

NOMINATION OF HON. J. MICHAEL MULVANEY

HEARING

BEFORE THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

NOMINATION OF THE HONORABLE J. MICHAEL MULVANEY TO BE
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

JANUARY 24, 2017

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**NOMINATION OF THE HONORABLE
J. MICHAEL MULVANEY**

TUESDAY, JANUARY 24, 2017

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 2:35 p.m., in room SD-342, Dirksen Senate Office Building, Hon. Ron Johnson, Chairman of the Committee, presiding.

Present: Senators Johnson, McCain, Portman, Paul, Lankford, Hoeven, Daines, McCaskill, Carper, Tester, Heitkamp, Peters, Hassan, and Harris.

Chairman JOHNSON. This hearing of the Senate Committee on Homeland Security and Governmental Affairs will come to order. We are here to have a confirmation hearing for Congressman Mick Mulvaney for the position of the Director of Office of Management and Budget (OMB).

I am going to switch the script around a little bit to be respectful of our Senators' time here who are going to be doing some introductions, so I certainly want to welcome Senator Cotton and Senator Graham. Lindsey, you have a whole new calling in life, introducing Cabinet appointees. [Laughter.]

Senator GRAHAM. Yes, I am looking for a fallback plan.

Chairman JOHNSON. We will go with seniority, and we will have Senator Graham start with his introduction of Congressman Mulvaney.

**OPENING STATEMENT OF THE HONORABLE LINDSEY
GRAHAM, A UNITED STATES SENATOR FROM THE STATE
OF SOUTH CAROLINA**

Senator GRAHAM. Well, thank you, Mr. Chairman. I know you were at the Budget Committee hearing today, and I just want to tell Mick I thought you did a very good job of answering hard questions and being yourself.

To the Committee, I am honored to be here. It is a pleasure to introduce Congressman Mulvaney. He is from South Carolina. We are a small State, so we know each other pretty well.

President Trump has picked a lot of talented people, some people from the private sector without a whole lot of experience in the job which they have been nominated for. I think President Obama did that also, and that is a good thing. People can learn jobs if they have the right skill set.

The one thing I can tell you about the nominee here is he understands the budget. He is not a guy who is going to need to get caught up on how the Federal Government works. He has made it sort of his passion in politics to be involved in all things fiscal.

I have known him personally for many years now—and we all say we are friends. And, in the Senate it is very well true because it is such a small group. But we play golf together. We actually are friends. He beats me all the time. And he is meticulously honest on the golf course, which is a good indication of what kind of public servant would be.

I like him. He has a beautiful wife and triplets. Anybody who can raise triplets probably can help the government.

From an academic background, he is very gifted. From his time in Congress, he has been a very fiscally conservative person. Sometimes we do not agree about this part of the government versus that part of the government.

I think I voted for every President Obama nominee without exception. Maybe there is one or two I did not. And let me tell you why I chose to support President Obama's nominees as a point of personal privilege. Consequences to an election really matter, and the people he nominated, I had different views of what they should do in their job, but I came to conclude they were qualified.

The one thing I can say without any hesitation, whether you agree with Congressman Mulvaney about a particular issue, I think he is extremely capable and qualified. It is up to you how to vote. You can use any standard you would like. I have chosen to kind of look at the person's qualifications.

You will soon hear over the next few hours a man who understands the budget, and it was brought up that he is so different than President Trump in terms of entitlements and spending on certain areas of the government. I think President Trump sees in Congressman Mulvaney somebody that he can trust, that is smart, and will speak truth to power.

I completely disagree with President Trump's view about entitlements. If we do not reform them, we are going to lose them. And you are going to hear a man who will be excruciatingly honest, who has the background to go into the job from day one, and understands what the job is all about. Whether you agree with him or not, if he disagrees with you, it is not because of anything other than he just disagrees. In his own way, he is trying to help the country as much as you are. And sincerity goes a long way with me, and Congressman Mulvaney is very smart, talented, but incredibly sincere.

Thank you for having me.

Chairman JOHNSON. Thank you, Senator Graham. Senator Cotton.

**OPENING STATEMENT OF THE HONORABLE TOM COTTON,¹ A
UNITED STATES SENATOR FROM THE STATE OF ARKANSAS**

Senator COTTON. Mr. Chairman, Ranking Member, thank you for allowing me to appear. I want to add your voice in support of confirming Mick Mulvaney as the next Director of the Office of Man-

¹The prepared statement of Senator Cotton appears in the Appendix on page 61.

agement and Budget. Mick and I have known each other for many years now. We served together in the House of Representatives. He is a good friend and a trusted confidant, so I speak today from personal experience when I say he will serve our President and our Nation with distinction, as you may have seen this morning at the Budget Committee.

The way I see it, the Director's job is to give the President the unvarnished truth. He has to tell the President exactly what things cost, partly for the President's agenda, but mostly for the taxpayer. The President, of course, sets the agenda, but he deserves a clear-eyed view, not rose-colored glasses.

And for the last 6 years, Mick has been telling many hard truths: We are spending too much. Regulations are strangling our small businesses. And short-changing our military will only cost us more in the long run.

Mick also understands the hardest truth of all, at least for big spenders here in Washington: It is the American people who earned this money through their hard work and sacrifice. Mick will treat every taxpayer dollar as if it were his own. And trust me, that means that he will watch those dollars like a hawk.

In Arkansas, many people still stop to ask me what we are doing about the national debt. It is a huge concern. So with his eagle-eyed focus on spending, Mick will be a crucial voice in the President's Cabinet. He will represent millions of Americans who are deeply worried about the burden we are leaving our children. And while Mick is deeply principled, he also knows how to work with others and make progress wherever we can.

In short, Mick is a fine choice to run the Office of Management and Budget. I urge you not only to advance his nomination, but also to do so as soon as possible. Under the law, the President is required to submit a budget to Congress early next month, which will be very difficult without a new Director. I also hope the full Senate will confirm him promptly.

Thank you for your time today and for your consideration of this passionate advocate for the taxpayer, a bold truth teller, and my friend, Mick Mulvaney.

OPENING STATEMENT OF CHAIRMAN JOHNSON

Chairman JOHNSON. Thank you, Senator Cotton. And, again, thank you Senator Graham.

Congressman Mulvaney, we would like to welcome you, your wife, Pam. Did your son James get through the tunnel?

Mr. MULVANEY. He just barely made it in time.

Chairman JOHNSON. Well, that is great. Again, we thank you for your past service to this country and your willingness to serve again. And we certainly thank your family. This will be more than a full-time job, so you are also making a sacrifice.

I was at the Budget Committee hearing, and obviously we focused on the budgetary aspects of this job. But it is the Office of Management and Budget. This Committee has a mission statement: to enhance the economic and national security of America. Your position is going to be critical in terms of that enhancement. And no matter what problem we are dealing with, no matter what

challenge this Nation faces, from my standpoint the number one component of the solution is economic growth.

But we are not even coming close to realizing the full potential of the American economy. Since the Great Depression, our economy has grown about 3.2 percent. Since the Great Recession, it has been growing right about 2 percent.

From my standpoint, there are four basic reasons for that. We are not utilizing our energy resources to the extent we should; we must begin to. We do not have a competitive tax system. But the other two main reasons, I would argue, come fully under the jurisdiction of this Committee, but also under the purview of your new responsibility if you are confirmed as Office of Management and Budget Director, and it is regulation and debt and the deficit.

I would like to start on a couple charts here. I know in the Budget Committee Senator Whitehouse had a pretty good chart that you liked. I have my own. We will start with the 30-year deficit.¹ Just like a family that is in debt over its head, you could ask that family: How can you grow your personal economy if every cent of income is really devoted to the basic necessities and servicing the debt? Well, a nation-state is the exact same way. And not only are we almost \$20 trillion in debt—in other words, we are in debt over our head as a Nation—but over the next 30 years, according to the Congressional Budget Office (CBO), the deficit is projected to be \$103 trillion—\$10 trillion the first decade, \$20 trillion the second, \$68 trillion the third. And that compares, by the way, just to show you the magnitude of this, to the entire net private asset base of America at \$116 trillion. Clearly, that is unsustainable. It is something that the Federal Government have to grapple with, or we will never achieve the type of economic prosperity that certainly our children should expect from our economy.

That is why I want to just throw up the fiscal year (FY) 2016 Federal budget as a bar chart.² Get that up there. You will notice on this bar chart there are two colors: there is red and there is blue.

Red represents all the mandatory spending—Social Security, Medicare, Medicaid, interest on the debt. So many dollars are spent where there is no appropriation. It is on automatic pilot, and it is out of control. It is about 70 percent of our budget.

The blue represents discretionary spending. That is what we fight over in terms of the budget. That is what is appropriated. It is a little over \$1 trillion out of our \$3,854 billion current year budget.

This clearly has to be brought under control if we are ever going to restrain the growth in debt so we can achieve the type of prosperity we need.

The components—and everybody has these charts in front of them in terms of a piece of paper. I have another piece of paper in front of the Senators. I think it might be in front of you, Congressman Mulvaney. I call this the income statement³ of the United States, and this is over that same 30-year period, just demonstrating that the component of that \$103 trillion deficit is \$14

¹ The chart referenced by Senator Johnson appears in the Appendix on page 254.

² The chart referenced by Senator Johnson appears in the Appendix on page 255.

³ The chart referenced by Senator Johnson appears in the Appendix on page 256.

trillion over the next 30 years of deficit in Social Security, \$34 trillion Medicare, and the rest, \$54, \$55 trillion, is interest on the debt. So if we do not want to pay over the next 30 years \$55 trillion to our creditors, we have to address the unsustainable situation in both Social Security, but in particular Medicare.

So those are just the facts. Those are the realities. That is the reality that collectively here in the Federal Government we have been denying for far too many years. But at some point in time there will be a point of reckoning. So, again, that is the budget reality that we are faced with.

The other thing we are going to have to grapple with in terms of economic growth, the other thing that is really restraining the growth of our economy, is overregulation. It is a massive burden. We have held a number of hearings in this Committee on it. A number of studies show that we are approaching \$2 trillion per year as the cost of complying with Federal regulations.

I know in your testimony, Congressman, you talk about the debt burden per family. I will not steal your thunder. But the regulatory burden is about \$14,800 per year per family.

I was talking to a Chief Executive Officer (CEO) of a Wisconsin paper manufacturer. By the way, I cannot tell you who it is because that CEO feared retaliation by his government, which is a pretty sad commentary. But he did the cost calculation on just four regulations recently issued. The cost was the equivalent of \$12,000 per year per employee. Just four regulations. Now, that is \$12,000 that the Wisconsin paper manufacturer does not have available for increasing wages and benefits and investing in the business to grow it to create more jobs. It is that regulatory burden that really is, I think, the number one reason why our economy is not realizing its full potential.

One last anecdote on overregulation. For the last 2 years, the chancellor of the University of Wisconsin-Madison has come into my office complaining about overregulation as it relates to the university system. This last year, she came in with a study commissioned by other research universities. The conclusion of that study said that 42 percent of researcher time spent on Federal Government grants was spent complying with Federal regulations. Think of the opportunity cost, think of the diseases where we are spending 42 percent of the time filling out paperwork as opposed to trying to determine a cure for those.

So the overregulation has an enormous cost to our economy, and that is something that, as Director of OMB, hopefully you will have a great deal of input in terms of cutting back and curbing so we can realize our full potential.

I do have a written statement that I would ask unanimous consent to enter into the record.¹

With that, I will turn it over to Senator McCaskill, my Ranking Member.

¹ The prepared statement of Senator Johnson appears in the Appendix on page 55.

OPENING STATEMENT OF SENATOR MCCASKILL¹

Senator MCCASKILL. Thank you. Thank you, Congressman Mulvaney, for being here, and thank you, Mr. Chairman. I wish I did not have to begin my opening talking about process. Mr. Mulvaney has submitted all the necessary documents for consideration by the Committee, including 3 years of tax returns, and the Office of Government Ethics has completed its review of conflicts. And we have a signed letter regarding Congressman Mulvaney's agreement to address potential conflicts of interest.

However, I am not aware that there has been a precedent for us going forward with a hearing when we have not had an opportunity to review the nominee's Federal Bureau of Investigation (FBI) background check. I was told we would see it last week, and then it was moved up to yesterday, and then we learned today that it is still was not ready.

I do not fault the nominee for this, but it is evidence of a rushed process that we are witnessing. I am disappointed that we are holding this hearing without the FBI review being completed. I think it is a bad precedent for this Committee to do that, and I would like to work with you and the FBI to ensure this does not happen with any future nominees.

I look forward to a commitment from you that we will not hold a markup or a vote on moving forward on this nomination to the full Senate for confirmation.

Chairman JOHNSON. You can have that commitment. I want to see the FBI file, as you do, too. We will do our due diligence. You will have plenty of time, I am sure, Congressman Mulvaney will come back in and answer any questions we have based on whatever that FBI file tells us.

Senator MCCASKILL. Since November 9th, Americans have been searching to understand what is next for this country. The growth of our economy and the jobs of so many Americans depend on our country remaining a stable and relatively predictable place to do business—where businesses and the Federal Government alike have the ability to plan for the future.

Despite this, to date the Trump Administration's plan for the economy changes with each news cycle, and the strategy appears to shift depending on which nominee or which member of the transition team is speaking.

Just last week at a hearing, Mr. Mnuchin, the nominee for the Secretary of the Treasury, said that after the inauguration, the Trump Administration would speak with "a unified voice."

Four days ago, President Trump was sworn in, and the Trump Administration began. Despite the transition of power and the start of a new Administration, on issues like Social Security, health care, Medicare, and taxes, we are still searching for that unified voice.

The Director of the Office of Management and Budget is charged with implementing and articulating the President's policy agenda. If confirmed, Representative Mulvaney, you will hold a post that influences policy proposals, budget appropriations, the management of Federal workers, and the safeguarding of our regulatory

¹ The prepared statement of Senator McCaskill appears in the Appendix on page 56.

process. Your core job will be to take the President's ideas and make them clear and cohesive policy.

Despite your willingness to serve, I cannot help but question how you will achieve this when the views that you have expressed for so long do not align with those of the President or other members of the Cabinet. You are a self-described "hard-core conservative." You support cuts to Medicare and Social Security and drastically shrinking the size of government through the elimination of agencies, Federal programs, and Federal workers. You have voted for and supported the shutdown of the Federal Government several times and have dismissed concerns about failing to lift the debt ceiling as "just posturing." You have said that, "We have to end Medicare as we know it." And you have advocated cuts and full-scale overhauls of the program. Meanwhile, during his campaign President Trump said that he would make no changes to Medicare.

Representative Price, the nominee for Secretary of the Department of Health and Human Services (HHS), who has also advocated for changes in the Medicare system and block granting Medicaid, told a Senate Committee last week that the President's plan remains the same.

The situation is almost the exact same on Social Security. You have advocated changes and cuts and at one point in time actually called Social Security like a "Ponzi scheme," while the President said during his campaign he would not alter Social Security at all.

In voting against emergency funding after Hurricane Sandy, you said, "We have mismanaged our own finances to the point where we are now no longer capable of taking care of our own." The President has made clear that he intends to increase spending by initiating massive infrastructure projects, such as the Wall, even if we have to pay for it, as promised on Friday during his inaugural address, building "new roads, highways, bridges, airports, tunnels, and railways all across our wonderful Nation."

After this hearing, we will understand more about your background and beliefs, but we may not have a better understanding of how and whether those beliefs will have any impact on the Trump Administration. How will we know which policies will be implemented when the President and his Cabinet have such different views on such important topics?

Not only am I worried that we will not have the stability we are looking for from the incoming Administration, I am not certain that you, a man who has stuck to his principles admirably and has not often been forced to compromise, fully grasp the responsibilities of the position that you have been nominated to.

Many of your proposals, like your willingness to allow the Federal Government to default on its obligations, would have far worse implications than I believe you are willing to concede. In fact, you once said that you had yet to meet someone who could articulate the negative consequences of the United States failing to raise the debt ceiling. If that is the case, you simply have not been listening to the economists, the Treasury Secretary, to the nominee for Treasury Secretary of this President, or even former OMB Directors of both parties, who tell a much different story.

But perhaps there was comfort in being able to say these things knowing that cooler heads would prevail and no one would ever

have to find out the consequences of your rhetoric. But now you are seeking confirmation to a Cabinet-level post with great responsibility and power. What will happen if your views and proposals are adopted wholesale? If that happens, I fear the American people and the global economy are in for a rude awakening.

Throughout this hearing I will be listening closely to better understand how you will reconcile your beliefs with those of the President and how as Director of the Office of Management and Budget you will implement the vision of a Trump Administration that speaks with “a unified voice.” I look forward to hearing your answers. Thank you, Congressman.

Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator McCaskill.

It is the tradition of this Committee to swear in witnesses, so please rise and raise your right hand. Do you swear the testimony you will give before this Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. MULVANEY. I do.

Chairman JOHNSON. Please be seated.

Congressman Mick Mulvaney has represented the 5th District of South Carolina since 2010 and was a State representative from 2006 to 2010. In the House of Representatives, Congressman Mulvaney has served on the Oversight and Government Reform Committee, the Budget Committee, and the Financial Services Committee. He is a graduate of Georgetown University and holds a law degree from the University of North Carolina and an executive degree from Harvard Business School. If confirmed, Congressman Mulvaney will bring with him to the position, in addition to that experience in government, a wealth of knowledge from his experience as a small business owner in the real estate, construction, and restaurant industries. Congressman Mulvaney.

**TESTIMONY OF THE HONORABLE J. MICHAEL “MICK”
MULVANEY¹ TO BE DIRECTOR, OFFICE OF MANAGEMENT
AND BUDGET**

Mr. MULVANEY. Chairman Johnson, Ranking Member McCaskill, thank you again for having me. It is an honor and a privilege to be here, and I am pleased to offer my qualifications for the position of the Director of the Office of Management and Budget. I also want to thank the President for the confidence that he has shown in me in nominating me for this post.

I also want to especially thank Senators Graham and Cotton for taking the time to introduce me. It is nice to have my friends be able to do that.

I also want to especially thank my family, a few of whom are here today. My wife is seated behind me, and you saw one of the triplets slip in a little bit late, but at least he put on a tie, which is kind of nice. James is here. His siblings Caroline and Finnegan are home in South Carolina at school.

I think as Members of this Committee know as well as anybody, the burdens of what we do, the public service we do, falls probably most heavily on our families, and we probably do not get a chance

¹ The prepared statement of Mr. Mulvaney appears in the Appendix on page 62.

often enough to say this, and we certainly do not get a chance to do it on national television. So with the permission of the Chairman, I am going to say this: I am extraordinarily proud of my family, my children, the young people that they have become, and my wife. I was asked during this process one time to sum up who I was in one sentence, and all I could think to say was that I love my wife, and I am glad that she is here today and in my life.

Finally, I am grateful to the Members of the Committee for taking the time over the course of the last couple weeks to sit down and talk about issues, to talk about your views. And should I be confirmed, I look forward to continuing to do that because I think anyone who is familiar with the Office of Management and Budget knows that you cannot do this job alone. And I think maybe a Member of Congress knows that better than most. Several former members of the House and the Senate, including Senator Portman, Mr. Nussle, and Mr. Panetta, have all served in the Office of OMB with distinction. They have set an extraordinarily high bar and provided a good example for all of those who follow, set a good example of how the OMB Director should interact with and serve the President, the Congress, and the American people. And if confirmed, I will use those as role models.

You deserve the truth, as do the American public, and it is the OMB Director's responsibility to tell you—and the President—the truth, even when that might be hard to hear.

Part of the thing that is hard to hear is that for the first time in our history, there is a chance that the next generation may be less prosperous than that that preceded it. To me, and to the people in this room, I know that that is completely unacceptable. We can turn this economy around. We can turn this country around. But it is going to take difficult decisions today in order to avoid taking nearly impossible decisions tomorrow.

Our gross national debt is roughly \$20 trillion. That number that is so large, it is hard for most people, myself included, to grasp. I prefer to look at it another way: If you convert that amount of money in what we make or take in as a Nation every single year to the ordinary American family that makes \$55,000 a year as a household, that is the equivalent of that family having a credit card debt of \$260,000. American families know what that would mean to them, and it is time for government to figure out that same lesson.

I believe as a matter of principle, that the debt is a problem that must be addressed sooner rather than later. I also know that fundamental changes are needed in the way we spend and tax if we truly want a healthy economy. This must include changing our long-term fiscal path, which is unsustainable.

Part of fixing our problem also means taking a hard look at government waste and then ending it. American taxpayers deserve a government that is efficient, effective, and accountable. American families earn their money honestly; they deserve to have us spend it in the same fashion.

But fixing the economy does not mean just taking a green eyeshade approach to the budget. Our government is more than just numbers. A strong and healthy economy allows us to take care of our most vulnerable. Pam's mom relied on Social Security in her

retirement. She relied on Medicare before she passed away from cancer. We were glad that that safety net was there for her. We would like very much for that safety net to be there for her grandchildren, our triplets.

All that being said, I know many of the Members of this Committee will want to know what my positions will be as the OMB Director. I am, of course, not yet in the position, and I do not presume to know about decisions I might make, much less what the decisions of the President will be after consulting his Cabinet and other advisors. I do know what I believe, however, and I look forward to discussing whatever topics you consider relevant today. I have not exactly been a shy Member of Congress for the last 6 years, and I do not expect to begin today or, should you confirm me, over at the Office of Management and Budget.

At the same time, I recognize that good public service—whether it is the State legislature, the Federal legislature, or in the Executive Branch—takes both courage and wisdom, the courage to lead and the wisdom to listen. I have learned that I do not have a monopoly of good ideas. Facts—and the cogent arguments of others—matter. And my commitment to you today is to take a fact-based approach and to listen to various ideas about how to get our financial house in order.

As you know, OMB also performs other significant functions regarding management, plays a significant role in the regulatory climate, as well as many other duties, as all of you folks know. I look forward to talking to you about all of those issues as you see fit. And if confirmed, I look forward to working with Congress—and serving the President—to address the challenges on behalf of all the American people.

With that, I thank you for your time, Mr. Chairman.

Chairman JOHNSON. Thank you, Congressman Mulvaney.

There are three questions the Committee asks of every nominee for the record. First, is there anything you are aware of in your background that might present a conflict of interest for the duties of the office to which you have been nominated?

Mr. MULVANEY. No, sir.

Chairman JOHNSON. Do you know of anything, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Mr. MULVANEY. No, sir.

Chairman JOHNSON. Do you agree without reservation to comply with any request or summons to appear and testify before any duly constituted Committee of Congress if you are confirmed?

Mr. MULVANEY. I will fully cooperate with all those requests.

Chairman JOHNSON. Thank you. Let me just ask one question, and then I will reserve the balance of my time. I know you are very forthright regarding the issue you had with paying back taxes and payroll taxes for a babysitter, so I would like to give you this opportunity to start off the hearing to explain the situation with the babysitter for your premature triplets?

Mr. MULVANEY. Sure, and I would be happy to do that, and I think we had a chance to talk about it with various Members of the Committee. My children were born, the triplets were born in

2000, and when they came home, we hired someone to help with them. And we hired what we considered to be a babysitter. It was a young woman who did not live with us, did not teach the children, did not cook or clean. She helped my wife with the children. And we did not withhold Federal taxes or State and Federal unemployment taxes on them. And, honestly, I did not think about it again until December.

When you are nominated for one of these positions, you get information from the transition team, and one of them was a checklist that says, "Have you ever had a babysitter, nanny, governess, or au pair?" And I checked, "Yes." And they immediately sent me an Internal Revenue Service (IRS) circular. And when I looked at it, I immediately realized that we had made a mistake and that we should have withheld those taxes and should have paid unemployment.

I did the only thing I know to do under the circumstances, which is to simply tell everybody. I told the transition team. They communicated to the President. I told my accountant. And we sat down trying to figure out how to make amends, how to redress the situation.

And so what we have done is we notified the IRS; we paid all the taxes that were outstanding. We refiled I think Schedule H for the relevant years, and we are waiting to hear back from the Federal Government regarding penalties, late fees, and so forth.

I recognize the fact that I made a mistake. It was my responsibility. But once it was brought to my attention, I did the only thing I know to do, which is simply be straightforward about it, admit the problem, and then try and fix it.

Chairman JOHNSON. Thank you. Again, I will reserve the balance of my time. Senator McCaskill.

Senator McCaskill. Thank you. I want to explore a little bit the inconsistencies, if I could, and see if we can try to reconcile any of them. Let me start first on the debt limit, and I am going to start with your quote:

"I have heard people say that if we do not raise the debt limit, it will be the end of the world. I have yet to meet someone who can articulate the negative consequences."

And, in fact, in my office, we had a chance to talk about how you would prioritize payments if we did not raise the debt ceiling, who would get paid first and who would be at the end of the line, envisioning a potential failure to raise the debt ceiling.

I was then surprised when we questioned Steve Mnuchin, the nominee to be Treasury Secretary, when he said absolutely raising the debt ceiling, that is not about spending, that is about paying obligations that have already been made. He went on to say that he supported raising the debt ceiling 100 percent. He said, "The President-elect has made it perfectly clear"—I am quoting him now—"that honoring the U.S. debt is the most important thing." And, finally, he said in the hearing, "I would like to see us raise the debt ceiling sooner rather than later."

Now, how do you reconcile those two positions, Congressman?

Mr. MULVANEY. Thank you for that, Senator. A couple different things.

As you will recall, back during, I believe, the last time we had a debt ceiling discussion in this country was 2013, and the rhetoric was extraordinarily high. My comment that you made was something I believe I said—the statement is accurate—was that I had not found anybody yet who could explain to me exactly why that rhetoric was so high. And I was surprised to find that at the time the Treasury Secretary, who you would expect to be out trying to calm markets, was actually doing the exact opposite.

We did happen to find out after the fact, by the way, that while he was publicly saying that we would default, he was privately telling the primary dealers in Federal debt that he would pay the interest on the debt. So I think that goes to the environment at the time.

Senator McCASKILL. But, Congressman, let me interrupt you there just to try to point this out. The discussion about whether or not we are going to raise the debt ceiling is a debate on whether or not we are going to honor our obligations. That, of course, is going to roil the markets. It does not matter who is Secretary Treasury. I mean, the whole discussion that it would be considered that we would not raise the debt ceiling in order to meet previous obligations, with some of the rhetoric, in all due respect, from your side of the equation, gave people the impression that raising the debt ceiling was allowing more spending. And that is just not true.

Mr. MULVANEY. That is a true statement. Raising the debt ceiling does not allow more spending. That is appropriations bills that do that. But I encourage you to recognize the fact that this is not a new discussion. Yes, we had one recently in 2013. But debt ceiling debates go back a long ways. As a matter of fact, there is a Government Accountability Office (GAO) letter that was issued in 1985, which I still believe it is technically not law, but it is still effective guidance—that dealt with what would happen in terms of prioritization back in 1985 if we bumped up against the debt ceiling.

So, again, my interest was in lowering the temperature of the rhetoric, not in stirring things up.

Senator McCASKILL. OK. So you disagree with the would-be Secretary of Treasury, Secretary Mnuchin. Will you try to influence him that, in fact, you should withhold support for raising the debt ceiling?

Mr. MULVANEY. No, ma'am. A couple different things. I think the quotation you attributed to him was that he thought that paying debts was the most important thing we could—

Senator McCASKILL. No. Raising the debt ceiling.

Mr. MULVANEY. I thought—

Senator McCASKILL. He said sooner rather than later. He said, "I would like to raise the debt ceiling sooner rather than later."

Mr. MULVANEY. Then I believe he went on and said that paying the debts was one of the most important things we could do.

Senator McCASKILL. I am quoting Mnuchin saying, "The President-elect has made it perfectly clear that honoring the U.S. debt is the most important thing."

Mr. MULVANEY. I could agree with that.

Senator McCASKILL. OK. And what about the Congress raising the debt ceiling? Will you be over here lobbying for Congress to raise the debt ceiling?

Mr. MULVANEY. I will be doing whatever the President asks me to do. I hope—

Senator McCASKILL. OK. That is what I wanted to hear.

Mr. MULVANEY. Right.

Senator McCASKILL. I also want to point out that in 2013 you said, “We believe the 2013 government shutdown was good policy.” Do you still believe that?

Mr. MULVANEY. Yes, ma’am. I think the last bill that the House sent over to you—I think the discussion in 2013 turned on something that was counterfactual. It said that we tried to shut the government down over defunding Obamacare, which is wrong at many levels. What the House did is send an appropriations bill that would delay the implementation of Obamacare’s individual mandate for 1 year.

Senator McCASKILL. OK.

Mr. MULVANEY. We did that for a reason, because the President had just recently given that exact accommodation to corporations in this country.

Senator McCASKILL. You were trying to make a point with it.

Mr. MULVANEY. That is correct.

Senator McCASKILL. I get that. And it was a point that you felt very strongly about, which I respect. But I am just wondering if you still believe a government shutdown could be good policy if it is to make a political point.

Mr. MULVANEY. A government shutdown is never a desirable end.

Senator McCASKILL. OK. Defense spending. I hate to cut in my friend’s questioning because I have a feeling he might ask about this, but I am quoting you now: “Defense has to be cut. It has to be on the table, no question.”

Once again, another quote: “I am comfortable that the government will continue to exist after the sequester.”

Versus the President, who said, “As soon as I take office, I will ask Congress to fully eliminate the defense sequester and will submit a new budget to rebuild our military.”

Have you changed your mind about military cuts?

Mr. MULVANEY. No, ma’am. I have voted many times for exactly what the President just laid out, which was to increase the top-line defense number. And I have had a chance to discuss with General Mattis, although we have not talked specifics because I do not want to get into that prior to the Senate making its determination. But I am absolutely in lockstep with the President in terms of trying to figure out ways to increase the top-line defense number.

Your first statement, which I think harkens back to when I first got here, is something that I have been talking about since I arrived here, which is that I think it is incumbent upon my party to treat all waste equally.

Senator McCASKILL. OK.

Mr. MULVANEY. That waste in the welfare department and waste in the Agriculture Department is waste just like waste in the De-

fense Department, and that if we are not willing to talk about those things equally, it undermines our credibility.

Senator MCCASKILL. OK. On health care, "I do not believe that health care is a fundamental right, because once you declare that it is a fundamental right, that means someone has a fundamental obligation to pay for it." You said that in 2010.

Versus the President, who said: "You know, there are many people talking about many forms of health care where people with no money are not covered. We cannot have that."

Do you agree with the President that we cannot have people with no money not having health care?

Mr. MULVANEY. I think it is important to recognize that in each of these examples, what you have done is correctly point out a position that I took as an elected Representative of the 5th District of South Carolina, and I have done the very best I could to represent those people to the best of my ability. I come from a very conservative part of South Carolina, and I think they are very happy with my representation.

Senator MCCASKILL. You are not telling the people of South Carolina you are going to get more liberal now that you are working for President Trump, are you?

Mr. MULVANEY. No. I will tell you the same thing I tell them, which my role is getting ready to change. I would like to think that the President has invited me to join his Cabinet in order to bring those perspectives to the table. But at the end of the day, when the President gets together with all of his advisers and says, "Here is the plan going forward," then it would be my job to enforce those policies to the best of my ability. And I am absolutely comfortable doing that.

Senator MCCASKILL. Thank you, Mr. Chairman. I will save the rest of mine for next.

Chairman JOHNSON. Senator McCain.

OPENING STATEMENT OF SENATOR MCCAIN

Senator MCCAIN. Mr. Mulvaney, in 2011, did you vote for the immediate withdrawal of U.S. troops from Afghanistan?

Mr. MULVANEY. You and I talked about that in your office, and I believe that I—

Senator MCCAIN. Please, I have a short period of time.

Mr. MULVANEY. Sure.

Senator MCCAIN. It is a pretty simple question. Did you vote for the immediate withdrawal of U.S. troops from Afghanistan?

Mr. MULVANEY. I believe that I did, sir, yes.

Senator MCCAIN. In 2012, did you vote to withdraw two brigade combat teams from Europe?

Mr. MULVANEY. That one I do not remember.

Senator MCCAIN. I think I would remember if I wanted to withdraw troops from Europe.

In 2013, did you vote to withdraw the 2nd Cavalry Regiment from Europe?

Mr. MULVANEY. Again, I do not remember the specifics. I know that I have taken similar votes in the past, yes, sir.

Senator MCCAIN. In 2011, did you offer an amendment to cut the defense top line by \$17 billion?

Mr. MULVANEY. I believe that was an Overseas Contingency Operations (OCO) budget. I do not think it was the top-line defense appropriations bill.

Senator MCCAIN. So you voted against OCO, so we are talking semantics here. Did you vote to cut \$17 billion from our defense?

Mr. MULVANEY. From the overseas contingency operation budget, yes, sir.

Senator MCCAIN. I see. Did you offer an amendment in 2013 to cut the budget by \$3.5 billion?

Mr. MULVANEY. That I do not remember.

Senator MCCAIN. Well, I will tell you, I would remember if I voted to cut our defenses the way that you did, Congressman. Maybe you do not take it with the seriousness that it deserves.

I am not interested in playing semantic games with you. I am interested in what our military needs and whether they are receiving it. It is clear from your record that you have been an impediment to that for years.

Do you believe we should repeal the Budget Control Act?

Mr. MULVANEY. I believe that we should repeal it or replace it with something that is more efficient. Yes, sir. I voted against the Budget Control Act for just that reason.

Senator MCCAIN. Do you believe that defense increases must be conditioned on offsets elsewhere?

Mr. MULVANEY. I believe that we made a promise in 2011 as part of a debt ceiling increase to save money, and I am interested in keeping that promise.

Senator MCCAIN. What is the highest priority—reducing the debt or rebuilding the military?

Mr. MULVANEY. The number one priority of the United States Federal Government is to defend the Nation.

Senator MCCAIN. It is nice to hear that you believe they are important because you have spent your entire congressional career pitting the debt against our military, and each time, at least for you, our military was less important.

As OMB Director, you will be advising the President on ongoing budget matters. In your response to the Committee, you have stated that government shutdowns “always contain some element of good policy.” Will you be advising the President that a government shutdown or, as you—and maybe George Orwell—would like to call it, as you did in your responses to questions, “temporary lapse in appropriations” are an acceptable outcome during budget negotiations?

Mr. MULVANEY. Actually, the term “temporary lapse in appropriation” is the term that the government used to describe that circumstance up until, I believe, 1994.

Senator MCCAIN. That is what you believe it is?

Mr. MULVANEY. To get to your direct point, I do not intend to be recommending to the President that we negotiate or govern by crisis.

Senator MCCAIN. But you supported the government shutdowns?

Mr. MULVANEY. I voted for an appropriations bill that the Senate failed to take up. I think in a system, Senator, where you have to have the approval of the House—

Senator MCCAIN. Did you make statements in support of the shutdown during the shutdown?

Mr. MULVANEY. I made statements in support of the House bill to keep the government open.

Senator MCCAIN. Which you knew would not succeed because it was not going to pass the U.S. Senate.

Mr. MULVANEY. I do not pretend to know, sir, what the Senate chooses to do.

Senator MCCAIN. Will there be a corresponding increase in the defense base budget for every dollar of OCO, which you have opposed, transferred to the base?

Mr. MULVANEY. I have proposed moving stuff from the OCO to the top-line defense budget because I think it is more transparent.

Senator MCCAIN. So you believe there should be—the President has advocated increases in defense spending. Do you believe that that should be tied to decreases in spending in other areas of government?

Mr. MULVANEY. I have voted regularly and hope to continue to advise the President that the best possible route forward is to raise the top-line defense number and have corresponding reductions in the non-defense discretionary.

Senator MCCAIN. And if you are not able through Congress to reduce the spending, will you still support increases in defense spending?

Mr. MULVANEY. I will make my case to the President. Again, I think he is looking for my perspective—

Senator MCCAIN. I am asking for your personal opinion before this Committee, not what you would advise the President. I want to know whether you would support an increase in defense spending without a commensurate cut in non-defense spending?

Mr. MULVANEY. I would make the argument—again, I recognize what you are asking me, Senator, but you also asked me what I would do as an elected official, and that is not my job. My job is to make the case to the President, and I am trying to answer your question to the best of my ability, which is I would lay out to the President what the implications of doing that would be.

Senator MCCAIN. Well, since it is obvious that you and your friends supported the shutdown—in fact, I remember it vividly—as a “temporary lapse in appropriations,” I would like you to maybe go to Arizona and tell the folks up around the Grand Canyon when we shut down the Grand Canyon and we had to fly food up to them, the concessions around the Grand Canyon. And I remember it very well, and I think it is a shameful chapter, and I think it is a reason why the people have such a low opinion of us and the work we do when we have “temporary lapses in appropriations,” as you described them.

All I can say to you, sir, is that I am deeply concerned about your lack of support for our military, about your continued votes of withdrawals from Europe when we see a world on fire, withdrawing combat teams. What were you thinking, honestly, when you voted for an immediate withdrawal of all U.S. troops from Afghanistan? Help me out here.

Mr. MULVANEY. Senator, if you would give me the time, I will tell you the story, because it is a true story. With your indulgence, I had——

Senator McCAIN. I have about 50 seconds. Go ahead.

Mr. MULVANEY. I had a group of Vietnam veterans come into my office—a gentleman about 6-foot-5, long gray hair in a ponytail, leather vest—to come and talk to me about the Department of Veterans Affairs (VA) issues, which was appropriate at the time. At the end of the meeting, walking out in the parking lot, he pulled me aside. This giant mountain of a man pulled me aside and started crying and said, “Look, I have done thus and such for my country. My son has been overseas now four times in 5 years, and it is killing his family. You know South Carolina”——

Senator McCAIN. So the answer to that is withdraw all troops from Afghanistan?

Mr. MULVANEY. I was doing the best——

Senator McCAIN. Congressman, that is crazy.

Mr. MULVANEY. I was doing the best I could to represent the people in South Carolina.

Senator McCAIN. Because one person came up——

Mr. MULVANEY. I was doing the best I can——

Senator McCAIN. Because one person came up to you and was subject to the sacrifices that the men and women make, then you voted to withdraw all troops from Afghanistan? Don’t you know where September 11, 2001 (9/11) came from?

Mr. MULVANEY. Senator, you know as well as any how pro-military South Carolina is, and I could tell you had the full support——

Senator McCAIN. I can tell you that from—I know one thing about South Carolina. The majority of them do not support a vote in favor of withdrawing all troops from Afghanistan. I can tell you that. And I will take a poll anytime, that they do not want to—there is too much many sacrifices. That is where 9/11 began. I know of no reputable member of the military leadership that would say that because of that we should withdraw all troops from Afghanistan.

My time has expired.

Chairman JOHNSON. Senator Carper.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Thanks, Mr. Chairman.

Mr. Mulvaney, welcome. It is good to see you. Thanks for stopping by and visiting with me yesterday.

Mr. MULVANEY. Yes, sir.

Senator CARPER. Do you recall when you met with President Trump and when he subsequently nominated you for this post?

Mr. MULVANEY. Yes, sir. I met President Trump the first week in December, I believe.

Senator CARPER. And do you recall the last time you met with him?

Mr. MULVANEY. That is the only time I have met with the President personally.

Senator CARPER. So since that time you have not met with him?

Mr. MULVANEY. That is correct, sir.

Senator CARPER. All right. He has spoken, as I am sure you know, in favor of a number of steps or actions that are of interest to us, I think to us all. One, he has called for what I would describe almost as "massive tax cuts." Some would suggest that they are largely to benefit people in upper-income levels. But that is one of the things. And he has also proposed raising defense spending by quite a bit.

Medicare and Social Security, apparently he has said those were off limits and we are not going to touch those.

I understand he has said and continues to say that we ought to build a wall. He says that the Mexicans will pay for it. I am not sure they are ready to do that. But the cost is anywhere from \$15 to \$25 billion.

He wants to repeal the Affordable Care Act (ACA), but the Committee for a Responsible Budget tells us that the cost of doing so in terms of our budget deficit is to increase it by anywhere from \$150 to \$350 billion.

I think when Senator Cotton talked about you earlier when he introduced you, he said something about "speaking truth to power." Somebody needs to speak the truth to our President about how you cannot do all those things and reduce our budget deficit. Are you that person?

Mr. MULVANEY. I like to think so, yes, sir. In fact, I am looking forward to fulfilling that exact role. I see my role as telling the President the facts as I can determine them, giving him options as I see fit or as I figure out a way to present him with a range of options, and then to try to advise him to the best of my ability, and then to follow through on his policies once he establishes them.

Senator CARPER. We had a couple of people who have been nominated by the President—one, General Kelly, and the other fellow's nickname is "Mad Dog." And they were asked if they were essentially asked by the President to do something that they felt was wrong, they gave him their advice, and they said, "I think that is wrong," and it was not accepted, I believe they both said that they would step down just as a matter of principle.

Let me ask a similar kind of question of you. If you present your best judgment to the President that he is literally going down the wrong track—and I mentioned some of the very expensive ideas that he has put forward. But if he chooses to ignore what you have recommended in terms of having a more balanced and responsible fiscal policy, what would you do? And that is not an easy question, but what would you do?

Mr. MULVANEY. No, it is not an easy question, but it is not a particularly hard question. I do not think any of us expect—I know I do not—to have the President agree with me all of the time. And I do expect there will be circumstances where I make the best case for what I happen to believe on a particular issue, and that based upon other information or the advice of other counselors the President may make a decision that I would not have made myself, but I do not think that prompts one to leave the office.

Senator CARPER. OK. Thank you.

The last time we had a balanced budget—actually, we had four of them in a row, as you will recall—I think it was fiscal years 1998 to 2001, the last four budgets of the Clinton Administration.

And those were also part of 8 years where we had the most jobs created in the history of the country in an 8-year period.

During those 4 years when we had balanced budgets, revenues as a percentage of gross domestic product (GDP) were just about 20 percent in each of those years, spending also about 20 percent for each of those years. Do you recall what last year revenues were as a percentage of GDP and spending as a percentage of GDP?

Mr. MULVANEY. Ballpark, I think revenues were about 18.5 and spending was about 20 or 21. Twenty?

Senator CARPER. All right. Do you believe that we need just to focus on the spending side, or is there some reasonable balance where, as they found in the 4 years of the Clinton Administration when we actually had four balanced budgets in a row, that there is some need for revenues? I shared a story with you yesterday from a town hall meeting where a lady at one of my town hall meetings when I was a Congressman, she said to me, "I do not mind paying extra taxes. I just do not want you to waste my money." But is there a role for both spending and smarter spending and revenues?

Mr. MULVANEY. I think the lady that you reference probably represents a lot of the American public. They do not mind paying their taxes as long as they do not think we are wasting it.

Senator CARPER. OK.

Mr. MULVANEY. I think the difference between it, Senator, would be when some of us talk about looking at the revenue side, they talk about looking at the pie as its current size and taking a bigger slice of it; whereas, I look at the revenue side looking at a bigger pie but taking a smaller slice.

Senator CARPER. The regulatory process has been mentioned. Earlier we had something—I think the name of the law under which we develop regulations is the Administrative Procedures Act (APA), if I am not mistaken.

Mr. MULVANEY. Part of it is.

Senator CARPER. And it calls for, when a Federal agency is interested in thinking about promulgating regulation, they put out a notice and say, "We are thinking about promulgating a regulation in a particular area." Then folks who are interested in that, business groups or others who are interested in that, individuals, those of us who are interested in it as legislators, we can make some comments and say, "Well, that is a good idea. You do need to do something." Or, "That is a crazy idea." And the agency can then act on that or choose not to. They can do nothing, or they can actually propose draft regulations. They are generally taking comments throughout the drafting period of time, and ultimately, when they finish their drafting, eventually they may or may not promulgate a final regulation.

But between the time they promulgate the draft until they promulgate the final regulation, we again have the opportunity to weigh in, all of us, if we want to, and to say that we think that is a good idea or not.

