration and operation of the agency. That's a great start.

As you know, this committee is the recipient of endless agency Inspector General and General Accounting Office reports that detail the poor state of management today in the Executive Branch. This mismanagement is not outrageous just because it wastes scarce resources. More importantly, mismanagement means that those resources are diverted from the purposes for which they were appropriated. When a benefit program makes improper payments, the intended beneficiaries suffer. When major information technology projects are mismanaged, not only are tax dollars wasted, but we miss opportunities to benefit from greater efficiency and increased productivity. And the financial management woes that befall most federal agencies mean that we can't say with any certainty that the American people got what they paid for.

The IT area is a particular problem for the federal government. The federal government finds it extremely difficult to use information technology to enhance its efficiency and effectiveness. The Federal Aviation Administration spent \$4 billion on an air traffic modernization program that didn't work, and was shut down before completion. The Internal Revenue Service spent \$7 billion on its Tax Systems Modernization project, which it had to scrap. I recently met with Commissioner Rossotti to discuss reform efforts at IRS and he reported to me that after almost three years, they have just completed the consolidation of its major systems, which is only the beginning of IRS' modernization program.

This Committee's investigation also uncovered weaknesses in government information systems that make them vulnerable to computer attacks from international and domestic terrorists, crime rings, and everyday "hackers." As a result, Senator Lieberman and I worked to enact the Government Information Security Act, a bill to provide a new framework for protecting the security of the government's computers from outside attack by hackers. These weaknesses jeopardize government operations and threaten the privacy of our citizens and I hope OMB will help ensure the bill is implemented properly.

Human Capital is also an area where the federal government falls short. In recent years, the federal government reduced staffing without cutting back on anything it does. Workforce downsizing became 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 agency missions. It's quite clear, based on the work of this Committee, especially Senator Voinovich's, there is mounting evidence that workforce deficiencies are an impending crisis for the federal government. We need your expertise and input in crafting solutions to these problems.

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, which seeks to change the mind set in Washington from what government does – spending money, issuing regulations, and so forth – to what actual results those activities produce. Now, more than seven years later, we still find that most agencies have difficulty explaining what results they are trying to achieve and measuring how well they are performing. Integrating budget and performance information would be a step in the right direction of finding out just how well our programs are working.

Mr. O'Keefe, I am heartened by the management experience you bring to this position, especially the exposure you've had to some of the government's management statutes. I am particularly interested to learn how you will leverage the power of the purse to obtain some of the management improvements we are seeking. The only answer to these problems is strong leadership. I hope you will bring that to your stewardship of the budget process and that we will see a marked improvement in the efficiency of the government's operations under your watch.

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