

CBO TESTIMONY

**Statement of
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Director**

Appropriation Request for Fiscal Year 2008

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

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Madam Chair and Members of the Subcommittee, I am pleased to present the fiscal year 2008 budget request for the Congressional Budget Office (CBO).

CBO's mission is to provide the Congress with timely, objective, nonpartisan analyses of the budget and the economy and to furnish the information and cost estimates required for the Congressional budget process. That mission is its single "program." Approximately 91 percent of CBO's appropriation is devoted to personnel, and the remaining 9 percent to information technology (IT), equipment, supplies, and small purchases of other items.

CBO's proposed budget for fiscal year 2008 totals \$37,972,000, a \$2.8 million or 7.9 percent increase over the fiscal year 2007 funding level. After taking into account increases in prices and costs, this budget request restores CBO to its fiscal year 2006 operating level. (The continuing resolution for fiscal year 2007 provided funding at less than the 2006 current services level for the agency.)

The requested increase is largely accounted for by \$2.1 million for increases in staff salaries and benefits, which are estimated to grow by 6.3 percent in 2008.

In the request, funding for CBO's IT resources increases by almost 40 percent, or \$458,200. The reason is the rapid increase in IT costs necessary to fulfill CBO's IT requirements; the request does not entail any significant increase in those requirements. In other words, the increase restores IT funding to CBO's fiscal year 2006 operating level.

The remainder of CBO's nonpersonnel budget will increase by 18 percent, or \$258,400, which restores funding to normal levels for CBO's share of support for

the Federal Accounting Standards Advisory Board (FASAB), as well as providing for expert consultants, subscription services, printing, miscellaneous support by contractors, and travel and training requirements.

CBO assists the Congress in exercising its responsibilities for the budget of the U.S. government and other legislation. Under the 1974 Congressional Budget Act, the primary duty of CBO is to support the Committees on the Budget of both Houses. Further, the agency supports the Congressional budget process by providing analyses requested by the Committees on the Budget; the Committees on Appropriations; the Committee on Ways and Means; the Committee on Finance; other committees; and, to the extent that resources permit, individual Members. Contributing in various forms, CBO:

- Reports on the outlook for the budget and the economy to help the Congress prepare for the legislative year;
- Constructs baseline budget projections to serve as neutral benchmarks for gauging the effects of spending and revenue proposals;
- Assists the Committees on the Budget in developing the Congressional budget resolution by providing alternative spending and revenue paths and the estimated effects of a variety of policy options;
- Analyzes the likely direct effects that the President's budgetary proposals will have on outlays and revenues; their economic implications, and any budgetary feedback;

- Provides estimates of the cost of all appropriation bills at each stage of the legislative process, including estimates for numerous amendments considered during that annual process;
- Reports on all programs and activities for which authorizations for appropriations were not enacted or are scheduled to expire;
- Estimates the cost of many legislative proposals, including formal cost estimates for all bills reported by committees of the House and Senate and detailed explanations of the components of cost estimates and the estimating methodologies used;
- Estimates the cost of intergovernmental and private-sector mandates in reported bills and other legislative proposals;
- Conducts policy studies of governmental activities having major economic and budgetary impacts;
- Provides testimonies on a broad range of budget and economic issues addressing the agency's own budget projections as well as specific issues related to national security, health care policy, alternative means of financing infrastructure spending, and numerous other program areas;
- Helps the Congress make budgetary choices by providing policy options, but not policy recommendations, for how it might alter federal outlays and receipts in the near term and over the longer term; and

- Constructs statistical, behavioral, and computational models to project short- and long-term costs and revenues of government programs.

In fiscal year 2008, CBO's request will allow the agency to build on current efforts. Specifically, the request:

- Supports a heavy workload of formal and informal estimates of the costs of proposed or enacted legislation and of mandates included in legislation, analytical reports, other publications and updates, and Congressional testimony;
- Supports 235 FTEs (full-time-equivalent positions), including an across-the-board pay adjustment of 3 percent for staff earning a salary of \$100,000 or less, which is consistent with the pay adjustment requested by other legislative branch agencies;
- Funds a projected 5.2 percent increase in the cost of benefits and funds a combination of promotions and merit increases for staff;
- Funds CBO's share (\$460,575) of FASAB's budget requirement;
- Provides expert consultant and subscription services necessary to fulfilling CBO's mission (\$340,100);
- Provides management and professional training at the funding level in fiscal year 2006 (\$125,000);

- Provides travel funding at the fiscal year 2006 funding level (\$140,000);
- Supports the current level of maintenance and restores software development funding for CBO's financial management system to the 2006 funding level (\$102,800);
- Improves disaster recovery capabilities at the Alternate Computing Facility (\$70,000);
- Allows for acquiring commercial data necessary for CBO's analyses and studies (\$193,000);
- Maintains essential operations for desktop software (\$83,000); and
- Provides for replacing obsolete desktop computers and network servers (\$130,000).

CBO has been asked by various Members and Committee Chairmen of the House and Senate to expand its ability to assist the Congress in identifying and analyzing potential ways to address projected growth in health care spending. Continued rapid growth in such spending poses a major long-term threat to the nation's fiscal stability. Responding to that request, CBO has identified staffing and other resources that would enable the agency to better meet the needs of the Congress in this area. Some additional funding would be necessary to augment CBO's fiscal year 2008 budget request. Totalling \$538,400, it includes funding for an additional health position, visiting fellow, consulting support, and the purchase of prescription drug

and health insurance data, as well as minor funding for related IT, office space reconfiguration, travel, and training. CBO hopes that the Subcommittee will consider adding funding to CBO's fiscal year 2008 Budget Request to cover this additional requirement.

Before I close, I would like to report that CBO received its third consecutive clean opinion on the latest audit of its financial statements. The agency's fourth audit (of fiscal year 2006 financial statements) is ongoing.

The agency is committed to applying the principles of the Government Performance Results Act, as discussed in the Senate's fiscal year 2006 report. This past year, the agency developed its first formal strategic plan and performance plan. On the basis of those documents, CBO will prepare its first performance accountability report, using fiscal year 2007 as the baseline.

Finally, I would like to thank the Committee for the funding provided this year, including the allowance for a cost-of-living adjustment that supplemented the agency's payroll under the continuing resolution.