At the end of the day, if they promulgate something that we think is crazy, people can sue, and they do all the time, as you know.

What is wrong with that process?

Mr. MULVANEY. The first thing that comes to mind, Senator, with the process is the role of the cost-benefit analysis that is done as part of that process and to the type of data that is used. Sometimes I think we use extraordinarily good data; other times I think you could raise a question as to whether or not the data is defensible. And I think that we could probably do a good job, and I hope at OMB, which has a role in that process as you just laid out, one of the things I hope to be able to do, should I be confirmed, is to make sure that we are using data not just from one source but from a variety of sources so we can try and get the best information we possibly can.

Senator CARPER. In conclusion, I would just say that one of the things you said is we can turn this economy around. Well, that is what happened 8 years ago, and over the last 8 years we have turned the economy around. You remember where we were 8 years ago, and we are just coming off the end of the longest, continuously running economic expansion in the history of the country, 16 million new jobs have been created, and we are covering a lot of people for health care. We can do better than that. But I remember where we were 8 years ago, and I know where we are today as we shift the baton to a new leadership team. I would be careful about turning it around because I remember what it was 8 years ago.

Thank you.

Mr. MULVANEY. Thank you, sir.

Chairman JOHNSON. Thank you, Senator Carper.

I am going to use a minute of my time here just to lay out a couple facts on economic growth. Since the Great Depression, the economy has grown about 3.2 percent on average. Since the Great Recession, it has grown about 2 percent. That is a tremendous difference. If you go from 2 to 3 percent growth, that is \$14 trillion of added economic activity just in a 10-year period; 2 to 4 percent is \$29 trillion. Even with the 2-percent growth we have had since 2009, revenue has increased to the Federal Government by \$1.1 trillion. So that is why I think regulatory reform, having a competitive tax system, using energy resources is just crucial.

The other point I want to make is we have heard now a couple times talking about the government shutdown. I just want to quick ask Congressman Mulvaney, do you have a handle on how much the government actually shut down? I know they shut down the painful parts, like, concessions at the Grand Canyon. But do you have any sense of that? I cannot get a real figure on it, but I—

Mr. MULVANEY. It depends on how you want to measure it. The number that I have used is that about 15 percent of the government shut down. I think that number has been confirmed, if you look at it in terms of the amount of dollars that still flowed out the door.

Chairman JOHNSON. OK. Thank you. Senator Paul.

OPENING STATEMENT OF SENATOR PAUL

Senator PAUL. Congratulations, Congressman Mulvaney, on your nomination. You said in your testimony that the number one priority, either yours or of the Federal Government, is to defend the country. Is that correct?

Mr. MULVANEY. I think it is one of the few things that are actually affirmatively stated in the Constitution.

Senator PAUL. Admiral Michael Mullen is a career military guy. Nobody would question his honor or whether he served honorably. Are you familiar with his statement when he said that the greatest risk to our national security is our debt?

Mr. MULVANEY. It was raised at my very first Budget Committee hearing in 2011, and it put the fear of God in me as soon as I got to Washington, D.C.

Senator PAUL. Do you think it is fair, people can characterize you or your positions in any way, but do you think it is fair maybe to characterize your concern for debt as being also a concern for national defense, that maybe we cannot be a strong Nation if we are indebted or if we borrow \$1 million a minute, maybe we will not be able to afford, and there might be a day that there is a calamitous economic crisis concerning our debt and that would make us vulnerable to invasion?

Mr. MULVANEY. I think history would teach us—and I think perhaps Admiral Mullen was considering this—that great nations throughout history have traditionally failed from within, they have rotted from within because of their inability to manage their finances.

Senator PAUL. I think sometimes in partisan politics people tend to question the motives of their opponents, and I think that is a mistake. We have many disagreements, Republican and Democrat, on how we fix things. Even among our own party we have some disagreement on how to fix things. But, I think that understanding that your motives are for your country, for defending the country, and that your concern over the debt is not over numbers but over a concern for the future of your country.

When we talked about raising the debt ceiling—and much has been made about, oh, you are advocating for shutdown. I remember those debates. I had just gotten here, and I think you had just gotten here. And the debates in 2011 were not over advocates for shutdown. They were over whether or not we should reform the process at the same time we raise the debt ceiling. So there was a bill at that time that I believe you supported, Cut, Cap, and Balance, and this was a bill that said basically we will agree to raise the debt ceiling. It is going to have to go up at some time. But when we had this big, calamitous debate, we should try to fix things instead of doing the same-old, same-old.

Some of the discussion has been over waste. I am all for getting rid of waste and fraud. You know why it has been here forever? I remember as a kid in high school seeing the Golden Fleece report. Senator William Proxmire would talk about this waste. The reason it is here is we do not do our job. Our job is to pass the individual appropriations bill. And what do we do? We lump them all together in one enormous bill called a “continuing resolution (CR),” which I am sure you voted against a few, as I have, because we do not fix the problem. But it does not mean we are against all the spending in government. We want to fix the problems, do our job, pass the individual appropriations bills.

But I think the thing is that it is a mischaracterization, I think, of your position and many conservatives that we are for shutting

the government down. No, we are for not keeping it open without reforming it. We want to reform it. And when we have these debates and we come to a head, should it be easy to raise the debt ceiling? Some on the other side want to have the debt ceiling just go up automatically. In fact, the last time we raised the debt ceiling, they raised it without a dollar amount. They just said, oh, let it go up as much as it can for a year and a half.

With regard to entitlements, I saw the care and, I believe, the emotion in your voice about taking care of your mother-in-law and stuff. What are your motives? Are your goals to try to preserve Social Security and preserve Medicare? Are your motives to destroy the entitlements? What are your motives?

Mr. MULVANEY. I think I have said many times that the real risk we run is doing nothing, and by doing nothing, we will ruin those programs. We will make sure that when you and I retire there will be a 22-percent across-the-board reduction.

Senator PAUL. And these statistics are coming from the Social Security trustees saying that this is going to happen. Within about a decade or so, we would have a massive across-the-board cut.

And so, really, the debate should not be, oh, these people do not care about the elderly. We all have parents, we all have grandparents. We all care about the elderly. It is about how we fix it. But I think what is really inexcusable are those who berate one side and say, oh, you do not care, when in reality I think doing nothing shows a lack of caring. If you do nothing to fix Medicare, if you do nothing to fix Social Security—and, sure, we can attach emotions to this and attach false motives, but I think we should listen to what our candidates say, listen to what the electorate said, and really try to judge people on whether or not you think they are honest and sincere.

He went above and beyond the law to pay taxes on something that was well beyond what the law would have said. He did it because he was honest in answering his questionnaire.

So I wish you the best of luck in your position. I hope people on the other side will not question your motives, will look at that it is a sincerely held belief that the debt is hurting the country, that the debt hurts our national defense; that if you could expand national defense and not add to the debt, that should be a commendable position, not something that we should denigrate.

So I wish you the best of luck going forward, and I think there needs to be a balance of concern for debt and expenditure. And I thank you for your service.

Mr. MULVANEY. Thank you, Senator.

Chairman JOHNSON. Thank you, Senator Paul. Senator Tester.

OPENING STATEMENT OF SENATOR TESTER

Senator TESTER. Thank you, Mr. Chairman, Ranking Member, for this hearing. And thank you for being here, Congressman Mulvaney. I am going to call you “Mick,” if that is OK.

We had a good meeting in my office, and I appreciate you coming in. There is an issue that came up, and I am sorry I was not here for the opening statement because I understand that you did talk about it some. But it deals with the nanny.

Mr. MULVANEY. Sure.

Senator TESTER. How many hours a week did she work for you?

Mr. MULVANEY. She was with us roughly full-time.

Senator TESTER. OK, so 40 hours a week. And then for how long?

Mr. MULVANEY. Up until the time the kids left for school.

Senator TESTER. So how many years was that?

Mr. MULVANEY. We could not remember if it was three or four, so we filed for five.

Senator TESTER. All right. Well, OK, sounds good. So there were 3 or 4 years that you paid back taxes on her?

Mr. MULVANEY. No, we paid back taxes on all five.

Senator TESTER. OK. All right. Sounds good. Thank you.

The President announced a hiring freeze today. There was some question on who it applied to. I just came out of a VA hearing, and it applies to the entirety of the VA, is what I was told. I am sure you are familiar with the VA and its job. Do you believe its mission is for the VA to provide timely care to the folks who serve this country?

Mr. MULVANEY. I do, yes, sir.

Senator TESTER. Do you believe that the veterans of this country are having trouble accessing care?

Mr. MULVANEY. I have seen it firsthand. I know it to be the case.

Senator TESTER. All right.

Mr. MULVANEY. By the way, Senator, the story I hear from my veterans is that the quality of care they get is actually excellent, once they get it.

Senator TESTER. You hear the same story I hear.

Mr. MULVANEY. It is just difficult getting it.

Senator TESTER. To get through the door. And so I would assume, with your answer to the previous two, that you would agree that there is a medical workforce shortage within the VA? You do not have to. Do not let me put words in—

Mr. MULVANEY. That I do not have any information on.

Senator TESTER. OK. USA Today reported 41,500 medical professional vacancies within the VA.

So the question becomes—and you are in a very important position that nobody knows about on the street. The question becomes: How do we address the backlog in the VA with this hiring freeze? Yes, go ahead.

Mr. MULVANEY. Well, a couple of different things, Senator, off the top of my head. I am having a difficult time automatically coming to the conclusion that the best way to make the VA more efficient is to hire more people. I would certainly be willing to consider, as I think I filled out either the questionnaire for this Committee or another Committee, that there may be circumstances where you can actually provide a more cost-effective and efficient government by adding people in certain areas. That might be limited examples, but they could certainly exist. But I would be more than willing to work with you and your office on trying to figure out a way to do that because I am just as interested as you are in taking care of our vets.

Senator TESTER. Let me give you an example. In eastern Montana, east of Billings, it is about 200 miles to the North Dakota border, and at the last check, there might be two or three psychologists, psychiatrists, family counselors in that region. How do we ad-

dress mental health issues, post-traumatic stress disorder (PTSD), traumatic brain injury (TBI) if we do not hire additional folks?

Mr. MULVANEY. I think the Veterans Choice Act that Senator McCain worked so hard on was part of addressing that, allowing them to access the private system, especially in circumstances—

Senator TESTER. But those three I am talking about are not people within the VA. That is the private sector and the works.

Mr. MULVANEY. Oh, I got you. I have not been to Montana. That sounds like it is a pretty sparsely populated area.

Senator TESTER. Well, the problem is we have a ton of veterans that live there because it is sparsely populated, and they still need to get the benefits.

I look forward to working with you on these issues. I think they are critically important. And oftentimes I agree with you that manpower does not necessarily result in good results. But when you have the kind of backlog they have in the VA, manpower does have its impacts.

I want to talk about Medicaid block grants for a second. Do you support turning Medicaid into a block grant program?

Mr. MULVANEY. I have voted for that when given the chance in the House. As I have told many Members of this Committee and other committees, if there are other ways to find efficiencies and savings in Medicaid, I am more than willing to talk about that. I think that Medicaid and Medicare probably present bigger challenges to us in terms of their complexity.

Senator TESTER. So with that previous support for Medicaid block grants, would you also support a cap on Medicaid block grants?

Mr. MULVANEY. I believe that was part of the proposal that the House made in order to give the States the incentive necessary to reform and drive some efficiencies in their programs.

Senator TESTER. In your previous life—and excuse me for not knowing this. I came out of the State legislature.

Mr. MULVANEY. So did I.

Senator TESTER. And I can tell you that in Montana the State is not exactly flush with dough, and they do have that balanced budget amendment that you talked about with the previous Senator. They are not going to be able to absorb, so is their option going to be to cut benefits or kick folks off?

Mr. MULVANEY. Well, I do not know what the options are. You would like to think—

Senator TESTER. If they do not have the dough, what other options do they have?

Mr. MULVANEY. Well, this is my experience in the South Carolina Legislature. I remember we had a program come down, and it was very clear that the program for Medicaid—we were required to use it—was aimed toward providing Medicaid care in urban areas. We do not have very many of those in South Carolina, and we would have very much liked to have come up with our own plan to provide for our most needy because we wanted to do that, despite what people said, to Senator Paul's point. We want to provide for those folks as well, but we thought there was a better way to do it given the locale of South Carolina. But we did not have that flexibility because of the Federal law.

Senator TESTER. I got you. The problem that I see—and enlighten me if I am looking at this wrong—is, populated areas differ on the size of the State. We have two cities of 100,000 people. Those are big cities for Montana. We have a lot of other cities that are less than 50,000 and a lot of them less than 1,000. And in all three of those cases, there are tons of folks that are on Medicaid, and my concern is that whether they are in a rural frontier or what we would call “bigger cities,” we have folks that are depending on it, that if it is block-granted in and the State cannot make up the difference, they are going to be without care.

Mr. MULVANEY. Senator, again, it sounds like we have some of the same experiences, and if there are other ideas on how to fix Medicaid, I would be more than happy to do it. I would like to give the States the flexibility to try. It might be that Montana and South Carolina do not solve them, but if Wyoming does, maybe it provides a model that other States could follow.

Senator TESTER. Yes, I mean, I guess my concern is in the meantime, there are a lot of folks that are going to be really in life-and-death situations. That is my concern.

Real quickly, and I will put this in for the record, but it deals with the National Background Investigation Bureau (NBIB). We stood that up last year, I believe, for background checks. You are a critical component in bringing the Director of National Intelligence (DNI) and the Office of Personnel Management (OPM) and Department of Defense (DOD) together to make sure these work, and they were brought about because we were failing miserably on our background checks. And I look forward to working, upon confirmation, with you on that.

Thank you, Mr. Chairman. Oh, by the way, just for a side remark, in 2008 we were losing 800,000 jobs a month, and today, for the past year, we gained about 220,000 jobs a month. So I guess it depends upon the metric. Thank you very much.

Chairman JOHNSON. Senator Lankford.

OPENING STATEMENT OF SENATOR LANKFORD

Senator LANKFORD. Thank you, Mr. Chairman.

Congressman Mulvaney, good to see you again.

Mr. MULVANEY. Senator.

Senator LANKFORD. You and I came in the same class, in 2011. We got to know each other from orientation on and had the opportunity to be able to serve together in the House for 4 years.

I do have to tell you I was very pleased when I saw the announcement from the Trump Administration of your selection because of what I saw from you in our time serving together in the House. You were a serious student. You looked hard at difficult issues, understood there were difficult decisions that needed to be made, and made proposals to do that.

You have a fairly decent business background as well and working with businesses before that, in addition to Georgetown University, graduating with honors in international economics, commerce, finance as an honors scholar, law school in North Carolina, Chapel Hill, and then Harvard Business School. That is not a bad background to be able to walk into this type of role.

But as you know, every person that enters into the Administration is on the job, and it is on-the-job training. It is an entirely different role. So I would like to get some background from you just on some key philosophical perspectives that you and I have talked about some as well, when we talk about regulatory issues and regulatory priorities and how we can fix the regulatory State. Senator Carper brought it up earlier. I can assure you Senator Heitkamp and I would bring it up to you often as we work together on regulatory reform.

What do you see as key aspects of regulatory reform?

Mr. MULVANEY. I think a couple of different things, Senator. I think it offers us perhaps the best opportunity to have an immediate impact on getting the economy ramped up even further. There seems to be, in talking with all the folks on this Committee and the other Committee, a good bit of bipartisan support in this House—or in this chamber for regulatory reform, and I have seen some really good academic data that would suggest that the number one thing we could do to boost GDP, to boost economic activity, would be to engage in significant regulatory reform.

We also have the advantage of being able to do it rather quickly, not only because there is some bipartisan support for it, but there are certain things the President can do by himself in a perfectly legitimate exercise of his Executive authority.

So the general idea is that regulatory reform offers us probably the best option right now to help get the economy doing even better.

Senator LANKFORD. So the grand challenge of this is I could find 50-plus of my colleagues easily in regulatory reform for President Obama. Now I am going to work with a Republican Administration, and I still have the same perspective. We need to do regulatory reform. We need to be able to fix the process of how regulations are done. And I think there will be a greater eagerness from my Democratic colleagues to say, yes, this is a great time to reform the process of regulations. For Senator Heitkamp and I, as we walk through this, we are looking for a partner in the Administration that is not just looking at what controls now but looks toward the future and says for every President and how we do regulations, there should be a predictable, reliable system of that.

Mr. MULVANEY. Something broke down, Senator. When I meet with a Domino's Pizza or a Papa John's pizza franchisee—I used to be in a franchise business—and they lay out for me that if they followed the regulations regarding disclosures on caloric intake on their product, the boards that you see when you walk into a restaurant would be the size of football fields in order to follow the law. When that happens, then something has broken down in the process.

Now, granted, we did fix that one, but the simple fact that that got beyond all of the process and actually made it into the real world before someone caught that means that we do have a regulatory process problem that I will look forward to helping you work on.

Senator LANKFORD. You brought up earlier one of the major key reforms would be the cost-benefit analysis. I had mentioned to you when we visited in the office that my fear is that the cost-benefit

analysis from any Administration has become a justification because there is a way to be able to find a benefit large enough to be able to say no matter what the cost is on you, I found a benefit large enough that you are going to do this, rather than looking for what is the least expensive, most effective option that is out there.

What are some ideas that you have on the cost-benefit side of things to be able to help reform that process?

Mr. MULVANEY. As I sit here and I contemplate what it would be like at the OMB should you all confirm me, it would be to go to the President and say, look, here is data, here is real hard data. It may be from this source; it may be from that source; it may be from a variety of sources. In fact, I think we can do a better job of getting information from a variety of sources as we drive these cost-benefit analyses. And then explain to the President what the real-world implication of these regulations would be, not in a justification standpoint, not in terms of shoe-horning a regulation that we say we want into—a square peg into a round hole, so to speak, but to actually look at the facts and the circumstances of these regulations. And the President to say, you know what, that one makes sense and those four do not.

One of the things I am very excited about coming in with this Administration is that everything the President has talked about on the campaign trail has included regulatory reform. He has I think, in his second day full-time in office, today or yesterday, he talked about regulatory reform. He made a very high profile hiring of Carl Icahn to help deal with regulatory reform. You read his books, and you will actually see chapters about how government regulation is an impediment to growth.

So say what you want to about the President, he has his critics and his supporters, but I am absolutely convinced that his dedication to fixing the regulatory requirement will work hand in hand with yours.

Senator LANKFORD. OK. We will work through that process in the days ahead. Obviously, as we work through budget issues—it has been a major part of what you worked on in the House as well—one of the hardest things to get in Washington, D.C., is the real number for anything. How can you help us get the real number coming from the White House and coming from your estimates from OMB?

Mr. MULVANEY. Well, the first step, obviously, is to get them myself, right? Which is why the Digital Accountability and Transparency Act of 2014 (DATA) is so important. It is behind schedule, as I understand, as we try and figure out a way to get data that we can actually all use. In this age of big data, the government has all of this data, but it is incapable of using it because it cannot even talk to itself about the numbers.

So, of course, one of the keys is to try and figure out a way to fix the system so that the data that we all have access to is the best possible number, and then simply be honest about those numbers with the President and say, look, Mr. President, this is a hard number, this is real. And if we do this, then that will happen; if we do that, then this will happen. And to try and give him the best possible advice I have and the best possible data that I have. But the first is trying to figure out a way to allow the government to

function properly so that every single one of us in decisionmaking position has good information.

Senator LANKFORD. Well, I would hope to get that. I would hope that we could also work together on all the budget gimmicks that are out there, whether we change the mandatory programs, whether it be multiple other entities that are out there in the budget system that gives us fake numbers rather than real numbers, that we can help agree on a set of numbers.

I would tell you as well Senator McCaskill and I have worked for the past couple of years on something called the "Taxpayer's Right to Know." We worked extensively with the previous OMB to be able to negotiate a process so that we can deal with duplication and exposing that. I would anticipate that she and I would come back to you pretty quickly as well to be able to help finalize this with you as OMB Director so we can deal with the duplication in government. We cannot deal with duplication if you cannot see it, and it is something she and I have worked extensively on, and we hope that we can get this finished in the days ahead.

With that, thank you, Mr. Chairman.

Mr. MULVANEY. Thank you, Senator.

Chairman JOHNSON. Senator Peters.

OPENING STATEMENT OF SENATOR PETERS

Senator PETERS. Thank you, Mr. Chairman. And, Mr. Mulvaney, thank you for being here—and congratulations on your nomination—and taking our questions here today.

You mentioned you have a fair amount of business experience. You had a franchise?

Mr. MULVANEY. I did, yes, sir.

Senator PETERS. What sort of franchise?

Mr. MULVANEY. We were in the fast, fresh Mexican business. I was a franchisor and a franchisee.

Senator PETERS. OK. And you ran a law firm as well?

Mr. MULVANEY. I have done that as well. I get bored easily, yes, sir.

Senator PETERS. Well, a lot of activities on your plate.

Well, I know you mentioned the issue of your nanny and how you dealt with the payment of back taxes, and I believe from a question earlier that she was employed by you for about 4 years or so. Is that correct?

Mr. MULVANEY. Yes, sir.

Senator PETERS. And I believe you also said that she worked 40 hours a week?

Mr. MULVANEY. Roughly, yes, sir.

Senator PETERS. A full work week, then.

Mr. MULVANEY. Yes, sir.

Senator PETERS. How much did she make?

Mr. MULVANEY. \$400 a week.

Senator PETERS. About \$400 a week.

Mr. MULVANEY. That was our recollection, that the last payments were \$400 per week, yes.

Senator PETERS. OK. So at the same time that you employed your nanny, you were then running the law firm. Is that accurate?

Mr. MULVANEY. No, sir. I am trying to think. I transitioned from running the law firm to working for the family real estate business about that same time.

Senator PETERS. So you were involved in another business at that time?

Mr. MULVANEY. Yes, sir.

Senator PETERS. And you had employees at that time as well?

Mr. MULVANEY. I did. Yes, sir.

Senator PETERS. And how many hours a week did those employees work?

Mr. MULVANEY. They worked full-time. Sometimes that would be 40; sometimes that would be more.

Senator PETERS. So they were working the same number of hours as your nanny basically?

Mr. MULVANEY. From time to time, yes, sir.

Senator PETERS. And did you pay employment taxes for each of these employees?

Mr. MULVANEY. Yes, we did. Yes, sir.

Senator PETERS. And did you collect and retain I-9s for all of the employees that worked in those firms?

Mr. MULVANEY. I would imagine that we probably did. Yes, sir.

Senator PETERS. So I guess what I am failing to see here is: What is the difference between your nanny, who clearly was working full-time, as you mentioned, over 40 hours, and the employees that worked at the law firm or all of these other firms? What was the difference there?

Mr. MULVANEY. It is a fair question, sir, and it is easy now in hindsight to look back and say that I was wrong, and we fully admit that. I think at the time there was simply a differentiation in my mind between someone who came into my house to help with the children and the folks who worked at the law firm, worked at the restaurant, or worked at the real estate company.

Senator PETERS. So what is the difference? Is the value of the work different?

Mr. MULVANEY. No, sir. Again, we never considered that a babysitter would fall into that category. I fully admit that—I wish now that I had seen the IRS circular at the time, but I did not and was not aware of this until December, recognize that I should have done it differently, would have done it differently if I had known. But again, I have done everything that I know to do to make it right.

Senator PETERS. So you did not consider an employee a household employee. What would you define a household employee—how would you define one that you would have paid? You are an experienced business person. You are not someone who has never had a deal with collecting taxes and dealing with I-9s. You had to—

Mr. MULVANEY. And the reason we did not—

Senator PETERS [continuing]. Deal with those regulations that you want to eliminate.

Mr. MULVANEY. True, and I guess the reason that we did not consider her a nanny was for some of the reasons I mentioned: she did not live with us, and my impression of a nanny is someone who stays over; did not do any housekeeping, cleaning. She simply helped Pam with the children. We considered her a babysitter.

Senator PETERS. So simply taking care of your children really is not something you thought was that valuable or really an employee.

Mr. MULVANEY. Oh, no, sir. It was very valuable. I just did not think it fell into what the IRS clearly does, in fact, consider to be a household employee.

Senator PETERS. OK. Well, I would like to take a look at some of the work that you did in the Congress. In my understanding, you were very involved in the Republican Study Committee, a leader in that committee.

Mr. MULVANEY. I was active in it the first two terms, yes, sir. I have been a member all three, but was not very active the last 2 years.

Senator PETERS. OK. Fair enough. So I think it is important, as the OMB Director, you are going to have the President's ear. You are going to be talking about things that you believe that he should be doing. He obviously nominated you because he wants to hear your advice. He believes that that is good advice and things that he will very likely follow, I would expect, or you probably would not have taken this job if you did not think you would have the opportunity to have his ear and hopefully be able to convince him.

So I want to look at the budgets that you have voted for because I think the American people should just have an understanding—

Mr. MULVANEY. Sure.

Senator PETERS [continuing]. As you are looking at how we deal with the fiscal situation in the country as to what these cuts really mean. And I think you may have mentioned this at a previous hearing, but you voted in the House to raise the Social Security full retirement age to 70. So you believe it should be 70 years old as the retirement age?

Mr. MULVANEY. I did. We did that as—and, again, I have had a chance to talk about this at the other Committee and again with several members in terms of how to fix the ideas available to fix Social Security, the five levers, one of them being—

Senator PETERS. So 70 is where you would like to see it, 70 as the retirement age?

Mr. MULVANEY. Given the fact that people live longer, I do not think that is inappropriate. I think my children would have enough time to adjust. I am not requiring anybody or would not ever think to ask anybody who is 65 now to change to 70, but my 17-year-old triplets, I have already told them that I do not expect to be able to have them retire at 67, and they should make plans now—

Senator PETERS. So you are saying not at 65, but if I look at the legislation, those who are age 60 and under would now have to start to move up toward 70? Is that what you are saying?

Mr. MULVANEY. Correct. The proposal—

Senator PETERS. If you are 60 years old or under, under your plan, plan to wait until 70 for full retirement?

Mr. MULVANEY. I think it was 59 is where we started, Senator, and we have done this a couple times, so I apologize if I do not have the exact details, because they may have changed slightly from year to year. But one of the proposals was that if you were

59 years old, instead of retiring at 67, you might retire at 67 plus 2 months.

Senator PETERS. And the same for Medicare, the eligibility would be 67. You would raise it to 67? That is what you will be advising the President to do?

Mr. MULVANEY. Well, there is two different—you did not ask me that question the first time.

Senator PETERS. No. This is Medicare now. I apologize. So Medicare.

Mr. MULVANEY. You asked me what I voted for. When I come to advise the President, my intention, if you all give me the chance to do so, is to lay out a list of options for the President, say, "Mr. President, if you want to balance the budget in X number of years, here is what you would have to do. If you want to balance it in this many years, this is what you would have to do." So I see my job at OMB as giving the President a many viable options as possible and as good information as possible. I am sorry. I thought you asked me about things that I had voted for.

Senator PETERS. That is true.

Mr. MULVANEY. The roles are different.

Senator PETERS. I did. But I assume when you vote for something, it is something that you believe should be the law of the land.

Mr. MULVANEY. It is.

Senator PETERS. You went back to tell your constituents, "This is how I voted." It was not, "I just did this for the heck of it, and I have a variety of other ideas."

Mr. MULVANEY. No, absolutely, Senator. I am not trying to avoid—I voted for those things, and it gets that seal of approval that goes with the vote. But when you are in the policymaking and advising position to the President, I do think you get a chance to lay out more options. As you know, sometimes we do not get to choose what we vote for. We can either vote it up or vote it down. And by the time it comes before us, all of that work has already happened. I am looking forward to being involved earlier in the process to be able to lay out the options for the President.

Senator PETERS. Very good. I think I am out of time. Thank you.

Chairman JOHNSON. Thank you, Senator Peters.

Again, just to reinforce, I will take another minute. Over the next 30 years, according to the Social Security trustees, Social Security will pay out about \$14 trillion more in benefits than it brings in in payroll tax. And I think, Congressman, you testified that if we do nothing, when the accounting convention of the trust fund with the U.S. Government bonds being brought to the Treasury for reimbursement, when that accounting convention runs out, according to law, Social Security benefits will be reduced by 22 percent if we do nothing.

Mr. MULVANEY. That is the current number that I have seen from the CBO, yes, sir.

Chairman JOHNSON. So your attempts in terms of voting—I would say courageous votes because people get attacked for trying to solve these problems—was just that: you are addressing that reality, a \$14 trillion shortfall over the next 30 years, so that hope-

fully you do not have a 22-percent cut in benefits somewhere in the 2030 timeframe.

Mr. MULVANEY. We have to do something.

Chairman JOHNSON. OK. Senator Daines.

OPENING STATEMENT OF SENATOR DAINES

Senator DAINES. Thank you, Mr. Chairman. And I want to congratulate you on your nomination, Congressman Mulvaney. It was an honor to serve with you in the U.S. House as well. I share Senator Lankford's comments as well on the respect that you had in the House. I am grateful that your wife, Pamela, and one of the triplets, James, is here today as well. I am the father of four children, and I think sometimes up here in this job we lose sight of the forest because the trees get in the way.

You said in the first question on your questionnaire, it says, "Did the President-elect give you any specific reasons why he nominated you to be the next Director of the Office of Management and Budget?" And you answered it: "When President-elect Trump announced my nomination, he noted that our Nation is nearly \$20 trillion in debt."

If you stop by my office in Hart 320, you will see the debt clock. Every Montanan that walks into my office sees that. Every person who walks into my office sees that.

I think what Senator Johnson pointed out earlier is this chart¹ that shows what is going to happen here in our debt. We are going to add \$10 trillion to our debt over the course of the next 10 years, and then the 10 years following that, we are going to add another \$28 trillion. That is \$60 trillion all in between now and the year 2035 of debt. That is staggering when we think about it.

And as Senator Paul mentioned—in fact, I met Admiral Mullen's son this weekend—Admiral Mullen who was the Chairman of the Joint Chief of Staff, did say the most significant threat to our Nation—and I went back and Googled it. He doubled down, he tripled down on his statement. He said, "The most significant threat to our national security is our debt," coming from the former Chairman of the Joint Chiefs of Staff.

We spoke in my office, Congressman, in great detail. I know you know the importance of balancing a budget. But unlike hard-working families in this country, Congress is not required to pass a balanced budget. In my home State of Montana, our legislature is meeting as we speak. I did not serve in the legislature. I was 28 years in the private sector. I know when I am in the private sector, I had to produce a budget that not only balanced but revenues need to exceed expenses. That is called profit. But in my State of Montana, it is constitutionally required that the State balance its budget.

But year after year up here in Washington, D.C., we continue to leverage the future of our children, James' future, your triplets' future, with an unsustainable fiscal path. And there will be a day when the piper is going to have to be paid. That is why for the third Congress in a row I have introduced a simple bill—it is very simple. It simply states this: "If Members of Congress cannot pass

¹ The chart referenced by Senator Daines appears in the Appendix on page 254.

a balanced budget, then they should not get paid.” We need to put the pain back on the Members of Congress. It is the way it works when you are in business. It is the way it works in the real world. It does not work that way up here.

Congressman, I know we spoke about my bill, and that was referred to this very Committee, in fact. Do you support my bill?

Mr. MULVANEY. I do, Senator. Thank you for the question. I want to make one thing perfectly clear, is that, if I am confirmed, I will no longer be a voting member of the legislature. So if I may, I would couch it in different terms, which is that if your bill were to become law and it comes down to OMB, as all bills do—they go to OMB for review before presentation to the President—I would give the President the unqualified recommendation that he sign that into law.

Senator DAINES. And you will be presenting the budgets here to the Hill once you are confirmed. What are your views of ensuring that that budget balances over a 10-year period?

Mr. MULVANEY. My hope, if I am confirmed, is to get to work very quickly because we owe you a budget by the end of February. I recognize that deadline sometimes moves during a transition year, but there is work to be done immediately. And what I hope to be able to do is to go to the President with a range of options and say, “Mr. President, here is one that balances in a year; here is one that balances in 8; here is one that balances in 15,” and to explain to him what it would take to accomplish that and what it would mean to choose one over another.

You and I have both worked very hard to make sure in the past that the budgets that our parties have presented here in the Senate and House are balanced within 10 years, and I intend to maintain that attitude if I get the chance to advise the President on that issue.

Senator DAINES. I think you also have a great opportunity to help bring clarity to the spending picture. I think up here we are oftentimes drowning in data, we are starving for wisdom. I think you could bring much needed guidance to that organization.

As I mentioned, Congressman, I did spend 28 years in the private sector before coming to the Hill. In fact, the last 12 years was as an executive of a cloud computing company, which was eventually acquired by Oracle. In 28 years, I never received a letter when I was in the private sector that my own personal information had been compromised, that I had been hacked. It was not until I became a Federal employee that I received a letter from the OPM.

This past October, OMB launched cyber.gov where agencies can now find the best practices in cybersecurity. And, by the way, I was the very first Senator to call for the resignation of the Director of OPM when over 20 million American Federal employees’ information was compromised where we had our Personal Identifiable Information (PII) in the hands of potential adversaries.

But I was glad to see the cyber.gov site come up. It is a long overdue website. It was meant to guard against hacks like we saw at OPM.

Tell me that you are going to continue to strengthen these efforts and protect Americans’ cybersecurity.

Mr. MULVANEY. I hope to be able to do just that, Senator. We actually saw something similar to the OPM hack—not similar. We did a hearing on the risks that are out there today, and I think one of the things we learned is that the Defense Department actually does a pretty good job in defending against cyber attacks, and that is in large part because of the culture that exists within the defense community, that they know they are under attack all the time.

But for some reason, that culture does not extend to many of the other non-defense agencies, and that is where the weaknesses should be—which really should worry us, because there is a great deal of information about you, me, Senator Hassan’s children at the Department of Education (DOE), at the Internal Revenue Service. There is real information out there that we need to protect. So I can give you the commitment to continue to try and improve the defenses in those areas.

Senator DAINES. I think you will have a great opportunity, when confirmed, to not only change the outcomes and the results, but also change the culture of that entire organization, which I look forward to working with you in doing so.

Mr. MULVANEY. Thank you.

Senator DAINES. Thank you.

Chairman JOHNSON. Senator Hassan.

OPENING STATEMENT OF SENATOR HASSAN

Senator HASSAN. Well, thank you, Mr. Chairman and Ranking Member McCaskill. Thanks for being here, Congressman Mulvaney, and I did enjoy our meeting in my office, and you and I found some common ground on the importance of fiscal responsibility. We are both firmly committed to good government. And we agreed on some steps we could take to improve the Federal budget process. For instance, biennial budgeting is something we do in my home State of New Hampshire.

But I did want to take a minute to reiterate a couple of things that we have touched on here today. I was Governor of New Hampshire when the 2013 Federal Government shutdown occurred, and I can tell you it had a major impact in my State. It shut down facilities in the White Mountain National Forest over Columbus Day weekend, which is the height of our leaf peeping season and one of our biggest tourism weekends of the year. Hundreds of New Hampshire National Guard employees were furloughed. Other furloughs happened at the State level. Not only did that impact those families, but obviously businesses throughout my State were impacted. When people do not have their paychecks, they do not engage in consumer activity.

So I would ask you, in light of your earlier comments that have been highlighted here already, about the shutdown being good policy, just to understand that when people actually live through it, it is not an abstract concept or idea. It really hurts. It hurt our economy, and it hurt a lot of people. When I furlough National Guard employees, it compromises my State.

So do you still really think it was good policy?

Mr. MULVANEY. I appreciate that, Senator. I appreciated having the chance to talk about it in your office, and I do hear your criti-

cisms of what happened. And let me put it to you this way: I do not believe that shutdown is a strategy. I do not believe that shutdown is desirable. What I do believe is that sometimes it is an unfortunate result of us not being able to agree. People say, "You voted for the shutdown." That is not true. There was no such thing as a vote for a shutdown. I voted for an appropriations bill that did not pass.

So I look forward to being able to encourage the President not to use that as a tool because it is not an effective tool.

Senator HASSAN. It is not an ineffective tool; it hurts people. And I think our job here is not to just refer to it as "unfortunate," but to acknowledge that it impacts real people.

I wanted to talk a little bit, too, about the impact and importance of Medicaid, especially to the substance abuse epidemic that my State and many others are facing.

Drug overdose deaths now kill more than 50,000 people per year in our country. That is more than other leading causes of death such as car crashes. My State of New Hampshire has the second highest rate of drug overdose deaths in the country. And as Governor, I worked with Republicans in my State as well as the business community to expand Medicaid to cover over 50,000 hard-working Granite Staters. Thousands in New Hampshire are now getting coverage for substance use disorder treatment, and experts have said it is an absolutely critical tool for addressing this epidemic. And Medicaid expansion is now under attack from this Administration, as we talk about—this Administration talks about repealing the Affordable Care Act.

And then there is this discussion of block-granting Medicaid which would likely result in a 20-to 30-percent cut in Medicaid funding to States within just a few years, which has raised concern from Republican as well as Democratic Governors. Republican Governors like John Kasich, Rick Snyder, and Charlie Baker have been speaking out against block grants and Medicaid cuts that would hurt their States. So you have supported Medicaid cuts, such as the ones that are being suggested, in the past. So can you agree that substance use experts say that Medicaid is critical for combating the crisis? And you do not think that removing Federal assistance for treatment will harm people suffering from substance use disorders?

Mr. MULVANEY. I can say this, Senator, which is that I know the President talked about those exact same things on the campaign trail. In fact, I think he may have talked about it in your State or certainly in your part of the country, and I know it is important to him. So I see my role, if he sets out the policy, our policy of the Trump Administration is going to be X on opioid abuse, then my goal is to try to figure out a way how to pay for that, how to implement that as efficiently as possible, work with whatever other Federal agencies are involved so that we can satisfy and meet the President's policy.

You have asked me again, as many people here have today, how I voted in the past, and I defend those votes. Again, I was voting on behalf of the people I represent in South Carolina. But I do see my role changing to an adviser and then an implementer of the Presidential policy.

Senator HASSAN. Well, and I thank you for that, and I do appreciate it. I will just ask you all to consider as you advise the President that we have Medicaid expansion in place. In my State it was a bipartisan plan. It has helped us begin to build the kind of treatment infrastructure we need, and to repeal it and destabilize it, even if you replace it with something else, seems to me to be less than wise. So I hope you will take that back.

Toward that end, I just wanted to touch on one other area where your new role may be perhaps at odds with past votes. One of the most trusted family planning and reproductive health providers in the country is Planned Parenthood. In your potential role at OMB, the goal is to assess the quality of agency programs and procedures. So I am troubled with your record that indicates a bias in opposition to programs that impact women's health. Programs like the Title X family planning program help provide essential family planning and preventive health services to women nationwide.

As a steward of good government, I believe that when we award grants to organizations, we need to take an account which organizations are best able to provide the services. I think funds should be awarded based on a provider's ability to serve patients and not based on an ideological or politically motivated agenda. Do you agree?

Mr. MULVANEY. Senator, I do believe that money should be allocated based upon an ability to serve patients. I would point out that the President has said very complimentary things about Planned Parenthood during the campaign, except as it comes to the providing of abortion. Where I think he and I are probably on the same page as to what I have supported in the past, what I might recommend to him in the future is that moving money to the federally qualified health care clinics could be an even more effective way to provide those services.

Senator HASSAN. And I am going to interrupt you just because my time is almost up.

Mr. MULVANEY. Yes, ma'am.

Senator HASSAN. My federally qualified health centers say they cannot absorb the thousands of women in New Hampshire who use Planned Parenthood. A lot of those women do not have geographical proximity to those centers. I will let you know that when I was at Planned Parenthood in New Hampshire, one of the centers there just a couple of weeks ago, most of what they do is family planning and reproductive health services for women who cannot get their care otherwise. There were women there who, once they got private insurance, still went to Planned Parenthood because they said the care was so superb. And Planned Parenthood also takes care of women during their pregnancies when women want to continue their pregnancies, and do a superb job of that as well. It is a really important resource, and it is a very cost-effective one from all the data.

So I hope that we can get to making data-driven decisions around settled law and recognize the importance of this particular provider nationwide to the women of our country. Thank you.

Mr. MULVANEY. Thank you, Senator.

Chairman JOHNSON. Senator Heitkamp.

OPENING STATEMENT OF SENATOR HEITKAMP

Senator HEITKAMP. Thank you, Mr. Chairman.

Not for reply, but I find it ironic almost that the mantra on the Affordable Care Act is the concern about if you like your doctor, you can keep your doctor, except if your doctor is employed by Planned Parenthood. There is a certain amount of hypocrisy to that statement. So I move beyond.

One of the things I want to examine is your position on Social Security. You have said that you would not affect anyone who is 60 or over, right? So it would not require that they wait until they are 70 in order to basically access the Social Security program. That means the 59-year-old oil rig worker would now have to work until they are 70. That is hard work. I can tell you that, and lots of problems in terms of health care and maintaining. But yet my husband, who is a physician, who maxes out on the cap, he is not asked to sacrifice anything. And he can clearly work until he is 70 because he is not working outside in the elements.

I am not sure I understand how that philosophy could ever be consistent with the President who has really, I think, spoken to that oil rig worker saying, "We are on your team. We are on your side."

So I just ask you to be really careful when you look at broad generalities, especially as it relates to Social Security, and especially when every person here gets a tax break every year when they reach the cap. So if we are looking at solving the problem of Social Security—and we recognize you all took a pledge, but that pledge is not necessarily good public policy. From my standpoint, we have to solve the problem. But we have to be intellectually honest about the other side of solving this budget crisis.

And so I am going to ask in response to Senator McCain's discussion, you said, look, we are going to cut domestic programs to basically plus-up on the defense side. Obviously, OCO, you and I can share an opinion about whether that is real money or not. But let us examine on that domestic-side, non-defense domestic. Where are you cutting? Because programs like funding for flood control programs are critically important to my State and important to those same folks who live in housing where they are going to see huge increases in their flood insurance without a flood program.

We have to be really careful about how we do this and how we respond to the needs of the American people. So right off the bat, not looking at so-called entitlement programs, where would you see an opportunity to cut domestic spending?

Mr. MULVANEY. Senator, thank you, and I have read, as I believe I may have mentioned earlier—the two hearings are starting to run together—that I have read some of the same things you did about the early versions of the budget. But I have not been involved with those, so I have no idea what the proposals are or even if the reports have been accurate. I think the rules are that I am supposed to be excluded from that, which I agree with. So I am not familiar with the proposals that the President has made.

Senator HEITKAMP. I am really concerned, and I think we can take a look at Medicaid funding, and we can say if we stop research on Alzheimer's and Parkinson's—you think you have a Med-

icaid funding problem right now? You are going to have a bigger Medicaid funding problem going forward.

And so let us not be so quick to criticize things like flood control and the domestic programs because those are investments that could, in fact, in the long run save our budget and really, I think, make investments.

I do not have a lot of time. I want to get to the Export-Import (Ex-Im) Bank. I am probably a one-note person here frequently, but for the life of me, I do not understand, other than kowtowing to maybe folks who write things like "Crony Capitalism," why there would ever be opposition to the Ex-Im Bank. We have billions of dollars of export financing in the pipeline right now that could mean American jobs. In fact, in your own State, we have lost thousands of jobs in South Carolina because we have not had a quorum on the Ex-Im Bank. This should be a no-brainer.

Explain to me your opposition to the Ex-Im Bank and why you took the position that you took.

Mr. MULVANEY. Sure, and, again, you are asking about something that I did when I was an elected official.

Senator HEITKAMP. Right.

