



Congressional Budget Office

Testimony

**Statement of
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Director**

Appropriation Request for Fiscal Year 2012

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

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Mr. Chairman, Ranking Member Honda, and Members of the Subcommittee, thank you for the opportunity to present the Congressional Budget Office's (CBO's) budget request for fiscal year 2012.

CBO's mission is to provide the Congress with objective, impartial analyses of budget and economic issues, including the information and cost estimates needed for the Congressional budget process. In fulfilling that mission, CBO depends on a highly skilled workforce. Roughly 90 percent of CBO's budget represents compensation for the agency's staff, about 5 percent is for IT (information technology) equipment and services, and the remainder is for training, office supplies, and related items. Therefore, the contours of CBO's budget and the agency's staffing level are closely linked.

CBO's proposed budget for fiscal year 2012—\$46.9 million—is roughly equal to the total resources that were available to the agency in 2010 and 2011. This proposal scales back the multiyear staffing plan that was the basis for the agency's 2011 budget request. Even with a reduction in proposed staffing, supporting the work of the agency in 2012 with the same resources provided in 2010 and 2011 would be possible only by restraining salaries and spending on IT. Neither of those two actions can be sustained indefinitely without diminishing the support that CBO provides to the Congress.

Recent Funding History

Between fiscal year 2001 and fiscal year 2008, the number of full-time-equivalent positions (FTEs) at CBO averaged 230, and the number varied little from year to year. In 2008, however, CBO became concerned that it did not have sufficient resources to analyze policy changes regarding the delivery and financing of health care that were emerging as a critical issue in the Congress. In addition, the agency was delivering an increasing number of testimonies and formal cost estimates and engaging in a growing amount of informal communication with Congressional staff on a wide range of topics, so shifting a significant number of positions from other areas in order to analyze health care proposals 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 Congress approved the first leg of the proposed increase in CBO's fiscal year 2009 budget, and the agency averaged 242 FTEs that year. As expected, analyzing competing health care proposals absorbed a huge share of CBO's resources. 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 analyses, budget projections, and cost estimates in that area. Consequently, during the course of fiscal year 2009, the Congress approved a two-year supplemental appropriation of \$2.0 million, aimed particularly at enhancing CBO's ability to analyze

complex health care proposals. Of that amount, CBO used about \$0.3 million during fiscal year 2009 and the remaining \$1.7 million in 2010.

For fiscal year 2010, the Congress approved an appropriation of \$45.2 million for CBO. That amount was \$1.2 million less than the agency's request for that year, reflecting the availability of funds from the 2009 supplemental appropriation. The total funding of \$46.9 million—\$45.2 million from the regular appropriation and \$1.7 million from the earlier supplemental appropriation—was intended to support an additional 12 FTEs “to increase CBO's capacity to analyze health care policy, financial and housing markets, and other areas of high Congressional interest.” Accordingly, CBO averaged about 250 FTEs during fiscal year 2010.

In the final continuing resolution for fiscal year 2011, CBO received \$46.8 million, slightly less than the total funding provided for 2010. CBO has limited its hiring this year and has not filled a number of vacancies; it anticipates averaging about 248 FTEs for the year.

Some Details of CBO's Fiscal Year 2012 Budget Request

In fiscal year 2012, CBO will continue to focus on its core functions of providing nonpartisan budgetary and economic information and analyses to the Congress, including budget and economic outlook reports, an analysis of the President's budget, long-term budgetary projections, cost estimates, mandate statements, and score-keeping reports. In addition, CBO will continue to prepare in-depth analyses of a broad range of program and policy issues, as requested by committees or Members.

The specific issues that the Congress will be addressing in 2012 will, of course, depend on circumstances at the time, but CBO's analyses are likely to include work on health care, policies for increasing economic growth and employment, energy policy, tax reform, immigration issues, infrastructure, defense policy, the government's role in financial markets, and proposals to address the long-term budgetary imbalance. The enactment last year of significant health care legislation has made CBO's regular budget projections and analyses of most health care proposals much more complex than had previously been the case. Moreover, the demand for analysis of new health care proposals has abated only a little. In addition, the depth and duration of the economic downturn, as well as the surge in federal debt and projected deficits, have led the Congress to ask CBO for more analyses on a range of economic and budgetary issues. Accordingly, the agency will devote effort to further improving its long-term analyses of legislative proposals for health care, Social Security, and broad fiscal policy changes by continuing to develop its budgetary and economic models.

CBO anticipates a workload of roughly 650 formal cost estimates (most of which include both estimates of federal costs of legislation and assessments of the cost of mandates in the legislation that would affect state, local, and tribal governments or the private sector) and thousands of informal estimates; approximately 100 analytical reports along with other publications; and a substantial schedule of Congressional

testimonies. The formal estimates are just the tip of the iceberg because, more and more, CBO is being asked for informal estimates of the budgetary impact of proposals at early stages in the legislative process and of potential floor amendments.

Recognizing the likely stringency of appropriations for fiscal year 2012, CBO proposes to cut short the planned multiyear increase in CBO staff and to aim for 254 FTEs in the coming year. In addition, consistent with the rest of the federal government, CBO is not providing any across-the-board increase in salaries for employees in calendar years 2011 or 2012 and has reduced the size of performance-based pay raises.

Specifically, CBO's request supports the following:

- \$32.2 million for personnel compensation;
- \$10.4 million for personnel benefits; and
- \$4.3 million for services, equipment, training, and supplies.

Funding at this level would enable CBO to continue to provide the kinds and quantity of estimates and analyses that the agency has been producing for the Congress during the past two years.

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 budgetary and economic information to the Congress.

