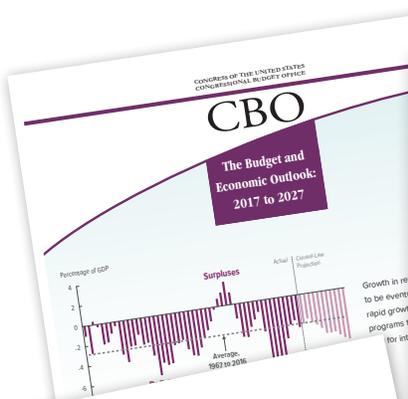


CBO

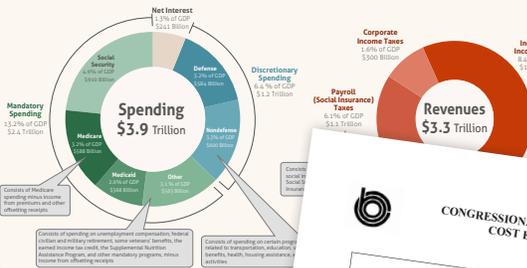
The Congressional Budget Office's Work in 2017: A Report to the Congress



The Federal Budget IN 2016

In 2016, the budget deficit rose for the first time in a number of years, totaling \$587 billion—about one-third more than the \$438 billion shortfall recorded in 2015. As a percentage of GDP, the deficit increased from 2.4 percent in 2015 to 3.2 percent, the first such increase since 2009.

Debt held by the public reached 77 percent of GDP at the end of 2016, marking the highest ratio since 1950. Such a high level of debt (and the increases projected under current law) could have serious negative consequences for the nation, including increasing federal spending on interest payments, restraining economic growth in the long term, giving policymakers less flexibility to respond to unexpected challenges, and eventually increasing the risk of a fiscal crisis.



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 1615
Dream Act of 2017

December 15, 2017

As introduced in the Senate on July 20, 2017

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 6, 2017

H.R. 4173
Veterans Crisis Line Study Act of 2017

As ordered reported by the House Committee on Veterans Affairs on November 2, 2017

H.R. 4173 would require the Department of Veterans Affairs (VA) to conduct a study on the outcomes and efficacy of the Veterans Crisis Line (VCL). VCL provides a free and confidential service to veterans and their friends and families. Under current law, VA collects data about VCL for quality control and oversight. The bill would require VA to use that data in conjunction with national health data to analyze the outcomes of the following services over the 2014-2018 period. In particular, the study would address the following issues:

- The number of veterans receiving ongoing mental health care through VA after contacting the VCL;
- The familiarity of veterans with the VCL service; and

CATEGORIES of the BUDGET

Federal Deficits, 1967 to 2016

CBO

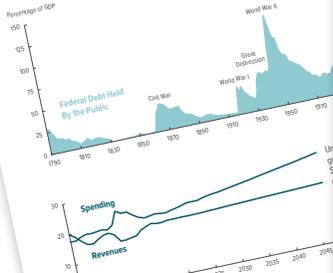
Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015

CBO

International Comparisons of Corporate Income Tax Rates

CBO

The 2017 Long-Term Budget Outlook



MARCH 2017



JANUARY 2018

Congressional Budget Office

APRIL 2017

Costs of Building a 355-Ship Navy

In 2016, the Navy released a new fleet replacement (FSA) plan that called for a fleet of 355 ships that would cost \$206 billion more than the current fleet of 295 ships. In response to a request from the House Armed Services Committee, the Congressional Budget Office (CBO) estimated the costs of building and operating a 355-ship fleet. The Navy's 2016 FSA plan would average \$585 million per ship over the 30-year period. However, the 355-ship fleet would average \$617 million per ship over the 30-year period. The Navy's 2016 FSA plan would average \$585 million per ship over the 30-year period. However, the 355-ship fleet would average \$617 million per ship over the 30-year period. The Navy's 2016 FSA plan would average \$585 million per ship over the 30-year period. However, the 355-ship fleet would average \$617 million per ship over the 30-year period.

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's work follows processes specified in that law and subsequent laws or developed by the agency in concert with the budget committees and the Congressional leadership. The agency's chief responsibility under the Budget Act is to help the budget committees with the matters under their jurisdiction. CBO also supports other Congressional committees—particularly the Appropriations, Ways and Means, and Finance Committees, as the Budget Act requires—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 2018, 233 positions at CBO were filled, with the largest concentration in the area of health (see Table 1).

