



To: Senate Staff
From: OMB Watch
Re: Suggested Questions for OMB Director Nominee Nussle
Date: July 16, 2007

This memo contains background information on the policy positions and record of Jim Nussle, former Chairman of the House Budget Committee and nominee for OMB director. The memo covers both fiscal policy and regulatory and management issues – the prime functions of the Office of Management and Budget. It is organized with potential questions for the nominee during hearings and additional information about OMB Watch's position on the different issue areas.

FISCAL POLICY

Fiscal Discipline

1. President Bush has described you as a "strong advocate for fiscal discipline and a champion of tax cuts." As a strong advocate for fiscal discipline, what is your view of the relationship between fiscal discipline and tax cuts?

OMB Watch Perspective: When fiscal discipline and tax cuts for the most wealthy in society are made synonymous, the federal budget must be balanced on the backs of regular Americans. In the president's FY 2008 budget, for instance, slashing investments in children's health care, education, nutrition supports, cancer research, housing, environmental protection, and home energy assistance and many other areas was proposed to balance the budget in order to continue the president's tax cut policies. This unrealistic position neglects urgent needs, sacrificing investments in improving the quality of life of all Americans to extend irresponsible tax cuts, and expands the use of budget gimmicks and omissions to feign fiscal responsibility. Balancing the budget and reducing both the deficit and the national debt are worthy goals, and all options, including adjustments to federal revenues, should be considered as acceptable options.

2. During your six-year tenure as House Budget Committee chair, the national debt increased from about \$5.5 to nearly \$9 trillion dollars, as increase of roughly 40 percent. How does this reflect on your effectiveness as an "advocate for fiscal discipline"?

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Implementing and Negotiating Appropriations and Budget Bills

“[Sen. Judd] Gregg expressed support for the \$840 billion discretionary spending cap proposed by the president... House Budget Chairman Jim Nussle, R-Iowa, suggested that the president may have to step in to enforce spending limits with veto threats. “I think we’re going to need some help up here,” Nussle said, noting the details are on the table, but the overall limits are ‘not negotiable.’”

– CQ TODAY, Feb. 8, 2005

1. Given the current jockeying over the FY 2008 appropriations bills, with the president vowing to veto any bills he believes will increase spending above his discretionary spending limits, do you believe, as you did in FY 2006, that these limits are “not negotiable”? If so, what is your roadmap for enacting the current FY 2008 budget appropriations bills?
2. Do you support the president's intention to veto any appropriations bill that exceeds his request?

OMB Watch Perspective: The president should be prepared to negotiate with Congress on appropriations bills and other budget legislation. Refusing to compromise will yield results that will not satisfy either Congress or the President, including continuing resolutions and long delays enacting federal agencies funds. Federal agencies may have to be shut down, or all appropriations bills may be lumped together in an omnibus bill. The Congressional budget proposal is reasonable and fiscally responsible and prioritizes funding for programs that meet public needs.

2. For six years, you served Chairman of the House Budget Committee, during which time you failed twice to reach agreement with the Senate on a joint resolution. A third agreement you managed last year was so controversial that it barely cleared the House and was never called up for a vote in the Senate – causing significant delays in passing the federal budget. These delays created an uncertain funding environment in federal agencies and cuts to certain programs under the continuing resolutions passed during the delay. Because of this, the job of funding most of the federal government was left to the new Congress when it convened this past January. Given that you batted .500 in passing a budget during the years that your party was in control of both Houses of Congress and the White House, do you intend to approach budget negotiations differently in order to have a better success rate as OMB director? If yes, how?

Long-Term Fiscal Imbalance

1. Do you agree with CBO Director Peter Orszag that the best way to reduce liabilities in the Medicare program is by instituting broad reforms throughout the healthcare market to increase efficiency, both within government and in the private sector?

OMB Watch Perspective: Ideally, the Medicare shortfall should be resolved by making the entire health care system more efficient. Medicare costs are determined largely by dynamics in the private health care market. Cross-national comparisons have shown that the U.S. health care system is much more expensive than those in other Western countries, and that significant cost savings could be achieved without reducing the availability of quality of health care. This position is shared by CBO Director Peter Orszag. (<http://www.ombwatch.org/article/articleview/3900/>)

Tax Policy

“Tax cuts don't need to be paid for [with offsets]--they pay for themselves,” Nussle told BNA when asked why he decided to exclude tax cuts from the pay-go provision his committee will mark up along with his version of the fiscal year 2005 budget resolution.”

