



CBO TESTIMONY

**Statement of
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Director**

Appropriation Request for Fiscal Year 2011

**before the
Subcommittee on Legislative Branch
Committee on Appropriations
U.S. House of Representatives**

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Madam Chair, Ranking Member Aderholt, and Members of the Subcommittee, thank you for the opportunity to present the fiscal year 2011 budget request for the Congressional Budget Office (CBO).

CBO's mission is to provide the Congress with timely, objective, nonpartisan analyses of the budget, the economy, and other policy issues and to furnish the information and cost estimates required for the Congressional budget process. In fulfilling that mission, CBO depends on a highly skilled workforce. Approximately 90 percent of the agency's appropriation is devoted to pay and benefits; the remaining 10 percent is for information technology, equipment, supplies, and other services.

The proposed budget for fiscal year 2011 totals \$47,289,000, a \$2.1 million or 4.7 percent increase over CBO's regular appropriation for fiscal year 2010. CBO also received a supplemental appropriation in 2009 that was intended to cover additional costs in both 2009 and 2010 related to the analysis of health care legislation. After accounting for the portion of that supplemental appropriation that is being used in 2010 (about \$1.7 million), the 2011 request amounts to an increase of 0.9 percent over CBO's total 2010 funding.

The proposed \$2.1 million increase in CBO's regular appropriation is the net of changes in three broad categories:

- \$2.0 million is for rising mandatory pay and related costs for existing staff (including the costs of added staff funded through the supplemental);
- \$0.7 million results from CBO's request to increase its number of full-time-equivalent positions (FTEs) by 4, from 254 to 258; and
- \$0.6 million is cut from nonpay expenditures, made possible primarily because CBO will no longer be represented on, and providing resources to, the Federal Accounting Standards Advisory Board (FASAB).

Growing Demand for CBO's Analyses

The proposed increase in FTEs is the culmination of a multiyear plan to enable CBO to better meet the needs of the Congress for information and analyses related to health care and a broad range of other policy areas.

Between fiscal year 2001 and fiscal year 2008, the number of FTEs at CBO averaged 230, and the number varied little from year to year. In 2008, however, the agency became concerned that it did not have sufficient resources to analyze policy changes regarding the delivery and financing of health care, which were emerging as a critical issue in the Congress. In addition, the agency was providing an increasing number of testimonies and formal cost estimates and engaging in a growing amount of informal analyses for Congressional staff on a wide range of topics, so redirecting a significant number of positions toward analyzing health

care did not seem feasible. Accordingly, CBO proposed to the Congress a multiyear plan to boost the size of the agency to 259 FTEs, an increase of a little more than 10 percent.

The First Phases of the FTE Increase

The Congress approved the first phase of the proposed increase for fiscal year 2009, and CBO averaged 242 FTEs that year. Analysis of competing health care proposals absorbed a huge share of the agency's resources, and CBO analysts in that area have worked flat out for more than a year. At the same time, the financial crisis led to a jump in the federal government's involvement in the financial sector (including the creation of the Troubled Asset Relief Program, the conservatorship of Fannie Mae and Freddie Mac, and expanded activities of the Federal Reserve and the Federal Deposit Insurance Corporation), which increased Congressional demand for pertinent analysis, budget projections, and cost estimates. Therefore, CBO proposed a further increase in staffing for 2010, and the fiscal year 2010 appropriation included an increase in funding sufficient to provide for 249 FTEs.

The 2009 Supplemental Appropriation

The Congress later approved a two-year supplemental appropriation totaling \$2.0 million, which was designed to enhance CBO's ability to provide faster analysis of complex health care proposals. That supplemental funding covered 5 additional FTEs for 2010, bringing the total for this year to 254 FTEs. On the basis of staffing to date, CBO appears to be on track to have roughly 254 FTEs, on average, this year.

The Proposed FTE Increase for Fiscal Year 2011

For fiscal year 2011, CBO is requesting funding to support 258 FTEs, 4 more than are funded in fiscal year 2010. That level of staffing would essentially complete the multiyear increase that CBO proposed two years ago.

In developing its request for 2011, CBO recognized that the current surge of demand for analysis of health care proposals would probably not be sustained. Taken by itself, that point might justify a reduction in the number of positions devoted to analyzing health care. However, the agency is actually requesting a small increase in the number of such positions—three FTEs. That request reflects two considerations—first, that considerable Congressional interest in analysis of health care issues is likely to persist, and second, that the almost round-the-clock schedule maintained this past year by CBO's current staff cannot be maintained much longer.

Let me elaborate on those points. If comprehensive health legislation is enacted, CBO will need to make regular budget projections for the new and expanded federal health care programs, and it will need to estimate the budget costs and other consequences of contemplated changes to those programs. If comprehensive

health care legislation is not enacted, CBO will almost certainly need to respond to Congressional interest in exploring other possible changes to the health care system. In either case, continued large federal budget deficits and the key role of rising federal health care spending in boosting future deficits ensure that health issues will remain central to the Congress's deliberations.

