

OMB DIRECTOR SYLVIA MATHEWS BURWELL OFFERS OVERVIEW OF PRESIDENT OBAMA'S PROPOSED 2015 BUDGET

**Honorable Sylvia Mathews Burwell
Director
Office of Management and Budget**

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Excerpts from Ms. Burwell's Remarks

You worked in OMB in the Clinton Administration; What differences do you see between then and now at OMB? The surpluses and the issue of the magnitude of the hole that we are in as a Nation, digging out of that with regard to our fiscal health.

Do Cabinet officers try to get around you to influence the budget during its development? What's important is reaching out and spending a lot of time with the Cabinet Secretaries as it goes along....I work through to try to get the right answer....in my office, I have a poster: Keep Calm and Carry On. Besides that, I also have my target practice from when I went to the Secret Service range with a 9mm. So maybe those two things together [laughter] contributed.

How accessible are you to lobbyists from, for example, trade associations? Hearing outside voices on the substance of the ok we do is an important thing....That generally occurs with the program associate directors...the people who run the lines of business that report to me.

You can imagine, though, what the fall held for us. So October, we have a shutdown. Then we have Ryan-Murray, which is a positive thing, but you go directly from that to our budget negotiations for the top line. And then through Christmas, we spent all of our time on Rogers-Mikulski in terms of getting the appropriations bills and then producing our own budget. So it has been a compressed and not exactly normal timeframe.

Is the President's new budget, at \$3.9 trillion with a deficit of \$564 billion, dead on arrival in Congress? I don't take it seriously, and what I think is important to take seriously, is really focusing on the intention of the budget. Why'd you put it together? What do you think it will do, and how is it going to deliver impact...

Number one, it is supposed to express the President's vision for fiscal policy to implement his overarching vision....economic growth, jobs, opportunity. The second thing that the document, I think, needs to do is influence some of the processes here in Washington. Because we have written to the levels that are the

levels that Ryan and Murray agreed to for Fiscal Year '15 and showed what our priorities are, it will influence that appropriations process.

Defense: Are we hollowing out the military, because we have so few people who are serving in the military? The issue is what level we fund. We believe that you most definitely need to replace the Sequester in '16....On the question of making sure that we have the right number of troops, the right readiness, the right modernization for our troops — we need the flexibility....the ability to make decisions and choices....The third thing is certainty. So I am not concerned if we can fund at the President's level, if we can give the military the flexibility they need and the certainty.

What can the Administration do to lower the national debt? One of the most important measures to focus on is a declining deficit-to-GDP ratio — ours goes from over 3 percent to 1.6 in the current budget window of 10 years — and debt to GDP, because it is a measure of the size of the economy. And we go from about 74 down to 69 percent. So as you think about what additional you need to do, I think you need to examine what has been done.

Minimum wage chances? Will it happen? Yes. Over time, I think it will. I think the question is when and how it's going to happen. I think we'll probably see votes this year, but we also are already seeing states, localities, and companies moving on it. So I think this is going to happen.

DAVID RUBENSTEIN: Welcome, everyone, welcome members and guests to this luncheon event of The Economic Club of Washington, here at the JW Marriott Hotel in Washington, DC. I am David Rubenstein, President of the Economic Club.

We are very privileged to have as our special guest Sylvia Mathews Burwell, who is the Director of the Office of Management and Budget. Let me give a brief introduction of her background, which as I think everybody knows, it's quite impressive. She came to OMB from the Walmart Foundation, where she was President. She was appointed to the job by President Obama and confirmed in April of last year and confirmed 96-to-nothing, which doesn't happen a lot in Washington these days.

