

CONGRESSIONAL BUDGET OFFICE

**Statement of Alice M. Rivlin
Director of the
Congressional Budget Office**

before the

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

Appropriation Request for Fiscal Year 1984

April 15, 1983

Mr. Chairman and Members of the Subcommittee, I am pleased to present the fiscal year 1984 budget request for the Congressional Budget Office (CBO). CBO serves the Congress as a nonpartisan analytical support agency. Its mandate is to provide the Congress with budget-related information and with analysis of fiscal, budgetary, and programmatic policies—both those already in place and potential alternatives. The office makes no recommendations of policy; its principal tasks are to present the Congress with options for consideration and to study the possible budgetary and economic ramifications of those options.

BUDGET REQUEST

For fiscal year 1984, we are requesting \$16,751,000. This is an increase of \$1,478,000 over CBO's anticipated fiscal year 1983 operating level. The number of staff positions is the currently authorized level of 222. No additional staff positions are being requested. I want to emphasize that this is a current services budget.

The increment of \$1,478,000 is made up of the following items:

- o \$892,000 for cost increases, systems maintenance, and new work relating to CBO's automatic data processing (ADP) operations;

- o \$268,000 for cost increases, modifications, and enhancements relating to our systems, data, and model development work;
- o \$213,000 for personnel costs, primarily for pay adjustments and related benefits; and
- o \$105,000 for cost increases relating to other administrative support services.

I will discuss these areas in more detail later in this statement. First, however, I should like to review briefly for the Committee the principal services CBO provided to the Congress in the past fiscal year.

CURRENT CBO SERVICES TO THE CONGRESS

The Congressional Budget Act of 1974 as amended mandates that CBO carry out the following tasks: maintain current tabulations of Congressional revenue and spending actions (scorekeeping); prepare five-year cost estimates for authorizing bills; prepare outlay estimates for bills providing new budget authority; supply tax expenditure and revenue information; report annually projections of new budget authority, outlays, and revenues for the coming five fiscal years; estimate the costs to state and local government of carrying out or complying with federal legislation; prepare periodic forecasts of economic trends and alternative fiscal policies; and analyze issues that affect the federal budget.

The provision of this information involves many different forms of work products ranging from staff memoranda, computer tabulations, and formal letter responses from the Director to published reports.

As the demand for budget-related information has increased in recent years, the volume of CBO work products has grown markedly.

Scorekeeping

CBO provides the Congress with up-to-date tabulations of Congressional actions on revenue and spending bills. These tabulations are used, particularly by the Budget and Appropriations Committees, to measure the status of Congressional budget actions against the targets or limits specified in the concurrent resolutions on the budget.

The bulk of CBO scorekeeping activities involve spending actions. The spending side of the federal budget is complex, consisting of more than 1,000 separate accounts. Furthermore, the Congress acts each year on a large number of individual legislative bills that affect spending, including 13 appropriation bills. CBO's scorekeeping system keeps track of Congressional action on all these bills from the time they are reported from committee to when they are enacted into law. As a result, the CBO scorekeeping data base for budget authority and outlays is very large and keeping it current is a major effort.

CBO scorekeeping estimates are derived from its analysis of the President's budget, baseline budget projections, and bill cost estimates, as well as from the economic assumptions used for the concurrent budget resolution. CBO reviews its scorekeeping estimates on a comprehensive basis at least twice a year to incorporate new information provided by the Office of Management and Budget (OMB) and other federal agencies, revised economic assumptions that may be adopted by the Budget Committees, and other relevant data. Any reestimates resulting from these reviews are reviewed by the staffs of the Budget and Appropriations Committees before they are adopted as official scorekeeping estimates.

Specially designed computer scorekeeping reports are provided weekly to the Budget and Appropriations Committees. Frequent letters are also sent by the CBO Director to the Chairmen of the two Budget Committees to advise them on current budgetary levels. Advisory letters also have been sent upon request to the Chairman of the House Appropriations Committee on the budgetary impact of individual appropriation actions, such as a supplemental appropriation bill or a continuing resolution.