– Nussle's New Budget Enforcement Bill To Apply to Spending, Not to Tax Cuts, Bud Newman and Nancy Ognanovich, Bureau of National Affairs Daily Report for Executives, March 17, 2004

Dynamic Scoring

1. Given the controversy and uncertainty of dynamic scoring, do you believe the OMB or CBO should employ dynamic scoring to predict future revenues as the result of change in federal tax policy?
2. Should it be made into the measurement of revenue raised included in PAYGO scorecards?
3. Should spending bills be measured in a similar way, in terms of how much economic activity they might stimulate?
4. Do you believe that cutting taxes raises revenues? By how much does cutting taxes raise revenues?
5. Do you believe that the 2001 and 2003 tax cuts have raised revenues? Are you familiar with a 2006 Treasury Department report which found that more than 9/10 of the tax cut's long-term value will never be recovered in additional revenues?

OMB Watch Perspective: Including macroeconomic effects in scoring federal tax changes may improve the accuracy of revenue projections. However, there is little agreement among economists which macroeconomic simulation models provide reliable predictions. In 2006, the Joint Committee on Taxation prepared a report that indicated that model choice and simplifying assumptions profoundly affect the resultant scores for a given tax change.

The idea the “tax cuts pay for themselves” is indisputably false. Economists of all partisan and ideological stripes agree some portion of tax cuts is “offset” by increases in economic activity due to those cuts. Although the magnitude of these offsets is often a point of contention among economists, what is not disputed is that reductions in tax rates result in significant reductions in revenues.

Simple economic analysis suggests that tax rate changes alter economic activity and therefore the resultant revenues collected from that activity. However, the magnitude of these changes (economic activity and revenue) is deeply disputed. It is simply inappropriate to base federal fiscal policy on theories for which there is no broad agreement. Given that there is little agreement on the predictive capabilities of dynamic analysis, and the fact that the same voices that clamor for dynamic scoring of tax cuts only and not spending, we believe that calls for the use of dynamic scoring is merely an attempt to garner support for more tax cuts.

Tax Reform: Progressivity

1. A June 26, 2007 AP article cited billionaire financier Warren Buffet, the third richest person in the world, saying he paid a 17 percent income tax rate, while his executive assistant paid a 30 percent rate. Do you think this level of taxation is appropriate? If so, why?

2. What legislation do you favor that would make the tax code more progressive, both on the books, and in practical terms?

OMB Watch Perspective: While the tax code must provide sufficient revenue to fund national priorities, it must also be a just tax code. A progressive tax code ensures that each taxpayer's share of aggregate tax contribution is matched by her ability to pay it. This includes not only in the marginal tax rates within the tax code, but also the effective tax rate taxpayers and corporations pay after deductions, exclusions, and other tax specifics are taken into account.

Tax Reform: AMT

1. The alternative minimum tax will affect millions of middle-class Americans, a group of taxpayers not originally intended to pay this tax. Left untouched, the AMT is projected to raise \$1 trillion in revenues in the next 10 years. The President's budget for 2008 assumes that no long-term changes will be made to the AMT. When you begin formulating the FY 2009 budget in six months, will you make a similar assumption?

2. One option for AMT reform is its total repeal. But the Center on Budget and Policy Priorities has reported that repealing the AMT could add anywhere from \$800 to \$1.5 billion to the national debt over 10 years. Do you believe an AMT reform package ought to be revenue-neutral? If you do not believe the AMT should be repealed, what, if any, changes should be made?

OMB Watch Perspective: The Alternative Minimum Tax is a highly progressive tax and should not be abandoned. However, we believe that its incursion into the middle class is worrisome as these taxpayers are shouldering a burden the authors of the AMT never intended. We believe that a permanent, substantial modification of the AMT is warranted to the extent that it holds harmless middle class tax payers, is progressive, and is offset by progressive changes in other areas of the tax code. (<http://www.ombwatch.org/article/blogs/entry/2971/3>; <http://www.ombwatch.org/article/articleview/3656>)

Program Assessment Rating Tool and Performance-Based Budgeting

1. Do you believe PART evaluations inform the President's budget requests?

OMB Watch Perspective: There is little evidence to support the rhetoric that PART promotes performance-based budgeting, either in Congress or within the current administration. In FY 2006 and FY 2007, two-thirds of programs singled out for elimination or drastic cuts in the president's budget had not yet been reviewed under the PART mechanism. Yet the president determined those programs were not achieving results.

