



## Testimony

# CBO's Appropriation Request for Fiscal Year 2016

**Douglas W. Elmendorf**  
**Director**

**Before the**  
**Subcommittee on the Legislative Branch**  
**Committee on Appropriations**  
**United States Senate**

**March 10, 2015**

*This document is embargoed until it is delivered at 3:00 p.m. (EDT) on Tuesday, March 10, 2015. The contents may not be published, transmitted, or otherwise communicated by any print, broadcast, or electronic media before that time.*



Madam Chairman, Ranking Member Schatz, and Members of the Subcommittee, thank you for the opportunity to present the Congressional Budget Office's budget request. CBO requests appropriations of \$47.3 million for fiscal year 2016. That amount represents an increase of \$1.6 million, or 3.4 percent, from the \$45.7 million provided to CBO for 2015.

About one-quarter of the requested increase, roughly \$440,000, would fund three new full-time-equivalent positions (FTEs): The agency aims to boost its staffing from the 235 FTEs contemplated in the 2015 appropriation to 238 for 2016. The additional FTEs would be devoted to analyzing the economic effects of federal tax and spending policies (including conducting "dynamic analysis" of certain legislation pursuant to a new House rule) and health care issues.

The remaining \$1.1 million increase (about 2.4 percent) would be devoted to ongoing operations—the result of an increase of nearly \$1.7 million in pay and benefits, which would be partly offset by a decrease of about \$550,000 in nonpay expenditures. The proposed increase in pay and benefits reflects small increases in average pay and rising costs of benefits, including a marked increase in contribution rates for the Federal Employees Retirement System (FERS) that took effect in 2015 but was not anticipated in CBO's 2015 budget request. The decrease in nonpay expenditures, mostly related to information technology (IT), is possible because funding provided in 2014 and 2015 allowed CBO to catch up on IT purchases deferred from previous years. In various other areas, CBO expects to contain nonpay costs so they will be less than or equal to this year's expenditures, despite rising prices.

Of the requested funding for 2016, 91 percent would support pay and benefits, 6 percent would be for IT, and 3 percent would go toward purchases of data, training, office supplies, and other items.

## **CBO's Funding History and Its Effects on Staffing and Output**

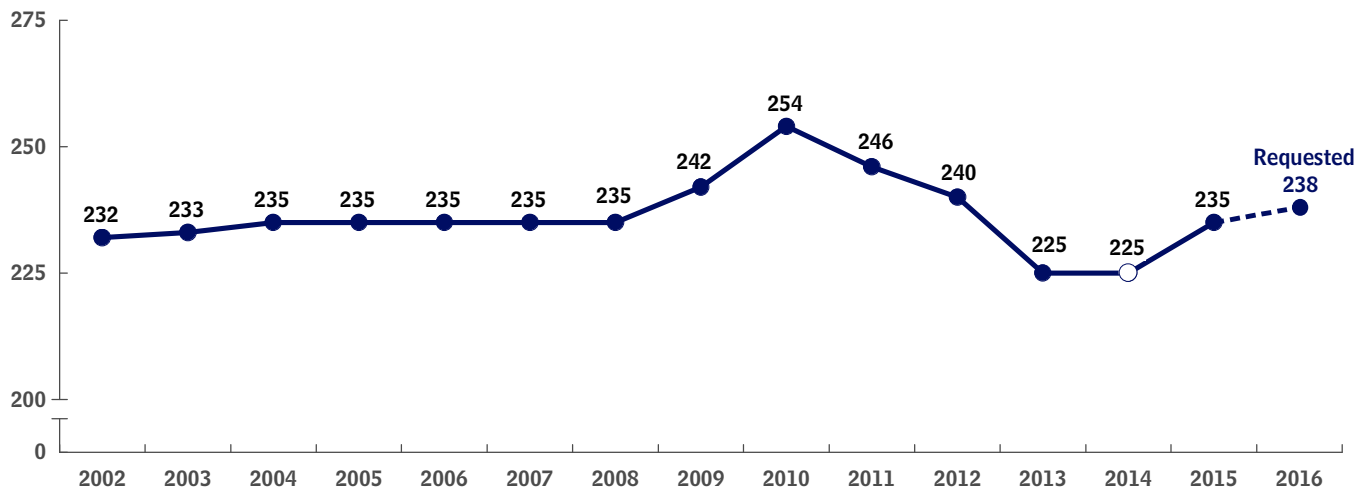
Because such a large share of CBO's budget represents compensation, the contours of the agency's budget and staffing levels have been and will continue to be closely linked.