The CBO automated scorekeeping data base is used to provide special computer reports to the Appropriations Committees for use in preparing their March 15 reports and in dividing budget resolution allocations among subcommittees. The data base is also used by the Budget Committees in formulating budget resolutions, particularly a second resolution.

CBO also prepares a weekly automated report on the legislative status of selected entitlement and other bills that would directly affect budgetary requirements. Similar reports provide information on the legislative status of bills affecting credit activities, bills providing required authorizations for requested appropriations, and proposed revisions of the Budget Act. Copies of these reports are provided to the staffs of the Appropriations and Budget Committees of both Houses. These automated reports originate from a request by the House Appropriations Committee.

In addition, CBO has developed a scorekeeping capability for tracking Congressional action on the federal credit budget. This separate, automated data system is used primarily by the two Budget Committees.

Analyses of the President's Budget

CBO carefully reviews the budget estimates submitted to the Congress periodically by the Administration. The purpose of these reviews is to evaluate the accuracy of the Administration's budget estimates and, where necessary and appropriate, to reestimate the Administration's budget estimates using different economic assumptions and CBO's estimating techniques and methods.

The economic assumptions used by the Budget Committees to formulate the annual budget resolutions typically are different from the assumptions used by the Administration in preparing the President's budget. A different set of economic assumptions may significantly alter the budgetary impact of the President's proposals. Both Budget Committees periodically ask CBO to reestimate the President's budget using different economic assumptions.

Over the past several years, CBO has developed an independent capability for estimating the impact on budget outlays of various budget proposals. To keep these techniques and methods as accurate as possible, CBO staff carefully monitor actual spending trends as reported monthly by the Treasury, and various program data series that show trends in the utilization of federal benefits and services, the growth in beneficiary populations, and other factors affecting federal spending. CBO uses these independent methods to reestimate the effect of the President's budget proposals. In recent years, these so-called "technical reestimates" have been significant.

In addition to reviewing carefully the Administration's budget estimates, CBO prepares each year an overview analysis of the President's budgetary proposals. In 1982, this published report was requested by the Senate Committee on Appropriations to assist Members and staff in

preparing for overview hearings on the Administration's annual budget. The report discusses the economic outlook for the next several years and the possible economic impact of the President's proposals, examines the major features of the President's revenue and spending proposals, and presents CBO's preliminary reestimates of the budget impact of these proposals based on alternative economic assumptions and on CBO's estimating techniques and methods. Since 1980, at the request of the two Budget Committees CBO has also prepared a separate report providing an overview analysis of the President's proposed budget for federal credit activities.

Baseline Budget Projections

Each year, CBO prepares a new set of baseline budget projections. The projections take as their starting point the budgetary decisions made by the Congress through its most recently completed session and show what would happen to the budget if no new policy decisions were made during the next five fiscal years. These projections do not represent a forecast of future budgets, because the Congress undoubtedly will make numerous new policy decisions in response to changing national needs and economic circumstances. They do provide, however, a useful baseline or benchmark against which proposed changes in taxes or spending policies may be measured and assessed. A longer-term framework is helpful in making annual budget choices because these decisions frequently have little impact

on the budget in the short run but can significantly influence relative budget priorities over a period of several years. Because the annual budget resolutions now include a credit budget component, the Budget Committees have asked CBO to develop baseline projections in 1983 for federal credit activities.

CBO's budget projections capability has enabled the Congress to move more and more in the direction of multiyear budgeting. For example, the Senate Budget Committee for several years has used the CBO baseline budget projections as a starting point for formulating its recommendations for the first budget resolution. The CBO baseline spending projections are distributed to the Senate Appropriations Committee and the authorizing committees as background information for preparing their March 15 reports to the Budget Committee. The Senate Budget Committee then uses the CBO baseline projections in its budget resolution markup materials to assess how spending and revenues should be altered in the future to meet fiscal policy goals and national needs. The House Budget Committee also uses the CBO budget projections to provide background information to House committees for the preparation of March 15 reports and to show the outyear effects of Budget Committee recommendations for the first budget resolution. In 1982, the House Budget Committee used the baseline projections as a basis for formulating the first budget resolution for fiscal year 1983. Both Budget Committees are now including three-year targets in their recommended budget resolutions.