Mr. MULVANEY. I am hoping to change that, but if the President came to me and said, "Mulvaney, what do you think about the Ex-Im Bank?" I would try and lay out for him some of the impacts it has on the market about favoring exporters over domestic producers. The example is fairly easy to give to the President: Mr. President, if Senator Heitkamp and I are both in the business of making glasses and she happens to export some of hers and I do not, we compete domestically but she also exports, she has advantages that are available to her—low interest financing, can buy equipment cheaper—that she can use to compete against me that actually come from the government. And I think that warps the marketplace and puts our purely domestic producers at risk.

To the larger point about is there a better way to do it, I did participate in and would be happy to talk to the President about some of the ideas that came out of it—not a bipartisan group but a Republican group that included people who were opposed to the Ex-Im Bank and those who supported it. I think one of the things that there was a rally of support for was using the Bank as a true lender of last resort.

Senator HEITKAMP. Well, I would be curious about all that because, obviously, I was heavily involved in negotiation of the reauthorization and very concerned about what is happening right now with export finance. I did have a chance to talk to then-President-elect Trump who I believe has some varying opinions about the Ex-Im Bank than what you do.

Finally, I want to extend the opportunity to work on reg reform. Senator Portman and I are in discussions, along with Senator Lankford. We think that there is a real opportunity here. We want to make sure that reg reform gets done sooner rather than later and that we have a process that provides a real opportunity for Americans to participate and a real cost-benefit analysis that we can evaluate. I think it is critically important.

The last point I want to make is carried interest, and we have talked so much about the expenditure side, but I like to make this

point: That same rig worker pays a higher percentage in tax than someone who has the good fortune to be born into a family with a trust fund. There are some real problems with that as well. I would ask you to at least consider the other side of this and eliminate what I consider the inequities to the working people in this country.

Mr. MULVANEY. Thank you, Senator.

Senator HEITKAMP. Thank you.

Chairman JOHNSON. Senator Portman.

OPENING STATEMENT OF SENATOR PORTMAN

Senator PORTMAN. Thank you, Chairman. And let me follow up on regulations, but first to welcome you to the Committee, tell you you are about to join the ranks of the OMB where you have a number of just incredibly qualified career people, as I talked to you about in our meeting.

Mr. MULVANEY. I also said nice things about you before you came here.

Senator PORTMAN. Ok.

Senator McCASKILL. He did. I will testify.

Senator PORTMAN. Did he? OK. I guess I should not say this: It is also the worst job in Washington—unless you like saying no to people, then it is really fun, because you are in a position of telling Cabinet members as they come to you with all their grand ideas and new spending programs. We have to keep this thing under control. We have a budget that is now approaching over the next 10 years, we were just told by CBO today with their new baseline, \$1.4 trillion a year deficits in 10 years. We are looking at another \$8 trillion roughly on top of the almost \$20 trillion of debt. So it is a tough job, and I know based on your background that you are willing to make tough decisions. So I know wish you luck and look forward to working with you.

On regulatory reform, Senator Heitkamp is right. We have a great opportunity here. And it has been bipartisan, typically. Over here on this side of the Capitol, we have been able to get some things done. In fact, Senator McCaskill and I did a permitting bill together that is really making a difference. It is to streamline construction projects. And what better time to do that when we are talking about infrastructure. We actually slipped it into the highway bill in 2015. It requires accountability, one agency in charge. It requires more transparency, a dashboard where anybody can go online and find out where a project is. It reduces the statute of limitations from 6 years to 2 years, which is really important. It also sets up a new council over at OMB. OMB was not really wild about having this council, but we knew it was the right place to put it because OMB is such a powerful job. And the council is called the “Federal Permitting Improvement Steering Council,” and we have been concerned that the previous Administration was not moving quickly enough in terms of getting an executive director in place, getting this moving. And I will say I have been concerned about that.

I would want you to work with us on that. I wonder if you would make a commitment to me today to ensure that we find a strong executive director for this council and that we fully implement this

legislation to ensure we can ensure that this money that is going toward infrastructure and other projects is better spent.

Mr. MULVANEY. I can commit to that and also commit to you to encourage the President to give us whatever tools we need necessary for OMB to do that.

Senator PORTMAN. Excellent.

With regard to regulations, there is legislation called the "Regulatory Accountability Act." Senator Johnson is very interested in this bill, and Senator McCaskill. Senator Heitkamp just mentioned Senator Lankford. It has always been bipartisan. We have introduced it in each of the Congresses over the past 6 years. It is the first major reform to the APA that you talked about with Senator Carper earlier, the Administrative Procedures Act, in almost 70 years, and it basically says cost-benefit analysis for everybody, it has to be more rigorous. You also have to go through a much more transparent process as you make rules, and including for major rules, having a separate hearing.

It also talks about your issue you talked earlier about, which is information. I would ask you this question: Do you agree that agencies should be required to use the best available scientific, technical, and economic data when writing rules?

Mr. MULVANEY. Absolutely. In fact, I was a little surprised to find out they were not already required to do that.

Senator PORTMAN. That is the legislation because they are not. It also codified, as you know, the famous Executive Order 12866 that President Reagan initially issued and then President Clinton after him and every President since. So it puts into statute what is required in terms of cost-benefit.

Do you agree that independent agencies that have more and more authority out there should be required to go through a cost-benefit analysis much like the executive branch agencies are?

Mr. MULVANEY. I do, sir. I think it would help add accountability to those agencies.

Senator PORTMAN. That is in the legislation, too, so we look forward to working with you on a number of items, but this is one where I actually think we can get it done—again, assuming that working with my colleagues on both sides of the aisle we are able to get it through the House and the Senate. It has passed the House before, as you know. You voted for it. And I think you had 16 Democrats on board during that time period where you frankly had a pretty partisan atmosphere with other reg reform bills that were not bipartisan.

Let me ask you a little about just your view of management. You and I talked about the OMB focusing more on "B" and less on "M" sometimes and the management function being so important, particularly as you are looking to try to reduce costs and increase efficiency in government. Waste in government is something I know you have talked about and the President has talked about.

We took a full review of the mission effectiveness and efficiency of every Federal program when I was there. It was called the Program Assessment Rating Tool (PART) program. It took a lot of time. Not everybody loved it. Some of the career people thought it was too time-consuming. It was an enormous undertaking. But this tool, having this Program Assessment Rating Tool, really helped to

force us to dig more deeply into every program and determine if there was a better way of doing things.

The result was that in our budget, some programs were increased in their funding that had performed well; others were reduced or reformed. Others were eliminated altogether. And I just wondered if you had considered undertaking a similar initiative as Director of OMB.

Mr. MULVANEY. I have. Yes, sir. In fact, I appreciated the opportunity to talk to you about your expert with the PART program, and I think we talked about the importance of adding quantitative data to OMB's analysis, that ending the PART program denied us that management tool. You cannot manage exclusively by connotative data, it is pretty difficult to manage at all with no quantitative data at all.

So whether or not we reinstitute PART in its old form or do something similar, I am looking forward to adding to OMB's management tools along the same lines you have when you were there.

Senator PORTMAN. Great. Again, we would love to work with you on that, and you are right, there is some controversy about what you use as your qualitative and quantitative data.

Mr. MULVANEY. Yes.

Senator PORTMAN. But if you do not have any, you do not have anything to help direct these agencies and make tough decisions because the priorities are going to be difficult in this budget climate.

Mr. MULVANEY. And it is hard to measure if you do not have a yardstick.

Senator PORTMAN. President Trump just made a lot of promises. Rebuilding our military, cutting taxes, while important, they also create budgetary challenges, particularly the kind of tax reform commitments that he has generally made. We do not know the specifics yet. And even without these policies, as I said, CBO today told us the situation is getting worse, not better, in terms of our debt and deficit.

CBO also tells us that Social Security, health care, and interest on the national debt are responsible for 84 percent of all projected new spending over the next decade and nearly 100 percent of the increased budget deficits projected over the next several decades.

So we know on the mandatory side is where we see the big increases. Simply put, we cannot avert these massive deficits coming forward without some sort of reform of these programs. They are incredibly important programs. They are safety net programs, but they have to be reformed and saved. It is not about green eyeshade accounting either, because as you know, we are looking at the Social Security Trust Fund that is going belly up and Medicare going bankrupt, 17 years and 11 years, respectively, which could be devastating to millions of seniors.

So my question to you is: What steps do you plan to take to ensure that saving entitlements remains a priority in this new Administration?

Mr. MULVANEY. I intend to make it a priority in my discussions with the President on fiscal matters. We had a chance to talk here earlier today about going to the President with information regarding the ramifications of various decisions: "Mr. President, if we do

not do anything on Social Security and Medicare, here is what happens.” You have mentioned some of the things, about the trust funds going to zero—I do not like to use the term “going bankrupt” because that is not an accurate statement.

Senator PORTMAN. Insolvent.

Mr. MULVANEY. Exactly. “Here is what happens if you do not do anything. And if you do not do anything, then 11 years from now there could be a 22-percent across-the-board cut. Here are some of the options available to you to make improvements to the system, to not only make sure it will be there for the next generations, but also to impact positively the deficit situation that you just laid out.”

So, no, I expect to be having regular conversations with the President, with all the rest of the advisers, about the fiscal impacts of the entitlement programs. It will ultimately be up to the President what we decide to do because that is his call, but I see it as my job to make sure he understands exactly the economic and fiscal ramifications of any of those decisions.

Senator PORTMAN. Great. Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Portman.

Congressman Mulvaney, we have talked in the Budget hearing and a number of people have brought up just information, and I told you in the Budget Committee hearing it drives me nuts as an accountant, as a businessperson, it is just so hard to get information out of the government and to really drive the management decisions.

Certainly, in terms of this Committee, the Government Accountability Office, Inspectors General (IGs), these are sources of really good information, and yet we do not utilize the information to the full extent. For example, GAO has done their case studies. Agencies and departments have implemented about 41 percent of those recommendations saving \$56 billion from 2010 to 2015, with the projection of another \$69 billion potential.

Senator Grassley and I wrote to the IGs and asked them to report on different recommendations that had been unimplemented; over 15,000, with a potential cost saving of \$87 billion.

As head of OMB, what would be your thoughts in terms of how do you actually utilize that information, how to put pressure on departments and agencies to utilize them so that we can save literally more than \$100 billion?

Mr. MULVANEY. Yes, and as a numbers guy, you can probably appreciate one of the things that jumped out in the work that you and Senator Grassley and various others had done on the IGs’ offices, the return is like 14:1. For every \$1 that an Inspector General uses, they end up saving \$14 of taxpayer money. That is a pretty good return.

So I do appreciate the work that you all have done. I understand that OMB is directly involved in that. I think that the Deputy Director for Management, which is one of the positions within OMB, actually sits on that Council of the Inspectors General on Integrity and Efficiency (CIGIE). We deal with it over on the Oversight and Government Reform (OGR) Committee in the House as well. I think we are underutilizing a tool. In fact, certain agencies are simply abusing the Inspector General and do not even pay any attention to them at all. But, generally speaking, the concept of having

this person in those agencies, resident in those agencies, who can give us good information—I cannot tell you—and, again, your experience may be the same here. Most of the data, a lot of times, that we have in our Oversight and Government Reform hearings are driven by the Inspectors General. We do not have the ability, because of all the things that are on our plate, to do all the oversight that we want to, and Congress needs to have those Inspectors General, the President needs to have those Inspectors General doing their job and helping us give information, helping us collect information so that we can make good decisions about how to fix and reform various institutions.

So I do look forward to making that a priority at OMB. I have learned firsthand, as you have, how frustrating it is when Inspectors General are ignored or when no one can give them data. I think I learned today, for example, in a previous hearing from Senator Enzi that the Inspector General at the Consumer Financial Protection Bureau (CFPB) actually has no authority at all. That was news to me.

So I do look forward to reinvigorating the Inspector General's office, giving them the respect and the credibility that they need. They are an absolutely critical function of government when it comes to trying to make government more accountable and more efficient.

Chairman JOHNSON. There are a number of rules that we impose on ourselves that, from my standpoint, prevent us from making good policy decisions, whether it is a tax law or whatever. One of them is just the difference between dynamic and static scoring. Can you give us your thoughts on that, particularly when I will go back to the benefit of growth, and if we do not take into account the reality of increasing taxes, taxes are going to harm economic growth, oftentimes decreasing taxes can produce more revenue than you are getting on a static basis? Can you just kind of give us your thoughts on that?

Mr. MULVANEY. Sure. And, of course, the relevance here is that OMB does play a process in sort of the executive branch process of doing economic analysis, and that the short answer is we live in a dynamic world, not a static world. I do believe that there is an implicit bias into a static model for tax increases over economic growth. It is very difficult to measure future economic growth, for example, fairly easy to measure, well, if you had that \$16 trillion economy last year and you generated \$2 trillion worth of revenues, if you double taxes, you take in four. Those are the type of misleading results that I think a static model gives.

Dynamic models are not perfect. It is very difficult to model out an economy that is \$16, \$18, \$20 trillion in size. But to completely ignore macroeconomic feedback I think is probably shortsighted of us, and I look forward to possibly bringing reforms to that area at OMB.

Chairman JOHNSON. One area I want to go back to because you have been accused a number of times of voting for a shutdown, and I think you very, appropriately said you did not vote for a shutdown. I just want to give you the opportunity to describe that in greater detail, because I think that it really is that type of misrepresentation of what you are doing that—as I have talked about,

too, we never shut down the government, the full government. We shut down actually a relatively small portion of it, oftentimes with the greatest amount of pain. But just talk a little bit about exactly what happened.

Mr. MULVANEY. I think if you go back in time, what was happening—Obamacare was rolling on. Obamacare, the Affordable Care Act, did not turn on at one time. It came in in bits and pieces. And we had noticed with great interest that the President had issued certain unilateral waivers or delays, specifically, as I mentioned earlier, to corporations. We also know that the Department of Health and Human Services had given special privileges to various businesses all across the country but not given them to anybody. That was violative of some principles that many of us—myself—had regarding equal protection under the law. If we are going to have the Affordable Care Act, it should affect businesses in South Carolina, Wisconsin, and all the way across the Nation the same.

And so what we decided to do was try and make a point there by adding to the appropriations language a 1-year delay in the individual mandate under the theory that if it was good enough for the President to give to corporations, it was good enough for us to give to our individual citizens. That is what we bogged down over. The House passed a bill. The Senate did not. We passed individual smaller spending bills to open the parks in the various States because we do know, to Senator Hassan's point, it is real, and we do recognize that there were impacts in your State and in my State, which is why the House passed a series of smaller bills that would open the Federal parks, fund a Planned Parenthood, believe it or not, do all of those things while still trying to drive that discussion about equal protection and fairness.

Again, anytime you have a system where the House, the Senate, and the White House have to agree on something, if they do not agree, that is when you end up in—

Chairman JOHNSON. Which, by the way, the way the process should work is the House should pass individual appropriation bills. You tried to do that. It just was not taken up in the Senate.

Mr. MULVANEY. Correct. And one of the things I would like to say—we did not get a chance to talk about it in this Committee; we did get a chance to talk about it in Budget—is the importance, and I hope to be able to have the opportunity to drive home for the President the importance to both parties, to the Nation, of a properly functioning appropriations process. It is the way the Constitution set it out for us to function, and I think we need to do what we can in the Administration, if I am lucky enough to be there, to encourage you folks to get back to the properly functioning appropriation process.

Chairman JOHNSON. Thank you. Senator McCaskill.

Senator MCCASKILL. Yes, and this is an equal opportunity sin. I heard for years, "Oh, the Democrats have not done a budget." Then the Republicans take over and guess what happens? There is no budget. So it is really, the partisan back-and-forth sometimes is hard, especially around the subject of who is failing when it comes to regular order on appropriations and doing budget bills, because

from where I stand, Democrats have been guilty, but so have Republicans. So I do not know how we get that fixed, Congressman.

Let me talk to you about something that I think is pretty important, and that is, the hiring freeze as it relates to contractors. Do you have any idea what percentage of the workforce is contractors as you go into this job?

Mr. MULVANEY. I do not know, ma'am.

Senator MCCASKILL. Well, I will tell you. It is way more than you think it is. The Department of Energy, for example, is primarily contractors. There are not that many full-time employees (FTEs). And the thing that is so frustrating to me is that people who lead this government sometimes think that by—and, frankly, during the Bush Administration, they actually did a pretty good job of limiting the growth of FTEs in the Federal Government. But guess what happened? They blew up contracting. You go to Homeland Security, you go to Energy, you go to the Department of Defense. I cannot tell you how many times in this Committee room I have asked people who run giant agencies, "How much of your workforce is contractors?" and they go, "I do not know. I do not know."

So there was no freeze on contractors that the President enacted, correct?

Mr. MULVANEY. I am not familiar with the freeze that they imposed yesterday. I am familiar with our discussions about the importance of treating them the same, if you are going to look at them in that fashion.

Senator MCCASKILL. Yes, and, this cost-benefit analysis, that door needs to swing both ways. I think there has been analysis of the private workers that has been compared to FTEs, and in many instances it has not saved us a dime. In fact, it has driven up costs, not driven down costs.

So I think it is really on the backs of Federal employees to say that, making sure we freeze them. And you know what is going to happen at the VA for those critical medical positions? They are going to hire contractors. So it is not like we are stopping the hiring of workers.

So I would implore you to explain to the President that if you are going to do a freeze on employees, maybe you ought to freeze contractors first and freeze employees later, because I do not think we have had the kind of oversight on contractors that we have on employees.

Mr. MULVANEY. You and I have had a chance to discuss this, and I think I agreed with you. This was one of your written questions, and I think the response I gave is what I would hope to be able to advocate to the President, that painting with a broad brush may not be the most effective way to deal with the issue and what needs to drive the discussion regarding FTEs versus contractors is the economic consideration. And I agreed with you that there may be circumstances under which it is actually more cost-effective and better for the taxpayer to use an FTE versus a contractor. And I welcome further discussions about those specific examples.

Senator MCCASKILL. Great. I think we can work together on that.

Mr. MULVANEY. Yes, ma'am.

Senator McCASKILL. I am worried about data coming out of your shop, and I am going to be honest with you. This is an awkward and uncomfortable line of questioning for me, but I think it is really important we put it on the record.

I have been astounded over the last 3 days at what has occurred, that the President sent his Press Secretary out to utter falsehoods in a press briefing that had been—there was not only photographic evidence but numeric evidence to show that they were just simply not true. You had one of his advisers go on TV on Sunday and say, well, they were “alternative facts.” And then, yesterday, he says he was denied the popular vote because of millions of illegal immigrants, and there is not one iota of evidence to back up that claim.

Now, I get campaigning, I get campaign promises. But I want to ask you, Congressman, if the President asks you to not issue real data or asks you to alter data according to his narrative, what would your reaction be?

Mr. MULVANEY. Thank you for that, Senator. The credibility that I think I bring to this job is that I believe very firmly in real numbers. My job is to tell the President the truth. My job is to tell you the truth.

Senator McCASKILL. What if he tells you to say something other than the truth? Do you resign at that point?

Mr. MULVANEY. Well, I do not imagine the President of the United States would tell me to lie.

Senator McCASKILL. I beg your pardon. He told Sean Spicer to go out there and say things that were demonstrably untrue.

Mr. MULVANEY. I am not privy to the conversations between the President and Mr. Spicer, so I cannot comment on that. I am not sure if that conversation took place or not.

Senator McCASKILL. OK. But you get my point.

Mr. MULVANEY. Yes, ma'am.

Senator McCASKILL. And you will not do it.

Mr. MULVANEY. Like I said, my value in this job is my credibility when it comes to numbers. We have had discussions, I think, today about the magic asterisk and about making assumptions that are completely unreasonable. I have been one of the biggest critics of that during this administration. I do not plan on exposing myself to claims of hypocrisy.

Senator McCASKILL. I think that is great, and I appreciate that answer on the record.

OMB has to review rules. This week we are in new territory also with President Trump because he is going to hold onto all of his businesses. He is not divesting. And he has made it very clear he is going back to his businesses when he leaves office. So whatever happens to those businesses in the meantime will directly impact how much money he has. So, I mean, he even said, “If I go back to my businesses when I am done being President and my sons have not done a good job, I am going to fire them.” So we know that what happens to the Trump enterprises, international businesses, between now and when he leaves office will impact his fiscal bottom line. So that means every regulation that is changed, every regulation that is enacted, could have an impact on the finances of the President of the United States. Will you analyze those regulations and be transparent with the public when the

President is going to make money off the regulations that you change?

Mr. MULVANEY. Senator, I am not familiar with the President's businesses or his plans on divestiture. I thought I saw——

Senator MCCASKILL. Well, let us just assume he has licensing deals in 22 countries, that he has hotels and golf courses, he has loads of employees, he has—I mean, I think you kind of know what his business—we do not know because we have not seen any documents, but we kind of know what his businesses are, and obviously they are going to be impacted by rule changes.

Mr. MULVANEY. Yes, and without that information myself, I am not sure how I could do it. My job would be to explain to the President what the general impacts are. I do not foresee a situation where I say this company will be impacted this way or that company impacted that way. I will be looking at the macroeconomic implications of what decisions we are making. And, again, I am not trying to be——

Senator MCCASKILL. Do you believe there is a duty that the President has to the American people to be transparent about making money off changes of regulations that you would, in fact, push for?

Mr. MULVANEY. I believe in transparency, Senator McCaskill, but I do not know if I am in a position to tell the President how to conduct himself.

Senator MCCASKILL. OK. I would you urge him to be more transparent about when regulations are going to affect his financial status?

Mr. MULVANEY. Again, I am not sure if that is the role of the OMB Director. My job would be to say, "Look, this is how this particular regulation will affect the economy." Again, I do not know if it is the proper role of the OMB Director to do anything more than that.

Senator MCCASKILL. You understand this is completely uncharted territory, we have never had this situation before where a government run by a businessman who has not divested could, in fact, enrich himself by what his government does. You understand that has not occurred before.

Mr. MULVANEY. I believe it has been a long time, if ever, that we have had a person with this business——

Senator MCCASKILL. I would love you to tell me in history who it was that——

Mr. MULVANEY. I cannot—I said it has been a long time. I do not remember.

Senator MCCASKILL. Yes.

Mr. MULVANEY. I know that the——

Senator MCCASKILL. OK. Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator McCaskill.

Just before I turn it over to Senator Hoeven, just for accuracy, in fact, when Republicans took over control of the Senate, we did pass a budget. We reconciled with the House for fiscal year 2015. There was a budget deal that set the top-line figures for fiscal year 2016——

Senator MCCASKILL. Oh, no. I am talking about last year, Ron.

Chairman JOHNSON. Well, I am just laying out the facts. We did pass a budget reconciled, had a budget agreement that set the top-line figures. I believe, Senator Hoeven, you are on the Appropriations Committee. We passed all 12 appropriation bills for fiscal year 2015. We were blocked from bringing those on the floor of the Senate. Passed an awful lot of appropriation bills this year, repeatedly blocked us on defense appropriation bills.

Senator McCASKILL. We could go back and forth, Ron, because we did the same thing—we passed all the appropriations bills, and you guys blocked it. I remember the day it happened.

Chairman JOHNSON. Just trying to be accurate.

Senator McCASKILL. And there was no budget last year. Just to be accurate. If you are going to do this, I am going to come back.

Chairman JOHNSON. We had a top-line number. Senator Hoeven.

OPENING STATEMENT OF SENATOR HOEVEN

Senator HOEVEN. Congressman, thanks for being here today. Welcome to the Senate.

Mr. MULVANEY. I am having a good time, Senator.

Senator HOEVEN. Yes, good to have you here. I want to ask you questions in three areas. One is: How do we get on top of the regulatory burden? You have a role, obviously, or will have a role, if confirmed, with the Office of Information and Regulatory Affairs (OIRA). How do we get on top of that regulatory burden so we can get this economy growing and help our small businesses?

The second area is: How do we get the debt and deficit down and under control, get back to fiscal responsibility? And, obviously, that is something that you will work with at OMB.

And then the third area is I just want to ask if you are familiar with P3 projects, public-private partnerships, and do you see them as a way to both not only get things done like building infrastructure but also helping to cut into the backlog of projects and do it in a way where we leverage resources and, again, save money for the taxpayer.

So we can start with the regulatory burden. Do you think a Federal one-size-fits-all is the way to go? Or do you think we ought to give States flexibility and more control over what goes on in their State? Because there are differences among the 50 States, and they are the laboratories of democracy.

Mr. MULVANEY. Yes, and I think it is always a good idea to look at the States for an opportunity for new ideas and being more creative. We talked earlier today about Medicaid, for example, not a regulatory issue but there may be ideas out there for how to use Medicaid in the Carolinas or the Dakotas or a different way than they are used in New Hampshire, Missouri, or California. So that is always something that I think we should explore.

Other things you could do to get on top of the regulatory burden would be to actually enforce the laws that exist today regarding retroactive analysis of regulations. I do not think we have done a very good job with that. We have not cleared old regulations off the books after they become no longer pertinent.

You could improve the cost-benefit analysis process during the regulatory process. That involves getting better information.

So there are many things you can do within the regulatory regime to try and improve the process and end what we have ended up with right now, which is this system where somehow we have the very best of intentions with regulations at the beginning of the pipeline, and at the end of the pipeline a regulation comes out that crushes small business and often does not even accomplish what the intention was at the beginning.

So the regulatory process is broken. OMB can play a role in fixing that, and I look forward to doing that with members of both parties on both sides of the Hill.

Senator HOEVEN. Do you believe in the role as OMB Director you should help provide legal and regulatory certainty and that you should help encourage and empower investment in our economy and job growth?

Mr. MULVANEY. Absolutely, and that goes to your second point, which is what is one of the things you can do to get the debt under control. I think if we would be perfectly candid with each other, the best way for us to reduce the size of the deficit is to grow the economy. And as Chairman Johnson has pointed out several times here today, moving from 2-percent growth to 3-percent growth could be an extra \$16 trillion, I think it was, going to 4 percent an extra \$29 trillion in terms of the size of the pie. And I can assure you if the government continues to take 17 or 18 percent out, it is better from a balanced budget possible to take 17 or 18 percent of \$32 trillion than it is 16.

Senator HOEVEN. Talk about your role in terms of savings and reforms and those kind of things as we work to both grow the economy and then find savings. How do you go about that at OMB?

Mr. MULVANEY. That is one of the things I am most excited about. I think we are in a situation now where so many of us—and I imagine the same thing has happened to you in your time here on the Hill. The number one complaint of people who take time out of their day to come visit me over in the Rayburn Office Building is, “Look, this is how regulation is crushing me.” To be perfectly candid, I get that a lot more than I get questions about taxes. And I think enough members of both parties have finally gotten to the point where they realize maybe the regulatory burden has gotten out of control. So now you have that critical mass, I hope, in the House and the Senate. You have a President for the first time since the 1980s who ran explicitly on regulatory reform. You have various agency heads who he has nominated, some of which the Senate has already confirmed, who have said that driving efficiencies into their departments is one of their priorities. Again, I harken back to the conversation I had earlier this week with General Mattis where I assured him that he could count on me to help look at the top-line defense needs. If I could count on him to help look at driving efficiency in the DOD, I look forward to being his partner in that.

So I think we have finally reached a critical mass where all of the stars have aligned and we get a chance to actually reform our regulatory process and environment.

Senator HOEVEN. In regard to some of the questions asked by the Ranking Member, you do have a reputation in the House as somebody who speaks truth to power pretty directly and have been more

than willing to get out there in uncomfortable situations and say just exactly what you think and be very transparent about it.

Mr. MULVANEY. That may be the nicest way that anybody has ever described it.

Senator HOEVEN. And then talk about P3. I have spent a lot of time working on P3 projects, particular U.S. Army Corps of Engineers. They have a huge backlog. But with P3, we have an opportunity for States and localities that have funding ready to go and have private sector companies that want to co-invest in some of these innovative infrastructure projects that may be a way to reduce the Federal cost share and cut into that big backlog. And we need to build infrastructure in this country very badly. And the Trump Administration has made this an absolute priority, and it is a priority for us. So talk a little bit about your sense of P3 projects.

Mr. MULVANEY. Not only has the President made it a priority, from what I know about some of his nominations to key Cabinet positions, he is actually seeking to hire people who know a great deal about this. So I get every impression, again, that the President is deadly serious about figuring out new and creative ways specifically to build infrastructure, and public-private partnerships do offer an opportunity to do just that.

Under the theory of speaking truth to power, I will tell you my reservation, but the one thing I will be looking out for at OMB is to make sure that when the government does partner with private industry, that we do in a way that is entirely transparent so as to avoid any appearance of impropriety and giving favors to well-connected corporations over those who have perhaps fewer relationships.

Senator HOEVEN. Well, transparency is very important, and clearly this Administration wants to be creative and move forward on infrastructure. At OMB, you will play a key role in making sure we can do it, doing it right, doing it in a transparent way. But you will have a big role to play there. My understanding is that you are supportive of not only the infrastructure development but looking at these innovative ways to make things happen.

Mr. MULVANEY. Oh, I have told the President—not the President because I have not had a chance to talk with him directly, but I have told other nominees and folks in all of these committees that I would support an infrastructure program. I think it is one of those appropriate functions of government in many circumstances. I am interested in how it is going to be paid for. I am not interested in seeing us blow a \$1 trillion hole in the balance sheet in order to accomplish this, but I think I will give the President's transition team some credit. I have seen some very creative ideas on how to pay for things, including public-private partnerships.

Senator HOEVEN. Well, and that is the key, is it not? Finding a way to do it and pay for it and get the economy growing. I think it all goes together.

Mr. MULVANEY. Yes, sir.

Senator HOEVEN. Again, thanks for being here today.

Mr. MULVANEY. Thank you for having me.

Chairman JOHNSON. Thank you, Senator Hoeven.

By the way, I totally agree with you. Over the last 6 years, it has been almost universal. The first thing out of anybody I meet with, they are talking about what can we do to reduce the regulatory burden. The good news for you is the President has set a pretty low bar, only a 75-percent reduction. Actually, I would call that a "stretch budget." Senator Hassan.

Senator HASSAN. Thank you very much, and, Congressman, thank you for putting up with a long stretch of questions. You have had a long day, and I appreciate that very much. And I just wanted to follow up quickly on a couple of things and then just ask one question.

There has been a lot of discussion about reforming Medicaid and flexibility in the program, and should you be confirmed, I would like to offer to work with you on that since, in my experience as a Governor, there has been a lot of flexibility in the Medicaid program. We are going through an 1115 waiver process right now in New Hampshire, which is really allowing us to integrate our behavioral health and primary care in ways that are very promising. And so before kind of throwing the baby out with the bath water here, you might want to learn from Governors who are currently working well with the Federal Government and finding that the government is willing to be quite flexible to help us meet the needs of our States.

Mr. MULVANEY. I absolutely welcome the opportunity to do that.

Senator HASSAN. Well, thank you.

The question I wanted to ask was on climate change. Earlier today, it is my understanding that you had an exchange with Senator Kaine about climate change. I obviously was not there, but my understanding is that you told him that you agreed the climate is changing, but the science on how much impact humans are having is unsettled.

Mr. MULVANEY. I do not think that is verbatim, but that is a fair recalculation, yes, ma'am.

Senator HASSAN. OK. So I am a little concerned with that because, first of all, the OMB Director does have a significant role to play when it comes to climate change. You need to know the science in order to allocate the budget effectively. You need to know the science in order to run the OIRA process effectively. You just had a really good exchange with Senator Portman about the importance of data and evidence-based policymaking.

So here is what scientists say. They are clear in their understanding of the climate change science. The American Association for the Advancement of Science says the scientific evidence is clear. Global climate change caused by human activities is occurring now, and it is a growing threat to society.

The American Geophysical Union said humanity is the major influence on the global climate change observed over the past 50 years.

The American Meteorological Society says it is clear from extensive scientific evidence that the dominant cause of the rapid change in climate of the past half-century is human-induced increases in the amount of atmospheric greenhouse gases.

The Intergovernmental Panel on Climate Change says warming of the climate system is unequivocal and human influence on the climate system is clear.

So I would like to understand what you find unclear about this science that these scientists have been so clear about and why you or I, with our non-scientific backgrounds, would be qualified to disagree with these climate scientists in their area of expertise.

Mr. MULVANEY. It is fair enough, and, again, every time I have a conversation about climate change—I had some very, as you can imagine, colorful conversations with Senator Sanders about this in his office. I will try and figure out a way to draw it back to OMB, and the way I do that is by recognizing the fact that OMB may be called upon at some point to give an opinion on some type of regulation regarding carbon, for the sake of this discussion. OK?

In my role as OMB Director overseeing the Office of Information and Regulatory Affairs, it would be my job to look at exactly what you have just laid out and also look at those folks who have other sides of that opinion and then try and balance that with things such as the costs related with the regulation, bearing in mind in particular that regulatory costs have been described as some of the most regressive costs that we have. It falls on the poor much more than it does on the rich.

So it is a complex dance that the OMB Director has to do before giving the President an opinion. Do I bring certain biases to that? Yes. Would you? Certainly. That is what we do. It is the nature of our business. But my job would be to take that information that you just laid out, see if there is other information that may be to the contrary, and try and give the very best summary to the President of the United States as I possibly can.

Senator HASSAN. And I respect that. I would ask you to look at peer-reviewed science, not—

Mr. MULVANEY. Yes, ma'am.

Senator HASSAN [continuing]. Industry-based attempts to mask the science, which we have seen a fair amount of. And in terms of regulatory burden, I have worked as a Governor, we have all worked to reduce regulations. But, when you talk about burdens, when we have polluted air, more kids get asthma. When more kids get asthma, especially if they are low-income and especially if we do things like repeal the Affordable Care Act and they cannot get access to primary care and health insurance, that costs us money in different ways. There is a reason my business community in New Hampshire supported Medicaid expansion so strongly, because they understand the value of a healthy workforce.

When we do not have clean water, that costs us enormously, and it particularly costs low-income families who do not have the budgets to go out and buy bottled water. Right?

So I just would ask you to think about the balance in terms of regulations, not just with a dollar amount and not just from concerns that I understand—I was a business attorney for 25 years—about how hard it can be to navigate regulations when you are running a business and the impact that that can have.

But there is an impact on families. There is an impact on natural resources. There is an impact on the economy. I can tell you, the maple sugarers in New Hampshire feel the impact of climate

change, and so does my ski industry. And so it really behooves us to listen to the scientists, the predictions they made about climate change, and the impact of human behavior on it decades ago is playing out in front of us. So we might want to really just start listening to them.

Mr. MULVANEY. Thank you, Senator.

Chairman JOHNSON. Thank you, Senator Hassan.

Congressman Mulvaney, you have had a long day in the witness chair, not only in this Committee hearing but also in the Budget hearing, so this is a pretty good time to end your day. I want to thank you for your testimony, for being willing to subject yourself to this process. I want to thank you, your wife, Pam, and your three children for your willingness to sacrifice your time and your willingness to serve this Nation. So I really do appreciate it.

The nominee has made financial disclosures and provided responses to biographical and prehearing questions submitted by the Committee. Without objection, this information will be made part of the hearing record,¹ with the exception of the financial data, which are on file and available for public inspection in the Committee offices.

Senator McCaskill, I will again reiterate my commitment that we will not hold a markup—

Senator McCASKILL. Thank you so much, Mr. Chairman.

Chairman JOHNSON [continuing]. Until we get that background check. And, Congressman Mulvaney, you will agree to answer any questions that might arise from that.

Mr. MULVANEY. Absolutely.

Chairman JOHNSON. With that, the hearing record will remain open until 5 p.m. tomorrow, January 25th, for the submission of statements and questions for the record.

This hearing is adjourned.

[Whereupon, at 4:59 p.m., the Committee was adjourned.]

¹The information submitted by Congressman Mulvaney appears in the Appendix on page 66.

A P P E N D I X

**Opening Statement of Chairman Johnson
Nomination of Hon. J. Michael Mulvaney to be Director,
Office of Management and Budget
January 24, 2017**

As submitted for the record:

Today the committee convenes to consider the nomination of Congressman Mick Mulvaney to be director of the White House Office of Management and Budget (OMB). Mr. Mulvaney, on behalf of the committee, I thank you for your willingness to serve the nation in this important position.

When President Obama took office eight years ago, our national debt was \$10.6 trillion. Within weeks, it will reach \$20 trillion, almost doubling over the last eight years. According to projections made by the Congressional Budget Office, accumulated deficits over the next 30 years will total \$103 trillion. These levels of debt and deficits are clearly unsustainable.

To tackle this problem, we need fiscal discipline and more robust economic growth. Since the recession of 2009, real annual economic growth has barely averaged 2 percent. Boosting that growth rate to 3 percent would add \$14 trillion to the economy over 10 years—4 percent would add \$29 trillion. Massive overregulation is one of the main reasons our economy is not achieving its full potential.

In 2015, there were 3,410 rules issued by regulators, compared to only 114 laws enacted by Congress. And a number of studies estimate the annual cost of complying with federal regulations is approaching \$2 trillion in total, or \$14,800 per household.

One CEO of a Wisconsin paper manufacturer illustrated the regulatory burden with a simple calculation: four new regulations passed by the Obama administration were costing his business the equivalent of \$12,000 per year, per employee. That money is no longer available to expand his business or increase employee pay and benefits. Overregulation is not only limiting economic growth and job creation, it is a major cause of wage stagnation.

Mr. Mulvaney had a successful career as a lawyer and a real estate developer in South Carolina before answering the call to serve his country by running for Congress. In Congress, Mr. Mulvaney is known for his dedication to carefully guarding taxpayer dollars and balancing the budget. He has also been a long-time advocate for regulatory reform. I hope that with Congressman Mulvaney as OMB director, we can restore fiscal discipline and work together to reduce the regulatory burden and encourage a sensible regulatory approach moving forward. Congressman, thank you again for your willingness to serve our nation.

**U.S. Senate Committee on Homeland Security and Governmental Affairs
Nomination of John Michael “Mick” Mulvaney to be
Director, Office of Management and Budget
January 24, 2017**

Ranking Member Claire McCaskill

Opening Statement

Since November 9th Americans have been searching to understand what is next for this country. The growth of our economy and the jobs of so many Americans, depend on our country remaining a stable and relatively predictable place to do business – where businesses and the federal government alike have the ability to plan for the future. Despite this, to date, the Trump Administration’s plans for the economy change with each news cycle, and the strategy appears to shift depending on the member of the transition team that is speaking.

Just last week at a hearing, Mr. Mnuchin, the nominee for Secretary of the Treasury, said that after the inauguration, the Trump Administration would speak with QUOTE “a unified voice.” Four days ago President Trump was sworn in and the Trump Administration began. Despite the transition of power and the start of a new Administration, on issues like Social Security, healthcare, Medicare, and taxes, we have yet to hear that “unified voice.”

The Director of the Office of Management and Budget is charged with implementing and articulating the President's policy agenda. If confirmed, Representative Mulvaney, you will hold a post that influences policy proposals, budget appropriations, the management of federal workers, and the safeguarding of our regulatory processes. Your core job will be to take the President's ideas and make them clear and cohesive policy. Despite your willingness to serve, I can't help but question how will you achieve this when the views that you have expressed for so long do not align with those of the President or other members of the Cabinet.

You are a self-described QUOTE "hardcore conservative." You support cuts to Medicare and Social Security and drastically shrinking the size of government through the elimination of agencies, federal programs and federal workers. You have voted for and supported the shutdown of the federal government several times, and you have dismissed concerns about failing to lift the debt ceiling as QUOTE "just posturing."

You have said that QUOTE "[w]e have to end Medicare as we know it" and have advocated cuts and full scale overhauls of the program. Meanwhile, during his campaign, President Trump said that he would make no changes to Medicare. Representative Price, the nominee for Secretary of HHS, who has also advocated

for changes to the Medicare system, told a Senate Committee last week the President's plan remains the same. The situation is almost exactly the same on Social Security. You have advocated changes and cuts, even calling Social Security a "Ponzi Scheme" while the President said during his campaign he would not alter Social Security at all.

In voting against emergency funding after Hurricane Sandy, you said "[w]e've mismanaged our own finances to the point where we are now no longer capable of taking care of our own." The President has made clear that he intends to increase spending by initiating massive infrastructure projects such as the Wall and, as promised on Friday during his inaugural address, building "new roads, and highways, and bridges, and airports, and tunnels, and railways all across our wonderful nation."

After this hearing we will know more about your background and beliefs, but we may not have a better understanding of how and whether those beliefs will shape the Trump Administration. How will we know which policies will be implemented when the President and his Cabinet have such different views on such important topics?

Not only am I worried that we will not have the stability we are looking for from the incoming Administration, I am not certain that you, a man who has stuck

to his principles and has not often been forced to compromise, fully grasp the responsibilities of the position for which you have been nominated. Many of your proposals – like your willingness to allow the federal government to default on its obligations – would have far worse implications than you are willing to concede. In fact, you once said that you had “yet to meet someone who can articulate the negative consequences” of the United States failing to raise the debt ceiling. If that’s the case, you simply haven’t been listening to the economists, Treasury Secretaries, and even former OMB Directors who tell a very different story. But perhaps there was comfort in being able to say these things knowing that cooler heads would prevail and nobody would ever need to find out the consequences of your rhetoric.

But now you are seeking confirmation to a Cabinet-level post with great responsibility. What will happen if your views and proposals are adopted wholesale? If that happens, I fear that the American people and the global economy are in for a rude awakening.

Throughout this hearing I will be listening closely to better understand how you will reconcile your beliefs with those of the President, and how, as Director of the Office of Management and Budget you will implement the vision of a Trump

Administration that speaks with a “unified voice.” I look forward to hearing your answers.

Introductory Statement – Senator Cotton
Nomination Hearing to Consider the Honorable J. Michael Mulvaney
to be Director, Office of Management and Budget
January 24, 2017

As prepared for delivery:

I want to add my voice in support of confirming Mick Mulvaney as the next director of the Office of Management and Budget.

Mick and I have known each other for many years now. We served together in the House of Representatives. He's a good friend and trusted confidant, so I speak from personal experience when I say he will serve our president and our nation with distinction.

The way I see it, the director's chief job is to give the president the unvarnished truth. He has to tell the president exactly what things cost—partly to the president's agenda, but mostly to the taxpayer. The president of course sets the agenda, but he deserves a clear-eyed view, not rose-colored glasses.

And for the last six years, Mick has been telling many hard truths: We're spending too much, regulations are strangling our small businesses, and short-changing our military will only cost us more in the long run. He also understands perhaps the hardest truth of all—at least for the big-spenders in Washington: It's the American people who earned this money through their hard work and sacrifice. Mick will treat every taxpayer dollar as if it were his own—and, trust me, that means he'll be tight-fisted.

In Arkansas, many people stop me to ask what we're doing about the national debt. It's a huge concern. So in his eagle-eyed focus on spending, Mick will be a crucial voice in the cabinet. He'll represent millions of Americans who are deeply worried about the burden we're leaving our children. And while Mick is deeply principled, he knows how to work with others and make progress wherever we can.

Mick is a fine choice to run the Office of Management and Budget. I urge you not only to confirm him, but to do so as soon as possible. Under the law, the president is required to submit a budget to Congress early next month, which will be very difficult without a director. Thank you for your time and your consideration of a passionate advocate for the taxpayer, a bold truth-teller, my friend Mick Mulvaney.

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**TESTIMONY OF REPRESENTATIVE MICK MULVANEY, OF SOUTH
CAROLINA, INTENDED TO BE DIRECTOR, OFFICE OF
MANAGEMENT AND BUDGET
BEFORE THE COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS, UNITED STATES SENATE**

Thank you, Chairman Johnson, Ranking Member McCaskill, and members of the Committee for welcoming me today. It is an honor and a privilege to be here. I am pleased to present my qualifications and my vision for the Office of Management and Budget to this committee.

Thank you to the President for nominating me, and for the confidence he showed in me by doing so.

Thank you to Senator Graham and Senator Cotton for your kind remarks.