In addition, of the 85 programs receiving a top PART score in 2006, the president proposed cutting the budgets of more than 38 percent, including the National Center for Education Statistics and a land grant program run by the Tennessee Valley Authority.

In short, the PART seems to be merely a smokescreen providing political cover for an agenda that seeks to promote particular ideological policies while drastically reducing the size of the federal government. (http://www.tompaine.com/articles/all_part_of_the_game.php, <http://www.ombwatch.org/regs/2005/performance/PARTbackgrounder.pdf>, <http://www.ombwatch.org/performance/JuneHSGACtestimony.pdf>)

2. Do you believe they can be applied in an unbiased and value-neutral way?

3. How important is outside stakeholder interest in judging the effectiveness and importance of government programs?

OMB Watch Perspective: It does not make sense to rely on only one perspective to determine whether programs should live or die. Congress itself has recognized that as it has separated the authorizing and appropriating functions. A yearly budget process is not the only way to look at what are often very detailed and complex programs. In some cases, the PART ratings approved by OMB simply reflect historical views about programs that some budget examiners have held over many years. For example, it is not surprising that some of the health professions programs within HRSA in HHS receive low PART ratings since for many years OMB has recommended that these programs be defunded. Focusing only on the OMB perspective seems to have eliminated the possibility that stakeholder views will be included in the PART assessment process, a valuable and at times crucial aspect of both program evaluation and management.

4. Do you believe all federal programs should be judged by the same criteria?

OMB Watch Perspective: There are major differences between competitive grant programs, block grant programs, research efforts, regulatory programs and other program forms. Yet the PART approach largely treats them alike (even though OMB acknowledges the differences that have been analyzed by many others, including GAO). Some programs seek to expand opportunities for those who have not received the benefits of federal programs yet the PART process does not usually measure these goals nor does it seek information from those who represent the program beneficiaries.

5. Do you believe the PART accurately captures the complexity of federal programs and their missions?

OMB Watch Perspective: PART is so limited and distorted a tool that it should be used neither for management nor for budget and appropriations decisions. Both by the design of the tool and as the mechanism is implemented, PART systematically ignores the reality of federal programs and judges them based on standards that are deeply incompatible with the purposes that federal programs are expected to serve. As one agency contact memorably explained to us, PART assessments are tantamount to a baseball coach walking to the mound to remove his pitcher and then chastising him for not kicking enough field goals.

In addition, the dynamics of the legislative process and the need to craft coalitions of support often create programs that try to accomplish several things at once (and they are not always compatible). The PART process does not reflect that reality and most of the evaluations assume that there is only a single goal for a program.

Budget Process Issues

Sunsets

1. The President, in his FY2008 budget request, said he supports creating unelected commissions that would have vast authority to proposed cuts to federal programs and agencies, with the authority to have those proposals fast-tracked through Congress with little debate or amendment. Do you support his proposal? Do you have concerns that these types of unelected commissions would be able to side-step the authority of Congress to create and fund federal programs? Would you support sunset commissions if they were differently constituted?

OMB Watch Perspective: Sunset commissions generally do not serve the proffered goals of improving government management. For every goal offered as a justification for those bills, there is already a better way in place to achieve that goal and maintain an effective, accountable, and responsive government that meets the public's needs. (<http://www.ombwatch.org/regs/2006/sunset-issuebrief.pdf>)

Line-item veto

"Upon House passage of the Legislative Line Item Veto Act of 2006 (H.R. 4890), Nussle said, "One of the most important obligations Congress has is to be good stewards of the taxpayers' money...As Iowans know well, the Line Item Veto can help reduce government spending, eliminate excessive pork-barrel projects, and curb waste, fraud, and abuse in government programs."

– Rep. Nussle Secures House Approval of Line Item Veto Legislation, *US Fed News*, June 22, 2006

1. Would you pursue legislation that gives the President the authority to veto individual accounts in appropriations bills, new mandatory spending programs, and limited tax subsidies?
2. Why should this authority apply to so broadly to spending, and so narrowly to taxation?
3. Do you support all aspects of the President's proposal for a line-item veto, including ones which allow the President to withhold appropriated funding even if Congress overrules a veto?

OMB Watch Perspective: Line-item veto proposals are little more than a power grab, put forward under the guise of fiscal restraint but whose real affect would be increased control over the budget process for the White House. A line-item veto power would give the President too much latitude to cut productive programs and ignore wasteful spending.

