CONGRESSIONAL BUDGET OFFICE OVERSIGHT

HEARING

BEFORE THE

COMMITTEE ON THE BUDGET
UNITED STATES SENATE

NINETY-FOURTH CONGRESS

FIRST SESSION

OCTOBER 6, 1975

Printed for the use of the Committee on the Budget

U.S. GOVERNMENT PRINTING OFFICE

60-845-O

WASHINGTON : 1975

COMMITTEE ON THE BUDGET

EDMUND S. MUSKIE, Maine, *Chairman*

WARREN G. MAGNUSON, Washington
FRANK E. MOSS, Utah
WALTER F. MONDALE, Minnesota
ERNEST F. HOLLINGS, South Carolina
ALAN CRANSTON, California
LAWTON CHILES, Florida
JAMES ABOUREZK, South Dakota
JOSEPH R. BIDEN, JR., Delaware
SAM NUNN, Georgia

HENRY BELLMON, Oklahoma
ROBERT DOLE, Kansas
J. GLENN BEALL, JR., Maryland
JAMES L. BUCKLEY, New York
JAMES A. McCLURE, Idaho
PETE V. DOMENICI, New Mexico

DOUGLAS J. BENNET, JR., *Staff Director*
JOHN T. MCEVOY, *Chief Counsel*
ROBERT S. BOYD, *Minority Staff Director*
W. THOMAS FOXWELL, *Director of Publications*

CONTENTS

CONGRESSIONAL BUDGET OFFICE OVERSIGHT

MONDAY, OCTOBER 6, 1975

U.S. SENATE,
COMMITTEE ON THE BUDGET,
Washington, D.C.

The committee met at 10:07 a.m., pursuant to notice, in room 357, Russell Senate Office Building, Hon. Edmund S. Muskie [chairman of the committee] presiding.

Present: Senators Muskie, Moss, Cranston, Chiles, Nunn, Bellmon, Dole, Beall, McClure, and Domenici.

Staff members present: Douglas J. Bennet, Jr., staff director; John T. McEvoy, chief counsel; Robert Boyd, minority staff director; Arnold Packer, chief economist; Sidney L. Brown, senior counsel; Marc Lackritz, deputy chief counsel; and Peter Kyros, deputy chief counsel.

OPENING STATEMENT OF CHAIRMAN MUSKIE

Chairman MUSKIE. The committee will be in order.

This morning is a first for us. It is the first CBO (Congressional Budget Office) oversight hearing since the passage of the Budget Act. Under title II of the Budget Act the CBO is Congress chief analytical resource for providing budget information and projections. It is to provide budget information on the present fiscal year, 5-year projections for budgets on new programs, and costing estimates for alternative budgets for coming fiscal years.

The Budget Act also gives us on the committee the responsibility for oversight of the CBO. This hearing and the oversight process are usually important because the success of the new congressional budget process depends on the development of effective working relationships between the Budget Committees of both Houses and the CBO.

This morning we would like to focus our discussion on at least the following questions:

QUESTIONS

1. Has the CBO gathered the resources to perform the tasks specifically outlined in the Budget Act and others requested by Congress?
2. Is the organizational structure of the CBO adequate for achieving the objectives of the Budget Act and responding to the needs of the Budget Committees in Congress?
3. What additional steps are being taken or planned by the CBO to implement the Budget Act?
4. What has been the quality of the CBO's work so far and what problems are confronting the CBO in its early stages of operations?

We are pleased to have with us Dr. Alice Rivlin, the Director; Robert Levine, the Deputy Director; and Alfred Fitt, General Counsel. Since there are a number of areas we would like to discuss, why don't we begin with whatever comments Dr. Rivlin would like to begin with.

I don't know whether my colleagues have observations to make at this point.

Senator Moss. I have no observations, Mr. Chairman. This is a listening morning. We are here to listen.

Senator Domenici. I have none, thank you, Mr. Chairman.

Chairman Muskie. Dr. Rivlin.

STATEMENT OF HON. ALICE M. RIVLIN, DIRECTOR, CONGRESSIONAL BUDGET OFFICE, ACCOMPANIED BY ROBERT LEVINE, DEPUTY DIRECTOR; AND ALFRED FITT, GENERAL COUNSEL

Dr. Rivlin. I have a prepared statement, Mr. Chairman, which, with your permission I would rather not read. I'd like to talk for a few minutes about the progress of the CBO and the problems as we see them.

[The prepared statement of Mrs. Rivlin follows:]

Statement of Hon. Alice M. Rivlin, Director, Congressional Budget Office

Mr. Chairman, I am happy to be here today to give you a progress report on the Congressional Budget Office. I appreciate this chance to get your comments and advice not only on how we have approached the setting up and staffing of the Congressional Budget Office but also on ways of making our work more useful to the Congress.

As you are well aware, the Budget and Impoundment Control Act of 1974 called for the creation of the Congressional Budget Office to provide this committee and the rest of the Congress with detailed and accurate budget information and studies of the impact of alternative policies. The Act set out a series of specific tasks that the Congressional Budget Office must perform. A list of these tasks has been provided, but for purposes of the present discussion, they can be grouped under three categories.

First, we are charged with monitoring the economy and estimating the economic impact of governmental actions. At your request, we have already produced two such reports: "Inflation and Unemployment" which was issued on June 30, and "Recovery: How Fast and How Far?" which was released on September 17. Similar reports will be issued periodically.

IMPROVING BUDGET INFORMATION

Second, we are charged with improving the flow and quality of budget information. With the help of the dedicated staff we inherited from the Joint Committee on the Reduction of Federal Expenditures, we have implemented a new scorekeeping process that keeps tab of how the Congress's actions stack up against the targets set in the First Concurrent Resolution.

We are also well on our way to being capable of providing various types of projections. Among these are: (a) five-year projections of the federal budget that will list year-by-year budget authority, outlays, revenues, tax expenditures, and the resulting deficits or surpluses; (b) the costing out in five-year projection of the outlays of every committee bill providing new budget authority; (c) the cost out of the loss of revenue over a five-year period caused by every bill providing new or increased tax expenditures; and finally, (d) a five-year estimate of the costs for every other bill reported out of committee (with the exception of appropriation bills).

We have also taken initial steps toward the setting up of an automated budget information system for the Congress. In this connection, we have surveyed systems set up for state legislatures and have sponsored a feasibility study laying out the steps that would be necessary for such a system to be set up for the use of this committee and the Congress. Finally, we are progressing toward a pilot project that will give users of budget information on the Hill an idea of the type of information that could be available from such an automated system. In this endeavor we have and will continue to make every attempt to ensure that any system that is developed is compatible with existing Hill systems as well as being of maximum use to Members and staff.

ANALYSIS OF COSTS AND EFFECTS

The third major category of CBO's duties mandated by the law is the analysis of the costs and effects of alternative choices for the functional composition of the budget. We have already undertaken several studies that analyze alternative budget choices and present options. One such study, undertaken at your request, sought to evaluate several alternative temporary measures to stimulate employment. At the request of the Defense Task Force of the two budget committees, our national security analysts have examined the deflator used by the Department of Defense. Our tax policy analysts have completed papers on a series of tax expenditures and our energy analysts have prepared material on the decontrol of oil and the deregulation of natural gas. Finally, our analysts in the human resources are engaged in a number of projects, including your request for a projection of the level of income assistance to the year 2000.

As specified in the law, the major vehicle in which the Congressional Budget Office will present alternative options will be our Annual Report. The law requires that Congressional Budget Office prepare an Annual Report which not only analyzes alternative levels of outlays, revenues, and tax expenditures, but also looks into "alternative ways of allocating budget authority . . . among major programs and functional categories, taking into account how such alternative allocations will meet major national needs and affect balanced growth in the United States." It is clear that these options are to be laid out so as to provide back up data and analysis for the congressional choice about what to include in the First Concurrent Resolution.

We are required to submit this report to this committee by April 1; but because we see this document as our major input into our decisionmaking process as you move toward the adoption of a First Concurrent Resolution, we intend to provide it by the middle of February or earlier.

We hope this Annual Report will be useful to this committee in formulating the First Concurrent Resolution on the Budget. We hope that it will be useful to other committees in formulating their budget views that will be submitted annually to this committee. We plan to make it a readable document which will illuminate the major choices that the Congress will face. Because of this, we welcome any suggestions that you have on the type of information and/or alternative choices that should be included in the report.

Now that I have given you this brief summary of how we see our tasks, let me turn to how we have set up and staffed the organization.

SCOREKEEPING AND MONITORING THE ECONOMY

As you know, by the time I was appointed director of the Congressional Budget Office, on February 24th, 1975, it was too late for the Congressional Budget Office to have any input in the process that resulted in the 1976 First Concurrent Resolution. Therefore, the wisest choice seemed to be to proceed with the setting up of the organization, putting first priority on those positions that would be of immediate use to this committee and the Congress once the First Concurrent Resolution was adopted—namely scorekeeping and monitoring the economy. It is likely, therefore, that you are most aware of the work and products of our Budget Analysis and Fiscal Policy Divisions. In the near future, however, with the completion of reports now underway and with the appearance of our Annual Report, the *program* division (such as the Energy and Natural Resources, the Human Resources, and the National Security and International Affairs Divisions) will begin making their impact felt on the process. It is these divisions that will provide analyses of alternative ways of allocating budget authority. In many ways the Annual Report will be a summation of their work.

MAIN JOB OF CBO

In staffing the Congressional Budget Office, we have tried to get the highest quality staff. Because the Congressional Budget Office has a variety of related responsibilities, it requires a staff with a mix of analytical expertise and practical budget experience. It needs economists, lawyers, and other professionals who know how government programs work (or don't work). Above all it needs people who think clearly, write comprehensibly, and are able to present different points of view fairly and without bias.

Based on the tasks we must or have been requested to perform, I see the size of the staff as 259, 190 of whom will be professionals while the other 69 will be support personnel. I would like to stress that I see this staffing level as the completed size of the Congressional Budget Office. I do not anticipate further growth in the foreseeable future unless there are additional statutory requirements or very significant increases in workloads imposed by the Congress.

At present our staff numbers approximately 170 of whom 120 are professionals and 50 support personnel. In the past month or so we have slowed our rate of hiring in order to take a look at what has been accomplished and make sure that we fill the remaining positions with the type of staff that will insure the best product from the Congressional Budget Office. We want to be especially careful that when our hiring is completed, we will have adequate depth in each policy area to meet your needs. In addition, we want to maintain the highest possible level of quality in our personnel.

Let me close by stating what is perhaps obvious: We are in the business of serving the Congress and this committee. As such our aim is to produce high quality, unbiased, comprehensible analysis. If our material is not read by Members and staff, its production will represent a waste of time and money. Therefore, we are most anxious to produce information that you will find objective and useful. I look forward to your comments and suggestions. Thank you very much.

Dr. RIVLIN. I would then be prepared to answer your questions and to seek your advice.

I see this as an opportunity for the CBO not only to give you some idea of where we are and what we are doing, but also very earnestly to seek the help and advice of this committee in how we can do a better job and how we can solve some of the problems that confront us.

The CBO, as you know, is the analytical arm of the new budget structure. It is our job to provide you with analysis and with budget information that will help make the budget decisions easier and to show you as clearly as we can what the choices are and what the consequences would be of adapting various alternative policies.

In saying that, I must remind myself, and you, that the CBO was not set up to work solely for the budget committees. I work for the whole Congress and have responsibilities to all committees and indeed to all members.

