



June 21, 2017

Office of Management and Budget

Subcommittee on Financial Services and General Government, Committee on Appropriations, United States House of Representatives, One Hundred Fifteenth Congress, First Session

HEARING CONTENTS:

Member Statements

Rodney Frelinghuysen
Committee Chairman
[View Statement](#)

Witnesses

Mick Mulvaney
Director
Office of Management and Budget
[View Testimony](#)

Available Webcast(s)*:

The following webcast is a full hearing
[View Webcast](#)

Compiled From*:

<https://appropriations.house.gov/calendar/eventsingle.aspx?EventID=394911>

** Please Note: External links included in this compilation were functional at the time of its creation but are not maintained thereafter.*

This hearing compilation was prepared by the Homeland Security Digital Library, Naval Postgraduate School, Center for Homeland Defense and Security.



Chairman Rodney Frelinghuysen

House Committee on Appropriations

**Financial Service and General Government Subcommittee
Office of Management and Budget – FY 2018 Budget Hearing
Wednesday, June 21, 2017
Opening Statement As Prepared**

Thank you, Mr. Chairman, for the time and I also want to welcome Director Mulvaney to the Appropriations Committee. We look forward to your testimony and hearing your frank and candid views on the many issues.

Today's hearing is an important part of the oversight duties of this Committee. As part of our analysis, we are in the process of going through each and every line of the budget you sent us and are asking for credible spending justifications from all the agencies of the federal government.

When we have completed our examination and received the answers we need, we make our own determinations on the best and most effective use of tax-dollars.

In this context, Mr. Director, I believe the American people embrace the goals of the "America First" budget – to rebuild our military in the face of growing global threats, strengthen border security and eliminate unnecessary programs, waste and duplication and modernize outdated programs.

However, the national debate today focuses on how you define "unnecessary programs." We are eager to hear your views in greater detail here this afternoon.

I think I can speak for the vast majority of members of this committee in saying, yes, Washington needs to be fixed. But we also do not want to be party to a government shutdown which would reflect poorly on all of us and punish those Americans most in need of the services provided through the nation's safety net.

Mr. Director, I look forward to your testimony.

Thank you, Mr. Chairman, for the time.

#####

**TESTIMONY OF
MICK MULVANEY
DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON FINANCIAL
SERVICES AND GENERAL GOVERNMENT**

JUNE 21, 2017

Chairman Graves, Ranking Member Quigley, Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the President's Fiscal Year (FY) 2018 budget request for the Office of Management and Budget, or OMB.

The request of \$103 million will support a staffing level of 495 full-time equivalents (FTE) to help OMB carry out its critical missions in an effective and efficient way. The request also seeks to restore funding for FY 2017 cost increases the agency absorbed and fund additional, unavoidable FY 2018 cost increases. In addition, the request seeks resources to fund 10 additional FTE necessary to support the priorities of the Administration, specifically within the Office of Information and Regulatory Affairs (OIRA). Overall, the Executive Office of the President's budget has been reduced by 1%.

Separately, OMB is also requesting \$25 million for the Information and Technology Oversight and Reform Fund (ITOR), which is a \$2 million reduction from the FY 2017 enacted level. OMB uses ITOR funds for activities and tools that enhance the efficiency, effectiveness, and security of Federal investments in information technology. ITOR supports our Cyber and National Security Unit, a small team focused on strengthening Federal cybersecurity, and the U.S. Digital Service, which recruits private sector tech experts into government service to modernize some of the government's most critical programs. OMB's FY 2018 request, along with management efficiencies, will expand OMB's ability to perform data-driven, risk-based oversight of agency and government-wide cybersecurity programs as well as the coordination of the federal response to major cybersecurity incidents and vulnerabilities.

At the core of its mission, OMB, in consultation with the President and agencies, develops the President's budget proposals, submits the President's Budget to Congress, supports its enactment, and oversees the Executive Branch's implementation of the enacted appropriations. OMB also ensures agencies develop, express, and implement policies and practices in accordance with the President's priorities and statutory direction and is committed to improving the effectiveness and efficiency of federal programs. OMB also serves as the central point for review and clearance of Executive Branch legislative proposals, executive orders, and presidential memorandums. Finally, OMB performs and oversees interagency review of hundreds of significant regulatory actions that agencies across the Executive branch issue, approves thousands of agency requests to collect information from the public, establishes Government statistical practices, and coordinates federal privacy policy.

OMB continues to be a leader in strengthening and improving its effectiveness to meet its ever expanding and increasing responsibilities without a corresponding increase in staffing and resources. Since FY 2010, OMB has reduced the number of funded FTE by 40 -- from 527 actual FTE in FY 2010 to 487 actual FTE in FY 2016 -- a reduction of nearly eight percent. When comparing OMB's FY 2018 request at 495 FTE, the agency is still six percent below the FY 2010 FTE level.

Concurrent with declining staffing levels, OMB has taken on numerous new responsibilities, including – but not limited to – critical regulatory reform processes that OMB is charged with implementing as established in Executive Order 13771, “Reducing Regulation and Controlling Regulatory Costs;” and Executive Order 13777, “Enforcing the Regulatory Reform Agenda.” In particular, EO 13771 supplements the long established OMB regulatory review functions under Executive Order 12866, “Regulatory Planning and Review” and principles of OMB Circular A-4. EO 13771 assigns to OMB the responsibility to oversee the requirement that Federal agencies identify at least two deregulatory actions for each new regulation they issue.

OMB recently issued two guidance documents to implement this order and is actively working with agencies to ensure its success. Also, for FY 2018 and beyond, the Order establishes OMB as key to the process for determining regulatory cost allowances for each Federal agency. OMB has also issued the “Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce” on April 12, 2017, establishing a process at OMB to examine these issues on a government-wide basis and develop legislative proposals or executive actions to address them.

Before I close, I would like to take a minute to discuss the President's overall FY 2018 Budget request.

For years, Washington tried to help Americans by simply growing government. Under President Trump's leadership, we are taking a new approach to how we tax, regulate, and support our American workers, entrepreneurs and job creators.

And that is exactly what this Budget proposal does. We are creating a New Foundation for American Greatness that puts taxpayers first.

It is a budget that ushers in a new culture of limiting the size and scope of the federal government and returning it to its proper and appropriate functions and OMB is at the tip of the spear in this mission.

It is a budget that prioritizes our men and women in uniform. It is a budget that protects our seniors and answers to taxpayers.

Above all else, it is a budget that recognizes our government must be more efficient, more effective, and more accountable to the American people. We owe it to all Americans to be as responsible as we can with the money they give us.

Make no mistake: this budget makes tough decisions; decisions that need to be made in order to ensure that our children and grandchildren inherit a country that is safe at home, that is strong abroad, and that provides opportunities for generations to come.

Mr. Chairman, I appreciate you inviting me to testify in front of this important subcommittee today. I believe OMB is staffed with some of the most talented and most dedicated professionals in all of the federal government and this budget request will provide them with the necessary resources to meet our obligations to the President, Congress, and the American people.

I look forward to working with all of you as the appropriations process moves forward.

Thank you.