



Congressional Budget Office

Testimony

CBO's Appropriation Request for Fiscal Year 2021

**Phillip L. Swagel
Director**

**Before the
Subcommittee on the Legislative Branch
Committee on Appropriations
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Chairman Hyde-Smith, Ranking Member Murphy, and Members of the Subcommittee, thank you for the opportunity to present the Congressional Budget Office's budget request. CBO is asking for appropriations of \$57.3 million for fiscal year 2021. That amount represents an increase of \$2.4 million, or 4.3 percent, from the \$54.9 million provided to CBO for 2020. Of the total amount, nearly 91 percent would be used for personnel costs.

Reasons for the Requested Increase in Funding

The \$2.4 million increase would pay for current staffing, thus fully implementing the multiyear staffing plan that was the basis for the agency's funding increases in 2019 and 2020. The Congress increased CBO's budget in the past two years to bolster the agency's capacity to make its work transparent and responsive. The plan calls for CBO to increase its staffing during fiscal year 2020 to pursue that effort. The \$2.4 million increase would allow CBO to remain at the higher staffing level in 2021, and it would fund several initiatives aimed at improving responsiveness in policy areas of especially high Congressional interest.

Paying for Staffing

CBO requests an increase of \$2.0 million to fund staffing through 2021. That amount would fund salaries and benefits for seven new staff members hired in 2020. It would also provide for performance-based salary increases for current staff in 2021 and an across-the-board increase of 3.0 percent for employees earning less than \$100,000. And it would cover an increase in the cost of federal benefits.

Director's Initiatives

To improve its responsiveness, CBO plans to make greater use of expert consultants in high-priority research areas, such as health policy. CBO also plans to set up an internal information technology (IT) system to track and manage documents, which will help streamline some aspects of the process by which the agency provides information to the Congress. And CBO requests that \$45,000 be appropriated as no-year funding (that is, funding that would remain available until it was exhausted), which would facilitate employees' attendance at important academic conferences that are held near the beginning of the fiscal year. The cost of those three initiatives would be partly offset by savings in IT and other areas.

CBO's Budget Request and Its Consequences for Staffing and Output

In fiscal year 2021, CBO will continue its mission of providing objective, insightful, clearly presented, and timely budgetary and economic information to the Congress. The \$57.3 million requested would be used mostly for salaries and benefits for personnel.

Funding Request for Personnel Costs and Consequences for Staffing

CBO requests \$52.1 million for salary and benefits to support 264 full-time-equivalent positions (FTEs). That amount represents an increase of \$2.0 million, or 4.1 percent, from the \$50.1 million provided to CBO for fiscal year 2020.

Of the total requested amount:

- \$37.0 million would cover salaries—an increase of \$1.0 million, or 3 percent, from the amount provided for 2020. The requested increase would fund seven new staff members hired in 2020. It would also provide for performance-based salary increases for current staff in 2021 and an across-the-board increase of 3.0 percent for employees earning less than \$100,000. (That group of employees would also be eligible for performance-based increases, whereas employees earning \$100,000 or more would be eligible to receive only performance-based increases.)
- \$15.1 million would fund benefits—an increase of \$1.0 million, or 7 percent, from the amount provided for 2020. The requested increase would cover an increase in the cost of federal benefits and fund benefits for the seven staff members hired in 2020.

Funding Request for Nonpersonnel Costs

CBO requests \$5.2 million for costs other than personnel. Those funds would cover current IT operations—such as software and hardware maintenance, software development, purchases of commercial data, communications, and equipment purchases—and would pay for training, expert consultants, office supplies, travel, interagency agreements, facilities support, printing and editorial support, financial management operations (including auditing the agency's financial statements), interactive graphic tools, subscriptions to library services, and other items.

The requested amount is \$0.4 million, or 6.6 percent, larger than the amount provided for 2020. The increase would fund several initiatives. First, to improve its responsiveness, CBO plans to make greater use of expert consultants in high-priority research areas, such as health policy. Second, CBO plans to set up an internal IT system to track and manage documents, which will help streamline some aspects of the process by which the agency provides information to the Congress. Third, CBO requests that \$45,000 be appropriated as no-year funding (that is, funding that would remain available until it was exhausted), which would facilitate employees' attendance at important academic conferences that are held near the beginning of the fiscal year. The cost of those three initiatives would be partly offset by savings in IT and other areas.

Consequences for Output

The requested amount of funding would allow CBO to do the following for the Congress:

- Provide roughly 750 formal cost estimates, most of which will include both estimates of federal costs and assessments of the cost of mandates imposed on state, local, and tribal governments or the private sector;
- Fulfill thousands of requests for technical assistance, typically from committees and Members seeking a clear picture of the potential budgetary impact of proposals and variants of proposals before they introduce or formally consider legislation;
- Produce about 130 scorekeeping reports and estimates, including account-level estimates for individual appropriation acts at all stages of the legislative process, as well as summary tables showing the status of discretionary appropriations (by appropriations subcommittee) and running totals on a year-to-date basis; and
- Publish about 70 analytic reports and papers—generally required by law or prepared in response to requests from the Chairs and Ranking Members of key committees—about the outlook for the budget and the economy, major issues affecting that outlook under current law, the budgetary effects of policy proposals that could change the outlook, and a broad range of related budgetary and economic topics in such areas as health care, defense policy, Social Security, and climate change.