MAIN JOB OF CBO

But I think it is clear that the CBO's main job is to help you make the new budget process work. If it doesn't do that, it doesn't do anything. It is a unique animal, the CBO. It is not like anything that Congress has done before really. The law sets up a nonpartisan professional analytical staff in the CBO and gives it some measure of independence in that the director has a fixed term and in that certain specific jobs for us are spelled out in the law.

It isn't exactly like a committee staff, it isn't exactly like anything. It is a new kind of thing on Capitol Hill, and together we must figure out how to make it work and have it serve the Congress as well as possible.

The law, as you know, spells out quite a number of specific jobs and responsibilities for the CBO to do. In appendix A of the status report[1], which we have sent you, are listed 18 such specific references in the law to things that we have to prepare or do for the Congress.

THREE DIFFERENT JOBS

Dr. Rivlin. They break down into roughly three kinds of jobs: The first is monitoring the economy, making estimates of what the economic situation is; where the economy seems to be going under present policy; and what the effects on employment and inflation and other economic indicators might be of alternative fiscal policies.

That is a job we have begun performing. We have delivered to you quite recently, dated September 17, our latest report on the economy.[2]

Dr. Rivlin. We contemplate a series of such reports.

We will be happy to update the information in that report for you at whatever time seems most useful, particularly in light of the Second Concurrent Resolution. We'd also be glad to look at options other than those we have examined in that report that might be of interest to this committee or other committees as you near the decision point on the Second Concurrent Resolution, and, of course, as you move into the future, to make decisions next year on the First Concurrent Resolution for fiscal year 1977.

Chairman Muskie. May I say in that connection, Dr. Rivlin, that it looks as though we will be targeting the latter part of November as the time for the completion of the budget process in this Congress. So you might have that in mind, because I am sure we would like a reading close to November 1st or the first week in November on the economy.

I wish we could wait for the November figures, but probably we won't be able to. We would probably want a reading at that point. A reading at that point would influence deliberations a great deal, I would think.

Dr. Rivlin. We can discuss with you what date would be the best one for you. There is never an absolutely great date for the economy, since new information comes in all the time. But at any point at which you would like to cut it off and say, "we want it now," we are prepared to give you the latest estimate that we have.

Chairman Muskie. All right.

HAPPY TO RECEIVE ADVICE

Dr. Rivlin. We also expect to put out reports on the economy, periodic updates, on a fairly regular basis—such as monthly—as we move into the next budget cycle. We would be happy to have any advice of the committee on what the most useful time schedule would be for that kind of report.

Our second type of job required by the law involves budget information, and here again I think we need feedback from the committee on what would be the best way to organize budget information to make it clear and comprehensible for the decisions that you have to make.

---

[1] See p. 67.

[2] CBO, "Recovery: How Fast and How Far?" Sept. 17, 1975, Washington, D.C.

The budget information function breaks down into several others: One is the scorekeeping job, where we took over an existing staff which had been scorekeeping with respect to the President's budget for a number of years. That staff had served the Joint Committee on the Reduction of Federal Expenditures and moved over to us under the new act; it has continued with some augmentation to work on scorekeeping, but it is now a very different problem.

We are scorekeeping against the Congress own targets, rather than against the President's budget, and we have worked out some formats for doing that scorekeeping. Rather too many formats, I think. We ended up, as you know, with essentially three scorekeeping reports. This, in part, was because the House and Senate had different views about what they wanted the CBO to do. The problem was resolved this year by our putting out a short monthly CBO scorekeeping report for both Houses with a longer backup document, which had more detail—so-called staff report. Your committee, as you know, wanted a more frequent report oriented to the Senate.

SCOREKEEPING REPORTS

We have worked with your committee staff to put out the weekly Senate scorekeeping report. I think that has been useful and has worked in a sense, but it would be my hope that we could rethink the scorekeeping problem with you and with the House before the 1977 cycle to see what would be the best format and whether, in fact, it is necessary to put out so many reports.

It might be that we could have a single scorekeeping report of use both to the House and to the Senate. It might not be possible; maybe we should put out one for the House and one for the Senate.

All of those alternatives are open and I would just like to raise the question for discussion, not necessarily now, but——

Chairman MUSKIE. What is the third one?

Dr. RIVLIN. Well, what we do now is a very short report for both Houses, which doesn't have a lot of backup information in it about particular bills. The backup information is provided in much greater detail in a longer so-called staff report.

We thought that was a good idea when we did it. It turns out, I think, not to be, in the sense that that detailed information is often what the people working on the bills really want. So they go to the staff report or to your Senate report to the Senators, which is more detailed.

I am simply saying that I think the whole thing needs to be rethought, we are open to doing it any way that turns out to be useful to both Houses.

AUTOMATING SCOREKEEPING SYSTEM

We are now still doing the scorekeeping by hand. The scorekeeping staff has estimates of what bills cost—what their implications are with respect to the targets—and they post these numbers by hand. That is almost impossible. With help from a contractor, we are in the process of automating the scorekeeping system so that it will be possible to have this computerized, accessible more quickly, and more flexible as we move into the next cycle.

Another aspect of the budget information job is our costing responsibility. Under the law we are required to provide 5-year cost estimates of bills reported, to estimate the outlay implications of budget authority.

We have been putting together a staff to undertake technical problems. We hope to have an expert, small staff that is just very good at costing, who know a lot about how Federal programs work and accurate ways of getting quickly costs of different programs that the Congress is considering.

MIDWAY IN THE PROCESS

We are about midway in this process. We would hope to have it fully operational by January when the Congress comes back, so that we can provide good, quick, and accurate cost estimates to this and other committees.

So far we have not been swamped by requests, I think because the Congress is not entirely aware yet that the data are needed or, indeed, that we can provide the service.

As I said, we must provide 5-year projections of the costs of legislation the Congress has passed. This requires estimating 5 years into the future the cost of ongoing Government programs and the revenue implications of current law.

We will do our first 5-year projection in December; we are working now to make the cost-estimating techniques as acurate as possible. Time will tell, of course, how good these techniques are. We hope we will be improving them with experience as we go along.

Our third main category of responsibiilty involves the analysis of budget alternatives that the Congress is considering. Here we have two vehicles for communicating with the Congress. One is answering a specific request or requests of this and other committees for analysis of budget options. We have done quite a number of those already.

I think a good example perhaps is the report, "Temporary Measures To Stimulate Employment," which was prepared, at the request of this committee. This, was an attempt to compare the costs and effectiveness of different ways that the Congress might want to stimulate employment right now through public service employment, public works, or other measures.

A number of other such studies by request of this and other committees are underway; these include one at the request of this committee on income maintenance programs and their future costs—out to the year 2000—which we are attempting with some trepidation, I might say.

STUDYING VARIOUS ALTERNATIVES

In addition, we are studying various kinds of energy alternatives, including natural gas and coal and unemployment insurance. We also are looking at tax expenditures, such as the implications of removing the exemption for State and local bond interest, and alternatives for aiding State and local government by other means. We are looking at various defense options, including a paper requested jointly by this committee and by the House committee on the effect of inflation on the defense budget, how that has, in fact, been handled, and how it might be handled in future defense budgets.

Besides studies on requests, our major statutes vehicle for examining options is the annual report of the Congressional Budget Office. We see that as a potentially very important document for the Congress. We are in the process now of trying to figure out exactly what kind of a report the first one, which will be prepared for the beginning of the next budget cycle, ought to be.

ANNUAL REPORT OF CBO

The law says, as you know, that the annual report of CBO should be published on or before April 1 and that it should lay out for the Congress the implications of continuing current policy, for outlays and tax expenditures, as well as for revenues. In addition, it is to lay out alternative fiscal policies and alternative allocations of Government resources over time so that the Congress can see the alternative future for the Federal budget.

The wording of the law and the date, April 1, suggest that the drafters of the law thought that this would perhaps be the last information that the Budget Committees received before they went into markup on the First Concurrent Resolution. The wording suggests that it would summarize the alternatives presented in the President's budget, which are specifically mentioned, and the input from the other committees' March 15th reports, as well as all other available information.

As we thought about that, it didn't seem to make sense, because it would probably not be very useful to you at that moment. Moreover, your staffs are really the ones that ought to be preparing that summarizing document at the moment of markup.

Fortunately the law says on or before April 1, so it seemed sensible to us to stress the "before." The CBO report would be much more useful to the committees and to the Congress as a whole if it came much earlier, if it set out the major options early in the process with respect to expenditures, and outlays that are already legislated. What are the revenue implications of current laws? What does that mean about surplus or deficit if you don't do anything? What is the alternative—how does the economy look and what would alternative fiscal policies probably do to employment or inflation? And, what are the major decisions of a strategic nature that would influence what the U.S. Government does over the next few years?

DECISIONS ABOUT FIRST CONCURRENT RESOLUTION

What are the dimensions of the major alternative futures for the Federal budget within which you have to make the decisions about the First Concurrent Resolution?

I think probably February 15 would be the earliest possible date in which we could put together an analysis like that which would be useful to you and would reflect the President's budget as well as options developed on the Hill.

We would like to float another possibility, however, that strikes us as perhaps even more useful to the Congress. Namely, we propose an annual report in two parts, with one put out even before the President's budget, maybe sometime in January. This would look at these major options as they seem to be developing.

By December we will already have the so-called "current services budget" that is required in the law. It seemed to us to be useful—perhaps to get out very, very early, right after the Congress comes back—a look at the context in which the budget has to be formulated and the major options.

Then part 2 would be published after the President's budget and would analyze that budget with respect to the options that then seemed available. The advantage of doing all this early, I think (besides getting everybody started thinking early), is that it would free our staff to be as useful as we possibly can be to the staff of this committee and of the House Budget Committee as you move into the detailed analysis that goes into markup.

Let me say one other word about the annual report, and indeed about all CBO products. It is our hope that these will be readable, comprehensible, short documents, not tomes on the budget, something that Members read and hopefully enjoy. I would also like to make the annual report a document that the Congress is proud of, that you are happy to send out to constituents who write and ask you, "What about the budget?"

It should be something that is comprehensible and clear and that sets out the budget problem and the alternatives in terms that are comprehensible to the intelligent lay reader.

CBO ORGANIZATION

Let me say a word about the organization of the CBO and where we are on staffing.

Senator DOMENICI. Mr. Chairman, before she does that, could I ask a question about the annual report just described? Not an in-depth one though.

Chairman MUSKIE. Well, all right if it doesn't lead to a round of questioning I would like to get the presentation completed.

Senator DOMENICI. You indicated that the April 1 deadline is an "on or before" and then you proceeded to tell us—and I concur with you—that that certainly ought to be a deadline. But then you said that you would prefer to consider that you really need two reports.

Now there is nothing in the law to preclude that format of two just because it says "an annual report on or before"?

Dr. RIVLIN. No, no, I don't think there is anything to preclude it. I think we could call it "Annual Report—Part I" and "Annual Report—part II." Am I right?

Mr. FITT. Oh, yes.

Dr. RIVLIN. It doesn't get us into legal difficulty.

Senator DOMENICI. You just have to have an annual report and that will suffice then?

Dr. RIVLIN. That's right.

Senator DOMENICI. Thank you, Mr. Chairman.

Dr. RIVLIN. President Nixon did the state of the union in parts, as you recall, and I guess nobody fussed about that.

CBO MOVE TO LARGER BUILDING

On the organization of the CBO, first, as you remember, we were up here in the Carroll Arms temporarily, but we have now moved into a larger building on the House side which seemed to be the best available real estate for a growing organization. It is the old FBI Files and Records Building, down sort of between the Rayburn Building and the railroad, is the only way to describe it.

