



Answers to Questions for the Record Following a Hearing on CBO's Appropriation Request for Fiscal Year 2021 Conducted by the Subcommittee on the Legislative Branch, Senate Committee on Appropriations

On March 11, 2020, the Senate Committee on Appropriations convened a hearing at which Phillip L. Swagel, the Congressional Budget Office's Director, testified about the agency's appropriation request.¹ After the hearing, Ranking Member Murphy submitted questions for the record. This document provides CBO's answers. It is available at www.cbo.gov/publication/56366.

Question. Under a flat budget, ... at what point would you have to make furloughs and what would that mean for CBO? What other cost-cutting strategies would you have to implement to meet constraints?

Answer. If CBO's funding for fiscal year 2021 was set at the amount provided for 2020, the agency would have to hold spending \$2.4 million (or 4.2 percent) below its budget request for fiscal year 2021—but the budget gap would effectively total \$2.8 million, given the agency's unanticipated needs for 2021 related to COVID-19. Those unanticipated needs include additional expenses for information technology (IT) to support teleworking and purchases of data needed to carry out analysis related to the pandemic.

Making cuts totaling \$2.8 million would be a challenge. CBO would cut nonpersonnel spending where possible—for example, spending on staff travel, training, and consulting services. Even so, the main source of savings would have to be cuts in spending on personnel, which accounts for most of the agency's budget. CBO could avoid furloughs by eliminating performance bonuses, severely cutting recruitment bonuses, freezing hiring, and allowing the agency's workforce to shrink through attrition.

Question. How would a flat budget affect recent and current year hires and their capacity to produce?

Answer. Under a flat budget, on the basis of its latest payroll projections, CBO would probably lose 10 to 15 full-time equivalents by the end of fiscal year 2021. For the past several years, CBO has sought to add staff who can help make the agency's work as transparent and responsive as possible. Under a hiring freeze, those efforts would stall—or even be partially reversed—if any of those employees left the agency or if they had to be redeployed to work on other efforts for which the agency was shorthanded. Moreover, as employees retired or resigned, the remaining staff could have a mix of skills that did not properly match the

1. See testimony of Phillip L. Swagel, Director, Congressional Budget Office, before the Subcommittee on the Legislative Branch of the Senate Appropriations Committee, *CBO's Appropriation Request for Fiscal Year 2021* (March 11, 2020), www.cbo.gov/publication/56188.

Congress's needs for analysis. For example, there could be gaps in manpower and expertise in areas such as health care, for which analytical ability is in especially high demand.

Question. What other practices would CBO have to implement under a flat budget—does this mean IT cuts? What would such cuts mean for CBO's mission?

Answer. As it cut nonpersonnel spending, CBO would need to reduce IT expenses—which could affect the agency's ability to carry out its mission to provide the Congress with analysis. Reliable and high-quality hardware and software play a key role in enabling CBO to carry out its analyses rapidly and effectively. In particular, funding would be eliminated for research and advisory services that help determine best practices and investment in IT equipment and services. Such services have proven over time to produce thousands of dollars in cost savings by capitalizing on best practices across the IT field.

Question. What steps is CBO taking to analyze the effects of COVID-19 on the U.S. economy?

Answer. The economy is experiencing a sharp contraction stemming from factors related to the pandemic, including the social distancing measures put in place to contain it. To inform the Congress about those rapidly evolving developments, CBO has published preliminary projections of key economic variables for the 2020–2021 period, along with a preliminary assessment of federal budget deficits and debt for those years.² CBO's Director briefed the House Budget Committee about the updated forecast and answered questions from committee members.³ Finally, CBO released interim economic projections, which incorporated the most recent economic information and analyses and provided additional details.⁴

The preliminary assessments incorporated estimates of the economic effects of measures to limit face-to-face interactions, such as reducing social activities, working from home, closing schools and businesses, and issuing stay-at-home or shelter-in-place orders. CBO also took into account the economic effects of the four pandemic-related laws enacted in March and April.⁵

2. See Congressional Budget Office, "CBO's Current Projections of Output, Employment, and Interest Rates and a Preliminary Look at Federal Deficits for 2020 and 2021," *CBO Blog* (April 24, 2020), www.cbo.gov/publication/56335, and "Updating CBO's Economic Forecast to Account for the Pandemic," *CBO Blog* (April 2, 2020), www.cbo.gov/publication/56314.

3. See Phillip L. Swagel, Director, Congressional Budget Office, "CBO's Current Economic Projections and a Preliminary Look at Federal Deficits and Debt for 2020 and 2021" (presentation to the House Budget Committee, April 27, 2020), www.cbo.gov/publication/56344; and Congressional Budget Office, letter to the Honorable John Yarmouth providing answers to questions from Congresswoman Schakowsky related to federal funding for state and local governments (May 13, 2020), www.cbo.gov/publication/56360.

4. See Congressional Budget Office, *Interim Economic Projections for 2020 and 2021* (May 2020), www.cbo.gov/publication/56351.

