

Statement of

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Before the
Committee on the Budget
United States Senate

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Mr. Chairman and Members of the Committee, I welcome this opportunity to discuss with you today the activities of the Congressional Budget Office (CBO). I am pleased to have this dialogue as we examine together the varied responsibilities of CBO. I will review the following topics:

- o The legislative mandate of CBO;
- o The organizational structure--how it is designed to meet our legislative responsibilities and how it has evolved;
- o CBO's funding and staffing;
- o CBO's work products; and
- o New responsibilities for state and local cost estimates recently added to CBO's workload.

LEGISLATIVE MANDATE

CBO was established by the Congressional Budget and Impoundment Control Act of 1974 as a nonpartisan Congressional support agency; that is, it was to be analytically precise, professional, and politically unbiased. This is an extremely difficult task. We have taken this mandate seriously, however, striving in all of our work to present to the Congress well-considered information on important public policy matters and assiduously refraining from making recommendations.

The statutory tasks assigned to CBO by the act are: (1) to provide information to the two Budget Committees on all matters within their jurisdiction and such further reports as "may be nec-

essary and appropriate"; (2) to provide information to the appropriating and tax committees on request; and (3) on request of any other committee, to provide information compiled for the budget, taxing, and appropriating committees plus "to the extent practicable" additional requested information. In other provisions, the law specifically mandates scorekeeping; five-year cost estimates for bills reported from committees (except appropriating committees); outlay estimates for bills providing new budget authority; tax expenditure and revenue information; a report each year that projects new budget authority, outlays, and revenues for the next five fiscal years; and an annual report on budget options that includes a discussion of "national budget priorities, including alternative ways of allocating budget authority and budget outlays . . . taking into account how such alternative allocations will meet major national needs and affect balanced growth and development of the United States."

The Budget Act establishes the following committee priority for these services: first, the Senate and House Budget Committees; second, the Senate and House Appropriations Committees, the Senate Finance Committee, and the House Ways and Means Committee; and finally, all other Congressional committees. Interpreting the language of the act in coordination with both Budget Committees, CBO has defined the authority to request services to mean the Chairman or Ranking Minority Member of a full committee of jurisdiction, or the Chairman of a subcommittee of jurisdiction or a Budget Committee Task Force.

