

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

**Nomination Hearing of
The Honorable Robert J. Portman
to be
Director, Office of Management and Budget**

May 17, 2006

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Today, the Committee will consider the nomination of former Congressman and Ambassador Robert Portman to be the Director of the Office of Management and Budget.

The 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, the OMB evaluates the effectiveness of agency programs, assesses competing funding demands, and sets priorities. The agency is also on the front lines of the federal government's efforts against waste, fraud, and abuse as it evaluates the effectiveness of federal programs and pursues management reforms.

Another responsibility of the OMB is to ensure that agency rules, testimony, and proposed legislation are consistent with the President's budget and with Administration policies.

These responsibilities place the OMB at a critical juncture within the federal government as the link between the Executive Branch and the Congress. The OMB can exert a powerful influence on public policy through its budgetary, legislative, managerial, and regulatory mandates.

The current pressures on the federal budget are extraordinary. The American people are very concerned about the size of the federal deficit and the spiraling increases in the federal debt. Some of this increase is attributable to the war on terrorism and to unprecedented natural disasters like Hurricane Katrina. But even without these factors, our nation faces an on-going structural deficit that will become an

increasing challenge in coming years.

While the President's budget estimates that the federal deficit will decline to \$205 billion by 2011, total debt is expected to increase to more than \$11 trillion that same year. As alarming as these figures are, this level of debt will be reached even before the retirement of the baby-boom generation, which will present our nation with its most serious challenge yet with respect to funding Social Security, Medicare, and other entitlement programs.

As the new Federal Reserve Chairman has put it, our nation's economy has always shown a remarkable ability to "absorb shocks of all kinds, to recover, and to continue to grow." The economic growth since the terrorist attacks of 9/11 is a striking demonstration of this resiliency.

And yet, even a small change in our economy's growth rate can dramatically affect the deficit and the revenues we need to support critical social programs. According to the Congressional Budget Office, a change of just one-tenth of 1 percent in the Gross Domestic Product growth rate over a 10-year period would change federal revenues by \$224 billion, and spending by \$48 billion, for a total net impact of \$272 billion on the deficit.

While growth above projections would be very welcome news, we must be prepared for the possibility that the slightest slow-down in our economic growth rate can present us with even greater budgetary challenges than we predict today.

Clearly, the decisions we make now about tax relief and spending increases will have profound repercussions far into the future.

To impose fiscal discipline, I believe Congress should adopt the PAYGO rules. By requiring offsets for entitlement spending increases and for tax cuts - a requirement that cannot be waived without a super-majority of sixty Senators - PAYGO would provide a powerful tool for budget restraint. I believe that it is critical to apply the principles of PAYGO to the tough choices Congress must make this year and in the years to come.

Given all these extraordinary challenges, never before has it been more important to have an individual as experienced and able as Ambassador Portman at the helm of OMB. We are fortunate to have such an extraordinary nominee for this position. Prior to his confirmation by the Senate as United States Trade Representative in April 2005, Ambassador Portman served six terms in the House, which included service

on the Ways and Means Committee and as Vice Chairman of the House Budget Committee. He understands the budget, and he understands Congress.

I welcome Ambassador Portman to the Committee and look forward to his testimony.