Most of our staff is now there; and we have only some scorekeeping staff up here on the Senate side. It is not an ideal location, but it is a building and we are not unhappy with it.

Chairman MUSKIE. Is there a possibility of better quarters than that?

Dr. RIVLIN. There are various possibilities, but I don't mean to imply that we are unhappy with it. I think probably if we get enough space there, it will be alright. Additional space is still up in the air; it is a decision to be made by the Speaker of the House. They have renovated the old warehousing building in a surprisingly livable way.

Chairman MUSKIE. The FBI association creates no problems? [Laughter.]

NOT RIGHT KIND OF BARS

Dr. RIVLIN. Well, it creates a sort of peculiar atmosphere. There are bars on the ground floor windows, but we are are on the fourth.

Chairman MUSKIE. What kind of bars?

Dr. RIVLIN. Not the right kind.

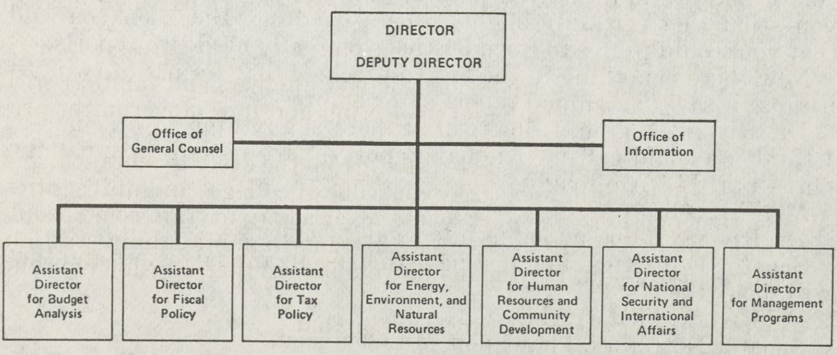
Senator CRANSTON. I think the first bad thing you have done is leave the Senate to go to the House.

Dr. RIVLIN. I would like to stress that we have not left the Senate to go to the House, that just happens to be where we are housed.

On the organization of the CBO I did distribute—if you don't have a copy, we can get it for you—a very rough schematic organizational chart.

[The chart referred to follows:]

CONGRESSIONAL BUDGET OFFICE
Table of Organization



PROVIDE COMPREHENSIVE BUDGET INFORMATION

Dr. RIVLIN. We are organized in a way that I think is virtually dictated by what we have to do. It is a very simple organization chart. The Director and Deputy Director are up at the top overseeing the whole organization. The Office of the General Counsel, I think, needs no explanation. The Office of Information is headed by Stan Greigg, who is here this morning. It is to help us be responsive to congressional requests and to prepare our documents so they are comprehensible to the press and to outside organizations that may want to know what the CBO is doing. These include State and local governments, which are specifically mentioned in the law as part of the audience to receive comprehensive budget information.

Other than that, we are organized into divisions headed by assistant directors. On the left as——

Senator BEALL. As you tell us about those, can you tell us where the people came from that head the divisions, not necessarily their names?

Dr. RIVLIN. Yes.

To go back up to the top, just for the moment then, I came from the Brookings Institution most directly. Bob Levine, the Deputy Director, came from the Rand Corp. Both of us have previous experience in Government.

The General Counsel came most recently from Yale University although he has also had Government experience in the past.

Stan Greigg came most recently from the Democratic National Committee.

Mr. GREIGG. Working with Larry O'Brien.

Dr. RIVLIN. Yes, he has had former Government experience, is a former Congressman and is also a former mayor.

HEADS BUDGET INFORMATION OPERATION

The Assistant Director for Budget Analysis, Jim Blum, heads up our budget information operation. He is responsible for scorekeeping, costing, projecting, and all of the numbers problems. He came most recently from the Council on Wage and Price Stability, where he was the Deputy Director, but had been in the Labor Department and in OMB prior to that.

This is our largest division, it is really the most busy. It will be staffed with people who are good at budget numbers and familiar with the technicalities of costing and projecting and how Government programs work.

Some of those people we have drawn from the executive branch, and others we will be training as they come out of colleges and universities. We see that partly as an entry level job, as a way to train some people who come out of, say, master degree programs in public administration.

Chairman MUSKIE. How many do you have in that division now and how many do you project?

Dr. RIVLIN. Let me get out my chart on that.

[The chart referred to follows:]

CEILING SUMMARY AS OF OCT. 1, 1975

Organization	Ceiling of 259	Ceiling of 199	On board and committed	Vacancies versus ceiling of— 199	Vacancies versus ceiling of— 259
Office of the Director	11	11	11	0	0
General Counsel	6	4	4	0	2
Information Office	8	7	7	0	1
Budget Analysis	51	47	39	8	12
Fiscal Policy	29	22	17	5	12
Tax Policy	18	13	10	3	8
Energy, Environment and Natural Resources	35	24	21	3	14
Human Resources and Community Development	40	28	28	0	12
National Security and International Affairs	30	17	10	7	20
Management Programs	31	26	23	3	8
Total	259	199	170	29	89

Chairman MUSKIE. I ask that because this area is the most immediate contact between the Budget Committees and the CBO and where a great deal of demand will be generated.

Dr. RIVLIN. Let me say a word about overall staffing and give you some context for this, first of all.

We think it would take about 259 people to do the various jobs we have really well. That is what we are asking the Appropriations Committee for. That is in my opinion a completed size of the CBO as presently contemplated: We don't view that as an interim figure which would escalate in future years—unless the Congress gives us more statutory obligations.

At the completed staff level of 259, the budget analysis operation would be about 51. That would be by all odds our largest division.

We have now about 40—39, it says here—of those people on board and/or committed to come in the very near future.

Chairman MUSKIE. That includes how many professionals?

Dr. RIVLIN. That is on a different table. Just a moment. Of the 51, 40 would be professionals.

Chairman MUSKIE. When it is completed?

Dr. RIVLIN. When it is complete. Of the 39 people that we have on board already, 31 are professionals. We are heavy on professionals especially there.

Chairman MUSKIE. On these numbers, we have a table here—staff just called my attention to it—as of September 15. I don't know whether the members have received it.

[The table referred to follows:]

CONGRESSIONAL BUDGET OFFICE—STAFFING SUMMARY AS OF SEPT 15, 1975

Organization	Professional staff		Support staff		Totals	
	Commitments [1]	Projected [2]	Commitments [1]	Projected [2]	Commitments [1]	Projected [2]
Office of the Director	6	6	6	6	12	12
General counsel	2	3	2	3	4	6
Budget analysis	26	40	8	11	34	51
Fiscal policy	15	24	2	5	17	29
Tax policy	6	14	4	4	10	18
Energy, environment and natural resources	17	28	3	7	20	35
Human resources and community development	21	31	5	9	26	40
National security and international affairs	7	24	2	6	9	30
Management programs	13	16	14	16	27	32
Information office	4	4	0	2	4	6
Total	117	190	46	69	163	259

[1] Commitment figures include projected losses.
[2] Projected staffing level as of Jan 1, 1976.

Chairman MUSKIE. Have other members received that?

Mr. LACKRITZ. Yes, they have.

Chairman MUSKIE. Well, I won't go through the numbers then if you have them. I think there are other things we would like to get into.

Dr. RIVLIN. In any case, Mr. Chairman, we can provide you with all the numbers by division and the completed staffing level that adds to 259.

Chairman MUSKIE. Could I ask a question? I don't want to get bogged down in that detail in the few hours we have here for a hearing, but I am concerned about this. This division, I suppose, might be described as the short-term analysis people, people who are concerned with this year's budget, 5 years at the outside.

And the other divisions, six in number, are more concerned with long-term analysis. Is that a fair statement?

WORKLOAD ALREADY STRAINED

I expect that in this division the workload is already strained in part because of the many calculations that you have to do, and it is probably going to continue to grow since its workload impacts on both the budget committees and the CBO. It involves your short-term analysts working in many of the program areas in which you have other people work on long-term problems.

Now, do you have any way of moving people back and forth between these divisions? What is the connection between them; and to what extent are these other division people available to assist your short term people, and also to help respond to congressional queries?

Dr. RIVLIN. Let me react in several ways to that.

First, I don't think that short term/long term is exactly the right distinction to be drawn here. It is really a distinction between the costing and projecting operation—a pretty technical, numerical operation—and analysis of alternatives and options.

Now I don't think there is a clear distinction. We thought about various ways of organizing CBO; we will try this one to see how it works. If it doesn't work, we will try something else, but it did seem sensible to put the costing/projecting people together, since that is a kind of skill that we hope can be applied to different kinds of programs. Then that unit would have the flexibility to work across the Federal budget.

COMMON ELEMENT SEEN

For example, the method of determining how much a new veteran's pension will cost is similar to that needed to estimate the cost of national health insurance, for example; those kinds of costing have a common element.

The physical programs, roads and dams, and physical aspects of the Defense Department have a common element. It did seem sensible to the costing capacity to some extent in one unit rather than distributing them among the program divisions, working with the analysts.

But we don't want a rigidly separated operation. It won't work if we do. The analysts looking at policy studies and the analysts looking at numbers have to talk to each other all the time or it won't work. They have to move back and forth on different problems.

I hope we will have a team approach on many congressional requests—and this has already happened—for analysis that involves looking at both options and costs.

Chairman MUSKIE. Could I ask this question which touches some of the other points you have made as well? I guess we are slipping into the question period here without giving you time to wrap up whatever you wanted to say, but the question seems to flow from what you have said already.

HIGHLY PROFESSIONAL REPUTATION SOUGHT

I think it is terribly important that the CBO acquire a reputation as a highly professional unbiased kind of an operation. With respect to the Budget committees, of course, they are controlled in a sense by the congressional majorities, although we have tried to reduce the partisan line on this committee. Nevertheless, it is true that there is inevitably a political bias which colors the public perception of what we do and recommend.

You have been very careful in your public posture to maintain a bias of neutrality. But I think that beyond the statements that you make as Director, there is a question of credibility and acceptance as a highly professional institution also which goes to recruitment and personnel policies. I know that is on the minds of several members of this committee and I wish you would address yourself to that problem, what are you able to do, to what extent is achieving neutrality a limitation or an inhibition upon your operations, to what extent is it asking the impossible, and so on?

I am simply trying to open up the question. I suppose it is also difficult to get a perfectly balanced personnel picture in this sense, but I wish you would talk about it frankly and let us know what problems you have run into and where you stand now.

Dr. Rivlin. Let me say what I was going to do. I was going to go through the organization and then deal with several problems which face the CBO; that is clearly one. I can answer your question or I can come back to it, as you like.

PROBLEMS AND QUESTIONS OF BIAS

Chairman Muskie. Why don't you pick it up as you go along then?

Dr. Rivlin. All right, if I would be able to go through the rest of the organization chart, and then go on to the problems and questions of bias.

We talked about the Division of Budget Analysis. The Division of Fiscal Policy is the one whose products you have doubtless been most aware of so far. This division is headed by Frank de Leeuw, a macroeconomist who came to CBO from the Urban Institute, and served a long period before that at the Federal Reserve. This group of economists and projectors have been and will be preparing reports on the economy and fiscal policy options.

Next, the Division of Tax Policy is headed by Charles Davenport, who is a tax lawyer who came from the law school at the University of California at Davis. His group will prepare our estimates of tax expenditures and receipts—indeed all of our work on revenue, whether it involves estimation or looking at such options as alternatives to tax expenditures.

