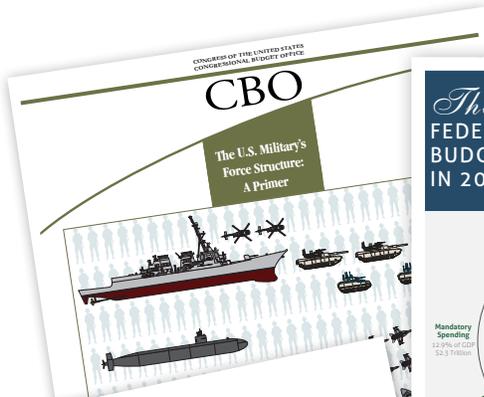


CBO

The Congressional Budget Office's Work in 2016: A Report to the Congress

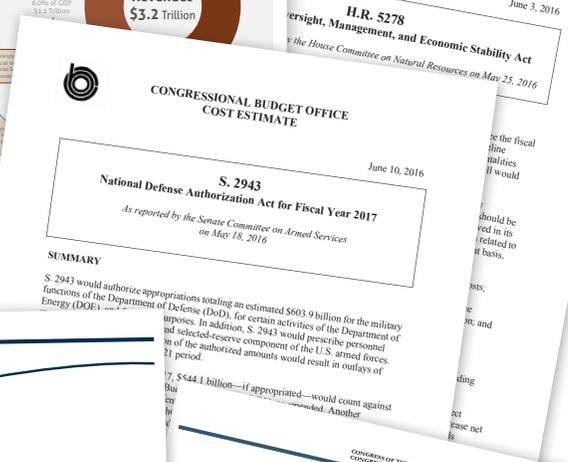
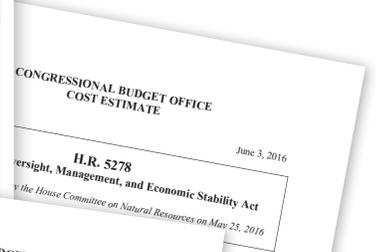
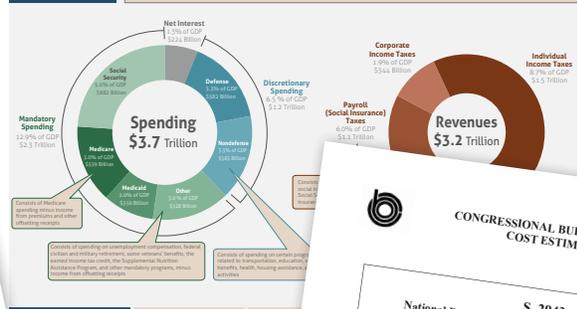


The FEDERAL BUDGET IN 2015

At \$439 billion, the 2015 deficit constituted the smallest since 2007, and at 2.5 percent of gross domestic product, it was below the average deficit (relative to the size of the economy) over the past 50 years.

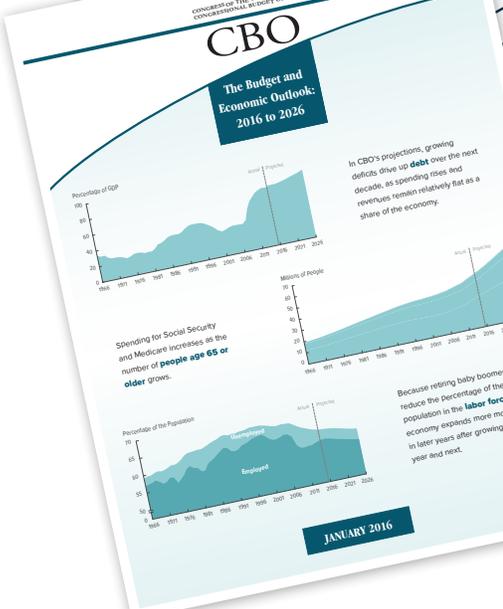
However, the large deficits recorded during the most recent recession and subsequent weak recovery substantially increased federal debt—in 2015, debt reached 74 percent of GDP, slightly less than the ratio in 2014, but higher than in any other year since 1950.

Such a high level of debt could have serious negative consequences for the nation, including restraining economic growth in the long term, giving policymakers less flexibility to respond to unexpected challenges, and eventually increasing the risk of a financial crisis.



