



Answers to Questions for the Record Following a Hearing on CBO's Appropriation Request for Fiscal Year 2019 Conducted by the Subcommittee on the Legislative Branch, House Committee on Appropriations

On February 26, 2019, the Subcommittee on the Legislative Branch of the House Committee on Appropriations convened a hearing at which Keith Hall, Director of the Congressional Budget Office, testified about CBO's appropriation request for fiscal year 2020.¹ After the hearing, Ranking Member Herrera Beutler submitted questions for the record. This document provides CBO's answers. It is available at www.cbo.gov/publication/55040.

Question. You mentioned in your written testimony, that last year CBO completed 947 formal cost estimates, significantly higher than the year before at 740. Roughly how many preliminary cost estimates did CBO produce last year? How do you prioritize cost estimate requests?

Answer. In 2018, CBO fulfilled several thousand requests for preliminary estimates and technical assistance. CBO provides such information at the early stages of the legislative process, when proposals are being developed, as well as at later stages, when amendments to legislation are being considered.

The Congressional Budget Act of 1974 requires CBO to prepare formal cost estimates after a committee orders authorization legislation to be reported for consideration by the full House or Senate. (For appropriation bills, CBO provides information in a different form.) That requirement was designed to ensure that CBO placed the highest priority on preparing estimates for the legislation that was most likely to be actively considered by the Congress. The Congressional Budget Act also directs CBO to prioritize requests from committees—particularly the House and Senate Budget Committees. Given CBO's staffing, it generally is not possible to satisfy requests for formal estimates that do not come from those two committees, the committees of jurisdiction, or Congressional leadership, but CBO's analysts provide technical assistance or informal estimates to individual Members as time permits.

Question. Last December the Congressional Accountability Reform bill became law. There is a provision that will hold the agencies responsible for reimbursing the Treasury for settlements and awards. What steps has CBO taken to ensure its employees are protected

1. See testimony of Keith Hall, Director, Congressional Budget Office, before the Subcommittee on the Legislative Branch of the House Committee on Appropriations, *CBO's Appropriation Request for Fiscal Year 2020* (February 26, 2019), www.cbo.gov/publication/54965.

against discrimination and harassment, including sexual harassment? Do you think the new provision requiring agencies to pay for settlements and awards rather than out of a general fund will impact your agency's mission?

Answer. It is CBO's long-standing policy to not tolerate unlawful discrimination or harassment of any kind; to take prompt and appropriate action in response to all allegations of misconduct; and to ensure that all employees are aware of their rights. The agency's practices include the following:

- CBO provides notice to its employees about their rights under the Congressional Accountability Act (CAA), as well as about the agency's policies on discrimination and harassment, in its policy manual and in notices that are posted in common areas. The agency also presents that information to new employees.
- CBO requires managers to clearly communicate the agency's harassment policy to their staff and to immediately report any instances of harassment to the agency's Equal Employment Opportunity (EEO) Officer. Also, CBO has provided managers with training in a variety of topics, including preventing sexual harassment, providing reasonable accommodation to disabled employees, and preventing discrimination on the basis of race and national origin.
- CBO periodically provides staff with various kinds of training designed to prevent discrimination. The agency has often partnered with the Office of Congressional Workplace Rights to offer such training. It has also brought in staff of the Office of House Employment Counsel and outside vendors. Recent examples include training in "bystander intervention"—that is, training in how to intervene in situations that may be perceived as sexual harassment—in April 2018 and training in managing unconscious bias in November 2018.

CBO's Office of General Counsel, Office of Human Resources, and EEO Officers have consulted with the Office of Congressional Workplace Rights on implementing the new law. In addition, CBO has scheduled a session with the Office of Congressional Workplace Rights to remind employees of their rights and protections under the CAA. That course will be held on April 10.

It is difficult to determine the impact that the provision in question could have on CBO's budget because the cost of settlements can vary widely. The agency has strong policies to address concerns of discrimination and harassment, and it follows them promptly, so it does not anticipate having to pay any settlements. Given the size of CBO's appropriation and the fact that 90 percent of its budget is for pay and benefits, if it did have to pay a significant settlement, it would need to seek additional funding. If CBO did not receive that additional funding, it would need to make choices that could constrain its ability to support the Congress.

Question. Last year funds were provided to increase staffing by 14 to help transparency and responsiveness including health care analysis. This year you are requesting 6 additional hires. What would these hires be focused on? Where are you in the hiring process for the 14 FTEs?

