

Opening Statement by Dr. Rebecca M. Blank
Nominee for Deputy Secretary, U.S. Department of Commerce

Before the Senate Commerce, Science, and Transportation Committee
November 15, 2011

Chairman Rockefeller, Ranking Member Hutchison, and distinguished members of the Committee, thank you for the opportunity to appear before you today as the nominee for Deputy Secretary of the U.S. Department of Commerce. I am honored President Obama nominated me for this position. I am particularly pleased at the opportunity to work closely with our newly-confirmed Secretary, John Bryson. I would also like to introduce my husband, Hanns Kuttner, who is able to be here today. Our daughter Emily is in school today.

After more than two years at the Department of Commerce, I continue to be excited by its breadth and by the issues in which it engages. In today's economy, I do not believe there is a more important job than helping to create jobs and improve American competitiveness. At the Department of Commerce, our primary mission is to provide the critical public infrastructure that supports private sector growth and innovation. Each Bureau in Commerce supports American businesses, whether by providing weather forecasts, GDP statistics, trade assistance, or measurement standards.

During the past year, as Acting Deputy Secretary, I've served as the Department's Chief Operating Officer, responsible for all management and budget issues across the Department's 12 bureaus and overseeing more than 46,000 employees. During the three months of August through October, I was privileged to serve as Acting Secretary of Commerce. In both roles, I have led the budget and management process and have been closely involved in monitoring the execution of Commerce's programs. If confirmed my experience will allow me to hit the ground running as the permanent Deputy Secretary. For instance, over the past year I have managed a Department-wide performance measurement system, which provides information on how well each Bureau is serving customers and managing its work. We are tracking how long it takes to approve grants in the Economic Development Administration (EDA), how long it takes to provide patents at the U.S. Patent and Trademark Office (PTO), measuring customer satisfaction with National Institute of Standards and Technology (NIST) products, tracking the timely release of data from the Census, and tracking coastal restoration by the National Oceanic and Atmospheric Administration (NOAA). In addition, I have worked with an excellent Commerce team to design and implement an ongoing set of administrative cost savings. We expect to reduce our Administrative costs by \$143 million in Fiscal Year 2012, with even greater savings in Fiscal Year 2013.

Ensuring that this broad Department and its Bureaus have appropriate management and accounting controls requires at least three things: First, sound judgment to identify what activities and information need to be monitored in order to identify problems early and to track progress on high-risk activities; second, a first-rate staff, both in the Deputy Secretary's office and within the Bureaus, who oversee the day-to-day work of the Department, from human resource management, to acquisitions, facilities, and budgets; and lastly, a data system that provides accurate information on performance. Good information is necessary for good

management decisions. For example, we have started tracking information on the hiring process within each Bureau and documenting how much time each step in the process takes. This has allowed us to identify bottlenecks and reduce the time to hire, which helps attract stronger candidates. As a result of this effort, the average time to hire an employee within the Department of Commerce has gone from 105 days in 2010 to 79 days in the last quarter of 2011.

I came to the Acting Deputy Secretary role having already served a year and a half as Under Secretary for Economic Affairs and as the Secretary's principal economic advisor. Since joining the Department of Commerce in 2009, I have been responsible for final management and oversight of the Census Bureau and the Bureau of Economic Analysis. In the Economics and Statistics Administration, I supervised a staff of economists and policy analysts who utilize Commerce data to shed light on current policy issues through reports and internal collaboration. I also oversaw \$6 billion in budget expenditures in Fiscal Year 2010, much of it appropriated to fund the 2010 Decennial Census, the largest peacetime operation our government undertakes. I was closely involved with the final planning, execution, and oversight of the 2010 Census and worked with Census Director Bob Groves and his senior leadership, receiving weekly, sometimes daily, reports on key issues. Ultimately, the Census came in on time and \$1.8 billion under budget, in part because of close attention to management and budget issues.