CATEGORIES of the BUDGET

- Mandatory Spending** (12.0% of GDP, \$2.3 trillion): Consists primarily of benefit programs for which laws set eligibility rules and benefit formulas.
- Discretionary Spending** (1.2 trillion): Consists of spending on non-mandatory programs, such as research, health, housing assistance, and education.



The Congressional Budget Office was established under the Congressional Budget Act of 1974 to provide information that would support the Congressional budget process and help the Congress make effective budget and economic policy. CBO provides estimates and other analyses in response to requests from the Committees on the Budget, the Committees on Appropriations, the House Committee on Ways and Means, the Senate Committee on Finance, other committees, and the leadership of the House and Senate.

The agency is committed to providing information that is:

- Objective—representing not the personal opinions of CBO staff but the consensus and diversity of views of experts from around the country;
- Insightful—applying the best new evidence and innovative ideas as well as the lessons of experience;
- Timely—responding as quickly as possible to the needs of the Congress; and
- Clearly presented and explained—so that policymakers and analysts understand the basis for the agency’s findings and have the opportunity to question the analysis and methods used.

In keeping with CBO’s mandate to provide analysis that is objective as well as impartial, the agency makes no policy recommendations. Instead, it strives to present fully and fairly the likely consequences of alternative proposals being considered by the Congress so that lawmakers can make informed policy choices.

To fulfill its mission, CBO analyzes trends and recent developments related to the economy and the budget. It then develops baseline projections for the next 10 years and the longer term. Those baseline projections serve as neutral benchmarks for gauging the effects of spending and revenue proposals relative to what would occur if current laws generally remained unchanged. Using those benchmarks in most of its analyses, the agency does the following:

- Issues formal cost estimates for almost all bills reported by committees of the House and Senate, including estimates of the cost of intergovernmental and private-sector mandates;

- Provides informal cost estimates while legislation is being developed and while amendments are being considered by the House and Senate;
- Estimates the cost of all appropriation bills;
- Prepares analytic reports and working papers—including testimony about the outlook for the economy and the budget, examinations of the President’s budget, and studies on a broad range of budgetary and economic issues;
- Posts files of data on its website documenting its baseline projections and providing other information underlying the analytic reports; and
- Publishes descriptions of policy options that would reduce budget deficits, as well as information to clearly present and explain CBO’s analyses.

The agency employs analysts with many types of expertise who undertake those activities in collaboration with managers and support staff. At the beginning of January 2017, 236 positions at CBO were filled, with the largest concentration in the area of health (see Table 1).

Information Provided to the Congress in 2016

As it does each year, CBO analyzed trends and recent developments related to the economy and the budget during calendar year 2016 and developed baseline projections. With those projections used as benchmarks in most of its analyses, CBO produced hundreds of formal cost estimates and mandate statements, as well as thousands of informal estimates, more than 100 scorekeeping estimates for appropriation bills, and many analytic reports, working papers, data files, budget options, and other publications.

Formal Cost Estimates and Mandate Statements

CBO completed 676 formal cost estimates in 2016. They generally included explanations of the components of the estimates and the estimating methodology used. The vast majority also included mandate statements, which assess whether legislation contains intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and, if so, assess the magnitude of the mandates’ effects on the private sector and on state, local, and tribal governments.

Table 1.

Allocation of CBO Staff, January 2017

	Number of Staff
Principal Areas for Analysts	
Health	40
Education, Immigration, Income Security, Labor, and Retirement	26
National Security, Veterans' Programs, and International Affairs	23
Energy, Environment, Natural Resources, and Transportation	18
Macroeconomics	18
Taxation	16
Budget Outlook	9
Finance and Housing	9
Mandates	8
Appropriations	6
Commerce, Justice, Science, and General Government	4
Principal Types of Activities for Other Staff	
Information Technology	13
Human Resources, Financial Management, and Other Support	12
Clerical Support	8
General Management	8
Publication Services	7
Website	5
Legal Services	4
Interns	2
Total	236

Source: Congressional Budget Office.

Numbers are positions filled. Although staff are assigned to a primary type of analysis or activity in this table, they often work in many areas.

Informal Cost Estimates

Most of the agency's estimates are provided on a preliminary, informal basis—when legislative proposals are still at the early stages of development by committees or by the leadership of the House or Senate, for instance, or when amendments are being considered by the House and Senate. CBO provided thousands of informal cost estimates in 2016.

