

CONGRESSIONAL BUDGET OFFICE

Statement of Rudolph G. Penner  
**Director** of the  
Congressional **Budget Office**

before the

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

Appropriation Request for Fiscal Year 1985

March 7, 1984

Mr. Chairman and Members of the Subcommittee, I am pleased to appear before you for the first time **as Director** of the Congressional Budget Office (CBO) and to present the fiscal year 1985 budget request for our agency. I assumed the directorship of the CBO last September, and the subsequent months have afforded me the opportunity to **review** the **appropriation** history of the Congressional Budget Office and to plan most carefully for the fiscal year 1985 request we submit today.

As you know, CBO is an analytic **organization** that furnishes information and analyses on issues relating to the U.S. economy, the federal budget, and federal programs. Under the provisions of the Congressional Budget Act of 1974, our work is nonpartisan and offers no **recommendations** of policy.

### BUDGET REQUEST

In fiscal year 1985, CBO is **requesting** \$17,650,000. This is an increase of 4.9 percent over our anticipated operating level for fiscal year 1984 of \$16,829,000. 1/ We are requesting no additional staff **positions** for fiscal year 1985. The number of staff **positions** under this request remains constant at the current authorized level of 222.

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1. The fiscal year 1984 **appropriation** for CBO is \$16,300,000. We have submitted a supplemental request of \$529,000. This increment **includes:** \$252,000 for the costs of the January 1, 1984 **cost-of-living** adjustment (COLA) and \$277,000 for new expenses associated with CBO employees **joining** the Civil Service Retirement System.

The increment of \$821,000 comprises the following items:

- o \$345,000 for personnel costs;
- o \$355,000 for increased costs, upgrading and maintenance, and new work relating to our automated data processing (ADP) operations and systems;
- o \$121,000 for other administrative office **services** costs.

Mr. Chairman, this is a current services budget, and in **preparing** our request we have maintained a most prudent funding approach.

#### CURRENT CBO SERVICES TO THE CONGRESS

The **Congressional** Budget Act of 1974 as amended mandates that CBO prepare **certain** reports on a regular basis and others in response to **Congressional** requests. Specifically, CBO carries out the **following** tasks: **maintains** current **tabulations** of Congressional revenue and spending actions (**scorekeeping**); prepares five-year cost **estimates** for **authorizing** bills; prepares outlay **estimates** for bills providing new budget authority; supplies tax expenditure and revenue information; reports annually projections of new budget authority, outlays and revenues for the coming five fiscal years; estimates the cost to state and local governments of **carrying** out or com-

plying with federal **legislation**; prepares **periodic** forecasts of economic trends and alternative fiscal **policies**; and analyzes issues that affect the federal budget.

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

### 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 relative to the targets or limits specified in the concurrent resolutions on the budget.

The bulk of CBO scorekeeping **activities** involves 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 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** appropriations 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** that the **Administration** **submits** to the Congress. The purpose of these **reviews** is to evaluate 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 both 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 1983, this **publication** 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 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. **Since** 1982, the House Budget Committee also has used the baseline projections as a basis for formulating the first budget resolution. Both Budget **Committees** include **three-year** targets in **their** recommended budget **resolutions**.

The CBO budget projections took on added importance in 1981-1983 because they served as the baseline for computing the spending reductions to be achieved in the budget reconciliation process. In addition, 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 both Budget Committees 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. CBO also publishes 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 11 months of 1983, the number of **individual** cost estimates was 673, as shown in Table 1. A large part of **CBO's** bill costing activity in 1983 was for the House and Senate **Committees** receiving **reconciliation** instructions in the first budget resolution for 1984. These instructions involved seven House and four Senate committees in 1983.

These efforts, together with corresponding work on reconciliation proposals in 1981 and 1982 are **equivalent** to several hundred bill cost estimates. Because CBO's bill cost estimate tracking system has treated work on all the reconciliation proposals as if they were a few large bills, this workload is not reflected fully in the figures shown in Table 1 for 1981, 1982, and 1983.