(<http://www.ombwatch.org/article/articleview/3318/1/248?TopicID=1>)

Earmarks

1. As you know, OMB has pioneered two earmarks disclosure websites – for the FY 2005 and FY 2008 appropriations bills. How would you improve the information that is available in these websites, in terms of accessibility, scope, and detail, with specific reference to:

- a. executive branch-requested earmarks?
- b. tax expenditure earmarks?

2. What additional reforms regarding earmark transparency in the budget making process would you advocate?

3. According to the *Washington Post* (The Nussle Hearings, Elizabeth Williamson and Lori Montgomery, June 29, 2007): As budget chief, [you] secured tens of millions of dollars for Iowa roads, bridges and buses, as well as \$500,000 for an addition and exhibit at the Grout Museum, a history and science museum in northeastern Iowa. Given this record, what will your credibility be as OMB director to reduce the number of earmarks and dollars spent via earmarks by the 50 percent goal set by President Bush this year?

OMB Watch Perspective: OMB Watch applauded the first major earmarks transparency effort last year, when the House (with Nussle’s support) imposed an internal rule upon itself, requiring the disclosure of earmarks and their sponsors in all appropriations, authorization, and tax expenditure measures reported by any committee. The House expanded that effort last January when it required certification by a member requesting an earmark that neither the member nor his or her spouse has a financial interest in the earmark.

OMB Watch expressed enthusiastic support when OMB published a list of all FY 2005 legislative earmarks, calling it “a remarkable achievement in terms of advancing government spending transparency and, worth noting, of OMB's own initiative -- no statute or Presidential order compelled them to produce this database” and further, when OMB added a listing of “the first current-year accounting of earmarks ever [as spending] bills move through the legislative process -- a significant improvement in a hitherto almost wholly shrouded aspect of government spending.”

PAYGO

“Nussle said that although he supports requiring offsets for spending increases, requiring them for tax cuts is an ‘arbitrary rule’ that made it difficult for Republicans to reduce taxes in the past.”

– Nussle Says Package of Entitlement Spending Cuts May Wait Until September, Joseph J. Schatz, CQ Today, March 2, 2005

“Rep. Nussle also authored legislation in 2004 – The Spending Control Act of 2004 – that would implement offsets for mandatory spending increases, but not tax cuts.”

– Overview: The Spending Control Act of 2004, Office of Management and Budget

1. Do you believe that a PAYGO rule ought to apply to mandatory spending exclusively, or mandatory spending and taxation?

2. Why shouldn't it apply to taxation?

3. Do you think PAYGO, as a deficit control mechanism, is significantly weakened by applying it only to spending?

OMB Watch Perspective: In the long term, PAYGO that applies to both taxation and mandatory spending protects the public from irresponsible policy that makes the revenue base too small to address public needs. If PAYGO only applied to spending, it would create perverse incentives to use the tax code to achieve policy goals when programmatic spending might be more efficient. And one-sided PAYGO is based on the false belief that tax cuts pay for themselves, and so do not need to be offset. (<http://www.ombwatch.org/article/articleview/3763>)

Biennial Budgeting

“House Budget Committee Chairman Jim Nussle (R-Iowa), who championed a different budget process reform bill that the House rejected several years ago, opposes the bill by Hensarling and others, primarily because Nussle opposes biennial budgeting, a Nussle spokesman said Oct. 21.”

– House Republicans Introduce Bill To Balance Budget, Reform Process, Bud Newman, Bureau of National Affairs Daily Report for Executives, Wednesday October 22, 2003.

1. Has your opposition to biennial budgeting changed?

Emergency Supplemental Appropriations

“In 2005, Nussle tucked language into an emergency war spending bill that channeled \$12 million to the Rock Island Arsenal for “industrial mobilization capacity.””

– The Nussle Hearings, Elizabeth Williamson and Lori Montgomery, Washington Post, June 29, 2007

1. The *Washington Post* has reported this year that you “committed a cardinal sin” in the eyes of President Bush, adding pet projects to an emergency defense bill. Do you believe emergency spending bills are more prone to irresponsible and secretive spending by Congress?

OMB Watch Perspective: Current administration and congressional practice regarding emergency supplemental bills has a tendency to undermine efforts to maintain a culture of transparency, accountability, and discipline in federal budget-making and budget deficit and debt projections. The Senate’s treatment of the 2006 emergency supplemental was a tipping point. Without reform, emergency supplemental appropriations bills will most likely continue to be used as a way to add additional spending not contained in the budget, without the substantive scrutiny the regular order of the budget process provides. This practice, unfortunately, obscures or distorts important aspects of the fiscal impact of federal spending and, therefore, undermines the general fiscal responsibility of the federal government.