The CBO budget projections took on added importance in 1981 and 1982 because they served as the baseline for computing the spending reductions to be achieved in the budget reconciliation process. In 1982, CBO was asked to modify its budget projections to conform with economic and other assumptions agreed to by representatives of the Congress and Administration, these new projections served as the so-called "bipartisan baseline" used for negotiations between the Congress and the Administration. These negotiations led to the adoption of the first budget resolution for fiscal year 1983. These bipartisan baseline estimates were also used as the benchmark for computing the \$7 billion of spending reductions for fiscal year 1983 to be achieved by the Congress in 1982.

CBO has made similar use of baseline budget projections in its bill cost estimates for calculating the costs or savings that would result from legislative proposals to change existing law. This is particularly important for calculating the budgetary effects of changes in various entitlement programs.

The growing use of budget projections requires CBO to maintain a large multiyear data base on a year-round basis. CBO now provides the Budget Committees of both Houses with numerous sets of five-year projections of revenues and spending throughout the year, usually in the form of computer tabulations. In addition, CBO publishes annually a five-year

budget projections report, usually at the beginning of each session of Congress. In recent years, CBO has also published a separate report presenting five-year projections of tax expenditures.

Bill Cost Estimates

CBO prepares cost estimates for virtually every public bill reported by legislative committees in the House or Senate that would have a budget impact. CBO also prepares numerous cost estimates at committee request for use in earlier stages of the legislative process. CBO's bill cost estimates have become an integral part of the legislative process. Committees are referring to them increasingly at every stage of bill drafting, and they are having an impact on the final outcome of legislation.

The number of such bill cost estimates prepared each year varies, depending on the amount of legislation being considered and reported by legislative committees. During the first ten months of 1982, the number of individual bill cost estimates was about 686, as shown in Table 1. A large part of CBO's bill costing activity in 1982 was for the omnibus reconciliation bill. That bill involved nine House and eight Senate committees in 1982. Much of this costing work was performed for subcommittees and committees as they considered various alternatives for fulfilling the reconciliation instructions contained in the first budget resolution.

TABLE 1. BILL COST ESTIMATES (FORMAL AND INFORMAL)

Year	1977	1978	1979	1980	1981	1982
Total Estimates	749	995	830	861	553	686

A large amount of costing work was also performed at the request of the subcommittees and committees that participated in the subconferences that resulted in the final version of the Omnibus Budget Reconciliation Act of 1982 and the Tax Equity and Fiscal Responsibility Act of 1982. (The latter act included reconciliation savings in spending programs under the jurisdiction of the House Ways and Means Committee and the Senate Finance Committee.) This work on the conference agreement, coupled with the costing effort completed before passage of the individual House and Senate bills, required intense contact and cooperation with staff members of the various subcommittees and committee staff because of the relatively tight reconciliation time schedule. Ultimately, these efforts were equivalent to several hundred individual bill cost estimates. Because CBO's bill cost estimate tracking system has treated work on the omnibus reconciliation bills as if they were a few large bills, this workload is not reflected fully in the figures shown in Table 1 for 1981 and 1982.

In addition to cost estimates for bills reported by legislative committees, the CBO also provides the Appropriations Committees with outlay estimates for all appropriation bills. These outlay estimates are prepared for each appropriation account and are transmitted to the staffs of the committees largely in the form of computer tabulations. In 1982, the CBO staff worked closely with staffs of both Appropriations Committees to develop the capability to prepare computer reports that display both budget authority and outlay data in the Comparative Statement of Budget Authority (CSBA) formats used by the Appropriations Committees.

State and Local Government Cost Estimates

The State and Local Government Cost Estimate Act (Public Law 97-108) enacted in late 1981 expanded CBO's bill costing responsibilities by requiring estimates of the cost that would be incurred by state and local governments in carrying out or complying with legislation that is reported in the House or the Senate. These cost estimates are to be limited to bills that, in the judgment of CBO, are likely to result in an aggregate annual cost to state and local governments of at least \$200 million or to have exceptional fiscal consequences for a geographic region or particular level of government.

This new responsibility became effective on October 1, 1982. CBO's first estimate under this requirement was prepared in November 1982.