Thank you especially to my family. As the members of this committee know better than most, the burdens of public service often fall on our families. I deeply appreciate their continued support. We don't get an opportunity to say this nearly enough, and almost never on national television, but I am very proud of the young adults my children have become, despite the fact – or maybe because of the fact? – that their dad has been away from home for much of the past several years. And that is a testament to the kind of woman my wife is. I am extraordinarily proud, and happy, to have her in my life.

Finally, I am grateful for the members of the Committee and their staff, not only for having me here today, but also for taking the time to meet with me over the last few weeks and sharing your views. Should I be confirmed, I look forward to continuing our conversations, and to getting your guidance and wisdom.

Because no one can do this job alone. Perhaps a member of Congress knows that better than most. Several former members of Congress have served at OMB – Senator Portman, Jim Nussle, Leon Panetta – they all served with distinction, set a high bar, and provided a good example of how the OMB director should interact with and serve the President, Congress, and the American people.

If confirmed, I will use them as models. You deserve the truth, as do the American people, and it is the OMB Director's responsibility to tell you – and the President – the truth, even when that might be hard to hear.

For the first time in America's history, the next generation could be less prosperous than the generation that preceded it. To me, and to the people in this room, that is simply unacceptable. We CAN turn this economy, and this country around...but it will take tough decisions today in order to avoid impossible ones tomorrow.

Our gross national debt has increased to almost \$20 trillion. That number is so large as to defy description. I choose to look at it another way: to an ordinary American family, that translates to a credit card bill of \$260,000. Families know what that would mean for them. It is time for government to learn the same lesson.

I believe, as a matter of principle, that the debt is a problem that must be addressed sooner, rather than later. I also know that fundamental changes are needed in the way Washington spends and taxes if we truly want a healthy economy. This must include changing our government's long-term fiscal path – which is unsustainable.

Part of fixing that problem also means taking a hard look at government waste...and then ending it. American taxpayers deserve a government that is efficient, effective, and accountable. American families earn their money honestly; they expect the government to spend it honestly. We owe them that much.

But fixing the economy doesn't mean just taking a green eyeshade approach to the budget. Our government isn't just about numbers. A strong, healthy economy allows us to protect our most vulnerable. My mother-in-law relied on social security when she retired; she relied on Medicare to see to her medical needs before she died of cancer. Pam and I were glad that the safety net was there for her. We would also like it to be there for her grandchildren, our triplets, as well.

All of that being said, I know many of the members of this committee will want to know what my positions will be as OMB Director. I am, of course, not yet in that position, and I do not presume to know about decisions I might make, much less what decisions the President might make after consulting his cabinet and advisors. I do know what I believe, however, and I look forward to discussing whatever topics you consider relevant today.

I recognize that good public service – whether in a state legislature, Congress, or OMB – takes both courage and wisdom. The courage to lead, and the wisdom to listen. I have learned that I do not have a monopoly on good ideas. Facts – and the cogent arguments of others – matter. I will be loyal to the facts, and to the American people whom I serve.

My commitment to you today is to take a fact-based approach to get our financial house in order.

OMB also fulfills significant management responsibilities, and plays a significant role in dealing with the regulatory environment – among several other important functions, as you all know.

I look forward to talking about any and all of those issues, as this committee sees fit. And if confirmed, I look forward to working with Congress – and serving the President – to address these challenges on behalf of the people we all serve.

REDACTED

HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

1. Basic Biographical Information

Please provide the following information.

<i>Position to Which You Have Been Nominated</i>	
<u>Name of Position</u>	<u>Date of Nomination</u>
<u>Director, Office of Management & Budget</u>	<u>December 17, 2016 (announced)</u>

<i>Current Legal Name</i>			
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>
John	Michael	Mulvaney	

<i>Addresses</i>					
<u>Residential Address</u> (do not include street address)			<u>Office Address</u> (include street address)		
			Street: 2350 Rayburn H.O.B		
City: Indian Land	State: SC	Zip: 29707	City: Washington	State: DC	Zip: 20515

<i>Other Names Used</i>						
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	<u>Check if Maiden Name</u>	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)
Mick		Mulvaney			Current	Est ☐
J.	Michael	Mulvaney			Current	Est ☐

<i>Birth Year and Place</i>	
Year of Birth (Do not include month and day.)	Place of Birth
1967	Alexandria, VA

<i>Marital Status</i>					
Check All That Describe Your Current Situation:					
Never Married	Married	Separated	Annulled	Divorced	Widowed
☐	☒	☐	☐	☐	☐

<i>Spouse's Name</i> (current spouse only)			
<u>Spouse's First Name</u>	<u>Spouse's Middle Name</u>	<u>Spouse's Last Name</u>	<u>Spouse's Suffix</u>
Pamela	West	Mulvaney	

<i>Spouse's Other Names Used</i> (current spouse only)						
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	Check if Maiden Name	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)
Pam		Harris			12/88	5/98
Pam		Lynch			early 1970s	12/88

<i>Children's Names (if over 18)</i>			
First Name	Middle Name	Last Name	Suffix

2. Education

List all post-secondary schools attended.

<u>Name of School</u>	<u>Type of School</u> (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school)	<u>Date Began School</u> (month/year) (check box if estimate)	<u>Date Ended School</u> (month/year) (check box if estimate) (check "present" box if still in school)	<u>Degree</u>	<u>Date Awarded</u>
Georgetown University	4-Year University	8/85	5/89	BSFS	5/89
Univ. Of North Carolina	Law School	8/89	5/92	JD	5/92
Harvard Business School	Executive Education	2/04	2/06	OPM	2/06
		Est ☐	Est Present ☐ ☐		

3. Employment

(A) List all of your employment activities, including unemployment and self-employment. If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

<u>Type of Employment</u> (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non- Federal Employment), Self- employment, Unemployment, Federal Contractor, Non- Government Employment (excluding self-employment), Other	<u>Name of Your Employer/ Assigned Duty Station</u>	<u>Most Recent Position Title/Rank</u>	<u>Location</u> (City and State only)	<u>Date Employment Began</u> (month/year) (check box if estimate)	<u>Date Employment Ended</u> (month/year) (check box if estimate) (check "present" box if still employed)
SEE ATTACHED APPENDIX					
				Est ☐	Est ☐
				Est ☐	Est ☐
				Est ☐	Est ☐
				Est ☐	Est ☐

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

<u>Name of Government Entity</u>	<u>Name of Position</u>	<u>Date Service Began</u> (month/year) (check box if estimate)	<u>Date Service Ended</u> (month/year) (check box if estimate) (check "present" box if still serving)
N/A		Est ☐	Est Present ☐ ☐
		Est ☐	Est Present ☐ ☐
		Est ☐	Est Present ☐ ☐

4. Potential Conflict of Interest

(A) Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

NONE

(B) Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.

Other than while I was an elected member of the US House, I have no other activity that would be responsive as to influencing federal legislation. As to state legislation, I obviously was involved with that while an elected member of the South Carolina General Assembly.

5. Honors and Awards

List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.

SEE ATTACHED APPENDIX

6. Memberships

List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.

Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of \$1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

<u>Name of Organization</u>	<u>Dates of Your Membership</u> (You may approximate.)	<u>Position(s) Held</u>
Carmel Country Club	1992-2012	Member, President
Lancaster Moose Lodge	2006-2008	Member
Indian Land Rotary	2006-2011	Founding Member
Lancaster County Chamber of Commerce	2000-2005	Member, Board Member
United Way of Lancaster County	2004-2008	Member, Campaign Chair
Lahinch Golf Club	2004 – present	Member
MENSA	2000-2004	Member
North Carolina Bar Association	1992-2008	Member

7. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?

<u>Name of Office</u>	<u>Elected/Appointed/ Candidate Only</u>	<u>Year(s) Election Held or Appointment Made</u>	<u>Term of Service</u> (if applicable)
SC House of Representatives	Elected	Nov. 2006	2 years
SC Senate	Elected	Nov. 2008	4 years (left after 2)
US House of Representatives	Elected	Nov. 2010, 2012, 2014 & 2016	Current = 6 years

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

<u>Name of Party/Election Committee</u>	<u>Office/Services Rendered</u>	<u>Responsibilities</u>	<u>Dates of Service</u>
NRCC	Executive Committee Member	None	114 th Congress

(C) Itemize all individual political contributions of \$200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

<u>Name of Recipient</u>	<u>Amount</u>	<u>Year of Contribution</u>
Jeff Landry (Landry for Louisiana)	\$2500	2012
<i>Note: Other political contributions have been made from either my campaign account or my leadership PAC account during the relevant period, but the above is the only one I made as an individual.</i>		
<i>Note: My wife contributed \$1000 to a local school board candidate, James M. Brooks, in 2014.</i>		

8. Publications and Speeches

(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.

<u>Title</u>	<u>Publisher</u>	<u>Date(s) of Publication</u>
SEE ATTACHED APPENDIX		
TEXT PROVIDED SEPARATELY		

(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

<u>Title/Topic</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
SEE ATTACHED APPENDIX		

(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee.

<u>Title</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
SEE ATTACHED APPENDIX		

9. Criminal History

Since (and including) your 18th birthday, has any of the following happened?

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you? (Exclude citations involving traffic infractions where the fine was less than \$300 and did not include alcohol or drugs.)
- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official?
- Have you been charged, convicted, or sentenced of a crime in any court?
- Have you been or are you currently on probation or parole?
- Are you currently on trial or awaiting a trial on criminal charges?
- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation?

If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).

A) Date of offense:

a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

- 1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: Yes / No
- 2) Firearms or explosives: Yes / No
- 3) Alcohol or drugs: Yes / No

D) Location where the offense occurred (city, county, state, zip code, country):

- E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes / No**
- 1) Name of the law enforcement agency that arrested/cited/summoned you:
 - 2) Location of the law enforcement agency (city, county, state, zip code, country):
- F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**
- 1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):
 - 2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:
 - 3) If no, provide explanation:
- G) Were you sentenced as a result of this offense: **Yes / No**
- H) Provide a description of the sentence:
- I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**
- J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**
- K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:
- L) If conviction resulted in probation or parole, provide the dates of probation or parole:
- M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: **Yes / No**
- N) Provide explanation:

SEE ATTACHED APPENDIX

10. Civil Litigation and Administrative or Legislative Proceedings

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings.

<u>Date Claim/Suit Was Filed or Legislative Proceedings Began</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>
SEE ATTACHED APPENDIX				

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

<u>Date Claim/Suit Was Filed</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>
SEE ATTACHED APPENDIX				

(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

SEE ATTACHED APPENDIX

11. Breach of Professional Ethics

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.

<u>Name of Agency/Association/Committee/Group</u>	<u>Date Citation/Disciplinary Action/Complaint Issued/Initiated</u>	<u>Describe Citation/Disciplinary Action/Complaint</u>	<u>Results of Disciplinary Action/Complaint</u>
SC House	November 2006	Late filing financial disclosure (2 days)	\$100 fine
SC Senate	January 2015	Late filing financial disclosure (2 days)	\$120 fine

(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?

NO

12. Tax Compliance

(This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

REDACTED

13. Lobbying

In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State?

NO

14. Outside Positions

See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

<u>Name of Organization</u>	<u>Address of Organization</u>	<u>Type of Organization</u> (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	<u>Position Held</u>	<u>Position Held From</u> (month/year)	<u>Position Held To</u> (month/year)
SEE ATTACHED APPENDIX					

15. Agreements or Arrangements

See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

<u>Status and Terms of Any Agreement or Arrangement</u>	<u>Parties</u>	<u>Date</u> (month/year)
SEE ATTACHED APPENDIX		

16. Additional Financial Data

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

17. Assets

See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

REDACTED

18. Liabilities

See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

REDACTED

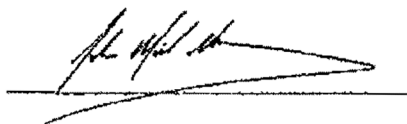
19. Income

See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

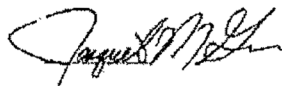
REDACTED

AFFIDAVIT

JOHN MICHAEL MULVANEY being duly sworn, hereby states that he has read and signed the foregoing HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES and that the information provided therein is, to the best of his knowledge, current, accurate, and complete.



Subscribed and sworn before me this
4 day of JANUARY, 2017



Jacqueline M. Greco
Notary Public, District of Columbia
My Commission Expires 6/30/2020

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**APPENDICES TO
HSGAC BIOGRAPHICAL QUESTIONS
FOR NOMINEES**

**NOMINEE: Mick Mulvaney
POSITION: Director, OMB**

Appendix 3: Employment

Security Guard	Georgetown Univ.	Sr. Guard	Washington, DC	9/85-5/89
Library Asst.	UNC-Law Library	Lib. Asst.	Chapel Hill, NC	9/90-5/92
Attorney	James, McElroy & Diehl, PA	Sr. Associate	Charlotte, NC	8/92-2/97
Attorney	Mulvaney & Fisher, PA	Owner & Mng. Partner	Charlotte, NC	3/97-12/00
Real Estate	Mulvaney Properties (& The Mulvaney Group, Ltd.)	President	Charlotte, NC	1/01-12/08
Homebuilder	Graver Homes, Inc.	VP	Lancaster, SC	1/08-12/09
Restaurants	Salsarita's Fresh Cantina, Inc. & The Mulvaney Co.	Board Member Restaurant Owner & Operator	Charlotte, NC	1/09-1/11
Elected Office	SC House	State. Rep.	Columbia, SC	1/07-1/09
Elected Office	SC Senate	Senator	Columbia, SC	1/09-1/11
Elected Office	US House	US Rep.	Washington, DC	1/11-current

**HSGAC BIOGRAPHICAL QUESTIONS
FOR NOMINEES**

NOMINEE: Mick Mulvaney
POSITION: Director, OMB

Appendix 5: Honors & Awards

ACADEMIC

Honors Scholar (Georgetown University SFS)(1989)
cum laude (Georgetown University)(1989)
Dean's Medal (Georgetown University)(1989)
Chancellor's Scholarship Finalist (UNC-LAW)(1989)

LEGISLATIVE

Year	Organization	Award Name
2010	60 Plus Association	Guardian of Seniors Rights Award
2010	University of South Carolina	Appreciation Award
2010	South Carolina EMS Association	Legislator of the Year
2011	American Conservative Union	Defender of Liberty
2011	Lancaster County Council	Appreciation Award
2011	National Taxpayers Union	Taxpayers Friend Award
2012	60 Plus Association	Guardian of Seniors Rights Award
2012	National Assoc. of Manufacturers	Manufacturing Legislative Excellence Award
2012	Business Insider	10 Most Conservative Members of Congress
2012	FreedomWorks	100% Scorecard
2012	NFIB	Guardian of Small Business
2012	Middle East Council of America	Patriot of the Expatriates
2012	Association of Builders/Contractors	Champion of the Merit Shop
2012	AAHOA	Friend of the Hotelier Award
2012	South Carolina Fire Service	Support Award
2012	Minority Business Roundtable	Congressional Leadership Award
2012	South Carolina Farm Bureau	Friend of the Farm Bureau Award
2012	National Taxpayers Union	Taxpayers Friend Award
2012	Club for Growth	Defender of Economic Freedom
2012	AAHOA	Political Forum Award for Advocacy
2012	US Chamber of Commerce	Spirit of Enterprise Award
2013	National Taxpayers Union	Taxpayers Friend Award
2014	FreedomWorks	Freedom Fighter Award
2014	GOP Liberty Caucus of SC	Chairman's Award for Economic Liberty
2014	Citizens against Government Waste	Taxpayer Super Hero Award

2014	Club for Growth	97% Scorecard
2014	FreedomWorks	95% Scorecard
2014	Human Society of United States	Legislative Leader
2014	NFIB	Guardian of Small Business
2014	Corporate Enterprise Institute	Champion of the Worker
2014	AAHOA	Friend of the Hotelier Award
2014	Nat. Assoc. of Mutual Ins. Cos.	Benjamin Franklin Public Policy Award
2015	U.S. Business and Industry Council	Defender of the American Economy Award
2015	Taxpayers for Common Sense	Mr. Smith Goes to Washington Award
2015	NAFCU	Credit Union Congressional Champion Award
2015	FreedomWorks	95% Scorecard
2015	AAHOA	Friend of the Hotelier Award
2016	Heritage Action	94% overall scorecard
2016	Conservative Review	93% 'A' overall ranking Liberty Score
2016	School Nutrition Association School	Nutrition Award
2016	Int'l Foodservice Distr. Assoc.	Thomas Jefferson Award
2016	Campaign to Fix the Debt	Taxpayers Hero
2016	Career and Technical Education	Support Award
2016	DAV Chapter 19	Certificate of Appreciation of Veterans

**HSGAC BIOGRAPHICAL QUESTIONS
FOR NOMINEES**

NOMINEE: Mick Mulvaney

POSITION: Director, OMB

Appendix 8: Publications and Speeches

A: PUBLICATIONS

During my tenure in Congress the columns listed below were published. If the column is identified as a "Monthly Column" it was typically sent to several small-town papers in South Carolina's 5th Congressional District. Not all the columns were printed by all of the papers each month. I believe The Lancaster News (thelancasternews.com) and the Carolina Gateway (carolinagatewayonline.com) printed most, if not all, of the monthly columns, but they could have been published in other papers as well. It is possible that a small handful were never published.

Text of these published works is attached.

1/31/11 – Monthly Column: Washington is as crazy as you probably think
 3/2/11 – Monthly Column: An explanation of government shutdowns
 3/8/11 – Roll Call: GOP Will Write Serious Budget Plan
 4/15/11 – Monthly Column: Telling the Truth
 5/9/11 – Monthly Column: The role of taxes in our national budget debate
 6/6/11 – Monthly Column: Memorial Day, sacrifice and service
 7/8/11 – Monthly Column: How the House of Representatives is focusing on jobs
 7/20/11 – The State: Cut, Cap and Balance
 8/10/11 – Monthly Column: Debt Ceiling Deals
 9/2/11 – Monthly Column: State of the economy
 9/23/11 – Politico: Agencies Stiffing Small Business
 10/1/11 – Monthly Column: Constitution Day
 11/4/11 – Washington Examiner: The president's tax math doesn't add up
 11/18/11 – Washington Post: Balanced budget amendment now
 2/2/11 – Monthly Column: My problem with the State of the Union address
 2/16/11 – Monthly Column: Protecting our religious freedoms
 12/10/12 – Monthly Column: How we know the President isn't serious about averting the fiscal cliff
 1/3/13 – Huffington Post: Make Pentagon Savings Part of Budget Negotiations
 1/11/13 – Monthly Column: Why I voted against the fiscal cliff "deal"
 2/12/13 – Monthly Column: No Budget, No Pay
 3/13/13 – Monthly Column: Why the sequester was so important
 4/12/13 – Monthly Column: Discussion on immigration begins
 5/21/13 – Monthly Column: Input from home
 6/17/13 – Monthly Column: IRS scandal
 6/26/13 – The Hill: Free trade must be a two-way street

8/2/13 – The State: What’s a few billion dollars? A start
 11/20/13 – Monthly Column: My new favorite holiday
 2/4/14 – Monthly Column: I know why people don’t like politicians
 5/28/14 – The Hill: Cutting through the regulatory thicket
 1/20/15 – US News & World Report: Change is good for Congress
 1/28/15 – Monthly Column: Immigration, border security and executive amnesty. Oh my.
 3/29/15 – WSJ: The Republican Budget is a Deficit Bust

B: SPEECHES

I have delivered many speeches during the last 5 years in my role as a Member of the US House. A list of all the dates of which we have a record follows. I spoke regularly on fiscal and oversight issues, as well as general legislative developments, all of which would be relevant to the position to which I have been nominated. I likely could have, and typically would have, mentioned one or more of those topics at any of these appearances.

However, I speak from rough notes or extemporaneously, and as a result there are no prepared texts of any of these speeches or other public discussions.

2/21/11 – York County Council
 2/22/11 – Indian Land Rotary
 2/23/11 – Ft. Mill Rotary
 3/2/11 – Georgetown University College Republicans
 3/7/11 – First Monday with Trey Gowdy
 3/8/11 – National Association for Business Economics
 3/9/11 – National Federation of Republican Women
 3/22/11 – Winthrop College
 3/23/11 – Lancaster Rotary
 3/24/11 – Lancaster County Natural Gas Company
 3/24/11 – Lancaster Rotary
 3/24/11 – Lancaster Town Hall
 3/25/11 – Lancaster Chamber
 3/30/11 – Citadel School of Business Administration
 4/12/11 – NCTO Annual Meeting
 4/13/11 – Lunch Honoring Paul Weyrich
 4/18/11 – Darlington Town Hall
 4/19/11 – Fairfield Rotary
 4/19/11 – Washington Night in the South
 4/20/11 – Winthrop College
 4/27/11 – Chester Springtimers Breakfast
 4/27/11 – Rock Hill/York Town Hall
 4/28/11 – Kershaw Town Hall
 4/29/11 – Kershaw County Legislative Breakfast
 5/5/11 -- Corridor Association’s Annual Meeting
 5/14/11 – York Electric Meeting

5/17/11 – Cherokee Town Hall Meeting
 5/20/11 – Fairfield County Chamber of Commerce
 5/24/11 – SC Business Council
 5/24/11 – Mo Brooks Event
 5/28/11 – SC Governors School
 6/4/11 – NC Republican State Convention
 6/7/11 – Newberry Town Hall
 6/8/11 – Sun City Town Hall
 6/8/11 – Clover Rotary
 6/8/11 – Lake Wiley Town Hall
 6/30/11 – Sumter Town Hall
 7/1/11- World Changers Worship Service
 7/26/11- Politico Jobs of the Future
 8/22/11- York Tech Chamber Trade/ Export Seminar
 8/29/11- Chesterfield Town Hall
 8/30/11- Fairfield Town Hall
 8/31/11- Fort Mill Town Hall
 9/1/11- NAACP
 9/1/11- Rock Hill Area Council
 9/1/11- Rock Hill Kiwanis Club Meeting
 9/17/11- Sun City Tailgaters Breakfast
 9/26/11- Rock Hill SBA Meeting
 9/26/11- Sun City Federal Employee Retirees
 9/26/11- River Hills Country Club Q&A
 9/29/11- Sumter SBA Meeting
 10/18/11- Point Loma Business School visit
 11/1/11 – National Journal Panel
 11/9/11 – Homebuilders Association Legislative Conference
 11/11/11 - Rock Hill American Legion Dinner

2012

1/5/12 - Upstate Elected Officials Meeting
 2/13/12 - Shepherd Center Adventures (Seniors)
 2/13/12 - Cherokee Town Hall
 2/20/12 - Kershaw/Camden Town Hall
 2/21/12 – Lake Wateree Town Hall
 2/23/12 - Cherokee Chamber of Commerce
 2/24/12 - Lake Wylie Republican Women
 2/25/12 - Lancaster County Tea Party
 3/2/12 - AgSouth and ArborOne Farm Credits
 3/5/12 - SC Association of Counties
 3/6/12 - Coker College Students
 3/7/12 – Newberry College Students
 3/12/12 - National Stone, Sand & Gravel Association Annual Meeting
 3/12/12 - Sumter Town Hall
 3/13/12 – Lancaster Town Hall

3/21/12 - SC Credit Unions Group
 3/30/12 - Lancaster Chamber Breakfast
 4/11/12 - Fort Mill Rotary Club
 4/13/12 - Greenville Chamber of Commerce
 4/30/12 - Kershaw County Chamber of Commerce
 5/1/12 - Lancaster Chamber Policy Meeting
 5/21/12 - Sumter Rotary
 6/11/12 - NAIOP Luncheon
 6/11/12 - Fairfield County Republican Party Headquarters Ribbon Cutting Ceremony
 6/15/12 - Hilton Head Island GOP
 6/22/12 - NAIFA Conference & Future Freedom Foundation of South Carolina
 7/2/12 - Visit York Electric Cooperative
 7/24/12 - Coalition of Franchisee Associations Board of Directors' Dinner
 7/26/12 - Minority Business Roundtable
 8/14/12 - Indian Land Rotary & Lake Wylie Rotary
 8/16/12 - Greenville Chamber of Commerce
 9/5/12 - SC Federal Credit Unions
 9/6/12 - NAIFA-Piedmont/IFAPAC Members
 9/6/12 - Sumter GOP Meeting
 9/12/12 - AAHOA Reception
 9/13/12 - Upstate Chamber of Commerce
 9/13/12 - SC Credit Unions
 9/18/12 - Urban Land Institute Conference
 9/22/12 - SC District 5 Federation of Republican Women
 9/24/12 - Williams and Fudge Student Loans & Receivables Collection Conference
 9/25/12 - Aiken GOP Meeting
 9/28/12 - Spartanburg County Republican Club Meeting
 10/2/12 - Lancaster Chamber of Commerce
 10/8/12 - Spartanburg Bronze Elephant Dinner
 10/11/12 - Tri-County Construction Assn.
 10/12/12 - Winthrop Business Roundtable
 10/16/12 - York County Medical Society Dinner FR
 10/22/12 - Morningside Senior Center
 10/22/12 - Sumter TEAvangelical Patriots/Sumter GOP
 10/24/12 - National Bank of South Carolina (NBSC) Advisory Board
 10/25/12 - Microsoft Town Hall
 10/25/12 - Military Officers Association of America
 10/26/12 - Columbia Tea Party Banquet
 10/31/12 - SCCL Republican Club Meeting & York County Chamber of Commerce
 11/1/12 - Winthrop University
 11/1/12 - Indian Land Republican Party
 11/30/12 - The Charlotte Observer Forum
 12/1/12 - Constitution Committee of the Spartanburg GOP
 12/10/12 - Brookfield School

2013

1/7/13 -- Lancaster Chamber of Commerce
 1/28/13 -- Piedmont Realty Association of Realtors
 1/28/13 -- Sumter Town Hall
 1/30/13 -- Ft. Mill Rotary
 2/13/13 -- South Carolina Business Council
 2/19/13 -- Rock Hill Town Hall
 2/22/13 -- York Chamber Legislative Breakfast
 2/27/13 -- Conversations with Conservatives
 2/27/13 -- SC Credit Union League
 2/28/13 -- NAACP Town Hall
 3/5/13 -- AAHOA
 3/8/13 -- Club for Growth
 3/20/13 -- Conversations with Conservatives
 3/26/13 -- Lancaster Natural Gas Authority
 3/26/13 -- York and Clover Joint Chamber Meeting
 3/26/13 -- Blessed Hope Baptist Students
 3/26/13 -- SC Chamber Washington Night
 3/28/13 -- Sumter Tea Party
 4/4/14 -- Kershaw Co. Chamber Legislative Night
 4/8/13 -- Spartanburg/Cherokee Town Hall
 4/11/13 -- AAIP
 4/19/13 -- Winthrop political science class
 4/22/13 -- Newberry Town Hall
 4/23/13 -- Washington Industrial Roundtable
 4/24/13 -- Young Presidents Organization
 4/24/13 -- Conversations with Conservatives
 4/29/13 -- REBIC Board of Governors
 4/29/13 -- Scherer Presbyterian Men's Dinner
 4/30/13 -- Voices in Politics
 4/30/13 -- Fairfield Town Hall
 5/1/13 -- Clover High School
 5/1/13 -- Nation Ford High School Young Republican Club
 5/1/13 -- Ft. Mill Town Hall
 5/11/13 -- York Electric Co-Op Annual Meeting
 5/13/13 -- Ft. Mill High School Outreach
 5/13/13 -- Sumter Rotary Club
 5/13/13 -- Kershaw County Town Hall
 5/15/13 -- SC Credit Union League
 5/20/13 -- NC Senate Caucus fundraiser
 5/28/13 -- Union Rotary
 5/28/13 -- Union Town Hall
 5/30/13 -- York Electric Co-Op
 6/10/13 -- Freedom Club
 6/19/13 -- Hispanic Pastors Summit
 6/26/13 -- Prepaid Card Convention

7/2/13 – Sun City Carolina Lakes Republican Club
 7/17/13 – Republican National Lawyers Association
 8/1/13 – Young Americans for Liberty
 8/3/13 – RedState
 8/30/13 – Milliken Brown Bag Lunch
 9/3/13 – Sumter Packaging Brown Bag Lunch
 9/4/13 – Carolina Ingredients Brown Bag Lunch
 9/21/13 – Bahrain American Chamber of Commerce
 10/21/13 – Palmetto House Republican Women's Meeting
 10/23/13 – AFSA Annual Meeting
 10/23/13 – Washington Industrial Roundtable
 11/6/13 – Rock Hill Town Hall
 11/7/13 – Greenville Tea Party
 11/11/13 – St. Anne's Veterans Day Celebration
 11/11/13 – Chester Veterans Day Celebration
 11/17/13 – Liberty Fellowship Dinner
 11/20/13 – Tea Party Legislative Roundtable
 11/22/13 – Palmetto Breeze Cigar
 12/4/13 – South Carolina Business Council holiday reception
 12/17/13 – Indian Land Rotary

2014

1/21/14 - Fairfield Town Hall
 1/23/14 - Lancaster Chamber Annual Meeting
 2/8/14 - GW Night for Ninos, Embassy of Italy
 2/17/14 - Spanish Language Town Hall
 2/17/14 - Greenville Chamber Remarks
 2/25/14 - SC Business Council
 2/26/14 - SC Credit Union
 3/1/14 - 5th District GOP Meeting
 3/6/14 - Liberty Rising at CPAC
 3/17/14 - Appearance w/ TJ of Ace and TJ at Embassy Suites Charlotte
 3/28/14 - Lancaster Legislative Breakfast
 3/28/14 - Tim Scott Campaign Rally
 4/15/14 - Chester Town Hall
 4/16/14 - SC Chamber Washington Night
 4/30/14 - Bloomberg's Partnership for a New American Economy
 5/5/14 - Myrtle Beach Chamber DC Update
 5/7/14 - Coalition of Franchisee Associations
 5/10/14 - York Electric Coop Annual Meeting
 5/13/14 - State of Community Rock Hill Breakfast
 5/14/14 - Rock Hill Town Hall
 5/15/14 - Tri-County Building Contractors
 5/15/14 - Reception benefitting Pat McKinney
 5/16/14 - Regional Chamber's Legislative Breakfast
 5/16/14 - Kiwanis Club Sumter
 5/22/14 - NAACP Town Hall

6/6/14 - SCGOP Sliver Elephant Dinner
 6/16/14 - Chester County Development Association Luncheon
 6/16/14 - York County Development Announcement
 6/16/14 - Ft. Mill Town Hall
 6/30/14 - York Proper Town Hall
 7/7/14 - Union Town Hall
 10/4/14 - Berkley GOP Breakfast
 10/8/14 - Young Republicans at Nation Ford High School
 10/14/14 - Sun City Republicans Club
 10/21/14 - York Electric Co-op
 10/21/14 - York Chamber
 10/28/14 - York Chamber
 10/30/14 - Sun City Rally
 11/4/14 - Election Night Party
 11/6/14 - USC Scholarship Luncheon
 11/26/14 - Rock Hill Rotary Club

2015

1/19/15 – Rock Hill City’s MLK Interfaith Prayer Breakfast
 1/19/15 – Speak at the SC Tea Party Convention
 1/23/15 – Speak at the Catawba/Wateree Chapter MOAA (Military Officers Association)
 2/1/15 – Speak at women's group about current events in DC. The Rosary & Confraternity
 Society of St. Mary Catholic Church
 2/7/15 - Speak to SC Pastors (Bob Woodard)
 2/18/15 - Greenville County Republican Party
 2/18/15 - Mick and Trey Gowdy visit Billy Webster class in Wofford College
 2/23/15 - Speak to class at Buford High School in Lancaster Government Economic Class
 3/18/15 - Taste of the South 2015
 3/27/15 - York Co Regional Chamber of Commerce Legislative Breakfast
 3/27/15 - Clover Lake Wylie Republican Women Luncheon
 4/8/15 - Guest Lecture in Professor McDermott's Economics class
 4/8/15 - Speak to TeenPact
 4/9/15 - CAPCA (Carolinias Air Pollution Control Association)
 4/11/15 - York Co GOP Convention
 4/20/15 - Speak to the Model Congress Clubs from St. Bernard’s School
 4/21/15 - Speak at the Small Business Investor Alliance
 4/29/15 - Speak to National Pawnbrokers Association on Choke Point hearing
 5/5/15 - Cherokee Town Hall
 5/6/15 - Reception honoring State Senator Tom Davis
 5/13/15 - Speaking 7-12 minutes Financial Services Institute
 5/13/15 - Nelson Mullins Financial Services Conference
 6/21/15 - Speaking Invitation NAMA Fly-In
 6/28/15 - NRCC Congressional Forum Lunch
 6/18/15 - Lake Wylie Rotary Club
 6/19/15 - Speak at AFSA Air Force Sergeants Association Chapter 377
 6/21/15 - Speak/Meet w/ Chester Chamber of Commerce
 8/9/15 - Conversations w/ Conservatives

9/10/15 – Duke Energy Safety Award Presentation
 9/10/15 - Speak to GSP Republican Women
 11/10/15 - Speak at Veterans' Day Clover High School Event
 11/10/15 – Pinegrove Christian Academy WWII Memorial Groundbreaking
 11/12/15 - Speak at Commonwealth Convention
 11/20/15 – Town Hall at Palmetto Breeze Cigar Palace
 11/24/15 – Town Hall at USC-L
 12/21/15 – Meet and Greet at Sun City

2016

1/9/16 - teach a “class” at GSSM
 1/16-1/17/16 - SC Tea Party Coalition in Myrtle Beach
 1/21/16 - Lancaster Chamber
 1/26/16 - Union Rotary
 1/26/16 - Lancaster County Council
 1/29/16 - Greenville Chamber
 2/3/16 - Breakfast with SC Firefighters at Johnny's Half Shell
 2/16/16 - Lancaster Chamber of Commerce
 2/19/16 - Club for Growth Convention - afternoon general session
 2/23/16 - Charlotte Business Council - Charlotte Catholic High School
 2/24/16 - SC Credit Union- DC
 3/1/16 - BDC Member Fly-in
 3/3/16 - DC Block Chain Summit
 3/8/16 - Social Work Class at Winthrop
 3/11-3/13/16 NGASC (National Guard Association) Annual Conference- North Myrtle Beach
 3/18/16 - York County Women's Club
 3/28/16 - Cherokee County Chamber w/ Gowdy
 3/29/16 - USC Christian Law Society re: Refugees
 3/29/16 - York County GOP Candidate Forum
 3/30/16 - Panel for SC Society of Public Managers
 3/31/16 - SC Sons of American Revolution
 3/31/16 - UNC Law Banking Institute
 4/7/16 - National Beta Club Induction- Indian Land High School
 4/7/16 - York County Republican Party Meeting
 4/8/16 - Cigar Town Hall - Palmetto Breeze
 4/11/16 - Disabled American Veterans
 4/12/16 - Speak @ CATO re: Bitcoin
 4/22/16 - Political Science Honor Society at Winthrop
 4/27/16 - CRE Finance Council
 4/30/16 - USC Union Commencement
 5/8/16 - USAF Jr ROTC- Northwestern High School
 5/13/16 - Kershaw County Chamber of Commerce Meeting Awards & Celebration GALA
 5/17/16 - SC Business Council
 5/19/16 - SC Farm Bureau Banquet
 5/26/16 - R St GSE Panel re: HR 4913 (Housing Finance Restructuring Act)
 5/26/16 - ILAC/ Carolina Gateway Candidate Forum
 6/6/16 - Cherokee County Republican Women's Club Candidate Forum

6/7/16 - Lake Wylie Candidate Forum
 6/8/16 - Nutramax Event on the Hill
 6/8/16 - SC Home Builders Lunch
 6/11/16 - 30th Annual Freedom Fund Banquet (NAACP) of Rock Hill
 6/11/16 - SC Truckers Association (Hilton Head)
 6/30/16 - Rock Hill Chamber Lunch
 6/30/16 - Sumter Chapter Meeting of the Building Industry Association of Central South Carolina
 7/15/16 - Speaking Engagement w/ John Birch Society
 7/26/16 - Lake Wylie Rotary Club
 7/28/16 - Old English Consortium IT Directors speaking engagement
 8/19/16 - "Bronze Elephant Dinner" Newberry County Republican Party
 8/22/16 - Rep. Jeff Duncan's Faith & Freedom BBQ
 8/24/16 - Lancaster Natural Gas employees safety meeting
 8/30/16 - Highland Ruritan Club & Chester GOP Political Rally
 8/31/16 - Grand Opening of Sumter GOP Headquarters Office
 9/3/16 - Rolling Thunder Statewide Meeting
 9/8/16 - IDC's "Beyond Genocide: Preserving Christianity in the Middle East"
 9/10/16 - 229th Constitution Day Celebration at SC State Museum
 9/16/16 - Operation Welcome Home Key Ceremony Event for the Decapua Family
 9/19/16 - Special Service to Honor Lancaster County First Responders
 9/20/16 - NAFCU (National Association of Federal Credit Unions)
 9/22/16 - Greenville County Republican Women's Club
 9/22/16 - Lancaster County Chamber of Commerce - Legislative Briefing and Candidate's Reception
 9/24/16 - South Carolina Army and Air Guard Officers' Meeting
 10/13/16 - Lancaster Rotary Club
 10/17/16 - Palmetto House Republican Women Monthly Meeting
 10/18/16 - Union Rotary Club
 10/19/16 - Lunch at the Comporium Board Event
 11/18/16 - NAIOP and UNCC's Childress Klein Center for Real Estate Quarterly Luncheons
 11/28/16 - Sumter Rotary Club Meeting
 11/29/16 - FiscalNote's First User Summit
 12/6/16 - Heritage Action for America President's Club Meeting

C: OTHER SPEECHES & TESTIMONY TO CONGRESS

As to speeches within the last 10 years that are not identified immediately above, I know that I delivered numerous public speeches in my role as a SC state lawmaker. However, I have no method of documenting when those speeches took place, to whom they were given, or what the specific topics were.

While I have participated in numerous Congressional hearings in my role as a Member of Congress, the only times I can remember presenting arguments or evidence to a Congressional Committee would be my participation in debate in front of the House Rules Committee. I

believe the following to be a complete list of the times I participated in those hearings, and a brief summary of the topic on which I spoke. Transcripts can easily be provided upon request.

2/14/11 – Amendment HR 1 to reduce non-defense discretionary spending to 2006 levels
 3/27/12 – Amendment to H.Con.Res. 112 (FY13 House Budget) to offer President's Budget
 4/25/12 – Amendments to HR 3523 (CISPA) to sunset the bill and to provide for civil liberties protections
 5/15/12 – Amendment to HR 4310 (NDAA) to reduce OCO to President's request
 12/19/12 – Amendment to H.J.Res.66 (Fiscal Cliff) to permanently extend tax rates and replace the sequester
 1/14/13 – Three amendments to offset HR 152 (Hurricane Sandy relief)
 3/18/13 – Amendment to H.Con.Res. 25 (FY14 House Budget) to offer President's Budget
 6/11/13 – Amendments to HR 1960 (NDAA 2014) to match President's OCO request and reduce number of carriers in fleet by one
 7/22/13 – Amendment to HR 2397 (DOD Approps FY14) to reduce OCO to President's request
 4/7/14 – Amendment to H.Con.Res 96 (FY 15 House Budget) to offer President's Budget
 5/19/14 – Amendments to HR 4435 (NDAA 2015) to codify OMB criteria for OCO, limit prison industries programs, and adopt design build contracts
 1/12/15 – Amendment to HR 240 (DHS Approps) to end executive amnesty
 4/21/15 – Amendment to HR 1731 and HR 1560 (Cyber info sharing) to sunset provisions of the bills
 5/12/15 – Amendment to HR 1735 (NDAA 2016) to require a report on the use of OCO funds
 6/10/15 – Amendments to HR 1314 (TPA) to address currency manipulation and to revise the TPA process from disapproval to approval
 10/27/15 – Amendment to HR 1314 (Bipartisan Budget Agreement) to allow for the raising of the debt limit and payment of principle and interest on debt
 11/2/15 – Various amendments to HR 22 (Ex-Im Bank)
 5/11/16 – Amendment to HR 4909 (NDAA 2017) to codify OMB criteria for OCO
 6/13/16 – Amendment to HR 5293 (DOD Approps FY 17) to limit OCO funds only to overseas contingency operations purposes

**HSGAC BIOGRAPHICAL QUESTIONS
FOR NOMINEES**

NOMINEE: Mick Mulvaney
POSITION: Director, OMB

Appendix 9: Criminal History

None

**HSGAC BIOGRAPHICAL QUESTIONS
FOR NOMINEES**

NOMINEE: Mick Mulvaney
POSITION: Director, OMB

Appendix 10: Civil Litigation & Legislative Proceedings

A) None

B)

While I was a minority shareholder (3%) – but not an officer -- of the Mulvaney Group, Ltd., the company was involved in the following legal actions:

The Mulvaney Group, Ltd. V. De Lage Landen, 11CVS9396 (2011)

The lessor of our copier claimed we owed them an outrageous sum of money for our copier lease, and they refused to accept return of the equipment at the end of our lease. We filed a breach of contract action. The lawsuit was settled and the Defendant accepted return of the equipment with no money paid.

The Mulvaney Group, Ltd. v. Kingstree Residential Association 11CVS19989 (2011)

We filed a declaratory judgement action seeking to confirm our right to reconfigure platted lots. The case was settled in mediation.

CitiMortgage Inc., v. The Mulvaney Group, Ltd. 12CVS226 & 12M103 (2012)

This was a deed reformation action to correct an error. We did not dispute the matter and signed an assent to the reformation.

Dept. of Transportation v. The Mulvaney Group, Ltd. 12CVS5296 (2012)

This was a condemnation action by the State of North Carolina regarding right-of-way acquisition for the I-485 beltway construction. We entered into negotiations with the State, agreed on a payment of approximately \$400,000 and executed a consent judgement.

City of Charlotte v. The Mulvaney Group, Ltd. 11M9514 (2011), 13M2948 (2013), 13M6041 (2013), 14M4568n (2014), 16M2890 (2016), 16M2891 (2016).

These were various liens filed by the City of Charlotte regarding uncut grass at homes in neighborhoods we had developed. We disputed responsibility, claiming it was the homeowners' responsibility. The issues were all resolved and the liens were cancelled.

While I was an officer of the Mulvaney Group, Ltd., the company was involved in the following legal actions:

Wendell Cooper v. The Mulvaney Group, Ltd. 02CVS60856 (2002)

Mr. Cooper was a customer who was unsatisfied with his landscaping and flooring, among other items. The items were remedied to his satisfaction and the case was dismissed.

Michael Davis v. The Mulvaney Group, Ltd. 02CVS12322 (2002)

Mr. Davis was a customer who sued regarding a crack in his basement floor. The case was settled out of court and the lawsuit was dismissed.

The Mulvaney Group, Ltd. v. US Commercial 03CVS19624 (2003)

We filed an application and order extending time to file a complaint (in order to extend the statute of limitations) regarding return to us of an earnest money deposit, but ultimately no lawsuit was filed, so I assume the matter was resolved.

Anthem Homeowners Assoc. v. The Mulvaney Group, Ltd. 03M9218 (2003)

This was a claim of lien regarding delinquent HOA dues, but ultimately no lawsuit was filed, so I assume the matter was resolved without the need for litigation.

Brightmoor Homeowners Assoc. v. The Mulvaney Group, Ltd. 04SP4583 & 04M7585 (2004)

This was a lien foreclosure action regarding delinquent HOA dues on the property located at 2822 Carriage Crossing Drive in the Brightmoor subdivision. It was resolved and the lawsuit s dismissed.

Treyburn Towne Meadows Assoc. v. The Mulvaney Group, Ltd. 04CVS6019 (2004)

The HOA sued claiming that a storm drain pipe in the neighborhood we had developeed was defectively installed. The case was resolved and the lawsuit was dismissed.

