

Statement of Alice M. Rivlin
Director, Congressional Budget Office
before
Committee on the Budget
House of Representatives
Oversight Hearing
January 23, 1976

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today as this Committee resumes its oversight hearings concerning the Congressional Budget Office. When I last appeared before this Committee on December 17, 1975, I outlined CBO's projected activities for the fiscal 1977 budget cycle. This morning I would like to give you a brief update of CBO's activities since my December 17th appearance and then turn to some of the specific concerns about the Congressional Budget Office which have been raised by Members of this Committee and by Members of the House and Senate Legislative Subcommittees on Appropriations.

The first major CBO statutory responsibility to the new budget process in the fiscal year 1977 cycle is the five year budget projections called for in Section 308 of the Congressional Budget Act. The projections report has now been completed and will be available on Monday, January 26, 1976. We have attempted to make this report a useful document which will give the Congress a clear picture of what has been happening to the federal budget in recent years and what the baseline is for the next five years. It shows where expenditures and revenues will be going without policy changes, the extent to which uncontrollables dominate the budget and the impact of inflation and recession on budget magnitudes. I am hopeful that all Members of Congress will find this to be a basic reference tool as they consider budget proposals for fiscal 1977.

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Another substantial project currently in progress is CBO's annual report on the budget. This is a major analytical document being prepared for the Budget Committees and a resource from which they can draw when considering the first concurrent resolution. We consider the timely completion of this document to be of the utmost importance. The statute establishes an April 1 deadline for this report. We hope, however, to have it available before the end of February.

In order to carry out these and related activities we have found it necessary to make some adjustments in our staff assignments. By legislative action the CBO authorized position ceiling was placed at 193. As many of you are aware, this figure was the staffing level which we had reached at the time of the House Appropriations hearing. As recruitment had progressed faster in some Divisions than in others, the result of the ceiling was an imbalance in our staffing pattern. During December I therefore initiated a thorough review of the entire CBO staff to see where reassignments could be made to better utilize existing capabilities and to make certain that the entire staff was being fully utilized.

As a result of this review, the following actions were taken: I have placed into effect a plan for rotational reassignments whereby existing personnel have been shifted into Divisions requiring additional professional support. These assignments are for a one year period and are designed to provide

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additional staff support where it is needed, and to enhance the professional experience and versatility of the CBO staff. In addition I have taken the very difficult step of terminating a number of CBO staff members where we felt it was necessary to sacrifice their positions to provide more support in high priority areas. The positions which were vacated as a result of this action have been shifted to the Budget Analysis Division which provides our basic work on budget numbers. I have also shifted some support personnel to better reflect the demands placed on the various CBO Divisions.

So that this Committee may be fully informed on CBO organization and personnel matters, I would like to submit for the record the following information.

- (1) A revised CBO organization chart which reflects Division title changes that were made as a result of the confusion that was generated over several of the previous titles during our appropriations hearings.
- (2) An outline of personnel positions which reflects the shift of positions by re-assignment and transfer.
- (3) A list of our professional staff which indicates position within CBO, education and professional background.

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- (4) The CBO budget for fiscal year 1976 and the transition quarter.
- (5) An outline of CBO staff assignments by major functional and programmatic areas.
- and (6) A flow chart which shows CBO's role in the total budget process.

We are scheduled to testify before the House Legislative Subcommittee on Appropriations within the next few weeks to request funds for fiscal year 1977. Our efforts of the past month have been directed at effectively utilizing to the maximum extent existing resources. I believe however that the statutory responsibilities of the Congressional Budget Office justify an increase of 12 - 15 positions. I will be seeking such an increase to bolster such high priority areas as bill costing, national security and budget analyses. CBO's responsibility for producing five year cost projections on pending legislation is an especially demanding and detailed task which requires a highly technical and expert staff capability and an area where we still feel especially short-handed.

Mr. Chairman, I now take this opportunity to share with this Committee my thoughts on a number of questions which have been raised about the structure and mission of the Congressional Budget Office. These questions address valid issues and I feel it is extremely important that I answer them in detail.