Prior to coming to Washington and the Walmart Foundation, she had been the President of global development at the Bill & Melinda Gates Foundation for a number of years and prior to that had been chief operating officer of the Gates Foundation, also executive director of it, and she had joined the Gates Foundation in 2001. She had joined that from the Clinton Administration. She had served for eight years in the Clinton Administration in a number of successive jobs, starting out as chief of staff to Bob Rubin when he ran the NEC, then chief of staff to Bob Rubin when he became Secretary of the Treasury. And then she was stolen from Bob Rubin by Erskine Bowles and became deputy chief of staff of the White House and then stolen once again to be the deputy head of OMB under Jack Lew, who was then the head of OMB at the end of the Clinton Administration.

Prior to joining the Clinton Administration, she had worked at McKinsey. Prior to that she had been a Rhodes Scholar at Oxford, where she got a degree, and undergraduate at Harvard. She grew up in West Virginia, and her mother was the mayor of Hinton, West Virginia. And she is a second-generation Greek-American; although her name is Mathews, it was shortened a little bit in Ellis Island. Is that right?

SYLVIA MATHEWS BURWELL: That's correct. That's correct.

MR. RUBENSTEIN: OK. So let me open by asking you this. You're minding your own business. You served eight years in the Clinton Administration, so you gave a fair amount of time to the country in that way. You have two children, who are very young. You move from Seattle to Bentonville. You're settled in. And all of a sudden, somebody says, come up and be the head of OMB. Did you not think of hanging up the phone and say, I already – I – [laughter] – and did you ever have any second thoughts after the government shutdown came along about – [laughter] – about doing this? So what made you want to come back to government?

MS. BURWELL: It was an honor. It's always an honor and a privilege to be asked to serve. This was a place that, for me, was a place where I had worked before, had the opportunity to work on these issues. They're issues that I care deeply about. So while it was a difficult decision to make those kinds of changes, because we had only been there 15 months, and I was excited about the impact and work I was doing there at Wal-Mart, but it was a decision that I think we made happily and have not looked back.

MR. RUBENSTEIN: So did you give up, like, your Wal-Mart discounts now that you – [laughter] –

MS. BURWELL: It's true. It is true. I don't, and so when I go over to military and, you know, the Wal-Mart in D.C., I don't have my card. That was a 10 percent discount.

MR. RUBENSTEIN: So when you were managing budgets before, you managed to manage them at a time when we had surpluses. Now we don't have so many surpluses. But what would you say is the principal difference between being in the Office of Management and Budget then, in the Clinton Administration, and now? How is the process different?

MS. BURWELL: A couple things are different, and one is the issue of surpluses and the issue of the magnitude of the hole that we are in as a Nation, digging out of that with regard to our fiscal health. And that is a big difference and I think makes a difference in the day-to-day substance as well as the process and conversation.

The other thing that is a difference – and this is something that surprised me, you know, as one takes a yellow pad, to make a decision that we were just discussing and the pluses and the minuses – one thing I didn't get right was where OMB is as an institution because of what the career staff had been through, so from the hiring freezes to the pay freezes to the fact that the Office of Management and Budget had more furlough days than any other agency in government – it is the institution that ran the shutdown, together with all the departments, and just how that –

and the uncertainty of sequester, furloughs, shutdowns, and all of those things together, the toll that takes on the institution – and that has surprised me.

MR. RUBENSTEIN: So the Cabinet officers call you up and say, I have people who are essential, they have to come in during the shutdown, and your job is to say no, they're not essential? Or how do you figure out who's going to come at work?

MS. BURWELL: So what we do is we work with the departments. All the departments make the decisions. But we provide the broad guidance across the government and the interpretation of the law with regard to the Anti-Deficiency Act, which is the act that governs much of how you do these things. And so on a daily basis, you know, everything from could Secretary Jewell, how would she engage with the parks? I think you probably know that a number of governors worked to reopen their parts and making sure that those agreements were signed and that the government – you know, what were the government's obligations, what were their obligations. So it's the range from interpreting who comes to work to the day-to-day running that was occurring.

MR. RUBENSTEIN: Did anybody ever say I want to engage in an act of civil disobedience, I'm going to go to work? And what would happen if – had they gone to work? Would they have been arrested? Or what would be the downside of going to work? [Laughter.]

