

Statement of
Senator Susan M. Collins

Nomination Hearing for Peter R. Orszag
to be Director, Office of Management and Budget,
and for Robert Nabors to be Deputy Director, OMB

January 14, 2009

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Seldom have nominees for director and deputy director of the Office of Management and Budget come before this Committee at a more critical time.

The federal budget is under tremendous stress from the impacts of a deep recession and the costs of rescue and stimulus packages. Spiraling entitlement costs are driving long-term budgetary imbalances. And the next few years will also see the cresting waves of Baby Boom retirements, with

enormous impacts on Social Security and Medicare expenditures, as well as on our federal workforce.

Pointing to these trends and to the estimated \$1.2 trillion deficit for the current fiscal year, the President-Elect has prudently warned that unless strong measures are taken, the outlook is for “red ink as far as the eye can see.”

Our nation’s public debt has reached \$6.3 trillion – about 45 percent of gross domestic product. According to the Congressional Budget Office, federal spending will climb to an astonishing 25 percent of GDP this year —more than any time in American history outside of World War II. With a stimulus package worth another \$800 billion or more, our nation’s debt as a percentage of GDP could rise to 60 percent, the highest level since World War II. That is, of course, an unacceptable and

unsustainable scenario for the government, for the economy, and for the households and business owners who pay the government's bills.

OMB will be the leading player as the incoming administration formulates policy to deal with a grim present and uncertain future. OMB will also be an indispensable link to Congress as the executive and legislative branches work toward consensus on a sustainable path forward.

Dr. Orszag comes before the Committee with an impressive set of skills and experiences. As a former director of the non-partisan Congressional Budget Office, he is familiar with the legislative branch, as well as with the intricacies of budgets and policy analysis. His earlier service as an economic advisor, as a scholar, and as a consultant has given

him other important perspectives that will prove valuable if confirmed as OMB director.

I take special interest in several issues for which the OMB Director is a key player.

The overriding concern, of course, is the federal budget. Dr. Orszag has already indicated that the economy and stimulus measures portend a near-term rise in the deficit. But as he knows – and as we have heard from former Comptroller General David Walker and other experts – recent years’ outlays and the growth of unfunded entitlements are unsustainable.

The recession will not last forever, so we desperately need a realistic plan to avoid having the federal budget become a mammoth drag on opportunities for job growth and higher personal

income – and for people’s ability to decide what to do with their own money. And let me add that the public expects far better oversight of the Troubled Asset Relief Program and of any future economic-recovery package.

Another major OMB responsibility falls under the general heading of Executive Branch management. This Committee has documented a voluminous record of shocking waste of taxpayer dollars by the federal government in virtually every program and department.

Many of these examples have arisen in the realm of contracting. This Committee has successfully passed legislation to improve the federal acquisition process, but additional reforms, including revitalization of the federal acquisition workforce,

must be high on OMB's list of targets for critical improvements.

Effectiveness and equity are other key management concerns. Homeland Security Grants, for example, are essential to ensure that every state can achieve a baseline level of readiness and response capability for natural or man-made disasters. OMB needs to examine budget plans carefully to ensure that they consistently support our nation's first responders and help achieve our national goal for all-hazards emergency preparedness.

Other special concerns – which Dr. Orszag recognizes in responses to pre-hearing questions – include transparency in government operations, metrics for agency performance, close attention to

GAO's High- Risk List, and the need to tackle the escalating costs of health care.

Today the Committee will also consider the nominee for one of the deputy directors at OMB, Robert Nabors.

I look forward to learning more about Mr. Nabors' background, particularly his experience as a program examiner at OMB during the Clinton Administration. That past OMB service included oversight of a previous Census and of agency technology investments, both areas of considerable concern today.

Our exploration with these nominees of the financial and management hurdles facing the federal government makes this a critically important hearing. Thank you, Mr. Chairman.

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