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CONGRESSIONAL BUDGET OFFICE

Statement of Alice M. Rivlin
Director of the
Congressional Budget Office

before the

Subcommittee on Legislative
Committee on Appropriations
U.S. House of Representatives

Appropriation Request for Fiscal Year 1981

Mr. Chairman and Members of the Subcommittee, I am pleased to present the fiscal year 1981 appropriation request for the Congressional Budget Office (CBO). CBO is a nonpartisan organization that provides the Congress with budget-related information and analyses of alternative fiscal, budgetary, and programmatic policies. CBO does not make recommendations on matters of policy; rather, we analyze budgetary options, their cost to the federal government, and their impact on the national economy.

Budget Request

For fiscal year 1981, I have prepared a budget request for the CBO that allows for no growth, except an inflation allowance, and no increase in the level of authorized staff. I am

requesting an appropriation of \$13,544,000, which is an increase over fiscal year 1980 of approximately 8 percent. This request does not contain funds for expanded responsibilities for the office. The fiscal year 1981 appropriation would simply continue CBO's current organization and services to the Congress.

This statement briefly reviews for the Committee the major services CBO provided to the Congress over the past year and describes our current organization.

Budgetary Estimates, Fiscal and Programmatic Analysis

CBO's responsibilities under the Congressional Budget Act of 1974 include estimating the five-year costs to the federal government of proposed legislation, tracking Congressional budget action on appropriation and revenue bills against the targets or ceilings in the concurrent budget resolutions (**scorekeeping**), preparing periodic forecasts of economic trends and alternative fiscal policies, estimating the inflationary effect of major legislative proposals, and analyzing programmatic issues that affect the federal budget.

Cost Estimates. CBO prepares cost estimates for virtually every bill reported in the House and Senate that would have a budget impact. During the first session of the 96th Congress (as of November 20, 1979), CBO prepared more than 700 bill cost estimates for House and Senate authorizing **committees**, about the

same number as during the first session of the 95th Congress. Based on past experience, we expect to prepare close to 1,000 bill cost estimates during the second session of the 96th Congress. In addition, CBO provides the Appropriations Committees with outlay estimates for all appropriation bills.

Scorekeeping. During fiscal year 1979, we issued various budget scorekeeping reports and tabulations for use by the Congress, particularly the Appropriations and Budget Committees. These included:

- o 6 comprehensive scorekeeping reports published by CBO;
- o information for 20 scorekeeping reports issued by the Senate Budget Committee;
- o 42 packages of specifically designed computer runs for the House Budget Committee furnished weekly when the House was in session;
- o daily **reports**, together with weekly scorekeeping tabulations, when the Congress was in session for the Budget Committees' use in advising the **parliamentarians** on current budgetary levels;
- o numerous computer tabulations (some regular and others specifically requested) for the use of the Appropriations Committees in **preparing** their March 15 reports, and for the use of the Budget Committees during their consideration of the budget resolutions; and
- o a new automated report, which is updated weekly, on the legislative status of selected entitlement and other

bills that would directly affect budgetary **requirements**,
for the use of the Appropriations and Budget **Committees**.

Economic Forecasts. Each fiscal **year**, CBO publishes two reports that examine the state of the national economy, present CBO's economic **forecast**, and analyze alternative fiscal policies. These reports coincide with Congressional consideration of the concurrent resolutions on the budget. The demand for these documents is great and, like all CBO **publications**, they are distributed to all **Members** of Congress. The two reports issued in fiscal year 1979 focused particularly on the problem of inflation.

Inflation Analysis. CBO prepares estimates of the inflationary effect of selected major legislative proposals. The estimates are intended to provide the Congress with guidelines about the cost in terms of inflation that new programs might entail. In fiscal year 1979, inflation impact analyses were undertaken in such diverse areas as hospital cost containment, agriculture price support programs, beef import **quotas**, international agreements on coffee and sugar, and oil price decontrol.

Program Analysis. CBO prepares reports on a wide range of programmatic issues that affect the federal budget. These studies are undertaken at the request of the chairman or ranking minority member of a full committee of jurisdiction or the chairman of a subcommittee of jurisdiction. In line with the priorities established in the Congressional Budget Act of 1974, the Budget Committees request CBO's services most frequently.

CBO is also required to issue a limited number of reports by the Budget Act: an annual report on **budget** options, a five-year budget projections **report**, scorekeeping reports, and periodic economic forecasts.

The subject areas of CBO's reports reflect the key budgetary issues before the Congress. In fiscal year 1979, for example, our National Security and International Affairs Division completed analyses of the MX missile, U.S. airlift forces, the potential effect of SALT II on future U.S. defense budgets, and the multilateral trade negotiations.

Responding to continuing Congressional interest in energy, CBO's Natural Resources and Commerce Division analyzed the economic impact of oil import reductions, the effects of decontrolling the price of domestic oil, the energy research and development budget, synthetic fuel production, energy conservation, and the windfall profits tax.

Our Human Resources and Community Development Division prepared reports on hospital cost **containment**, health care coverage, professional standard review organizations (PSROs), federal student assistance, the long-term costs of housing for low-income persons, and welfare reform proposals.

Other key issues analyzed by CBO in fiscal year 1979 included civil service **retirement**, pay for federal white-collar employees, salaries for top-level federal officials, and tax-exempt bonds for single-family housing.

Based upon our current committee requests, we expect to complete approximately the same number of reports in fiscal year 1980 as in 1979. At present, for example, we are studying tax subsidies for medical care, the budget process schedule, federal credit activity, inflation and indexed federal programs, the energy efficiency of different modes of freight **transportation**, aid to secondary school education, catastrophic health insurance, general revenue sharing, federal **pay**, and the compensation system for active-duty military personnel.