Then we have what we think of as program divisions. One, headed by Douglas Castle, deals with program options relating to energy, environmental and natural resources, commerce, transportation, and agriculture. Castle had served most recently as head of the environmental protection agency in the State of Connecticut and has had prior Washington Government experience as well.

The Human Resources and Community Development Division is headed by Bill Fischer, who came from the OMB. His division is working on health, manpower, education, income security, and that whole range of programs.

Next, the Division of National Security and Internal Affairs is headed by John Koehler, who came from the Rand Corp. We have drawn several people out of the Defense Department, and other parts of the Defense establishment, as well as other places, for that division.

Finally, our Assistant Director for Management Programs. Howard Messner, came from the Environmental Protection Agency, where he headed the administration function. He has a double job here: He is both our inside administrative officer and is in charge of analysis of general Government programs—the Internal Revenue Service, the Civil Service Commission, and that range of agencies.

A VERY CAPABLE STAFF

We have a staff of about 170 people. I think we have amassed a very capable staff. We have been swamped with people who want to work for us and could have hired much more rapidly, but I have deliberately slowed the hiring, especially in recent weeks, to make sure that we don't grow faster than is compatible with high quality and with using our people effectively.

I think there is inevitably waste in a new organization that grows too fast. We have slowed down to make sure that we know what we are doing and that we are up to speed on the various things we need to do.

Also there is a certain amount of uncertainty about what the Congress will ask us to do. Do we need more people in Defense or more people in Human Resources? I don't want to second-guess that. I want to wait and see how things seem to be developing.

Senator Moss. I had not noticed that you had overloaded it with women.

Dr. Rivlin. Well, that is a problem, Senator.

Chairman Muskie. I am glad you said that.

[Laughter.]

EQUAL OPPORTUNITY EMPLOYER

Dr. Rivlin. We have had, from the beginning, a strong policy of seeking minorities and women for all positions. Despite strong statements to this effect, however, I am not as pleased as I would have liked to be with the record of the CBO in hiring either minorities or women in responsible positions.

We are trying to do better. We are making a real extra effort now—that was one of the reasons for slowing the hiring. I want to be sure that we do get, wherever possible, the best candidate and that we make an active effort in seeking out minorities and women.

Senator Beall. It appears also there is a heavy preponderance of pepole from the public sector rather than in the private sector.

Dr. Rivlin. In top management that is true. It has something to do with the $36,000 ceiling.

Senator Beall. I was going to ask that question.

Dr. Rivlin. People from the executive branch are not making more than that, so you can attract them on the sheer glory of the work. If they are in banking or business, they may be a little more dubious about giving up a lot of income to come into this exciting venture.

Senator Beall. Has that actually been the case?

Dr. Rivlin. Yes, indeed, it has. And, it doesn't operate just with respect to the busineses sector. It is now difficult to attract even high-level people from universities who have considerable consulting income, which they would have to give up if they came, to live on $36,000.

Senator Beall. And your own nonprofit corporations, too, is that——

Dr. Rivlin. Well, now, I think except for the very top people we are competitive with the other nonprofits.

Senator Domenici. So you have not had many that want to make a real sacrifice to be part of this process, is that right?

CONSIDERABLE FINANCIAL SACRIFICE TO SOME

Dr. RIVLIN. Everybody in top management except those who came directly from the executive branch has come at salary sacrifice. The people we have hired have been willing to do that. It is exciting to be in on a new organization and to work in this kind of environment, I think. I have been surprised and pleased at the number of people who were willing to make a considerable financial sacrifice. But for others it is just very difficult; and we have lost people who wanted to come, but who had three kids in college. For some, the sacrifice just wasn't feasible.

Let me say a word just about the various problems that I think we face and invite your help with them.

One, of course, is the problem of multiple clients. We work for the House and for the Senate, and for different committees who don't always see things the same way. We will have to juggle that as best we can, but I invite you to help us with it. I think the problem of the scorekeeping mechanism is a good example. I hope we can do a better job in the future of finding a format that is useful to both the House and the Senate Budget Committees.

BIWEEKLY REPORT

Chairman MUSKIE. I think really the problem of frequency is not so great. I think we can compromise on a biweekly report. The numbers are not difficult in that area.

The difficulty is either the House's unwillingness or the House's difficulty in trying to project what is coming down the road as sort of a warning. The House chairman insists that it is easier for us to do that on the Senate side than it is for him, because so much spending legislation originates on the House side. But, secondly, there is also the question of putting numbers in the report that are misinterpreted by those who would like to exaggerate congressional spending figures.

I think those are the two factors, aren't they really?

Dr. RIVLIN. I think that is right.

Senator CHILES. And getting information that translates, again, you know, we have the crosswalk problem, or how do you translate?

Chairman MUSKIE. The crosswalk is a separate one from the one that produced two different reports. I think the crosswalk problem could be handled. But the question of a monthly or a weekly scorekeeping report has been a sticky one for you, I recognize that.

Dr. RIVLIN. I really offered that example not in the hope of solving the problem here, but rather as an example of the kind of thing that we will have to be dealing with.

Chairman MUSKIE. Yes, I understand.

Dr. RIVLIN. And we will have to find a way of, if possible, making everybody happy.

Senator BELLMON. Mr. Chairman, could I intercede?

Chairman MUSKIE. Yes.

Senator BELLMON. Will CBO be able to work with the House and Senate Budget Committees and get it down to one figure, to determine whether it is over the budget?

Some say a particular bill is within the budget and the Senate might say it is not. Are you going to be able to arbitrate?

BETTER UNDERSTANDING ON BOTH SIDES

Dr. RIVLIN. We are working now on several ad hoc problems like that to try to get agreement on both sides; we have succeeded in a couple of cases. Next year it will be an easier, I think, in part because of the greater specificity of the concurrent resolution next year. We will start with a situation in which we have a better understanding on both sides of the Hill and between committees as to exactly what is included where and why.

It is certainly our objective to help to do that.

Chairman MUSKIE. Yes; I think the outstanding example was the Defense procurement bill. We had a number of $900 million over the target, and the House had a number of $286 million over the target. One of the problems was that the Defense budget is really split up into three legislative vehicles and it is a question of judgment as to how it is to be split among the three. The House and Senate Budget Committees arrived at different conclusions about that.

The second problem is the crosswalk problem to which Senator Chiles has referred. I think these are the two problems and I would agree with you that next year perhaps it will be easier.

MEET BUDGET PROJECTIONS

Senator CHILES. It is bad for us, when we go to the Appropriations Committees, and the committee chairman or the committee there says we would like to know if this figure that we are now presenting in the committee fits or meets your budget projections. This is before it comes out of the committee when we would have a chance to do something about it.

And here we sit there and say, "We really can't tell you because we started in with sort of different information" and yet they know they might have to face us on the floor. We really lost our credibility and also our position of doing anything.

Senator BELLMON. It was worse on the Labor-HEW bill because Mr. Magnuson, who was the chairman, had a letter from the House saying it was $400 million under the target and we had a letter from the Senate side saying it was $200 million over the target. So they wonder who to believe.

Dr. RIVLIN. Well, it is clearly a problem of the credibility of the whole budget process. All I can say is that we will work with you and with the House assiduously to avoid this happening next year.

Clearly the worst thing for the CBO would be to be caught in the middle and to have to adjudicate. It would be very much better if all of this could be avoided by agreement on the numbers at a much earlier stage.

Chairman MUSKIE. Well, I think it is well to expose some of these problems. There are two other elements of the problem though. One, the budget resolution, like the President's budget, is broken down into 17 functions and those functions do not identify with the appropriations bills or the Appropriations Subcommittees.

I don't think they can or should, because I think that the functions as now outlined set the stage for priorities debate. You could not have an effective priorities debate if you were debating as between various appropriations bills, because the Labor-HEW bill covers six or seven functions and it would be almost impossible to get into a priorities debate if the functions were identical with those of the Appropriations Subcommittees.

DIFFICULT TO SORT OUT

So that is one of the problems. Of course, the second problem is that a lot of these appropriations bills include not only those programs controllable by appropriations, but they even include entitlement programs and that is difficult to sort out.

At least we have found it difficult for the Budget Committee to say to the Appropriations Committee, "This is how the dollars break down as between controllables and uncontrollables," and then they report an appropriations bill. It is really the Appropriations Committee's function in a sense and if we try to tell them, they tell us to mind our own business, and yet we have every right to understand how they would react.

Senator McClure. It is a dilemma, but we got into that discussion on the floor.

Chairman Muskie. That's right, we did.

Senator McClure. Where the frustrations boil over on the floor saying, "How does what the Appropriations Committee is doing relate to what the Budget Committee has done?" When we look at functional categories which we have adopted largely as a result of the process that has gone on down in OMB and in presenting the Executive's budget, and then relating that to the congressional work in different terms, and I think it is damaging our ability to guide the decision-making process with respect to the budget resolution.

RECOGNIZING THE PROBLEM

I recognize the problem. I recognize there is a validity in the question of the debate that sets priorities on national expenditures. But somehow if we don't relate what we are doing to the appropriations process more directly, we will fail because we have never been able to bring it out in debate on the floor how the appropriations affects the priorities that we seek to establish.

Somewhere between OMB and our process and the appropriations process there has to be either a correlation of activities or an accommodation of the functional categories.

Chairman Muskie. I think something will happen next year to which Dr. Rivlin has referred. That is, after the first concurrent resolution is adopted, the appropriations numbers will be broken out, as I understand it, and the Appropriations Committees will be given those numbers and will have the responsibility of splitting up those numbers among subcommittees.

So the Appropriations Committee will do that job, and we will not be doing it for them. Then the Appropriations Committee will report back to us and to CBO on how the appropriations money has been split up as between Appropriations Subcommittees. So in a sense that will help.

EFFECTIVE CROSSWALKING NUMBERS

May I say, secondly, that the Budget Committee staff will be meeting this afternoon with the Appropriations Committee staff, to try to work out more effective crosswalking numbers with respect to the remainder of the appropriations bills this year. I think that will help.

Senator CRANSTON. Mr. Chairman, I would like to express my agreement about what Jim McClure said about getting the components. If we do that, we are not in a stance of trying to instruct—which we can't—the Appropriations Committee on how they think they should be handled. But we should find a way to correlate how we do it and how they do it, so we can more clearly understand it.

Chairman MUSKIE. These are things that are coming down the road and we are working in that direction. We understood last year when we enacted the Budget Reform Act that this was one of the key problems. It was identified in the Government Operations Committee and later in the Rules Committee when they looked at it. The Rules Committee pinpointed it and we have known this problem was coming, and that is one of the reasons that this year was a limited implementation of the Budget Act.

Those of us who have been close to the problem are not surprised that it has arisen. That doesn't necessarily give us all the answers at this point.

Senator DOMENICI. Mr. Chairman, I have the feeling that—of course, I totally concur with Senator McClure and Senator Cranston on the issue—but I think it also is a bit dangerous in terms of how much we ask the CBO to reconcile that problem. I think they are the professionals sitting around, telling us the effect of the negotiations, but I think it is precarious for their long-term well-being that they not be the negotiator with the committees like Appropriations.

I don't think she meant to say that when she said she was working on the problem. She was giving us professional advice on the outside, but our staffs are doing the negotiations; is that correct?

IDENTIFYING THE NUMBERS

Chairman MUSKIE. Well, may I say, a lot of what our staff has been doing in this connection this year has been done because CBO was not in existence. We have been identifying these numbers when really it is the function of CBO to handle the numbers.