MS. BURWELL: No one did that, so that wasn't tested. [Laughter.]

MR. RUBENSTEIN: All right. Maybe next time. OK. So what is –

MS. BURWELL: We're hopeful there won't be a next time.

MR. RUBENSTEIN: What is the difference between President Obama in his interest in digging into budget issues and President Clinton? Do they have a different style?

MS. BURWELL: You know, one of the things that is a little different – and this happens at – we're in a second term. And so the question of budget issues in those styles I think come to the fore probably more in the first term in terms of how Presidents work. So I'm kind of jumping on the merry-go-round more in midstream in terms of it. What I would say is there are some similarities with regard to thinking about the overarching framing of, you know, what is it you want your budget to do. Those are conversations that occur at the beginning. The other thing is both President Clinton and President Obama engage in both what are initiatives in terms of the proactive things you want to do as well as in any budget, and especially with the tight constraints we have, there are challenges in terms of the numbers. And so both engaged in those kinds of details.

MR. RUBENSTEIN: Right. So in the prehistoric days, when I worked in the White House, Cabinet officers would come in and make presentations to the President and say, the OMBG director is wrong, and I want to tell you why I need this additional amount of money. Do they do that anymore? And does anybody try to go around you that way?

MS. BURWELL: One of the things I think's important is reaching out and spending a lot of time with the Cabinet Secretaries as it goes along. And that's one thing that I tried to do during the entire process, to work through to try to get to the right answer. It may be that and the fact that in my office, I have a poster: Keep Calm and Carry On. And besides that, I also have my target practice from when I went to the Secret Service with a 9mm. And so maybe those two things together – [laughter] – contributed.

MR. RUBENSTEIN: Nobody went around you. So – nobody went around you. What about a lobbyist? Let's suppose somebody maybe wants to lobby for certain things in the budget or take certain things out? How accessible are you to, you know, trade association presence? Do they get in to see you, or it's impossible to get in to see you?

MS. BURWELL: Hearing outside voices on the substance of the work we do is an important thing. And that will generally happen probably more in the areas of expertise in terms of the specific areas. But it's usually, when someone is coming to have a conversation, it's generally at a pretty detailed level. And so that generally occurs at something that's called the program associate directors, who are from your all's perspective the people who run the lines of business that report to me. And that's where that occurs a little more.

But I do think that hearing from others is important. It's especially important because of the day-to-day pressure in OMB are such that my ability to go out to the field and see is limited. And so that listening is an important part of what we need to do, and whether I do that directly or through my teams, it's important.

MR. RUBENSTEIN: In other words, they meet with your people, pretty much.

MS. BURWELL: Pretty much. Having said that, you can imagine though what the fall held for us. So October, we have a shutdown. Then we have Ryan-Murray, which is a positive thing, but you go directly from that to our budget negotiations for the top line. And then through Christmas, we spent all of our time on Rogers-Mikulski in terms of getting the appropriations bills and then producing our own budget. So it has been a compressed and not exactly normal timeframe.

MR. RUBENSTEIN: So what about when Members of Congress call you up, and they are – I suppose they are chairmen of committees, and they say, I want to get something in the budget, can I come see you, what do you say?

MS. BURWELL: I have many, many calls and many, many meetings with Members across the board.

MR. RUBENSTEIN: And do they change your mind very much?

MS. BURWELL: You know, I think, again, it is helpful to hear, you know, differing points of view, and sometimes even the same point of view. On some of the issues, we agree. But I think it is a helpful part of the process, and I believe it's an important part of the process. I firmly

believe that our relationship with the Hill and an OMB Director's relationship with the Hill are actually something very important to getting something done.

MR. RUBENSTEIN: So – I mean, you announced your budget – \$3.9 trillion, which is big, and about a \$564 billion deficit, which is more than the deficits you had when you were deputy before, right? You had a lot of surpluses then, so you had a big deficit. But you worked on this for a long time. Is it depressing that people say the second it comes out, it's dead on arrival? Republicans on Capitol Hill say "dead on arrival." Is that depressing, that you've put all this time into it and they just don't take it that seriously? Or you don't take it personally when they say that?