Scorekeeping Tabulations

On an ongoing basis during 2016, CBO provided spending estimates with account-level detail for individual appropriation bills at all stages of the legislative process. Those tabulations totaled 126 last year. The agency also periodically provided summary tables showing the status of discretionary appropriations (by appropriations subcommittee) and running totals on a year-to-date basis.

Analytic Reports and Working Papers

In 2016, CBO produced two major reports about the budget and economic outlook (in January and August) as well as an updated one about the budget (in March), each describing its baseline projections. The agency also provided a comprehensive analysis of the long-term outlook for the federal budget—that is, the outlook over the next 30 years—which included an analysis of the economic outcomes under different budgetary paths and of the uncertainty surrounding long-term budget projections. In addition, CBO produced two analyses of the President's budgetary proposals, one of which addressed the macroeconomic effects of those proposals. Besides those major reports, CBO released its *Monthly Budget Review* at the beginning of every month. That report provides a timely analysis of the previous month's outlays

and revenues and a review of budgetary developments for the fiscal year to date.

CBO published numerous other analyses in 2016, with increased emphasis on providing explanations of the agency's analytical methods in appendixes and as separate documents. Some of those analyses were published as formal reports; others were conveyed as answers to questions for the record following a Congressional hearing or as letters to Members of Congress. Still others were published as working papers, some of which provided technical descriptions of official CBO analyses and others of which presented independent research by CBO analysts. The agency also presented the results of its work in the form of testimony at Congressional hearings.

All told, the agency produced 63 analytic reports and working papers; they are arrayed by category below.

PROJECTIONS AND BUDGET ISSUES IN MAJOR RECURRING REPORTS

An Update to the Budget and Economic Outlook: 2016 to 2026 (August)

The 2016 Long-Term Budget Outlook (July)

A Macroeconomic Analysis of the President's 2017 Budget (June)

An Analysis of the President's 2017 Budget (March)

Updated Budget Projections: 2016 to 2026 (March)

The Budget and Economic Outlook: 2016 to 2026 (January)

BUDGET ISSUES

Monthly Budget Review (12 issues)

Options for Reducing the Deficit: 2017 to 2026 (December)

Answers to Questions for the Record Following a Hearing on the Oversight of the Congressional Budget Office Conducted by the Senate Committee on the Budget (November)

The Effects of Increasing Fannie Mae's and Freddie Mac's Capital (October)

CBO's Projections of Federal Receipts and Expenditures in the National Income and Product Accounts (September)

Sequestration Update Report: August 2016 (August)

CBO's Activities Under the Unfunded Mandates Reform Act (May)

Budgetary and Economic Outcomes Under Paths for Federal Revenues and Noninterest Spending Specified by Chairman Price, March 2016 (March)

Answers to Questions for the Record Following a Hearing on Unauthorized Appropriations Conducted by the Senate Budget Committee (February)

Answers to Questions for the Record Following a Hearing on the Federal Government's Responsibilities and Liabilities Under the Nuclear Waste Policy Act (February)

The Budget and Economic Outlook: 2016 to 2026 (Testimony before the House Budget Committee) (February)

Appropriations With Expired Authorizations (Testimony before the Senate Budget Committee) (February)

Explanation of CBO's Cost Estimate for H.R. 308, the Keep the Promise Act (Letter to the Honorable Trent Franks) (February)

Unauthorized Appropriations and Expiring Authorizations (January)

DISASTERS, ENERGY, AND TRANSPORTATION

Potential Increases in Hurricane Damage in the United States: Implications for the Federal Budget (June)

CBO's Approach to Estimating Expected Hurricane Damage (June)

The Outlook for U.S. Production of Shale Oil (May)

Options for Increasing Federal Income From Crude Oil and Natural Gas on Federal Lands (April)

Approaches to Making Federal Highway Spending More Productive (February)

FINANCE

Options to Improve the Financial Condition of the Pension Benefit Guaranty Corporation's Multiemployer Program (August)

The Budgetary Effects of the United States' Participation in the International Monetary Fund (June)

Report on the Troubled Asset Relief Program—March 2016 (March)

HEALTH CARE

Answers to Questions for the Record Following a Hearing by the House Committee on the Budget on CBO's Estimates of the Budgetary Effects of the Center for Medicare & Medicaid Innovation (October)

CBO's Estimates of the Budgetary Effects of the Center for Medicare & Medicaid Innovation (Testimony before the House Committee on the Budget) (September)