TABLE 1. BILL COST ESTIMATES (FORMAL AND INFORMAL)

Year	1977	1978	1979	1980	1981	1982	Jan-Nov 1983
Federal Estimates	749	995	830	861	553	747	673*
State and Local Estimates	<b>N.A.</b>	N.A.	N.A.	<b>N.A.</b>	N.A.	4	573*

\* Preliminary.

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 1983, the CBO staff worked closely with staffs of both **Appropriations Committees** to implement and improve a new 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** may 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.

CBO's policy is to **review** as many bills as possible to identify their potential state and local government cost impacts. During the first 11

months of 1983, CBO prepared state and local cost estimates for 573 bills. Of these bills, CBO estimated that 76 had some potential effect on the budgets of state or local **governments** and 497 had none.

Two examples of CBO analyses of state and local cost **impacts** are:

- o Cost estimates of the Hazardous Waste Control and Enforcement Act of 1983, **which** amends the Solid Waste Disposal Act. CBO estimated that the amendments would result in state expenditures of \$30 million from 1984 to 1988, but would also allow state clean-up action at state-owned sites sooner and at a lower cost to states than would otherwise have occurred.
  
- o Cost estimates for H.R. 1510, the **Immigration** Reform and Control Act of 1983, which makes some major **revisions** and reforms to the **Immigration** and **Nationality** Act. **CBO's** analyses **indicated** that the provisions of the bill legalizing certain unauthorized **aliens** currently residing in the **United** States could have sizable effects on state and local government budgets. Additional state and local expenditures were estimated at \$281 million for fiscal year 1988.

## 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-Green-span, and Evans Economics). We also rely on the **advice** of a **distinguished** panel of **advisers** representing a **wide** spectrum of economic **views**. The panel is supplemented from time to **time** with guests possessing **expertise** in particular areas of interest. Appendix A to this statement lists the current members of the panel.

The reports issued in February and August of 1983 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 of key program issues from almost every committee of both Houses of Congress.

In fiscal year **1983**, CBO completed 72 such reports. **This** is approximately the same number of reports completed in the previous fiscal year. The 72 reports were for 25 Congressional **committees--11** of the House, 13 of the Senate, and 1 joint **Congressional** committee. A report was also done for the Speaker of the House. Appendix B of this statement shows the **distribution** of reports requested by House and Senate committees in fiscal year 1983.

The subject areas of these reports reflect the major budgetary **issues** before the Congress. Let me cite just a few examples of important CBO reports completed in fiscal year 1983.

In the past several years, much **attention--both** public and Congressional--**has** been drawn to the declining **condition** of infrastructure systems and to those systems' capacity to accommodate future **economic** and population growth. In April of 1983, at the request of the Senate Budget Committee, CBO completed a report that assesses the needs of seven infrastructure systems and the costs of meeting those needs. The study, Public Works Infrastructure; Policy Considerations for the **1980's**, was widely **recognized** both **in** the Congress and among outside groups as a landmark analysis in public works investment. As a result of this work, several committees have asked CBO to do six other major projects **in** the infrastructure area. In addition, the agency testified on five occasions regarding the results of this report and other analyses undertaken pursuant to it.

In fiscal year 1983, CBO published two analyses relating to development of water resources. These studies, Efficient Investments in Water Resources: Issues and Options and Financing Policies for Federal and State Water Resources Development, were used in developing of **legislation** to authorize a series of new water resources development projects. The latter report, **containing** data on state and local funding for water resources development, was particularly valuable as the only source of such data that was available. CBO testified twice on this work and has been asked to do **further** work.

The dependence of the United States on foreign nonfuel minerals has caused concern about U.S. **vulnerability** to a disruption of these **imports**. In August 1983, at the request of the Senate Committee on Commerce, Science and Transportation, CBO published Strategic and Critical Nonfuel Minerals: Problems and Policy Alternatives. This paper, together with a briefing presented to the staff of the Committee, was used directly in the **reauthorization** of the Defense Production Act.