MS. BURWELL: Well, I probably don't take it personally. But also, I think there is the issue of – I think anything that happens – you know, the dead on arrival – that was said the week before about something else that, you know, their own party produced in terms of Chairman Camp and his proposals.

And so, I don't take it seriously, and what I think is important to take seriously, is, you know, really focusing on, what is the intention of the budget? Why'd you put it together? What do you think it will do, and how is it going to deliver impact? And so when we were thinking – and spent time with the team – talk about that – think about that, think about that with the President – there are a couple of things it's going to do. And so this is why I'm not upset about the comments.

Number one is, it is supposed to express the President's vision for fiscal policy to implement his overarching vision. I don't think anyone would disagree that the budget aligns with the State of the Union, that the questions of – when the President talked about economic growth, jobs, and opportunity, this budget represents what he believes is the fiscal path to get there. So that – I feel comfortable with.

And also, I'm not disturbed by the fact that people say, it's an election document. Having had the opportunity to work on campaigns and be in government, I actually believe that you should articulate what you believe are the right policies. You should run on those, and if you are elected, you should implement those. And so the idea that there's continuity and consistency – something he thinks is important.

The second thing that the document, I think, needs to do is influence some of the processes here in Washington. And I think that our budget – because we have written to the levels that are the levels that Ryan and Murray agreed to for Fiscal Year '15 and showed what our priorities will influence that appropriations process.

MR. RUBENSTEIN: OK. The Murray-Ryan, or Ryan-Murray, depending on your point of view, agreement said budget spending is supposed to be at a certain level, and you've come in at about \$55 billion or \$56 billion above that. Why are you trying to break that agreement that took so long to get done?

MS. BURWELL: Not at all trying to break the agreement – trying to support both the specific agreement and the principles that they worked on. And so the way our budget is designed is, in

terms of the specifics, we meet those levels. So line by line in the 2,500 pages, you will find exactly how the President would meet the Ryan-Murray levels.

However, like everyone said around that agreement, not everybody got what they wanted or what they believe is actually right. And so what we have done is, we have proposed an initiative that is fully paid for – so it is deficit neutral – of what we think are the tradeoffs you would make to do additional discretionary spending in the areas of defense, infrastructure, education. And we do it in the same way that Ryan-Murray did it. One for one, you replace a nondefense discretionary dollar, a defense dollar you fully pay for. So we believe what we've proposed is what we believe is right and supportive of the deal.

MR. RUBENSTEIN: OK, so – by the way, you mentioned defense. You're going to have, under your budget, fewer people in the military than any time since World War II in terms of armed forces. Is that a concern of yours, that we're hollowing out the military because we have so few people who are serving in the military?

MS. BURWELL: I think the issue is what level we fund. And so I think your point just reinforces why it is so important that we actually fund at the higher levels that the President has proposed. So if we continue – and that's part of, in '15, the initiative that we pay for. We believe you should have higher levels. We believe you most definitely need to replace the Sequester in '16.

The other thing that I think this point raises – this question of making sure that we have the right number of troops, the right readiness, the right modernization for our troops – we need the flexibility. Secretary Hagel as well as General Dempsey last week testified on the quadrennial review about the importance of giving them the ability to make decisions and choices so we can do that. And then, the third thing is certainty. So I am not concerned if we can fund at the President's level, if we can give the military the flexibility they need and the certainty.

MR. RUBENSTEIN: OK. The earned income tax credit is something you've proposed enhancing, and a number of other tax increases – some people would call them tax increases, or revenue enhancements, or whatever you want to call them. But are you going to send authorizing legislation to Capitol Hill to get these, or are they just in the budget, and you're not going to really push for those things?