CBO has been planning for the state and local cost estimate responsibility since the passage of the act. The four additional positions authorized for fiscal year 1983 have been assigned to the Budget Analysis Division. A major activity has been the development of a network of officials of state and local governments, representatives of the associations of state and local governments, executive branch personnel, and intergovernmental research associations. This network is intended to provide our cost analysts ready access to information needed to prepare the cost estimates. In addition, guidelines for preparing state and local cost estimates and a standard format have been developed. CBO has also been studying alternative techniques for making estimates, and will continue to improve its state and local cost estimating capability during the law's first year of implementation. (For further background on CBO's implementation of this responsibility, see Tab K of this justification.)

Economic Forecasts

Each fiscal year, CBO provides the Congress with two economic forecast reports. They are issued to coincide with Congressional consideration of the concurrent resolutions on the budget.

CBO does not maintain its own macroeconomic model of the economy. Instead, we use the major commercially available econometric

models (Data Resources, Inc., Wharton Associates, Chase Econometrics, Townsend-Greenspan, and Evans Economics). We also rely on the advice of a distinguished panel of advisers representing a wide spectrum of economic views. Appendix A to this statement lists the members of the current panel.

The reports issued in February and September of 1982 focused on recent economic developments, discussed fiscal and monetary policy, forecast short-term economic trends, and detailed the federal budget outlook under these economic assumptions.

Program Analysis

Over the years, CBO has responded to requests for analyses from almost every committee of both Houses of Congress. These reports have provided the Congress with crucial budget-related information needed to make informed decisions on complex questions.

In fiscal year 1982, CBO completed 77 such reports. This is an increase of approximately 20 percent over the number of reports completed in fiscal year 1981. The 77 reports were for 21 Congressional committees—9 of the House, 11 of the Senate and 1 joint Congressional committee. Appendix B to this statement shows the distribution of reports requested by House and Senate committees in fiscal year 1982. Although it is obviously

not possible for me to review all of these studies here, I would like to mention some of our major work.

Various committees of the Congress made extensive use of analyses completed by the National Security and International Affairs Division (NSIA). The Defense Subcommittees of the Appropriations Committees in both the House and the Senate used CBO's analysis of the cost of the Army modernization program. CBO published this analysis, **Army Ground Combat Modernization for the 1980s: Potential Costs and Effects for NATO**, in November 1982. Interim results of the analysis were cited extensively in questions to the Department of Defense by the Chairman of the House Defense Subcommittee and were noted by the Senate Defense Subcommittee in support of its defense bill for fiscal year 1983.

The Seapower and Strategic and Critical Materials Subcommittee of the House Armed Services Committee requested that CBO analyze the costs and effects of the Administration's shipbuilding plans and alternatives to them. The results were published in **Building a 600-Ship Navy: Costs, Timing, and Alternative Approaches**, March 1982. The analysis was noted in hearings published in support of the defense authorization bill.

NSIA also assisted the Senate Armed Services Committee in analyzing the effects of buying more C-5 aircraft, one of the most important debates

on the fiscal year 1983 defense budget. This analysis was part of a broader study of the budget effects of the Rapid Deployment Force; the full study will be published in early 1983. The interim results were published in Part 2 of the hearings in support of the defense authorization bill.

The Congress has long been concerned that the budgetary treatment of Farmers Home Administration rural housing loan programs obscures their eventual costs to the government. In response to a request from the Senate Budget Committee, the Human Resources and Community Development Division (HRCDD) completed an analysis of the long-term costs of rural housing loan programs and identified options both for reducing program costs and for making those costs more apparent in federal budget documents. This work was used by the Senate Banking, Housing, and Urban Affairs Committee in developing a comprehensive rural housing program alternative. The final product of this work was a June 1982 report entitled **Rural Housing Programs: Long-Term Costs and Their Treatment in the Federal Budget.**

During its last session, the Congress enacted major changes in the way that Medicare reimburses hospitals, in order to reduce federal costs without directly affecting beneficiaries. HRCDD staff developed a simulation model using hospital-specific data to estimate the impact of possible changes on federal outlays and on hospitals of different types. Numerous proposals

were analyzed for the staffs of the House Committee on Ways and Means and the Senate Committee on Finance, and then for the conference committee as they developed the final legislation. CBO Director Alice Rivlin testified on this subject in December 1981 before the Subcommittee on Health and the Environment of the House Committee on Energy and Commerce, and an HRCD staff member testified before the Subcommittee on Health of the House Committee on Ways and Means in June 1982.