Cedar Lane Farms HOA v. The Mulvaney Group, Ltd. 05M184 (2005)

This was a claim of lien regarding delinquent HOA dues, but ultimately no lawsuit was filed, so I assume the matter was resolved without the need for litigation.

Citistide Residential Association v. The Mulvaney Group, Ltd. 05M1663 (2005)

This was a claim of lien regarding delinquent HOA dues, but ultimately no lawsuit was filed, so I assume the matter was resolved without the need for litigation.

Brightmoor Homeowners Association v. The Mulvaney Group, Ltd. 08CVS3214 (2008)

This was a quiet title action brought to settle the ownership of certain common area in a neighborhood we developed. Our company was in the chain of title. We claimed no interest in the property and default judgement was entered against us.

While I was the owner and managing partner of Mulvaney & Fisher, PA (f/k/a Mulvaney & Associates, PA), the firm was involved in the following legal actions:

Mulvaney & Associates, PA v. Lanier Worldwide, 99CVD1910 (1999)

This was a dispute over a copier lease. I do not remember the particulars but know that the issue was amicably resolved.

While I was (and am currently) a minority owner in both Lancaster Collins Road, LLC and Indian Land Ventures, LLC, the following action was filed:

In November of 2016, a company in which I am a minority owner filed a foreclosure action against another company in which I am a minority owner. The matter was filed in the South Carolina Court of Common Pleas, and bears docket number 2016-CP-29-01319. It is entitled Indian Land Ventures, LLC v. Lancaster Collins Road, LLC, et al. The matter is pending, and as of this writing is uncontested.

Details: I am a minority owner of a group (Lancaster Collins Road LLC) that purchased a piece of undeveloped land in Indian Land, SC in 2007. The LLC borrowed money from Paragon Bank and also acquired second-tier, unsecured mezzanine financing from a private group, Fonville & Co. The LLC paid the bank debt for more than 9 years, and interest on the mezzanine financing accrued. As a result of the financial crisis and the impact on the marketability of the property, the LLC determined in the fall of 2016 that it would not be able to repay the entire Paragon bank loan amount when due. Another group in which I am a minority owner (Indian Land Ventures, LLC) purchased the loan from Paragon Bank at par, in October 2016, before that loan went into default. Accordingly, the debt to Paragon Bank was paid in full.

Indian Land Ventures has begun foreclosure proceedings against Collins Road, LLC on the unpaid (formerly Paragon Bank) debt. As a result of that foreclosure, the mezzanine financing provided by the Fonville & Co. will go unpaid and may be foreclosed, though that entity will be

provided the opportunity to bid for the property, pursuant to the foreclosure statutes of South Carolina.

I am thus a minority owner in both the plaintiff and a defendant (the debtor and the creditor) in the foreclosure proceeding.

C) Please see notes, above

**HSGAC BIOGRAPHICAL QUESTIONS
FOR NOMINEES**

NOMINEE: Mick Mulvaney
POSITION: Director, OMB

Appendix 14: Outside Positions

In addition to the employment referenced in response to Question # 3, and the memberships listed in response to Question #6, I have been associated with the following organizations in the last 10 years, in the role(s) identified.

University of SC-Lancaster
476 Hubbard Dr. Lancaster SC 29720
Board of Visitors
January 2006 through December 2010 (approx.)
Uncompensated

Springs Memorial Hospital
800 W. Meeting Street , Lancaster, SC 29720
Board of Trustees
January 2003 through December 2006 (approx.)
Uncompensated

**HSGAC BIOGRAPHICAL QUESTIONS
FOR NOMINEES**

NOMINEE: Mick Mulvaney
POSITION: Director, OMB

Appendix 15: Agreements or Arrangements

Aside from my federal Thrift Savings Plan account, and whatever pension I am entitled to as a result of my service in the US House, I have no other employee benefit agreements or arrangements of any sort.

I believe that I still have an account open in my name in the SC General Assembly Retirement System, but that account is empty, and I do not claim any benefits owed to me from the State of South Carolina as a result of my service in the State Legislature. I have simply been unable to confirm that the account has been closed.

UNITED STATES OFFICE OF
GOVERNMENT ETHICS**REDACTED**

JAN 14 2017

The Honorable Ron Johnson
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by John Michael Mulvaney. President-Elect Trump has announced his intention to nominate Mr. Mulvaney for the position of Director, Office of Management and Budget.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Walter M. Shaub, Jr.
Director

Enclosures

REDACTED

13 January 2017

Ms. Ilona Cohen
Designated Agency Ethics Official
Office of Management and Budget
Washington, DC 20503

Dear Ms. Cohen:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Director of the Office of Management and Budget.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter in which I know that I have a financial interest directly and predictably affected by the matter, or in which I know that a person whose interests are imputed to me has a financial interest directly and predictably affected by the matter, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I formed a holding company doing business as The Mulvaney Company, Inc., to hold and manage real estate investments. Upon confirmation, I will resign from my position as President of this entity but my spouse will continue to operate it. I will continue to have a financial interest in this entity, but I will not provide services material to the production of income. Instead, I will receive only passive investment income from it. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of The Mulvaney Company, Inc., unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

Upon confirmation, I will resign from my position as managing member of MP/Collins Road, LLC, but my spouse will continue to operate it. I will continue to have a financial interest in this entity, but I will not provide services material to the production of income. Instead, I will receive only passive investment income from it. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of MP/Collins Road, LLC, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1).

Upon confirmation, I will resign from my position as trustee of the Irrevocable Life Insurance Trust. I will not participate personally and substantially in any particular matter that to

my knowledge has a direct and predictable effect on the financial interests of this trust, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. 208(b)(2).

I will retain my positions as trustee of the three education trusts for my dependent children. I will not receive any fees for the services that I provide as a trustee during my appointment to the position of Director of OMB. I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of these trusts, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. 208(b)(2).

Within 90 days of confirmation, I will divest my interests in the entities listed below. With regard to each of these entities, I will not participate personally and substantially in any particular matter that to my knowledge has a direct and predictable effect on the financial interests of the entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

1. Alerian MLP ETF (AMLPS)
2. Adams Natural Resources Fund (PEO)
3. Central Fund of Canada (CEF)
4. DB Agriculture Fund (DBA)
5. Duff and Phelps Global Utility Income Fund (DPG)
6. First Trust National Gas ETF (FCG)
7. Global X Uranium ETF (URA)
8. Gold Miners Equity ETF (GDX)
9. iShares U.S. Medical Devices ETF (IHI)
10. iShares U.S. Pharmaceutical ETF (IHE)
11. iShares U.S. Utilities ETF (IDU)
12. Powershares Dynamic Oil and Gas Services ETF (PXJ)
13. Powershares Water Resources Portfolio (PHO)
14. ProShares Ultra Short Euro (EUO)
15. U.S. Global Jets Fund ETF (JETS)
16. Van Eck International Investors Gold Fund A (INIVX)
17. Van Eck Vectors Junior Gold Miners ETF (GDXJ)
18. Van Eck Vectors Rare Earth/Strategic Metals ETF (REMX)

I understand that I may be eligible to request a Certificate of Divestiture for qualifying assets and that a Certificate of Divestiture is effective only if obtained prior to divestiture. Regardless of whether I receive a Certificate of Divestiture, I will ensure that all divestitures discussed in this agreement occur within the agreed upon timeframes and that all proceeds are invested in non-conflicting assets.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with ethics agreements of other Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Michael Mulvaney', with a long, sweeping horizontal line extending to the right.

John Michael Mulvaney

**U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire
For the Intended Nomination of Representative Mick Mulvaney to be
Director, Office of Management and Budget**

I. Nomination Process and Conflicts of Interest

1. Did the President-Elect give you specific reasons why he nominated you to be the next Director of the Office of Management and Budget (OMB), and if so, what were they?

When President-elect Trump announced my nomination, he noted that our nation is nearly \$20 trillion in debt and stated that I have the skills and convictions to responsibly manage our nation's finances. I believe that is why he nominated me for this position.

2. Were any conditions, expressed or implied, attached to your nomination? If so, please explain.

No.

3. Have you made any commitments with respect to the policies and principles you will attempt to implement as Director? If so, what are they, and to whom were the commitments made?

I have made none.

4. Are you aware of any business relationship, dealing, or financial transaction that could result in a possible conflict of interest for you or the appearance of a conflict of interest? If so, please explain what procedures you will use to recuse yourself or otherwise address the conflict. And if you will recuse yourself, explain how you will ensure your responsibilities are not affected by your recusal.

No. If any conflicts arise in the future, they will be resolved immediately consistent with the directives of the OGE.

II. Background of the Nominee

5. What specific background, experience, and attributes qualify you to be Director?

I have an educational background in economics, commerce, and finance, as well as law. I have additional executive educational training in general management, accounting, finance, negotiations, and organizational behavior.

I have private sector experience in law, real estate development, homebuilding, restaurant operations, and franchising – and as a result have experience in regulatory compliance, negotiations, finance and management.

While in government, I have served on the Education and Judiciary Committees in the SC state legislature. In the United States House of Representatives, I have served on both the Budget Committee and the Oversight and Government Reform Committee, each of which has jurisdiction over OMB. I also served on the Small Business Committee, where I chaired the subcommittee on government contracting, and the Joint Economic Committee, which often focused on economic data and projections. Finally, I also currently serve on the House Financial Services Committee and am vice-chair of the subcommittee on monetary policy and trade.

Accordingly, I believe I have a unique background that has exposed me to all of the primary functions of the Office of Management and Budget.

6. Please describe:

a. Your leadership and management style.

I prefer to manage by teams, not by a traditional top-down hierarchy. For example, I foresee an “Executive Budget Team” at OMB, made up of myself, the Deputy Director, the EAD, the 5 PADs and perhaps the Budget Review Director.

I am also very much a hands-on manager, and hope to do a lot of “management by walking around” at OMB. I think it is important that rank-and-file employees know their managers, all the way up the organizational chart.

I also believe very strongly that you can judge a manager by the way he or she treats folks “beneath” him or her on the org chart. I simply will not tolerate mistreatment of rank-and-file employees.

Finally, I believe very strongly that an organization will take on the personality of the person in charge. If you walk into an office and are treated respectfully and politely by a well-mannered receptionist, you can probably bet that the woman who owns the business embodies those same principles. Conversely, if you go

to a restaurant and are treated derisively by the waiter, you might expect that that person is being treated poorly by the gentleman who owns the establishment.

b. Your experience managing personnel.

I have managed a unique set of different sorts of people. I have had the pleasure of managing not only people from across the demographic spectrum, but I have managed young, aggressive trial lawyers and quiet passive introverts; young kids in a restaurant and peers of my own; uneducated construction workers and people with graduate degrees.

And I have learned that every individual is different and that one management style does not fit all. The key to managerial success, I think, is figuring out what sort of management best motivates the particular individual being managed.

c. What is the largest number of people that have worked under you?

Roughly thirty directly, though in the real estate development the management could arguably include the literally hundreds of independent contactors to some extent.

III. Role of the Director of OMB

7. What do you consider to be the mission of OMB, and what would you consider to be your role and responsibilities if confirmed as the Director?

OMB's mission is to serve the President and assist him in implementing his governing vision and priorities across all agencies and departments of the Executive Branch. As Director, I will ensure that mission is communicated and executed through budget development and execution, management and oversight, coordination and review of federal regulations, legislative clearance and coordination, and assistance with executive orders and Presidential memoranda.

8. What do you anticipate will be your greatest challenges as OMB Director, and what will be your top priorities? What do you hope to accomplish during your tenure?

I understand that the OMB suffered some critical personnel losses several years ago, and is still working hard to rebuild the intellectual infrastructure. That will

absolutely need to be completed in order for OMB to operate at the level the President will need.

I think the top priorities will be to prepare both the "skinny" FY18 budget blueprint, which, if confirmed, I expect to produce in February, which obviously is a tight time schedule. Additional, I would hope that OMB would be able to produce a complete FY18 Budget by April, which also is not that far away.

And while I have not spoken to the President-Elect about it yet, I get the very real sense from his other executive team hires, and his language during the campaign, that a re-invigorated Office of Information and Regulatory Affairs will be asked to ramp up its efforts very quickly in order to help implement the President-Elect's agenda.

As to my personal goals, I want to have some "achievable" and some "reaches." An example of an "achievable" would be a forensic audit of, say, the National Parks Service. A "reach" might be fixing procurement at the Department of Defense. Ultimately I think sound management, and building the right teams, will be the key to moving those "reaches" into "achievable."

9. How do you view the responsibilities of the Deputy Director and the Deputy Director for Management, and how do you plan to delegate responsibilities to these respective positions? Do you anticipate their roles and responsibilities changing?

My understanding is that the Deputy Director has, in the past, filled a role more accurately described as Deputy-Director-Budget. I intend to maintain a Director/DD-Budget team at the top of the aforementioned "Executive Budget team."

I foresee the role of DD-MGMT staying much the same as it is, though also joining an analogous "Executive Management Team."

The only two structural changes I anticipate right now, if confirmed, would be 1) to elevate the role of Administrator of OIRA to a level roughly equal to the Deputy-Budget and Deputy-MGMT and 2) to create a true deputy (possibly using the EAD spot) who can move easily between Budget, MGMT, and OIRA functions, or anywhere else necessary given the circumstances.

10. What do you see as the most important management challenges facing the federal government, and if confirmed as OMB Director, what would you do to address those challenges?

If I had to pick a single management challenge that applies across the entire federal government, I suppose that efficiency—on everything from procurement to delivery of services—would be at or near the top of the list.

The goal of an effective and efficient management of federal agencies and programs is to bring value to the American tax payer. Waste, fraud and abuse thrive in inefficiency.

To try to drive more efficient government, I would work first the President and his closest advisors in developing a plan of action, and then with the various Secretaries to implement those plans.

IV. Policy Questions

Budget

11. Do you support biennial budgeting? Please explain why or why not.

Yes. I believe biennial budgeting provides more certainty in the budget process and enables Congress and agencies to better plan for priorities and expenditures. It also has the potential to break the cycle of continuing resolutions to fund the government. As a member of Congress, I cosponsored legislation that would require biennial budgeting.

I listened with interest to Chairman Enzi's plan that would bifurcate a biennial budget, with six appropriation bills being taken up each year, so that there would be a sort of rolling 2-year budget. I would be interested in learning more about that concept, as it seems to accomplish much of what I see of the benefits of biennial budgets while still fully respecting the role of the appropriation committees.

a. Do you foresee any obstacles for OMB in implementing biennial budgeting if it chose to do so in the future? How could those obstacles be overcome?

At times, the projections over a two-year budget cycle can become inaccurate due to changes in economic conditions. I will ensure that mid-year reviews of the

budget continue, and budget projections are updated according to new inputs and data.

As to obstacles, I've come to learn that changing anything significant in Washington can be challenging.

12. If confirmed, what preparatory steps will you take to minimize risks surrounding debt-ceiling negotiations and ensure the federal government does not threaten default?

If confirmed, I will advocate strongly for an executive budget that reduces the deficit and seeks to approach balance to avoid a situation in which the debt ceiling would be reached. With respect to debt-ceiling negotiations, that is largely the purview of the Secretary of the Treasury, in implementing extraordinary measures, and the Congress, in deciding whether and under what circumstances to raise the debt ceiling. As Director of OMB, I will endeavor to assist this process in whatever capacity I can by providing accurate budget data and analysis of relevant policy choices.

Regulatory Affairs

13. Please describe how you view the mission of the Office of Information and Regulatory Affairs (OIRA).

I view OIRA as an objective voice of reason in the regulatory process. OIRA does, and should, look for less burdensome ways to achieve a regulatory result. OIRA independently examines the costs and benefits of proposed regulations. OIRA looks at whether existing regulations are effective or overly costly. In addition, there has been discussion over the years about whether OIRA should primarily function as a coordinator—ensuring rules are consistent across agencies—or as a gatekeeper—overseeing the issuance of rules to ensure the President's regulatory agenda is carried out. I believe both of these functions are essential to OIRA's function. If confirmed, I would work to ensure OIRA faithfully carried out both of these important roles.

14. Do you believe OIRA has adequate resources to meet its mission? Please explain.

I am not entirely familiar with the inner workings of OMB in general, let alone the operations of OIRA. That said, I have heard that OIRA has been reduced in size

and scope in recent years, and if that is in fact the case, assets may need to be redeployed at OMB to help boost OIRA in order to accomplish the President-elect's vision for that office.

15. What actions will you take to ensure that cost benefit analyses have integrity, are accurate, and that costs and benefits of proposed regulations are properly estimated?

Cost benefit analyses should be based on the best information available to the analyst. That should include academic research, industry data and government data. Political considerations should not play a role. Tangible quantifiable benefits and costs should be carefully distinguished from intangible non-quantifiable benefits and costs.

16. Do you support the use of non-administration or non-federal sources to ascertain costs and benefits of proposed regulations?

I do not think the government has a monopoly on good data. At the same time, I also recognize that there is probably an implicit bias in many data sources, whether inside or outside of government. I would therefore absolutely be open to non-administration and non-federal sources of information. However, what those sources might be, and what weight they might be given, are hard to anticipate today, and could in any event vary from case-to-case.

In fact it would be very difficult to conduct an adequate cost-benefit analysis without examining outside sources such as the academic literature, industry data and information, state, local and foreign government data and information, if applicable, and relevant information from NGOs.

Ultimately, having a broad base of data, from as many credible sources as possible, allows for the best decision-making.

17. Of the practices listed in Executive Order 12866, both Republicans and Democrats agree that more emphasis should be placed on reviewing existing regulations to ensure they are achieving their regulatory objective.

a. Do you support the next Administration also undertaking a retrospective review process? If so, what role do you believe OMB should play in this process?

Absolutely. Each agency and OIRA should undertake a retrospective review of existing regulations. This should include an analysis of relatively recent, specific rules promulgated during the Obama Administration, as well as a more holistic review of overall regulatory regimes. The review should examine data and information since the rule was adopted to determine if it is accomplishing the result intended and if the benefits exceed the costs of the rule or regulatory regime as anticipated. OIRA should work with agencies to conduct this review, prompting them to undertake a review when OIRA believes a review is warranted and ensuring that the review is undertaken seriously, employs best practices and is completed in a reasonable time. In cases where OIRA has the competence and resources, it should take the lead in conducting the review. OIRA and the agencies should share the results of any retrospective review with Congress and indicate what, if any, statutory changes are warranted to improve the regulatory regime. It should also work to ensure that agencies take any necessary steps to implement the lessons of the retrospective reviews, including finding ways to improve or eliminate regulations that may not have fulfilled their intended purposes.

b. As OMB Director, how would you ensure that retrospective reviews become an integral part of agencies' culture, and embedded as a regular part of the rulemaking process?

OIRA will encourage agencies to undertake rigorous retrospective reviews and prompt agencies to undertake a specific retrospective review when information that comes to OIRA's attention indicates that a review is necessary. OIRA will ensure that the review is undertaken seriously, employs best practices, and is completed in a reasonable time. OIRA and the agencies should share the results of any retrospective review with Congress and indicate what, if any, regulatory or statutory changes are warranted to improve the regulatory regime.

c. In your view, have previous retrospective reviews of existing policies been successful? Please explain why or why not.

My understanding is that, in general, previous retrospective reviews have been pro forma and not been rigorous or employed best practices. They have had relatively little impact.

18. OMB is required by law to annually submit to Congress an "accounting statement" reflecting an estimate of total federal regulatory benefits and costs of the most recent

fiscal year, as well as estimates of expected benefits and costs for future years. What steps will you take to ensure this report is completed and submitted to Congress in a timely fashion and also reflects complete and consistent estimates from each contributing agency?

The Regulatory Right-to-Know Act requires an annual report to Congress on regulatory costs and benefits. This report contains useful information but should, resources allowing, (1) provide more independent analysis by OIRA and others rather than relying primarily on agency benefit and cost estimates and (2) be more comprehensive and provide more findings from a more aggressive retrospective review process and (3) be more timely. I would work with the President's new appointees and the talented career staff of OIRA to prioritize congressional and public accountability and visibility into this and other OIRA and rulemaking processes.

19. Are there any major reform proposals of the regulatory process for proposing, adopting, and reviewing federal regulations that you would like to see enacted by Congress or fulfilled through executive action or OMB guidance?

As a member of Congress, I supported the REINS Act and I support aggressive use of the Congressional Review Act to repeal economically destructive rules adopted by the Obama administration. I will systematically work with Congress, the President, the agencies, and the public to reduce the regulatory burden on the American people.

20. What are your thoughts on including economic, pricing, or other models used during the OMB evaluation of a proposed rule as part of the public rulemaking record?

In general, I support transparency in government. Releasing model parameters should generally not involve data privacy concerns. Thus, unless some factor of which I am currently unaware exists, I would support making model parameters public.

Management

21. What are the most important steps that OMB can take to enable the federal government to perform its essential functions more efficiently and for less cost? Please explain any system or standard you intend to use to measure success or identify problems.

With regard to management issues, I believe the President's Management Agenda (PMA) is the single most important tool the President has to bring cost-effective efficiency to the executive branch. This initiative was created by President George W. Bush in 2001, to make the U.S. federal government more efficient and effective. It aimed to make government more citizen-centered, market-based, and results-oriented. PMA emphasizes regular performance reviews for departments, increased managerial flexibility, and greater accountability for employees, in all cases drawing on techniques and models utilized in the private sector. Reviews examined five areas: human capital, financial accountability, competitive sourcing, e-government, and budget and performance integration. Agencies and Departments were scored each quarter by the Office of Management and Budget (and the Office of Personnel Management for Human Capital). President Obama retained the PMA and adjusted its focus as necessary to focus on management and efficiency efforts of importance to his administration. I look forward to working with President-elect Trump to do the same as we move forward.

22. The Bush Administration created and implemented the Performance Assessment Rating Tool (PART) for assessing performance at federal agencies. The system was replaced with an approach created by the Government Performance Review Modernization Act (GPRAMA). What is your opinion of the current status of government performance management and how do you believe it can be improved? Please explain.

As evidenced by the many recent changes in assessment tools, measurements for Federal agency management and performance success continue to evolve. I look forward to working with President Trump-Elect to continue developing and implementing effective measurements of Federal agency and program success.

That said, if confirmed I would very much like to re-introduce some sort of quantitative management analysis. You cannot manage exclusively by quantitative data in many circumstances, but it is almost impossible to manage with no quantitative data.

23. How can OMB work to ensure that the federal government is more effective and supportive of economic growth?

As to effectiveness, it seems that procurement policy could be a good place to start. Flaws in that systems are not only drawing important resources away from

the providing of actual services, but they undermine the faith of the citizenry in the instructions themselves. Finally, I firmly believe that waste, generally, is bad for the moral of the federal workers themselves. I have seen this first-hand in my district.

As to being supportive of economic growth, I believe the regulatory burden can be one place we look for immediate reform, and the boost to economic growth it can provide. While it has been a long time since I built any roads, I know that one rule of thumb in the industry is that as much of 40% of the cost of building a road is linked directly to regulatory burden, including the delays regulations require.

24. How do you view OMB's role in addressing agency high-risk or duplicative programs highlighted in GAO's annual "High Risk List"?

I understand that GAO will be issuing a new High Risk List sometime early this year. As a Member of Congress, I have found these lists to be an important, objective identification of program or management inefficiency or outright failure. I will put high priority in following up on GAO's observations and recommendations in its High Risk Lists. I will withhold specific comment until I have reviewed GAO's updated List.

a. Of the areas identified by GAO as "high risk," which do you find to be most concerning and why?

See above.

b. Are there any specific recommendations from GAO's High Risk report that you plan to pursue if confirmed?

See above

25. Protecting whistleblower confidentiality is of the utmost importance to this Committee:

a. How do you plan to implement policies within the agency to encourage employees to bring constructive suggestions forward without the fear of reprisal?

I am a strong supporter of whistleblower protection efforts. They ensure a clear focus on eliminating waste, fraud, abuse and mismanagement, and focus efforts to protect taxpayers, and the health, safety and welfare of all citizens.

I am hopeful that the team-based leadership style will encourage this. I will also work with my staff to make sure there is an open door policy and that all staff are aware of the processes and protections for bringing forward constructive suggestions.

b. If confirmed, what avenues will be available to employees to report waste, fraud, or abuse within OMB?

I will ensure there is a dedicated staff point of contact for such reports, and if not already in place, will consider a hotline or other anonymous process for reports. I will ensure such reports are taken seriously and investigated fully. I will also use all other methods consistent with the law, including disclosures to one's supervisor.

c. Do you commit without reservation to work to ensure that any whistleblower within OMB does not face retaliation?

Absolutely. This is critical. OMB will lead by example on this principle.

d. Do you commit without reservation to take all appropriate action if notified about potential whistleblower retaliation?

Yes, without reservation.

26. Federal inspectors general (IGs) face unique obstacles as they do their work, including budget challenges and disputes with agency heads over access to information. How do you view OMB's relationship to the statutory IGs, and if confirmed what efforts would you make to engage with this community and support their work?

I see OMB as sort of the IG of the IGs. If confirmed, I would hope to be able to not only let the IGs know that they will be held accountable in their own work, but that they also will have any support that OMB can provide to them in doing their jobs. My experience on the Oversight and Government Reform Committee has too often been that IGs are ignored within their own agencies. This should change, and to the extent OMB can help it change, I hope to be able to do that.

27. How can OMB efforts to improve government be integrated with the budget process and with the work of congressional authorizing and appropriating committees?

It strikes me that there are a few possible avenues toward promoting the regular appropriations process, which I consider critical to the proper functioning of government. One would be for the OMB to communicate regularly with the relevant Congressional committees in order to find areas of agreement early in the process, and to work on finding common ground where there is no immediate agreement. Another could be for the OMB to advise the President of the benefits of a proper appropriations process and the costs of consistently relying on continuing resolutions to fund the government.

28. The Digital Accountability and Transparency Act of 2014 (DATA), Public Law 113-101 (2014), was a priority for the Committee during the 113th Congress. Key implementation deadlines are approaching. What steps will you take to ensure that the DATA Act implementation stays on track?

In July 2016, the GAO review the progress made towards the goals as intended by Congress. I would follow up on the recommendations made by the GAO to ensure OMB has coordinated with the Treasury Department in regards to the agency implementation plans to address meeting the May 2017 due date.

29. The Committee has worked to pass the Taxpayer's Right to Know Act for several years now. What is your opinion of the Taxpayer's Right to Know Act?

As a member of Congress, I supported and voted for previous versions of this legislation.

I liked the fact that the bills would require government agencies to identify and describe each program they administer, the cost to administer those programs, expenditures for services, the number of program beneficiaries, and the number of federal employees and contract staff involved. It would also require information on how the program gets evaluated.

While I continue to support these principles, I will withhold comment until a specific bill has been introduced into the 115th Congress, and I have had an opportunity to review it.

30. What do you believe OMB's role should be in improving financial management in the federal government?

That responsibility falls squarely on the shoulders of OMB, most specifically upon the Office of Federal Financial Management. I think finding a competent leader for that office – and then empowering that person to best perform that function – is absolutely critical.

31. The Department of Defense has been unable to complete and pass a financial audit as required by the Government Management Reform Act of 1994. If confirmed, what steps, if any, will you take to address DOD's longstanding financial management challenges?

Last Congress, I cosponsored the bipartisan Audit the Pentagon Act which would reduce discretionary spending by 0.5% for federal agencies that have either not submitted a financial statement for a fiscal year or have submitted a financial statement that has not received an unqualified or a qualified audit opinion by an independent external auditor.

Should I be confirmed, I will direct the new OMB Deputy Director for Management to provide a briefing for me on the current status of DOD's efforts to deal with this issue and review the plan going forward.

Acquisition and Federal Property Management

32. How do you view OMB's role in providing guidance to agencies on strategic sourcing?

I expect, based upon his campaign speeches and my own early conversations with members of the transition team, that reforming Federal government operations in the procurement process will be a priority for the President-elect and his administration. This can be achieved, in part, by coordinating similar purchases of goods and services across executive departments and agencies, and by the sharing of certain basic, common administrative and personnel functions. These efforts can serve to eliminate waste and unnecessary spending, control costs for the American taxpayer, and guard against fraud and abuse.

It is necessary, however to ensure that these efforts are appropriately defined in scope and mission, can be assessed in their success by empirical data, have effectively identified services and procurement categories which are uniform or substantially similar in their application to multiple departments and agencies,

and have no adverse impact on the ability of small businesses to compete for available Federal contracts covered by these initiatives.

33. What role do you believe OMB should play in determining the size of the federal government's property portfolio?

The size of the Federal government's property portfolio is a factor of need versus the cost of ownership, including maintenance, or renting from private sector property stock. Further input for this evaluation will be developed as a result of the new Federal Property Management Reform Act.

34. The Federal Property Management Reform Act was signed into law last year. If confirmed, how will you ensure that agencies are implementing the law and what additional steps do you think are necessary to improve the government's management of its property portfolio?

Congress recently passed the Federal Property Management Reform Act of 2016 (P.L. 114-318), which creates a Federal Real Property Council (FRPC). OMB will lead the council. If confirmed, I will instruct that Administration appointees closely monitor all real property contract expenditures, and provide recommendations on how to improve Federal government management of its property portfolio.

Cybersecurity and Information Technology

35. Congress has recently passed several laws aimed at increasing cybersecurity at federal agencies, including the Federal Information Security Modernization Act of 2014 and the Federal Cybersecurity Enhancement Act of 2015. OMB, too, has demonstrated an increased level of attention to the networks, systems, and data at civilian agencies.

a. What is your assessment of OMB's role in defending against cyber attacks, like the 2015 cyber breach suffered at the Office of Personnel Management?

The Secretary of the Department of Homeland Security is tasked by statute to assist the OMB Director in administering the implementation of agency information and security practices for federal information systems. The Director of OMB is to develop policies, principles, standards and guidelines with the assistance of the National Institute of Standards and Technology. The Secretary

of DHS is tasked with developing and overseeing the implementation of these “binding operational directives”.

b. If confirmed, how will OMB work with the Department of Homeland Security to further enhance cybersecurity at federal agencies?

See above.

c. Do you support GAO’s recommendations to OMB to: address agency cyber incident response practices in oversight of agency information security programs; and collaborate with stakeholders to enhance reporting guidance for the inspector general community? Please explain.

Yes, it is my understanding in June 2016, OMB in conjunction with DHS and the Council of the Inspectors General on Integrity and Efficiency developed the FY2016 IG FISMA Reporting Metrics in consultation with the Federal Chief Information Officer Council. If confirmed, I will continue to evaluate the metrics to ensure the reporting guidance addresses reducing risk within the agencies versus a compliance exercise having the IGs evaluate the processes and metrics which truly address improvements to the cyber security posture of the federal agencies.

36. The Federal Information Technology Acquisition Reform Act (FITARA), empowered and made accountable agency Chief Information Officers (CIOs) for all major technology purchases and maintenance at agencies. While progress has been made, some CIOs remain walled off from the program side of the agency mission. What is your view of the role of the CIO in federal agencies?

By statute, the CIO is the strategic advisor to the agency head for the use of information and information technology. If confirmed, I will ensure the vision intended by FITARA is achieved by working with the agency heads to remove obstacles which may be impeding the results needed.

37. The federal government collects and maintains significant volumes of Personal Identifiable Information (PII). What do you believe OMB’s role should be regarding ensuring federal agencies are fully protecting the privacy of this information?

The protection of confidential and sensitive personal identifiable information should be an upmost priority for each federal agency. I will endeavor to support, through the budget process and through oversight of agencies on the management side, efforts to enhance protection of such information. The federal government should be held to the same standards for protection of data as the Congress sees fit to impose on the private sector.

38. The Obama Administration created the U.S. Digital Service described as "a startup at the White House that pairs the country's top technology talent with the best public servants, to improve the reliability of the country's most important digital services." The Administration also created a group at the General Services Administration (GSA) called 18F described as a "team of innovators, recruited from the private sector" to "partner with agencies to deliver high quality in-house digital services." What is your view of the role of these two programs in recruiting private sector technology talent to the federal workforce?

I am not yet entirely familiar with the 18F program. However, I believe it is important for agencies to have top technology talent to address its challenges. If confirmed, I will ensure the appropriate assessment is completed of the initiatives referenced in order to determine the most cost effective approach is implemented.

Improper Payments and Government Transparency

39. In fiscal year (FY) 2014, GAO's government-wide estimate of improper payments was \$124.7 billion, attributable to 124 programs across 22 agencies. In FY 2015, improper payments rose to \$137 billion. If confirmed, how do you anticipate OMB ensuring agencies are in compliance with improper payments law and following OMB guidance in this area?

In FY15, the federal government set a record for the least number of agencies in compliance with IPERA improper payment reporting. In five years of reporting, nine of the 24 relevant agencies have never complied with IPERA requirements.

Agencies are IPERA compliant when they meet six criteria. The last two criteria have been particularly problematic for agencies and require that: (1) agencies meet payment reduction goals, and (2) they report improper payment rates of less than ten percent for each program. If confirmed, I wouldn't believe it would be realistic to expect to see every agency meet these criteria during the first year,

but we would have to put them on a path towards that goal. The first step towards achieving that goal is improving agency access to reliable and accurate data. Along with Senators Johnson and Carper in the Senate, I sponsored the bipartisan House version of the Improper Payments Coordination Act of 2015, which eventually became law. The bill was written to address just this problem, providing states and the judicial and legislative branches access to the Do Not Pay program. I think that we should consider expanding this database to include even more data, including that which might only be available through commercial sources. The SSA, for example, has been using commercially available data successfully since 2012 saving SSA millions of dollars.

The second step agencies must take in order to reduce their improper payment rates is to improve the accuracy of their estimates. In 2015, the VA reported improper payment rates that were stunningly high. Two programs reported improper rates above 50 percent when the same programs reported rates below ten percent the previous year.

The VA began looking at whether the contracts that supported the payments were valid and compliant with the Federal Acquisition Regulation (FAR) and other legal authorities. In doing so, VA found a high rate of noncompliance. According to the IG, "Without FAR compliant contracts, and in the absence of other legal authorities, VA may not be able to demonstrate that it has obtained the best value product or service on a timely basis while maintaining the public's trust and fulfilling public policy objectives." By conducting a more thorough estimation process, the VA now has the information necessary to fix these errors.

This is exactly how IPERA is supposed to work. When agencies and IGs take their obligations seriously, agencies produce good faith estimates that allow problems and errors to be identified. The requirement of corrective action plans ensures that agencies immediately start to think about how to fix the problems they have identified. The IG's required compliance review helps the public and Congress understand the agency's efforts and progress toward remediating the improper payments. As the VA IG stated in its compliance review, VA "not only reported more accurate improper payment information but established a baseline from which to measure future progress in addressing VA's compliance with laws and regulations."

40. What role, if any, should OMB play in ensuring agency collaboration and greater sharing of data helpful for curbing waste and fraud? If confirmed how do you plan to carry out this role?

If confirmed, I will direct the management component of OMB, under the leadership of the DDM to strengthen the relationships between OMB and critical interagency management councils, such as the President's Management Council and the other statutory councils. We will also evaluate ways to utilize the President's Management Agenda and GPRA goals to reinforce our efforts.

41. Currently, information on recipients of federal grants, contracts, and loans is required to be posted online for public review, pursuant to the Transparency Act. Do you support making subcontracts and sub grants transparent in this same manner?

I will ask for an evaluation of the cost-benefit profile associated with such a requirement.

42. Do you agree with the importance of publicly disclosing the federal government's performance goals and the results achieved?

Yes, in a cost-effective manner.

V. Relations with Congress

43. Do you agree without reservation to comply with any request or summons to appear and testify before any duly constituted committee of Congress if you are confirmed?

Yes. Without reservation.

44. Do you agree without reservation to make any subordinate official or employee available to appear and testify before, or provide information to, any duly constituted committee of Congress if you are confirmed?

Yes, though if a very low-level official or employee were to be called, I suppose that in order to protect the people working with me, I would naturally be curious as to why they were being called instead of a higher-ranking official.

45. Do you agree without reservation to comply fully, completely, and promptly to any request for documents, communications, or any other agency material or information from any duly constituted committee of the Congress if you are confirmed?

Yes.

VI. Assistance

46. Are these answers your own? Have you consulted with OMB, or any other interested parties? If so, please indicate which entities.

The answers are my own. Since my nomination, I have spoken with current and former OMB Directors and staff about agency operations. I also had assistance from my Congressional staff on questions that pertain to things such as my voting record in Congress and statutory authority, and from the transition staff in general and as regards proofreading and final editing.

**Chairman Ron Johnson
Supplemental Pre-hearing Questionnaire
For the Nomination of--- Mick Mulvaney to be
Director, Office of Management and Budget**

1. The Congressional Budget Office has been instructed to project future revenue, spending and deficits over the next 30 years to highlight America's unsustainable fiscal reality. As OMB Director, do you agree it is important to make this information public, and will you commit to providing this kind of financial data?

I absolutely agree it is important to view the fiscal situation and financial health of the country beyond the 10-year budget window. Such information assists policymakers to make the most informed decisions. Indeed, while 10 years may sound like a long time, it is a relatively "short-term" perspective to bring to things such as entitlements. As a member of Congress, I authored legislation which would have required 40-year budget projections. I will be happy to provide long-term budget outlooks to the best of my abilities.

2. Seventy percent of FY2016 spending was mandatory and not subject to annual appropriation. Only 30 percent was appropriated. Do you support efforts to subject all federal outlays to annual appropriation by Congress, or enact other measures, like a Balanced Budget Amendment, to bring federal spending, deficits, and debt under control?

I could probably give a 1000-word answer to this question, but perhaps this will suffice: YES. It makes little sense to the American people --and it shouldn't make

any sense to lawmakers – that we only “budget” roughly ¼ of what we actually spend.

3. U.S. Government Bonds are an asset to the OASDI Trust Fund, but an offsetting liability to the U.S. Treasury. Do you agree with testimony from CBO Directors and Federal Reserve Chair Yellen that as a result, those bonds have no financial value to the government for meeting future Social Security obligations in excess of any particular year’s payroll tax revenue?

The bonds have real value and are fully backed by the federal government. However, the SSDI program is currently operating at a deficit. In 2015 it reported \$118.6 billion in income but made payments totaling \$143.4 billion. It reported a reserve of \$32.3 billion at the end of 2015. It was originally anticipated that the SSDI trust fund would be exhausted by the end of 2016, and that would have forced beneficiaries to take an 11% cut to their monthly checks. The program would have only been able to pay out what it had coming in from receipts. However, in the Bipartisan Budget Act of 2015, Congress agreed to transfer \$150 billion from the OASI trust fund to the SSDI trust fund to ensure full benefit payments for several more years (2023 is the new projected insolvency date). The program received a similar bailout (through a reallocation of tax revenues) in 1994.

In 1960, only 0.5% of the working-age populations received SSDI benefits. In 2014 this figure had climbed to 5.1% receiving benefits. Some of the increase is due to demographics, but an equal portion is in part due to the increased availability of benefits for new populations. This highlights the need for structural reforms to limit the number of people that are eligible for SSDI benefits. The fact that the OASI program will already be strained because of demographic factors, supports the need for these reforms and the inability of OASI to continue to be used as an offset for SSDI.

4. Do you support implementation of a so-called “one in one out” or “one in two out” rule?

I support the implementation of a “one in two out” rule for all new proposed regulations. We should also seek measurable cost savings at that same level for each new regulation. If confirmed, I plan to advocate for such a rule, in a ratio ultimately deemed appropriate by the President-Elect.

a. If such a rule were to be implemented by the President-Elect, what role, if any, would OMB take in administering such a policy and providing direction to other agencies?

The Office of Information and Regulatory Affairs would play the central role in the implementation and administration of a "one in two out" policy. I would work closely with the newly empowered OIRA Administrator and, shortly after assuming office, would task them with issuing guidance to carry out the new policy to all agencies. It would also be the responsibility of OIRA to ensure that agencies are complying with the guidance and report to myself, as well as the President and Congress, regularly on the implementation of the "one in two out" policy.

5. Would you support, as a substitute or complement to retrospective review, establishing a task force outside the agencies to conduct a review and make recommendations for the repeal or improvement of old regulations? Please explain why or why not.

Yes. As a member of Congress, I co-sponsored bipartisan legislation (The Regulatory Improvement Act) that would create a commission to conduct that exact type of review. It makes perfect sense to have an independent commission review and eliminate such regulations.

**Minority
Supplemental Pre-hearing Questionnaire
For the Nomination of--- Mick Mulvaney to be
Director, Office of Management and Budget**

I. Nomination Process and Conflicts of Interest

1. Has the President-elect, his staff or the transition team asked you to sign a confidentiality agreement?

No.

II. Background of Nominee

2. Do you seek out dissenting views and how do you encourage constructive critical dialogue with subordinates?

Absolutely. At every level of management I have filled, I have instructed those who work for me to feel free to voice their opinions and opposition openly, and

that I welcome constructive debate on issues we are considering. I have often found that I do not have a monopoly on good ideas.

3. If confirmed, what experiences and lessons learned from your service as a legislator will you bring to the position of Secretary? How would your approach to this position differ from your approach to serving in the U.S. House of Representatives and/or the South Carolina State House?

As to how this service would differ from that in elected office, the one thing that immediately occurs to me is, if confirmed, my "boss" would be the President of the United State (and his Chief-of-Staff). As an elected official, my "bosses" were the people I represented. I can foresee circumstances when that change could result in dramatically different action on my part. I may often, for example, be called upon to support legislation that I might well have voted against. I am fully aware of this, and do not think it will impair my performance in any way whatsoever.

4. Please give examples of times in your career when you disagreed with your superiors and aggressively advocated your position. Were you ever successful?

I have never been afraid to voice my own opinions, to which I suppose any of my former bosses or managers could attest. Indeed, I like to think that candor – and even well-informed and articulated dissent – are some of the traits the President-elect looked to when nominating me.

As to successes, two specific times stand out in my mind. Once when I was a very junior lawyer and wanted to take a case the senior partners weren't interested in – and which turned out very favorably for the client and the firm. And another when I was able, after probably 5 years of opposition from my board of directors, to successfully put together the largest single real-estate deal in the history of our company.

5. Please list and describe examples of when you made politically difficult choices that you thought were in the best interest of the country?

I voted for Paul Ryan for Speaker in the fall of 2015. This was probably the least popular thing I did in the eyes of many people back home (and indeed, earned me a primary challenge for the first time in my career.) However, I believed very strongly that Mr. Ryan was not only the best person to lead the House at that critical time, but also that he may have been the ONLY person capable of filling

that role. Without his election, the House very well may have not been able to function for many months, which would have been terrible for the country.

6. What would you consider your greatest successes as a leader?

I have a note on my bathroom mirror that reads, very simply, "LEAD BY EXAMPLE." So, if I had to provide an example of my greatest success as a leader, I would point to my three 17-year-old children. They have grown into honest and respectful young people. They perform well in school. They can move easily among various groups at school, regardless of race or economic background. They appreciate the central role of family and faith (though they could go to Church more regularly when they are away from home!) And they are leaders in their own right.

I would like to think that they learned to be those kind of people from their parents.

As I noted in one of the first answers on this form, I believe that organizations will take on the personality of the people who run it. That goes for families as well.

7. In 2002, you joined your family housing development/real estate business, The Mulvaney Group, LLC. Please list all real estate transactions that you have participated in personally or with The Mulvaney Group, LLC since 2000. Please include the address, value, date of transaction, address, the parties, LLC names, any partners, and any state, local, or federal assistance or financing.

Please see the attached Exhibit II(7). And I assume the year 2000 is a typo, given that I only started at the company in roughly 2002.

III. Role of the Director of OMB

8. What do you believe are the most important actions the Director should take to strengthen the overall management of OMB?