Senator DOMENICI. The numbers part, right.

Dr. RIVLIN. That's right, but I don't think that is the reason we have the present confusion.

It is not widely understood. Various committees come to us and say, "We can't understand it because you don't tell us what the real number is." The problem is that there is no one real number because the Congress did not make some of those decisions this year.

Next year the decisions will have to be made, not by us, but by you. We can help make sure that everybody understands what decision was made, but——

Chairman MUSKIE. You are talking about functional targets?

Dr. RIVLIN. Yes, and what is and is not included in them; and as you correctly stated a moment ago, next year it will be up to the Appropriations Committee to divide the totals among subcommittees, which will help.

Senator CRANSTON. Do you have the capacity now to correlate or explain the relationship between an action we take on a functional total and the way the Appropriations Committee handles the bills that comprise that total so we can see and they can see what we are doing, and how it relates to what they are doing?

Dr. RIVLIN. In terms of how the functional categories go with the appropriations?

Senator CRANSTON. Yes.

Dr. RIVLIN. Not as well as we will have quite soon. We expect to have that crosswalk ready so that the next cycle will be easier.

Senator CRANSTON. Good.

Senator MCCLURE. Are we working on the other end, too, to be certain that what you do and what we do and what the appropriations process does is correlated properly with the OMB process?

Dr. RIVLIN. Yes.

Senator MCCLURE. When the executive budget comes up here—and we have one coming up in 2 months roughly, the beginning figures—will be where the whole process starts. That's where the business of matching up into next year will begin.

Dr. RIVLIN. Yes; and yet me say that I think the administration understands that. Mr. Lynn and the OMB staff have been extremely cooperative in trying to see that by next year we all are working with the same numbers.

NOT A LINE ITEM COMMITTEE

Chairman MUSKIE. May I make another point; I think also caught up in this is the fact that we do not treat ourselves as a line-item committee. In our deliberations when we put the first budget resolution together we did not go through each function line item-by-item.

So you don't have that line item data base upon which to reconstruct the functional target or the Appropriations Committee bills.

I don't think we ever will unless we want to change our way of operation. So, when the Budget Committee staff is asked, you know, with respect to a particular appropriations bill, what did we assume as being the component parts of that part of the health function which is in the Labor-HEW bill? If we ask the staff to give us that answer which is not found in our deliberations in the spring, they have to do some guesstimating in order to do that.

If we were to become a line-item committee, we would then become another appropriations committee and they would rightfully resent our intrusion into their function in this respect.

GOING TO BE SOME ARGUMENTS

Senator MCCLURE. But don't we have to at least get into line items to the extent of knowing which function those line items fall within, not the judgment of how much should be in the item, but so we can aggregate totals. Not to make the decision on each line item, but so that we have the total within the function. There is going to be some argument, I am sure, about which one of the functional areas a given line item will appear in.

Chairman MUSKIE. That is what we did, of course, Jim, with respect to the major items and we will continue to do that. But that doesn't tell you how much you are putting in for the National Institutes for Cancer, the National Institutes for Heart Disease, and so on. We didn't do that.

Senator McCLURE. I want to be sure we don't get to the point of making that division. But when we analyze what we are doing it seems to me we have to start from at least an understanding of which one of the functional categories these line items fit within, so we know the totals. Not so we can go back and deal with the individual items but so we can deal rationally with the totals.

Chairman MUSKIE. And because we do it that way, which you have just described, there are difficulties in telling the Appropriations Committee just what appropriated dollars were included by the Budget Committee for the Labor-HEW appropriations bill.

DIFFERENCES BETWEEN OMB AND CBO

Senator McCLURE. I understand that, and I agree, and it leads to the other question that I wanted to ask, that is, whether we would be in a position soon to discuss the differences of opinion that may exist between OMB and CBO and Budget and Appropriations as to where those line items fit within functional categories so that at least we start with agreement of what the total numbers are.

Dr. RIVLIN. Yes. I certainly think so.

Senator McCLURE. I think we are going to have to start doing that, OMB is going to be doing it, they are doing it now. I would think, in preparation for the presentation of the executive budget.

Chairman MUSKIE. I think it might be helpful for the benefit of the members of the committee more than anyone else if at this point Sid Brown might try to sum up this problem as we have experienced it this year from the point of view of the Budget Committee staff. I think we might as well have that information cranked into your understanding of the confusion.

Mr. BROWN. Let me mention one thing, Mr. Chairman, that the CBO is doing for us that I think will be of great help in analyzing the six remaining regular appropriation bills. At our request, the CBO is preparing for us two tables for each bill. One table shows where each line item in the bill falls by function. The second table breaks the bill by function, with subbreaks by title and line item.

TABLES WILL BE GREAT HELP

These tables will be a great help. We are furnishing copies to all all our own committee members and staff and to the Senate Appropriations Committee. We now have these tables for the Interior, Public Works, and Defense appropriation bills, and we will be receiving tables for the other three appropriation bills: Military Construction, Foreign Aid and D.C.[3] These tables include columns for the President's request, reported to the House, passed House, reported Senate, passed Senate, conference agreement. The CBO Budget Analysis Division

[3] Sample tables prepared by CBO for the public works appropriation bill can be found beginning on p. 86.

will keep them up to date as action proceeds. It is a difficult job—it is manual but they are doing it—and we have that for each bill, each of the six remaining bills. Because it is manual they can't go back and do it for the earlier ones.

All of this information is wrapped up in our weekly scorekeeping report. All of the numbers you see in the scorekeeping report reflect the results of this work, and each of the budget functions has in it those portions of each appropriations bill that fit in that function and have been reported to the Senate or passed the Senate, or whatever.

What these tables do is break out the details so you can have them as well as the summary.

Mr. Brown. Let me add that there hasn't been a great deal of difficulty concerning which functional category each line item goes in. There always will be some questions. That is not the major problem. It is more a matter of being able to see the details, disaggregate so you can see any item you want.

TWO THINGS WILL HELP

Personally, I think two things will help all of us next year. First, the two Budget Committees will give out totals for the Appropriations Committee to split up; that will take care of a large share of the problem.

Second, by next year, CBO's information system will be automated. There will be a capability to call up information that you want without the need to handle each request manually, which now is a major problem. That will help a great deal.

Senator McClure. Two questions or comments on that and I appreciate the information.

First, that information by chart also needs to be related to OMB's present development in next year's budget so that when they get the budget completed they don't have to commence the work of the line item breakout that you have described.

Second, when we get automated, that automation needs again to be compatible with what OMB is doing so that we don't have to develop duplicate systems. We can plug into the same system to get comparable information.

Are we making progress with OMB on that end of it?

Dr. Rivlin. Oh, yes, we are.

Senator McClure. We are not running into the executive privilege argument?

Dr. Rivlin. No, not at all.

Senator McClure. That's once.

Chairman Muskie. We would be glad to give the executive the privilege of sharing his problems with us.

NO SIMPLE ANSWER

Let me say on this subject, and I don't want to spend the whole morning on it, that part of the difficulty arises out of the fact that there are so many Senators not exposed to the problem who are frustrated that we have not found a simple answer to it. If people would understand that the answer is unavoidably complicated we could put our frustrations aside long enough to address that complexity.

When I am asked on the floor to give a simple answer, there just isn't one and so we just get ourselves tangled up in a circle of words without ever really coming to grips with the problem.

Dr. RIVLIN. That is true, but I think it is in everybody's interest to agree not on what the policy is going to be, but also on what the numbers are. Everybody including OMB.

Chairman MUSKIE. That is right.

Dr. RIVLIN. The OMB staff realize that and have put up no roadblocks in working with us on what is a complicated technical problem for everybody. But I think we will get that solved.

Senator DOMENICI. Could I ask Sid one question?

Chairman MUSKIE. Yes.

STILL NOT CLEAR

Senator DOMENICI. I am still not clear, once we are in full swing, and the appropriations bills come to us one at a time, which they will, are they effective singularly or do they await effectiveness until the Second Concurrent Resolution?

Mr. BROWN. There is a provision in the Budget Act that all appropriations bills—if the Congress wishes—can be held at the desk and not enrolled until they are all approved by the end of September. This might assist any reconciliation process in the Second Resolution.

However, next year we will have the report back from the Appropriations Committees, based on the totals we gave them, showing the split by subcommittee. So we will be able to tell, if we want to do them one at a time and let them go through, whether or not a specific bill is at, below, or above the target that the Appropriations Committee itself set for that bill, or that subcommittee. So we can tell when the first one comes down the pike that this is in line with the figure the Appropriations Committee reported to us; and if it is not in line, the Appropriations Committee can tell us why. For example, the Appropriations Committee might tell us that nondiscretionary reestimates have caused the bill to increase, or whatever. But at least we can discern whether a bill is in line or not because we will have their report. We have to report to them in the statement of managers accompanying the conference report on the first budget resolution in May, what the grand total will be for all appropriation bills, and within roughly a month they are supposed to give back to us, after consultation with the House Appropriations Committee, as to what the splits are.

STATEMENT WILL SET GOALS

Senator DOMENICI. So the statement of managers will at least set their specific goals that when added up should equal our functional goal? If they want to violate that by internal shifts that will be known to the Senate as we proceed through.

Mr. BROWN. That will be known to the Senate as we proceed through.

Senator DOMENICI. Therefore, our chairman and those wanting to go down and talk about the budget process won't have a problem of saying we don't know what the rest of your figures added into that function are going to be but rather can say, if you keep your other goals you are within on this one even though there are multiple items, multiple function items within an appropriations bill.

Mr. BROWN. Presumably we will have the report from the Appropriations Committee about all the bills before the first appropriations bill is reported.

Senator DOMENICI. That precludes—one last question—some competition among appropriations subcommittees as to which one can get out there first with the most and still not be over the budget because there is a whole lot of other items under it that have no come up yet. That would preclude that?

Mr. BROWN. It certainly would seem to me that it would, yes.

Senator DOMENICI. Thank you.

TWO OR THREE MORE PROBLEMS

Dr. RIVLIN. Let me conclude by mentioning two or three more problems that face the CBO. One is the problem that you mentioned earlier, Mr. Chairman, namely, the problem of fairness and the perception of fairness, or to put it the other way, the problem of bias or the perception of bias.

First, let me say strongly and loudly that CBO wants to be fair and nonpartisan, and to be perceived as and to be an analytically straightforward professional organization that calls issues as we see them, without any bias in any political direction. Now that is not easy to achieve.

Let me say a few words about how we are thinking about it. First, it is the policy of the CBO not to make any recommendations to the Congress on policy matters. That doesn't mean we wouldn't make a technical recommendation if you asked us to—such as how budget numbers should be displayed or what interest rates should be used in discounting future costs, or something of that nature. A technical issue on which we could give you, on request, some alternatives and recommendations would be fine.

However, on matters of policy—such as how much stimulus there should be or whether a tax cut would be a good idea—we will assiduously refrain from making any recommendations to the Congress.

It is not that the law precludes us from that; I think that much restraint is probably not required by the law. In my judgment it is simply the appropriate policy for the CBO to adopt if we are going to be most useful to the Congress. Once we started making policy recommendations there would be no way to resist political pressure or the perception that we succumbed to political pressure.

DISPLAY OPTIONS

It seems to me the only way is not to do it. So, we will not be making any recommendations and have not done so. What we will do—when requested or in something such as our annual report—is to display options that the Congress might consider, whether it be alternative fiscal policies or alternative levels of the defense budget or what have you.

