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TESTIMONY

CBO's Appropriation Request for Fiscal Year 2022

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

Chairman Reed, Ranking Member Braun, 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 \$61 million for fiscal year 2022. That amount represents an increase of \$3.7 million, or 6.4 percent, from the \$57.3 million provided to CBO for 2021. Of the total amount, nearly 91 percent would be used for personnel costs.

The proposed budget reflects strong interest from Congressional leadership, committees, and Members in CBO's estimates, analysis, and technical assistance—interest that will strain the agency's resources in many areas. The need to rapidly assess the economic effects of the 2020–2021 coronavirus pandemic and the impact of major pieces of related legislation has added to the normal heavy workload, and significant legislative initiatives prompted by the new Administration will require additional resources. CBO is also working to improve its capability to analyze the effects of legislation on people in different demographic and income groups. The budgetary increase that CBO is requesting would enable the agency to remain responsive to Congressional needs by fully funding the staffing increase that it is undertaking this year and by providing for four new staff members to deliver more analysis of infrastructure, energy, and climate-change issues—areas in which CBO anticipates additional legislative activity.

Reasons for the Requested Increase in Funding

The requested increase would pay for current staffing and for hiring four new staff members in 2022. It would also enable various improvements in information technology (IT).

Personnel Costs

CBO requests an increase of \$3.1 million for personnel costs. Of that amount, \$1.4 million would cover salaries and benefits to fully fund seven new staff members hired in 2021 and to fund the early replacement of staff members who plan to depart in 2022 (nine full-time-equivalent positions, or FTEs). An additional \$0.4 million would fund salaries and benefits for the four new staff members (two FTEs) who would provide the Congress with more analysis of infrastructure, energy, and climate-change issues. (Those employees would be hired partway through the year, so the amount requested is half the cost of employing them for a full year.)

The remainder—\$1.3 million—would provide for normal increases in personnel costs. It would fully fund

increases in personnel costs that began this fiscal year, as well as provide for performance-based salary increases for current staff in 2022 and an across-the-board increase of 2.6 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.) Furthermore, the amount would fund increases in performance bonuses and anticipated increases in leave buyout costs. And it would cover an increase in the cost of federal benefits.

Nonpersonnel Costs

CBO requests an increase of \$0.6 million for nonpersonnel costs. That funding would enable such enhancements as improving CBO's ability to assess, detect, and recover from internal and external cyber threats; continuing to improve computing capabilities for many staff by shifting their workstations into cloud-based systems; and enhancing users' ability to conduct remote teleconferences.

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

In fiscal year 2022, CBO will continue its mission of providing objective, insightful, clearly presented, and timely budgetary and economic information to the Congress. The \$61 million requested would be used mostly for salaries and benefits for personnel.

Funding Request for Personnel Costs and Consequences for Staffing

CBO requests \$55.2 million for salary and benefits to support 275 FTEs. That amount represents an increase of \$3.1 million, or 5.9 percent, from the \$52.1 million provided to CBO for fiscal year 2021.

Of the total requested amount:

- \$39.6 million would cover salaries—an increase of \$2.6 million, or 7 percent, from the amount provided for 2021.
- \$15.6 million would fund benefits—an increase of \$0.5 million, or 3.6 percent, from the amount provided for 2021.

Funding Request for Nonpersonnel Costs

CBO requests \$5.8 million for costs other than personnel. Those funds would cover current IT operations—such as software and hardware maintenance, software development, communications, and purchases of commercial data and equipment—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), subscriptions to library services, and other items. The requested amount is \$0.6 million, or 11 percent, larger than the amount provided for 2021.

Consequences for Output

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

- Provide roughly 700 formal cost estimates, most of which would 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 of Congress seeking a clear picture of the potential budgetary impact of proposals and variants of proposals before they introduce or formally consider legislation;
- Produce about 100 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;
- 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, the details of the federal budget process, and a broad range of related budgetary and economic topics in such areas as health care, defense policy, Social Security, and climate change; and
- Publish blog posts, chart books, interactive tools, presentations, slide decks, testimonies, and questions for the record to bring CBO's work to a wide audience and to increase the transparency of CBO's analysis and methods.

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 that responded to the pandemic and to sudden changes in the economy. In addition to those extraordinary efforts, CBO devoted resources to producing important reports about the budgetary effects of a single-payer health care system, a variety of defense-related issues, student loans, transparency at CBO, the effects of recapitalizing Fannie Mae and Freddie Mac, veterans' income, and other topics. 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 it will not be able to produce as many estimates and other analyses as committees, leadership, and individual Members request.

Responsiveness

CBO seeks to provide information at the time when it is most useful to the Congress. Depending on its purpose, that information takes a variety of forms, such as cost estimates, background information, and technical assistance. Whenever it is practicable, CBO completes formal cost estimates before legislation comes to a floor vote. In addition, the agency works to provide technical assistance, reports, and other information to policymakers and their staff 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 expert consultants in complex areas, such as health policy, economic forecasting, and climate-related research. Finally, the agency is continuing to expand its use of team approaches for large and complicated projects. That approach has been particularly effective in enabling CBO to produce timely analysis of legislation involving health care.

CBO's goal is to increase the number of 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.

The budgetary increase that CBO is requesting would allow it to maintain its efforts to be responsive, particularly in three important areas of analysis. In 2021 and 2022, CBO plans to hire additional staff who will increase the agency's expertise and modeling capability in the areas of infrastructure, energy, and climate change—areas in which CBO expects the Congress to show increased interest.

Transparency

CBO works hard to make its analysis transparent and plans to strengthen those efforts, building on the increased emphasis that it has placed on transparency over the past several years. In 2021 and 2022, many of CBO's employees will spend part of their time on efforts to make the agency's analysis transparent.

Testifying and Publishing Answers to Questions

In 2021 and 2022, 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.

Explaining Analytical Methods

CBO plans to publish reports providing general information to help Members of Congress, their staff, and others better understand its work. For example, a report will explain the important issues surrounding CBO's long-term economic and budget forecasts. And CBO will continue to 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.

Releasing Data

In 2021 and 2022, CBO will maintain its practice of publishing extensive sets of data to accompany its major

recurring reports, including detailed information about 10-year budget projections, historical budget outcomes, 10-year projections for federal 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 2021 and 2022, the agency will post the data from various reports' charts and tables.

Analyzing the Accuracy of CBO's Estimates

In 2021 and 2022, CBO will continue to 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 2021 and 2022, 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 2021 and 2022, 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, its Panel of Health Advisers, and other experts. 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 CBO's 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 2022, which was prepared by Mark Smith, with contributions from Leigh Angres, Joseph E. Evans Jr., Theresa Gullo, Deborah Kilroe, Leo Lex, Benjamin Plotinsky, and Stephanie Ruiz.

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