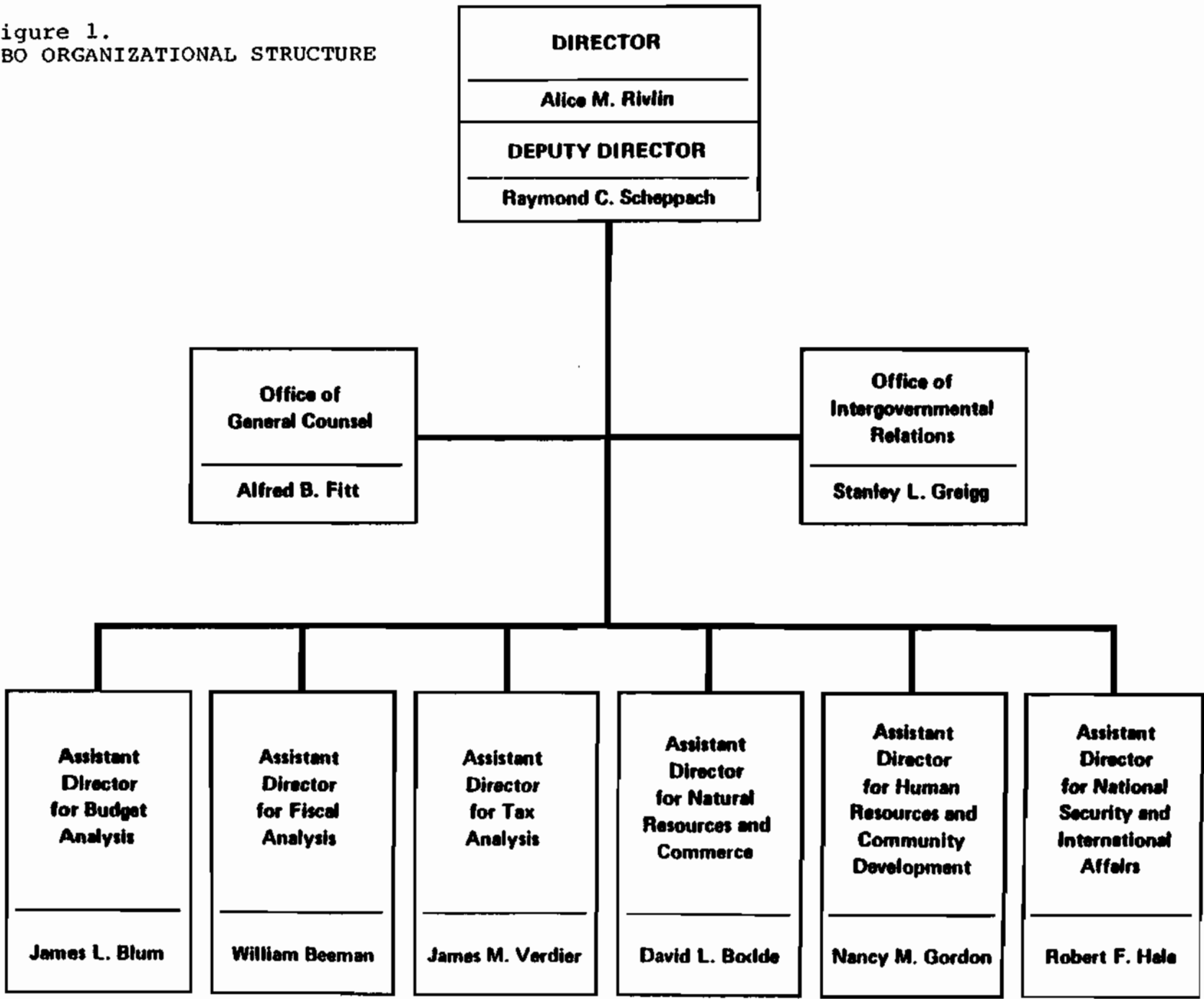
ORGANIZATION

In organizing CBO and in allocating its resources, we have had two criteria in mind. CBO must be organized so that it can, first, produce the diverse work products demanded by the enabling legislation, and second, be responsive to the demands of the Committees it must serve. Figure 1 shows CBO's organizational structure.

The Budget Analysis Division prepares the various types of bill cost estimates and spending projections called for in the act, prepares an annual overview of the President's budget, and maintains the scorekeeping system. The Tax Analysis Division has similar responsibilities for the preparation of tax revenue, receipt, and expenditure estimates, as well as scorekeeping for tax legislation. The Fiscal Analysis Division is responsible for preparing economic forecasts and assumptions that are used for all CBO budget estimates and projections, bill cost estimates, and issue analyses. The work of these divisions supports primarily the needs of the House and Senate Budget and Appropriations Committees for accessible, comprehensible budget and economic information.

The remaining four divisions--Natural Resources and Commerce, National Security and International Affairs, Human Resources and Community Development, and the General Government Unit of the Office of Intergovernmental Relations--analyze the likely costs and effects of alternative legislative approaches to budget issues. These program divisions provide key support, often early in the legislative process, to the budget and the authorizing committees.

Figure 1.
CBO ORGANIZATIONAL STRUCTURE



While the Budget Act defined which services CBO should provide for the Congress, only some experience with the new budget process could show what the relative demand for these services would be. Thus, while the basic organizational structure of CBO has remained constant since 1975, the resources given to each division have shifted as Congressional need for services has developed or changed. Table 1 shows the staff assigned to each division since 1976.

In fiscal year 1976, CBO's Tax Analysis, Budget Analysis, and Fiscal Analysis Divisions had 39 percent of the available staff positions; in fiscal year 1982, they have 54 percent of our staff resources. Breaking this down by division, since 1976 staff positions in Budget Analysis have increased by 66 percent, in Fiscal Analysis by 44 percent, and in Tax Analysis by 33 percent. We are currently in the process of adding resources to our scorekeeping function in Budget Analysis. Since the staff ceiling for CBO has been the same since fiscal year 1979, additional resources for these divisions have been provided by decreasing the staff of the program divisions, not by increasing the overall size of the agency. These adjustments have been made in response to increased Congressional demand for budget and cost estimates and economic analysis.