The questions raised by Congressman Giaimo during the December 17th hearing and stated in the Supplemental Appropriation:

Bill, 1976 Report by the Committee on Appropriations, relate to five major areas of concern. They are:

- (1) The possible duplication by CBO of the functions of other Congressional offices namely the Congressional Research Service, the Office of Technology Assessment, the Joint Economic Committee and the General Accounting Office.
 - (2) The size and accountability of the Congressional Budget Office staff.
 - (3) The possible partiality of CBO to either the Senate or the House of Representatives.
 - (4) The impartial and non-partisan nature of CBO analyses and reports.
- and (5) The priorities assigned to requests for assistance from Committees and individual Members of Congress.

First, with regard to duplication: the Congressional Budget Act of 1974 very explicitly defines the functions and responsibilities of the Congressional Budget Office. Attachment A to this testimony lists the thirteen functions of CBO in the order in which they appear in the statute. These functions are responsibilities CBO shares with no other Congressional office. There is, for example, no other Congressional office charged with explicit responsibility for providing the House and Senate Budget Committees with an annual report on the budget as provided for in Section 202(f) of the legislation.

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There is no other Congressional office responsible for providing the Congress with cost information on pending legislation as provided for in Sections 308(a), 308(b) and (403) of the Budget Act. There is no other Congressional office required to issue the annual five year budget projections as provided for in Section 308(c).

By explicitly defining the role of the Congressional Budget Office, the statute protects against duplication of functions. In addition, the Budget Act outlines several areas in which CBO is to engage in joint activities with other Congressional and Executive Branch offices. Attachment B to this testimony outlines those areas in which cooperative and complementary activities are to take place. An excellent example of efforts which have been undertaken as a result of such a legislative mandate is the joint CBO - GAO development of a legislative classification system for the Congress.

A further protection against duplication of effort is found in Section 201(e) of the legislation which provides for the exchange of information and resources between the Congressional Budget Office and the General Accounting Office, the Library of Congress and the Office of Technology Assessment.

Mr. Chairman, the Senate Appropriations Committee report mandates the establishment of a cumulative list of projects undertaken by CBO, GAO, CRS and OTA. The report states:

"The Committee, therefore, strongly recommends that upon initiation of any study or research project by the CBO, CRS, OTA or self initiated GAO projects, the office shall notify the CRS of the subject matter, requester, purpose and scope of the study, and expected completion date. At least twice each month, the CRS shall distribute to each office and to the Appropriations Committees of the House and the Senate a cumulative list of the studies or research projects in progress or completed within the previous six months, noting those initiated since the previous list was published ..."

To comply with these instructions the four agencies have established an oversight board on which Dr. Robert Levine, Deputy Director, is the Congressional Budget Office representative. Preparation of the first project listing is underway and it is expected to be available by the week of January 26. This list will be distributed to all Assistant Directors of CBO. Each Assistant Director has the responsibility to ensure that any analysis requested of CBO does not duplicate an effort already completed or underway elsewhere. I would like to insert at this point in the record my instructions to the Assistant Directors on this subject. These instructions form part of a Manual on CBO procedures which we have prepared at the suggestion of

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Congressman Gibbons and which has been supplied to Members of this Committee.

It is our intent to supply this Committee with the project listing when it becomes available to us. This effort, which is being coordinated by CRS, should greatly facilitate the coordination between the four agencies and give further support to the safeguards against duplication contained in the Congressional Budget Act.

The second question raised about the Congressional Budget Office is the size and accountability of the staff - there has been a reference to CBO "empire building." Mr. Chairman, I do not believe there can be any question concerning the accountability of the Congressional Budget Office. By law, both the House and the Senate Budget Committees exercise an oversight function on CBO activities. This hearing today is part of a continuing review of the CBO by this Committee. On an informal basis, we are in frequent contact, discussing the activities of CBO, the priority needs of this Committee and other matters. It is clear both through the statute and I believe through the relationship which we have established with this and other Committees that the efforts of the Congressional Budget Office should and are being directed at providing the support which the Congress needs to implement the new budget process.

