

February 27, 2001

MEMORANDUM TO: Chairman Meserve
Commissioner Dicus
Commissioner Diaz
Commissioner McGaffigan
Commissioner Merrifield

FROM: Dennis K. Rathbun, Director *IRA*
by Linda Portner Acting For
Office of Congressional Affairs

SUBJECT: SENATE GOVERNMENTAL AFFAIRS OMB
CONFIRMATION HEARING, 2/27/01

The Senate Governmental Affairs Committee held a confirmation hearing on the nomination of Sean O'Keefe to be the Deputy Director of OMB. Members stressed the neglect of *management* in OMB's mission, a repeated theme in both this Committee and the House Government Reform Committee. Mr. O'Keefe was received warmly and highly recommended by Senator Stevens (R-AK), his former employer.

Chairman Thompson (R-TN) criticized certain agencies' annual performance plans, including the NRC's, for not having performance goals to solve management challenges identified by GAO and their IG's; he added that "someone doesn't feel that they'll be held accountable." Last November, his Committee issued a report card on agencies' FY 1999 performance reports, and the NRC received a C-. At that time, NRC was criticized for not crafting "a performance indicator to gauge its success in addressing many of these major management challenges." Senator Bennett (R-UT) said that there has been little change in emphasis during the past thirty years -- when the Bureau of the Budget became the Office of Management and Budget.

Senator Voinovich (R-OH) encouraged Mr. O'Keefe to focus on the high-risk areas facing the federal government, particularly human capital. Concurring that human capital should be at the top of the management agenda, Mr. O'Keefe added that his goal was to eliminate all of the high-risk areas during his tenure. He added that there has been too much emphasis on reporting problems rather than implementing solutions. Senator Voinovich stated that he will look at funding for training in the Administration's budget; Mr. O'Keefe cautioned him that such funding would not be highlighted until the FY 2003 budget.

Senator Levin (D-MI) urged Mr. O'Keefe to: (1) maintain the current disclosure procedures in the Office of Information and Regulatory Affairs regarding meetings with interested parties on proposed regulations, and (2) allow federal employees to compete with the private sector when considering contracting out. Mr. O'Keefe, while noting that he needed to learn more about both issues, said he was not in disagreement with the Senator.

The Committee's vote on Mr. O'Keefe's nomination is expected shortly.

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cc: SECY OIP
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