Prior to arriving at Commerce, I've had the opportunity to work in the public, private, and not-for-profit sectors. Many years ago, I worked with a variety of heavy manufacturing industries as a consultant for an economic forecasting company, a job which taught me a great deal about the real world of business. I went on to acquire a Ph.D. in economics. In the years since I've held three types of positions.

First, as an economic researcher, I have always been deeply interested in the ways in which the U.S. economy interacts with government policy. My work has focused on labor markets, on the well-being of American families, on effective measurement of key economic concepts, and on the impact and evaluation of government policy efforts.

Second, I have served in a number of management positions. For eight years, I was the Dean of the Gerald R. Ford School of Public Policy at the University of Michigan. In this role, I oversaw and managed a growing educational and research enterprise. While Dean, I successfully quadrupled the budget of the Ford School, built a new building, and started both an undergraduate and Ph.D. degree program. I worked within the budget, human resource, and planning systems of the University of Michigan, making sure that they were effectively implemented within my unit and working to improve these systems when needed. In addition, I have worked on the Boards of Directors of a number of non-profit organizations, with responsibility for overseeing their financial and management decision-making. I have run two major research centers, including the University of Michigan's National Poverty Center, effectively overseeing their staffing, finances, and programs.

Third, I have been a public servant and government employee. I worked as a Senior Staff Economist at the Council of Economic Advisers during the George H.W. Bush Administration, and I returned as one of the three CEA members during the second term of President Clinton.

If confirmed as Deputy Secretary of Commerce, I would dedicate my time to three goals. First, I would push forward on initiatives designed to support American businesses and help them grow and create jobs. This includes working with NIST to expand opportunities for faster and more effective technology transfer from labs to market; working with the National Telecommunications and Information Administration (NTIA) on spectrum reallocation; working with the International Trade Administration (ITA) and Minority Business Development Agency (MBDA) to promote exports and expand the National Export Initiative; working with PTO as it effectively implements the patent reform provisions of the America Invents Act and reduces the time needed for patent approval; working with EDA on effective economic development initiatives; and working with MBDA to support America's minority business entrepreneurs. I would expect to work closely with NOAA, particularly making sure that its weather satellite program is adequately funded and well operated and its fisheries management programs are implemented effectively. Two key areas where I expect to be involved, with Secretary Bryson's leadership, is to work across the Bureaus within Commerce to develop a strategy to support and promote American manufacturing and to promote investment in the U.S. by both foreign and domestic firms.

Secondly, I would work to increase the Department's efficiency by reducing our overhead costs so that some portion of budget reductions are absorbed by a decline in administrative costs rather than imposing harmful cuts on important programs. I have highlighted some of our performance excellence initiatives already, but at the Department of Commerce we have launched a variety of cost-cutting initiatives, including acquisition reforms to reduce purchase costs, IT reforms, and facilities consolidation. Within an organization as complex and large as the Department of Commerce, these sort of administrative changes often require cultural changes in how work is organized and performed, changes that are not always welcomed by those who are used to long-time pre-existing systems. Hence, this type of change can only occur as part of a multi-year process with strong central commitment, communication, and leadership. It should be the responsibility of the Deputy Secretary to see that this process proceeds smoothly and effectively, and it is a responsibility for which I am well-equipped.

Finally, we must address the challenge at Commerce, and at many other Departments, of retaining a skilled and motivated workforce. In the midst of pay freezes and potential benefit cuts, we need to ensure that government employment is an attractive option for hard-working, motivated, and skilled young adults. Without a first-rate civil service, the Department cannot deliver on its core functions for American businesses and our economy.

As the global economy continues to expand, American companies must be innovative at home and competitive abroad. A primary mandate of the Department of Commerce is to provide the public goods – the data, the scientific information, and the services – that allow American businesses to compete effectively. If confirmed, I pledge to work with you to advance that agenda.

I appreciate the opportunity to come before you today and for your consideration of my nomination. I look forward to your questions. Thank you.