**Various** committees of the Congress made extensive use of analysis completed by our National **Security** and International Affairs Division. In the area of strategic nuclear forces, our interim report on the MX missile, a May 1983 report on **Modernizing U.S. Strategic Offensive Forces**; The Administration's Program and Alternatives, and our analysis of the strategic



build-down proposals were all cited **extensively** during committee **hearings** and floor debate.

The Congress has debated whether the combination of the **Administration's** economic and defense policies presents serious risks of rekindling **inflation** and undermining economic growth and **productivity**. At the request of the House Committee on Armed Services, CBO published an **analysis** of the issues, Defense Spending and the Economy, and testified before the Committee. We are preparing an update of the report at the Committee's request and testified on the issue again in December 1983. In **addition**, the Chairman of the Senate Armed Services Committee used CBO's analyses during the floor debate on the **military authorization** bill.

In **April** 1983, **NSIA** completed an analysis of **options** for changing the military health care system. This study was characterized by Chairman **Aspin** as being "instrumental" in causing the authorizing **committees** to require linkage between one of the military health care systems (**CHAMPUS**) and the **Medicare** system, a **linkage** that could **substantially** reduce military health care costs.

Analysis provided by the Human Resources and Community Development **Division** (HRCDD) was used extensively by both House and Senate committee staffs during markup of the Medicare hospital reimbursement provisions of the **Social Security** Amendments of 1983. Testimony delivered on

February 14, 1983, to the Subcommittee on Health of the House Ways and Means Committee analyzed the **potential** effects of the **Administration's** proposal, which was then under consideration. Based on that testimony and CBO analyses of other options provided later, the Subcommittee made several significant changes in the proposal. As the **legislation** progressed, Congressional staff continued to rely extensively on CBO analyses, in the full Ways and Means **Committee**, in the Senate, and during the Conference. The final provisions resolved most of the difficulties that CBO had **identified** in the **initial** proposal.

**During** the past year, HRCD staff completed a **series** of analyses of employment policy **options** that were used extensively by Congressional staff in developing **legislative** proposals. In December 1982, the **division** completed an **unpublished** paper, "Strategies for Assisting the Unemployed," which examined a wide range of countercyclical and structural employment options, as well as past federal experience. That was followed in January 1983 by testimony before the Senate Employment and Productivity Subcommittee and then by additional assistance to the staffs of several different **committees** and Congressional working groups developing employment policy proposals. This work was reflected in the Emergency Jobs **bills**, which passed in March 1983.

**This** year, HRCD staff **provided** a series of informal products to the staff of the Senate Subcommittee on the Handicapped, for use in both **auth-**

orization and appropriations deliberations. These products were diverse and included analyses of funding options, explanations of alternative measures of federal support of education for the **handicapped**, analyses of funding trends, and an analysis of the requirements and effects of the "special studies" **section** of the Education of the **Handicapped** Act. Considerable work was also done analyzing science and math policy **initiatives** for the staff of the Senate Labor and Human Resources Committee.

All CBO **divisions** participated in **writing** Reducing the Deficit; Spending and Revenue Options. This report provides a menu of **options** for reducing the federal deficit. CBO has **issued this** report each year **since 1980** and the current edition **will** be completed in February 1984.

Other key issues addressed by CBO during fiscal year 1983 included federal farm policy, cost growth **in** defense weapons systems, the rapid deployment force, manpower costs associated **with** the proposed 600-ship navy, the Davis-Bacon Act, natural gas price decontrol, federal white collar pay, the federal buildings program, catastrophic medical expenses, Veterans Administration health care, federal subsidies for **public** housing, unemployment **insurance**, tax expenditures, and the federal income tax system.

Based on our current committee requests, we expect to complete approximately the same number of reports **in** fiscal year 1984. We further assume that our level of **activity** in fiscal year 1985 will be similar to that in

previous fiscal years. CBO's program areas have remained remarkably stable in terms of **staffing** and **funding** since the inception of CBO. Through the years **they** have accounted for approximately one-third of CBO's staff positions and about one-fourth of the funding.