Between fiscal years 2002 and 2008, the number of authorized FTEs at CBO held between 232 and 235 (see Figure 1). During that period, CBO's budget generally rose slowly, as federal employees received salary increases and the cost of federal benefits increased. For fiscal years 2009 and 2010, the Congress approved larger increases in CBO's budget to support a step-up in staffing. That step-up was intended primarily to increase the agency's ability to analyze potential changes in federal health care policy while maintaining its capacity to provide cost estimates and reports on other topics. CBO had sufficient funding for 254 FTEs in 2010.

The increase in staffing enabled CBO to engage in analyses of particularly complex issues and to provide substantially more estimates and other analyses to the Congress. Among the accomplishments that were facilitated by the larger staff were a significant expansion of health care analysis, substantial enhancement of financial analysis, considerable improvement in modeling the economic effects of federal tax and spending policies, issuance of several reports with options for changing federal benefit programs, significant gains in the transparency of CBO's analysis, and continued high quality of the agency's cost estimates and analyses of numerous other topics.

However, constraints on CBO's funding (following from constraints on discretionary appropriations as a whole) caused the agency's staffing to shrink in fiscal years 2011 through 2013. The agency's appropriation for 2013 was well below the amounts provided to the agency during the preceding years (see Figure 2). Those cuts, combined with small increases in average pay and rising costs of benefits and other items during those years, required a drop in the number of FTEs to only 225 in 2013, the lowest level in more than a dozen years. In addition, the agency had to defer critical purchases of IT equipment and services and other items.

CBO's appropriation for 2014 was significantly larger than its appropriation for 2013, and the appropriation for 2015 equaled the amount provided in 2014. Accordingly, the agency sharply increased its recruiting efforts in order to return its staffing to the traditional level of 235 FTEs as quickly as possible and to catch up on deferred IT purchases. As a result, staffing now stands at 234 FTEs, and the number is expected to be slightly higher by the end of this fiscal year.

**Figure 1.****FTEs Authorized for Fiscal Years 2002 Through 2016**

Notes: ○ = In the second quarter of fiscal year 2014, CBO received an appropriation that authorized 235 FTEs, but because of the timing of the appropriation, a realistic goal was 225.

FTE = full-time-equivalent position.

### CBO's Funding Request and Its Consequences for Staffing and Output

In fiscal year 2016, CBO will continue its mission of providing objective, insightful, timely, and clearly presented budgetary and economic information to the Congress. To fulfill that mission, CBO requests \$47.3 million in funding—an increase of \$1,570,000 from the \$45.7 million provided for 2015. The requested amount of funding would allow CBO to provide the following estimates and other analyses to the Congress:

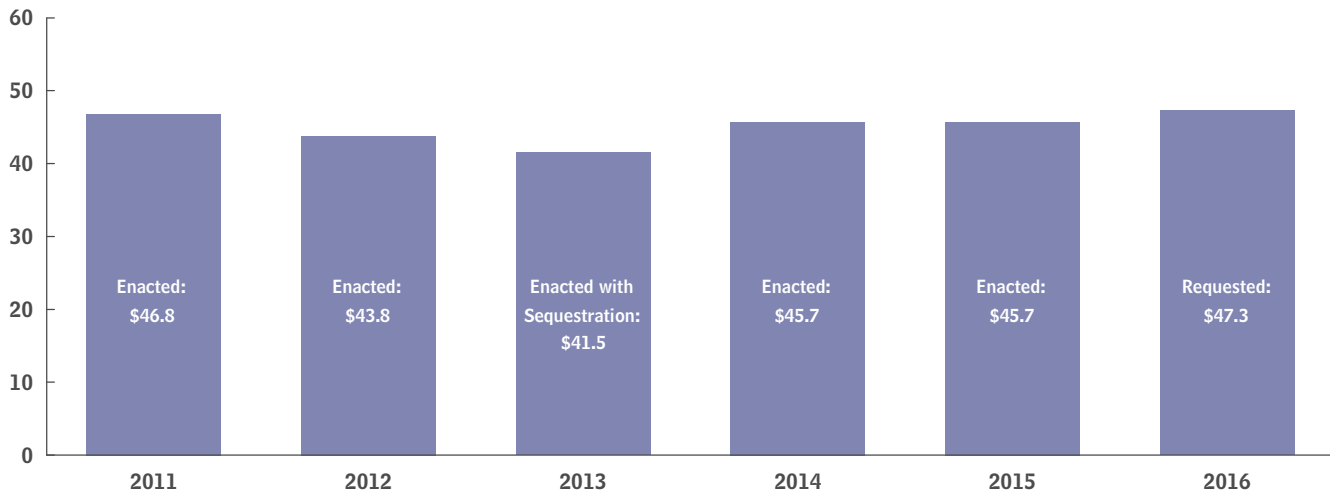
- Reports presenting the outlook for the budget and the economy, analyses of the President's budget, long-term budget projections, and options for reducing budget deficits;
- More than 500 formal cost estimates, most of which will include not only estimates of federal costs but also assessments of the cost of mandates imposed on state, local, and tribal governments or the private sector;
- Thousands of preliminary, informal cost estimates, the demand for which is very high as committees seek to have a clear picture of the budgetary impact of proposals and variants of proposals before they formally consider legislation;

- About 120 scorekeeping tabulations, including account-level detail for individual appropriation acts at all stages of the legislative process and summary tables showing the status of discretionary appropriations (by appropriations subcommittee) and running totals on a year-to-date basis; and
- Roughly 85 analytical reports and other publications—generally required by law or prepared in response to requests from the Chairmen and Ranking Members of key committees—on a broad range of topics, including health care, policies for increasing economic growth and opportunity, changes in benefit programs, defense policy, infrastructure, energy policy, and the government's role in the financial system.

Those products would be the result of very hard work by CBO's highly dedicated staff. Nevertheless, the agency expects that the anticipated volume of estimates and other analyses will fall considerably short of the number of Congressional requests. The demands on CBO remain intense: The enactment of major health care legislation in 2010 has been followed by a high level of Congressional interest in analysis of that legislation and numerous proposals for further changes in federal health care programs. In addition, the slow recovery from the economic downturn has spurred interest in the agency's economic forecasts and in policies that might boost

**Figure 2.****Funding for Fiscal Years 2011 Through 2016**

Millions of dollars



economic growth and opportunity in both the near term and the longer term. Moreover, the surge in federal debt and the high level of projected deficits have led to ongoing Congressional efforts to enact fundamental changes in spending and tax policies. Analyzing the possibilities and proposals has strained the agency's resources in many areas. CBO regularly consults with committees and Congressional leadership to ensure that its limited resources are focused on the work that is of highest priority to the Congress.

The requested funds would be used as follows:

- \$32.1 million for pay of personnel—an increase of \$1.6 million (5 percent) over the amount that will be spent in fiscal year 2015. The increase would cover \$0.3 million in pay for the additional FTEs, as well as performance-based salary increases for current staff and an across-the-board increase of 2.2 percent for employees making less than \$100,000 (if such an increase is authorized for executive branch agencies).
- \$11.1 million for benefits of personnel—an increase of \$0.5 million (5 percent) relative to the amount projected to be spent in 2015, to fund an increase in the cost of federal benefits as well as the benefits for

the added staff members. The increase in the FERS contribution rate (about 1.7 percentage points for most of the affected employees) took effect in 2015 but was not anticipated in the 2015 budget; those costs are being met within the 2015 appropriation because the pay of some new employees turned out to be lower than anticipated. The higher FERS contribution rate accounts for about \$0.5 million of the proposed 2016 funding.

- \$4.1 million for other purposes—a decrease of \$0.5 million (12 percent) from the amount appropriated in 2015. The funds would go toward purchases of IT, data, training, and other items. The decrease for 2016 is made possible primarily by the fact that the 2014 funding allowed CBO to catch up on deferred IT purchases and to make some purchases that reduced future needs.

In closing, I would like to thank the Committee for the support it has provided CBO over many years, enabling the agency to provide timely, carefully thought-out nonpartisan budgetary and economic analysis to the Congress as it addresses the critical issues facing the nation.

