

# **Testimony**

## **CBO's Appropriation Request for Fiscal Year 2020**

**Keith Hall  
Director**

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

**April 10, 2019**

*This document is embargoed until it is delivered at 3:00 p.m. (EDT) on Wednesday, April 10, 2019. The contents may not be published, transmitted, or otherwise communicated by any print, broadcast, or electronic media before that time.*

Chairman Hyde-Smith, Ranking Member Murphy, and Members of the Subcommittee, thank you for the opportunity to present the Congressional Budget Office's budget request. And thank you also for your long-standing support of CBO. That support has allowed CBO to provide budgetary and economic analysis that is timely, thoughtful, and nonpartisan as the Congress addresses issues of critical importance.

CBO is asking for appropriations of \$53.6 million for fiscal year 2020. That amount represents an increase of \$2.8 million, or 5.6 percent, from the \$50.7 million provided to CBO for 2019. Of the total amount, nearly 91 percent would be used for personnel costs.

## **Reasons for the Requested Increase in Funding**

CBO requests an increase of \$2.8 million for two priorities—to pay for current staffing and to bolster transparency and responsiveness. Last year, the Congress increased CBO's budget to put in place a multiyear plan to increase the agency's capacity to make its work as transparent and responsive as possible, and the increase requested now would allow the agency to continue to pursue that plan.

### **Paying for Current Staffing**

CBO requests an increase of \$1.3 million to fund current staffing levels in 2020. That amount would be used for a small increase in employees' average salary and benefits to provide merit-based pay raises and keep pace with inflation.

### **Bolstering Transparency and Responsiveness**

The increase would include \$1.2 million to fully fund 14 staff members hired throughout fiscal year 2019. (The addition in terms of full-time-equivalent positions, or FTEs, would be 7.6.) The increase would also include \$0.3 million for 6 new hires in fiscal year 2020. (The addition in terms of FTEs would be 1.4.)

## **CBO's Budget Request and Its Consequences for Staffing and Output**

In fiscal year 2020, CBO will continue its mission of providing objective, insightful, clearly presented, and timely budgetary and economic information to the Congress. To fulfill that mission, CBO requests \$53.6 million in funding. The requested funds would be used for personnel costs (that is, salaries and benefits), information technology (IT), and other costs, such as training.

### **Funding Request for Personnel Costs and Consequences for Staffing**

CBO requests \$48.7 million for salary and benefits. Those funds would support 264 FTEs. The requested amount represents an increase of \$2.8 million, or 6.1 percent, from the amount provided for 2019. Of the total requested amount:

- \$36.5 million would cover salaries for personnel—an increase of \$2.3 million, or 6.7 percent, from the amount that will be spent in fiscal year 2019. The increase would include \$0.9 million in pay to fully fund the 14 staff members hired in 2019 and \$0.2 million for the 6 new hires. The increase would also cover performance-based salary increases for current staff and an across-the-board increase of 1.9 percent for employees earning less than \$100,000. And it would provide funds for 3 FTEs for CBO’s intern program.
- \$12.2 million would fund benefits for personnel—an increase of \$0.5 million, or 4.4 percent, from the amount projected to be spent in 2019. The increase would cover a boost in the cost of federal benefits, fully fund benefits for the 14 staff members hired in 2019, and pay for benefits for the 6 new staff members.

### **Funding Request for Nonpersonnel Costs**

CBO requests \$4.9 million for costs other than personnel. Those funds would cover current IT operations—such as software and hardware maintenance, software development, purchases of commercial data, communications, and equipment purchases—and would pay for travel, training, interagency agreements, facilities support, printing and editorial support, expert consultants, financial management auditing support, interactive graphic tools, and subscriptions to library services.

The requested amount is roughly unchanged from the amount that will be spent in fiscal year 2019. That is the result of offsetting effects. The 2020 amount is pushed up in relation to the 2019 amount mainly because CBO plans to further develop tools to analyze and present data and would need to purchase additional resources to support a larger staff. But the 2020 amount is pushed down in relation to the 2019 amount mainly because CBO anticipates achieving efficiencies in its IT operations and because costs in 2019 have been temporarily boosted by onetime agencywide training.

### **Consequences for Output**

The requested amount of funding would allow CBO to do the following for the Congress:

- Provide roughly 700 formal cost estimates (and significantly more than that number if legislative activity is as high as it was in 2018, when CBO provided 947 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;
- Fulfill thousands of requests for background information and technical assistance, the demand for which is very high as committees seek a clear picture of the budgetary impact of proposals and variants of proposals before they formally consider legislation;

- Produce about 150 scorekeeping tabulations, including account-level detail for individual appropriation acts at all stages of the legislative process, as well as summary tables showing the status of discretionary appropriations (by appropriations subcommittee) and running totals on a year-to-date basis; and
- Publish about 70 analytic reports and papers—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 range of related budget and economic topics in such areas as defense policy, infrastructure, Social Security, and housing.