The Comprehensive Employment and Training Act (CETA) expired in 1982, raising the issue of how to design a replacement job training program and who should receive assistance. At the request of the Senate Budget Committee, HRCD staff analyzed the impact of CETA training on the employment prospects and future earnings of adult trainees. That study, which indicated that training appeared to be most effective for persons without substantial employment histories, was useful to the Congress in designing targeting criteria for the Job Training Partnership Act of 1982. The final product of this work was a published July 1982 report, **CETA Training Programs—Do They Work for Adults?**

Even though revisions to the Clean Air Act did not take place in the 97th Congress, the analysis by the Natural Resources and Commerce Division (NRCD) of alternative New Source Performance Standards and their effects on the electric utility industry, on coal markets, and on sulfur

dioxide emissions was a key element in the deliberations of the Senate Committee on Environment and Public Works. As a result of the publication in this area, **The Clean Air Act, the Electric Utilities, and the Coal Market**, CBO has been requested to do several subsequent papers on the subject and also to testify.

CBO has done several analyses that have been of use to the Congress in shaping its infrastructure program. CBO has testified twice on user fees for infrastructure development, once for the Senate Environment and Public Works Committee and once for the House Public Works and Transportation Committee. In addition, the NRCD briefing to the staff of the Senate Budget Committee and the draft papers on public works infrastructure have been directly used by the Committee to prepare legislation. Together with the Human Resources Division, NRCD prepared testimony before the Senate Committee on Environment and Public Works concerning infrastructure investments and the effect on unemployment.

The Tax Analysis Division prepared a paper in March 1982 at the request of the House Ways and Means Committee describing the experience of states and localities with the new restrictions imposed on the use of tax-exempt bonds for single-family housing in 1980. This paper, **The Mortgage Subsidy Bond Tax Act of 1980: Experience Under the Permanent Rules**, was used to evaluate proposed changes to the 1980 act that were ultimately incorporated in Section 220 of the Tax Equity and Fiscal Responsibility Act of 1982.

The Tax Analysis Division also prepared extensive analyses of options to limit the use of tax-exempt industrial revenue bonds for the Senate Finance Committee. This was a follow-up to CBO's April 1981 report **Small Issue Industrial Revenue Bonds**. The Senate Finance Committee used these analyses in preparing the limits on industrial revenue bonds that were included in Sections 214-219 of the Tax Equity and Fiscal Responsibility Act of 1982.

Other key issues addressed by CBO during fiscal year 1982 included the tax treatment of home ownership, federal credit activity, the Federal Financing Bank, the railroad retirement system, federal housing assistance, the Interstate Highway system, Social Security, and contracting out for federal services.

Based on our current committee requests, we expect to complete approximately the same number of reports in fiscal year 1983.

This justification includes a list of CBO reports (see Tab I). Part I of the list shows the projects in progress. Part II lists the studies completed in fiscal year 1982. The list gives the CBO division responsible for the report, its title, a summary of its content, the requesting Congressional committee or statutory authority, and, when applicable, the completion date.

THE FISCAL YEAR 1984 REQUEST

As I previously indicated, the increment over our 1983 operating level reflects our needs in four key areas: automatic data processing; systems, data, and model development; personnel; and other support services.

ADP

The funds in our ADP category represent the costs of computer operations performed either by CBO staff or by staff of the House Information Systems (HIS) as directed by CBO staff.

The fiscal year 1984 budget request for computer-related costs is \$5,510,000, an increase of 19.3 percent over fiscal year 1983. This increase of \$892,000 results from:

- o Price increases from our suppliers--accounting for \$245,000 of the increase.
- o Upgrading and maintenance of our systems--accounting for \$212,000 of the increase.
- o New work--accounting for \$435,000 of the increase.