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 1983. The list gives the CBO **divisions** 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 1985 REQUEST

As I previously **indicated**, the increment over the 1984 operating level reflects needs in three areas: automated data processing, personnel, and other support services.

#### ADP

The funds for the ADP category support **CBO's** use of commercial timesharing services, government computers (mainly the House Information Systems), and microcomputers, as well as our development of systems. The fiscal year 1985 budget request for **computer-related** costs is **\$5,435,000--an** increase of \$346,000 over the anticipated fiscal year 1984 operating level.

In **addition**, there is a \$9,000 increase for systems, data, and model development.

We have been able to hold our requested increase to this level because we have taken a number of steps to bring the rising costs of our essential computer work in check. Some of these steps are:

- o Moving our large applications to a new data base management system that is more **efficient** than the previously used time-sharing;
- o Increasing **CBO's** use of less **expensive Congressional** computer **services**;
- o Expanding our use of **microcomputers** in lieu of timesharing;
- o Continuing **CBO's** use of "**Hillwide**" contracting to reduce the overall cost to the Congress of commercial computer services;
- o Replacing leased terminal equipment with purchased microcomputers which are less expensive.

The **major** factors contributing to the requested \$346,000 increase for ADP in fiscal year 1985 are:

- o Price increases from commercial suppliers—accounting for \$158,000 of the increase;
- o Upgrading and maintenance of existing systems--accounting for \$49,000 of the increase;
- o New work and expansion to allow direct committee access to selected data bases--accounting for \$451,000 of the increase.

Price reductions from our largest government supplier will offset \$312,000 of these increases.

#### Personnel

Mr. Chairman, again I wish to underscore that this request does not seek additional staff positions. The increase of \$345,000 for personnel is a 3.7 percent increase over planned spending in fiscal year 1984. This is for merit increases and staff benefits.

My predecessor, Alice Rivlin, was on record before this committee that the Congressional Budget Office would not seek additional staff positions unless the Congress imposed on CBO new responsibilities requiring more staff. I intend to follow that policy.

### Other Support Services

The increase of \$121,000 in this category is due entirely to inflation costs averaging 5.2 percent. These **activities** include items such as telephone and equipment leases, utilities, printing, travel, and supplies.

### INTERAGENCY COORDINATION

The four Congressional support **agencies**—CBO, the Congressional Research **Service** (CRS), the Office of Technology Assessment (OTA), and the General Accounting Office (**GAO**)--have **continuously** sought to improve procedures to avoid **duplication** of effort, while making research and analytical expertise **available** to the Congress in a timely and **effective** manner.

Appendix C to **this** statement is a copy of the **coordination** plan submitted to both Senate and House **Appropriation** Committees in February 1983. A formal progress report will be submitted to each committee by March 1984.

However, I would like to take this opportunity to review several significant efforts of the past year to coordinate the work of CBO with that of the other **agencies**.

The House and Senate Budget Committees asked CBO and GAO to analyze the recommendations of the **President's Private Sector Survey on Cost Control (PPSSCC)**, also known as the **Grace Commission**. The PPSSCC was established by Executive Order 12369 on June 30, 1982, to identify **opportunities** for increased efficiency and reduced costs achievable by executive **action** or **legislation**. The PPSSCC has issued more than 40 reports **containing** more than 2,200 **recommendations** for achieving cost savings in federal **activities**. The joint CBO-GAO effort **will** focus on the major recommendations that potentially involve the largest cost savings **identified** by the PPSSCC. The CBO-GAO analysis, which is to be completed in February 1984, will identify the extent to **which** the PPSSCC recommendations are new **recommendations** that the Congress has not yet considered, and will estimate the possible **savings** that could be achieved from CBO's **baseline** budget projections for fiscal years 1985-1989.