In addition, Mr. Chairman, I believe the size of the Congressional Budget Office staff is consistent with the statutory responsibilities of the office. These responsibilities are

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many and require a staff large enough to provide detailed knowledge of all the major programs in the federal budget.

The third question concerning special consideration given by CBO to either the House or the Senate implies that we are more interested in or have done more work for one House or the other. A statistical summary of the number of studies which we have undertaken does not support this assertion.

As it happened, through January 14th, Committees of the House and Senate requested exactly the same number of studies from CBO. At present, we have completed or are working on thirty (30) studies for Committees of the House and an equal number for Committees of the Senate. In addition, the House and Senate Budget Committees have jointly requested an additional sixteen studies and the Joint Economic Committee has requested another two. A breakdown within the two Houses shows that 25 of the 30 studies requested by House Committees came from the House Budget Committee. On the Senate side, 28 of the 30 studies were requested by the Senate Budget Committee.

As these figures indicate, the CBO does not give special consideration to either the House or the Senate. We are a staff agency responsible for carrying out those requests made by either House.

The CBO is a non-partisan professional organization. The staff of the CBO has been given very explicit instructions, both

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verbal and written, that we are not in the business of making policy pronouncements. I would like to submit for the record my written instructions to the CBO staff on this issue. These instructions also appear in the Manual which we have furnished the Committee. The statement is unequivocal in demanding that all employees maintain a non-partisan posture in their activities both in and outside of CBO.

The question may then be asked whether CBO has been true to this mandate in the reports and analyses which it has undertaken. I believe that it has. In none of our reports or studies have we identified with a particular side of an issue. Instead, we have outlined a series of alternative policy options for consideration by the Congress. To underscore, Mr. Chairman, we are not in the business of making policy - that is the prerogative of the Congress. There have been occasions when media interpretation of our reports has emphasized one of several alternatives presented. To a Congressman or Senator unfamiliar with the report in its entirety this gives the impression that CBO has taken a position on an issue. This is not the mission of CBO and the impression is not borne out by a careful examination of our reports.

Finally, both the Senate and the House Appropriations Committee reports express concern over the priorities which the Congressional Budget Office had established in responding to requests from Committees and individual Members. The priorities are established in Section 202 of the statute.

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In consultation with you, Mr. Chairman, we have developed a statement on this issue. Regarding requests for information by individual Members, it is CBO's policy to supply copies of reports and calculations and other material already prepared by CBO. The availability of such information is subject only to the right of Committees to determine the release date of reports prepared at their request. If a Member requests information not already available in CBO, it is our policy to explain to that Member that we are in a position to honor such requests only if made by a Committee.

For purposes of determining priorities, a Committee request consists of a written request signed by the Chairman of a Committee, a Sub-committee or a Budget Committee Task Force.

Mr. Chairman, this hearing has afforded me the opportunity to share with you and Members of this Committee an update on CBO activities and to clarify some areas of concern. As we continue to serve the two Budget Committees and the Congress, it is important that we communicate effectively. In so doing, we strengthen the budget process. Thank you, Mr. Chairman, and I am pleased to respond to your questions.

ATTACHMENT A

CONGRESSIONAL BUDGET OFFICE

STATUTORY TASKS ASSIGNED TO CBO

Listed in the order in which they appear in the Congressional Budget Act of 1974 (P.L. 93-344). Citations are to the U.S. Code and, in parentheses, to section numbers of P.L. 93-344.