The allocation of resources to the program divisions has also been adjusted to reflect shifting Congressional interest in particular issues. For example, heavy demand for energy analysis caused

TABLE 1. CBO's CEILING ALLOCATIONS HISTORY (BY FISCAL YEAR)

DIVISION	1976	1977	1978	1979	1980	1981	1982	PERCENT CHANGE 1976-1982
Office of the Director	10	9	7	5	5	5	5	-50
Office of the General Counsel	3	2	2	2	2	2	1	-67
Office of Intergovernmental Relations	8	7	30	30	30	30	26	-21
Budget Analysis Division	47	67	70	72	72	72	78	+66
Fiscal Analysis Division	16	17	17	24	24	22	23	+44
Tax Analysis Division	12	14	14	14	14	14	16	+33
Natural Resources and Commerce Division	22	20	19	21	21	22	22	0
Human Resources and Community Development Division	30	27	26	27	27	28	26	-13
National Security and Inter- national Affairs Division	20	23	23	23	23	23	21	+5
Management Programs	<u>25</u>	<u>22</u>	<u>-- a/</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total	193	208	208	218	218	218	218	+13

a/ Management Programs merged with Office of Intergovernmental Relations April 29, 1977.

us to increase our capabilities in that area in 1979, and strong interest in national security caused us to increase resources in that area in 1980. While we have decreased the relative allocation of staff to the human resources area, we have also focused more on analysis of social security issues, for example.

Although our divisions have different functions, they do not act independently of one another. The economic assumptions developed by the Fiscal Analysis Division serve as the basis for our cost estimating, projections, and issue analysis. The budget numbers developed by Budget Analysis are often dependent on the studies done in the program divisions. Finally, all numbers developed in connection with analytical studies are reviewed by the cost analysts in Budget Analysis. This crosswalk among our divisions is absolutely essential to our ability to provide accurate cost estimates and comprehensive analyses of alternative legislative strategies.

The interdependence of our organization is best exemplified by the report, Reducing the Federal Deficit: Strategies and Options, which we are releasing today. This paper describes several broad strategies that could be used to reduce the federal deficit, and analyzes numerous specific spending and tax options for implementing those strategies. For each option, it presents estimates of the outlay savings or revenue increases relative to CBO's baseline

projections. The Fiscal Analysis Division prepared the economic assumptions used in the report. The Budget Analysis Division prepared the baseline projections on the basis of these economic assumptions. The program divisions were responsible for developing the strategies and options. The cost analysts in Budget Analysis provided the savings estimates associated with each option. The Tax Analysis Division provided the analysis of revenue increases.

FUNDING AND STAFFING

As Table 2 shows, since 1979 funding for CBO has risen at considerably less than the rate of inflation. Our authorized staff level has been the same since that year. Paradoxically, these funding and staffing patterns have come during a time of extraordinary increase in the demand for CBO assistance and of rising costs for our primary tool--namely, computer processing.

The intense budget activity over the last year, which is continuing just as heavily into this year, has increased CBO's workload enormously. Our economic forecasts have been central to the budget debate, and we have been inundated with requests for additional fiscal analysis. Both this Committee and the House Budget Committee have greatly increased requests for budget projections and estimates, while other committees have significantly expanded their requests for analyses of both costs and program effects of legislative

TABLE 2. CBO'S APPROPRIATION HISTORY, FISCAL YEARS 1976-1983

Fiscal Year	Staff Positions	Dollar Amounts
1976	---	2,174,480 <u>a/</u>
1976	193	6,052,525 <u>b/</u>
1977	208	9,576,600 <u>c/</u>
1978	208	10,400,000
1979	218	11,368,000
1980	218	12,386,000
1981	218	12,519,000
1982	218	12,868,000 <u>d/</u>

a/ Senate Contingency Fund. No position ceiling established. Funding from February 24, 1975, to December 31, 1975.

b/ Funding for nine months from January 1, 1976, to September 30, 1976.

c/ First full-year funding for CBO.

d/ Does not include \$408,000 supplemental request to cover costs of October 1981 cost-of-living increase nor the January 1982 pay cap increase.

changes. The cost estimates provided to committees during the 1981 reconciliation process alone were the equivalent of several hundred individual bills.