5. See Congressional Budget Office, cost estimate for H.R. 266, the Paycheck Protection Program and Health Care Enhancement Act (April 22, 2020), www.cbo.gov/publication/56338, cost estimate for H.R. 748, the CARES Act, Public Law 116-136 (April 16, 2020), www.cbo.gov/publication/56334, cost estimate for H.R. 6201, the Families First Coronavirus Response Act (April 2, 2020), www.cbo.gov/publication/56316, and cost estimate for H.R. 6074, the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020 (March 4, 2020), www.cbo.gov/publication/56227.

Going forward, CBO will continue to monitor economic and budget conditions. Later this summer, CBO will release its regular full-volume update of economic and budget projections.⁶

Question. What resources, in terms of staff capacity and general expenses, is CBO deploying to analyze the impacts of the COVID-19 epidemic on the U.S. economy?

Answer. CBO has devoted significant resources to analyzing the impacts of the pandemic on the U.S. economy. Since January, dozens of analysts in several divisions have worked on aspects of that analysis. (CBO has not tracked or tabulated the amounts of time various analysts contributed to the effort.) In addition, the agency is spending about \$600,000 this year for IT to support teleworking and for purchases of data and financial news subscriptions to support its analyses; at least \$275,000 of that amount is for work related to the pandemic.

The agency's products and activities include, but are not limited to, the following: a preliminary projection of key economic variables for 2020 and 2021; cost estimates for various pieces of pandemic-related legislation; epidemiological analysis; analysis of the economic effects of new legislation; analysis of changes in revenues as a result of the pandemic; estimates of the pandemic's effects on population projections; editing, publishing, and communicating the preliminary economic and budget projections; and publishing a report on CBO's interim economic projections. Many of those efforts were conducted while CBO staff worked from home starting in mid-March and were enabled by the extraordinary efforts of CBO's IT and support staff.

Question. Has CBO examined what is needed and how that will affect the economy to implement a broad paid sick leave policy (or if we see a broad need for sick leave in general)?

Answer. CBO has not analyzed the economic effects of an economywide policy requiring paid sick leave. The staff of the Joint Committee on Taxation estimated a budgetary cost of \$105 billion during the 2020–2021 period for a tax credit compensating employers for sick leave required by the Families First Coronavirus Response Act. That policy, which expires at the end of calendar year 2020, covers private-sector employers with fewer than 500 employees, with somewhat limited eligibility. CBO estimates the cost to state and local governments to provide that benefit to be roughly \$20 billion over fiscal years 2020 and 2021.⁷

Question. How does CBO intend through its FY21 budget request to improve transparency and responsiveness to Congress?

Answer. The agency would bolster its responsiveness and transparency by:

- Improving the coordination and integration of analysis performed by employees in multiple disciplines;
- Organizing its staff to work on broader, shared portfolios;
- Hiring expert consultants in areas of especially high demand, such as health policy;
- Dedicating more resources to regularly reporting information that is requested by committees of jurisdiction; and

6. See Congressional Budget Office, *CBO's Current Plan for Its Major Periodic Reports This Year* (letter to Chairman Enzi, May 14, 2020), www.cbo.gov/publication/56359.

7. See Congressional Budget Office, cost estimate for H.R. 6201, the Families First Coronavirus Response Act (April 2, 2020), www.cbo.gov/publication/56316.

- Dedicating more staff to creating publications that explain and graphically illustrate CBO's work.

Question. What is your hiring goal for this initiative and how will staff be deployed?

Answer. The budget request for fiscal year 2021 would let CBO fulfill the multiyear staffing plan that was the basis for the agency's funding increases in 2019 and 2020. The plan calls for CBO to increase its staff by seven people during fiscal year 2020 to pursue its responsiveness and transparency efforts, and then to remain at the higher staffing level in 2021. CBO plans to add employees who will increase the agency's expertise and modeling capability in several areas, notably health policy (including drug policy) and climate policy. CBO would also deploy the additional staff to bolster responsiveness and transparency, as described in the answer to the previous question.

Question. If we fund your request, do you have quantitative benchmarks for how much more quickly CBO can respond to general requests for information as well as inquiries on the underlying models and analytics of a product?

Answer. CBO seeks to provide information—including cost estimates, background information, and technical assistance—to the Congress at the time when it is most useful. To that end, CBO has quantitative benchmarks to ensure its meeting that goal of timeliness.

One of the agency's most important benchmarks is to provide a formal cost estimate—which is required for nearly every bill that is approved by a full committee—ahead of floor consideration. CBO meets that standard almost all of the time.

A related benchmark is to provide information ahead of floor action about the estimated effects on direct spending of bills that will be considered under suspension of the rules in the House or that are being hotlined in the Senate. Again, CBO meets that standard almost all of the time.

For general requests for information that is readily available, CBO's goal is to respond to those requests within hours or a day. Funding of CBO's budget request would facilitate those very fast turnarounds.

Another benchmark is to provide information about CBO's underlying models or data at or close to the time a CBO report is published. That information can take the form of working papers, appendixes to reports, and supplemental information. Funding of CBO's budget request would enable the agency to provide more such information and to more closely align the release of such underlying details with a companion CBO report.

Question. What IT infrastructure needs do you have to increase responsiveness and transparency?

Answer. CBO currently has a good system for tracking the preparation of cost estimates, but it relies on manual processes by certain managers. The agency aims to streamline that process and move to a system that is more automated and can be maintained by administrative staff. The cost will depend in part on whether CBO can develop the system in-house or must purchase an existing system.