



Testimony

**CBO's Appropriation Request for
Fiscal Year 2017**

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

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Madam Chairman, Ranking Member Schatz, and Members of the Subcommittee, thank you for the opportunity to present the Congressional Budget Office's budget request. CBO is asking for appropriations of \$47.6 million for fiscal year 2017. That amount represents an increase of \$1.1 million, or 2.4 percent, from the \$46.5 million provided to CBO for 2016.

About one-third of the requested increase, \$391,000, would fund three new full-time-equivalent positions (FTEs), which would boost the agency's staffing from 235 to 238. The additional FTEs would be devoted to analyzing health care issues and the economic effects of federal tax and spending policies (including the "dynamic analysis" of certain legislation, as required by the budget resolution). Interest in modifying or replacing the Affordable Care Act and considering changes to Medicare or Medicaid remains high, and CBO expects to devote considerable attention to further developing its capacity to conduct dynamic analysis in the coming year. Additional resources to address those needs would be helpful in producing, documenting, and explaining CBO's work in those areas.

The remaining \$746,000 (accounting for an increase of 1.6 percent) would fund ongoing operations, covering an increase of \$807,000 in pay and benefits partly offset by a decrease of about \$61,000 in nonpay expenditures. The proposed increase in pay and benefits reflects small increases in average pay and rising costs of benefits. The decrease in nonpay expenditures derives mostly from holding spending on information technology (IT) to the same amount that has been provided in 2016.

Of the requested funding for 2017, 91 percent would support pay and benefits, 6 percent would be for IT, and 3 percent would go toward purchases of data, training, office supplies, and other items.

CBO's Funding History and Its Effects on Staffing and Output

Because such a large share of CBO's budget represents compensation, the contours of the agency's budget and staffing levels have been and will continue to be closely linked.

Between fiscal years 2003 and 2008, the number of authorized FTEs at CBO held between 233 and 235 (see Figure 1). During that period, CBO's budget generally

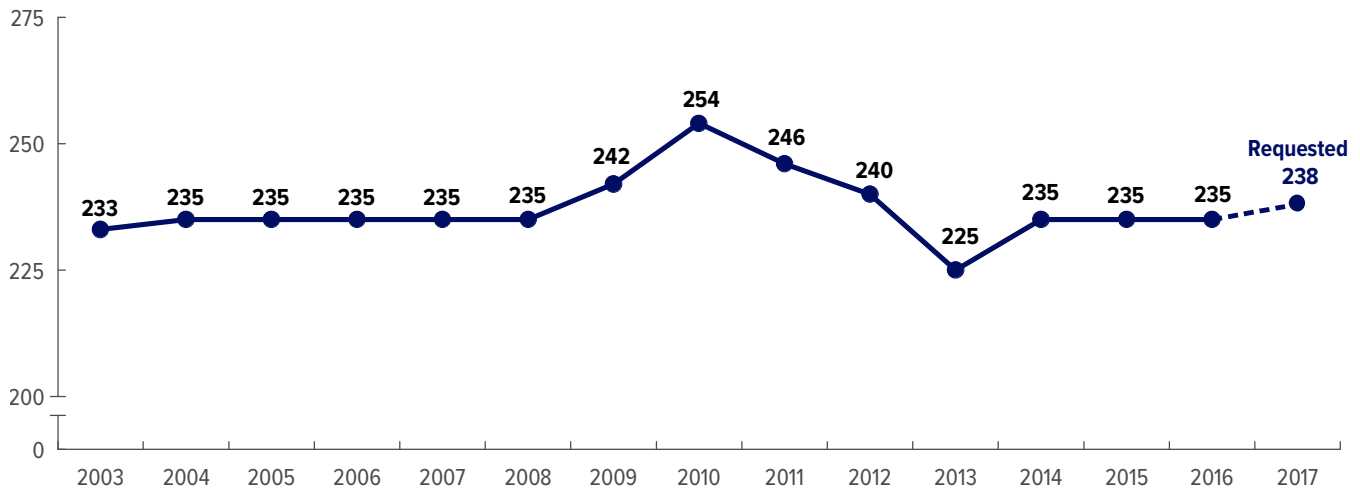
rose slowly, as federal employees received salary increases and the cost of federal benefits increased. For fiscal years 2009 and 2010, the Congress approved larger increases in CBO's budget to support a step-up in staffing. That step-up was intended primarily to increase the agency's ability to analyze potential changes in federal health care policy while maintaining its capacity to provide cost estimates and reports on other topics. CBO had sufficient funding for 254 FTEs in 2010.