All four support **agencies** worked together in a conference on the future of **Medicare**. CBO and CRS **jointly** planned the conference in conjunction with the staff of the House Ways and Means Committee. OTA prepared one of the major papers presented at the conference and the GAO expert on medicare served on one of the panels.

At the request of the House Public Works and **Transportation** Committee, OTA and CBO have undertaken complementary **studies** on **airports**. The Committee requested CBO to focus on current **airport** financing practices



and OTA to undertake a technology assessment of airport capacity. OTA plans to incorporate parts of the CBO report into its final report.

Cooperation with other support agencies can mean not only collaboration on related efforts but also referral of requests to a more appropriate agency.

Thus, for instance, a potential CBO study on the federal role in fostering occupational health and safety was dropped when we learned that OTA already had such a study underway. The House Ways and Means Committee informally asked CBO to study the impact of the budget reductions in the Aid to Families with Dependent Children (AFDC) program on the employment of recipients. Since the proposed study was beyond CBO's capacity, we referred the Committee staff to GAO. GAO is performing the study, with extensive technical assistance from both CBO and CRS staff.

These are just a few examples of a very broad and intensive effort by the four agencies to cooperate with each other in the interest of better serving the Congress.

#### NEW LEGISLATION

Mr. Chairman, CBO also asks that the Committee include two items of new legislation in the appropriation bill under present consideration: one

exempting CBO from the requirement of contract advertising, the other including CBO in the provision of recent legislation covering **Congressional** procurement.

#### Exemption from Requirement of Contract Advertising

Edward F. **Willett**, Jr., the Law **Revision** Counsel for the House of Representatives, has called to our attention the fact that it is necessary to reenact an exemption for the **Congressional** Budget Office from the general **requirement** of contract advertising contained in section 5 of **Title** 41 of the **United** States Code.

By way of background, the House, the Senate, the Architect of the Capitol, the Congressional Research **Service**, and the Office of Technology Assessment are all exempt from the Advertising requirement. However, the Congressional Budget Act of 1974, apparently through inadvertence, did not **include** a similar exemption for CBO.

From its **beginning** in February 1975 through December of that year, CBO was funded from the **Contingency** Fund of the Senate and its contracts were entered into according to regulations prescribed by the Senate Committee on Rules and **Administration**, so the lack of a contract advertising exemption was immaterial during that period.

The first actual **appropriation** for CBO was in the **First Supplemental Appropriation, 1976** (Public Law 94-157, December 18, 1975). That supplemental exempted CBO from section 5 of Title 41. The **exemption** was reenacted in the **Legislative Branch Appropriation Act, 1977** (Public Law 94-440, October 1, 1976), and was incorporated at 2 USC 604 in the 1976 edition of the United States Code. It has not been reenacted since then.

The language at 2 USC 604 is straightforward: "The Congressional Budget Office shall have the authority to contract **without** regard to **section 5** of Title 41." We were of the view that the **provision** was permanent law and so **did** not seek **its** subsequent **reenactment**. However, Mr. **Willett** informed us that technically the authority **expired** with our 1977 appropriation.

So far as we know, there is absolutely no controversy over the propriety of **exempting** CBO, **like** other legislative agencies, from the requirement to advertise for contracts, and as a matter of policy the **exemption** makes sense. The requirement necessarily implies a set of formal and deliberate procedures, and a willingness and capability to evaluate whatever numbers of responses are received as a result of the advertisements. The **requirement** is **time-** and **resource-consuming**, and to follow it will **impair** our ability to respond rapidly to Committee requests.

By far the largest portion of our contract expenditures is for computer time sharing, where the rates are based on **published** schedules **negotiated** by the General **Services Administration** or, in the case of House Information Systems computers, on direct negotiations between us and HIS. CBO contracts with Data Resources, Inc., for **Hill-wide** access to the econometric models of that firm; in turn, we gain access to Wharton models through a Hill-wide access contract negotiated by the General Accounting Office. We contract with the Library of Congress to **maintain** our **financial** systems and to handle the CBO payroll. None of these examples fits among the exceptions listed in section 5 of Title 41, yet in each there would be no useful purpose served in advertising for bids. We believe the same can be said for all of our contracting activity.