Information Provided to the Congress in 2017

As it does each year, CBO analyzed trends and recent developments related to the economy and the budget during calendar year 2017 and developed baseline projections. With those projections used as benchmarks in most of its analyses, CBO produced several hundred formal cost estimates and mandate statements, as well as several thousand informal estimates, more than 100 scorekeeping estimates for appropriation bills, and many analytic reports, working papers, data files, and other publications.

Formal Cost Estimates and Mandate Statements

CBO completed 740 formal cost estimates in 2017. They generally included explanations of the components of the estimates and the estimating methodology used. The vast majority also included mandate statements, which

Table 1.

Allocation of CBO Staff, January 2018

	Number of Staff
Principal Areas for Analysts	
Health	40
Education, Immigration, Income Security, Labor, and Retirement	29
National Security, Veterans' Programs, and International Affairs	23
Taxation	17
Energy, Environment, Natural Resources, and Transportation	16
Macroeconomics	15
Budget Outlook	9
Finance and Housing	8
Appropriations	7
Mandates	5
Commerce, Justice, Science, and General Government	4
Principal Types of Activities for Other Staff	
Information Technology	13
Human Resources, Financial Management, and Other Support	11
Publication Services	10
General Management	8
Clerical Support	7
Legal Services	5
Website	5
Interns	1
Total	233

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.

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. Among CBO's cost estimates in 2017 were several that assessed the effects of proposals that would have significantly affected health insurance coverage.

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 several thousand informal cost estimates in 2017.

Scorekeeping Tabulations

On an ongoing basis during 2017, CBO provided spending estimates with account-level detail for individual appropriation bills at all stages of the legislative process. Those tabulations totaled 128 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.

Reports, Working Papers, and Other Publications About the Budget and Economy

In 2017, CBO produced two major reports about the budget and economic outlook (in January and June), each describing the agency's baseline projections. CBO 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 an analysis of the President's budgetary proposals and of their macroeconomic effects. 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 2017, 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 86 such publications; they are arrayed by category below.

PROJECTIONS AND BUDGET ISSUES IN MAJOR RECURRING REPORTS

An Analysis of the President's 2018 Budget (July)

An Update to the Budget and Economic Outlook: 2017 to 2027 (June)

The 2017 Long-Term Budget Outlook (March)

The Budget and Economic Outlook: 2017 to 2027 (January)

BUDGET ISSUES

Monthly Budget Review (12 issues)

Federal Debt and the Statutory Limit, November 2017 (November)

An Evaluation of CBO's Past Outlay Projections (November)

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

Sequestration Update Report: August 2017 (August)

Federal Debt and the Statutory Limit, June 2017 (June)

Report on the Troubled Asset Relief Program—June 2017 (June)

How CBO Determines Whether to Classify an Activity as Governmental When Estimating Its Budgetary Effects (June)

Final Sequestration Report for Fiscal Year 2017 (May)

Answers to Questions for the Record Following a Hearing on the Budget and Economic Outlook for 2017 to 2027 Conducted by the Senate Committee on the Budget (April)

Legislation Enacted in the 114th Congress That Affects Mandatory Spending or Revenues (March)

Federal Debt and the Statutory Limit, March 2017 (March)

Answers to Questions for the Record Following a Hearing on the Budget and Economic Outlook for 2017 to 2027 by the House Committee on the Budget (March)

Federal Spending for Means-Tested Programs, 2007 to 2027 (February)

The Budget and Economic Outlook: 2017 to 2027 (Testimony before the House Committee on the Budget) (February)

The Budget and Economic Outlook: 2017 to 2027 (Testimony before the Senate Committee on the Budget) (February)

Expired and Expiring Authorizations of Appropriations (January)

EMPLOYMENT AND LABOR MARKETS

Answers to Questions for the Record Following a Hearing on Federal Employee Compensation Conducted by the House Committee on Oversight and Government Reform (June)

Answers to Questions for the Record Following a Hearing Conducted by the Senate Committee on the Budget on "Running the Government for Less" (June)

Comparisons of Federal and Private-Sector Employees' Compensation (Testimony before the House Committee on Oversight and Government Reform) (May)