To avoid any suggestion of bias, clearly we have to present a broad spectrum of options. It doesn't make any sense to present only liberal ones or only conservative ones. We would like to present a balanced set of feasible options, not those that no one would support—but a set of options that command some support in the Congress.

We would appreciate any suggestions about whether we have in fact presented useful and fair options.

The September 17 report included a package of expansionary measures and a package of contractionary measures. We have been under attack from both sides. I think that our expansionary package wasn't expansionary enough and that our contractionary package wasn't contractionary enough.

But that is probably inevitable; all we can do is try to respond to that feedback and to requests for additional options, whatever they may be.

HARDEST PROBLEM

The hardest problem, however, is what we say about the options and whether we are unbiased in explaining the implications of implementing a particular option. To deal with this, I think first we have to have a competent, professional staff that lays out as best they can the implications of a particular policy, and, where there are great uncertainties—and there always are—to make clear what are the uncertainties and differences of opinion.

The only other thing that I think we can do to insure fairness is again to receive constant feedback from the committee and from the outside. We have tried to build that into some of our work. We have asked a distinguished group of economists to serve as a panel to react to our work in macroeconomics. That panel is chaired by Paul McCracken, former chairman of the Council of Economic Advisers; it includes a very broad spectrum of economic opinion.

It includes some academics, some other former chairmen of the Council, some economists working for banks, and business economists.

It may not have quite broad enough spectrum of views. Again, we would invite suggestions—within manageable limits—for additions to that panel. We will be establishing other such panels, too, of outside experts to react to our reports and to give us feedback on whether they are fair, whether issues have been overlooked and, indeed, to suggest other things we ought to look at.

PROBLEM OF THE PRESS

Finally, on the question of fairness, we have the problem of the press. The press likes recommendations. They are good copy. A report that comes out and says, "you might do this and you might do that," and which is very even-handed does not make a very good headline.

Chairman Muskie. It is wishy-washy.

Dr. Rivlin. Yes, and the news media don't like that. They will try to make a recommendation out of our findings. And, even if the reporter is fair, the headline writer will try to make a good headline and say, even when we didn't, that "CBO recommends."

I don't think there is anything we can do about that except try to keep emphasizing that we don't recommend, to put that fact in the first paragraph of every report. I will keep saying it, and eventually the point will get through.

But I don't think one can guard entirely successfully against the press misrepresenting what we do do. I think all we can do is try, and so far, though we have had some misrepresentation, I think the treatment of the CBO in the body of most of the stories about our reports has generally been good and fair, although the headlines haven't always been.

PRODUCING READABLE AND USEFUL PAPERS

Two other points very quickly. One problem is producing papers that are readable and useful to the Congress. Here again we need feedback. It is terribly difficult to get academics, scholars, and other knowledgeable people to write short and clearly. I think some suggestions from you would be helpful about what you have actually found useful or about where a report is too complicated.

Finally, there is the question of how we can be most responsive to what everyone in the Congress wants without becoming an answering service.

The Congress, after all, has the Congressional Research Service for answering quick queries. It is not our view that the CBO was created to be another CRS; we really have a more specific mission to do in-depth studies of the budget, to make the budget process work.

On the other hand, we must respond quickly to committees and to Members.

We are trying to organize a good process for that responsiveness under Stan Greigg.

We'll answer all congressional mail immediately. Our aim is to give some kind of an answer within 24 hours, even if it is an interim answer acknowledging receipt of your letter and letting you know when you'll get an answer.

DANGER OF BEING SWAMPED BY REQUESTS

We have not yet been swamped by requests but there is some danger, I think, that we will be. We will probably have to seek the advice and guidance of this committee, as our oversight committee, as to how to handle that problem.

Let me just close by saying that I think the CBO is here to be as useful to the Congress and to the budget process as possible. I would welcome all suggestions at any time from all of you on how to do our job better.

Chairman Muskie. Could I ask one question and I will then yield to my colleague. This question is on the Fed. There is the problem of the implications of the options you present. I gather that those who don't believe in Keynesian economics believe that the implications are Keynesian implications whether it is a conservative or expansionary option. I don't know how you get away from that.

Second, is it possible in the recruitment process to include people of these different schools of economic thought, still come up with an effective operation? If you get a monetrist and Keynesian both writing a report, can they write a report together? Isn't that a problem?

Have you really tried in your recruitment process, tried to balance the thing out so that those who have a different economic philosophy would feel that in your operation their point of view is given adequate consideration?

Dr. RIVLIN. Well, we have tried. We had Eric Severeid advertising for us on CBS News. I thought that might bring in a flood of——

Senator McCLURE. That is a very selective audience, however.

[Laughter.]

Dr. RIVLIN. I thought his remarks might bring in a flood of applications from conservative economists but as a matter of fact it has not.

CONFUSION IN THE CONGRESS

Let me discuss a couple of things if I may, Mr. Chairman. I think there is confusion in the Congress about some of the terms.

Being a monetarist is not necessarily synonymous with being conservative, with believing that there is too much Federal involvement. That view is well represented in the Congress and in many parts of the economics profession.

Monetarism is a different thing. Monetarists are hard to find because they have a very particular view of how the economy works, not just what is desirable policy.

I don't know whether it is a very important view. I think it has to be listened to but it is very, very difficult to find a pure monetarist. I don't think that Alan Greenspan is a monetarist—as far as I know, there is no monetarist on the Council of Economic Advisers. Arthur Burns is not a monetarist, and I don't know whether he has any on his staff. Most of the conservatives that I know are not monetarists.

Senator NUNN. Do you consider Milton Friedman to be a monetarist?

Dr. RIVLIN. Milton Friedman is a monetarist. He is the only one I know who is a pure monetarist.

NO TREMENDOUS DIFFERENCE

By and large I don't think there is really a tremendous difference in the way most economists—whether conservative or liberal—view the workings of the economy. They may differ about what economic policy ought to be. There are some differences but the idea that——

Senator DOLE. Are there any of the first category on your staff who believe that the less Government involvement the better? Are there any conservative economists?

Dr. RIVLIN. Yes, I think we have some. I am not sure how I would classify myself but I am somewhere in the middle.

Senator DOLE. There is one in there somewhere on your staff?

Dr. RIVLIN. Oh, I think we have lots——

Senator DOLE. Two?

Dr. RIVLIN. I think we have lots of people who are very skeptical about the size of Government, yes.

Senator DOLE. You mentioned the economist review panel, and Dr. McCracken. Did they meet and discuss the September 17 report, "Recovery: How Far, How Fast" before or after it was issued?

Dr. RIVLIN. After it was issued. We tried to get a meeting together in August but it was impossible to find enough economists for a quorum in August. They were all at the beach, so we had to shift the meeting to the end of September.

However——

Senator DOLE. What was their opinion on that after it was issued?

FAVORABLE OPINION

Dr. RIVLIN. I think it was a generally very favorable opinion. We have minutes of that meeting only for internal circulation. We promised them we would not quote them publicly but I think if you are interested, we could make it available.

Dr. RIVLIN. The general view of the panel and perhaps you should ask some of them, as I interpreted it, was that the report was a high quality, professional job. They had suggestions. We did talk about the outlook. There were a surprisingly small number, even from the business and banking community, who thought they were too pessimistic.

Indeed, the opinion about what might happen was, I think, more pessimistic than the CBO report in terms of straight outlook.

Senator DOLE. What about staffing? It is my understanding that there are 7 of the 24 slots in national security and international affairs category on board.

Is there any reason why that is the lowest staffing of any categories?

Dr. RIVLIN. Yes, the reason is that I filled that assistant director slot last.

John Koehler, who is our assistant director for that division, was the last of my senior people to be appointed. I did not want to move ahead to staff up that division until he got here, so it has simply lagged somewhat. We are moving quite rapidly now, though.

AREA OF SOME CONTROVERSY

Senator DOLE. That has been an area of some controversy, not involving you, but involving the committee and there have been editorials in the Wall Street Journal saying that we are tilted the wrong way and maybe we are but——

Senator NUNN. Excuse me on that point. Are you going to get a manpower expert in that particular area?

Dr. RIVLIN. Yes, we are. In fact, we have just hired one.

Senator NUNN. What is his name? What is his background?

Dr. LEVINE. I am trying to remember his name——

Senator NUNN. His name doesn't matter. What is his background?

Dr. LEVINE. He is working on military manpower for the Rand Corp. He will be with us shortly.

Senator McCLURE. Mr. Chairman, that——

Dr. RIVLIN. My General Counsel has reminded me that he was an Assistant Secretary of Defense for Manpower. We have indeed been calling on Alfred, for that as well as in his legal capacity to some extent. I believe that the defense manpower problems are—as you know—of extreme importance to the size of the Defense budget and that we have to have a strong capability there.

Senator McClure. Mr. Chairman, I was going to make the request earlier that fits in with this decision, that is, that if we could, I would like to have the résumés [4] of the top people, the people that you have mentioned here by name this morning, a résumé giving their background and probably the résumé of the top level of assistance to each of these persons so that we can take a look at the background and make our own evaluation of the balance of people that are involved.

Senator McClure. I would like to have an outline of those people selected to be on your panel of economic reviewers of our actions so we can look at that, too.

Dr. Rivlin. We have that information. It has been submitted to the committee and we can make sure that you each get it.

Senator McClure. Thank you.

CBO Panel of Economic Advisers, October 15, 1975

Professor Barbara Bergmann, Department of Economics, University of Maryland, College Park, Maryland 20740

Dr. Dewey J. Daane, Frank K. Houston Professor of Banking, Graduate School of Management, Vanderbilt University, 2025 West End Avenue, Nashville, Tennessee 37203

Mr. Robert J. Eggert, Staff Vice President and Chief Economist, R.C.A. Corporation, 30 Rockefeller Plaza, New York, New York 10020

Dr. William John Fellner, Resident Scholar, American Enterprise Institute for Public Policy Research, 1150 17th Street, N.W., Washington, D.C. 20036

Mr. Nathaniel Goldfinger, Director, AFL–CIO Research Department, AFL–CIO (Room #504), 815 16th Street, N.W., Washington, D.C. 20006

Dr. Walter W. Heller, Regents' Professor of Economics, Department of Economics, University of Minnesota, Minneapolis, Minnesota 55455

Mr. Walter E. Hoadley, Executive Vice President, Chief Economist, Bank of America (NT&SA), Post Office Box #37000, San Francisco, California 94137

Mr. Paul W. McCracken, Edmund Ezra Day University Professor of Business Administration, The University of Michigan, Ann Arbor, Michigan 48104

Dr. Carl H. Madden, Chief Economist, Chamber of Commerce of the United States, 1615 "H" Street, N.W., Washington, D.C. 20062

Dr. Arthur M. Okun, Senior Fellow, The Brookings Institution, 1775 Massachusetts Avenue, N.W., Washington, D.C. 20036

Mr. Leif H. Olsen, Senior Vice President and Economist, Economics Department, First National City Bank, 399 Park Avenue, New York, New York 10022

Mr. Albert Rees, Provost and Professor in Political Economy, Princeton University, Office of the Provost, 3 Nassau Hall, Princeton, New Jersey 08540

Professor Paul Samuelson, Department of Economics, Massachusetts Institute of Technology, Cambridge, Massachusetts 02139

Mr. Charles L. Schultze, Senior Fellow, The Brookings Institution, 1775 Massachusetts Avenue, N.W., Washington, D.C. 20036

Professor Robert Solow, E52–383B, Massachusetts Institute of Technology, Cambridge, Massachusetts 02139

Professor James Tobin, Sterling Professor of Economics, Department of Economics, Yale University—Box #2125 Yale Station, New Haven, Connecticut 06520

Professor Phyllis A. Wallace, Massachusetts Institute of Technology, Alfred P. Sloan School of Management, 50 Memorial Drive, Cambridge, Massachusetts 02139

Mr. Michael G. Wellman, Manager, Research Department, S. S. Kresge Corporation, 3100 West Big Beaver, Troy, Michigan 48084

Mr. Charles J. Zwick, President, South East Banking Corporation, 100 South Biscayne Boulevard, Miami, Florida 33131

Dr. Robert S. Browne, Executive Director, Black Economic Research Center, 112 West 120th Street, New York, New York 10027

---

[4] See p. 71.