2. How can OMB and Congress work to lessen the use of emergency supplementals and improve the oversight of those emergency bills that are necessary?

OMB Watch Perspective: Among approaches to help restore fiscal integrity to the emergency supplemental appropriations legislative process – some more viable or controversial than others – OMB Watch is examining the following:

- codify and enforce a statutory definition of “emergency:”
- account for all ongoing military operations spending in annual budgets;
- include a JCT-scored deficit and debt impact statement in supplemental requests;
- establish points of order against non-emergency items in supplemental bills; and
- require a supermajority vote for emergency supplemental bills.

Statutory Limits on Discretionary Spending

"As House Budget Committee Chairman, Rep. Nussle supported the following: Annual Statutory Limits on Discretionary Spending, FY 2004-2009. An objective of Rep. Nussle's Spending Control Act of 2004"

-- Overview: The Spending Control Act of 2004, Office of Management and Budget

1. In view of the historical failure of this approach, do you continue to advocate statutory spending limits on discretionary spending? If so, why?

OMB Watch Perspective: Such statutory limits are a tried and failed policy experiment attempts as part of Gramm-Rudman-Hollings budget process reforms of the 1980s and the Budget Enforcement Act of 1990. Limits on discretionary spending in the out years were ritually disregarded, set aside, or violated purposely and served ultimately to undermine budget discipline by placing policymakers under ill-fitting and inflexible constraints.

Contracting and Privatization of Inherently Governmental Functions

Competition in contracting

1. According to the government spending website FedSpending.org, the total value of non-competed contracts more than doubled from FY 2000 to 2005. Do you believe that this level is acceptable? Is it acceptable for the government to give almost half of its contracting dollars away to private companies without competition?

Outsourcing and altering definition of inherently governmental functions

1. Contract overruns, waste, and abuse are a constant presence in the news. Do you believe that all private companies are intrinsically more efficient or effective at doing this work than government employees would be?

2. Work that was once considered inherently governmental, and unavailable for contracting, is now being contracted out. Private contractors are performing work that requires discretion and judgment, even when they may have interests that starkly diverge from the public interest. For example, contractors are now engaged in contract management and oversight of contractors – which appears to be a contradiction in terms and raises significant conflict of interest issues. Do you think that OMB's definition of inherently governmental work is appropriate? Would you continue to expand it?

Contracting oversight and procurement staffing levels

A July 5 article in the *Washington Post* focusing on the Coast Guard's Deepwater program, which has gone 50 percent over budget, included this startling statistic on procurement staffing:

"The Defense Department's civilian acquisition workforce has shrunk by about 40 percent since the early 1990s and now has about 270,000 employees, according to Pentagon statistics and Government Accountability Office reports. Yet defense spending on service contracts increased 78 percent, to \$151 billion, from 1996 to 2006, the reports said."

1. There have been similar reports about insufficient procurement staffing in other areas of the government in relation to the explosion of contracting over the last five years. Do you believe that additional contracting staff (i.e. procurement officers) are necessary to ensure competent contract management?

OMB Watch Perspective: The mismanagement and lack of oversight of government contracts is a problem that demands urgent attention. Congress and the Bush administration need to work together to ensure that contracts are performed efficiently and only used on work that could not be more efficiently or appropriately handled by the government itself. Contracting ought to be a means of improving government services, and it cannot be taken for granted that market forces alone will promote efficient government services. Strict oversight and management of government contracts by an adequate number of government employees (and also by Congress) is essential.

REGULATORY AND MANAGEMENT QUESTIONS

Executive Order 13422 amendments to E.O. 12866, "Regulatory Planning and Review"

Congressional testimony on the amendments, issued in January 2007, to E.O. 12866, raise serious questions about the enhanced authority of the Regulatory Policy Officers (RPO). The amendments change the powers of the president and Congress from one in which Congress creates the duties of agencies and the president oversees those duties, to one in which the president, through this regulatory officer, creates (or prevents) duties of the agencies even if they are in conflict with congressional authorizations.

The amendments state that unless specifically authorized, the RPO 1) must approve all regulatory actions listed in agencies' regulatory plans and 2) must approve any initiation of all rulemakings. Prior to this, the agency head approved the regulatory plan and rulemakings could proceed without the RPO's approval. Language in E.O. 12866 requiring the RPO to report directly to the agency head has been removed by the amendments.

Furthermore, the agency head must "designate" the RPO from the presidential appointees within the agency, further limiting the discretion of the agency head and strengthening the RPO's relationship with the president. The amendments are silent on the issue of whether the RPO's are subject to Senate confirmation.