The agency would also continue to bolster its transparency and responsiveness by increasing its staff's availability to meet surges in demand and by dedicating more staff to creating publications that explain and graphically illustrate CBO's work.

Despite high productivity by a dedicated staff, CBO expects that the volume of estimates and other analyses will fall short of the number of requests from committees and Congressional leadership and will fall considerably short of the number of requests from individual Members. The demands on the agency remain intense and strain its resources in many areas. For example, the workload associated with the analysis of appropriations continues to be heavy. Also, over the past year, CBO analyzed legislation related to financial reform, farm programs, nutrition programs, housing assistance for veterans, pension reform, disaster assistance, opioid abuse, and cybersecurity. CBO regularly consults with committees and leadership to ensure that its resources are focused on the work that is of highest priority to the Congress.

## **Transparency**

CBO has always worked hard to make its analysis transparent, and the agency anticipates that almost all of its current employees will spend part of their time on such efforts. Moreover, CBO recently put in place a plan to strengthen those efforts. The Congress increased CBO's budget for 2019 in part to hire new staff to contribute to transparency and bolster responsiveness. To enhance transparency, CBO plans to hire 10 staff members in 2019 and proposes to hire 6 more in 2020.

During the next two years, CBO will undertake many different activities to make its analysis transparent.

## **Testifying and Publishing Answers to Questions**

In 2019 and 2020, CBO expects to testify about its baseline projections and other topics as requested by the Congress. That work will involve presenting oral remarks, answering questions at the hearings, and presenting written statements, as well as publishing answers to Members'

subsequent questions for the record. CBO will continue to work to resolve issues raised as part of the oversight provided by the budget committees and the Congress generally. In addition, the agency expects that Members of Congress will ask other questions to which it will provide published responses.

### **Explaining Analytical Methods**

CBO plans to publish short reports providing general information to help Members of Congress, their staff, and others better understand its work. One such report will provide brief explanations of some important concepts related to the Congressional budget process. For example, that report will explain differences among authorizations, appropriations, rescissions, and reappropriations. Another will explain the differences between two types of estimates used for credit programs: estimates prepared using the methodology specified in the Federal Credit Reform Act, which applies to most federal credit programs, and estimates prepared on a fair-value basis, which incorporates market risk. And another short report will explain key scorekeeping rules and how they have been used in providing estimates for recent legislation.

CBO will publish a substantial amount of technical information about updates to its health insurance simulation model (HISIM). CBO also will provide technical information about several other methods used to analyze the effects of federal policies. In addition to segments of computer code from HISIM, CBO plans to release some code from other models.

### **Releasing Data**

In 2019 and 2020, CBO will continue to publish extensive sets of data in conjunction with its major recurring reports, including detailed information on 10-year budget projections, historical budget outcomes, 10-year projections for trust funds, revenue projections by category, spending projections by budget account, tax parameters and effective marginal tax rates on labor and capital, and 10-year projections of economic variables, as well as data about the economy's maximum sustainable output.

The agency will also provide details about baseline projections—this year with more supporting spreadsheets—covering the following: the Pell grant program, student loan programs, Medicare, the military retirement program, the pension benefit guarantee program, the Social Security Disability Insurance program, the Social Security Old-Age and Survivors Insurance program, the trust funds for Social Security, child nutrition programs, child support enforcement and collections, foster care and adoption assistance programs, the Supplemental Nutrition Assistance Program, the Supplemental Security Income program, the Temporary Assistance for Needy Families program, the unemployment compensation program, the Department of Agriculture's mandatory farm programs, federal programs that guarantee mortgages, programs funded by the Highway Trust Fund, benefits for veterans and military personnel stemming from the Post-9/11 GI Bill, and veterans' disability compensation and pension programs.

Other data will provide details about long-term budget projections, projections underlying Social Security estimates, more than a thousand expired or expiring authorizations of appropriations, and dozens of federal credit programs. When CBO analyzes the President’s budget request, it will post a set of files providing estimates of the budgetary effects of specific proposals. Throughout the year, the agency will post the data underlying the figures in various reports.

### **Analyzing the Accuracy of CBO’s Estimates**

In 2019 and 2020, CBO will release reports analyzing the accuracy of its past projections of outlays, revenues, deficits, and debt. As part of a continuing series of reports about the accuracy of its previous cost estimates, CBO will reexamine its original estimates of certain legislation. A report on the accuracy of CBO’s economic forecasts will be released. And CBO will publish comparisons of previous projections of federal subsidies for health insurance with actual amounts.