The Committee has a list of CBO's studies (Tab J). Part I of this list shows the projects currently underway; Part II lists the studies completed since October 1978. The list gives the CBO division responsible for the study, the title of the study, a summary of its contents, the requesting Congressional committee or statutory authority, the completion **date**, and its published or unpublished status.

We assume that our level of activity in fiscal year 1981 will be similar to that in fiscal years 1978 and 1980.

Testimony. CBO is requested to testify before numerous Congressional committees, often in connection with a formal study we have undertaken. In fiscal year 1979, I testified on 23 occasions before nine House committees **and** five Senate committees as well as one joint committee. In addition, other members of the CBO staff testified on 11 occasions before seven House committees and four Senate committees.

For example, in the early winter **and** summer when the Budget Committees were considering the concurrent resolutions on the budget, I testified on the state of the economy. Throughout the spring and early summer, we received several requests for testimony on energy issues. Before the Joint Economic **Committee**, I discussed the economic impact of oil price decontrol; before the Senate Finance Committee, issues related to oil price decontrol and the windfall profits tax; before the House Public Works and Transportation Committee, the energy trust fund; and before the House Banking, Finance, and Urban Affairs Committee, solar **energy**. We also testified on dairy price support programs, the multilateral trade agreement, housing assistance programs, health care costs, **multiyear budgeting**, and the Social Security trust funds.

Coordination of Studies

During the fiscal year 1980 appropriation process, this Committee expressed concern that the four Congressional staff agencies might be **duplicating** each other's studies. As you know, the Research Notification System was established several years ago to avoid such duplication. In addition, senior staff members of the four agencies meet on a regular basis. In the past **year**, at the suggestion of this Committee, we have examined our **coordination** mechanisms, made **improvements**, and effectively

redoubled our efforts to avoid any duplication. Specifically, we have taken the following steps:

- o **Reemphasized** to management staff the requirement to coordinate studies;
- o Circulated a "guide to analysts" to all staff in the four agencies to facilitate coordination;
- o Scheduled meetings of subject area specialists to discuss current and planned projects, possible **coordination**, use of existing information, and sharing of data;
- o Designated a central contact within CBO to assist any agency seeking information and to monitor the overall **effectiveness** of our coordination effort.

In short, we have taken most seriously your concern about duplication, and I have instructed the CBO staff to take every precaution to coordinate our work with that of the other agencies and to avoid duplication. I believe that these efforts have been successful.

ADP Services

Computer support services are an integral part of CBO's analytic capability. The Budget and Appropriations Committees continue to rely heavily on our information processing services. In providing these services, we use both commercial computer services and government facilities.

For the past several years, the House Information Systems (HIS) has provided CBO with key computer support. For fiscal year 1980, HIS developed a rate schedule that they believe more accurately reflects the actual cost of these services to CBO than the previous ad hoc billing system. As a result of the new charge-back system, our appropriation for fiscal year 1980 included an increase over 1979 of approximately \$1 million for essentially the same services. It is my understanding that, beginning in January 1980, nearly all House Committees will reimburse HIS for computer services under a similar arrangement.

HIS has recently given CBO the actual billing for the first month of fiscal year 1980 and has provided us with estimated costs for the total fiscal year. These figures show our estimate of approximately \$1 million in extra charges for fiscal year 1980 to have been largely correct. Our fiscal year 1981 request allows for a continuation of this practice of reimbursing HIS for services actually used.

We are continually examining our data processing needs to ensure that we are using ADP services in a **cost-effective** manner, while being responsive to the Congress. In October, for example, we sought the unique technical expertise of the Federal Computer Performance Evaluation and Simulation Center (FEDSIM). This organization was established under the Brooks Act of 1965 to help federal agencies reduce the cost of processing and using computer systems. We believe that, with their help, we can make more

effective use of competitive procurement procedures for our commercial sources of computer services. This in turn might help us gain more favorable prices not only for CBO but also for those other Congressional users of our computer sources. With the **continuing** increase in demand for budget and economic information, it is essential that we operate our systems efficiently so we can respond to the **Congress'** need for information while minimizing the cost.

Organization, Staff, and Facilities

CBO's authorized staff level has been **218** persons since fiscal year 1979. Although our statutory responsibilities have not changed during that period, demand for our reports and analyses has increased **substantially**. With hard work and careful **management**, however, I believe that we can still meet our commitments with **218** staff positions.

The basic organization of CBO has remained the same over the last year. Three changes have occurred in our executive staff. **Robert** D. Reischauer, formerly Assistant Director for Human **Resources** and Community Development (HRCD), is now the Deputy Director of CBO. David S. **Mundel**, who served as Mr. **Reischauer's** **deputy**, was promoted to Assistant Director of the HRCD Division. James M. Verdier has been named to serve as Assistant Director of the Tax Analysis Division. Mr. Verdier was formerly Deputy Director of that division.

Tab B shows the organisation of **CBO**, and Tab F is a detailed breakdown of the allocation of positions.

We are pleased with the progress in the renovation of our facilities in the House Office Building Annex 2. In particular, the new cafeteria in the building is a most helpful and pleasant addition. We appreciate this Committee's support of these **improvements**.

Conclusion

CBO is currently providing the Congress with the services mandated by the Congressional Budget Act of 1974. We are preparing about 70 in-depth studies a year in key budgetary issues and are responding to more than 30 requests a year for testimony before Congressional committees. We will prepare about 1,000 bill cost estimates next year, as well as five-year projections reports, **inflationary** impact analyses, and **economic** forecasts. Our budget request for fiscal year 1981 provides for a continuation of these services.

Mr. Chairman, I would be pleased to respond to any questions you or Members of the Committee may have.