MS. BURWELL: So the question of when we send actual legislation is related to when we think that will actually move the ball forward. So for example, in the immigration space, it was our expression of principles, but not laying down a specific piece of legislation that helped it get through the Senate. An example that's different is – and we've committed to this in the budget – is infrastructure. And while there's a bipartisan process on the Senate with Boxer and Vitter and on the House with Shuster and Rahall, they are starting a process. They have judged, and have asked, and we believe, that producing legislation in the transportation space is something that will actually move the ball. So the question of when we will and won't is related to when we think it'll move forward.

MR. RUBENSTEIN: OK. Now, under your budget, you have an assumption in FY '15, I think it is, of economic growth of about 3.4 percent, GDP growth about 3.4 percent, but that seems to be high compared to most economists. If your budget actually – or the economy went at 3 percent growth, or less than 3 percent, would your numbers show a much bigger deficit? And are you confident about the 3.4 percent?

MS. BURWELL: So you reflected – our estimates, when you look at both the Blue Chip, the Fed [Federal Reserve Board], and CBO [Congressional Budget Office] – basically, if you look over the entire period, averages out to very, very small differences. In addition, when you look at our numbers, I mean, our interest rates are already higher than some of the others in terms of our, you know, 10 years at 5.1. And so I think in terms of the five-year window where there is the most certainty, I think we believe in the right band. I think I would also say that we believe our policy actually affects what your growth rate's going to be. And so the other thing with regard to the question of interest rate's a very important one, this question of interest rate changes and how it affects the debt and deficit. But any interest rate change is also probably going to be related to other changes in your core economic statistics.

MR. RUBENSTEIN: So your budget, you're just going to have a deficit of about \$560 billion or so if you get everything you want, but that will add enough additional debt to the overall debt that we'll have about \$18 trillion of debt. So what do you think the Administration should do or anybody should do to kind of lower that total amount of debt? Would you favor another Simpson-Bowles Commission, or what can we do to get people excited about the fact that that debt is still very high?

MS. BURWELL: I think when considering the question of the debt – [coughs] – excuse me – and the right level of the debt and deficits, I think you need to put it in the context, the broader context of what's happening in the economy and the context of what also has already happened. And so I think one of the most important measures to focus on is a declining deficit-to-GDP ratio – ours goes from over 3 percent down to 1.6 in the current budget window of 10 years – and debt to GDP, because it is as a measure of the size of the economy. And we go from about 74 down to 69 percent. And so as you think about what additional you need to do, I think you need to examine what has been done.

Our discretionary spending, at its current levels, will be, as a percentage of GDP, at the size that we had in the Eisenhower Administration. And so as one thinking about what's the right level to run the government – let's think about that – there's the question of what has happened to date. We, I think, all agree that health care costs and demographics are driving much of those numbers in the out-years, and how should you think about what's the best way to take care of those?

In the period since the Affordable Care Act has been passed, CBO has lowered its health care cost estimates for the period of 2014 through 2020 by \$1 trillion, with a "T." And so you're starting to get at that. We additionally put in our budget additional proposals to add to that savings. And so this question of what we need to do and should do – I think we believe you need to do a couple things to help with these long-term deficit issues. Number one, you need to focus on health care costs, implement the Affordable Care Act as well as the health care savings we

have in our budget. Number two, immigration. You know, immigration causes economic growth, as well as, even separate and apart – and we don't do dynamic scoring, but separate and apart, we know CBO has scored in terms of what it's going to do to deficit because of population change, just in and of itself, that alone. And so I think those are two very big steps.

The question of a commission – I think Bowles-Simpson made a lot of good contributions, whether that's in how they heightened the focus on the problem, the fact that they say revenues must be included. I think the question now is action – legislative action.

MR. RUBENSTEIN: On minimum wage, the Administration is proposing an increase to \$10.10. Do you think that's going to happen?

MS. BURWELL: Yes. Over time, I think it will. And I think the question is when and how it's going to happen. I think we'll probably see votes this year, but we also are already seeing states, localities, and companies moving to it. So I think this is going to happen. And again, when you think about this question of minimum wage in the context, the fact that, you know, in real terms the minimum wage is the same as it was in the 1950s, I mean, that – I think the substance of this issue is going to carry the day over time, and that's why you see states changing.