### **Comparing Current Estimates With Previous Ones**

In several of its recurring publications—reports about the budget and economic outlook, federal subsidies for health insurance, and the long-term budget outlook—CBO will continue to explain the differences between the current year’s projections and those from the previous year. In its cost estimates, CBO will continue to identify related legislative provisions for which it has provided estimates in the recent past and explain the extent to which the provisions and estimates at hand are similar or different.

### **Comparing CBO’s Estimates With Those of Other Organizations**

The agency will continue to publish its regular comparisons of its budget projections and the Administration’s and of its economic projections and those of private forecasters and other government agencies. And the agency will include comparisons of estimates in various reports. In addition, when time does not allow for publication, analysts will sometimes be able to discuss such comparisons with Congressional staff.

### **Estimating the Effects of Policy Alternatives**

In 2019 and 2020, CBO will release new interactive products to help users understand the effects of potential changes to federal policies. And reports on other topics will also illustrate the potential effects of various policy proposals.

### **Characterizing Uncertainty Surrounding Estimates**

CBO will update its interactive workbook showing how changes in economic conditions might affect the federal budget. Also, its reports about the 10-year outlook for the budget and the economy, the long-term outlook for the budget, and federal subsidies for health insurance will contain substantial discussions of uncertainty.

## **Creating Data Visualizations**

In 2019 and 2020, CBO will provide information about its budget and economic projections in slide decks and create infographics about actual outlays and revenues. And the agency will continue to look for opportunities to include graphics to enhance the explanations in some cost estimates.

## **Conducting Outreach**

CBO will continue to communicate every day with Congressional staff and others outside the agency to explain its findings and methods, respond to questions, and obtain feedback. The agency's Director will meet regularly with Members of Congress to do the same.

As the agency updates its health insurance model, it will continue to discuss the development with representatives from the Congress, federal agencies, states, insurers, employers, doctors, hospitals, and the general public. The agency will also obtain feedback from researchers such as those on the technical review panel that it established for HISIM.

After each set of baseline projections is published, CBO's staff will meet with Congressional staff to discuss the new projections and answer questions.

CBO will continue to obtain input from its Panel of Economic Advisers and Panel of Health Advisers. It will continue to turn to other experts as well. For example, CBO will convene a recurring meeting of crop insurance and commodity analysts to review the past performance of the crop insurance program and commodity markets and to discuss projections of future spending in those areas. Many reports will benefit from written comments by outside experts on preliminary versions. For some recurring reports produced on compressed timetables, such as the one about CBO's long-term budget projections, the agency will solicit comments on previous publications and selected technical issues to incorporate improvements in future editions.

CBO's staff will give presentations on Capitol Hill—some in collaboration with the Congressional Research Service—on its budget and economic projections and on other topics. Those presentations will allow CBO to explain its work and answer questions. The agency will also give presentations about its findings and about work in progress in a variety of venues to offer explanations and gather feedback. In addition, CBO will use podcasts and blog posts to summarize and highlight various issues.

## **Responsiveness**

One of CBO's highest priorities is responding to the Congress with the information that it needs to legislate. That information takes a variety of forms, ranging from formal cost estimates to background information and technical assistance, and CBO tries to provide it when it is most useful. For example, CBO completes nearly all cost estimates before a floor vote on legislation.

In addition, the agency works to provide technical assistance, reports, and other information to policymakers during earlier stages of the legislative process.

The agency recently put in place a plan to strengthen its responsiveness. For 2019, the Congress increased CBO's budget in part to hire new staff to contribute to that effort. As a result, CBO is increasing staffing in high-demand areas, such as analyses of health care and immigration. In addition, the agency is continuing to hire analysts to expand its use of team approaches, in which work on large and complicated projects is shared.

The budgetary increase that CBO is requesting now would allow it to continue such efforts while also enhancing transparency. In 2020, CBO proposes hiring additional staff who would increase the agency's expertise and modeling capability in several areas. CBO's goal is to have more staff with overlapping skills within and across teams. In some cases, those skills will consist of expertise related to particular programs, such as transportation. In other cases, they will be more technical, such as the ability to design simulation models. Increasing the number of staff with overlapping skills will allow the agency to be more nimble when responding to requests for information.

This testimony summarizes information in CBO's budget request for fiscal year 2020, which was prepared by Mark Smith, with contributions from Leigh Angres, Wendy Edelberg, Joseph E. Evans Jr., Theresa Gullo, Deborah Kilroe, Jeffrey Kling, Cierra Liles, Benjamin Plotinsky, and Stephanie Ruiz.

Mark Hadley reviewed the testimony, Benjamin Plotinsky edited it, and Jorge Salazar prepared it for publication. It is available on CBO's website at [www.cbo.gov/publication/55088](http://www.cbo.gov/publication/55088).

Keith Hall  
Director