WHAT IS EXPECTED OF THEM?

Senator DOMENICI. On that last score, could we, on your economic advisors, could we also have a synopsis of what you expect them to do?

Dr. RIVLIN. Certainly.

Senator DOMENICI. I know how you have used them to this point but I wonder how you intend to use them in the future.

Dr. RIVLIN. You can have a copy of the letter that I wrote them inviting them to join the panel. We will keep flexible, however, and see how the panel is most useful. I don't know whether it would be useful to have them meet several times a year or whether it would be useful to bounce drafts off them, or what.

Senator MCCLURE. Do you pay the panel, are they volunteers, or what?

Dr. RIVLIN. We pay their expenses and the modest consulting fee that is allowed by the rules of the Senate at the moment, if they accept it. Many have a personal policy not to take consulting fees from the Government.

Chairman MUSKIE. Senator Moss?

Senator MOSS. You mentioned that you were not to be an answering service and you talked about the congressional reference service. What sort of liaison do you have with them?

HELPFUL IN PROVIDING INFORMATION

Dr. RIVLIN. Yes. They have been very helpful to us in providing us with information; where they have strong staff capability in a number of areas they have helped us.

At the staff level we have had quite frequent communications. I have met with Lester Jason and with other members of that staff, and he has talked to our staff about what they can provide. I have talked to them about what the CBO is; I think it is a cordial, noncompetitive relationship.

Senator MOSS. Would you be comfortable then when a call came to you, to say, call the reference service on that?

Dr. RIVLIN. Yes.

ANOTHER MATTER

Senator MOSS. I have another matter regarding liaison and information. Our Senate Budget Committee staff, undoubtedly refers projects and matters to you which you are working on. I assume the House staff does, too.

Is there any way that our staff would know what you are doing for the House to minimize duplication and enable us to benefit to the fullest on such other projects?

Dr. RIVLIN. I think the informal communication has been quite good. We do have a list of everything we are working on now and we can make that available.[5]

There is, as you know, some question about whether a product done for one committee can be shown to another. We have to seek the per-

---

[5] See p. 47.

mission of the committee that requested the study before we can give it to anyone else. I think it is our general view that the Budget Committee should share information as much as is feasible and we have tried to push the committees in the direction of more sharing.

We come under citicism for that.

Senator MOSS. Would it be better if our two committees could arrange to sit jointly periodically while you briefed us or something of this sort? Would that tend to lessen the gap?

GIVE A JOINT BRIEFING

Dr. RIVLIN. If you thought that would be useful, we would be delighted to do it. I did suggest it at one early stage, as the chairman remembers, that we give a joint briefing on the report that we put out in June.

That did not occur, but we would stand ready to brief both committees or to conduct a seminar or discussion.

Chairman MUSKIE. The difficulty with that as we saw it was that with the number of members involved the opportunity for questioning is too limited. In addition the questions would be so scattered in a 1-day briefing. Now, if the Committee is meeting on a continuing basis, that is less difficult.

Senator MOSS. It might be well to have a followup by the committees separately with more questioning.

It seems to me if the committees rubbed shoulders a little bit, it might lessen this competitive factor to which you referred.

Senator DOLE. Mr. Chairman?

Chairman MUSKIE. Yes. Senator Dole?

Senator DOLE. Staff tells me that earlier on this year, generally the first draft of studies would come to the committee to look at it. More recently there has not been that communication.

Dr. RIVLIN. The first draft of the CBO study?

Senator DOLE. Yes. Earlier on this year or earlier on in your organization, it came back to the committee staff for input. I assume the members were involved.

Is that a change in policy now?

TWO REPORTS HAVE BENEFITED GREATLY

Dr. RIVLIN. No, I don't think it is even factual, Senator. Our two reports on the economy, one on June 30,[6] and one on September 17,[7] have benefited very greatly from what I can only describe as intensive interaction with the staff of this committee at all levels, including the minority side. Bob Boyd and Franklin Jones have been extremely helpful in commenting on those drafts, in addition to Doug Bennet, Arnie Packer and others.

Senator DOLE. As I understand it, there was about 38 staff studies under way now but only about 16 of these are resulting from initiatives of the Congress. The rest are self-directed by the CBO.

---

[6] CBO, "Inflation and Unemployment: A Report on the Economy," June 30, 1975, Washington, D.C.

[7] See footnote 2, p. 5.

The only question I have, it is my understanding the primary purpose of the CBO is to be responsibe to congressional needs and directions. But it appears here that more than half of these are self-initiated.

PRODUCE ANNUAL REPORT

Dr. RIVLIN. Well, one of the things that the law directs us to do is to produce an annual report on budget options.

Senator DOLE. Right.

Dr. RIVLIN. It seemed to us that the most useful way to make it responsive to what the Congress really wanted was to start interacting early with the Congress on that report.

It seems to me that the worst thing that could happen would be for us to write the report in the absence of comment from the Congress and for it to be a big surprise to all of you when you get it.

To avoid that, we wanted to start working on some issue papers about various parts of the budget that could be circulated as drafts for reaction from staff, from task forces of this committee, from the House committee, and from members.

It is for that reason that we initiated this series of what we are calling issue papers for the annual report.

Senator DOLE. Who determines that, is that your determination?

Dr. RIVLIN. Yes, sir.

Senator DOLE. And we will be given preliminary drafts?

Dr. RIVLIN. Drafts of parts of these are already circulating. It is not the whole annual report; we would swamp you if we circulated that. I don't think that *should* be circulated, but we needed a way to start communicating on what the budget options are, and what information is useful.

TREMENDOUS EFFECT

Senator CHILES. Mr. Chairman, I wanted to get in on that line of questioning, if I might, too, because it seems to me that regardless of how fair you're attempting to be, the very subject matters that you decided to study can have a tremendous effect.

Dr. RIVLIN. Sure.

Senator CHILES. And at some stage I would think that we ought to be, not at some stage, I mean at the early stage, at the beginning it would seem like that would be where a useful meeting would be taking place with the Budget Committees to determine what do we think are the areas as a policy that you should be studying. I just look at some of the lines of the items which you are studying, a lot of which I agree with, but I see that very much is going to dictate policy. While the law requires that you make the annual report, yes, but that annual report is for the benefit of the Congress and is to help the Congress in setting priorities and it seems to me that as we are the parent committee along with some of the others, that the dialog should be with us as to what are the areas of concern.

Dr. RIVLIN. Absolutely. I would be very happy to meet with the committee or with any members informally or in a formal way to discuss the outlines and topic headings of the annual report. I would love to do that. I think it would be extremely helpful.

NEED STUDY

Senator CHILES. We have broken ourselves down into task forces in here, and in line with our task forces and what we are doing, the task forces could say, you know, we need study on this because we only have certain staff and certain limited time. Maybe that annual report should be directed from our task force studies and what we come up with rather than what independently you all come up with over there or the people on your staff come up with as being interesting items to them to study.

Dr. RIVLIN. We have been interacting with several task forces—indeed a number of these studies come out of task force requests.

But I couldn't agree more with you, Senator. We started on some of the issue papers that Senator Dole has noticed so that we would have a way to say, "What do you think of this?" and "What else do you think?"

Senator CHILES. You got my attention when I read those issue papers.

Dr. RIVLIN. Good. Terrific.

Senator MCCLURE. I would like to supplement what you said, Lawton, that selection of the topics, the ones that get circulated first to the people, has its own sense of priority in the budget because it has a priority on the discussion.

TASK FORCE STRUCTURE IS LIMITED

I am not sure that we ought to adopt a legal task force structure because our task force structure is necessarily limited by the numbers of members that are involved and the numbers of staff we have involved and how we assign those individual things in priority. You will remember we had some debate for a while on some other task forces which might have been formed and would have had we been able to spread ourselves over all those topics.

Senator CHILES. Oh, yes.

Senator MCCLURE. But we did not do that. I think it would be a mistake not to have the CBO working in those areas where we did not set up task forces.

Dr. RIVLIN. And of course the House has task forces, too. They are not coincident with your own, though some of them are.

Senator CRANSTON. If I may comment, Mr. Chairman, it seems to me that CBO is in part anticipating what we are going to need, what we are probably going to request if we are wise enough to request it. It is good for them to be thinking of all the areas that must be taken into account. That is what they are doing when they take these steps on their own initiative and I applaud that.

Senator MCCLURE. I don't disagree with that at all but I think it would be wise if we could sit down and help develop the study agenda.

Senator CRANSTON. Yes; I agree.

Senator CHILES. That is what I was thinking. I was thinking it would be helpful if you would come and bring a shopping list of what your people feel are areas and then of course we have our interests, too, but whatever we come up with on that list I am sure again does dictate policy.

MORE COMPREHENSIVE STUDY MAY BE NEEDED

Senator DOLE. My point was there might be an area where we might want to reject or direct even a more comprehensive study by the CBO. If we don't see it until we get the annual report, we will be surprised. Then you might be surprised. [Laughter.]

Dr. RIVLIN. I think that is right. That is the point of trying to start the interaction early.

Senator DOLE. But we ought to have a chance at least to say we don't believe this is a proper effort by CBO. Are we going to have that opportunity?

Dr. RIVLIN. Well. that is an interesting question. If you wanted to veto our looking into something, I would want to resist that. The report is our report, as stated in the statute. But I doubt that that is an area of conflict that——

Senator DOLE. I don't think it is either but if you are working on 38 studies and 22 were initiated by the CBO, there may not be resources available to the committees in the House or Senate for studies by CBO. You have them all wrapped up in your own studies. Then you really are not responsive to the Congress and the Budget Committees.

TRYING TO BE RESPONSIVE

Dr. RIVLIN. We are trying to be as responsive as we can to all committees. I don't think the way to do that is to have a staff that is unemployed until somebody asks them a question.

If we were to try to hold people back and say. "Don't do anything until the Congress asks us," I don't think we would be in a position to give you a high quality product.

Chairman MUSKIE. I agree with that. There was a reason why CBO was created as an independent office. Of course, their primary responsibility is to respond to the Congress. When you talk about vetoing an initiative generated within the CBO, I mean who is going to have that veto? The Budget Committee? Which Budget Committee? Appropriations Committee? Or which Appropriations Committee? Ways and Means Committee? The Finance Committee? Both together, or the Congress as a whole, or the Senate as a whole, or individual Senators who may not like something on the list of 38 items?

I think what you are trying to do is develop a process here with inputs of course from those of us who are representatives of the people. It is our responsibility, and this process is supposed to respond to the needs of the people of this country and of the Congress specifically.

But I think that we also created you to do some thinking and not just answering our mail and——

Senator McCLURE. You mean you don't have to think to answer mail? At least from Congress?

[Laughter.]