Therefore, we urge the Subcommittee to **include** a permanent contract advertising exemption in the fiscal year 1985 appropriation for CBO. **Specifically**, we suggest the following:

From and after October 1, 1977, the Congressional Budget Office shall have the **authority** to contract without regard to section 5 of Title 41.

Mr. Willett concurs in the view that such language would be permanent law, while also curing any technical **objections arising** out of the absence of the **provision's reenactment** since the CBO **appropriation** for 1977.

## Provisions Covering Congressional Procurement

The General **Services Administration** (GSA) annually awards fixed-price contracts for a broad variety of **equipment** and **services** used by the Executive branch. Vendors under such contracts must agree to lower the price established with GSA if they subsequently lower **it** to any other user. This feature has, in the past, been an obstacle to the Congress in securing favorable terms when procuring **equipment** or services covered by the GSA schedules. Section 903 of **Public Law 98-63**, July 30, 1983, removed **this** impediment by providing that **special** contract terms for items **furnished** to the Senate or the House of Representatives may not be used as the basis for modifications to **vendors'** GSA schedule contracts or other contracts **with** federal agencies. **Section 903** does not literally cover items procured by the Congressional Budget Office, and so the potential savings it offers are not now available. The **following** language would correct this situation:

From and after the date of enactment of this section, any sale or lease of property, supplies, or **services** to the **Congressional Budget Office** shall be deemed to be a sale or lease of such property, supplies, or services to the Congress subject to **Section 903** of Public Law 98-63.

Appendix D to this statement contains the text of section 903 and the Senate **Committee** Report on that section.

## CONCLUSION

Mr. Chairman, as I stated at the opening of this justification, CBO's fiscal year 1985 budget request provides for a continuation of our basic, legislatively mandated services to the Congress. We are requesting an increase of less than 5 percent over our anticipated operating level for **fiscal** year 1984. No increase in staff is included in this request. It is, in effect, a current **services** budget.

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APPENDIX A. CBO PANEL OF ECONOMIC ADVISERS

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Barbara Bergman  
Professor of Economics  
University of Maryland

Barry P. Bosworth  
Senior Fellow  
The **Brookings** Institution

**Dewey J.** Daane  
Frank K. Houston  
Professor of Banking  
Graduate School of Management  
**Vanderbilt** University

Alan Greenspan  
President  
Townsend-Greenspan & Company

Douglas **Greenwald**  
New York, New York

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  
of Economics  
**Wharton** School of  
Finance and Commerce

Paul W. McCracken  
Edmund Ezra Day University  
Professor of Business Administration  
University of Michigan

Leif H. **Olsen**  
Senior **Vice-President**  
and Economist  
First National City Bank

Rudolph Oswald, Director  
**AFL-CIO** Research Department

Joseph A. Pechman  
Stanford University  
The Hoover Institution

George Perry  
Senior Fellow  
The Brookings Institution

Alice M. Rivlin  
Director, Economic Studies  
The Brookings Institution

Paul **Samuelson**  
Department of Economics  
Massachusetts Institute  
of Technology

Charles **Schultze**  
The Brookings Institution

Robert **Solow**  
Massachusetts Institute  
of Technology

Herbert Stein  
Washington, D. C.