The increase in staffing enabled CBO to conduct analyses of some particularly complex issues and to provide substantially more estimates and other analyses to the Congress. With the larger staff, CBO was able to, among other things, significantly expand health care analysis, substantially enhance financial analysis, considerably improve modeling of the economic effects of federal tax and spending policies, issue several reports with options for changing federal benefit programs, make significant gains in the transparency of the agency's analysis, and continue to produce high-quality cost estimates for legislation and analyses of numerous other topics.

However, constraints on CBO's funding (following from constraints on discretionary appropriations as a whole) caused the agency's staffing to shrink in fiscal years 2011 through 2013. The agency's appropriation for 2013 was well below the amounts provided during the preceding year (see Figure 2). Those cuts, combined with small increases in average pay and rising costs of benefits and other items during those years, required a drop in the number of FTEs to only 225 in 2013, the lowest level in more than a dozen years. In addition, the agency had to defer critical purchases of IT equipment and services and other items.

CBO's appropriation for 2014 was significantly larger than the one for 2013, and the appropriation for 2015 equaled the amount provided in 2014. Accordingly, the agency sharply increased its recruiting in order to return to its traditional level of staffing at 235 FTEs as quickly as possible and to catch up on deferred IT purchases. As a result, staffing stood at about 233 FTEs at the end of fiscal year 2015, and it is expected to be at that number or higher by the end of this year. CBO's funding for fiscal year 2016, which represented a 1.8 percent increase over the 2015 appropriation, will allow the agency to maintain current operations and to end the fiscal year with approximately 235 FTEs.

Figure 1.

FTEs Authorized for Fiscal Years 2003 Through 2017

FTE = full-time-equivalent position.

For fiscal year 2016, no specific number of FTEs was authorized. The number shown is consistent with the funding provided.

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

In fiscal year 2017, CBO will continue its mission of providing objective, insightful, timely, and clearly presented budgetary and economic information to the Congress. The requested amount of funding—\$47.6 million—would allow CBO to fulfill its mission and provide the following estimates and other analyses to the Congress:

- More than 600 formal cost estimates, most of which will include not only estimates of federal costs but also assessments of the cost of mandates imposed on state, local, and tribal governments or the private sector;
- Thousands of preliminary, informal cost estimates, the demand for which is very high as committees seek to have a clear picture of the budgetary impact of proposals and variants of proposals before they formally consider legislation;
- More than 100 scorekeeping tabulations, including account-level detail for individual appropriation acts at all stages of the legislative process and summary tables showing the status of discretionary appropriations (by appropriations subcommittee) and running totals on a year-to-date basis;