Regarding price increases, our largest commercial supplier recently increased its prices by over 18 percent. To offset this impact, we are now transferring our costly applications from this supplier. Nevertheless, the increase from this supplier will still add over \$100,000 to our 1984 budget. In addition, we expect our other commercial suppliers to increase their prices by an average of 8 percent in fiscal year 1984 and our federal suppliers by an average of 3 percent.

We anticipate having to upgrade several of our existing budget computer systems so they can continue to meet the ever-growing demand placed on them by the increasing number of users. A primary area of investment will be the scorekeeping system. We will, for example, expand that system so that it more adequately deals with off-budget items, thus giving the committees a more complete picture of proposed budget changes. We will also be continuing our efforts to improve our forecasting of federal outlays. These improvements will require modifications to our existing computer applications.

As another illustration of investment in the upgrading and maintaining of our existing systems, we are developing ways to respond more quickly and efficiently to the demands placed on these systems. In fiscal year 1982, for example, CBO was asked to supply committees with 5,250,000 pages of computer reports. This represented an increase of 38 percent from a year

earlier. Because of this rapidly increasing volume of demand for our current systems, we are developing applications that will allow CBO analysts to examine our computer systems directly to check individual items, therefore avoiding the ordering of a lengthy report just to check a limited amount of detail. This investment in upgrading will, of course, lead to cost-saving efficiencies.

The \$435,000 for new work in 1984 involves the development and operation of computer-based systems to support new areas of analysis requested by committees that CBO serves. The work will be concentrated in three areas:

Budget Analysis	\$244,000
Tax Analysis	\$ 66,000
Human Resources	\$125,000

Expanded systems support in Budget Analysis includes credit budgeting, state and local cost estimating, and analysis of Social Security options. Other Budget Analysis areas that may require support by CBO in the second session of the 98th Congress are capital budgeting and multiyear proposals.

As a result of the Economic Recovery Tax Act of 1981 (ERTA) and the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), extensive

changes to our revenue-estimating computer systems in Tax Analysis are required. We are currently using interim approaches to estimating, but need to overhaul our systems in this area. The increased attention to user fees has also added complexities to this area of our work and we expect continued attention on revenues that will require us to develop new systems approaches.

Two factors have impacted greatly on the analyses performed in the Human Resources area. First, the 1980 Census data has become available and needs to be brought into our estimating data bases, replacing the less accurate, aged 1970 Census baseline. Second, the dramatic changes in entitlement programs and the high unemployment rates require us to revise many of our estimating tools and in some cases to construct or locate new ones.

Systems, Data, and Model Development

Our systems, data, and model development category covers independent contractor effort directed at developing new systems or modifying existing ones; constructing, modifying, or acquiring data bases; collecting and analyzing data; and developing analytical models.

In fiscal year 1980, we spent \$1,084,000 in this category. Because of limited budgets in fiscal years 1981 and 1982, however, we sharply reduced the resources devoted to this area—to \$466,000 in 1981 and to \$258,000 in 1982. For fiscal year 1983, we plan to increase resources in this category to \$506,000. Our ability to respond to Congressional demands depends greatly on our ability to utilize the analytical capability provided by continuously updated, refined, or newly developed systems and models. For fiscal year 1984, therefore, we are requesting \$774,000 in this category.

CBO analyses in the Human Resources area are primarily based on data developed and collected by executive branch agencies. Often, however, an extensive amount of work is needed to transform these data so that CBO staff can use them efficiently to address issues of interest to the Congress. In other cases, the availability of new data permits the development or refinement of models that are necessary to analyze the impact of various Congressional proposals.

For example, continuing high unemployment and financial strains on the Unemployment Insurance (UI) system have focused Congressional attention on the labor market problems of jobless experienced workers. A new data source, now becoming available from the Department of Labor, will provide the first detailed look at the work experiences of jobless persons before, during, and after their receipt of UI benefits. Analysis of these data

will help in assessing the effectiveness of programs designed to assist unemployed workers and in developing criteria for identifying jobless persons most in need of assistance.

