

Statement of Alice M. Rivlin
Director, Congressional Budget Office

before

Committee on the Budget
House of Representatives
December 17, 1975

Mr. Chairman and Members of the Committee, I am pleased to appear before you today to continue our dialogue on the activities of the Congressional Budget Office. The first year of the new budget process is now drawing to a close. As we move into the first complete cycle of the process, I think it is important that we discuss the ways in which the Congressional Budget Office can be most useful to you in the coming year. The fiscal 1977 cycle will be the first time that the Congressional Budget Office fulfills the full range of its statutory responsibilities. We began over the course of the last several months to serve you in such areas as scorekeeping, economic analysis and in responding to various requests for reports. As the new budget process progresses, we will continue to serve you in these areas as well as provide you with the first annual CBO report on the budget, the first five-year projections on the budget and costing projections for taxing and spending legislation. Although we are responsible to the entire Congress, I think it is clearly our primary function to help the Budget Committees make the new process work. I would like to take this opportunity, therefore, to outline briefly our plans for next year. Most of what I will review has been discussed previously either directly with individual Members

of this Committee or with members of your staff. I am here to seek further advice and counsel and hope that my brief review of activities for the coming year will serve as the basis for our discussion today.

As you know, the Congressional Budget Office appropriations request has been acted on. Final Congressional action limits our staff to 193 -- the staffing level which we had reached at the time of the House appropriations hearings. Since a level of 193 is lower than our request, I must now seek possible solutions for the imbalance in CBO staffing resulting from the limitation. I have initiated a review of our entire staff to see where we might make re-assignments to better utilize existing capabilities and also to make certain that the entire staff is contributing fully to our highest priority efforts.

Very shortly I will appear before the House and Senate Appropriations Committee to request funds and staffing for Fiscal Year 1977. I will want to review with the House and Senate Budget Committees next year's appropriation request. As the Appropriations Committee Conference report emphasizes, our principal mission is to provide support for the implementation of the Congressional Budget Act -- particularly to the Budget Committees in their work.

Scorekeeping

As you know, one of the primary functions of the Congressional Budget Office is scorekeeping -- Section 308(b) of the Act requires the CBO to issue periodic reports detailing and tabulating the progress of Congressional action on bills and resolutions providing new budget authority and comparing this action to the amounts for new budget authority and estimated outlays contained in the most recently agreed to concurrent resolution.

The scorekeeping function was difficult to implement this past year partly because the Act itself was only partially implemented. When the Act is fully implemented, more information will be available. Under full implementation, the concurrent budget resolution will set targets by functional areas and allocations will be made to all committees with spending jurisdiction. These Committees will in turn make suballocations to their subcommittees. The lack of such specific targets was one source of confusion and difficulty this year. I think the scorekeeping will be less difficult following the passage of the first concurrent resolution in the spring because Congress will have more specific targets to work against.

We are now in the process of automating our score-keeping system. The automation will make it possible for us to give quicker and more flexible service to everybody as we move into the '77 cycle. We do, however, need to think together about the formats for scorekeeping as we move ahead. I am anxious to meet the needs of this Committee as I am aware of the high priority given the score-keeping function.

The question of the most useful format for the score-keeping reports has been an item of continuing discussions between our staffs -- we recently submitted for consideration by the staff of both the House and Senate Committees a detailed issue paper relating to the scorekeeping function. The issues surrounding the scorekeeping function are ones which CBO cannot and should not resolve by itself. The primary purpose of these reports is to meet the needs of this Committee and Members of the Congress and we are most anxious to produce a product which is most useful to you. I would, therefore, welcome further discussion on this matter.

Five-Year Projections on the Budget

The first major CBO statutory responsibility to the budget process in the FY '77 cycle will be the five-year

projections on the budget called for in Section 308 of the Act. Every effort is being made to make this report as useful as possible to you and the Congress.

Section 308 requires that, as soon as practicable after the beginning of the fiscal year, CBO issue a report projecting for the period of five fiscal years beginning with such year:

- (1) total new budget authority and total budget outlays for each fiscal year in such period;
- (2) revenues to be received and the major sources thereof and the surpluses or deficit, if any, for each fiscal year in such period; and
- (3) tax expenditures for each fiscal year in such period.

I believe that this five-year projection report can be a useful and readable document for the Congress, not just a dry technical task. It should be designed to 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 will show where expenditures and revenues will be going without policy changes (overall and by type of tax or expenditure); the extent to which

uncontrollables dominate the budget and the impact of inflation and recession on the relative budget magnitudes. We have formulated the basic economic assumptions to be used in developing this report in consultation with the staff of this Committee. I will be seeking comment on the draft of the report and your advice on when the report should be released.

Other CBO Costing Functions

I have been extremely eager, as I know Members of this Committee have, to be sure that CBO is able to produce accurate numbers quickly as we move into the budget cycle. Our responsibilities are clear -- we have the responsibility to make outlay projections for all spending bills, a responsibility to prepare "to the extent practicable" a five-year cost estimate for carrying out any public bill or resolution reported by any committee (except appropriating committees) and a responsibility to cost out all proposed tax expenditures. We began at providing this costing service to the Committees this fall. With the full implementation of the Act, however, it is apparent to us that activities in this area will significantly increase and we realize that an appropriate process must be developed

if the information is to reach the Congress in a usable form and in a timely fashion. I continue to discuss with my staff how best to meet these responsibilities. As with the scorekeeping function, we are discussing in detail our plans with staff of the Committees. I am, of course, very eager to be responsive to your needs and I welcome your views on how the process should proceed.

Annual Report

The language of the Act makes it clear that the CBO annual report on the budget is to be a major analytical document on which the Budget Committees can draw when considering the first concurrent resolution. It is our intent to fulfill this mandate. I think, therefore, it is sensible to include as part of the annual report process:

- ... an analysis of major budget options for the next five years;
- ... an analysis of the President's budget;
- ... a series of budget analysis papers on those particular functional areas or programs that the Budget Committees feel will be of concern during the year.

The analysis of the major budget options would provide a discussion and overview of the primary policy alternatives facing the Congress. The analysis of the President's budget would set that budget in context and attempt to relate it to the analysis of the major budget options.

These first two types of analysis which I have just mentioned would not provide the kind of detailed technical analysis of budget alternatives that you and your staff really needs as a basis for the mark up of the first concurrent resolution. We, therefore, have already begun work on a series of specific papers on particular functional areas at the request of the staff of this Committee. I want to ensure that we focus our resources here and that the CBO is of maximum help to the Committees during the pre-mark up period.

The specific format for the annual report and the appropriate time for its release have been the subjects of continuing discussions between myself and Members of the House and Senate Budget Committees. I, of course, would welcome further comments.

Mr. Chairman, to ensure the success of the Congressional budget process, the Congressional Budget Office mission is clear, namely, to serve the Congress and the Budget Committees. We seek to be responsive and we seek to communicate. As a result of our own appropriation process just concluded, we learned a good deal and benefited by the exchange of views and information. I am committed to building our communications with the Congress, the Budget Committees and their staffs. As we continue our work, it is our intent to provide information that you will find objective and useful. Thank you, Mr. Chairman, and I am now pleased to respond to your questions and suggestions.