The agency would also bolster its responsiveness and transparency by improving the coordination and integration of analysis performed by employees with expertise in multiple disciplines; organizing its staff to work on broader, shared portfolios; hiring expert consultants in areas of especially high demand, such as health policy; dedicating more resources to regularly reporting information that is requested by committees of jurisdiction; and dedicating more staff to creating publications that explain and graphically illustrate CBO's work.

The demands on the agency remain intense and strain its resources in many areas. For example, the workload associated with analyzing appropriation bills and related amendments continues to be heavy. Also, over the past year, CBO devoted extensive resources to analyzing legislation related to defense reauthorization, the September 11th Victim Compensation Fund, the pension benefit guarantee program, prescription drug pricing, and “surprise billing” by certain providers of medical services, among other things. CBO regularly consults with committees and the Congressional leadership to ensure that its resources are focused on the work that is of highest priority to the Congress. Even with high productivity by a dedicated staff, CBO expects that the volume of estimates and other analyses will fall short of the number of requests from committees and leadership and will fall considerably short of the number of requests from individual Members.

Responsiveness

CBO seeks to provide information to the Congress at the time when it is most useful. Depending on its purpose, that information takes a variety of forms, such as cost estimates, background information, and technical assistance. CBO completes nearly all formal cost estimates before the legislation at hand comes to a floor vote. In addition, the agency works to provide technical assistance, reports, and other information to policymakers during earlier stages of the legislative process.

Beginning in fiscal year 2019, the Congress increased CBO's budget in part to allow the agency to implement a plan to strengthen its responsiveness to the Congress. To carry out that plan, CBO has expanded staffing in high-demand areas, such as health care and immigration. It has increased its use of assistant analysts, who can move from one topic to another to support more senior analysts when demand surges for analysis of a particular topic or when additional assistance is needed

for a complicated estimate. In addition, CBO is engaging more expert consultants in complex areas, such as health policy, economic forecasting, and climate-related research. Finally, the agency is continuing to hire analysts to expand its use of team approaches, in which work on large and complicated projects is shared. That approach has been particularly effective in enabling CBO to produce timely analysis of legislation involving health care.

The budgetary increase that CBO is requesting would allow it to maintain such efforts. In 2020, CBO plans to hire additional staff who will increase the agency's expertise and modeling capability in several areas, notably health policy (including drug policy). CBO's goal is to have more staff with overlapping skills within and across teams. In some cases, those skills will consist of expertise related to particular topics, such as defense or transportation. In other cases, they will be more technical, such as the ability to design and improve simulation models. In a similar vein, CBO plans to invest additional resources in bolstering analysts' ability to coordinate work that requires expertise from across the agency. Another of CBO's goals is to dedicate more senior analysts to being responsible for projects that span multiple subject areas. Increasing the number of staff with broad and overlapping skills will allow the agency to be more nimble when responding to requests for information and analysis.

Transparency

CBO works hard to make its analysis transparent, and the agency anticipates that almost all of its current employees will spend part of their time on such efforts in 2020 and 2021. CBO recently put in place a plan to strengthen those efforts. An important part of the plan was an increase in staffing in 2019 and 2020, which the Congress supported by increasing CBO's budget. The budget request for 2021 would allow the agency to complete the expansion plan and devote greater resources to transparency efforts by fully funding the staff brought on board over the past two years.

During the next two years, CBO will undertake many activities to make its analysis transparent.

Testifying and Publishing Answers to Questions

In 2020 and 2021, CBO expects to testify about its baseline projections and other topics as requested by the Congress. That work will involve presenting oral remarks, answering questions at hearings, and presenting written statements, as well as publishing answers to

Members' questions for the record. CBO will continue to address issues raised as part of the oversight provided by the budget committees and the Congress generally. The agency also will provide responses to other questions from Members of Congress.

Explaining Analytical Methods

CBO plans to publish short reports providing general information to help Members of Congress, their staff, and others better understand its work. For example, a report will explain the scorekeeping guidelines that govern the way CBO's cost estimates treat certain types of legislative provisions. The agency will also release an updated description of the health insurance simulation model that will be used to help develop the baseline budget projections this year. And CBO will provide technical information about several methods used to analyze the macroeconomic effects of federal policies. That technical information will include working papers and, in some cases, the computer code used in models. Such efforts are particularly labor-intensive and will be accelerated as CBO increases staffing.

