

# Dr. Orszag Testimony Before Senate Committee Provides Insight to OMB's Changing Role

Posted At : January 26, 2009 12:00 PM | Posted By : Jeremy Potter

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The Senate recently confirmed [Dr. Peter Orszag](#) to lead the Office of Management and Budget (OMB), so I took a look at his testimony to parse out some perspective on what to expect. Paging through the inauguration address and days of Senate testimony for the new administration can create a list mentality, it is easy for us to list the different areas mentioned which will affect our jobs or our community. Orszag's testimony was a bit different in that OMB's role and influence is interwoven in many different areas of program management, oversight, budgets and contracting. Pardon me if this sounds like a summary of the main points of his testimony, but I'm trying to pull out the valuable information while staying true to his actual comments.

## OMB Version 2.0

Orszag identified his top priority as government performance; proposing an OMB Version 2.0 "where the two arms of the agency" – performance and budgeting become better integrated. As we've been pointing out, the Obama administration and many Congressional committees will be requiring a closer relationship between funding and results. As such, vendors who can provide their government counterparts with on-going metrics about a program's performances, results, and projected spending will have a much easier time supporting their work before administration and Congressional officials. Expect a greater focus on hitting incremental, measurable goals rather than waiting for a final product, report or solution to be delivered before program success is measured.

## 4 Topics Prior to Committee Questioning

In his opening statement, Orszag also identified the key areas his organization is likely to prioritize moving forward. These 4 are: procurement and contracting, human capital, information technology (IT), and financial management. I will quickly identify the key points in each area.

- **Procurement and contracting** – As the dollar value of federal contracts continues to increase (doubling in the last 8 years); the number of contract officers has remained relatively steady at 28,000. Orszag intends to improve the quality and quantity of the federal acquisition workforce. Secondly, OMB understands a need for technology to promote transparency in this area. Vendors can expect contracting officers to have quick turn-around timeframes for posting award information (and perhaps actually contract documents) to the web. A test run of this may be implemented around the economic stimulus spending, assuming it is approved. Later in response to a question he said, "It is absolutely OMB's responsibility to provide oversight and guidance on procurement issues."
- **Human Capital** – As alluded to previously in his testimony, Orszag sees a connection between improving performance and balancing the capacity of the federal workforce. An improved hiring process is likely to try to offset the retirement crisis over the next few years.
- **Information Technology** – According to Orszag, both the non-classified and intelligence community spend greater than \$100 Billion on IT. As IT investments, these projects can provide much better transparency and interactive with the American public. "IT investments have not been well integrated into the budget process...and have often not been aligned with agency missions," said Orszag. Vendors should expect stronger management and auditing likely leading to greater oversight by all parties and an increased focus on cyber security in all IT projects.
- **Financial Management** – Lastly, Orszag identified problems with improper payments, the need for recovery auditing and an overhaul of real property management. OMB supports stronger incentives for enforcement and is looking to aggressively explore savings opportunities. Looks for some of these opportunities to be in the area of real property holdings. Vendors can look for opportunities around the selling or reconstitution of unused properties as well as the need for better real property and asset management.

### **Lieberman: OMB and the Proposed Stimulus Package**

Senator Lieberman (I-CT) asked Dr. Orszag about oversight and management of both the remaining TARP funds and the proposed economic stimulus funding. According to Orszag, OMB is considered special oversight and auditing processes. For example, a web site created to contain information about the contracts, potentially including electronic copies of the contracts themselves. Secondly, "a special board – an oversight board" could be created composed of department inspectors general (IGs) and chaired by the Chief Performance Officer (CPO). This board would be in place for review and oversight of the web site and ultimately of the spending reports.

### **Collins: OMB and IT investment Oversight**

Senator Collins (R-ME) asked Dr. Orszag about how OMB can better exercise oversight to get IT contracts back on track. Orszag proposed several steps from personnel to process solutions. One of the issues under evaluation is whether OMB needs a Chief Information Officer (CIO) or if the E-gov administrator is sufficient. Also, IT investments need to be better aligned with agency budgets (as we heard earlier). Orszag said the Exhibit 300s are sort of in a world of their own – agency by agency and not aligned with the non-IT part of the budget process. He would align IT and non-IT focusing on what's being accomplished overall. Lastly, he identified the need for greater oversight and auditing of performance throughout IT investments and many other areas as well in what he called "sustained focus".

Overall, Dr. Orszag supported much of what President Obama has been predicting regarding reporting, accountability and transparency in the budget and contracting processes. I'll say it again - vendors should expect a greater focus on performance and results. Also, any increase in oversight of contract spending could great more delays or headaches for contracting officials if it's not also coupled with efficiency reviews. I would expect there to be an adjustment period while many of these new cultural changes take place.