Our staff is dedicated to the success of the budget process and has worked very hard, often putting in exceptionally long hours into the night and on the weekends. I am extremely proud of how well the staff has performed under pressure and of the quality of the products we have produced.

WORK PRODUCTS

The provision of the budget estimates and economic and issue analyses called for by the Budget Act involves many different forms of work products. Over time the number of Congressional committees seeking CBO assistance has broadened considerably, the demand for work products has grown, and the forms of requested assistance have altered.

Scorekeeping. CBO provides the Congress with up-to-date tabulations of Congressions actions on revenue and spending bills. These tabulations are used to measure the status of Congressional budget actions against the targets or limits specified in the concurrent resolutions on the budget. Our scorekeeping estimates are derived from our analyses of the President's budget, baseline budget projections, and bill cost estimates. The focus of our scorekeeping

activity has shifted since 1975 from the periodic publication of scorekeeping reports to weekly provision of specially designed computer tabulations for use by the Budget and Appropriations Committees.

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

In addition to reviewing carefully the Administration's budget estimates, CBO prepares an overview analysis of the President's budgetary proposals. Our analysis of the President's 1983 budget will be available on February 25. Since 1980, at the joint request of the Budget Committees, we have also published an analysis of the Administration's proposed federal credit activity budget.

Baseline Budget Projections. Our baseline budget projections start with 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. The projections provide a baseline, or benchmark, against which proposed changes in taxing or spending policies can be measured or assessed.

The growing use of budget projections requires CBO to maintain constantly a large multiyear data base. We now provide the Budget Committees with numerous sets of five-year projections throughout the year, usually in the form of computer tabulations. In addition, CBO publishes annually a five-year budget projections report. We are releasing this year's report, entitled Baseline Budget Projections for Fiscal Years 1983-1987, later today. In recent years, we have also published a separate report presenting five-year projections of tax expenditures.

Bill Cost Estimates. CBO prepares bill cost estimates for virtually all bills affecting the budget that are reported by Congressional legislative committees. The number of bill cost estimates supplied each year varies, depending on the amount of legislation being considered and reported. CBO usually provides 750 to 1,000 formal and informal cost estimates during each session. Formal cost estimates are transmitted by letter from the CBO Director to the Chairman of the reporting committee. Informal estimates are usually transmitted by telephone or staff memoranda. Gradually, we have seen our bill cost estimates become an integral part of the legislative process, with committees seeking costing assistance at every stage of the bill drafting process.

The Omnibus Budget Reconciliation Act consumed a large part of CBO's bill costing activity during 1981. This work was performed

for committees and subcommittees as they considered alternatives for fulfilling reconciliation instructions and as they participated in the subconferences that resulted in the final version of the 1981 reconciliation act.

In addition to cost estimates for bills reported by legislative committees, CBO also provides the Appropriations Committees with outlay estimates for all appropriation bills. These estimates are prepared for each appropriation account and are transmitted to the staffs in the form of computer tabulations.

Economic Forecasts. Each fiscal year, CBO provides the Congress with two economic 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. Table 3 lists the membership of the current panel.

The economic report we are releasing today, The Prospects for Economic Recovery, examines the state of the economy and the outlook in an environment of monetary restraint and fiscal stimulus.

TABLE 3. CBO PANEL OF ECONOMIC ADVISERS

Barbara Bergmann Department of Economics University of Maryland	Lawrence R. Klein Benjamin Franklin Professor of Economics Wharton School of Finance and Commerce University of Pennsylvania
Barry P. Bosworth Senior Fellow The Brookings Institution	Paul W. McCracken Edmund Ezra Day University Professor of Business Administration Graduate School of Business Administration University of Michigan
Dewey J. Daane Frank K. Houston Professor of Banking Graduate School of Management Vanderbilt University	Lief H. Olsen Senior Vice President and Economist First National City Bank New York
Martin Feldstein President National Bureau of Economic Research	Rudolph Oswald Director AFL-CIO Research Department
William J. Fellner Resident Scholar American Enterprise Institute for Public Policy Research	Joseph A. Pechman Director, Economic Studies The Brookings Institution
Alan Greenspan President Towsend-Greenspan & Company	Rudolph G. Penner Resident Scholar American Enterprise Institute for Public Policy Research
Douglas Greenwald New York City, N.Y.	George Perry Senior Fellow The Brookings Institution
Walter W. Heller Regents' Professor of Economics University of Minnesota	Paul Samuelson Institute Professor of Economics Massachusetts Institute of Technology
Walter E. Hoadley Bank of America Center	
F. Thomas Juster Program Director Institute for Social Research University of Michigan	