MR. RUBENSTEIN: OK. In the health care area, you are convinced that the Affordable Care Act is reducing costs – is that right? Your budget assumes reduced costs in health care expenditures by the federal government because of the Affordable Care Act?

MS. BURWELL: I think there are a number of things that have contributed to that downward trajectory in costs. One is the current situation in the economy. I think we're at the point where we're growing out of the negative impact of the recession. So I think that is one thing that has contributed. I think there are structural changes that are happening over time that had started before the Affordable Care Act, and I think the Affordable Care Act. So I think there are three things that are contributing to that downward trajectory.

MR. RUBENSTEIN: Now, we generally have in our country recessions every seven years on average and they last, on average, about nine months – on average, obviously some exceptions, since World War II. But it's been about seven years since we went into the last recession. You see no indication of a recession anytime in the near future?

MS. BURWELL: No. I think in terms of our economic projections, but I think we do need to do some things to make that be true. And I think there are a couple things. One is, we do not need to have self-inflicted crises. And whether that's the shutdown or a conversation – even the fact that I, like, sit here and say that there was an idea that we would default as a Nation, that creates drag.

The other thing is we've had fiscal drag – whether it's the shutdown or the Sequester – the fiscal drag on growth has been existing for a number of years. So, no, don't see it, but think you need to do some policy things to make sure that we are doing the best that we can with regard to growth in the country.

MR. RUBENSTEIN: Now, on the shutdown, how much do you think it really cost the federal government?

MS. BURWELL: So I think there are different ways to measure the cost of the shutdown. And one way to measure it is just in simple lost productivity, because you had people and you had lost productivity. And that's well over a billion dollars. In addition to that – and I think this is something that started to become realized in the 16 days – is, you know, that's the cost to the federal government.

The cost to the private sector – because those were the places, whether it was the fact that – the Small Business Administration moves, you know, a billion dollars' worth of money in loans every month. And so you take down half of that, and what that does in terms of delays. All the things that were being impacted – even simple things like, it's not a simple thing, but there are licenses for fishing – when Pacific salmon run. And we were late getting those fishermen and fisherwomen out because the licenses couldn't be issued because you didn't have anybody.

And so I think estimating the total – you know, and different economists outside the Administration have estimated, you know, in terms of the cost to GDP and, you know, anywhere, three to five – 0.3 to 0.5.

MR. RUBENSTEIN: So you spent about eight years or so – nine years or so in the private sector. I guess more than that, actually. So what did you learn in the foundation world that you can apply to government? Or is there nothing you learned in the foundation world that is applicable to government? [Laughter.]

MS. BURWELL: How to say no graciously is one thing one learns in philanthropy. I think there are couple things that – during my time in philanthropy. One is the importance of focusing on that measurable impact at the end and really, in terms of grant making, knowing, you know – are you doing this to create a model? Are you doing this to create something that will be scalable, and therefore thinking about that question of scale? Are you doing this to actually deliver direct impact? So defining clearly up front the question of what you're trying to do.

The other thing is just I think a basic approach to problem solving that applies to everything, which is: What's the problem you're trying to solve, that circle? What's the solution space? And what are you good at? And aim to every day work in that sweet spot.

MR. RUBENSTEIN: So when Bill Gates comes to town – he's in Washington a lot; I think he'll be here this Friday – does he happen by come by OMB and say, you should have spent more money on this? And how do you say no to him?

MS. BURWELL: [Laughs.] Certainly, I'm sure you can imagine, that I have had conversations about the development assistance budget with my old boss, and it's a conversation that of course I prodded him to do when I was working with him, so I appreciate it and I welcome it. [Laughter.]