Releasing Data

In 2020 and 2021, CBO will maintain its practice of publishing extensive sets of data in conjunction with its major recurring reports, including detailed information about 10-year budget projections, historical budget outcomes, 10-year projections for trust funds, revenue projections by category, spending projections by budget account, tax parameters, effective marginal tax rates on labor and capital, and 10-year projections of economic variables, including the economy's potential (or sustainable) output.

The agency will also provide details about its baseline projections for the Pell grant program, student loan programs, Medicare, the military retirement program, the pension benefit guarantee program, the Social Security Disability Insurance program, the Social Security Old-Age and Survivors Insurance program, the trust funds for Social Security, child nutrition programs, child support enforcement and collections, foster care and adoption assistance programs, the Supplemental Nutrition Assistance Program, the Supplemental Security Income program, the Temporary Assistance for Needy Families program, the unemployment compensation program, the Department of Agriculture's mandatory farm programs, federal programs that guarantee mortgages, programs funded by the Highway Trust Fund, benefits for veterans

and military personnel stemming from the Post-9/11 GI Bill, and veterans' disability compensation and pension programs.

Other data will provide details about long-term budget projections, projections underlying Social Security estimates, more than a thousand expired or expiring authorizations of appropriations, and dozens of federal credit programs. When CBO analyzes the President's budget request, it will post a set of files providing estimates of the budgetary effects of specific proposals. Throughout the year, the agency will post the data underlying the figures in various reports.

Analyzing the Accuracy of CBO's Estimates

In 2020 and 2021, CBO will release reports analyzing the accuracy of its past projections of outlays, revenues, deficits, and debt. CBO will also reexamine the accuracy of its previous cost estimates in certain cases when the actual outcome of legislation can be determined; in other cases, the agency will explore whether new information sheds light on the original estimates. CBO will release a report on the accuracy of its economic forecasts. And the agency will compare its projections of federal subsidies for health insurance with actual amounts.

Comparing Current Estimates With Previous Ones

In several of its recurring publications—reports about the budget and economic outlook, federal subsidies for health insurance, and the long-term budget outlook—CBO will continue to explain the differences between the current year's projections and those produced in the previous year. In its cost estimates, CBO will continue to identify related legislative provisions for which it has provided estimates in the recent past and explain the extent to which the provisions and estimates at hand are similar or different.

Comparing CBO's Estimates With Those of Other Organizations

CBO will compare its budget projections with the Administration's and its economic projections with those of private forecasters and other government agencies when possible. And in various reports, the agency will include comparisons of its estimates with estimates made by other organizations. In addition, when time does not allow for publication but interest is high, analysts will discuss such comparisons with Congressional staff.

Estimating the Effects of Policy Alternatives

In 2020 and 2021, CBO will release new interactive products to help users understand the effects of potential changes to federal policies. Reports will also illustrate the potential effects of various policy proposals.

Characterizing Uncertainty Surrounding Estimates

CBO will update an interactive workbook showing its estimates of how changes in economic conditions affect the federal budget. The agency's reports about the 10-year outlook for the budget and the economy, the long-term outlook for the budget, and federal subsidies for health insurance will contain substantial discussions of the uncertainty surrounding CBO's projections. In addition, in any cost estimates in which uncertainty is significant, CBO will include a discussion of the topic.

Creating Data Visualizations

In 2020 and 2021, CBO will provide information about its budget and economic projections in slide decks and create infographics about actual outlays and revenues. And the agency will look for opportunities to include graphics to enhance the explanations in some cost estimates.

Conducting Outreach

CBO will continue to communicate every day with Congressional staff and others outside the agency to explain its findings and methods, respond to questions, and obtain feedback. The agency's Director will meet regularly with Members of Congress to do the same. After each set of baseline projections is published, CBO's staff will meet with Congressional staff to discuss the projections and answer questions.

CBO will obtain input from its Panel of Economic Advisers and Panel of Health Advisers. It will turn to other experts as well. For example, CBO will convene a recurring meeting of crop insurance and commodity analysts to review the past performance of the crop insurance program and commodity markets and to discuss projections of future spending in those areas. Many reports will benefit from written comments by outside experts on preliminary versions. For some recurring reports produced on compressed timetables, such as the one about CBO's long-term budget projections, the agency will solicit comments on previous publications and selected technical issues to incorporate improvements in future editions.

CBO's staff will give presentations on Capitol Hill—some in collaboration with the Congressional Research Service—on its budget and economic projections and on other topics. Those presentations will allow CBO to explain its work and answer questions. The agency will also give presentations about its findings and about work in progress in a variety of venues to offer explanations and gather feedback. In addition, CBO will use blog posts to summarize and highlight various issues.

This testimony summarizes information in CBO's budget request for fiscal year 2021, which was prepared by Mark Smith, with contributions from Leigh Angres, Wendy Edelberg, Joseph E. Evans Jr., Kathleen FitzGerald, Theresa Gullo, Deborah Kilroe, Jeffrey Kling, Leah Koestner, Benjamin Plotinsky, and Stephanie Ruiz.

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Phillip L. Swagel
Director