I am told, and I believe, that the current director Shaun Donovan has done a good bit to rebuild the Office after some trying years from a management perspective. I absolutely believe that that needs to continue. I have no idea what Mr. Donovan's management style has been in accomplishing that, but I believe that, if confirmed, my own personal management style will allow that rebuild to continue. For many

years OMB had the reputation for being the best place to work in the federal government, and as a result it was able to attract some of the best talent.

9. As you advise the President, what qualities will you look for in recommending people for OMB's leadership positions?

If confirmed, I will be looking for strong-willed people who are not afraid to speak their mind, even when – especially when – their ideas might conflict with my own. I will also be looking for the most competent people I can find on issues such as the budget, management, and regulatory affairs. At the very highest levels, I will be looking for people whose management style, and management principles, match my own.

IV. Policy Questions

Management for Government Performance and Results

10. One of OMB's principal goals is to improve the effectiveness and efficiency of government programs. What OMB initiatives do you believe will make the greatest difference in government efficiency and effectiveness? How can those efforts be integrated with the budget process and with the work of the congressional authorizing and appropriating committees?

As noted above, I believe that reforming the procurement process is one area where OMB can work to help effectiveness and efficiency of government. One way to integrate those reform initiatives might be to come up with an incentive system (one that works) that encourages federal workers to solve problems they perceive in the procurement process. The Congressional committees could be extraordinarily helpful in not only formulating such a strategy, but also in making sure the incentives are manifested in the various appropriations bills.

11. The Government Accountability Office (GAO) has recommended repeatedly that that OMB develop and implement a framework for conducting performance reviews of tax expenditures, which represent forgone revenue estimated at \$1 trillion. GAO has also recommended that OMB designate tax expenditures as a type of program and include relevant information about each expenditure in future iterations of the federal program inventory.

- a. Do you agree with GAO's recommendations? If not, why not?

Current law requires the President's Budget to include information about the level of tax expenditures under existing law in the tax expenditures budget for the fiscal year for which the budget is submitted, considering projected economic factors and changes in the existing levels based on proposals in the budget.

The President's budget submission for Fiscal Year 2017 contained a separate chapter with 40 pages specifically dedicated to tax expenditures in the Analytical Perspectives volume on the budget. This chapter describes each tax expenditure in the budget, catalogs their budgetary effects, and presents various conceptual methods on how best to evaluate them. The OMB under the Trump administration will continue to abide by current law as well as continue to evaluate the effectiveness of all tax expenditures within the budget.

- b. Do you plan to set a schedule to evaluate tax expenditures?

Yes. See above response to question (a). The OMB will continue publishing a chapter in the Analytical Perspectives of the annual budget with comprehensive information on tax expenditures.

- c. Do you plan to set a schedule to designate expenditures as a type of program and include relevant information about each tax expenditure the federal program inventory?

I have not yet had the opportunity to talk with the President-elect about whether tax expenditures should be assigned a new type of designation in the budget. That said, I fully expect that our budget will provide information about tax expenditures within the budget in accordance with the requirements current law as explained in the answers to question (a) above.

Financial Management Systems

12. What is your view of the government's current financial reporting requirements? Do you plan to make any revisions to OMB Circular A-136, *Financial Reporting Requirements*?

If confirmed I will ask the DDM and Controller to review A-136 and recommend updates.

13. The Obama Administration has emphasized the importance of having appropriate risk management processes and systems to identify challenges early, to bring them to the attention of Agency leadership, and to develop solutions. As part of this effort, OMB updated Circular A-123 in July 2016, to adopt a more integrated risk management structure. The updated Circular A-123 requires Agencies to implement an enterprise risk management capability coordinated with the strategic planning and strategic review process established by the GERA Modernization Act, and the internal control processes required by the federal Managers' Financial Integrity Act (FMFIA) and GAO's Green Book.

a. Will you continue to pursue the integrated approach detailed in Circular A-123?

Enterprise Risk Management is a widely-used approach to proactively address challenges and inform planning. I will ask the DDM and Controller for a briefing on the updated Circular A-123 and how this practice will be applied in federal agencies.

b. If not, please explain what approach you will take to ensure agencies maintain appropriate risk management practices?

See a. above

Real Property Management

14. The consolidation of the Department of Homeland Security's headquarters at St. Elizabeth's serves as an example of how the Bush and Obama administrations have used real property management reforms to improve agency performance, reduce waste, and save taxpayer dollars. The project will reduce DHS's overall footprint from more than 50 locations in the National Capital Region to as few as six. To date, Congress has provided nearly two-thirds of the total funding needed to complete the project. Builders have made substantial progress constructing the consolidated headquarters, including completing the Coast Guard headquarters in 2013 and working toward completion of renovations of the "Center Building," which will house the Secretary and other key leadership staff in 2018. However, progress has been limited due in part to inadequate funding. If confirmed, what steps will you take to ensure that finishing the DHS headquarters project remains one of the highest federal construction priorities in the

new Administration? Further, how would you ensure that agencies are taking advantage of other, similar opportunities to consolidate and to replace costly leased space with more cost-effective alternative arrangements?

The Office of Management and Budget is not involved in the management or oversight of Federal government construction contracts. It monitors agency expenditures to that end. However, Congress recently passed the Federal Property Management Reform Act of 2016 (P.L. 114-318), which creates a Federal Real Property Council (FRPC). OMB's Deputy Director for Management leads that council. I will instruct that Administration appointee to closely monitor all real property contract expenditures, including the build-out of the DHS headquarters at St. Elizabeth's.

Contracting and Procurement Policy

15. The President-elect has stated, "Boeing is building a brand new 747 Air Force One for future presidents, but costs are out of control, more than \$4 billion. Cancel Order!"

a. Has the President-elect explained to you the process he plans to use to cancel the referenced contract with Boeing? If so, what is his plan?

No.

b. If confirmed, what specific changes will you make to federal procurement policy that will limit the federal government's responsibility for cost overruns on existing and future contracts?

Cost overruns occur when the government is inappropriately using or managing cost-type contracts. If confirmed, I would emphasize the use of fixed price contracts, where the risk is born by the contractor rather than the government. Section 832 of the FY 2017 NDAA required that the Defense Acquisition University develop and implement a training program for Department of Defense acquisition personnel on fixed-priced incentive fee contracts, public-private partnerships, performance-based contracting, and other authorities in law and regulation designed to give incentives to contractors to achieve long-term savings and improve administrative practices and mission performance. While the course is not yet developed, I would want to review its contents and consider expanding it to the civilian acquisition workforce.

16. The President-elect has stated, "The F-35 program and cost is out of control. Billions of dollars can and will be saved on military (and other) purchases after January 20th," and "based on the tremendous cost and cost overruns of the Lockheed Martin F-35, I have asked Boeing to price-out a comparable F-18 Super Hornet!"

a. Has the President-elect explained to you how he plans to save billions of dollars on government purchases? If so, what is his plan?

No.

b. If confirmed, what specific changes will you make to federal procurement policy that will increase savings on military and other government purchases?

According the federal procurement data system, in FY 2015 nearly 95% of contract actions were awarded competitively, but only 64% of the dollars obligated on contracts were awarded competitively. If confirmed, I would look forward to working with Congress and the agencies to increase competition on the remaining one third of federal procurements. Furthermore, in the cases where there is only one source, as may be the case with certain major defense acquisition programs, I would seek to work with Congress and the agencies to ensure that the government obtains the necessary data rights so that there are greater opportunities for competition when we transition to sustainment of those weapons systems.

17. Too often, agencies' contracting decisions – e.g., over reliance on noncompetitive contracts, or inappropriate use of "cost plus" contracts – have unnecessarily inflated contract costs. What are the most important steps that OMB should take to ensure that agencies' contracting decisions do not waste taxpayer dollars?

In my opinion, many poor contracting decisions result from a lack of training of the acquisition workforce, or a lack of communication and planning between contracting officers and program managers. If confirmed, I would look forward to implementing the Program Management Improvement Act passed by Congress as part of the FY 17 NDAA. I would be the first Director to have a Program Management Policy Council, which I would direct to work with the Office of Federal Procurement Policy, the Federal Acquisition Institute, and the Chief Acquisition Officers Council to improve the process of requirements definition, and reduce the reliance on noncompetitive contracts.

18. What factors should OMB and OFPP consider when reviewing federal agencies' business cases for the award of new government-wide acquisition contracts?

While not an exclusive list, if confirmed I would want OMB and OFPP to continue to evaluate the GWACs in accordance with the Clinger-Cohen Act and section 865(b)(2) of the National Defense Authorization Act for FY 2009. This includes minimizing unnecessary duplication, ensuring that the appropriate contract ceilings are established, and that on and off ramps are included when necessary to ensure that task order competition remains vigorous and taxpayer interests are protected.

19. You have previously stated that one way to address debt would be "outsourcing non-governmental functions to the private sector". What do you consider to be non-governmental functions? Which functions are governmental and should not be contracted out? Is there an ideal balance between federal contractors and employees in any given agency and on any given project?

A rough rule of thumb for determining if something is governmental versus non governmental is the "Yellow Pages" test: if you can find a private sector entity that performs the same functions in the phone book, then the activity is probably not governmental. Examples might be mapping services or pest control. (Obviously, exceptions should be made for matters that pertain to national security.) Governmental functions include, but are not limited to, national defense and tax collection. The ideal balance between federal contractors and employees within an agency and on any given project would need to be evaluated on a case-by-case basis.

20. What are your priorities for the Office of Federal Procurement Policy (OFPP) for the next four years?

Federal contracting has become burdened by thousands and thousands of pages of regulation and other requirements that have caused the compliance cost of doing business with the federal government to grow significantly. Should I be confirmed, I will review this situation with the DDM and Office of Procurement Policy Administrator.

21. What do you see as the appropriate relationship between OFPP and the acquisition policy functions of GSA?

The Office of Federal Procurement Policy (OFPP) is responsible for developing policies, regulations (including the Federal Acquisition Regulation (FAR) and providing guidance on the federal procurement practices. GSA is an important partner in implementing these policies.

22. The Obama Administration has focused on the use of shared services and category management to make federal procurement more efficient and cost-effective. If confirmed, will you support category management? If so, what specific steps do you plan to take to continue its implementation?

Both Category Management, whereby the procurement of certain goods and services common to all agencies are centrally coordinated, and Shared Services, whereby agencies contract out their basic administrative functions to centralized agencies, presumably freeing up time and energy to focus on core missions, are opportunities to bring economies of scale to government operations.

It is necessary that both initiatives be appropriately defined and executed in scope, mission and governance, and can be assessed in their success by empirical data. Should I be confirmed, I will ask for a review of whether these goals are being met in an effective and efficient manner.

23. In a July 2016 hearing, you indicated an interest in reviving A-76 competitions, named for the A-76 OMB circular, which allow private contractors to bid on certain work that is done by federal employees. Do you support bringing back A-76 competitions? If so, is there particular type of work for which you find A-76 competitions to be appropriate or not appropriate?

If confirmed, I will review the use of A-76 competitions and where they might be appropriate.

Infrastructure and Security Improvements

24. During your career in the House of Representatives you have repeatedly voted against allocating money to aid federal highway and transportation projects. The President-elect plans to "pursue an 'America's Infrastructure First' policy that supports investments in transportation, clean water, a modern and reliable electricity grid, telecommunications, security infrastructure, and other pressing domestic infrastructure needs policy." The President-elect also plans to "[i]mplement a bold, visionary plan for a cost-effective system of roads, bridges, tunnels, airports, railroads, ports and

waterways, and pipelines in the proud tradition of President Dwight D. Eisenhower, who championed the interstate highway system."

a. Have you discussed the "America's Infrastructure First" with President-elect Trump?

No.

b. Do you support the "America's Infrastructure First" policy?

As a member of Congress, I have supported infrastructure funding for traditional infrastructure projects such as roads, bridges, tunnels, railroads, ports and waterways, and pipelines, when such projects do not add to the federal deficit.

c. Do you have any concerns about implementing a policy that could have significant costs for taxpayers?

Yes. And if confirmed, I would seek to provide the President-Elect with information on how to minimize the cost to the taxpayer for implementing any policy, not just the infrastructure agenda.

25. President-elect Trump has repeatedly stated that he plans to build a wall along the southern border of the United States and that Mexico will pay for this wall.

a. Have you spoken with President-elect Trump about financing the wall?

No.

b. If Mexico will not pay for the wall and the President-elect moves forward with this policy, the American taxpayer will have to foot the bill. Given your stance on the need to decrease the deficit and rein in spending, do you believe that making American taxpayers foot the bill is fiscally responsible?

If confirmed, I would seek to provide the President with information on how to minimize the cost to the taxpayer for this type of policy proposal.

US Postal Service

26. The U.S. Postal Service has long been a valuable resource to the American public, especially to rural and remote communities that are difficult to reach and may not receive sufficient mail and package delivery services without the Postal Service's universal service mandate. However, the recent recession, the loss of mail volume to other forms of communication, and significant long-term liabilities have made it difficult for the Postal Service to continue to provide the level of service its customers have come to rely on. There have been a number of proposals to reform the Postal Service put forward recently. What do you believe needs to be done to modernize the Postal Service and ensure it has the resources it needs to carry out its mission?

If confirmed, I would advocate for reforms that allow the Postal Service to return to profitability without the need for taxpayer subsidies. I could potentially support such ideas as: (1) a BRAC-like program for postal facilities, (2) giving the postal service the option of eliminating Saturday delivery (as President Obama has also suggested), (3) prospectively eliminating no-layoff clauses in Postal Service collective bargaining agreements, (4) ending door-to-door service and instead relying on neighborhood "cluster" boxes.

27. Members of the House and Senate on a bipartisan basis have expressed concern about some of the service cuts the Postal Service has instituted in an effort to find cost savings. What is your view on the level and quality of service the Postal Service currently provides?

I believe that service reductions may be necessary and appropriate way for the Postal Service to address its financial challenges. I am open to other ideas, however.

28. The Postal Service is obligated under current law to make a series of payments to pre-fund the remainder of its long-term retiree health care liabilities. The payments are significantly more aggressive than those made by private companies of a similar size, and have been the primary reason why the Postal Service has reported large losses in recent years. Numerous proposals have been made over the years to address these payments and reduce the Postal Service's health care liabilities. What do you believe should be done to address these issues?

I believe that the pre-funding requirement is appropriate given the Postal Services shrinking workforce and rising medical costs. While such pre-funding is not common among federal agencies, other agencies are not intended to be self-

sustaining. Many of the same workforce attrition principals that I support for federal civil servants also apply to the postal service. In short, I would support the postal service utilizing many of the same cost-saving measures that a private business in a similar financial situation would. I do not believe the postal service should be permitted to stray outside its traditional function of mail delivery.

E-Government and Information Technology

29. Which agency do you believe should have primary responsibility for protecting the federal government from cybersecurity threats?

As outlined in the Federal Information Security Modernization Act (FISMA) of 2014, I believe that the Department of Homeland Security to be primarily responsible for the civilian agencies.

30. Every day, federal agencies face sophisticated and persistent cyber threats that pose strategic, economic, and security challenges to our nation. However, the supply of cybersecurity talent needed to meet the increasing demand of the federal government is simply not sufficient. You have consistently supported measures that would shrink the size of the federal workforce. If confirmed, how would you ensure that federal agencies are taking the steps necessary to hire the cyber talent they need to meet the growing threat our country faces in cyberspace?

I would work with the Office of Personnel Management to appropriately address the federal workforce needs in this area.

31. What do you view to be the most significant current and potential cyber security threats facing our federal networks and critical infrastructure owners and operators? If confirmed, what steps do you intend to take to improve the nation's cyber security, both with respect to the government and private networks?

The most significant threat may come from the agencies themselves. Ensuring basic cyber hygiene on systems while reducing unnecessary excess access to systems and information could reduce the risks. Managers and employees must be trained to understand that not strictly adhering to proper cyber protocols could end up being the biggest threat. If confirmed, I would leverage the government's buying power to have vendors address our security requirements in the products and services they deliver for our use.

Government Transparency

32. Sec. 1222 of GPRAMA instructs that the OMB director "shall issue guidance to ensure that such information is provided in a way that presents a coherent picture of all federal programs, and the performance of the federal government as well as individual agencies." The statute also states that the standards set for transparency and frequency of updates are the minimum.

a. Will you use your authority as Director to ensure that disclosures to the public are provided in a coherent and easily accessible manner?

Yes.

b. Will you use your authority as Director to ensure that OMB uses its website to provide transparency and accountability to the public, including beyond the statutorily required minimums if necessary for a coherence and comprehensiveness?

Yes.

Government Waste

33. What is your assessment of the oversight work performed by the IGs over the past decade? What do you view as the greatest challenges facing the IGs? What are your plans to address these challenges?

Federal Inspectors General do an important job of identifying and eliminating waste, fraud, abuse and mismanagement. The Council of the Inspectors General on Integrity and Efficiency (CIGIE) is an independent entity established within the executive branch to address integrity, economy and effectiveness issues that transcend individual Government agencies and aid in the establishment of a professional, well-trained and highly skilled workforce in the Offices of Inspectors General. The Deputy Director of OMB for Management (DDM) is Executive Chair of this council, ensuring the work of IGs is a central priority of the President and OMB. As I responded above, I will fully support the DDM in his/her work with the council.

34. The Paperwork Reduction Act, the electronic amendments to the Freedom of Information Act (FOIA), the E-Government Act, and current OMB circulars, together have led to a government-wide policy that supports the dissemination of government

information and access to that information via the internet. What standard should be applied in determining the circumstances under which the federal government should be proactive in its dissemination of information to the public or when the dissemination of information should require a FOIA request?

If confirmed, I would work with the Department of Justice in order to review the Electronic FOIA (E-FOIA) amendments which were signed into law in 1996 which added the requirement for agencies to establish an electronic reading room which among other requirements had agencies include an index of records released by FOIA that are likely to become subject of subsequent FOIA requests for potential improvements in order to address effective information dissemination.

Whistleblower Rights

35. Please describe any previous experience—in the public or private sector—with handling whistleblower complaints, and what steps you took to ensure those individuals did not face retaliation and that their claims were thoroughly investigated?

I have no direct personal experience. I like to think this is because I worked in environments that obviated whistleblower complaints.

36. How will you ensure that OMB whistleblower complaints are properly investigated?

If confirmed, I plan to create an environment where whistleblowers know they will not only be protected, but encouraged to come forward. Indeed, OMB needs to lead by example on this point, especially if we hope to have whistleblowers come forward at various agencies regarding perceived problems.

37. If confirmed, will you ensure officials in your agency do not retaliate against federal employees, officials and contractor employees who communicate with representatives from this Committee, the GAO, IGs, the Office of Special Counsel, and any other statutorily protected channels for disclosure?

Absolutely.

Executive Orders

38. Under Executive Order 11030, as amended, OMB substantively reviews and clears all draft Presidential Executive Orders and Memoranda to agency heads prior to their issuance. What, in your view, is the appropriate use of executive orders? What criteria will you use when evaluating proposed executive orders?

I believe that executive orders are an appropriate function of the executive authority. Indeed, as the de facto Chief Executive Officer of the federal government, one would expect any President to use Executive Orders to the fullest of his or her ability.

That said, I believe that any President oversteps his or her Constitutional authority when any executive order crosses the line from enforcement of laws to creation or deletion of laws. Lawmaking is the proper, and exclusive, function of the legislative branch.

39. Of the existing executive orders concerning OMB's responsibilities and operations, are there any you believe should be repealed or replaced?

a. If so, describe which executive orders and your reasoning.

I'm not fully familiar with the array of executive orders concerning OMB's management, so I am not in a position to respond as to specific ones that I might want to see repealed or replaced.

b. If not (or if you do not yet have a view), describe what approach you will take to evaluating the current executive orders that apply to OMB.

If confirmed, I would apply the same sort of test, retroactively, that I hope to use proactively for new EOs: is it constitutionally sound, does it conflict with the law, do the benefits outweigh the costs, does it advance the President-elect's agenda, etc.

Regulatory Affairs

40. What role should qualitative analysis play in the rulemaking process?

Both qualitative and quantitative analysis of costs and benefits should play a central role in the rule-making process. In certain instances, data limitations will seriously circumscribe the practical ability for this to be the case. In limited circumstances, intangible costs and benefits can outweigh quantifiable costs and benefits.

41. What role do you think OMB has when it comes to the substance of rules versus the budgetary impact?

OIRA can and should play a central role in analyzing the costs and benefits of proposed rules and in determining less costly means of achieving a regulatory objective and in ensuring that agencies do so as well.

42. The President-elect has announced plans to "(r)eform the entire regulatory code." If confirmed, what steps will you take to implement this proposal?

If confirmed, I would like to discuss the possibility of elevating OIRA to a deputy-level position within OMB.

I will systematically work with Congress and the agencies to reduce the regulatory burden on the American people. In addition, OIRA will encourage agencies to undertake rigorous retrospective reviews and prompt agencies to undertake a specific retrospective review when information that comes to OIRA's attention indicates that a review is needed. OIRA will ensure that the review is undertaken seriously, employs best practices and is completed in a reasonable time. OIRA and the agencies should share the results of any retrospective review with Congress and indicate what, if any, statutory changes are warranted to improve the regulatory regime.

43. In the 114th Congress, you voted in favor of H.R. 185, the Regulatory Accountability Act (RAA); H.R. 427, the Regulations from the Executive in Need of Scrutiny Act of 2015 (REINS); and H.R. 527, the Small Business Regulatory Flexibility Improvements Act of 2015 (SBRFIA).

a. What principles within each of the bills do you support and would like to see implemented under the Trump Administration?

As I voted for these bills, I would advocate to the President-Elect that his administration implement as many of these principles as possible.

I support the REINS Act because Congress as representatives of the people should provide a check on unelected bureaucracies when they engage in unwarranted rule-making. I support effort such as the Small Business Regulatory Flexibility Improvements Act because it is clear to me that the ever-increasing regulatory burden is having a disproportionate impact on small firms and harming entrepreneurship and job creation. I support the Regulatory Accountability Act because increased judicial review of agency compliance with the Administrative Procedure Act is warranted and because of increasing use by agencies of guidance to evade the APA.

44. Do you intend to work with EPA to administer the Renewable Fuel Standard's annual rulemaking process in accordance with the law, including blending targets, authority to waive them, and statutory deadlines?

I will comply with all legal requirements. I will work with the EPA and Congress to develop the least burdensome means of complying with the law.

45. In 2011, you cosponsored legislation designed to "ensure economy and efficiency of federal government operations by establishing a moratorium on rulemaking actions." Do you plan to implement such a moratorium at OMB? Do you envision any exceptions to the moratorium?

In his campaign speeches and comments subsequent to his election, the President-elect has proposed a moratorium on existing rules that have been proposed, made final but not yet published or published but not yet effective. Should that remain his policy, I intend to execute that moratorium.

46. In 2010 you stated that "I don't believe small business needs government."

a. Do you believe that small businesses do not need a set aside, priority in contracting, loan programs, or advocacy by the Small Business Administration?

As a small business owner, I came to believe that government set-aside programs were often used as "cover" for the recent onslaught of regulations that crushed small business. I believe I have said many times that small-business would be much better served by having a business-friendly regulatory regime and no set-aside, that crushing regulations married to a set-aside program. That being said, as these programs are statutory, the decision of whether or not to keep or eliminate them would fall outside of my role as Director of OMB.

That said, I believe the set-aside program to be admirable, and an excellent way to use public expenditures to assist small businesses. I would not advocate for its discontinuation.

b. Are there any federal, state, or local regulations that are beneficial to small businesses?

Yes. There are laws that protect against fraud and misrepresentation, provide for the enforcement of contracts, protect property and provide needed public goods such as roads that have an unambiguous positive impact on all Americans, including small business owners. Carefully targeted laws designed to address negative externalities or other market failures can have a beneficial impact. In general, however, we have little need to additional regulations. We probably have enough rules (if not too many).

Personnel Management

47. What do you believe the biggest challenges are in addressing skill gaps in the federal government? What role should OMB play in efforts to improve human capital management across the federal government?

I honestly have not yet had any time yet to assess the skill sets – and any skills gaps – at the various federal agencies. If confirmed I expect to use OMB to implement whatever improvement plans the President and his team of advisors settle on. As to OMB itself, I am aware that there has been a sort of brain-drain in the recent past, and that Director Donovan has undertaken to address that. I would very much like to speak with him about those efforts, and where he thinks the next Director should focus attention.

48. What do you believe the role of the Senior Executive Service (SES) should be in the federal workforce? If confirmed, what, if any, measures would you take to reform the SES system?

I am not yet familiar with the workings of the SES, so I am not in a position to offer any assessment of strength and weakness, or any ideas on reform.

49. In response to some questions that Senator McCaskill submitted to the Army after a 2012 hearing on the cost of contractors, the Deputy Assistant Secretary for

Force Management, Manpower and Resources stated that, even when their analysis showed that using a federal employee was better from a cost and a mission perspective, the Army was under some circumstances forced to use a contractor instead because of a DOD-mandated freeze on civilian full-time equivalents, or FTEs for FY 2011 through FY 2013. This cap was later extended through FY 2018.

a. Do you believe that hiring freezes lead to decreases in government spending?

Generally speaking, yes, simply because so much of most agency's budgets are for personnel and related costs (retirement benefits, etc.) That being said, I fully recognize there may be times when a contractor could in fact end up costing more than using a federal employee.

b. If so, does this come at a cost to efficiency and productivity? Do you believe the use of contractors is necessary and cost effective?

As mentioned just above, I do believe that the use of contractors can be more cost-effective and thus necessary in a time when all agencies should be looking for opportunity to optimize efficiency. Here again, though, I recognize that that is not necessarily a one-size-fits-all model.

50. In 2011, you advocated for getting rid of the Environmental Protection Agency, and said that Congress should "neuter" them and other regulatory agencies by cutting off funding if they couldn't get rid of them altogether. In a Washington Post article from December 28, 2013, you expressed your disappointment that no major agencies had been eliminated since your election, saying: "Have we eliminated anything? No. We haven't. I can't think of a single major agency that we've gotten rid of. Or a role of government that we've gotten rid of."

a. Please list the agencies or roles of government you believe should be eliminated and explain why each is on the list.

I think a cogent argument can be made that there is no Constitutional authority for the Departments of Education or Energy, and indeed the country survived, and thrived, for almost 200 years without those agencies. It seems that both of their functions could be effectively, perhaps even more effectively, performed at the state level. However, I see my job, if confirmed, as providing the President with information that will allow him to make the best policy decisions possible. Sometimes we will agree, and other times we will disagree. But my job will ultimately be to advance the agenda the President sets.

b. Are there any programs or operations within OMB that you believe should be eliminated? If so, explain why that program or operation should be eliminated.

I have not yet had the time to evaluate the duties of all of the programs and operations within OMB, let alone form an opinion on eliminating one or more of them. I will say this, however: if confirmed I expect to have OMB leading by example. We will subject ourselves to the same level of scrutiny that we expect other agencies to undertake. That includes identifying programs or operations that need reform or elimination.

51. On numerous occasions you have referenced the need to shrink the size of the federal workforce, a sentiment echoed by President-elect Trump. In 2016, we learned that to implement his immigration policies President-elect Trump has proposed using a "deportation force" by drastically increasing the number of ICE deportation officers.

a. Have you spoken to President-elect Trump about the deportation force?

No.

b. If implemented, do you believe that such an increase in personnel will have an impact on the federal budget?

Whether such an increase in personnel at ICE will have an impact on the federal budget depends on how personnel are managed across federal agencies. It is quite possible that any so-called deportation force simply involves a more aggressive enforcement of current law by ICE and other, already existing agencies.

Budget and Economic Policy

52. Since the Congressional Budget Act of 1974 was enacted into law, each incoming President has submitted a budget to Congress. Do you commit to providing a fiscal 2018 budget to Congress? If not, why not?

I would like to have the opportunity to submit a so-called "skinny" FY18 budget to Congress in February, and a more detailed budget in April or early May. I am hopeful that any decision on my confirmation can be made in time to allow me to do that.

53. Do you consider the reports, analysis and data produced by the Congressional Budget Office to be reliable? If not, why not?

Examples exist of items when it was both fiendishly accurate, and wildly off, on its projections. Such is the nature, perhaps, of long-term prognostication, especially when using a static model.

54. The President-elect campaigned on a budget plan that, according to the nonpartisan Committee for a Responsible Budget (CRB), would increase the federal debt by \$11.5 trillion over the next ten years.

a. Do you agree with the CRB's estimate? If not, what is your estimate of the increased level of federal debt under his plan?

I am not familiar with the CRB estimate, and neither have I yet had the opportunity to do my own analysis of the President-Elect's budget (or tax reform) plan.

b. What consequences would that level of debt, which is roughly 127% of GDP, would have on the economy? Have you informed the President of these consequences? Will you?

I have seen several academic papers that suggest that above a certain ratio of debt-to-GDP (often in the range of 85%-100%), the GDP suffers dramatically. I see this as somewhat traditional economic orthodoxy, as the result is entirely consistent with the concept of "crowding out," where higher levels of government debt draw capital away from private investment and into government debt.

I have not yet had a chance to discuss this specific issue with the President-Elect, but I absolutely intend to use it a basic tenet of any fiscal advice I am asked to provide him. Indeed, I like to think that my perspective on this exact topic is one of the primary reasons he wants to have me at OMB.

c. The President-elect has said that he would "insist on" a balanced budget "relatively soon." Have you discussed with the President-elect when he would like a balanced budget?

No.

55. Steven Mnuchin, the President-elect's nominee to be Secretary of the Treasury, stated after his nomination that "Any reductions we have in upper income taxes will be offset by less deductions so that there will be no absolute tax cut for the upper class. There will be a big tax cut for the middle class, but any tax cuts we have for the upper class will be offset by less deductions that pay for it."

a. Is Mr. Mnuchin correct?

I have not discussed the details of the President-elect's tax plan with him.

b. The Tax Foundation and the Tax Policy Center calculated that under Trump's campaign tax plan, middle class families would see a 1.8 percent boost in after-tax income, while the top 1 percent would receive a 10 to 16 percent gain. Given that this is inconsistent with Mr. Mnuchin's statement, has the President-elect's tax plan changed?

I have not discussed the details of the President-elect's tax plan with him.

56. The current continuing resolution funds the government until April 28, 2017. If a new budget or continuing resolution is not adopted by then, the government will shut down all non-essential operations.

a. A 16-day government shutdown in 2013 caused \$24 billion in lost economic output, or 0.6 percent of projected annualized GDP growth, according to the Standard and Poor's rating agency. You called the shutdown "good policy." Do you still believe the shutdown was "good policy"? If so, why do you believe that to be the case?

Yes. The so-called "shut down" (traditionally referred to as a "temporary lapse in appropriations") was fought, in large part, over a one-year delay on the individual mandate within the Affordable Care Act. At the time of the "shut down" President Obama had just recently afforded US corporations a similar one-year delay on their mandate. There were many of us in the House that believed, and still believe, that it was unfair to afford corporations such accommodation, while denying it to individuals.

There were 17 "shutdowns" in the 20 years from 1976 to 1996. Those battles were often fought over good-faith disagreement (often entirely within one party

that controlled the House, the Senate, and the White House) over important policy issues.

Any time that Congress attempts to assert the power of the purse, the possibility for a temporary lapse in appropriations exists. But defending the basic principles of Congress' constitutional authority always contains some element of "good policy."

b. You stated regarding the 2013 shutdown that "85% of the government was open." What was your source for this information? Do you believe that is the percentage that would be open in a future government shutdown, and if not, what do you think it will be?

The source of that data was the office of Senator Rand Paul, which I believe relied on a story reported in the Washington Examiner, whose sources was an unnamed staffer on the Senate Budget Committee. I also believe that Politifact later acknowledged that, when measured by the amount of money spent, the 85% number was roughly accurate, though a measure of number employees furloughed would be much lower.

I would expect the number would be roughly the same today, as the structure and operations of the government are little changed since 2013.

c. What lessons did you learn from OMB's preparation for and management of previous government shutdowns that you would apply as the director of OMB?

I am not familiar with OMB's preparation and management of any previous government shutdowns.

57. At a March 13, 2013 Homeland Security and Governmental Affairs Committee hearing titled "The Costs and Impacts of Crisis Budgeting," witnesses discussed the numerous management and other challenges government shutdowns and continuing resolutions create for federal agencies, state governments, and government employees. If confirmed, you will be responsible for setting budget policy for the administration, and also for ensuring that agencies across government are effectively managing the resources entrusted to them. What steps would you take to avoid the waste and inefficiency that can result from the kind of budget uncertainty agency managers have been forced to deal with in recent years?

If confirmed I fully expect to be heavily involved in the setting of budget policy for the Administration, though obviously the final decision on all policy matters will lie with the President.

My understanding of one of the primary functions is to do exactly what the question contemplates: ensuring that agencies across government are effectively managing the resources entrusted to them.

I fully agree with the premise that the breakdown of the regular budget and appropriations process, and the rise in reliance on continuing resolutions, has heavily contributed to both waste, and lack of planning ability by agencies. I think that it is important for Congress to follow regular order. As a part of that process, it is also important for Congress to authorize the agencies and activities that they fund. To incentivize Congress to do so, I will fulfill President-elect Trump's promise and require any agency or program with an unauthorized appropriation to face a 5% reduction in funding. I believe that once Congress gets back into the habit of passing authorization bills, adopting a budget, and passing annual appropriations bills, waste and inefficiency will be more easily identified and actions will be taken to either improve or eliminate those programs.

If confirmed, I absolutely expect to be advocating to the President that he take steps to encourage the re-invigoration of the regular budget and appropriations process.

58. The debt limit, or debt ceiling, currently suspended, will be reached on March 16, 2017. Existing obligations will require that the debt ceiling be raised in order to avoid breaching the debt limit.

a. During the course of your Congressional campaigns, you have promised never to raise the debt ceiling. Will you recommend that the President and Congress agree to raise the debt ceiling in March?

I do not believe that I have campaigned promising never to raise the debt ceiling. I voted for Cut, Cap & Balance, a piece of legislation I co-authored, which, if passed, would have raised the debt ceiling.

The debt ceiling has often been used in the past as a vehicle to enact reforms that seek to reform some of the underlying causes of our growing government debt. If confirmed, I intend to advocate to the President to support a debt ceiling increase that likewise contains reforms necessary to help reduce our deficits and the our national debt.

b. On previous occasions when the debt approached the ceiling, the Secretary of the Treasury employed extraordinary measures to avoid reaching the limit, such as suspending sales or nonmarketable debt or withholding receipts that would be transferred to certain government trust funds. If there is an opportunity to employ extraordinary measures to avoid reaching the debt ceiling, would you encourage the employment such measures?

The decision to employ extraordinary measures rests with the Secretary of the Treasury, but I would advise the President as stated above and defend whatever policy decision he and the Treasury Secretary make on using extraordinary measures.

c. What would be the effect be of not raising the debt ceiling on the credit rating of the United States?

I cannot predict the effect. The effect (or lack of effect) of not raising the debt ceiling will be determined by credit rating agencies.

d. What would be the effect be of not raising the debt ceiling on the stock market?

I cannot predict the effect. The effect (or lack of effect) of not raising the debt ceiling will be determined by the market.

e. What would be the effect of breaching the debt ceiling on the national and global economy?

I cannot predict the effect. The effect (or lack of effect) of not raising the debt ceiling will be determined by global markets.

f. Have you discussed with the President-elect of any of these effects? Will you?

I have not but will discuss with the President-elect the various possible contingencies in such an event.

59. In previous episodes where the debt ceiling was raised, you suggested that the government could choose which obligations to pay (for instance, Social Security benefits) and which not to pay (such as government works or contractors). You have also stated that if the debt ceiling is reached, "there will absolutely be no default."

a. Do you still believe this to be true? If so, which government obligations would you prioritize for payment? Which would you prioritize for default?

Yes. And I believe there is a GAO circular from the 1980s on exactly this point.

As to default, if you believe, as I do, that default is a specific term used to describe non-payment of interest or principle on debt, then yes, there will be no default as there is plenty of cash received on a monthly basis to service the debt, and refinancing (rolling over) of existing principle does not add to the total debt.

As to prioritization, I would advise the President to prioritize interest on the debt first, followed by things such as Social Security and Medicare and salaries for our military.

b. What is the legal basis for these statements? Have you identified any creditors that share this belief?

The legal basis is the GAO circular I mentioned. I have not spoken to any creditors on this issue, but I do know that it was widely reported that representatives of the US Treasury reached out to several of the primary dealers in federal debt that interest would in fact be paid --- prioritized -- in the event the debt ceiling was reached.

c. Do you believe that such an action would avoid downgrading the credit rating of the United States? On what basis? Have you ever discussed this course of action with the nation's credit rating agencies?

I have no idea what such an action would have on the credit rating of the US, as credit ratings are driven both by markets forces and the intangibles of human interpretations of the same. (Thus, credit agencies rated much subprime debt as AAA or the equivalent prior to the recent housing/financial crisis.)

60. The President-elect has stated that "If there's a chance to buy back debt at a discount, interest rates up and the bonds down, and you can buy debt. That's what I'm talking about."

a. How would this be done without issuing further debt at a higher interest rate?

I do not believe this could be done, as private debt is fundamentally different than government debt. That said, I have not discussed this issue directly with the President-elect.

b. Do you recommend this course of action?

I simply do not see how it is possible to buy-back US government debt at a discount without creating disarray in the credit markets. That said, I have not discussed this issue directly with the President-elect.

c. Have you discussed this with the President-elect? If confirmed, will you do so?

As noted, I have not, but would welcome the opportunity to do so.

61. The President-elect has stated that "I would borrow knowing that if the economy crashed you could make a deal" with debt holders and that "You go back and say, hey guess what, the economy just crashed. I'm going to give you back half."

a. How would this be done?

Please see my answers to Question 60, immediately above.

b. Janet Yellen, the Chairman of the Federal Reserve, stated that the consequences of such an action would be "very severe." Do you agree? If not, why not?

I do.

c. What advice would you give the President-elect regarding this course of action? Have you discussed this with the President-elect? If confirmed, will you do so?

Again, I have discussed none of this with the President-elect. I would very much like to do so, and if I do, will present my concerns that I have noted immediately above. I would also welcome more information from the President-elect, and possibly other Cabinet members such as the Secretary of the Treasury, on this exact issue.

62. In your view, what actions should Congress and the Administration take to address long-term structural budgetary imbalances? By what amount do you believe our deficit should be reduced in order to stabilize our finances, and by how much in the

short term and by how much in the long term? What level of publicly held debt as a percentage of GDP do you believe would be appropriate to achieve by 2025?

I have said many times that the federal government will eventually balance the budget. The only question is whether we do it voluntarily (through spending decisions) or involuntarily (through the credit markets refusing to buy additional debt, or offering to do so only at unsustainably high interest rates.)

I have no idea what the point-of-no-return is in terms of, say, debt-to-GDP ratios. I only know that the CBO currently projects the ratio to be 84% in 2025, and that eventually the growth in the debt will create an existential threat to the nation.

I would hope that, by 2025 if not sooner, the debt-to-GDP ratio would be smaller than it is today, and set firmly on a path to continue its decline.

63. You have repeatedly criticized the use of Overseas Contingency Operations (OCO) appropriations to fund budget items that are not actually related to OCO, calling it a slush fund. You said "It's past time to do away with the slush fund entirely." Will you eliminate requests for separate OCO appropriations from Congress while at OMB?

I will employ the criteria the OMB already uses to determine if an expenditure is properly an "overseas contingency" or if the expenditure is a base budget request. And I will advocate, at the very least, that the President ensure that true "base" budget expenditures are reflected in the top line defense discretionary numbers, and that only true war-related costs are contained in OCO. I will advocate for an end to OCO, and to moving true war-related costs into the base defense numbers, while at the same time recognizing that the President-elect may ultimately settle on a different policy.

64. You are a strong fiscal conservative and you've been very clear in your desire to drastically shrink the federal budget. However, sometimes the federal government spends money on pre-mitigation needs, including projects that improve flood control; millions up front saves billions down the road. What is your general attitude about projects that will protect flood-prone regions where we can work to prevent federally declared disasters?

I have no objection to, and in fact have supported, federal expenditures that provide a good cost-to-benefit return for the taxpayer. If confirmed, I would advocate for a comprehensive plan to mitigate flood damages instead of responding to flood damage with emergency spending. That said, I believe any

additional funds for such programs should be offset with reductions elsewhere in programs that do not offer promising returns for the taxpayer.

65. There are a limited number of public-private partnerships that involve the federal government but that number is expected to grow under the President-elect. As someone who will control how much federal spending is allocated to specific initiatives, what is your feeling about these partnerships, and should the federal government continue to spend money on them if they can cut the federal cost substantially (in North Dakota, one partnership is saving the federal government about \$400 million)?

I have no fundamental objection to public-private partnerships, especially if they can establish true savings to the taxpayer. That said, if confirmed, I plan to articulate to the President-Elect the risks inherent in PPP's, such as the risk of awarding them to only those private firms who have close political ties to the government or either party.

Health Care Policy

66. In 2016 you said that "Obamacare needs to be repealed and replaced with something that makes health care affordable." What do you believe should replace Obamacare?

To the extent I have the opportunity to advise the President-Elect, I will be advocating for a system that provides more free-market reforms while ensuring the safety net for the truly needy.

I believe that Americans should have access to insurance that they both want and can afford. There are a number of ways to get to that place. He has nominated an outstanding health policy leader and thinker in Dr. Tom Price to be Secretary of Health and Human Services. If confirmed, I look forward to working with Dr. Price and the Congress to stem the tide of disturbing premium (and deductible) increases caused by Obamacare and to create more choices for families who are struggling under current federal law.

67. In 2015 the House Freedom Caucus, of which you are a member, took the official position that they would oppose any spending bill that didn't defund Planned Parenthood. Additionally, you have urged House Republican leadership "to use every available tool to strip this organization of any and all taxpayer funds" and claimed that funding for Planned Parenthood "is one of those line-in-the-sand type of issues."

a. The President-elect has said that Planned Parenthood does "very good work for millions of women." Do you still believe that Planned Parenthood is a "line in the sand issue"?

I personally believe that it is a line in the sand issue for me, but I am able to separate my personal beliefs from my responsibility to implement the law and the President-Elect's spending priorities. I see my job, if confirmed, as being to provide the President-Elect with information that will allow him to make the best policy decisions possible. Sometimes we will agree, other times we will disagree. But my job will ultimately to implement the nation's laws and advance the agenda the President-Elect sets.

I will point out that during the campaign The President-elect also committed to "defunding Planned Parenthood as long as they continue to perform abortions, and reallocating their funding to comprehensive health care for women." This is consistent with my voting record in the House.

b. If confirmed, do you believe it is your role as OMB Director to continue to "using every available tool" to defund Planned Parenthood?

If confirmed, my role is to provide the President with information that will allow him to make the best policy decisions possible.

68. In 2011, you voted for an amendment that would bar the use of funds authorized in the bill for graduate medical education to provide abortion or training in abortion procedures. It also would bar the use of funds for a teaching health center that discriminates against individual health care entities that refuse to provide, pay for, provide coverage of, or refer for abortions. What role do you believe the federal government should play in higher education?

If confirmed I will be advocating to the President-Elect the conditional position that education is a matter best reserved to the states. Ultimately, though, my job will be to advance the agenda the President-Elect sets.

69. In 2011 you said that "We have to end Medicare as we know it. We have to fix it." What changes do you think will fix Medicare and what impact will these changes have on current and future generations?

First of all, I believe that people at or near retirement age should receive the benefits of the existing Medicare system that they have paid into their entire lives. With that said, the hospital trust fund faces insolvency in about 10 years at its current pace, so clearly changes need to be made.

I believe that moving away from traditional fee-for-service and towards a system that better stabilizes federal costs is one way to address this long term funding shortfall.