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Charles Schultze
Senior Fellow
The Brookings Institution

James Tobin
Sterling Professor of
Economics
Yale University

Robert Solow
Department of Economics
Massachusetts Institute of
Technology

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

Herbert Stein
Resident Scholar
American Enterprise Institute
for Public Policy Research

Charles J. Zwick
President
South East Banking
Corporation

Inflation Impact Analysis. CBO has provided the Congress with analyses of the inflationary impact of individual bills. Inflationary analyses have also been incorporated into major analytical reports, such as Agricultural Price Support Programs: A Handbook, An Evaluation of the Strategic Petroleum Reserve, Indexing with the Consumer Price Index: Problems and Alternatives, and Indexing the Individual Income Tax for Inflation. We have recently completed the initial development of an inflation scorekeeping report. This new report focuses on several major issues that the Congress will consider in this current session and analyzes their potential impact on inflation.

Program Analysis. Over the years, CBO has responded to requests from almost every committee of both Houses of Congress. These reports, prepared principally by our program divisions, have provided the Congress with the crucial budget-related information needed to make informed decisions on complex questions. Reflecting the priorities in the Budget Act of 1974, the Budget Committees request CBO's analytical services most frequently. Table 4 shows the number of requests from Congressional Committees since CBO began operations.

Through fiscal year 1981, CBO had completed over 400 such reports. While it is obviously not possible to review all of these

TABLE 4. SUMMARY OF REQUESTS
FOR ANALYTICAL ASSISTANCE

	Requests
House Agriculture Committee	4
House Appropriations Committee	21
House Armed Services Committee	18
House Banking, Finance and Urban Affairs Committee	16
House Budget Committee	105
House Education and Labor Committee	9
House Energy and Commerce Committee	2
House Interior and Insular Affairs Committee	2
House International Relations Committee	1
House Interstate and Foreign Commerce Committee	12
House Judiciary Committee	1
House Post Office and Civil Service Committee	5
House Public Works and Transportation Committee	3
House Rules Committee	1
House Veterans Affairs Committee	1
House Ways and Means Committee	22
House Ad Hoc Energy Committee	1

(continued)

TABLE 4. (continued)

Requests

Senate Agriculture and Forestry Committee	1
Senate Agriculture, Nutrition and Forestry Committee	1
Senate Appropriations Committee	12
Senate Armed Services Committee	10
Senate Banking, Housing and Urban Affairs Committee	6
Senate Budget Committee	167
Senate Commerce Committee	2
Senate Commerce, Science and Transportation Committee	5
Senate Energy and Natural Resources Committee	15
Senate Environment and Public Works Committee	8
Senate Finance Committee	10
Senate Foreign Relations Committee	4
Senate Government Operations Committee	1
Senate Governmental Affairs Committee	4
Senate Interior and Insular Affairs Committee	1
Senate Judiciary Committee	3
Senate Labor and Human Resources Committee	10
Senate Labor and Public Welfare Committee	1
Senate Public Works Committee	1
Joint Economic Committee	6
Speaker of the House	1

(continued)

TABLE 4. (continued)

Requests

Public Works Employment Act of 1976	1
Food Stamps Act of 1980	1
First Concurrent Resolution on the Budget, Fiscal Year 1982 (Senate)	1
Surface Transportation Assistance Act of 1978	1
Mandated by Congressional Budget Act of 1974	39
Annual Report: Mandated by Congressional Budget Act	50 <u>a/</u>

a/ Includes 39 budget issue papers released in fiscal years 1977 and 1978 as part of the annual reports for those years.

studies here, I would like to cite briefly examples of work from each of our program divisions. (We have provided the Committee with copies of our Publications List booklet, together with a supplemental list of reports that have been issued since the booklet was printed.)