The Costs of Federal Civilian Personnel: A Comparison With Private-Sector Employees (Testimony before the Senate Budget Committee) (May)

Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015 (April)

ENVIRONMENT AND NATURAL RESOURCES

Options to Reduce the Budgetary Costs of the Federal Crop Insurance Program (December)

Premiums Under the National Flood Insurance Program as a Share of Household Income (October)

The National Flood Insurance Program: Financial Soundness and Affordability (September)

Preliminary Results From CBO's Analysis of the National Flood Insurance Program (April)

Federal Support for Developing, Producing, and Using Fuels and Energy Technologies (Testimony before the House Committee on Energy and Commerce, Subcommittee on Energy) (March)

HEALTH CARE

Issues and Challenges in Measuring and Improving the Quality of Health Care (December)

CBO's Record of Projecting Subsidies for Health Insurance Under the Affordable Care Act: 2014 to 2016 (December)

The Bipartisan Health Care Stabilization Act of 2017 and the Individual Mandate (November)

Effects of Medicare Advantage Enrollment on Beneficiary Risk Scores (November)

Repealing the Individual Health Insurance Mandate: An Updated Estimate (November)

A Premium Support System for Medicare: Updated Analysis of Illustrative Options (October)

Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2017 to 2027 (September)

CBO's Objectivity and the Agency's Estimates of the Effects of the American Health Care Act (August)

The Effects of Terminating Payments for Cost-Sharing Reductions (August)

Distribution of Lifetime Medicare Taxes and Spending by Sex and by Lifetime Household Earnings (August)

Longer-Term Effects of the Better Care Reconciliation Act of 2017 on Medicaid Spending (June)

Projecting Demand for the Services of Primary Care Doctors (May)

An Analysis of Private-Sector Prices for Hospital Admissions (April)

Establishing a Medicaid Block Grant (March)

How Repealing Portions of the Affordable Care Act Would Affect Health Insurance Coverage and Premiums (January)

HOUSING, POVERTY, AND INCOME SECURITY

Transferring Credit Risk on Mortgages Guaranteed by Fannie Mae or Freddie Mac (December)

Options to Manage FHA's Exposure to Risk From Guaranteeing Single-Family Mortgages (September)

INCOME DISTRIBUTION

CBO's New Framework for Analyzing the Effects of Means-Tested Transfers and Federal Taxes on the Distribution of Income (December)

Distributional Analysis of the Tax Cuts and Jobs Act, as Ordered Reported by the Senate Committee on Finance on November 16, 2017, Excluding the Effects of Eliminating the Individual Mandate Penalty (November)

Distributional Effects of Changes in Spending Under the Tax Cuts and Jobs Act as of November 15, 2017 (November)

MACROECONOMIC ANALYSIS

CBO's Economic Forecasting Record: 2017 Update (October)

Budgetary and Economic Outcomes Under Paths for Federal Revenues and Noninterest Spending Specified by Chairman Enzi, September 2017 (September)

Did Treasury Debt Markets Anticipate the Persistent Decline in Long-Term Interest Rates? (September)

Inflation, Default, and the Currency Composition of Sovereign Debt in Emerging Economies (February)

NATIONAL SECURITY

Analysis of the Long-Term Costs of the Administration's Goals for the Military (December)

Approaches for Managing the Costs of U.S. Nuclear Forces, 2017 to 2046 (October)

Approaches to Changing Military Health Care (October)

Trends in the Department of Defense's Support Costs (October)

The Costs of Building a 355-Ship Navy (Testimony before the Senate Committee on Armed Services, Subcommittee on Seapower) (July)

Transitioning From the Military to the Civilian Workforce: The Role of Unemployment Compensation for Ex-Servicemembers (May)

Labor Force Experiences of Recent Veterans (May)

Costs of Building a 355-Ship Navy (April)

An Analysis of the Obama Administration's Final Future Years Defense Program (April)

An Analysis of the Navy's Fiscal Year 2017 Shipbuilding Plan (February)

Projected Costs of U.S. Nuclear Forces, 2017 to 2026 (February)

Trends in Spending by the Department of Defense for Operation and Maintenance (January)

Summary of an Analysis of the Navy's Fiscal Year 2017 Shipbuilding Plan (January)

RETIREMENT

Changes to CBO's Long-Term Social Security Projections Since 2016 (October)