70. Social Security keeps 22 million Americans – including 15 million seniors – out of poverty, according to the Center on Budget and Policy Priorities. Social Security's trust fund is scheduled to become insolvent in 2034, which means that if we do nothing, beneficiaries will only get 77 cents for every dollar promised today. These projections do not mean, however, that the program will cease to function. The President-elect promised during the campaign not to cut this safety net, while you have advocated drastic cuts to the program.

a. How do you reconcile your position with that of the President-elect?

I have never advocated for dramatic cuts, especially for those at or near retirement already, for whom I cannot recall ever having advocating any cuts whatsoever (other than, possibly, means-testing for current recipients). I have recommended changes that will strengthen Social Security and keep it solvent over the long term, even if that means changes in the near-term. Without changes the program will become insolvent, resulting in a cut to the safety net. Recommending ways to protect Social Security over the long term is not inconsistent with a promise to "not cut the safety net" as doing nothing results in a cut to the safety net.

b. If confirmed what changes would you recommend for reforming Social Security?

I would recommend to the President-Elect:

(1) Stop propping up the disability trust fund with retirement funds.

(2) Men who reach age 65 in 2014 live on average more than six years longer than did men who reached age 65 in 1940. For women, the difference is seven years. Lawmakers should increase the Social Security retirement

age, gradually and predictably, to reach 70 over the next two decades, and then index the age to life expectancy.

71. In a Face book post from 2015 that discussed the spread of the Zika virus, you stated that the best questions to ask was "Do we really need government-funded research at all."

a. If confirmed, would you prevent the federal government from investing in science and scientific inquiry, especially in the public health field?

I will advocate for a federal government that invests in health related research where the private sector lacks the incentive to do so. If Merck or Pfizer comes up with a cure for diabetes or cancer, they will make billions of dollars, and rightly so. The same cannot be said for cures to hydrocephalus, cystic fibrosis, sickle cell, or any other "orphan diseases" where the relatively low number of victims does not provide a potential customer base sufficient to offset the R&D costs for new treatments. It is here – where the private sector would not otherwise have the incentive to invest – where government should focus its efforts.

Ultimately, my job will be to faithfully implement the nation's laws and advance the agenda the President sets.

b. In your view, what is the ideal role of the federal government in preventing the spread of emerging diseases?

I believe that public health is an appropriate jurisdiction for the federal government, specifically in that diseases can easily spread across state lines. Doing so primarily through the Centers for Disease Control and Prevention makes sense, and those programs must be adequately funded. That said, there are still many roles in this area that can and should be played by the private sector and the states.

c. What sorts of investments, if any, will you advise President-Elect Trump in making when it comes to preventing the spread of public health catastrophes?

I have not given this specific topic much thought, but I imagine my general counsel would be in accordance with the answer shown above. I would also review carefully the resource requests of Dr. Tom Price, should he be confirmed as Secretary of Health and Human Services.

V. Relations with Congress and the Public

72. If confirmed, how will you make certain that you will respond in a timely manner to Member requests for information?

Having been a Member of Congress, I believe in and will support the proper Constitutional roles of the various branches of government. I will treat requests for information with the high level that an inquiry from the legislative branch is entitled.

73. If confirmed, do you agree without reservation to reply to any reasonable request for information from the Ranking Member of any duly constituted committee of the Congress?

Yes.

74. Do you agree without reservation to identify to the Committee all Presidential appointments (regardless of Senate confirmation requirements) within OMB? Do you agree without reservation to allow Committee staff, as requested, an opportunity to interview such appointments?

I intend to have a strong and transparent relationship with Committee and would have no objection to any reasonable request for OMB appointees to meet with the Committee if it is agreed to by Majority and Minority staff.

75. If confirmed, will you ensure that your staff will fully and promptly provide information and access to appropriate documents and officials in response to requests made by the Government Accountability Office (GAO) and the Congressional Research Service?

Yes, to the extent consistent with all applicable rules, regulations and policies.

76. If confirmed, will you agree to work with representatives from this Committee and the GAO to promptly implement recommendations for improving OMB's operations and effectiveness?

Yes, consistent with all applicable rules, regulations, exemptions and policies.

77. If confirmed, will you direct your agency to fully and promptly respond to Freedom of Information Act requests submitted by the American people?

Yes, to the extent consistent with all applicable rules, regulations, exemptions and policies.

78. If confirmed, will you direct your staff to adopt a presumption of openness where practical, including identifying documents that can and should be proactively released to the public without requiring a Freedom of Information Act request?

I believe very strongly in a government that is open and transparent. Accordingly, I will be encouraging exactly that sort of openness.

79. If confirmed, will you keep this Committee apprised of new information if it materially impacts the accuracy of information your agency's officials have provided us?

Yes.

VI. Assistance

80. Are these answers completely your own? If not, who has provided you with assistance?

I typed most of these answers myself. I had assistance from my Congressional staff, primarily in pulling up data regarding my previous votes, statements and positions, as well as some statutory background data. The Presidential Transition team reviewed the answers and offered suggested edits. I accepted some of these, but they did not change the sentiment of my response.

81. Have you consulted with OMB or any other interested parties? If so, please indicate which entities.

I reached out to the current OMB Director, Shaun Donovan, who graciously invited me to lunch at the Navy Mess in the West Wing. We also walked around the EEOB for about 15 minutes. Our discussion was mostly personal in nature (i.e.: how to manage family time, travel, etc.) though we also talked about some of OMB's recent history and current challenges, much of which is reflected in these answers. Subsequent to that lunch, Mr. Donovan called me to discuss certain

personnel in politically-appointed offices, with a specific intent to recommend that I keep certain people, even if just for a short time during transition. I told him that, unfortunately, I had learned in the interim that it was a breach of protocol for us to be talking. As a result, those discussions – unfortunately in my mind – did not continue.

I, JOHN MICHAEL MULVANEY, hereby state that I have read the foregoing Pre-Hearing Questionnaire and Supplemental Questionnaires and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.



This 9th day of January, 2017

**Minority
Supplemental Pre-hearing Questionnaire
For the Intended Nomination of Representative Mick Mulvaney to be
Director, Office of Management and Budget**

EXHIBIT II(7)

7. In 2002, you joined your family housing development/real estate business, The Mulvaney Group, LLC. Please list all real estate transactions that you have participated in personally or with The Mulvaney Group, LLC since 2000. Please include the address, value, date of transaction, address, the parties, LLC names, any partners, and any state, local, or federal assistance or financing.

There were literally thousands of individual transactions during the referenced time period. Our business was buying large tracts of land, subdividing and improving them into residential lots (usually, but not always single-family) with an occasional sale of a commercial tract. It would be practically impossible, for example, to detail every single lot sale that our company entered into.

Furthermore, our corporate policy is to only retain records for these transactions for 5 years. Accordingly, what records existed for older transactions no longer exist.

It is possible, however, to detail some of the larger land sales that took place during the relevant time period. Those are listed below.

As to the question of partners: we never did any joint ventures or took on any partners on deals.

As to the question of state, local, or federal assistance or financing, we never availed ourselves of any such governmental support.

I would be happy to supplement this response as the committee sees fit, and as is practically achievable given the size of the request and the period of time covered.

LAND SALES

<u>YEAR</u>	<u>BUYER</u>	<u>PROPERTY</u>	<u>\$\$\$</u>	<u>SUBSIDIARY</u>	<u>NOTES</u>
2015	LGI HOMES LGI HOMES Plaza Drive LLC Statecourt Enter. LGI LGI PULTE	PHASE 1 WOODSIDE TH LOTS KINGSTREE Zaye Shopping Zaye Shopping WOODSIDE KT CHURCH SITE AUDUBON	\$ \$ \$ \$ \$ \$ \$	MP MP 1330 1330 MP WW WW	2.74 Acre 22.51 Acre 54.74 acre 14.87 acre 59 lots
2014	OAKMONT HOMES PULTE PULTE EST PROPERTIES	KINGSTREE HWY 21 SITE AUDUBON KT (91 LOT SEC)	\$ \$ \$ \$	MP KJ WW WW	45.66 ACRES 45 lots 91 lots
2013	OAKMONT HOMES CITISIDE BLDR. PULTE	KINGSTREE CITISIDE AUDUBON	\$ \$ \$	MP CS WW	53 lots
2012	MISC DURBAN ACQ. LLC NC. DEPT TRANS	ADJUSTMENT PROSPERITY COMM PROSPERITY COMM	\$ \$ \$	MP MP MP	4.5 acres right of way
2011	NVR HOMES	KINGSTREE	\$	MP	
2010	NVR HOMES CITISIDE BLDR RC DIOCESE OF CHARLESTON	KINGSTREE CITISIDE ARTIBEE/ STK Comm	\$ \$ \$	MP CS STK	aprox 10 acres/FMV=\$22,000
2009	GARVER HOMES NVR HOMES CITISIDE BLDR'S	BRIGHTON KINGSTREE CITISIDE	\$ \$ \$	MP MP MP	
2008	CITISIDE BLDR'S C.P. MORGAN NVR HOMES K.B. Homes	CITISIDE KINGSTREE DOMINION B. York Cy.	\$ \$ \$ \$	CS MP MP STK	20.632 AC
2007	UNKNOWN C.P. MORGAN K.B. HOMES NVR HOMES	TREYURN VARIOUS VARIOUS DOMINION B.	\$ \$ \$ \$	WEDGE. M.P M.P M.P	

2006	CITISIDE BUYER RYAN HOMES CHARTER PROPERTIES	CITISIDE SIMPSON PROSPERITY MF	\$	2,379,865	CS	15.0Acres
			\$	3,253,187	STK	
			\$	3,120,000	MP	
	C.P.MORGAN	VARIOUS	\$	1,467,653	M.P	
	MULVANEY HOMES	K.T.	\$	75,000	M.P	
	CRAFT HOMES	VARIOUS	\$	156,996	M.P	
	COLONY	adjustment	\$	24,695	M.P	
	K.B. HOMES	VARIOUS	\$	4,386,941	M.P	
	NVR HOMES	VARIOUS	\$	1,629,340	M.P	
	CITISIDE BUILDERS	VARIOUS	\$	3,045,060	CS	
2005	C.P. MORGAN	VARIOUS	\$	659,277	ST. K.	38.781 Acre ? 628.78 Ac
	TRAILING COST		\$	262,342	ST. K.	
	?	SIMPSON PROPERTY	\$	1,001,000	STK	
	CITISIDE BLDRS	HOMES	\$	4,001,850	CS	
	CP MORGAN HOMES	OAKDALE	\$	885,718	MP	
	CRAFT HOMES	BRIGHTON	\$	1,429,378	MP	
	KB HOMES	VARIOUS	\$	7,823,563	MP	
	Lawson Bend LLC	MILLSTONE/DOMIN	\$	2,170,040	MP	
	LAWSON BEND LLC.	Indian Land	\$	659,277	STK	
	Lawson's Bend LLC	St. Katherine Site	\$	264,342	STK	
2004	MULVANEY HOMES	BELMEADE	\$	1,227,064	MP	38.781 Acre ? 628.78 Ac
	CITISIDE BLDRS	LOTS	\$	299,373	MP	
	CRAFT HOMES	BRIGHTON	\$	1,284,522	MP	
	COLONY HOMES	VERSAGE	\$	113,508	MP	
	KB HOMES	VARIOUS	\$	8,166,876	MP	
	ARVIDA HOMES	CITISIDE	\$	240,500	MP	
	HART HOMES	CITISIDE	\$	45,000	MP	
	NVR HOMES	MILLSTONE	\$	1,365,000	MP	
	SHEA HOMES	McKENDRY	\$	1,123,427	MP	
	CITISIDE BLDRS	HOMES	\$	2,109,767	CS	
2003	MULVANEY HOMES	VARIOUS	\$	4,815,061	MP	38.781 Acre ? 628.78 Ac
	CITISIDE BLDRS	LOTS	\$	328,164	MP	
	CRAFT HOMES	BRIGHTON	\$	1,020,300	MP	
	COLONY HOMES	VERSMOUNTAIN	\$	4,427,517	MP	
	K.B. HOMES	KINGSTREE	\$	485,168	MP	
	ARVIDA	CITISIDE	\$	412,000	MP	
	HART HOMES	CITISIDE	\$	270,000	MP	
	NVR	MILLSTONE	\$	1,432,500	MP	
	SHEA HOMES	McKENDRY	\$	1,152,182	MP	
	CITISIDE BLDRS	HOMES	\$	1,466,910	CS	

2002	MULVANEY HOMES	VARIOUS LOTS	\$	7,175,502	MP
	EMPLOYEE	SINGLE LOT	\$	33,000	MP
	COLONY HOMES	MERIWETHER	\$	1,827,000	MP
	ARYIDA	CIISIDE	\$	456,000	MP
	NVR	MILLSTONE	\$	212,500	MP
2001	MULVANEY HOMES	VARIOUS LOTS	\$	16,480,584	MP
	SHEA HOMES	VARIOUS LOTS	\$	973,250	MP
	Edens & Avant	CITTSIDE COMMERCIAL	\$	1,675,443	MP
					2.4 Acre

Responses to

Questions for the Congressional Record

U.S. Senate Committee on Homeland Security and Government Affairs

For the Nomination hearing:

the Honorable John Michael "Mick" Mulvaney to be Director, Office of

Management and Budget

Tuesday, January 24, 2017

Senator Carper

1. On Monday, January 23rd, 2017 President Trump announced an Executive Order that freezes federal hiring across the board except for members of the "military, and federal workers involved in public safety, and public health". In the past you have advocated for reducing the federal workforce by hiring one federal employee for every three workers who retire or leave their jobs across the federal government. Since 2001 the Government Accountability Office (GAO) has reported "strategic human capital management" as a high risk issue area. GAO noted that the government has mission-critical skills gaps in occupations such as cybersecurity and acquisition and that these gaps pose a high-risk to our nation. Further, in 1982 GAO studied the effect of hiring freezes during the Carter and Reagan Administrations. GAO found that in some agencies, these freezes increased operating costs and decreased efficiency and effectiveness and that overall "Government-wide hiring freezes have not been an effective means of controlling federal employment."

Given the staffing shortages in critical areas across the government, and GAO's prior work in this area, do you still believe across the board reductions in the federal workforce is a sound policy for increasing efficiency of government operations and decreasing the debt and deficit moving forward?

As I stated during my confirmation hearing, I do not believe that it automatically follows that hiring more people will create more efficiency. At the same time, I believe I also acknowledged that there may be times where adding personnel could increase efficiencies and improve stewardship of taxpayer dollars. If confirmed as the Director of OMB, I look forward to working with the Office of Personnel Management (OPM) on a long-term workforce reduction plan that ensures both long-term cost savings, while making sure agencies have the optimal staff they need to successfully fulfill their responsibilities to the American people.

Senator Carper

2. Similarly, data has shown repeatedly that federal resources devoted to fighting health care fraud is well worth the investment. The Health and Human Services Department has found that for every dollar that is invested to fight fraud, the government recovers \$5. The President's hiring freeze on government workers would include a freeze on hiring investigators and attorneys devoted to protecting Medicare and Medicaid from criminals. The GAO has repeatedly listed Medicare and Medicaid as two of the federal government programs most vulnerable to fraud, waste, and improper payments. Unfortunately, this freeze only leaves Medicare and Medicaid more vulnerable to fraud.

Do you agree with these concerns, and if confirmed, will you recommend to the president that the hiring freeze should be lifted for federal workers fighting criminal activity, waste, and fraud in Medicare and Medicaid?

Please see my answer to the previous question. Furthermore, I agree that fighting Medicare and Medicaid fraud is important. Though I have not been involved, it is my understanding that the hiring freeze is intended to be temporary while we develop a plan to make longer term reductions in the size of the Federal workforce through attrition. If confirmed as the Director of OMB, I am committed to developing and using this plan as a tool to drive decisions about the appropriate size of the Federal workforce that are aligned with budget decisions and other efficiency opportunities. In some cases, this may lead to decisions that increase staff in certain areas, and decrease staff in others.

Senator Carper

3. During your time in Congress, you have supported proposals that would block grant Medicaid or put a per capita cap on Medicaid spending. The Congressional Budget Office has found that reversing the Medicaid expansion under the Affordable Care Act would lead to the loss of health care for millions of Americans and would lead to state funding shortfalls of \$1 to \$2 trillion.

Do you support proposals to block grant or cap Medicaid? Do you agree that block granting or capping Medicaid would save the federal government as much as \$1 to \$2 trillion?

Although I have supported proposals to reform Medicaid in the past, and believe they are one possible option for addressing the long-term shortfalls in Medicare, I am open to discussing other ways to find efficiencies and savings in Medicaid. I want to incentivize states to drive reform and provide flexibility so that states can try different approaches.

Senator Carper

4. At the start of each new Congress, the Government Accountability Office publishes a "High risk" list that calls attention to agencies and programs that are vulnerable to mismanagement, fraud, waste and abuse or are in most need of transformation. Some of the topics on this list, such as federal real property management, have been highlighted for years, even decades.

What role will the GAO play in setting the President's management agenda? How do you plan to address the issues highlighted on this list?

I look forward to reviewing the upcoming GAO High Risk List recommendations, set for release in February. If confirmed, I look forward to engaging with GAO and federal agencies to address recommendations put forth by the report.

Senator Carper

5. In 2013 the Government Accountability Office added a new area to its High Risk List – the impact of climate change on the federal government. GAO explained that, among other things, climate change "could threaten coastal areas with rising sea levels, alter agricultural productivity, and increase the intensity and frequency of severe weather events." GAO also argued that the federal government is not prepared to deal with the impacts of climate change and recommended that we take a strategic look at them and start to prepare accordingly. As Director of OMB you will serve in a key advisory role to the President in terms of developing a budget that reduces the government's fiscal exposure to climate change.

Do you agree with the GAO that climate change poses a threat to the long term fiscal picture of the federal government? If so, how do you plan to address this issue as you formulate a budget for the federal government?

I am not familiar with the 2013 GAO report, but I do acknowledge that there is evidence that the climate is changing and that as a result there could be costs to the federal government. If confirmed I see it as part of my job, in advising the President, to try to weigh those costs against the costs of mitigating them.

Senator Carper

6. In the past you have opposed disaster relief spending without an offset- specifically an amendment to a 2013 emergency relief bill to fund recovery efforts after Hurricane Sandy caused massive damage along the east coast, including in my home state of Delaware.

Do you believe that emergency disaster relief spending should always require an offset?

As I stated in my confirmation hearing, I see a proper federal role in dealing with a natural disaster like Hurricane Sandy where the disaster is simply too large for one state or locality to respond to alone. However, I also believe we should consider if funds used to address such problems could be offset with reductions in programs that are not as immediately pressing as disaster relief. I do not think such offsets would need to be identified at the time a true emergency is occurring and there is an imminent need for assistance. In such circumstances, I would work to provide the President with my best advice so he can take the appropriate course of action.

Senator Carper

7. As Ranking Member of the Homeland Security and Government Affairs Committee in the last Congress, I had the opportunity to understand well the existing framework and requirements for regulatory development. I've also carefully reviewed several efforts to modify that process and participated in a bipartisan effort to find a better way to regulate. In the end, those efforts have not succeeded in part – I believe – because through the Administrative Procedures Act, the Regulatory Flexibility Act, the Paperwork Reduction Act, and the Congressional Review Act, we in congress have taken extraordinary steps to ensure that federal agencies develop fact-based, economically sound, and business-sensitive protections for our citizens from a wide diversity of harms that an unfettered marketplace imposes.

You stated during your confirmation hearing that the regulatory process does not always work well and does not consider all of the factors you believe it should. Could you please list those instances where the current regulatory process has not and describe why you believe it did not?

I believe that despite these controls, agencies continue to produce many wasteful, unneeded, and even irrational regulations. I do not recall if I shared the example of the pizza franchisee with the committee at the hearing (or if that was at the Budget Committee hearing) but the example still holds: under the Affordable Care Act, restaurateurs were originally required to disclose certain nutritional information for the products they sold. Because of the irrational way that the regulations on that topic were drafted, a menu board at a Dominos', Papa Johns, or Pizza Hut would theoretically have to show several millions of combinations, resulting in a menu board that could be as large as an NFL football field. It strikes me that, in that circumstance, the regulatory process did not function correctly.

Senator Carper

8. You have supported several bills, such as the Regulations from the Executive in Need of Scrutiny (REINS) Act of 2015 which would shift significant regulatory authority away from the Executive Branch and OIRA to Congress by requiring Congressional approval for any significant agency action to approve new major regulations. This is a concern because successful implementation of legislation usually requires regulatory action by federal agencies. For example, the recent Toxic Substances Control Reform Act (TSCA) directed the EPA to promulgate many new rules to protect human health and environment, while also providing regulatory certainty to industry. Absent EPA regulation, we would continue to grapple with a patchwork on state laws and state bans on certain chemicals, creating significant uncertainty for industry, while also leaving millions of Americans vulnerable to hazardous chemicals in the marketplace. TSCA reform passed with tremendous bipartisan support in the House and Senate, yet the REINS Act would handcuff Federal agencies from implementing the exact actions Congress directed them to take.

Are you concerned about the impacts on health and safety, or on industry desire for regulatory consistency?

Do you support, as your support for REINS suggests, the idea that agencies should have no authority to act on regulations in some cases without explicit Congressional approval?

Do you believe that Congress has the scientific and technical expertise needed to judge and finalize new regulations?

The objective of the REINS Act is to give Congress a voice on regulations that have a substantial economic impact before they become law. If the REINS Act become law, it will be important for the regulatory agencies to work closely with Congress on rules so that Members can make an informed decision regarding whether or not to approve the rule.

I do believe that Congress has, or could acquire, the technical expertise to judge and finalize new regulations.

Senator Carper

9. In fiscal year 2016 the federal government made \$144 billion in improper payments. This is an increase from \$125 billion in fiscal year 2014 and \$137 billion in fiscal year 2015. Congress has passed several bills on this topic, including the Improper Payments Elimination and Recovery Act, the Improper Payments Elimination and Recovery Improvement act, and most recently the Improper Payments Coordination Act. These laws provide agencies with useful tools and requirements for curbing improper payments.

What are the root causes of improper payments across the government? If confirmed, how would you ensure that agencies are utilizing the best management practices outlined by recent legislation to curb and eliminate improper payments? Similarly, how do you plan to ensure that agencies have access to the data needed to identify and eliminate improper payments?

I imagine there are several root causes of improper payments, each bringing with it its own specific challenge when trying to find a remedy. In Medicare, for example, I understand that provider fraud is the largest contributor, but that improper behavior by individuals lost contributes to improper payments, as does the size and complexity of the system and even management of federal employees. I am committed to addressing this problem and preventing and reducing improper payments. I believe that access to data to prevent improper payments is critical which is why I sponsored the Federal Improper Payments Coordination Act to allow states to have access to essential data to prevent improper payments.

Senator Carper

10. The federal government spends around \$80 billion on information technology annually. Seventy-five percent of this funding (approximately \$60 billion) is spent on operating and maintaining existing legacy information technology systems. The remaining 25 percent (approximately \$20 billion) is spent on new systems. Most experts agree that our government's IT systems are old, obsolete, in dire need of improvements and in some agencies pose a significant security risk.

GAO has found that while "the executive branch has undertaken numerous initiatives to better manage the more than \$80 billion that is annually invested in IT, the federal IT investments too frequently fail or incur cost overruns and schedule slippages while contributing little to mission-related outcomes". Further, "failed IT projects often suffered from a lack of disciplined and effective management," and that "agencies have not consistently applied best practices that are critical to successfully acquiring IT investments."

To address the lack of funding for IT modernization projects, President Obama proposed a \$3.1 billion IT modernization Fund that would allow agencies to borrow funds to modernize their IT systems. The House of Representatives passed similar legislation that would create an Information Technology Modernization Fund within Treasury administered by GSA and overseen by OMB. The bill also created an Information Technology Modernization Board to evaluate IT modernization proposals submitted by agencies. This act also created IT working capital funds within the major executive agencies to modernize and replace the legacy IT systems.

How do you plan to address the significant need for funding for modernizing the federal government's legacy IT systems? Are you supportive of the House passed Modernizing Government Technology Act? Further, what role do you believe OMB should play in ensuring that agencies are following best management practices for IT acquisition projects?

If confirmed, I look forward to learning more about the state of federal information technology infrastructure, and will work with agencies to examine innovative approaches to modernizing outdated IT.

Senator Carper

11. In your answers to the Committee's pre-hearing questionnaire, you noted that "the Office of Management and Budget is not involved in the management or oversight of Federal government construction contracts" but that you will "instruct the Administration appointee (Deputy Director of Management at OMB) to closely monitor all real property contract expenditures, including the build-out of the DHS headquarters at St. Elizabeths."

The Administrations of both Presidents Bush and Obama made improvements to government-wide real property management through a series of directives. Among other requirements, these directives require agencies to analyze their office and warehouse spaces, improve the quality of real property data, accelerate the disposal of excess and unutilized property, and executive opportunities to improve space utilization. In addition, Congress passed, and the President signed, the Federal Property Management Reform Act last year. That law codifies many of these management principles put forward by the Bush and Obama administrations. OMB plays a central role in ensuring that agencies are implementing these directives and making the best use of their real property holdings.

In many ways, consolidation of the DHS Headquarters at St. Elizabeths provides a case study in how we can get better results for less money in real property management reform. By consolidating nearly 31,000 DHS personnel currently housed in more than 50 locations in the National Capital Region to six to nine locations (with the bulk of those personnel at St. Elizabeths) the federal government has the opportunity to save \$1.2 billion dollars over thirty years compared to the best case alternative scenario.

How will you ensure that the property management directives enshrined in the Federal Property Management Reform Act are fully carried out and that agencies are effectively implementing the law? Do you believe that DHS consolidation at St. Elizabeths serves as an example of how to save taxpayer dollars through the better utilization of government owned space?

If confirmed, I will provide the President recommendations on the implementation of the Act and discuss ways to manage federal real property assets.

Senator Daines

1. **As the Director of OMB, you will be charged not only with overseeing our nation's fiscal responsibility, but also protecting against harmful and counter-productive government regulations through the Office of Investigation and Regulatory Affairs (OIRA). In the past, agencies have issued new rules and regulations without fully studying their economic impacts on small businesses and the American workforce. This includes the recently implemented FDA "Deeming Rule" affecting newly deemed tobacco products, such as premium cigars. As Director, would you agree that Federal agencies, including OMB, should complete all required and necessary impact analysis before any final rule is implemented so that we best understand how the economy, particularly small businesses, might be impacted by new regulations?**

Yes. It is essential that the likely effects of rules be fully assessed and understood.

Senator McCaskill

1. Congress has periodically provided emergency appropriations in the aftermath of natural disasters. You have been a consistent opponent of such disaster relief unless the aid is offset by spending cuts in the federal budget. If confirmed, will you continue to oppose federal disaster relief if such relief is not accompanied by spending cuts?

As I believe I noted in the hearing I certainly agree there is an important federal role in responding to major disasters that are too large for one state or local government to handle alone. If confirmed, I would work to ensure the President is provided with the best information possible to respond to a major disaster or emergency when it occurs. But I also believe we should consider if funds used to address such problems could be offset with reductions in programs that are not as immediately pressing as the disaster relief.

Senator McCaskill

2. You have suggested that the government anticipate the costs of disasters by setting up something like a rainy-day fund for emergencies. If confirmed, will you seek to establish such a fund? If so, what is the minimum necessary amount you think should be appropriated for such a fund?

If confirmed, I would propose to the President that we make a development of a proactive plan to mitigate the impact of major disasters and emergencies by taking appropriate action, and by reforming how we pay for this response. I am looking forward to working with you and advising the President on better ways to budget for emergencies and disasters.

Senator McCaskill

3. GAO has recommended that in preparation for oversight of future disaster relief funding, OMB should develop standard guidance for federal agencies to use in designing internal control plans for such funding. In particular, it recommended that the guidance include (1) robust criteria for identifying and documenting incremental risks and mitigating control; and (2) requirements for documenting the linkage between the incremental risks related to disaster funding and efforts to address known internal control risks. Do you agree with these recommendations, and if so, when will OMB update its internal control guidance?

I agree with the recommendations that additional cost effective internal controls may be called for during periods of disaster relief and I look forward to reviewing OMB's guidance for these situations.

Senator McCaskill

4. If confirmed you will play a vital role with the budget proposals leading up to the decennial census in 2020, which as you know is required by the U.S. Constitution and used to apportion seats to states for the House of Representatives, redistrict state legislatures, and distribute federal funds to local communities. The 2010 Census was far costlier than initial estimates due in large part to poor planning and lack of adequate oversight of its acquisitions. Will you commit to working with the Administration to make sure it has the resources necessary to ensure that the census is completed on time, on budget, and accurately?

I recognize that the execution of the 2020 Decennial Census is an affirmative and explicit constitutional duty and an important source of information for a variety of purposes. If confirmed, I look forward to working within the Administration to make sure that the 2020 Census is modern, cost efficient, and accurate.

Senator McCaskill

5. In your response to question 71(b) of the Minority Policy Questionnaire, you stated that preventing the spread of emerging diseases can be handled by the Centers for Disease Control and Prevention, but that many roles in this area can be played by the private sector and the states. What roles do you think are appropriately in the hands of the private sector and what roles are appropriately in the hands of the states when it comes to preventing the spread of disease?

I believe there is a proper role for the federal government in research, especially in areas not addressed by the private sector. That said, the private sector already participates in, for example, research into vaccines and remedies, which I believe is appropriate. If I am confirmed, I will encourage the President to measure the success of government research funding in terms of the results we achieve and not just the amount spent.

Senator McCaskill

6. In your response to question 71 (a) of the Minority Policy Questionnaire, you stated that you would "advocate for a federal government that invests in health related research where the private sector lacks the incentive to do so" and that cures for "orphan diseases" is one instance where this is appropriate. What other areas of health-related research—aside from the development of orphan drugs—do you believe should receive funding from the federal government?

If confirmed, I look forward to learning more about the government's research portfolio in health and other areas and will assess spending across the entire government to recommend funding for our highest priority activities as we put the budget on a path to balance.

Senator McCaskill

7. Under GRPAMA, the Performance Improvement Council is headed by the OMB Deputy Director for Management and is instructed to facilitate the exchange of best practices that have led to performance improvement.

A. As agencies continue to implement GRPAMA, how will you work with the Deputy Director for Management to ensure that the Performance Improvement Council continues to address its members' emerging needs?

B. Please list the most concerning risks on GAO's high risk report from 2016. Please include an explanation for why you believe the risk poses the greatest concern.

C. According to GAO, "Moving to shared services can save the federal government billions of dollars as well as reduce duplicative efforts, decrease systems upgrades, and free up resources for mission-critical activities." As director of OMB, how will you implement GAO recommendations, like this, that can reform administrative services to save taxpayer dollars and make government more effective?

A. I look forward to learning more about the GRPAMA implementation process, and to working closely with Congress and with the Deputy Director for Management, once one is confirmed, to ensure that OMB complies with GRPAMA requirements.

B. I look forward to reviewing the new high risk list that I understand GAO will be issuing in February. If confirmed, I look forward to engaging with GAO and federal agencies to address recommendations put forth by the report.

C. My time in Congress has been dedicated to finding ways to reduce costs and eliminate waste in government operations. If confirmed, I will look to recommendations from GAO, Congress, and other organizations on reducing duplication and consider how best to move forward with implementing such initiatives quickly.

Senator McCaskill

8. What are your views about the current process for managing federal grant programs and how such management processes might be improved?

I believe that we should be accountable for dollars used to fund and manage federal grants. If confirmed, I would work with the OMB team to learn more about the current process for managing federal grant programs and how such management processes might be improved. It strikes me that one area that might be improved is the use of data on the success of previous grant recipients in awarding new grants.

Senator McCaskill

9. In December 2013, OMB, in cooperation with Federal agencies, grantees, stakeholders, GAO, and Congress, published a Uniform Guidance that provides consistent policies for administrative requirements, cost principles, and audit requirements for federal grants.

A. Do you believe that this guidance provides enough clarity and accountability for Agencies and grantees alike?

B. What changes, if any, do you think would improve this guidance?

C. If confirmed, what steps will you take to ensure that this guidance is implemented and followed?

While I am not familiar with specific provisions in the Uniform Guidance, I believe that federal agencies and grantees should have clear standards for managing grant awards and should be held accountable for the execution of grant dollars. If confirmed, I would work with OFFM to learn more about the scope of this guidance and updates on the implementation status, including whether the guidance has accomplished its intended goals.

Senator McCaskill

10. GAO has recommended that OMB should require the OMB Deputy Director for Management, in collaboration with members of the Federal Real Property Council, to collect information through the Federal Real Property Profile (FRPP) on agencies' costs for recurring maintenance and repair. Will you commit to provide GAO an update on the status of these efforts, and if so, when?

I am not aware of the GAO recommendations. If confirmed I will review the report and its impact on the government-wide program, and look forward to future discussions with GAO about these efforts.

Senator McCaskill

11. GAO has recommended that OMB enhance reporting guidance to inspectors general for all rating components of agency security programs, such as configuration management and risk management, so that ratings will be consistent and comparable. Do you agree with this recommendation, and if so when do you commit to completing it?

I am not familiar with the current process for aligning measurements for agency security programs. If confirmed, I look forward to learning how we can better align our efforts.

Senator McCaskill

12. According to OMB, the federal government spends billions of taxpayer dollars on outdated information technology procurement, nearly 80 percent of which is dedicated to operating and maintaining existing, legacy IT systems. How will you work to improve the modernization of IT networks and endpoints throughout the federal government and the need to conduct a full-scale audit of our IT systems for the purpose of eliminating wasteful spending?

If confirmed, I will explore ideas on how to best direct agencies to identify and prioritize their highest-risk systems, eliminate redundant systems, and examine innovative approaches to solving this problem.

Senator McCaskill

13. In 2015 GAO issued a report on bridge contracts that found DOD, HHS, and DOJ had limited or no oversight of their use of bridge contracts, because bridge contracts were not defined or addressed in department-level guidance or in the Federal Acquisition Regulation (FAR). GAO recommended that Office of Federal Procurement Policy (OFPP) take steps to include a definition of bridge contracts in the FAR, and provide guidance for agencies. If confirmed, will you ensure that OMB and OFPP implement GAO's recommendations with regard to bridge contracts?

I am not familiar with the details of GAO's report, but, if confirmed, would ensure that OMB's Office of Federal Procurement Policy reviews the recommendations.

Senator McCaskill

14. The approval and review of the acquisition process is one of the most important ways to ensure that federal contracts are not subject to waste, fraud and abuse. Ensuring that this process continues without delay or problems requires a workforce that is stable and robust. If confirmed, how will you ensure that the acquisitions workforce is able to continue its important work without impediment?

If confirmed, I plan to work with agencies to analyze the composition of the federal workforce, including the acquisition workforce, to ensure we have the appropriate capacity and skills to achieve the goal of an efficient and effective federal government that strives to spend taxpayer dollars wisely and meet the needs of citizens.

Senator McCaskill

15. In 2016, GAO issued a report examining the savings that have taken place as a result of implementing strategic sourcing initiatives like category management. By using these initiatives and leveraging the buying power of the federal government, the Federal government has saved millions, and could increase these savings if GAO's recommendations are fully implemented.

A. If confirmed, will you support the institutionalization of Category Management and its streamlined, more efficient buying principles?

B. If not, what plan do you have to prevent overspending on acquisition costs?

A. If confirmed, I will work with the agencies and my team to review this and other management strategies that reduce waste and save taxpayer dollars.

B. If confirmed, I will review category management and other efforts to reduce the cost of acquiring the goods and services agencies need to meet their mission goals.

Senator McCaskill

16. To help ensure that government strategic sourcing efforts reflect leading practices, GAO has recommended that OMB provide guidance to federal agencies that includes information on calculating savings and establishes metrics to measure progress toward strategic sourcing goals. Do you agree with GAO's recommendation and will you commit to completing this guidance?

While I am not familiar with details of the government's strategic sourcing work, if I am confirmed I will look to the recommendations made by GAO and others to strengthen efforts to save taxpayer dollars and measure the efficacy of our management initiatives.

Senator McCaskill

17. GAO has recommended that OMB should amend the FAR to mitigate concerns about the use of reverse auctions in federal acquisitions and encourage their use by federal agencies. Do you agree with the recommendation and, if so, when will you begin the process of amending the FAR?

I am not familiar with the details of GAO's report, but agree, as a general matter, that tools made available to the acquisition workforce must be used appropriately and effectively. If confirmed, I look forward to learning more about options to ensure reverse auctions are used appropriately and effectively.

Senator McCaskill

18. You have spoken about the need for transparency across the federal government. In the past requests for information regarding the budgeting process have been met with the explanation that such information is confidential because it is pre-decisional budget making information.

A. What is your understanding of the limits of pre-decisional budget confidentiality?

B. How does your understanding of this authority's limitations relate to information requested by Congress?

C. Do you intend to assert pre-decisional budget confidentiality in response to requests for information by congress and the public if you are confirmed?

Transparency on how the Federal government handles our tax dollars is important. Congress and the public both play an important role in providing that needed transparency. This principle must be considered when examining the confidentiality of the nature and amount of the President's budgetary decisions. If confirmed, I will remain committed to working with congressional committees, and the public, to address their requests for information in a manner that recognizes this important balance.

Senator McCaskill

19. The Digital Accountability and Transparency Act of 2014 (DATA Act) directs OMB and the Department of the Treasury to establish government-wide data standards and requires agencies to report financial spending data using these standards. GAO has made several priority recommendations regarding this requirement.

A. Will you accelerate efforts to merge DATA Act purposes with the Government Performance and Results Modernization Act of 2010? If so, how?

B. Will you establish a clear data governance structure and provide it to this Committee?

C. Will you encourage collaboration with stakeholders by providing timely and substantive feedback on the Federal Spending Transparency GitHub website? If so, will you provide this Committee OMB's standard time for providing a response?

D. Will you clarify data element definitions such as "Award Description" and "Primary Place of Performance" in order to ensure agencies report consistent and comparable data on federal spending? If so, when do you commit to completing this action?

E. When will OMB provide complete guidance to agencies regarding how to standardize the way financial assistance awards, contracts and other financial data will be collected and reported under the DATA Act?

F. Will OMB clarify the extent to which the design of the procurement portion of the Section 5 Pilot does not reflect the requirements specified in the DATA Act? If so, when will it do so?

A. I will work towards continued implementation of both Acts in a way that provides enhanced transparency to federal program and activity.

B. If confirmed, I will ensure that OMB continues to work with GAO to address any outstanding concerns related to data governance.

C. If confirmed, I will continue to prioritize effective, substantive consultation with stakeholders in ongoing DATA Act implementation.

D. If confirmed, I will ensure that OMB continues its ongoing work to improve data quality and consistency on USAspending.gov.

E. If confirmed, I will work to ensure OMB issues additional guidance to the degree needed to assist agencies in the implementation of the Act.

F. While I am not familiar with the details of the procurement pilot effort, reducing burden and increasing transparency are essential to good Federal management and if confirmed as OMB Director, I will take a closer look at Section 5 pilot implementation.

Senator McCaskill

20. Section 5 of the DATA Act mandates that OMB establish a Pilot Project to test the feasibility of modernizing the information that federal grantees report to the agencies from which they receive federal grant funds and which contractors report to GSA. OMB has designated HHS to lead the grantee pilot project under its Data Act Program office (HHS-DAP) and make recommendations back to OMB in preparation of a report to Congress. The HHS DAP team has been working to centrally compile all federal forms required of grantees as part of their reporting requirements and has built a database identifying all of the required data elements across these hundreds of forms. By August 2018, OMB must decide whether to require every agency, and every grant program, to use these same data elements, instead of paper and plain text, for all the information that they collect from grantees. Under the intent of the law, the project could help simplify, harmonize, and modernize the reporting process, and therefore the burden placed on federal grant recipients.

A. If confirmed, what steps will you take to assure that the HHS team has the necessary resources to complete their pilot project?

B. If confirmed, how will OMB ensure that the results of the pilot are properly considered so as to realize the full intent of the law?

A. If confirmed, I took forward to learning more about the results of the pilot and working to implement and institutionalize those reforms proven to be effective.

B. If confirmed, I will ensure that OMB uses the results of the pilot to institutionalize reforms to reduce grantee burden, as envisioned in the DATA Act.

Senator McCaskill

21. GAO has recommended that OMB develop and implement a process to ensure that agencies accurately report award information for use on USASpending.gov. Do you agree with this recommendation, and if so, when will you complete it?

If confirmed, I will work my colleagues throughout OMB and at Treasury to ensure that the data agencies are providing is complete and accurate.

Senator McCaskill

22. Do you believe that reform of the SES to require multi-agency experience would be helpful in achieving the kind of cohesive federal enterprise that would serve our country better and in a more cost-effective way?

I believe that SES should have a rich breadth and depth of experience, and that these tenets can lead to more informed leadership and management decisions. I would encourage Members of the SES to seek diverse experiences, which may include assignments at different agencies or challenging assignments within their own Department. I would also seek to hire Members of the SES from other agencies into OMB.

Senator McCaskill

23. How, if at all, do you think senior managers would benefit from gaining the perspective of working at other organizations, either within the federal bureaucracy or outside of it?

By engaging in diverse assignments, senior managers are able to experience a variety of organizational environments that allow them to view approaches to problem solving that might be applicable to an issue in their own agency.

Senator McCaskill

24. What criteria would you use to determine which regulations should be removed to make space for new regulation under the proposed "1 in 2 out rule."

The rules most deserving of repeal or reform are those whose benefits no longer justify their costs.

Senator McCaskill

25. Over the past decade, Members of Congress have introduced a number of bills that would place more analytical requirements onto both the Office of Information and Regulatory Affairs (OIRA) and regulating agencies. However, one of the greatest challenges for agencies and OIRA alike is that they are increasingly asked to do more with fewer resources.

A. How would you address this growing concern, given the President-elect's desire to reduce the Federal workforce?

B. Do you support the release of all edits and comments on proposed rules to ensure that the American people know how OIRA, OMB, and other White House offices are interacting with federal agencies during the rulemaking process and to expose any political interference or conflicts of interest?

C. If confirmed, how will you ensure that OMB and OIRA respect the expert judgment of agency staff when it comes to developing public protections?

A. I am not in the position of commenting on any specific staffing levels at this time, but if confirmed, I believe it is necessary to take a hard look at the overall workforce, and make decisions that result in the most optimal allocation of taxpayer resources across Departments and agencies.

B. If confirmed, I will implement a regulatory review and reform process that is consistent with transparency requirements contained in law and applicable Executive Orders.

C. If confirmed, I look forward to learning more about how to coordinate interactions between OMB and agency staff.

Senator McCaskill

26. The U.S. Office of Management and Budget (OMB) is responsible for reviewing proposed and final regulations under Executive Order (EO) 12866 through the U.S. Office of Regulatory Affairs (OIRA). The EO limits such review period to 90 days, and the OMB Director may extend this period on a one-time basis for up to 30 days. Despite this limitation, some rules have stalled for months – and in some cases years – at OIRA. As OMB Director, what specific actions will you take to ensure OIRA does not unnecessarily delay the rulemaking process?

I am not in the position to make any comment on factors that may influence the length of the regulatory review process. If confirmed, I will look into this issue.

Senator Heitkamp

1. During your testimony, you indicated that the Ex-Im Bank does not serve as a "lender of last resort" and expressed your concern that the Bank could theoretically crowd out private sources of capital. As you are aware, under the terms of Ex-Im Bank's charter, financing must supplement, not compete with, private sources of capital, 12 U.S.C. 635(b)(1)(B). Moreover, the Bank's policies, such as its underwriting, policy research, and Board approval process support its efforts to ensure that its financing does not compete with the private sector. Do you believe the aforementioned requirements provide suitable protections for private sources of capital? If not, what protections would you suggest?

a. Are you concerned that the protections that do exist will be weakened if the Bank does not have a quorum and fully operational Board of Directors?