Recent work by the Bureau of the Census for the 1980 Census has provided much new information about the extent to which both low-income and high-income groups are underrepresented in standard data bases such as the Current Population Surveys (CPS). This information will be used to modify the March 1983 CPS to reflect more accurately the actual income distribution of the U.S. population, thereby improving the accuracy of future analyses and cost estimates, especially those based on data that have been corrected for underreporting and nonreporting of income.

I have gone into some detail to describe two specific examples of systems and models needed to support our analyses of key domestic policy issues. Continuing needs exist in other analytical areas.

Congressional interest in military retirement may require that we acquire and update data for some large models that estimate retirement costs (both outlays and accrual costs) and others that estimate the willingness of persons to remain in the military.

The strategic weapons increases are one of the most costly parts of the Administration's defense buildup and are of high interest to Congressional committees. NSIA has already developed some models that analyze the effects of alternative strategic forces on costs and capabilities. These models using specialized data will require additional work.

In the Natural Resources area, Congressional demand for CBO analysis suggests requirements for work on world agricultural markets, water resources, natural gas pipeline systems, and air quality control.

Personnel

The increase of \$213,000 in this area is only 2.5 percent over fiscal year 1983. The major part of this is merit increases for staff. In addition, funds are also included for related pay benefits and full funding for CBO's Intern Program.

Other Support Services

This category represents 10 percent of our total budget. The increase of \$105,000 over fiscal year 1983 is due entirely to anticipated inflation costs averaging 6.7 percent. These activities include such items as telephone and equipment leases, printing, supplies, and travel.

CONCLUSION

Mr. Chairman, I want to thank the Committee for having provided CBO this year with the resources both to comply with the requirements of Public Law 97-108, which mandates that CBO do state and local bill cost estimating, and to respond to other important work assigned by the Congress.

Finally, I want to reemphasize that this request is for a current services budget. We are requesting no additional staff positions and the great bulk of our increased request is in the area of ADP operations and systems, data, and model development. Basically, the CBO budget goes for two things, people and computers. For fiscal year 1984, about 80 percent of the increase we have requested is for computer-related expenses.

I will be happy to provide the Committee with any additional information.

APPENDIX A. CBO PANEL OF ECONOMIC ADVISERS

Barbara Bergman
Professor of Economics
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Barry P. Bosworth
Senior Fellow
The Brookings Institution

Dewey J. Daane
Frank K. Houston Professor of Banking
Graduate School of Management
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William Fellner
Resident Scholar
American Enterprise Institute

Alan Greenspan
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Douglas Greenwald
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Walter W. Heller
Regents' Professor of Economics
University of Minnesota

Walter E. Hoadley
Bank of America

F. Thomas Juster
Program Director
Institute for Social Research
University of Michigan

Lawrence R. Klein
Benjamin Franklin Professor
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Paul W. McCracken
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Professor of Business Administration
University of Michigan

Leif H. Olsen
Senior Vice President
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Rudolph Oswald
Director
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Joseph A. Pechman
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Sterling Professor of Economics
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Michael G. Wellman
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S.S. Kresge Corporation

Charles J. Zwick
President
South East Banking Corporation

APPENDIX B. SUMMARY OF COMPLETED CBO REPORTS,
BY REQUESTOR (October 1, 1981, to September 30, 1982)

<u>Requestor</u>	<u>Number of Reports</u>
House Appropriations Committee	4
House Armed Services Committee	5
House Banking, Finance and Urban Affairs Committee	1
House Budget Committee	6
House Energy and Commerce Committee	3
House Interior and Insular Affairs Committee	1
House Interstate and Foreign Commerce Committee	2
House Judiciary Committee	1
House Ways and Means Committee	4
Joint Economic Committee	1
Senate Agriculture, Nutrition and Forestry Committee	1
Senate Appropriations Committee	4
Senate Armed Services Committee	3
Senate Budget Committee	17
Senate Commerce, Science and Transportation Committee	1
Senate Energy and Natural Resources Committee	1
Senate Environment and Public Works Committee	2
Senate Finance Committee	3

(continued)

<u>Requestor</u>	<u>Number of Reports</u>
Senate Labor and Human Resources Committee	5
Senate Minority Leader	2
Senate Public Works Committee	1
Environmental and Energy Study Conference	2
Mandated by Congressional Budget Act of 1974	7
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TOTAL	77