Questions:

1. What is your view of the constitutionality of the E.O.13422 amendments?

OMB Watch Perspective: There are serious separation of powers issues that may arise when a presidential appointee has the ability to stop regulations agencies are required to promulgate by federal regulations, particularly if the regulatory officers are not confirmed by the Senate. The agencies are then caught between implementing the will of Congress and meeting the political goals of the President. In addition, by sweeping agencies' guidance documents into OIRA review, the amendments again expand executive power. The RPOs have the responsibility within agencies to see that the agency complies with this expansion of power over guidance documents. Prof. Peter Strauss, one of the foremost experts in administrative law, testified before Congress that this blurring of the distinction between being the overseer of the agencies to assigning responsibilities to the agencies is an unconstitutional expansion of executive powers.

2. Given the enhanced powers of the RPOs ("no rulemaking shall commence...without the approval of the agency's Regulatory Policy Officer"), would you support efforts to ensure that the RPOs are confirmed by the Senate as required by Article II, Section II, clause 2 of the Constitution?

OMB Watch Perspective: The Congressional Research Service in its February 5, 2007 report to Congress on these changes argued that an RPO "could be considered an officer of the United States under the appointments clause of the Constitution" and, therefore, subject to Senate confirmation.

3. E.O. 12866 requires independent agencies to develop regulatory plans but they do not have to have RPOs. The language in the amendments that requires approval by RPOs of items included in regulatory plans could be seen to be a requirement that independent agencies must now have presidential appointees as RPOs thus extending presidential review into independent agencies. What is your position regarding the extension of RPOs into independent regulatory agencies?

Risk Assessment Bulletin

1. Susan Dudley, the administrator of the Office of Information and Regulatory Affairs (OIRA), has stated publicly that she intends to reissue a Risk Assessment Bulletin even in light of the conclusion by the National Research Council's that the draft bulletin OMB released was "fundamentally flawed." Do you agree with the decision to reissue a risk assessment bulletin?

OMB Watch Perspective: OMB should not revise and reissue a Risk Assessment Bulletin. Even establishing principles that agencies need to meet in establishing their own risk assessment approaches puts OMB in the position of judging the adequacy of scientific assessments in agencies with widely varying missions and technical and scientific experts.

2. In light of the Council's concerns over "the likely drain on agency resources, the extended time necessary to complete risk assessments that are undertaken, and the highly likely disruptive effect on many agencies" from this one-size-fits-all approach, do you support the Council's recommendation to leave risk assessment standards to the agencies?

Transparency issues

1. Do you support efforts by OIRA to increase transparency in the regulatory review process?
2. A 2003 Government Accountability Office report concludes that OIRA, by its own admission and by its involvement in the pre-rulemaking stage, has significant influence over the proposed regulations agencies submit for review.¹ Would you support efforts to increase the transparency of communications between OIRA and the agencies' RPOs during the development of rules, before a proposed rule is sent to OIRA?
3. The RPOs enhanced powers allows them to instruct scientists and agency experts to change what they are doing in the rulemaking process or to prevent rulemakings from going forward. Do you support efforts to disclose intra-agency communications to assure the public that politics is not superseding science?

OMB Watch Perspective: OMB Watch testified before Congress in April of this year about needed changes to the transparency and disclosure requirements of OMB and its communications with agencies well before the agencies submit proposed regulations. This pre-rulemaking stage of the rulemaking process needs to be open so the public can see with whom the agencies and OIRA are communicating.

NONPROFIT MANAGEMENT AND OVERSIGHT QUESTION

Grant Streamlining

1. What will you do to get implementation of the Federal Financial Assistance Management Improvement Act on track?

OMB Watch Perspective: A 2006 report by the Government Accountability Office found three areas that have not been adequately addressed as the federal government continues to streamline its grants process. In interviews with 17 grantees, GAO found that federal grantees still face an excessive administrative burden due to a continued lack of standardization, inadequate communication, and technical problems with Grants.gov, the website where grantees can find and apply for grants.

OMB has not provided adequate resources or consistent staffing to implement the law. (<http://www.ombwatch.org/article/articleview/3552/1/102?TopicID=1>)

¹ 1 General Accounting Office, *OMB's Role in Reviews of Agencies' Draft Rules and the Transparency of Those Reviews*. September 2003. Available at www.gao.gov/cgi-bin/getrpt?GAO-03-929. GAO changed its name to Government Accountability Office in 2004.