A report prepared by the Natural Resources and Commerce Division, The Windfall Profits Tax: A Comparative Analysis of Two Bills, for this committee in November 1979, provided the only analysis available to the Congress that showed in detail the trade-offs between production of domestic oil and the level and structure of the excise tax levied. The report was frequently cited during the debate over these trade-offs.

CBO's An Evaluation of the Strategic Petroleum Reserve, issued in June 1980 at the request of the House Committee on Interstate and Foreign Commerce, provided the first evidence of the effectiveness of the reserve. The analysis was the basis of several legislative initiatives to mandate completion of the reserve.

CBO's analysis of the Department of Transportation's regulations implementing Section 504, transportation for the handicapped, prepared for the House Public Works and Transportation Committee, was the basis for the House compromise on this issue. Urban Transportation for Handicapped Persons: Alternative Federal Approaches was the central source for comparative estimates of the costs and savings for modes of transportation for the handicapped other than those mandated by Section 504 regulations.

CBO's report for this Committee, The Budgetary, Economic, and Energy Implications of Alternative Synthetic Fuel Proposals, was widely used during the debate over the nature of federal support for synthetic fuels. The analysis was instrumental in designing the final finance mechanisms for producers, and in limiting the ultimate budgetary impact of the synfuels program.

CBO has prepared several major reports on military manpower for the Senate and House Armed Services Committees that have helped to shape legislation in this area. Our report, The Selective Service System: Mobilization Capabilities and Options for Improvement, was widely cited in the debate on draft registration. CBO's study Analysis of the Military Survivor Benefit Plan, which presented alternative survivor benefit plans for military retirees, played a critical role in the drafting of legislation that was enacted by the 96th Congress. Work in this area was used also by the House and Senate Armed Services Committees, as well as by the two Budget Committees, when further changes were made during the 1981 reconciliation process. Several of the ideas raised by our report, Costs of Manning the Active-Duty Military, which was published at the joint request of the two Budget Committees, were incorporated in the defense authorization bill reported by the Senate Armed Services Committee during the second session of the 96th Congress. Our projections of the outlook for military recruiting and retention were cited during debate over last year's military pay proposals.

The Congress has also made use of our various analyses of the costs of military weapons. For example, a number of the issues analyzed in our paper, Shaping the General Purpose Navy of the Eighties: Issues for Fiscal Years 1981-1985, were reflected in Congressional action on the fiscal year 1981 defense budget, including providing long-lead funding for mine countermeasure ships and examining the possible role for diesel submarines. The analysis and cost estimates provided in Strengthening NATO: POMCUS and Other Approaches led both the Senate and House Appropriations Committees to enjoin further steps in the program until the Committees could further study the issue in greater depth. More recent studies on these issues--U.S. Ground Forces: Design and Cost Alternatives for NATO and Non-NATO Contingencies and Costs of Prepositioning Additional Army Divisions in Europe (unpublished) were extensively cited in the 1981 defense hearings and the report of the House Appropriations Committee. All of these reports were prepared by CBO's National Security and International Affairs Division.

In 1977 CBO's Human Resources and Community Development Division completed a comprehensive analysis of the Food Stamp program, The Food Stamp Program: Income or Food Supplementation? Responding to continuing requests from both the House and Senate Agriculture Committees, as well as the Senate Appropriations Committee, we have

done extensive further analyses of the program. These studies have been central to Congressional changes in benefit and income eligibility standards that were adopted in the Food Stamp Act of 1977, amendments to it in 1979 and 1980, and the 1981 reconciliation act.

CBO's study, Federal Student Assistance: Issues and Options, examined the impact of federal assistance on enhancing equality of educational opportunity and analyzed various ways in which the federal student assistance effort could be altered to achieve varied objectives. This analysis, requested by this committee and the House Education and Labor Committee, was used extensively in drafting the reauthorization bill for the program in 1980.

