

**Opening Statement of
Senator Susan M. Collins
Chairman, Homeland Security and Governmental Affairs
Committee**

**Nomination Hearing of
Stephen S. McMillin
to be
Deputy Director, Office of Management and Budget**

July 13, 2006

**Today, the Committee will consider the nomination of
Steve McMillin to be Deputy Director of the Office of
Management and Budget.**

**A key mission of OMB is to assist the President in
preparing the federal budget and to oversee its execution by
executive branch agencies. In carrying out this mission, OMB
evaluates the effectiveness of agency programs, assesses
competing funding demands, and sets priorities. The Deputy
Director plays a central role in carrying out this vital mission.**

This is a demanding job at any time. It is especially demanding in a time of spending imperatives and revenue constraints.

Despite strong growth in federal revenues this year, the federal budget remains under great pressure. Some of this pressure can be attributed to the war on terrorism and to unprecedented natural disasters, such as Hurricane Katrina. But even without these factors, our nation faces an on-going structural deficit that will become an increasing challenge in the coming years.

While the Administration's latest estimates are that the federal deficit will decline to \$127 billion by 2011, total debt is expected to increase to more than \$11 trillion that same year. As alarming as this figure is, this level of debt will be reached even before the retirement of much of the baby-boom generation, which will present our nation with its most serious

challenge yet in funding Social Security, Medicare, and other entitlement programs.

Our nation's economy has always shown a remarkable ability to absorb shocks, and to overcome even the gravest of challenges. The growth we have seen since 9/11 is a striking demonstration of this resiliency. That attack deepened the economic downturn we were experiencing at the time, but since the recovery began, our economy has added 5.3 million jobs – two million in the past year alone.

The strong growth we are now experiencing is yet another sign of the fundamental health of our economy. Earlier this week, the Administration predicted that, by the end of 2006, the GDP will expand by 3.5 percent – above the historical average – and unemployment will fall to 4.7 percent – below the historical average. This growth has boosted tax revenues

nearly \$250 billion above last year's levels, helping to produce a deficit \$127 billion smaller than the Administration projected just six months ago.

While this is excellent news, our long-term forecasts remain clouded by the retirement of the baby boom generation. We must be mindful that the slightest slow-down in our economic growth-rate can present us with even greater budget challenges than we predict today.

Given all the extraordinary budget issues we face, never before has it been more important to have experienced and able leadership at OMB. OMB has able leaders in Rob Portman and Clay Johnson. It is important that this deputy director position is filled with a similarly strong candidate.

Our nominee appears to have the experience and qualifications to be an effective deputy. Since November of 2005, Steve McMillin has served as Deputy Assistant to the President and Advisor to the Chief of Staff. Before joining the White House staff, he served as Associate Director for General Government Programs for OMB. Prior to joining the Administration, Mr. McMillin served on the staff of the Senate Committee on Banking, Housing and Urban Affairs for three years and on the staff of Senator Phil Gramm for nine years.

I should add that Senator Gramm strongly supports this nominee, and described Mr. McMillin as “brilliant and principled” in a recent call to me. I welcome Mr. McMillin to the Committee and look forward to his testimony.