James Tobin  
Sterling Professor of Economics  
Yale University

Michael G. Wellman  
Manager, Research Department  
S.S. **Kresge** Corporation

APPENDIX B. SUMMARY OF COMPLETED CBO REPORTS,  
BY REQUESTOR  
October 1, 1982 to September 30, 1983

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Requestor	Number of Reports
House Agriculture Committee	1
House Appropriations Committee	5
House Armed Services Committee	4
House Budget Committee	6
House Energy and Commerce Committee	5
House Foreign Affairs Committee	1
House Interior and Insular Affairs Committee	1
House Post Office and Civil Service Committee	1
House Public Works and Transportation Committee	2
House Small Business Committee	1
House Ways and Means Committee	6
Senate Agriculture, Nutrition and Forestry Committee	2
Senate Appropriations Committee	2
Senate Armed Services Committee	2
Senate Budget Committee	13
Senate Commerce, Science and Transportation Committee	1
Senate Energy and Natural Resources Committee	1
Senate Environment and Public Works Committee	4
Senate Finance Committee	5

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(continued)



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Requestor	Number of Reports
Senate Governmental Affairs Committee	2
Senate Labor and Human Resources Committee	3
Senate Post Office and Civil Service Committee	1
Senate Small Business Committee	1
Senate Special Committee on Aging	1
Joint Economic Committee	2
Environmental and Energy Study Conference	1
Speaker of the House	1
Mandated by Congressional Budget Act of 1974	7
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TOTAL	82

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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON D.C. 20548

February 24, 1983

The Honorable Alfonse D'Amato  
Chairman, Subcommittee on the  
Legislative Branch  
Committee on Appropriations  
United States Senate

Dear Mr. Chairman:

This letter responds to the Appropriations Committee direction that the **four congressional support agencies** submit by March 1, 1983, a consolidated plan to ensure that duplication of work is **avoided**. He share your interest in trying to avoid duplication. The **Committee's** most recent expression of concern is in accordance with our long-standing efforts in the area.

To put the discussion of our proposed new procedures in perspective, it may be useful to review our existing liaison activities and procedures. There are **numerous**, ongoing daily contacts by analytical staff and the administrators of the agencies to discuss work that, while discrete in nature from that of the other agencies, deals with the same general **subject** area.

In addition to these frequent informal but important contacts among analysts and researchers, we have a **formal**, integrated coordination system which features: \*

- sharing** of computerized lists of all major ongoing and completed projects (the Research Notification **System**),
- notifying** and coordinating with the other support agencies before launching major new studies,
- holding** periodic half-day meetings of senior analytical staff from all four agencies who work in the same subject area, and
- having** regular meetings of senior agency management officials to discuss overall policy issues of mutual concern to all four agencies.

Although we believe these activities have substantially improved interagency coordination over the last several years, the following additional actions, in response to the **Committee's** direction, should further strengthen our efforts to prevent unnecessary duplication.

--To further focus on newly initiated major projects, at the monthly meetings of the senior agency management officials, we shall review those projects started since the last meeting to ensure that they are appropriate for the proposing agency to handle and ascertain whether work done by another agency might be useful to augment or minimize the effort.

--Analysts assigned newly initiated unusually large projects will be required to discuss the substantive work with appropriate analysts of each of the other support agencies who work in the subject area involved, subject to confidentiality constraints and client approval. These discussions, under the auspices of the senior agency management officials, should further help to eliminate any possibility of duplication at the most fluid and formative stages of these large projects. In a more positive vein, this procedure will assure that the expertise and perspective of all the agencies can be probed and tapped in a way that can most benefit the project.

--We will increase the number of periodic half-day meetings which last year addressed defense, taxes, water reserves, and federal personnel issues. He will continue, of course, to encourage close working communications of all kinds among agency specialists and analysts, and will monitor them to make sure that our staffs are complying with these directives.

--We shall examine our project approval procedures to see if changes might be made to strengthen them.

--We shall upgrade, as necessary, our reporting systems of the day-to-day substantial contacts and meetings of analytical staff and administrators. This will enable us to better assure ourselves of the adequacy of these important informal contacts.

--We shall produce a new video training tape which will discuss the missions of the four agencies and will emphasize to staff the importance of effective liaison and avoidance of duplication of another agency's work. The tape will be used within the agencies and also in acquainting congressional staff with the different functions of the agencies.

He have taken a number of successful steps in the past to minimize the problem of possible unnecessary duplication and believe the new steps we have outlined above build on these past efforts. The potential for duplication and cooperation also needs to be considered in light of the four agencies' legislative mandates.