Projecting Hospitals' Profit Margins Under Several Illustrative Scenarios (September)

Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2016 to 2026 (March)

Private Health Insurance Premiums and Federal Policy (February)

INCOME SECURITY

CBO's 2016 Long-Term Projections for Social Security: Additional Information (December)

Answers to Questions for the Record From Ranking Member Becerra Following a Hearing by the House Ways and Means Subcommittee on Social Security on Understanding Social Security's Solvency Challenge (December)

The Economic Effects of Canceling Scheduled Changes to Overtime Regulations (November)

Answers to Questions for the Record From Chairman Johnson Following a Hearing by the House Subcommittee on Social Security, Committee on Ways and Means, on the Comparison of CBO's Long-Term Projections With Those of the Social Security Trustees (November)

Comparing CBO's Long-Term Projections With Those of the Social Security Trustees (Testimony before the House Subcommittee on Social Security, Committee on Ways and Means) (September)

Trends in Family Wealth, 1989 to 2013 (August)

Social Security Disability Insurance: Participation and Spending (June)

Trends in the Joblessness and Incarceration of Young Men (May)

Spending for Means-Tested Programs in CBO's Baseline, 2016–2026 (Letter to the Honorable Tom Price) (February)

MACROECONOMIC ANALYSIS

How Preferential Trade Agreements Affect the U.S. Economy (September)

The Macroeconomic and Budgetary Effects of Federal Investment (June)

NATIONAL SECURITY

The U.S. Military's Force Structure: A Primer (July)

Scanning and Imaging Shipping Containers Overseas: Costs and Alternatives (June)

Inflation in the Costs of Building Aircraft Carriers (April)

Long-Term Implications of the 2016 Future Years Defense Program (January)

TAXES

Factors Affecting Revenue Estimates of Tax Compliance Proposals (November)

The Distribution of Asset Holdings and Capital Gains (August)

The Short-Term Effects of Tax Changes—Evidence for State Dependence (August)

The Distribution of Household Income and Federal Taxes, 2013 (June)

Files of Data Underlying Reports

CBO issued 10-year budget and economic projections in January and August and an update of the 10-year budget projections in March. An analysis of the President's budget request for fiscal year 2017 was also released in March. In July, the agency issued long-term budget projections looking 30 years ahead. In conjunction with all of those projections, CBO posted on its website (in 68 separate files) detailed data on spending and revenues and on various aspects of the economy. The agency also posted supplemental data with some of its analytic reports.

Budget Options

To help inform lawmakers about the budgetary implications of various approaches to altering federal policies, CBO issued a volume of policy options covering a broad range of issues, as well as a number of reports that included policy options in particular areas. (To devote the necessary effort to that volume, which is generally published every two years, CBO produced fewer analytic reports than it did the previous year; analysis of the options was the result of work by more than 130 people.) The agency made the 115 options in that volume and 6 from the other publications individually available in an easily accessible format on its website.

Other Publications

In addition to analytical reports and working papers, CBO prepared other publications, which increased the transparency of its work and communicated about that work graphically. For instance, CBO's blog made various types of information available simultaneously to all Members of Congress and the public, including answers to some questions that the agency received from the Congress, explanations of how CBO conducts certain analyses, and indications of additional research that would be particularly helpful. To explain how CBO conducts its work and allocates its resources, the agency provided testimony about its operations and its funding request. And to make CBO's projections and the composition of the federal budget easier to understand, the agency published a set of infographics and slide decks.

Sixteen such publications are listed below. CBO also published information on its website in various other forms. For instance, the blog included excerpts from reports highlighting key issues, and 42 presentations, most of them drawn from published analyses, were posted on the website.

BLOG POSTS INCREASING TRANSPARENCY

Challenges in Estimating the Number of People With Nongroup Health Insurance Coverage Under Proposals for Refundable Tax Credits (December)

How Does CBO Define and Estimate Health Insurance Coverage for People Under Age 65? (December)

CBO's Analysis of Financial Pressures Facing Hospitals Identifies Need for Additional Research on Hospitals' Productivity and Responses (September)

INFORMATION ABOUT CBO'S OPERATIONS

Testimony on the Congressional Budget Office's Work Since May 2015 and Plans for the Future (Testimony before the Senate Committee on the Budget) (September)

Glossary (July)