Moreover, with the current staffing level, CBO cannot continue to produce the quantity of health analysis that it completed under the extraordinary pressure and almost round-the-clock, seven-day-a-week workload of the past year. That work schedule cannot be maintained much longer if CBO is to retain the skilled and knowledgeable staff that have been working on health analyses. And even with the extraordinary effort of this group during the past year, the quantity of analysis that has been produced has not been sufficient to meet the needs of many Members of Congress.

Without knowing whether comprehensive health care legislation will be enacted or what policy changes will be included, it is difficult to know exactly how those additional FTEs would be deployed within CBO. However, I expect the additional staff to go, in some combination, to the Budget Analysis Division and the Health and Human Resources Division. If the needs for health analysis permit, CBO might reallocate some analysts in the Health and Human Resources Division from work on health care to work on income security and education—an area in which CBO has fewer analysts than necessary to meet Congressional needs.

The fourth additional FTE requested is for the Management, Business, and Information Services Division. That group includes information technology (IT) personnel, editors, Web personnel, financial managers, and others. As CBO has expanded its analytic staff in the past couple of years, the agency has added some staff in those support functions as well. The additional position would provide administrative support to enable senior members of the staff to focus more effectively on their core responsibilities.

Some Details of CBO's Fiscal Year 2011 Budget Request

In fiscal year 2011, CBO will continue to focus on its core functions of providing budgetary information to the Congress, including budget and economic outlook reports, cost estimates, mandate statements, and scorekeeping reports. CBO expects to continue its work on health care, government interventions in financial markets, and climate change—providing major policy studies on those topics and others—and to further improve its long-term analyses of legislative proposals for health care and Social Security through the continued development of budgetary and economic models.

CBO's request would fund the following:

- A workload of roughly 600 formal cost estimates (most of which include both

estimates of federal costs of legislation and assessments of the cost of mandates included in the legislation that would affect state and local governments, Indian tribes, or the private sector) and hundreds of informal estimates, approximately 100 analytical reports, a variety of other products, and a substantial schedule of Congressional testimony;

- A projected 7.3 percent, or \$2.2 million, increase in base pay, of which \$0.5 million would support the four new FTEs and \$1.7 million would support a combination of across-the-board increases, promotions, performance bonuses, and merit increases for current staff (the across-the-board increase is budgeted at 1.6 percent for staff earning a salary less than \$100,000, which is consistent with the pay adjustment requested by most other legislative branch agencies);
- A projected 4.8 percent, or \$0.5 million, increase in the cost of benefits, of which \$0.2 million would go toward the four new FTEs and \$0.3 million would go toward current staff;
- The replacement of obsolete office equipment, desktop computers, and network servers, at \$0.6 million—a decrease of \$0.7 million, based on CBO’s current replacement cycle;
- The acquisition of commercial data necessary for CBO analyses and studies, at \$0.6 million—an increase of \$0.5 million over the 2010 funding level (partially due to the fact that a portion of the agency’s current needs in this area are being met through the two-year supplemental appropriation provided in fiscal year 2009);
- IT system development, at \$0.3 million—the same amount as in fiscal year 2010, based on anticipated requirements;
- Essential software purchases, at \$0.3 million—about the same sum as in fiscal year 2010, based on anticipated requirements;
- Telecommunications and telephone services, at \$0.3 million—an increase of roughly \$50,000 to support expanded requirements;
- Equipment maintenance, at \$0.3 million—a little above the fiscal year 2010 funding, based on current contracting data;
- Temporary IT and clerical support, at \$0.2 million—the same amount as in fiscal year 2010;
- Expert consulting, at \$0.3 million—about the same funding as in fiscal year 2010;

- Purchases of office supplies and subscriptions, at \$0.6 million—an increase of roughly \$70,000, primarily attributable to an increase in costs for online subscriptions;
- Financial management services, including support for auditing, payroll, and financial systems, at \$0.4 million—a small increase from 2010, primarily because of anticipated price hikes when renewing option-year contracts (I am pleased to report that CBO received its sixth consecutive clean opinion in the latest audit of its financial statements);
- Office furniture and equipment, at \$0.3 million—a slight decrease from the fiscal year 2010 funding;
- Travel, at \$0.2 million—the same level as fiscal year 2010; and
- Management and professional training, at \$0.2 million—roughly the same sum as in fiscal year 2010.

Because CBO withdrew from the Federal Accounting Standards Advisory Board in fiscal year 2010, CBO's request incorporates a savings of \$0.5 million in support previously provided to that body.

One further consideration in this request for funding for four additional FTEs is the capacity of CBO's assigned space in the Ford House Office Building. CBO currently has only a handful of unused offices, which must accommodate temporary workers (like contractors, auditors, and interns). During the past few years, CBO has created a number of additional offices by reconfiguring underutilized space, and the agency is currently undertaking further modifications in its configuration and utilization of space. As a result, a sufficient number of new workspaces can be created for all of the FTEs that CBO is requesting in this budget.

In closing, I would like to thank the Committee for the support it has provided CBO, enabling the agency to carry out its responsibilities to provide information and analysis to the Congress as it grapples with the critical issues facing the nation.