- 1) In general, provide information to the two Budget Committees on all matters within their jurisdictions, 2 USC 602(a), (202(a)).
- 2) On request, provide information to the appropriating and taxing committees, 2 USC 602(b), (202(b)).
- 3) On request of any other committee, provide information compiled under 1) and 2) plus "to the extent practicable", additional information which may be requested, 2 USC 602(c)(1), (202(c)(1)).
- 4) On request of a member, provide information compiled under 1) and 2) plus "to the extent available", additional information which may be requested, 2 USC 602(c)(2), (202(c)(2)).
- 5) Perform the duties and functions formerly performed by the Joint Committee on Reduction of Federal Expenditures, 2 USC 602(e), (202(e)), see also 31 USC 571.
- 6) Annually on or before April 1, furnish to the Budget Committees a report on fiscal policy for the next fiscal year, to include a discussion of alternative levels of revenues, budget authority, outlays and tax expenditures, plus alternative allocations among major programs and functional categories, all in the light of major national needs and the effect on "balanced growth and development of the United States", 2 USC 602(f)(1), (202(f)(1)).
- 7) From time to time, furnish the Budget Committees such further reports as "May be necessary or appropriate", 2 USC 602(f)(2), (202(f)(2)).
- 8) Develop and maintain filing, coding and indexing systems for all information obtained by CBO from the Executive Branch or from other agencies of the Congress, 2 USC 603(b), (203(b)).

9) With respect to each committee bill providing new budget authority, furnish to the reporting committee for its consideration: (a) a comparison of the bill to the most recent concurrent resolution on the budget, (b) a 5-year projection of outlays associated with the bill, and (c) the amount of new budget authority and resulting outlays provided by the bill for State and local governments, 31 USC 1329(a)(1), (308(a)(1)).

10) With respect to each committee bill providing new or increased tax expenditures, furnish to the reporting committee for its consideration: (a) a report on how the bill will affect the levels of tax expenditures most recently detailed in a concurrent resolution on the budget, and (b) a 5-year projection of the tax expenditures resulting from the bill, 31 USC 1329(a)(2), (308(a)(2)).

11) Periodically, issue a scorekeeping report on the results of Congressional actions compared to the most recently adopted concurrent resolution on the budget, plus status reports on all bills providing a new budget authority or changing revenues or the public debt limit, plus up-to-date estimates of revenues and the public debt, 31 USC 1329(b), (308(b)).

12) Annually, "as soon as practicable after the beginning of each fiscal year", issue a 5-year projection of budget authority and outlays, revenues and tax expenditures, plus the projected surplus or deficit, year by year, 31 USC 1329(c), (308(c)).

13) Prepare "to the extent practicable", a 5-year cost estimate for carrying out any public bill or resolution reported by any committee (except the two appropriating committees), 31 USC 1353, (403).

ATTACHMENT B
CONGRESSIONAL BUDGET OFFICE
STATUTORY TASKS ASSIGNED TO CBO

Listed in the order in which they appear in the Congressional Budget Act of 1974 (P.L. 93-344). Citations are to the U.S. Code and, in parentheses, to section numbers of P.L. 93-344.

- 1) Jointly study with OMB, but separately report, on the feasibility and advisability of year-ahead budgeting and appropriating, the report to be made by February 24, 1977, 31 USC 1020 note, (502(c)).
- 2) Cooperate with the Comptroller General in the development of standard fiscal terminology, 31 USC 1152(a)(1), (801(a)), (Sec 202(a)(1) of the Legislative Reorganization Act of 1970).
- 3) Cooperate with the Comptroller General in developing an inventory of fiscal information sources, providing assistance to Congress in obtaining information from those sources and furnishing, on request, assistance in appraising and analyzing information so obtained, 31 USC 1153(b), (801(a)), (Sec 203(b) of the Legislative Reorganization Act of 1970).
- 4) With the Comptroller General, establish a central file or files "of the data and information required to carry out the purposes of this title", 31 USC 1153(c), (801(a)), (Sec 203(c) of the Legislative Reorganization Act of 1970).
- 5) Cooperate with OMB in providing useful federal fiscal information to State and local governments, 31 USC 1153(d), (801(a)), (Sec 203(d) of the Legislative Reorganization Act of 1970).