

**NOMINATION HEARING FOR MITCHELL E. DANIELS, JR.**  
**Chairman Joseph Lieberman**  
January 19, 2001 – 10:30 AM

The Committee will please come to order.

First, I would like to extend a warm welcome to Senators Carper and Carnahan, the two newest members of our Committee. We're pleased to have you join us and we look forward to sharing ideas and working through Committee issues with both of you.

This morning we are holding a hearing to consider the nomination of Mitchell E. Daniels, Jr., to be Director of the Office of Management and Budget. Mr. Daniels, welcome. We're happy to have you with us today.

As you know, the job to which you are being nominated is a pivotal and demanding one. OMB has authority far more sweeping than anyone outside government realizes. As OMB director, you will recommend where every federal dollar is spent and help oversee how every federal program is managed. You will have a leading role in shaping far more than just the annual budget. You will be formulating national policy.

With that in mind, let me say that I hope one of your guiding principles will be fiscal discipline. We've seen extraordinary economic growth over the last eight years, and I'm convinced it has been fueled in no small part by the whittling of interest rates - made possible by a shrinking national debt and growing government surpluses. It strikes me as wise counsel to continue with the policies that got us to where we are today, which means using the surplus to continue to pay down the debt, investing wisely in critical domestic programs like education and defense, and enacting tax cuts that give relief to the working families of America who have continued to be hard-pressed, even in the good economy.

I find it particularly difficult to justify a massive tax cut - at a time when we are experiencing a modest economic slowdown and where the exact size of a future surplus is unclear. So, I offer a word of caution and hope that the next OMB Director recognizes the value of debt reduction - the brake it has put on inflation and interest rates, the wealth it has created, and the confidence it has bred. Let's use today's surplus to make the future of America and Americans more secure.

OMB's most pressing new responsibility may be managing the government's information policies, including the shift to digital government - or, as we call it, "e-Government." E-Government will harness information technology to bring government closer to its citizens and citizens closer to their government - stimulating a broader knowledge base, greater efficiency and financial savings along the way. I was pleased to see both Presidential candidates talking about high technology's role in the operations of government during last year's campaign. Senator Thompson and I have been working together on a range of e-Government proposals and I hope the Committee will report out, and the Congress will pass bipartisan legislation this year. I hope that the OMB will provide its expert guidance along the way.

As to management, one of the OMB Director's chief duties is to ensure that agencies implement the performance and accounting laws designed to give taxpayers as muscular a government as possible. These laws - which include the Government Performance and Results Act, the Chief Financial Officers Act, the Clinger-Cohen Act and the Inspectors General Act - create a framework that addresses nearly every key aspect of agency operations.

The Committee is proud of its role in developing these laws, and we will pursue their implementation with vigilance, for these are the laws that will spur the government to high-performance, with clearly-defined missions that end in visible results. I trust the Committee, the OMB, and the agencies will work together, as we have in the past, to prepare for the management tests that lay ahead - at a time when taxpayers expect the most value for the least cost.

Finally, let me discuss OMB's oversight of the executive-branch regulatory process. From my perspective, this is one of the most consequential roles played by OMB - through the Office of Information and Regulatory Affairs. If confirmed, Mr. Daniels, you will supervise the review of rules that provide critical protections to public health, worker safety, consumers, and the environment. This Committee was actively involved in sorting out problems in the early years of regulatory review, problems that undermined public trust in the fairness of the process. I ask you to be vigilant and oppose those who would use the process as a "conduit" to influence rule-making off the record and without disclosure. Regulatory agencies must have the capacity to do what Congress has asked them to do to protect the public interest.

We on the Governmental Affairs Committee and you at OMB have a lot of work to do together. We look forward to forging a partnership with you on these important matters.