



# 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  
United States Senate**

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Mr. Chairman, Senator Hoeven, 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 equal to the total resources that were available to the agency two years earlier, in 2010. This proposal incorporates a scaling back of 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 would be possible only by significantly 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.

Comparing CBO's 2012 budget request with its 2010 resources is complicated by the fact that the agency received a 2009 supplemental appropriation, which was available for fiscal year 2010 as well. In fact, most of it was used in 2010, and the 2010 appropriation was reduced to take account of the availability of those supplemental funds. As a result, CBO's overall resources received little net boost from the supplemental appropriation, and the 2010 appropriation was artificially low. CBO's request for 2012 equals the agency's 2010 appropriation of \$45.2 million plus the \$1.7 million from the 2009 supplemental appropriation that was used in 2010 (see Figure 1).

## **Recent Funding History**

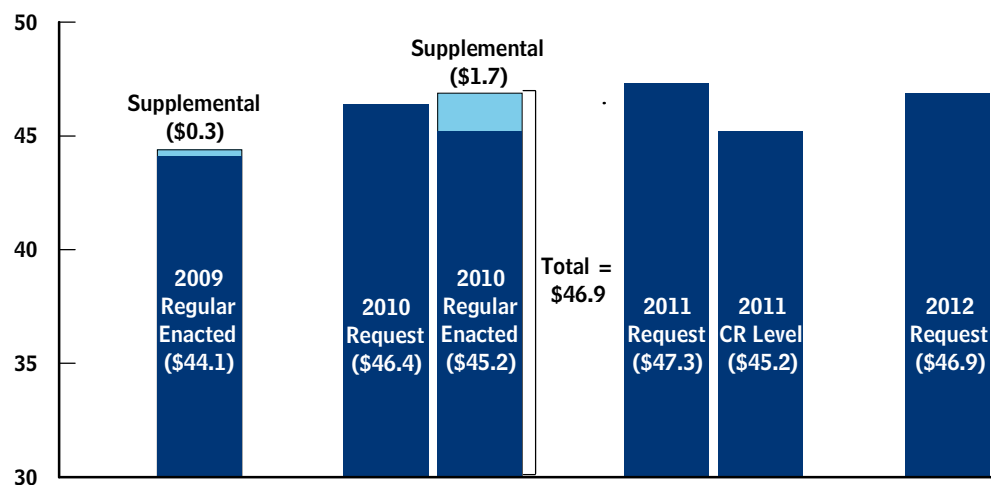
Between fiscal year 2001 and fiscal year 2008, the number of full-time-equivalent positions (FTEs) at CBO averaged 230, and the number varied little from year to year. In 2008, however, CBO became concerned that it did not have sufficient resources to analyze policy changes regarding the delivery and 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 communications 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

**Figure 1.**

## The Congressional Budget Office's Appropriations and Staffing

(Millions of dollars)



**FTEs**

FTEs	2009 Plan	2010 Plan	2011 Request	2011 CR Level	2012 Request
2009 Plan	250	259			
2012 Plan <sup>a</sup>	242	250	258	254	254

Source: Congressional Budget Office.

Note: CR = continuing resolution; FTE = full-time equivalent.

a. Actual figures shown for 2009 and 2010.

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 proposals. Of that amount, CBO used about \$0.3 million during fiscal year 2009 and 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.

For fiscal year 2011, CBO requested \$47.3 million in funding to support 258 FTEs, which would have essentially completed the multiyear increase that the agency proposed three years ago. 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 and labor-intensive than had previously been the case. Moreover, the demand for analysis of major 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.

Like the rest of the federal government, CBO has been functioning under continuing resolutions (CRs) so far in fiscal year 2011. The funding for CBO has been equal to the agency’s regular 2010 appropriation—but that represents an effective cut in resources, because only \$45.2 million of CBO’s \$46.9 million in 2010 funding came from the regular appropriation. If CBO’s funding for 2011 remained at that CR level, the agency would have about \$1.7 million less to work with this year than in 2010—a reduction of about 4 percent.

If CBO’s funding for 2011 was cut below the CR level, the agency would face a larger reduction relative to its 2010 resources. For example, if CBO’s funding was cut 5 percent below the CR level, the agency would face roughly a 9 percent total cut from the funding provided for 2010. In recognition of the possibility of a cut relative to the CR level, CBO has stopped hiring (except for a small number of key management positions that have come open), is delaying purchases of IT equipment and other things, has canceled its paid summer internship program, and has cut back sharply on travel and training. Without new hiring, attrition will lead to a reduction in the size of the CBO staff. Still, because the CR level is already below last year’s funding, a further significant cut relative to the CR level would probably require a more rapid decline in staffing than could be achieved through attrition alone and therefore would probably require a reduction in force.

## **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 scorekeeping 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 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 stringency of the government's budget situation, CBO proposes to cut short the planned multiyear increase in CBO staff and to continue with the currently budgeted number of 254 FTEs for fiscal year 2012. 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.