MR. RUBENSTEIN: And so today, when you go to see Members of Congress, are you going up to brief them on the budget, or do they – you know, don't really want to be briefed anymore, you have hearings. But do you go one by one to see Members, or they see the document, you don't need to go brief them on it or lobby them on anything? Are you lobbying for the budget, or does the budget speak for itself, you don't need to lobby for it?

MS. BURWELL: So a number of different types of interactions. One is making sure that folks understand the basics, and that occurs in calls, that occurs in briefings, and in one sense it occurs in hearings. And so there are a number of different tools that one uses. And I think now the question is the appropriations process, and we will deeply engage, as appropriate, with the appropriators and all the committees.

Right now, this week is the week of hearings for each of the departments, so the departments are up really explaining at a level of detail. I did the broad overview, and Jack Lew, in terms of the tax portion of the budget – you know, we go do the broad, and then what follows are specific hearings and briefings that occur by the departments.

MR. RUBENSTEIN: So if a Cabinet officer or somebody in the government wants to persuade you of the merits of their position, what's the best way to do so, and what's the worst way to persuade you? [Laughter.]

MS. BURWELL: David, you're asking for my trade secrets. [Laughter.]

MR. RUBENSTEIN: Well, just tell us. We won't tell anybody else. [Laughter.]

MS. BURWELL: You won't tell anyone. OK, in this room alone – facts and analytics, you know, that's something that, you know, generally convinces – you know, is very helpful in terms of, you know, why – show me the path to impact; define it; show my why this works. Those are some of the things that are helpful to me. Some of the things that aren't helpful to me are hyperbole. That generally doesn't, you know –

MR. RUBENSTEIN: Saying this will change the world or make the world a better place doesn't help?

MS. BURWELL: Not without a few facts to back it up, generally, it doesn't make a lot of progress with me.

MR. RUBENSTEIN: So I'll just talk about your background a moment. I mentioned earlier that you are a second-generation Greek-American. So the name Mathews doesn't sound that Greek, so how did it get to be Mathews?

MS. BURWELL: At Ellis Island my grandfather's name was Monthiopoulos (ph), and that was a little difficult to spell, and so it became Mathews as he was coming through Ellis Island.

MR. RUBENSTEIN: OK. And so in your career, you don't seem to have any failures. I mean, everything is all the way up. [Laughter.] You're Rhodes Scholar, Harvard – there's nothing – is

there something that doesn't work for you? [Laughter.] You seem to – everything works well. Everything is great position. You're always ascending. You're working for all these great people. Is there some failure you could make us feel better – [laughter] – about the fact that nobody's perfect? Is there something you could describe?

MS. BURWELL: There are many. I've been very, very fortunate and had the opportunity, as you reflected, to work with great people, but there are many, many things I have gotten wrong, failed at personally and – you know, and not gotten right in the work, and so, you know, just trying to learn from those experiences each time. And whether it was, you know, my senior thesis in college, which was on deregulation of the thrift industry, I'm sure a topic that this group might appreciate – [laughter] – to, you know, decisions that I've made in, you know, pursuing programmatic work that we didn't get it right, and you had to go back and do it again and get it right the second time. And that just happens every day. And I think the important thing, though, is just, like, as quickly as possible, recognizing when you don't get it right, doing a correction of errors in terms of understanding, why didn't I get it right, and so you don't do it again.

MR. RUBENSTEIN: And you feel the budgeting process is better than it was years ago? In other words, your more precise information comes to you, and you can make better decisions? Of course, then you were getting surpluses, so maybe – you know, maybe it was better then.

MS. BURWELL: You know, I think the question of the process sort of has a lot packed into that word, the budget process, and in terms of the information that people get about the work and the grants and that sort of thing, I think there's been more of a movement towards measuring impact, as I was referring. And I think that's something that's moved forward, the government performance acts, which have been about trying to have people focus on goals and that sort of thing – some movement forward in that sense.