Analyses of health issues have also contributed significantly to Congressional decisionmaking. For example, we have worked extensively on hospital cost containment, including two published papers: Controlling Rising Hospital Costs and The CBO Hospital Cost Containment Model: A Technical Analysis. Our studies—showing that the Carter Administration's estimates of savings from its proposal were too high—were used frequently by the House Ways and Means and the Interstate and Foreign Commerce Committees in mark-up on legislation and in House floor debate. Analyses of the Professional Standards Review Organizations (PSROs), prepared for the House Ways and Means Committee, questioned the cost effectiveness of the PSRO program and was used by the House and Senate Appropriations Committees in developing its funding levels. CBO staff mem-

bers also assisted the Subcommittee on Health and Environment of the House Interstate and Foreign Commerce Committee in preparing for mark-up of the Health Professions Education Assistance and Nurse Training Legislation in the spring of 1981. Many of the provisions of that bill were related to the information and cost analyses provided by our staff.

CBO's study, The Long-Term Costs of Lower-Income Housing Assistance Programs, which was requested by this committee, showed that eventual costs of the Section 8 new construction program in particular would probably be appreciably greater than had been anticipated in the budget. The paper identified several options for reducing the long-term costs by shifting toward a greater reliance on existing housing assistance and by increasing households' contributions toward their housing expenses. The Housing and Community Development Act of 1980 and the 1981 reconciliation act incorporated these strategies.

CBO's analysis of postal subsidies prepared by the General Government Unit has contributed to enactment of substantial reductions in the Senate-passed appropriations for 1981 and again in the 1981 reconciliation act. Similarly, a CBO study of civil service retirement and related testimony before the House Budget Committee added to debate that resulted in limiting federal pension adjustments to once rather than twice a year. CBO work on the railroad retirement program, culminating in a report issued last month, included preparation of the estimated effects of benefit and tax amendments contained in the 1981 reconciliation act.

CBO is frequently called on for testimony before Congressional committees on key legislative and budget issues. This testimony is often in connection with an ongoing or completed report, but frequently we are asked to prepare new analyses for such appearances. The number of such requests has increased in recent years, with CBO staff appearing before 39 hearings in fiscal year 1981. Preparing testimony constitutes a major portion of the workload of our program divisions.

Summarizing our work over just this past fiscal year, we responded to requests for reports from 11 Senate Committees and 9 House Committees and for testimony from 11 Senate Committees and 8 House Committees. This broad spectrum of committees is representative of a trend we have seen developing since CBO began to provide such services. In fiscal year 1976 through fiscal year 1978, the House and Senate Budget Committees accounted for well over 60 percent of the requests received by us. In contrast, in fiscal year 1981, requests from committees other than the Budget Committees represented almost 60 percent. I believe this shows an important contribution by CBO to the legislative process. Key budgetary decisions are often made by authorizing committees, which are increasingly relying on our assistance in analyzing both the programmatic impacts and the costs of various policy options as they develop legislative strategies. Moreover, much of our work with

the authorizing committees is to aid them in meeting their responsibilities under the Budget Act--both preparing their March 15 reports and developing legislative responses to reconciliation instructions.

A LOOK AHEAD

The budget season facing the Congress in the coming months will be an extremely busy one for all involved. Besides the heavy workload we have carried during this season in past years, CBO must now also begin to think about how best to carry out its new responsibilities, mandated under Public Law 97-108, to prepare state and local cost estimates for bills under consideration. We must begin this new undertaking at the start of fiscal year 1983. It will be a challenging assignment, conceptually more difficult than preparing the federal bill cost estimates that we now produce. To carry out this new duty fully, we will need to draw on a range of data-gathering and analytical capacities that go beyond those required by our current responsibilities. In our appropriation request for fiscal year 1983, therefore, we will be asking for eight additional positions; this request is consistent with the number we envisioned as necessary when we testified before both the Senate and the House on the feasibility of CBO's undertaking state and local bill cost estimates. Further, we will be requesting resources we will need to develop the essential data base and computer support capacities.

The present budget season is, of course, our immediate and most pressing concern. We stand ready to assist the Congress in dealing with the particularly difficult choices before it now. We have provided you today with copies of our annual report to the House and Senate Committees on the Budget. The report this year is in three parts, including The Prospects for Economic Recovery, Baseline Budget Projections for Fiscal Years 1983-1987, and Reducing the Federal Deficit: Strategies and Options. Shortly after release of the Administration's budget, we will prepare an analytical overview of it as well. As the session progresses we will endeavor to respond to your needs and those of the rest of the Congress to the best of our abilities.