

CBO TESTIMONY

**Statement of
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Director**

Appropriation Request for Fiscal Year 2005

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

March 4, 2004

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Mr. Chairman and Members of the Subcommittee, I am pleased to present the fiscal year 2005 budget request for the Congressional Budget Office (CBO). The mission of CBO is to provide the Congress with timely objective, nonpartisan analyses of the economy and the budget and to furnish the information and cost estimates required for the Congressional budget process.

The Congressional Budget Office's proposed budget for fiscal year 2005 is effectively a "current-services" request, in which the increases from 2004 are primarily for pay, benefits, and general inflation. The request totals \$35,455,000, a \$1.8 million, or 5.5 percent, increase over the appropriation for fiscal year 2004 (after the rescission of 0.59 percent).

The total increase requested is dominated by \$1.6 million for expected increases in staff salaries and benefits. Funding for salaries and benefits constitutes 88 percent of CBO's budget, and those costs will grow by 5.5 percent in 2005. Additional factors include a new \$75,000 charge for telecommunications services associated with the Alternate Computing Facility, a component of the legislative branch's disaster recovery system, and a \$32,000, or 8.1 percent, increase in CBO's portion of the cost of operating the Federal Accounting Standards Advisory Board (FASAB). The remainder of CBO's budget request increases by 3.2 percent over that in 2004, a rate of growth affected by the fact that this portion of the budget will absorb almost half of the 0.59 percent rescission in 2004.

With the requested funds for 2005, CBO plans to continue to support the Congress in exercising its responsibilities for the budget of the United States government. CBO participates in the Congressional budget process by providing analyses required by law or requested by the House and Senate Budget Committees; the

Committees on Appropriations, Ways and Means, and Finance; other committees; and individual Members. In particular, CBO:

- Reports on the outlook for the budget and the economy to help the Congress prepare for the legislative year;
- Analyzes the likely effects of the President's budgetary proposals on outlays and revenues;
- Estimates the costs of legislative proposals, including formal cost estimates for all bills reported by committees of the House and Senate and for unfunded mandates on states and localities and the private sector;
- Constructs statistical, behavioral, and computational models to project short- and long-term costs and revenues of government programs; and
- Conducts policy studies of governmental activities having major economic and budgetary impacts.

In fiscal year 2005, CBO's request will allow the agency to build on current efforts:

- Increase the number and reduce the preparation time of reports and in-depth analyses for the Congress, extending progress begun in 2003. The request will support a workload estimated at 2,120 legislative and mandate cost estimates, 82 major analytical reports (11 percent more than in 2003, which

itself represented a 76 percent increase over 2002), 74 other publications, and a heavy schedule of Congressional testimony.

- Consolidate gains from additional staff resources provided by the Congress for 2004 to augment the agency's ability to estimate revenues and conduct dynamic analyses of the budget. Overall, the request will support 235 full-time-equivalent positions, the same number as in 2004. It includes an across-the-board pay adjustment of 3.5 percent for staff earning a salary of \$100,000 or less, which is consistent with the pay adjustment requested by other legislative branch agencies, along with a projected increase in benefits of 7.0 percent.
- Fund a combination of promotions and merit increases for all staff, including those whose salary exceeds \$100,000 and who do not receive automatic annual across-the-board increases.
- Provide \$429,000 for CBO's share of FASAB's budget.
- Provide \$75,000 (previously paid by the House of Representatives) for telecommunications services for the Alternate Computing Facility.
- Complete the replacement of CBO's Budget Analysis Data System, the agency's primary budget-tracking system, with a lower-cost, more-capable in-house system. After accomplishing that replacement midyear in 2005, CBO plans to continue to develop and exploit the capabilities of the new system—to improve the speed and breadth of the agency's analyses—during

the remainder of the year and into the next, but at a much lower annual development cost.

Before I close, I would like to thank the Committee for its support of CBO's 2004 budget request, in particular, the two new positions that it approved to strengthen the agency's ability to forecast the economy and project revenues. And I would also cite the Committee's ongoing support of the student loan repayment benefit, which is an increasingly valuable tool in CBO's recruiting.

I look forward to answering any questions that you might have about this request.