In my role as an elected official, I have expressed concerns about the role of Ex-Im Bank in distorting the free market. However, as I stated in my confirmation hearing, I have discussed with both supporters and opponents of Ex-Im Bank whether there is a better role for the Bank to play going forward, with a specific focus on the Bank's role as a true lender of last resort. Should I be confirmed, I will work with the President's economic team to define Ex-Im Bank's future role in assisting American business in financing exports with a minimal distortion of the broader markets.

Senator Heitkamp

2. Given the Ex-Im Bank's ability to reduce risk and help American manufacturers stay globally competitive, Treasury Secretary Nominee Mnuchin stated that he believed "that a quorum is necessary to properly use the Export-Import Bank. A critical focus of the Administration will be to support an America First trade agenda, including supporting a small and medium sized business." The Bank has a strong track record of supporting small and medium sized businesses. According to a 2011 study conducted when the Bank was fully operational, the supply chains of the five largest companies that are exporters of record for Ex-Im Bank identified over 33,000 small and medium sized enterprises that serve as primary suppliers of parts and services incorporated into these larger companies' exports, which rely on Ex-Im financing. As part of my bill reauthorizing the Bank, which passed with overwhelming bipartisan support, we increased the Bank's small and medium sized business authorization amount from 20% to 25%. Unfortunately, due to the lack of a quorum at the Bank, its ability to fully support small and medium sized businesses has been stymied. Do you share Secretary of Treasury nominee Mnuchin's desire to support small and medium sized businesses?

- 1. Do you agree with his statement that a quorum should be constituted so that the Bank can get back to its job of supporting jobs?**
- 2. Do you share President Trump's aggressive approach to growing the U.S. manufacturing base? If so, should the Administration utilize and expand the tools, such as the Ex-Im Bank that currently exist to grow U.S. exports?**

President Trump has made clear that a priority of this Administration will be to support American businesses and bring jobs back to America, especially manufacturing jobs. As a former business owner, I personally know the challenges of running a small business, as well as the importance of creating good paying jobs here in America. Should I be confirmed, I look forward to discussing the future of Ex-Im Bank with President Trump and Treasury Secretary Nominee Mnuchin, as well as doing my part to further the President's goal to support American businesses, both large and small, to create more jobs in America and put America first.

Senator Heitkamp

3. Research, including the Partnership for Public Service's Best Places to Work in the Federal Government rankings, has consistently shown that strong leaders are among the most critical factors in determining workforce effectiveness and organizational health. However, it is also one of the areas where our federal government most dramatically lags behind the private sector. Employees in the federal sector are more likely than their counterparts in private industry to report that their supervisors do not have the leadership and management skills needed to do their jobs effectively. What is your view on the role of OMB in developing and executing a government-wide strategy to ensure that the federal government is identifying and preparing its next generation of leaders?

a. Who should "own" leadership development in the federal government?

I agree that strong leaders are a major driver of employee engagement and organizational health, which both lead to improved performance. It is my understanding that one of OMB's primary responsibilities is improving the outcomes of Federal government programs by providing leadership with regards to effective, evidence-based performance and personnel policies and practices.

Senator Heitkamp

4. The federal government's personnel system dates to 1949 and was last overhauled in a significant way in 1978. No successful organization in 2017 recruits, compensates, manages and rewards employees the way it did in 1978. A major concern is that the General Schedule pay system for federal employees is not market-based; for mission-critical jobs where the demand for talent is greater than the supply (for example, for many jobs in the STEM fields), the federal government may be at a severe disadvantage in attracting and retaining the talent needed because federal compensation is not competitive. What are your views on the need to modernize the civil service system, and federal compensation in particular?

a. What private sector practices should be adopted in the federal context, and conversely, how is the government unique as compared to the private sector?

If confirmed, as OMB Director, I would support a comprehensive effort working with Congress and other key stakeholders to develop recommendations for modernization of our personnel system in order to better align it with the private sector and State and local government.

Senator Heitkamp

5. The results of the government-wide 2016 Federal Employee Viewpoint Survey conducted by OPM show that only one in five federal employees (20.3 percent) believe that "Pay raises depend on how well employees perform their jobs;" less than one out of every three employees (32.0 percent) believes that "In my work unit, differences in performance are recognized in a meaningful way;" and about a quarter (26.7 percent) believe that "...steps are taken to deal with a poor performer who cannot or will not improve." What can be done to help federal departments and agencies do a better job of recognizing superior performance and helping sub-par performers improve or be held accountable?

a. What tools do you believe agencies need and how can OMB play a leadership role in improving performance management across government?

If confirmed, I would work with the management offices of OMB to remove unnecessary management barriers, hold employees accountable for results, and strengthen the management skills of our leaders. As OMB Director, I would work with OPM to explore options to modernize the performance management and compensation system.

Senator Heitkamp

6. The 2016 Best Places to Work in the Federal Government rankings compiled by the Partnership for Public Service and based on OPM's annual Federal Employee Viewpoint Survey show a 17.7-point gap between federal employee satisfaction and the satisfaction and commitment of employees in the private sector. The largest gaps - 24 points - are on the issues of resources and merit-based awards. Less than half of federal employees feel they have sufficient resources to do their jobs, while 70 percent of private sector employees are satisfied on this issue. And just over one-third of federal employees believe that awards in their work unit depend on how well employees do their jobs, compared to 62 percent in the private sector. Best in class private-sector organizations understand that improved employee engagement leads to better performance and improved outcomes. What will you do as OMB Director to support the federal workforce and improve the workplace culture so that federal agencies can meet the private sector standard?

I agree that we want an engaged workforce and that becomes even more critical during a time of increased budget pressure. If confirmed, as OMB Director, I would support a comprehensive effort working with Congress and other key stakeholders to develop recommendations for modernizing our personnel system in order to better align it with the private sector and State and local government, and will engage with agencies to help them and their teams pursue improvements.

Senator Heitkamp

7. The way government provides administrative mission support functions - such as financial management, information technology, human resources, acquisition, and grants management – is broken. There are best practices in industry that government could adopt, but hasn't. A GAO report (GAO-16-477) found that "Moving to shared services can save the federal government billions of dollars as well as reduce duplicative efforts, decrease systems upgrades, and free up resources for mission-critical activities." That is what nearly all Fortune 500 companies do. How can our government reform administrative services to save taxpayer dollars and make government more effective?

If confirmed, I look forward to learning more about ongoing efforts around IT modernization and shared services.

Senator Heitkamp

8. There is a concern that Federal IT systems are in precarious shape – both in terms of duplication, redundancy and waste and the incredible cost and risk associated with legacy systems. While no two federal agencies are the same, IT is one area where the functions, operations and challenges across agencies are strikingly similar. What is the best way to consolidate and modernize IT systems while saving taxpayers money in the long run?

If confirmed, I will explore ideas on how to best direct agencies to identify and prioritize their highest-risk systems, eliminate redundant systems, and examine innovative approaches to solving this problem.

Senator Heitkamp

9. Workforce training and development dollars are an easy target as agencies seek ways to save money, particularly when they are operating under sequestration. The federal workforce is often viewed as a cost, not an asset, and training dollars are among the first to go. Only half of federal employees are satisfied with the training available to help them do their jobs. What will you do to ensure there are adequate resources to train and prepare a "knowledge workforce" to meet challenges today and in the future?

a. How can OMB support agencies in better recognizing and utilizing training resources?

While agencies must manage within their budgets, I understand the importance of workforce training, including identifying training needs and gaps and focusing on the highest priority needs.

Senator Heitkamp

10. The 2010 Government Performance and Results Modernization Act required the administration to establish outcome-oriented, cross-agency priority goals in both policy and management improvement. The Obama administration included a goal dedicated to improving customer service. The goal statement reads, "Deliver world-class customer services to citizens by making it faster and easier for individuals and businesses to complete transactions and have a positive experience with government." We all want our constituents to have a positive experience with government. How will you, as OMB director, promote the use of streamlining, data and technology to improve customer service to the American people?

If confirmed as OMB Director, I will work with agencies to streamline processes and reduce inefficiencies, utilizing data and technology to better address customer's needs.

Senator Heitkamp

11. Only 6 percent of the federal workforce is under age 30, as compared to roughly 25 percent of the total U.S. workforce. Our government needs new talent with fresh skills and creative approaches to solving problems, and a hiring freeze seems inconsistent with this imperative. How would a hiring freeze affect our government's ability to recruit the next generation of young professionals we need to help solve our most complex challenges?

A short-term hiring freeze while OMB and OPM develop a long-term workforce reduction plan should have minimal effects on our government's ability to recruit the next generation of young professionals. In fact, the 90 days specified in the President's Memorandum presents an opportunity for agencies to look at their long-term workforce strategy and make adjustments.

Senator Heitkamp

12. What will be your top three priorities as OMB Director, and how will you know if you have achieved those goals or if you are making progress?

I put the priorities into 2 categories: immediately pressing/logistical and longer-term goals.

Of the immediately pressing matters, clearly the FY2018 budget blueprint and then the full FY2018 budget (due in February and April/May respectively) will be at the top of the to-do list. Following on that, I will need to try to fill out the human capital at OMB, which includes both political and professional slots that need to be filled. Finally, I would very much like to see the organizational chart restructured to, among other things, prioritize the regulatory function (OIRA), which has been de-emphasized over the last several Administrations.

Turning to the longer-term, my first take on goals would be as follows:

- 1) Moving the budget on a trajectory toward balance
- 2) Driving efficiencies into the federal procurement process specifically, and reducing waste generally
- 3) Figuring out how to balance the regulatory function so that cost-benefit analyses can play a vital role in the regulatory climate without ignoring the need for non-quantitative data.

As to how to measure those longer-term goals, the first two should be relatively simple to measure, as they are almost purely quantitative in nature. For example: either our budget will balance sooner than the CBO baseline, or later; procurement savings and waste reduction can be similarly measured. As to the regulatory regime, I admit that the measurement, while certainly having some measurable components, will be more subjective in nature. That is perhaps unavoidable when seeking to combine both quantitative and qualitative analyses.

Senator Heitkamp**13. What is your strategy for developing good leaders and managers within OMB?**

My management style is to provide specific goals and targets to people and then allowing them as much freedom as circumstances (and their own abilities) permit in meeting or exceeding those goals. I am not a micro-manager or a checklist-manager. I recognize that such an approach functions best when it is put to use by self-starting and independent people. I also recognize that self-starting and independent people do not always, by their nature, make the best managers themselves, so – as is so often the case – finding the right people will be critical. The good news is that from all reports, the professional staff at OMB is replete with such talent already. It will be part of my job to supplement that with the appropriate political appointees.

Senator Heitkamp

14. Last year Congress passed, with strong bipartisan support, the Program Management Improvement and Accountability Act PL 114-264 which I coauthored with Senator Ernst. This law requires several actions by the Office of Management and Budget over the next year to improve the management of major programs and projects in the federal government. We owe it to the taxpayers of this country to make sure these programs and projects are completed on time and on budget. What steps will your office take to ensure this law is a success?

a. Are you committed to working with this committee on the implementation of the law?

b. Can this committee expect regular progress updates as this law is implemented?"

I support efforts to improve program and project management and will work to ensure the law is implemented successfully. If confirmed, I will work to implement this legislation in a manner that will ensure program and project managers are held accountable for effective management using objective data and evidence, and that programs are regularly reviewed to ensure they are operating efficiently and addressing important outcomes. I welcome the opportunity to collaborate closely with the Committee as this legislation is implemented, and to provide updates both to Congress, key stakeholders, and the public.

Senator Heitkamp

15. During your time in the House, you co-sponsored legislation to create commissions to review regulations that are outdated or unnecessary but have not co-sponsored legislation that goes much further by preventing agencies from putting forth new regulations unless it repeals old regulations, a one-in, one-out or regulatory budget concept. Does this mean you have concerns about the concept of a regulatory budget as I certainly do and does this put you at odds with President elect Trump's stated intention of getting rid of two regulations for every new regulation?

I believe good analysis can help identify both existing regulations that should be amended or repealed, as well as new regulations worth implementing.

Senator Heitkamp

16. Proposals to institute a so-called regulatory budget have always focused on the cost of regulations to big business and not the benefits of regulations to the public. This will lead to agencies picking the regulation that is least costly for corporate special interests in order to come in "under budget" even if a better alternative that is slightly more costly to corporate special interests provides dramatically higher benefits to the public. Do you agree? Do you believe that agencies should ignore the benefits of clean air, clean water, safe food, safe workplaces, a stable financial system free of wall street fraud and recklessness, etc when deciding whether and how to regulate?

As a general matter agencies should assess and consider both benefits and costs when making regulatory decisions.

Senator Heitkamp

17. How will rules that are the "least costly" to Wall Street help prevent the next financial crash and hold Wall Street accountable?

While costs are an important consideration when assessing the likely impacts of regulations, I believe that benefits—including those associated with effectively managing the systemic risk of our financial system—must also be assessed and considered.

Senator Heitkamp

18. Deregulation of Wall Street cost our economy trillions of dollars, millions of Americans their jobs and their homes. Yet President Trump has promised to pursue a deregulatory agenda that repeals many of the rules issued under Obama. Can you explain how the regulatory budget concept would work regarding deregulatory actions that repeal existing regulations?

- a. How will a regulatory budget take into account the costs of deregulatory measures on the public like those that left Wall Street unregulated prior to the 2008 financial crash?**
- b. Will the regulatory budget contain a loophole for deregulatory measures so it doesn't impact the new president's deregulatory agenda?**
- c. Will a deregulatory measure have to be offset by a new regulatory action in the same way that a regulatory action is offset by repealing an existing regulation?**

While I do not know at this point what particular procedures we will follow, if confirmed I am committed to implementing a regulatory reform process that involves a rigorous review of the stock of existing regulations so that we can modify or repeal those that no longer make sense.

Senator Heitkamp

19. Federal agencies are ultimately accountable to congress because congress writes the laws that the agencies implement through regulation. I am deeply concerned that a regulatory budget will severely impinge on congress' authority. Can you assure me that any regulatory budget that you put in place will not block regulations mandated by congress, often by a certain date, simply because the agency can't find a rule to repeal first?

I fully expect that all agencies will comply with all applicable statutory requirements, including statutory deadlines.

Senator Heitkamp

20. Canada has implemented a regulatory budget but exempted all health, safety, and environmental rules in order to attract support from across party lines. Would this be the right model for a regulatory budget designed under your leadership at OMB?

I am not familiar with the specifics of Canada's approach, and therefore can't comment on whether it is a model to follow.

Senator Heitkamp

21. Two growing communities in my state rely on Essential Air Service to provide transportation options for their residents, which provides important travel options as well as economic stimulus to the businesses in the area. EAS was just renewed in FAA reauthorization. Can you assure me that the administration will continue EAS and implement it according to the law?

I have not yet been engaged in the Administration's ongoing budget development process, and I would need to discuss any recommendations with the President before supporting any specific changes. I look forward to working with you and your colleagues on rural transportation issues.

Senator Heitkamp

22. I was surprised to read that the Trump administration is considering eliminating the Department of Commerce's International Trade Administration (ITA). This is both surprising and concerning given the President's strong rhetoric on holding trading partners accountable, and the ITA is in charge of important trade enforcement activities like antidumping/countervailing duty trade remedies. Are these reports correct?

a. If confirmed, what do you believe will be your role in the administration's plan for carrying out trade enforcement if the reports are accurate?

I have not been involved in internal discussions about the development of the President's Budget so I cannot speak to the accuracy of the reports regarding ITA. However, if confirmed, I look forward to working with members of Congress and my colleagues at other Federal agencies to make sure that critical programs, including those for trade enforcement, are operating as efficiently and effectively as possible.

Senator Heitkamp

23. In your pre-hearing questionnaire, you said that you believe "service reductions may be [a] necessary and appropriate way for the Postal Service to address its financial challenges." You have also said you could potentially support the Postal Service cutting 6-Day delivery. From mail processing plant consolidations, to reductions in post office hours, to the complete elimination of the overnight service standard, the postal customers in rural America have been hit especially hard by cuts over the past few years. The Postal Service serves as a lifeline in rural communities across my home state of North Dakota, and I will continue to fight to have make sure service is protected and improved. Last fall, Senator McCaskill and I learned through our GAO study (GAO-16-811) request that rural communities continue to rely on the Postal Service regardless of their access to broadband. There is simply no substitute for the Postal Service in rural communities. As a Representative of a rural district in South Carolina, how will you work to ensure that rural communities are protected under the universal service obligation?

The Postal Service provides an important service – particularly in rural communities like ours – but is also facing financial challenges that must be addressed. I believe that in my responses to the original questionnaire I simply listed various reforms that have been suggested, without indicating a preference for any particular proposal. What I tried to convey, and believe, is that a combination of reforms may be necessary in order to ensure that the Postal Service is able to continue operating and providing that needed service in the future. Restoring the Postal Service to profitability is the best way to ensure that all communities continue to receive adequate service.

Senator Heitkamp

24. Since coming to Congress in 2011, you have voted against raising the debt ceiling four times and gone on record questioning whether failing to raise the debt ceiling would have a negative impact on the U.S. economy. At the same time, the Administration's nominee for Treasury Secretary, Steve Mnuchin, said during his hearing last week that honoring U.S. debt was "the most important thing of all" and that the debt ceiling needs to be raised sooner rather than later. When asked about prioritization of debt payments, Mr. Mnuchin was clear: the money has already been spent and we need to pay all of our debts. As the person responsible for producing the federal budget, overseeing and evaluating executive branch agencies and otherwise advising the president on fiscal matters, what advice would you give the President when it comes to raising the debt limit?

a. What do you believe would be the consequence of failing to raise the debt limit? Do you believe, as the overwhelming majority of economists do, that failing to raise the debt limit would shake the public's faith in our creditworthiness and likely raise rates for the United States to borrow, causing our debt to swell further?

b. If you support raising the debt ceiling if associated cuts to spending are included, what cuts would you recommend making? Would you cut some of the largest drivers of our debt, which include Medicare/Medicaid spending along with Social Security?

c. Many of President Trump's proposals are projected to balloon federal deficits, including a \$7 trillion cut in individual and corporate income taxes, hundreds of billions in infrastructure subsidies and other major spending expansions. How do you propose addressing the debt limit in light of these spending priorities?

Bumping up against the debt ceiling is undesirable. As I have said previously, I believe that defaulting on America's debts would have grave worldwide economic consequences. I am optimistic that the President will be able to work with the Congress to address the debt limit in a timely manner, and I will counsel the President on the ramifications of raising the debt ceiling and not raising it so that he can make the best decision possible.

In response to your questions about spending cuts and deficits, I believe the role of the Director of OMB is to present hard facts to the President about the drivers of our country's fiscal challenges. I will advocate for budget policies that address these challenges while supporting the President's priorities.

Senator Heitkamp

25. Rural America, and farmers and ranchers in particular, are facing new challenges as commodity prices have dropped more than 40% over the last three years. The impact of this downturn is already being felt by other parts of the rural economy as farmers are cutting costs to stay afloat. Crop insurance is one thing farmers continue to tell us is critical to their ability to obtain the operating capital they need to put a crop in the ground. Despite this economic downturn in rural areas, we've seen OMB under previous Administrations attempt to cut billions from crop insurance. Often these cuts have been proposed without even discussing their potential impact with the experts at USDA's Risk Management Agency, which administers crop insurance. Will OMB under your guidance continue to recommend cuts to crop insurance, despite the pain being felt by America's farmers and ranchers?

a. If so, what do you expect the impact of such cuts to be on rural economies?

b. As Director, what role do you see in working with the agencies that actually understand programs and their use in rural America plays in developing budgets?

I am aware that crop insurance is a popular and important program to farmers and rural communities. If confirmed, I would have my staff continue to work with Departments and Agencies to evaluate all Federal programs, including crop insurance.

Senator Heitkamp

26. After reading through your policy questionnaire, I appreciate your position on instituting the practice of retrospective review as a regular part of the regulatory process. I agree with you that agencies should review their rules on regular bases to determine whether regulations are in fact achieving their regulatory objective. Having worked extensively on these issues, and being someone who advocates for commonsense regulatory reform, would you describe how you would advise the President on implementing a "one-in-two-out" regulatory scheme without compromising public health and safety?

I believe that a full understanding of the benefits and costs of regulatory choices minimizes the chances that public health and safety are compromised.

Senator Heitkamp

27. In the past, you have supported regulatory reform proposals such as the Regulatory Accountability Act, REINS and the Small Business Regulatory Flexibility Improvement Act. All of these proposals, in general terms, add requirements to the regulatory process. Some of these requirements can work to improve the quality of regulations, but they can also work to further slow-down the regulatory process. Do you worry that slowdowns in the regulatory process have the potential to harm public health and safety, as well as certainty for businesses?

I believe that a full understanding of the likely benefits and cost of regulations is essential to making sure we get them right. I acknowledge that analysis can take time, but given that regulations are often in place for a very long time, and the risks of getting it wrong, it is usually prudent not to rush the process. I am confident that any additional regulatory review will not come at the expense of public health and safety, or create undue economic uncertainty.

Senator Heitkamp

28. How do we balance the need to improve the regulatory process to make it more effective with the need to provide business certainty, a level playing field and safety and health for our families?

I agree that a balanced approach to regulation is vital and believe that it is not only possible, but also necessary to have a regulatory system that protects the safety and health of our citizens without imposing unnecessary costs that are a drag on our economy and often disproportionately affect small businesses.

Senator Heitkamp

29. Can you assure me that any regulatory budget that you put in place will not block regulations mandated by Congress, often by a certain date, simply because the agency can't find a rule to repeal first?

Yes.

Senator Heitkamp

30. Over the past several years, I worked closely with the last OMB director to make sure critical flood control projects in North Dakota – in Fargo and Minot – get the permanent federal support these communities need. I hope to be able to continue to work with you on this effort. Will you commit to continuing to support these critical flood control projects that will protect thousands of North Dakotans from potential floods?

I appreciate the conversation we had in your office about the importance of flood control projects in North Dakota, particularly in Fargo and Minot. While I can't commit to particular future funding levels, I can commit to seriously reviewing flood control needs in each budget year in conjunction with other budget priorities, and look forward to continued discussions with you and your staff about this important issue.

Senator Heitkamp

31. I have some concerns with your past support of budget cuts that include the elimination of the Economic Development Administration (EDA). More than \$34 million in direct EDA investments have been made in North Dakota since 2009. Elimination of these funds would be disproportionately detrimental to my state's rural and native populations who are in receipt of this funding with no way to make up a significant funding shortfall should EDA cease to exist. EDA has also been critically important in areas of North Dakota that have been impacted by presidentially declared natural disasters, allowing communities and businesses to get back on their feet. What is your commitment to rural communities who rely on these funds as a means to bolster economic development in otherwise disadvantaged areas?

I recognize the unique economic challenges faced by rural communities. To best serve these communities, I believe we need to evaluate all Federal economic development programs, including the Economic Development Administration, to ensure they are being used to maximum effect and avoiding duplication. If confirmed, I look forward to working with members of Congress and my colleagues at other Federal agencies to make sure these programs, including those serving rural communities, are operating as efficiently and effectively as possible.

Senator Peters

1. If confirmed, part of your job as OMB Director is to look across government agencies for opportunities to minimize waste and unnecessary duplication. One success story is at NASA, where we have consolidated all civil spacecraft development work.

For example, when NOAA or the United States Geological Service needs a replacement satellite, NASA actually develops and acquires the spacecraft on the agency's behalf since NASA has the expertise. Yet some people have suggested the Trump administration should move all of NASA's work on Earth observing spacecraft to other agencies.

As OMB director, would you support moving Earth observing satellite activities and missions from NASA to other government agencies, given that it would mean having to stand up duplicative civil spacecraft development capabilities at multiple agencies, versus the current approach where it's consolidated at NASA?

I share your concern regarding the potential duplication of capabilities between agencies. I have not explored the issue of satellite development in detail. However, in general I support the most efficient use of taxpayer money, including managing large procurements in a cost-effective way.

Senator Peters

2. For the last 75 years, the Federal Government has played a major role in funding early-stage research and development, which has provided significant returns by creating and advancing major industries such as computing, aerospace, and biotechnology.

The government funds basic science because it drives the economy, improves our daily lives, and keeps us safe. It is crucial that the government continue funding early stage research because today's companies generally won't invest in research that doesn't show an immediate return or is so fundamental it will benefit everyone and not give them a particular advantage.

Do you believe the Federal government plays an important role in growing the economy by investing in science and technology?

I believe there is a proper role for the federal government in research, especially in areas not addressed by the private sector. As OMB Director, I will look at government research funding in terms of what we can get for taxpayer dollars to support our national interests.

Senator Peters

3. Decision-makers on both sides of the aisle criticize the Environmental Protection Agency for not moving fast enough to improve and strengthen safe drinking water standards related to lead. There is no safe level of lead in the human body, especially for young children and pregnant mothers. Do you support improving regulations and creating new standards in order to reduce and eliminate lead in our water and housing materials?

If confirmed, I look forward to working with the President, Congress, the EPA, and public stakeholders on how best to address drinking water standards and aging drinking water infrastructure to limit exposure to harmful levels of lead.

Senator Peters

4. Do you think benefits as well as costs should be taken into account when developing regulations? Do you think benefits that cannot be quantified should be taken into account? Why?

Benefits as well as costs should always be taken into account. The fact that an effect is difficult to quantify does not disqualify it from consideration; however, agencies should strive to quantify the impacts of their actions to the greatest extent possible.

Senator Peters

5. Congress has passed a series of laws establishing minimum energy conservation standards for consumer products and commercial and industrial equipment. Standards adopted as a result saved American consumers \$63 billion on their utility bills in 2015. U.S. manufacturers have led the world in producing appliances and equipment that save people money and make their lives easier, in part thanks to these standards that spur innovation. Do you support reviewing and developing new standards so that businesses can have the certainty needed to keep creating new and improved products?

The Office of Information and Regulatory Affairs (OIRA) of OMB is responsible for reviewing and coordinating the interagency review of agency draft regulations prior to being issued to the public in the Federal Register. I look forward to learning more about existing energy conservation standards, and expect that any new standards would be subject to OIRA review.

Senator Peters

6. You voted for the Regulatory Accountability Act several times in the past. The Congressional Budget Office has estimated that this would raise federal spending by \$70 million between 2014 and 2018 as agencies comply with new red tape under this Act. Is it your view that increasing red tape and wasting agency resources is an efficient way to guide executive agencies? If not, please explain your support for this bill.

If confirmed, I look forward to working with the Congress on regulatory reform legislation that improves the rule making process and reduces burdens on the American public, while still achieving the regulatory purposes intended by Congress.

Senator Harris

1. During your time in Congress, you have voted several times for the repeal of the ACA, correct?

a. Are you aware that 1 out of 2 children in California are covered by Media-Cal, which is California's Medicaid program?¹

b. Do you agree that repeal of the ACA could do serious damage to the Medicaid program these children rely on?

c. If you are confirmed as OMB Director, you will play a major role in determining the nation's health policy, will you commit to ensuring that whatever program the President creates actually protects these 5.2 million kids and ensures they get the healthcare they need?

1/ <http://californiahealthline.org/morning-breakout/half-of-calif-kids-enrolled-in-medical-raising-concerns-about-access/>

In the past, I have supported repealing the ACA and replacing it with something that makes health care more affordable. If confirmed as OMB director, I look forward to working with Congress and my colleagues throughout the Executive Branch on a comprehensive, fiscally responsible approach to replacing the Affordable Care Act and driving innovation and transparency in our healthcare system.

Senator Harris

2. I appreciate that in your opening statement you assert that, "The government isn't just about numbers. A strong healthy economy allows us to protect our most vulnerable." In California, the upcoming budget sequester could lead to a loss of \$88 million for K-12 funding and 8,200 preschoolers and toddlers not getting access to school services because of cuts to Head Start. This loss is very real for the people affected. What this means is teachers are laid off, classrooms are closed, and children don't have buses to get to school. Since your opening statement speaks to protecting our most vulnerable, can you commit to ensuring that these vulnerable children will not be harmed by the budget you put forward on behalf of the President?

I have not yet been engaged in budget development and cannot comment at this time on the nature of proposals that will be included in the 2018 President's Budget. If confirmed, I look forward to working with members of this Committee and other members of Congress to develop and implement proposals that will promote economic growth and protect vulnerable Americans.

Senator Harris

3. You were here during the government shutdown of 2013 that happened over whether the budget would defund Obamacare, is that correct?

a. According to Standard and Poor's, that government shutdown that lasted 16 days cost the economy \$24 billion. You have also said that Congress should be willing to shut down the government, if need be, in pursuit of the defunding of Planned Parenthood, is that correct?

b. If the Senate Democrats were unwilling to go along with defunding of Planned Parenthood, would it be worthwhile, in your opinion, to shut down the government?

In response to your first question, I believe the last spending bill the House sent the Senate before government funding expired on September 30, 2013 included only a one-year delay in the individual mandate of the ACA, not a defunding of the entire plan. The House likewise sent numerous, smaller funding bills that would have kept the overwhelming majority of the government “open,” as of October 1, but the Senate refused to take up any of these bills, or offer its own funding bills.

As I mentioned in my hearing, I believe that a government shutdown is never a desirable end, and I do not intend to recommend to the President that we negotiate or govern by crisis.

Furthermore, if confirmed, I stand ready to continue to work with Democrats, as I have done in the past, on these and other issues.

Senator Harris

4. A government shutdown would have a profound impact in California, which is the world's sixth largest economy. Here are just a few of the things that were at risk and will continue to be at risk if we go into another shutdown:

- **Food stamps for 2.1 million Californians. When is at the checkout line at the grocery store, they might not be able to go home with the loaf of bread or carton of milk their families need.**
- **400,000 California families rely on the \$566 million that funds the Child Care Block Grant. Without reliable childcare, parents will have no way to make sure their child is safe while they go to work.**
- **Funding for 459,000 families on Temporary Assistance for Needy Families (TANF). This means a parent who has been looking for a job in order to put food on the table may be further away from getting a real paycheck.**
- **\$1.3 billion for the Women, Infants, and Children program to provide nutritious options for families. Mothers who will walk into the grocery store and not be able to buy the healthy food they need for their babies and kids.**

These are real impacts on real people who cannot understand why Congress would allow the government to be shutdown. Are you still willing to say that you would shut down the government over policies that you are ideologically opposed to?

As I note above, I believe that a government shutdown is never a desirable end. As I mentioned in my hearing, my commitment, if confirmed, is to try to advise the President to the best of my ability and then enforce the policies that he sets.

Senator Harris

5. I appreciate your disclosing to the committee that you had an approximately \$15,000 FICA tax delinquency for a household employee you employed a decade ago. You have characterized this tax delinquency as a "shortfall" and have since paid the amount due, correct?

Correct, though I am still awaiting a calculation of late fees, penalties, and interest.

a. But as a state legislator, you co-sponsored legislation to prohibit anyone from appearing on ballot who had not filed federal and state taxes in the prior 10 years, is that correct?

Generally yes, though I believe the state legislation was specifically targeted to those who did not file any income tax returns at all. This was, if I recall correctly, aimed at a particular circumstance in SC at that time.

b. And as a member of Congress, you have voted for the Federal Employee Tax Accountability Act, which would authorize the termination of any federal employee with a serious tax delinquency, is that correct?

Yes.

c. You also spoke on the floor in favor of this bill and as part of your rationale stated, "It is simply trying to reaffirm for people back home that we are not crazy and that we are not running this country in any mindless fashion, that we actually do pay attention to the folks back home." Is that correct?

I don't recall the particular floor speech you mention, but I have regularly used verbiage of that sort.

d. You have been very engaged on penalizing people who do not pay their taxes for a very long part of your career. So my question is, according to the high standard you have had for so many years on this issue, do you believe that you meet your own standard?

I do. The bills you reference were designed to encourage those seeking public office (via election or appointment) to bring their taxes into compliance with the law and to discourage recalcitrant tax cheats from taking positions with government. I do not believe that my circumstance, while admittedly a clear error on my part, falls into the same category. I have filed my taxes in a timely manner my entire life. As to the error on the household employee, I self-reported the mistake as soon as I became aware of it, informed the incoming Administration, this committee, and the IRS, and took immediate steps to redress the nonpayment of tax.

Senator Harris

6. The EPA and leading scientists throughout the world have long concluded that mercury is a neurotoxin. They've also concluded that exposure at high levels can harm the brain, heart, kidneys, lungs, and immune systems of humans. According to the National Academy of Sciences, an estimated 60,000 babies born each year in the U.S. are at risk for adverse neurodevelopmental effects due to exposure to mercury in utero. Coal-fired power plants are the largest source of mercury contamination in the U.S.

a. In 2011, the EPA issued a rule called the Mercury and Air Toxics Standards (MATS), which outlines steps that coal-fired power plants must take to reduce emissions. MATS also requires that emissions of acid gases and other highly toxic metals such as cadmium, arsenic, selenium are reduced. Since this rule was issued, the EPA estimate that as many as 11,000 premature deaths each year have been prevented. Do you agree that this was a victory for public health and that the American people should be protected from exposure to these toxins?

b. Power plants can use readily available and cost-effective control technology to reduce these emissions. The EPA estimated that the American public got \$3 to \$9 in public health benefits for every \$1 the industry spent. Furthermore, during the time that power plants were coming into compliance with MATS, real retail electric power prices rose by less than 0.5%.²As a result, MATS did not make power prices unreasonably high for consumers. In addition, the non-profit North American Electric Reliability Corporation concluded that MATS did not interfere with the electric power industry's ability to maintain electric reliability, again a positive for consumers.³Do you agree that, while the industry did bear a cost to implement MATS, the value of the public health benefits that this rule brought, far exceed the cost of implementation?

c. If confirmed as OMB Director, do you promise that OMB will continue to assist in the EPA's implementation of this rule that is bringing tangible public health benefits to communities nationwide?

^{2/} EIA, Electric Power Monthly, Table 5.3 Average Price of Electricity to Ultimate Customers, 2012 to October 2016. (converted from nominal to real dollars.)

^{3/} [http://www.nerc.com/pa/RAPA/PA/Performance Analysis DL/2016_SOR_Report_Final_v1.pdf](http://www.nerc.com/pa/RAPA/PA/Performance%20Analysis%20DL/2016_SOR_Report_Final_v1.pdf), and, [http://www.nerc.com/comm/PC/Reliability Assessment Subcommittee RAS 2013/WRA 2016_2017_final.pdf](http://www.nerc.com/comm/PC/Reliability%20Assessment%20Subcommittee%20RAS%202013/WRA%202016_2017_final.pdf)

a. I look forward to learning more about the benefits and costs, including estimated benefits, of MATS and similar rules, though I am not currently familiar enough to comment.

b. I am not sufficiently familiar with MATS to be able to comment on the costs and benefits of this rule.

c. If confirmed, I look forward to working with the President, Congress, the EPA, and public stakeholders on how best to bring tangible public health benefits to communities nationwide.

Senator Harris

7. You said in your opening statement that "it is the OMB Director's responsibility to tell you – and the President – the truth, even when that might be hard to hear." Speaking hard truths requires discerning truth from complicated sets of facts. On your Congressional website, you wrote that claims regarding global warming are "baseless" and "based on questionable science." Yet, peer-reviewed scientific journals show that 97 percent or more of actively published climate scientists agree that climate warning trends over the past century are extremely likely due to human activities. Is your position on climate change, which is out-of-line with the vast majority of scientific opinion, an example of your speaking a "hard" truth?

a. If yes, what facts do you adduce to your position, which contradicts the scientific consensus?

b. When reviewing and approving complicated regulations through OMB's Office of Information and Regulatory Affairs, would you rely on your ability to discern truth even when it contradicts experts' consensus?

c. Would you use your position at OMB to preference your political position on climate change or would you rely on the scientific consensus when reviewing and approving regulations?

It is my understanding that the global climate is changing. I know there are various studies that challenge the veracity of anthropogenic climate change, but I am not familiar with any of them specifically. If confirmed, I will commit to providing the President with options based on objective evidence.

Senator Harris

8. Multiple news organizations reported that President Trump has prohibited employees at the Environmental Protection Agency, U.S. Department of Agriculture, U.S. Department of Transportation, U.S. Department of the Interior, and U.S. Department of Health & Human Services from issuing any new communications, including press releases, posts to the organizations' blogs, and posts to the organizations' social media accounts. While the White House has denied this, the possibility that it could happen is concerning. Federal agencies are ultimately accountable to the people of the United States, but this accountability cannot happen if executive is purposefully stopping information from flowing to the public and the press.

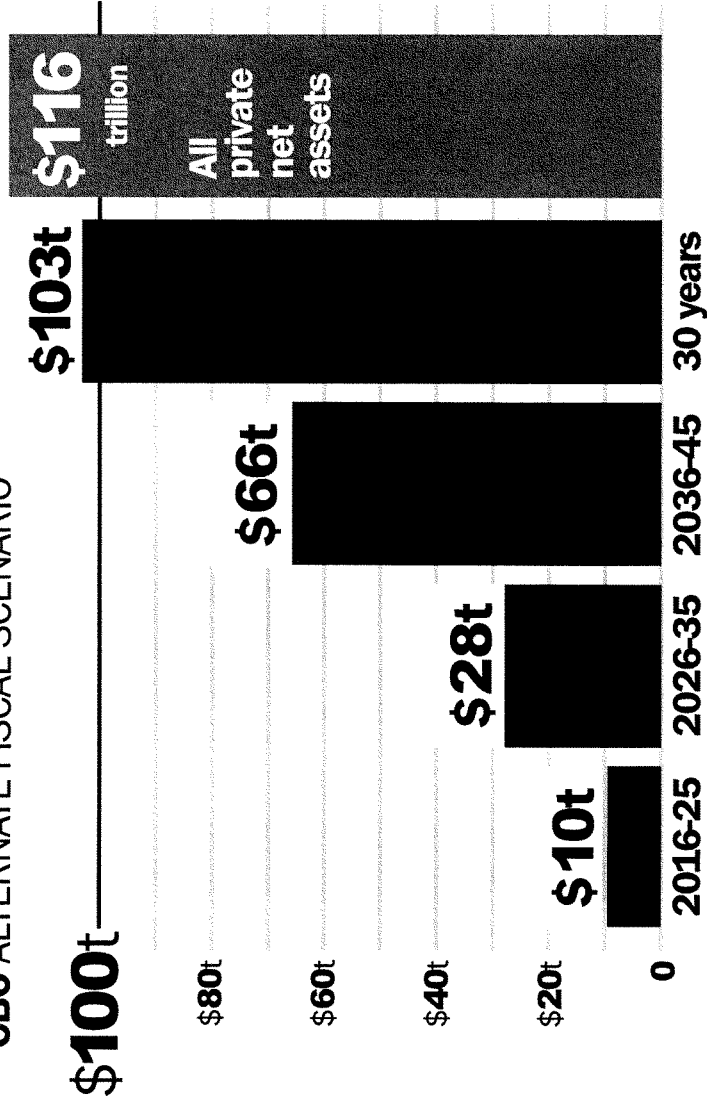
a. Do you consider the stemming of information about the executive branch to the public, press, and, reportedly, to Congress a good management policy?

b. Are you concerned about the morale of federal employees who are, essentially, being told not to do their jobs?

While I believe that transparency in the Federal government is important, I have not been privy to any discussions related to the stemming of information. Supporting employee morale will be an important goal for me if confirmed as OMB Director as I seek to attract and retain talented employees to support the President's budget and policy priorities.

30-YEAR PROJECTED DEFICITS

CBO ALTERNATE FISCAL SCENARIO

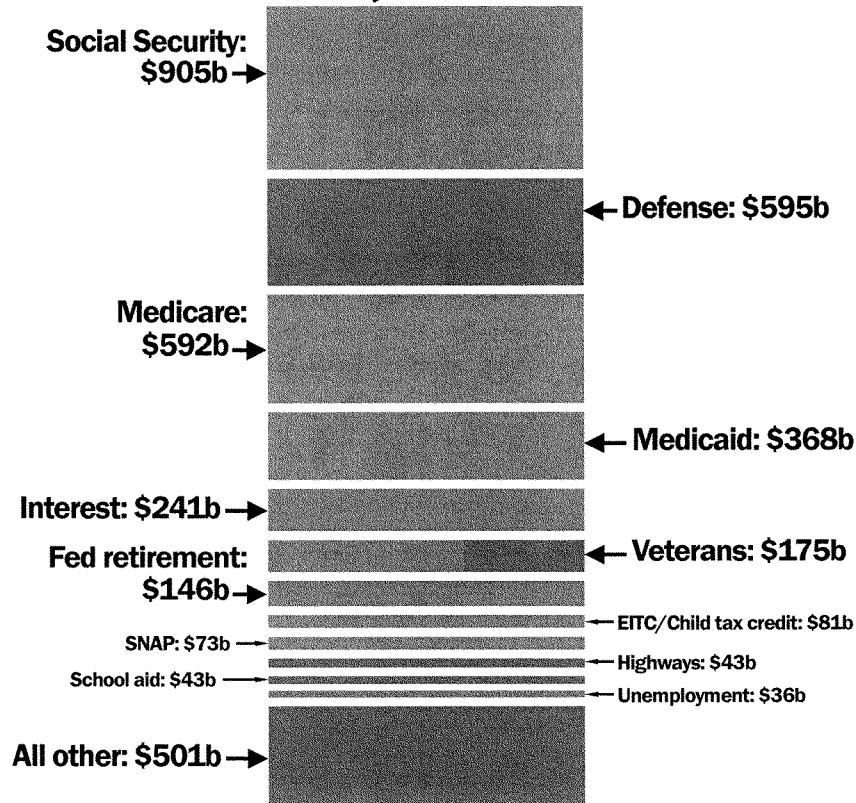


RON JOHNSON
ILLUSTRATE

Congressional Budget Office, Office of Management and Budget, Federal Reserve

FEDERAL BUDGET FY16

\$3,854 billion



Treasury Bureau of the Fiscal Service, Congressional Budget Office



INCOME STATEMENT for the federal government: FY2016 to FY2045

Congressional Budget Office's alternative fiscal scenario
(dollars in billions)

	OUTLAYS			REVENUE			DEFICIT		
		% GDP	% total		% GDP	% total		% GDP	% total
Social Security	\$65,284	5.9%	21.7%	\$51,187	4.7%	25.8%	(\$14,096)	1.3%	13.7%
Medicare	49,219	4.5%	16.3%	15,569	1.4%	7.9%	(33,650)	3.1%	32.6%
	114,503	10.4%	38.0%	66,757	6.1%	33.7%	(47,746)	4.3%	46.3%
Outlays:									
Defense	37,151	3.4%	12.3%						
Nondef discretionary	36,251	3.3%	12.0%						
Medicaid/Obamacare	29,708	2.7%	9.9%						
Mandatory: other	28,785	2.6%	9.6%						
Interest expense	54,982	5.0%	18.2%						
	186,876	17.0%	62.0%						
Revenue:									
Individual income tax				101,935	9.3%	51.4%			
Corporate tax				17,189	1.6%	8.7%			
Excise taxes				3,706	0.3%	1.9%			
Estate and gift tax				1,004	0.1%	0.5%			
Custom fees, duties				2,496	0.2%	1.3%			
Miscellaneous rev				5,179	0.5%	2.6%			
				131,510	12.0%	66.3%	(55,367)	5.0%	53.7%
Total rev, outlays, deficit:	301,379	27.4%	100.0%	198,266	18.1%	100.0%	(103,113)	9.4%	100.0%
30-yr GDP: 1,098,100									

Source: CBO, Long-Term Budget Outlook (June 2015)
Note: CBO all-far holds revenue steady at 18.1% of GDP after 2024. CBO provides no source breakdown except for payroll tax components. We extrapolate trends 2020-2025 in individual nonpayroll source as a proportion of nonpayroll projected revenue.