Measuring the Adequacy of Retirement Income: A Primer (October)

Options for Changing the Retirement System for Federal Civilian Workers (August)

Modeling the Costs of the Pension Benefit Guaranty Corporation's Multiemployer Program (June)

TAXES

An Evaluation of Using Linked Survey and Administrative Data to Impute Nonfilers to the Population of Tax Return Filers (September)

An Analysis of Corporate Inversions (September)

International Comparisons of Corporate Income Tax Rates (March)

Files of Data Underlying Reports

CBO issued 10-year budget and economic projections in January and June. In March, the agency issued long-term budget projections looking 30 years ahead. An analysis of the President's budget request for fiscal year 2018 was released in July. In conjunction with all of those projections, CBO posted on its website (in 71 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.

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.

The titles of 26 such publications are listed below. CBO also published information on its website in various other forms. For instance, 40 presentations, most of them drawn from published analyses, were posted on the website, as were a number of budget options drawn from CBO's reports.

BLOG POSTS INCREASING TRANSPARENCY

CBO's Panels of Advisers, 2017 (May)

CBO Director's Statement on the Cost of Government (May)

How CBO Analyzes the Economic Effects of Changes in Federal Subsidies for Education and Job Training (May)

How Economic Changes Affect CBO's Budget Projections (April)

CBO's Activities in 2016 Under the Unfunded Mandates Reform Act (April)

How Does CBO Estimate the Effects of Proposed Legislation Affecting Immigration? (March)

Tax Expenditures (March)

How Taxes and Transfers Affect the Work Incentives of People With Low and Moderate Income (March)

Deficit Reduction and Choices for the Future (March)

Options for Social Security (March)

How Might Changes in Federal Policies Boost Innovation and Productivity? (March)

Spending on Infrastructure and Investment (March)

Labor Market Projections (February)

Projections of Interest Rates (February)

Projected Contributions to the Growth of Real GDP (January)

CBO's Long-Term Projections of Labor Force Participation (January)

INFORMATION ABOUT CBO'S OPERATIONS

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

Statement for the Record Regarding CBO's Appropriation Request for Fiscal Year 2018 (June)

CBO's Appropriation Request for Fiscal Year 2018 (Testimony before the Senate Committee on Appropriations, Subcommittee on the Legislative Branch) (June)

Answers to Questions for the Record Following a Hearing on CBO's Appropriation Request for Fiscal Year 2018 Conducted by the Subcommittee on the Legislative Branch, Senate Committee on Appropriations (August)

INFOGRAPHICS

Revenues in 2016 (February)

Discretionary Spending in 2016 (February)

Mandatory Spending in 2016 (February)

The Federal Budget in 2016 (February)

SLIDE DECKS

The Economic Outlook for 2017 to 2027 in 16 Slides (January)

The Budget Outlook for 2017 to 2027 in 20 Slides (January)

Improvements in Internal Operations in 2017

In 2017, CBO continued to focus on staff development and improved communication. To ensure that staff members stay current on topics that are important 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 about 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 provided training to staff members on effective presentation skills.

CBO continually strives to make its work more easily accessible on its public website and on its social media platforms. In 2017, CBO:

- Released a video providing an overview of the agency's role and responsibilities, as well as a revamped "Introduction to CBO" web page, both of which are geared toward Members of Congress and staff who are new to the Congress or unfamiliar with CBO;
- Developed a new section on the website called "Upcoming Releases" to help keep the Congress informed about CBO's forthcoming work;
- Published its first interactive graphic;
- Improved the accessibility of its appropriations work by featuring all updates on a "Status of Appropriations" web page;
- Created a new web page about nonfederal activities in the federal budget to show how the agency determines whether to classify an activity as governmental when estimating its budgetary effects; and
- Enhanced several pages of the "Work at CBO" section of the website to make them easier to use.

In addition to making use of the website, people interested in CBO's work can read the agency's blog, follow CBO on Twitter and SlideShare (a presentation-hosting service), monitor the agency's YouTube channel, or sign up for RSS (really simple syndication) feeds or email alerts.

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

The report was reviewed by Mark Hadley. Benjamin Plotinsky edited the report, and Casey Labrack prepared it for publication. An electronic version is available on CBO's website (www.cbo.gov/publication/53460).



Keith Hall
Director