The Congressional Budget Office's Work in 2015: A Report to the Congress (April)

Statement for the Record Regarding CBO's Appropriation Request for Fiscal Year 2017 (Testimony before the Subcommittee on the Legislative Branch, House Committee on Appropriations) (March)

Testimony on CBO's Appropriation Request for Fiscal Year 2017 (Testimony before the Subcommittee on the Legislative Branch, Senate Committee on Appropriations) (March)

INFOGRAPHICS

The 2016 Long-Term Budget Outlook (July)

Revenues in 2015 (January)

Discretionary Spending in 2015 (January)

Mandatory Spending in 2015 (January)

The Federal Budget in 2015 (January)

SLIDE DECKS

The 2016 Long-Term Budget Outlook in 22 Slides (July)

The Economic Outlook for 2016 to 2026 in 17 Slides (February)

The Budget Outlook for 2016 to 2026 in 19 Slides (February)

Improvements in Internal Operations in 2016

In 2016, CBO continued to focus on staff development and internal communication. The agency conducted its biennial employee satisfaction survey to assess the needs of its staff and identify ways to improve employees' satisfaction and CBO's productivity. The results indicated that the agency has been successful at developing employees' skills and also suggested ways to improve internal communication. CBO is incorporating those results into its management goals.

To ensure that staff members stay current on topics of importance to CBO's work for the Congress, the agency hosted presentations by a broad range of outside researchers and other experts, and staff members participated in numerous seminars to share information on their analyses, data, and estimating techniques. CBO also sustained its emphasis on training. The agency funded participation in conferences of researchers, practitioners, and government employees on various economic and policy topics, as well as training in analytic tools and various skills. CBO continued to emphasize the need to clearly communicate the results of analyses, providing courses on writing analytic reports. And the agency developed a set of multimedia resources to help staff improve their public speaking skills.

CBO implemented numerous improvements to its information technology infrastructure and practices last year. Among other advances, CBO:

- Improved its ability to monitor, and counter in advance, potential cyberthreats around the clock and to assess and fix potential vulnerabilities on an ongoing basis;
 - Installed a new desktop backup system that is much more effective than its predecessor, ensuring that desktop computers are reliably backed up daily and that their data can be recovered if necessary;
 - Continued to upgrade network switches and connectivity to increase the speed of data transfers and communications within the agency's offices in the Ford House Office Building and between that location and the agency's off-site Alternate Computing Facility, in order to facilitate the backup of systems and to improve the process of recovering from disasters;
 - Continued to migrate the agency's email to a cloud-based system, reducing the need for on-site equipment and the risks associated with recovering from disasters; and
 - Continued to improve remote access and teleworking capabilities, covering the entire CBO workforce.
- CBO continually strives to make its work more easily accessible on its public website and on its social media platforms. In 2016, CBO:
- Launched a new, mobile-friendly website and redesigned the home page accordingly;
 - Developed and implemented a formal method for getting feedback about the website from Congressional staff and other users;
 - Made enhancements to the website on the basis of that feedback, improving users' experience;
 - Created an online search tool for intergovernmental and private-sector mandates that CBO identifies in bills and public laws, replacing a printed report that had been published annually;
 - Developed a new web page for budget and economic data to make it easier for users to find those data;
 - Created a new web page that is a one-stop shop for tables of CBO's baseline projections;
 - Developed a digital version of *Options for Reducing the Deficit: 2017 to 2026*, making the options described in that publication searchable;
 - Added a new web page containing the agendas of past meetings of CBO's Panel of Economic Advisers and Panel of Health Advisers, to bolster transparency; and
 - Launched a redesigned web page for members of the press.
- Also in 2016, CBO redesigned its web page listing job opportunities to make it more user-friendly and added a new page about diversity and inclusion. Parts of its intranet were revamped as well to allow easier use.

To help keep the Congress informed about its work and operations, CBO prepared this report. It was written by Leigh Angres, Theresa Gullo, Deborah Kilroe, Cierra Liles, Terry Owens, Stephanie Ruiz, and Mark Smith, with guidance from Joseph E. Evans, Jr.

The report was reviewed by Mark Hadley, Jeffrey Kling, and Robert Sunshine. Benjamin Plotinsky edited the report, and Jorge Salazar prepared it for publication. An electronic version is available on CBO's website (www.cbo.gov/publication/52767).



Keith Hall
Director
June 2017