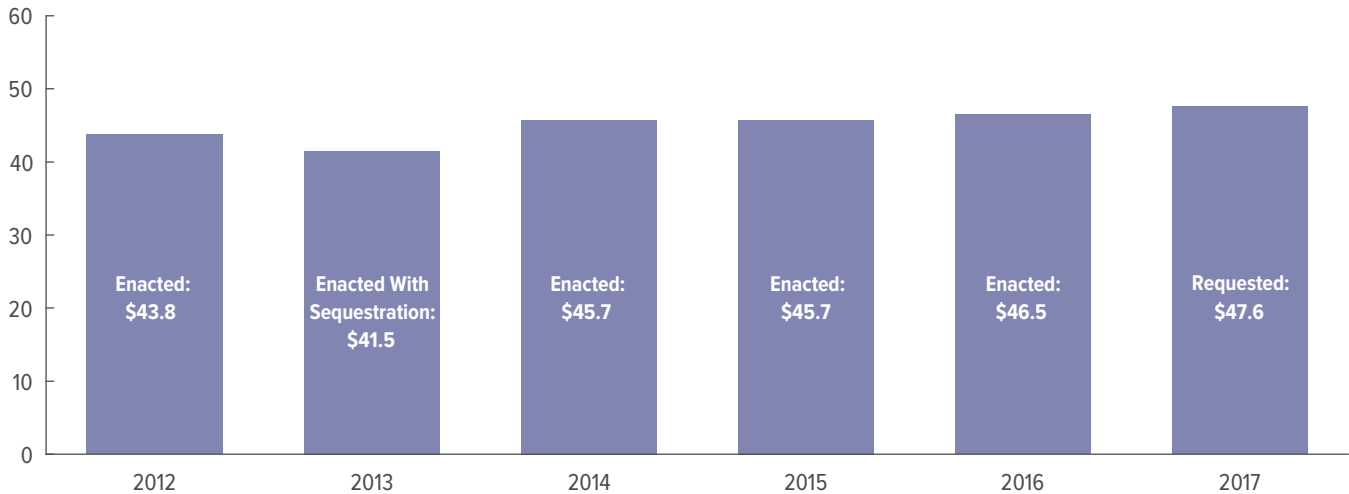
- Three sets of detailed 10-year baseline budget projections and two sets of 10-year economic projections, as well as long-term budget projections (spanning 30 years), documented with numerous files of data posted on CBO's website; and
- More than 90 analytical reports and other publications—generally required by law or prepared in response to requests from the Chairmen and Ranking Members of key committees—about the outlook for the budget and the economy, major issues affecting that outlook under current law, the budgetary effects of policy proposals that could change the outlook, and a broad array of related budget and economic topics, ranging from defense policy to infrastructure to energy policy.

Despite high productivity by a dedicated staff, CBO expects that that anticipated volume of estimates and other analyses will fall considerably short of the number of Congressional requests. The demands on the agency remain intense: The Congress continues to be acutely interested in analyses of the Affordable Care Act and numerous proposals for further changes in federal health care programs; and the now-required dynamic analyses of how certain legislative proposals would affect the economy and how those economic effects would, in turn,

Figure 2.

Funding for Fiscal Years 2012 Through 2017

Millions of dollars



affect the federal budget require complex modeling. Other issues arise frequently and create a heavy workload—including, for example, ones surrounding the Highway Trust Fund, immigration, defense authorization bills, farm legislation, unemployment benefits, trade agreements, trade adjustment assistance, and reform of the Postal Service. Analyzing the possibilities and proposals has strained the agency’s resources in many areas. CBO regularly consults with committees and Congressional leadership to ensure that its resources are focused on the work that is of highest priority to the Congress.

The requested funds would be used as follows:

- \$32.2 million for pay of personnel—an increase of \$918,000 (3 percent) over the amount that will be spent in fiscal year 2016. The increase would cover \$0.3 million in pay for the additional FTEs, as well as performance-based salary increases for current staff and an across-the-board increase of 2.6 percent for employees making less than \$100,000 (if such an increase is authorized for executive branch agencies).
- \$11.0 million for benefits of personnel—an increase of \$280,000 (3 percent) relative to the amount projected to be spent in 2016, to fund an increase in the cost of federal benefits as well as the benefits for the three added staff members.

- \$4.3 million for other purposes—a decrease of \$61,000 (1 percent) from the amount appropriated in 2016. The funds would go toward purchases of IT, data, training, and other items. The decrease for 2017 is possible mostly because funding in fiscal years 2014 and 2015 allowed CBO to catch up on deferred IT purchases and to make some purchases that reduced future needs.

In closing, I would like to thank the Committee for the support it has provided CBO over many years, enabling the agency to provide timely, carefully thought-out nonpartisan budgetary and economic analysis to the Congress as it addresses the critical issues facing the nation.

This testimony summarizes information in CBO’s budget request for fiscal year 2017, which was prepared by Mark Smith, with contributions from Joseph E. Evans, Jr., Mark Hadley, Jeffrey Kling, Deborah Kilroe, Cierra Liles, Terry Owens, Caryn Rotheim, Stephanie Ruiz, John Skeen, and Robert Sunshine. The testimony is available on CBO’s website at www.cbo.gov/publication/51289.

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