There's the larger process of, you put a budget together, and then what happens to it? And I think that's become harder, and that's, you know, with the continuing resolutions, the lack of bills that get passed. And so that really makes the process quite hard because you never have your base number to work off of. And the other thing that happens is, part of OMB is the management function, and if you don't know your number and you're a department trying to manage and you're head of an organization and you don't actually know how much money you're going to have for your entire first quarter – I mean, if I told you all that in your businesses, you don't know what you're going to have in your first quarter, OK, so manage your business not knowing if you're going to be off by, you know, 10 percent in terms of revenues – I mean, it's just so hard to do. So that part of the process, I think, is more difficult.

MR. RUBENSTEIN: OK. It was in the early to mid-'70s that we had the Budget Act. Before that, there was no so-called Budget Act, no budget committees. Before the Budget Act, the deficits were modest, and the appropriation bills actually got passed on time. Since the Budget Act, the appropriation bills never get passed, and we have big deficits. So do you think the Budget Act has actually done any good things?

MS. BURWELL: I think having committees where you have expertise is a positive thing. And so I think a number of the provisions and things that were built into the Budget Act are positive,

and things have been built on that. I'm a fan of caps, you know, in terms of – so I think the Budget Act was a start, and there have been things that have built upon it.

I think one of the hardest things is nobody wants to make – you know, it's hard to make choices. And that's what budgeting is about. And so there's choice avoidance – because when you do a continuing resolution, you don't actually have to do the trade-offs. The trade-offs are hard. You know, this is not easy in terms of the trade-offs. They are important trade-offs. And so I think some of those things that were put in place are helpful. I think we need to think about how we can move towards creating more of that pressure to get the decision-making.

MR. RUBENSTEIN: So you're from West Virginia, as I mentioned, and sometimes there are seats available to run. Have you ever considered or would you consider ever running for anything in West Virginia or any other place?

MS. BURWELL: So, very happy in what I'm doing now, very happy in the other roles. And with regard to the question of running, I would never really want to run unless I knew what I was going to do. In other words, it's not about running for the office for how I think about it, it's you want to do a job so that you can deliver impact. And so the question for me, if I were ever going to consider that, and haven't really spent time on the issue, is why is it that I would want to do X or Y, and how do I think I could deliver impact by doing it?

MR. RUBENSTEIN: And are your children impressed by the fact you're the head of OMB? [Laughter.] Is that a big thing for them, or not so much?

MS. BURWELL: No. [Laughter.] Not so much. And the one thing they do know is they don't like the word "shutdown." [Laughter.] That was not good. It was during their birthday season, but –

MR. RUBENSTEIN: Well, last question I wanted to ask you is this. As you mentioned, you've worked for some very high-powered people, among them, let's say, Bob Rubin, Bill Clinton, Barack Obama, Bill Gates, Erskine Bowles. Who do you think would get a perfect SAT score among those people? [Laughter.]

MS. BURWELL: You know, I'm going to take this as a multiple choice question, and I'm going to say all of the above. [Laughter.] There's a reason I was asked back to DC.

MR. RUBENSTEIN: All right, well, thank you very much. Appreciate it. Thank you. [Applause.]

MS. BURWELL: Thank you, David.

Sylvia Mathews Burwell

Sylvia Mathews Burwell is the Director of the Office of Management and Budget (OMB). She was confirmed by the Senate on April 24, 2013. Ms. Burwell previously served as president of

the Walmart Foundation. Before joining the Foundation in 2012, she was president of the Global Development Program at the Bill & Melinda Gates Foundation, where she worked for 10 years and was also the first Chief Operating Officer. During the Clinton Administration, she served as Deputy Director of OMB, Deputy Chief of Staff to the President, Chief of Staff to the Secretary of the Treasury, and Staff Director of the National Economic Council. Before her federal government service, she worked for McKinsey & Company. Ms. Burwell served on the boards of the Council on Foreign Relations and MetLife. She received an A.B. from Harvard University and a B.A. from Oxford University, where she was a Rhodes Scholar. Burwell hails from Hinton, West Virginia. She and her husband Stephen live in Washington, DC, with their two children.