The agencies were **established** for and perform **substantially** different roles in **support** of the **Congress** and consequently are structured differently. Yet we have strived to work closely **together**, believing that extensive **mutual assistance** and regular exchange of information helps each agency to serve the Congress better. We appreciate the opportunity to **submit** this plan to the **Committee** and trust it **is** responsive to your **concerns**.

*Charles A. Bowsher*  
Comptroller General  
of the United States

*Celine M. Rindin*  
Director, Congressional  
Budget Office

*Gilbert Gade*  
Director, Congressional  
Research Service

*John H. G. Thomas*  
Director, Office of  
Technology Assessment

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APPENDIX D. SECTION 903

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Public Law 98-63--July 30, 1983

Sec. 903. (a) Notwithstanding any **provision** to the contrary in any contract **which** is entered into by any person and **either** the Administrator of General Services or a contracting **officer** of any executive agency and under which such person agrees to sell or lease to the Federal Government (or any one or more entities thereof) any unit of property, supplies, or **services** at a specified price or under **specified** terms and conditions (or both), such person may sell or lease to the Congress the same type of such property, **supplies**, or services at a unit **price** or under terms and conditions (or both) which are different from those specified in such contract; and any such sale or lease of any unit or units of such property, supplies, or services to the Congress shall not be taken into account for the purpose of determining the price at which, or the terms and conditions under which, such person is obligated under such contract to sell or lease any unit of such property, supplies, or services to any entity of the Federal Government other than the Congress. For purposes of the preceding sentence, any sale or lease of property, supplies, or services to the Senate (or any office or **instrumenta-** lity thereof) or to the House of Representatives (or any office or instru- mentality thereof) shall be deemed to be a sale or lease of such property, supplies, or services to the Congress.

(b) The provisions of this section **shall** take **effect** with respect to sales or leases of property, supplies, or services to the Congress after the date of enactment of this section.

Senate Report No. 98-148, P. 111

Under the Federal Property and Administrative Services Act of 1949, 63 Stat. 387, as amended, the **Administrator** of General **Services** has the **authority** to **provide** for the **acquisition** of **various** types of equipment and services by Federal **agencies**. Pursuant to **this** authority, the General **Services Administration** annually awards fixed-price requirements type contracts, referred to" generically as "schedule contracts," to multiple vendors for a broad selection of **equipment** and services. Federal agencies may acquire these items by issuing a purchase order (up to a specified dollar amount) **against** these contracts without incurring the substantial administrative costs that **accompany** a formal competitive procurement. Although **neither** the Senate nor the House of Representatives **is** subject to either the **authorizing** statutes or regulations, these contracts are available for use by Congress and are used by the Senate. As an **institution**, the Senate conducts a number of small acquisitions each year.

These schedule contracts contain a clause which provides that if a contractor furnishes equipment or services to a Federal **organization** on terms **which** are more attractive than are stipulated in the schedule

contract, it will be considered a modification and the schedule contract adjusted to reflect the new terms. These new terms then apply to all future purchases from the schedule. **This** provision has proved to be a considerable obstacle to the **Senate's acquisition** of **equipment** and services in a manner consistent with the **Senate's** unique needs. Because of **this** provision, vendors have been reluctant to offer advantageous terms to the Senate, as this **might** well **jeopardize** the terms **established** in the GSA schedule contracts.

The proposed amendment removes this impediment by **establishing** that special contract terms for items furnished to the Senate or the House of Representatives may not be used as the basis for **modifications** to vendors' schedule contracts or other contracts with Federal agencies. In so **doing**, the proposed provision neither amends nor modifies existing law, but merely restates the exemption of the Congress from the **provisions** of the Federal Property and Administrative **Services** Act and resolves any conflict, whether real or only apparent, **with vendors'** schedule contracts, in favor of existing law. This will assure vendors that they will not be penalized for offering delivery, pricing, or other terms consistent with **congressional** requirements.