Answer. CBO has hired employees to fill 11 of the 14 positions for fiscal year 2019. As of this writing, some of those 11 new hires have not yet begun work. But the agency expects that all 14 new hires will have begun work by the end of this fiscal year.

In fiscal year 2020, CBO proposes hiring 6 additional staff members, who are expected to contribute in a variety of ways. One of CBO's broad goals is to have more staff members with

overlapping skills within and across teams. In some cases, those skills will consist of expertise related to particular issues, such as health care, immigration, and transportation. In other cases, they will be more technical, such as the ability to design simulation models. Increasing the number of staff with overlapping skills will also allow the agency to be more nimble when responding to requests for information. Another broad goal that the additional staff will support is being transparent; CBO's transparency efforts promote a thorough understanding of its work, help people gauge how estimates might change if policies or circumstances differed, and enhance the credibility of its analyses and processes. The new hires' duties will also depend partly on retirements and other attrition that occurs over the next year or two.

Question. I understand last year's funds allowed you to put in place a multiyear plan to make your work more transparent and as responsive as possible. Can you walk us through where you are on this plan and what it looks like? What are the main elements of your overall effort to boost transparency within CBO?

Answer. CBO's plan to boost its transparency builds on the strong foundation that the agency has established over many years.² During the next two years, the agency will, among other things:

- Testify about its projections and analytical methods and work to resolve issues raised by the Congress;
- Publish more overviews and documentation of some of its major models—including its simulation model of health insurance coverage, which produces key inputs that are combined with other sources of information in the preparation of its budget projections—and more detailed information, including computer code, about key aspects of those models;
- Release data in many forms, including an interactive product to help users get information about CBO's estimates of the distribution of household income;
- Use a new format for its cost estimates to highlight key parameters as well as information needed by the Congress for budget enforcement procedures;
- Continue to evaluate previous estimates, when possible, in order to improve future ones;
- Publish several reports about uncertainty in its estimates;
- Experiment with creating visual summaries of some major reports, as CBO did in its most recent report about the budget outlook;
- Interact daily with the Congress to explain estimates and obtain feedback; and
- Continue to regularly obtain advice from outside experts.

Those efforts will build on progress made in 2018, which included creating several interactive products, publishing information about important models, publishing analyses of the accuracy of estimates, and producing reports explaining processes.

CBO has implemented three main strategies to enhance responsiveness. First, the agency has hired more assistant analysts, who can move quickly from one topic to another and support more senior analysts when demand surges for analysis of a particular topic, such as health care, natural resources, or banking. Second, CBO has hired analysts to develop deeper expertise in certain topics, such as cybersecurity, so that the agency is better positioned to

2. Details of that plan were provided in a report to the Congress. See Congressional Budget Office, *Transparency at CBO: Future Plans and a Review of 2018* (December 2018), www.cbo.gov/publication/54885.

analyze new proposals in those areas. Third, the agency has hired analysts to expand its use of team approaches, in which work on large and complicated proposals is shared. For more information about how future hiring is planned to further bolster responsiveness, see the answer to the previous question.

Question. In February, CBO released a blog that stated, “. . . the [Tax Cuts and Jobs] act would boost taxable income, and thus federal revenues.” Could you go into more detail on how CBO came to the conclusion that the tax bill boosted taxable income for Americans? Could you explain how passage of the tax bill has resulted in the increase of GDP in the U.S.? How has the tax act increased investment by companies and corporations?

Answer. In April 2018, CBO provided a detailed description of the effects of the 2017 tax act on CBO’s economic and budget projections.³ That description covered the 2018–2028 period.

In CBO’s projections, the act boosts the level of annual real gross domestic product (GDP) by an average of 0.7 percent over the 2018–2028 period. In CBO’s assessment, it does so by changing businesses’ and individuals’ incentives in various ways, encouraging them to save, invest, and work, on net. The effects on the U.S. economy will therefore include higher levels of investment, employment, and GDP, CBO projects.

Various provisions of the 2017 tax act promote increases in investment. The act affects private investment through three channels: changes in incentives, crowding out (which occurs when larger federal deficits reduce the resources available for private investment), and changes in economic activity. The provisions that encourage investment include lower tax rates for businesses and, for several years, more favorable tax treatment of depreciation for equipment.

Just as the tax act is projected to boost real GDP, it is expected to increase income for labor and business over the 2018–2028 period. That is because domestic income—for labor, employees’ compensation and their wages and salaries; for businesses, corporate profits and proprietors’ income—derives from the production of goods and services.

3. See Congressional Budget Office, *The Budget and Economic Outlook: 2018 to 2028* (April 2018), Appendix B, www.cbo.gov/publication/53651.