Chairman MUSKIE. No, all I would like to suggest is if your thinking is circumscribed by what occurs to a Congressman to ask you, it is not going to be necessarily comprehensive or wide ranging. I mean. Sears, Roebuck people have a mail order department, but they don't wait for those orders to come in before they decide what to manufacture.

Senator DOLE. You get all kinds of goods there, too. You don't get the same package each time.

INTERESTS ARE TO RESPOND

Chairman MUSKIE. That's right. You don't get the same package each time but I think everything that has been said is pertinent. Your interests are to respond to congressional requests but I would not like to see it reach the point where you are discouraged from thinking on your own, independent of congressional inputs. I doubt that anybody around the table means that.

Senator DOLE. No; I just don't want to be shut out—or crowded out, is that the term?

[Laughter.]

Senator DOLE. So there is nothing left for the committee.

INDEPENDENT THINKING

Senator CHILES. I certainly agree with your remarks on that, Mr. Chairman. We do want their independent thinking. I was kind of laboring under the impression as we have been told earlier, that the CBO is staffing up, we are waiting on them to get staffed up and we are doing things ourselves and kind of using our committee and I didn't realize they had gotten staffed up to this point and when I see they have an agenda and this report will be due on this day, and this one on that day, and all down through the list, and I don't feel that we have had a lot of input in what reports, what studies were going to be made and what studies were being made. I wish I had known somewhere along the line they had gotten staffed up and that they were off and running.

While I think they certainly should be independent, I think independent is in the judgment that they make and the calls that they make and studies they make, but, on the other hand, we said when we were going through the budget process that one of the big reasons for it was that the Congress over the years had not done anything in oversight and certainly I think that of all committees we do have to have some responsibility for oversight and this in effect means management and that you are having a direction in that.

I am just glad we have had the meeting today. At least now I know they are off and running.

DIFFICULT COURSE

Chairman MUSKIE. Well, it is a difficult course for any one of us to keep a day-to-day eye on what is happening in a growing agency like the CBO. They started late, in large part, because it was difficult for the two Houses to get agreement on who should be the director.

The statute is very specific as to what they have to be prepared to do next year. I think there was an assumption all around that they had to gear up for next year with the current services budget coming up in November.

Third, we as a committee, along with the House Budget Committee, have initiated 20 requests, to the CBO and that number is included, I gather, in the 38 studies that you are now doing. So we have had an input.

Dr. RIVLIN. You have been our biggest client so far.

Chairman MUSKIE. Yes; I think we have.

So maybe we need to satisfy the needs of each member of the committee. There ought to be some more ongoing kind of window that would enable members to see what is happening there and a better opportunity for communication. I certainly would encourage every member of the committee to become familiar.

BROAD IDEA

Senator CHILES. I think it would be helpful for the Budget Committee if these different task areas of the CBO would come before us and give us some kind of a broad idea of if the national security and internal affairs division would come in and each one of them, you know, would come and give us some idea as to how they see what their studies are and what their jobs are and what their resources are.

It is one thing to try to read a broad thing, it is another to have an interaction with those people.

Dr. RIVLIN. Well, we would be delighted to do that. We recognize that you are busy people and that scheduling all these things might not be easy. Even if we could not meet with you all, we would be just delighted to brief you individually on any aspect that interested you.

Chairman MUSKIE. I would really encourage you to do that because it is difficult to find hearing dates that will accommodate all of these things. We have had to crowd in your task force hearing, three other task forces, and the hearings preparatory for the second concurrent resolution. We have had to squeeze this hearing in between the August recess and the latter part of October. Although more oversight hearings would be great, I don't really know how we could have squeezed them in in this period and at the same time accommodated all the other pressures to which we are all subjected.

Dr. RIVLIN. This hearing was originally scheduled for July and then rescheduled. I think that was unfortunate because we might have been able to give you information sooner. I am only here today because Henry Kissinger canceled.

MEMBERS ARE INTERESTED

Chairman MUSKIE. I am delighted that members are interested, and obviously they are. I think at staff level perhaps we can expand the contact and we will try to hold more oversight hearings as we go along. If you can distribute to individual members the outlines of the areas in which you are working, and which we can expect reports and studies, that will at least inform every member of the committee who may be interested in pursuing one or another of these studies in the development stage.

Dr. RIVLIN. We would be delighted to do that.

Senator DOMENICI. Mr. Chairman, just one question with reference to the studies for the annual report. Then I would like to leave written questions to be answered.[8] I think we need a little more in-depth questions and I have some but I think we will just forget them for now and submit them, if the Chair will permit.

Chairman MUSKIE. Of course.

Senator DOMENICI. It seems that Senator Dole's question could have to do with special studies for the annual report. It has to do with others besides that, but it seems to me since they have to give us an annual report as a matter of law, that maybe we ought to very specifically ask that studies that they are now contemplating with reference to the annual report that they submit those, outline them for us and they be made part of this record so we will know which ones of their various studies are for the annual report and as soon as they know others that they submit them to the committee, not by way of anything formal.

[The material referred to follows:]

LIST OF PROJECTS FOR ANNUAL REPORT

ENERGY AND NATURAL RESOURCES

A. Transportation:

(1) Take railroad reorganization plan and summarize it for members and staff.

(2) Think piece on alternatives in the transportation area.

B. Energy:

(1) Basic Analytic impact matrix of energy problems.

(2) Deregulation of natural gas.

(3) Study of alternatives of coal use. a) short run problems involve the conversion problem, and b) long run problems (or alternatives) involve 1) coal vs nuclear fuels and/or 2) coal vs synthetic fuels as alternatives to petroleum.

(4) Study of windfall profits associated with decontrol of oil.

HUMAN RESOURCES—SHORT TERM STUDIES

B. Community Development: (1) Analyis of alternative funding levels for Community Development block grants.

C. Income Assistance:

(1) Non-technical basic explanation of Social Security financing.

(2) Social Security-long turn effects of proposed short term remedies.

(3) Analysis of possible changes in SSI.

D. Health:

(1) Assessment of health care cost increases in the post stabilization era.

(2) Study of the effect of Federal HMO legislation on the growth of this mode of health care delivery.

(3) A review of the current legislative alternatives for health profession student assistance programs.

MANAGEMENT PROGRAMS

(1) Study of civilian employee compensation.

(2) Study of postal operations (preliminary stage to be a review of what is already being done in this area on the Hill and the status of analysis of the various budgetary issues.)

(3) Information piece on: a) number of federal employees, b) issues involved in contracting out, c) productivity and d) other aspects of a federal employment profile.

(4) Enforcement and audit programs of the Treasury.

(5) No-fault insurance and its impact on the government.

---

[8] See p. 81.

NATIONAL SECURITY & INTERNATIONAL AFFAIRS

A. Defense:

(1) Study of the Defense Department's budget process (and what actually happens).

(2) Study of the budget issues (size and mix) involved in the modernization of the Navy.

B. International Affairs: (1) Study of commodity Prices (beginning with status of various proposals).

TAX POLICY

A. Tax Expenditures:

(1) The tax expenditure concept and its implications.

(2) Paper dealing with tax expenditures and the need for capital formation. Paper will also speak to the integration of corporate and individual tax structures.

DIFFERENT SUBJECT

Senator DOMINICI. That way we get the problem behind us that we don't get surprised with no special studies being included in that report. The others have to do with a completely different subject. But on that one we ought to know what they are now and as they add to them, we ought to be informed on them so we are not caught by surprise and contrarywise so we as a committee could ask for additional ones if desired.

Chairman MUSKIE. Do you see any difficulty with that?

Dr. RIVLIN. I see no difficulty except the committee should recognize that we are feeling our way, that some issues that seem important may indeed not be. We are putting together an outline of the annual report to get reactions, and that outline will change.

We are happy to give you a picture of where we are at any particular moment but as we interact with this committee and others we will change what it is that we think we ought to be doing. I don't want to be locked into concrete.

Senator DOMENICI. I did not mean that at all.

Chairman MUSKIE. But you know what will happen. If there is a tentative outline now and some item in response to this process a month from now is dropped without any invidious motivation at all, the dropping of that item might, you know, generate a whole debate about who's trying to do what to whom. Or the addition of an item down the road would have the same effect. If you treat it as a fluid kind of thing that will change, then I think what you suggest is good.

Dr. RIVLIN. I can't imagine anything better than your interest in what we are doing and in our annual report, or than your willingess to interact with us. I am just delighted.

TIMELY AND SUBSTANTIVE RESPONSES

Senator CHILES. Mr. Chairman, one other thing. On the Office of Information, when I was looking and I see one of the most important functions of the Office of Information will be to supply Members of the Congress with timely and substantive responses to inquires concerning general budget issues.

Now, I understand that and I listened to your testimony about trying to get a rapid response, but if we want to know something specific in one of these areas, we won't be routed through the Office of Information, will we? We can go directly to your——

Dr. RIVLIN. You can go directly to an asistant director or you can call me. But internally, the Office of Information will keep tabs on whether your question gets answered.

The assistant directors and I report into the Office of Information when we have requests and inquiries, so we have some central record of what we are doing.

CANNOT DEAL DIRECTLY

Senator CHILES. I just did not want to see us setting up like some of the executive agencies have, we get to their congressional liaison and we can't go beyond that, we can't deal directly and that gives me a lot of problems.

Dr. RIVLIN. No, sir, we are not an executive agency. We are here to help you.

Senator MCCLURE. Mr. Chairman?

Chairman MUSKIE. Yes?

NOT AN ADVERSARY PROCEEDING

Senator MCCLURE. First of all, I don't want this to be understood at any point as initiating an adversary process either within this committee or between the Congress and the CBO. I think we are trying to find ways in which it is not an adversary proceeding.

But in spite of that there are differences of opinion. Sometimes those become injected into an adversary process. I only mention a couple of numbers because I think it is within the context of trying to limit the conflict and maximize the interaction.

We have within this committee some 60 to 70 professional staff members, 10 of which are minority professional staff. The others are majority professional staff.

Chairman MUSKIE. We don't have that many professionals. We have 65 total, about 38 professionals.

Senator MCCLURE. Well, that is close to 40.

Chairman MUSKIE. It's close to 35, too.

Senator MCCLURE. But I am closer than you are.

But then when we look at the comparison between this staff and CBO, it is obvious that CBO has more personnel.

TRY TO RECOGNIZE TENSIONS

So it is important that in each case we try to recognize the tensions that will inject a higher degree of adversary nature than should be injected. I realize you have a problem. It is inherent in any decision-making process, inherent biases in the structure.

One of the reasons I suggest that it is there, in looking at some of the papers that have been put out already, it sems to me that we are already restricting ourselves to the analyses which deal with computer models which are constructed on historical bases. That limits the range of options and I think if anything, I would criticize the fact that it is based upon historical analysis when historical analysis is only, in itself, a very narrow range of options.

I think we have to broaden the computer models with which we are working, so that we have more options presented to us.

Dr. RIVLIN. Well, I agree with that. I think this has got to be the most difficult moment in history to forecast the economy.

Senator MCCLURE. You face backwards and hold a mirror up to see where you are going.

Dr. RIVLIN. But as far as I know, there is no way to say anything about the future except by looking at what has happened in the past. You can look at it in terms of the gut reactions of the old codger who has looked at the world for a long time and feels he knows how it will go from here, or you can try to systematize it more in terms of equations and models.

We have a good deal of skepticism about models—as I think anybody does and should have right now—on the other hand, there really is not an alternative for making projections about what the economy might do. You have to make some decisions. There is no alternative to making judgments about what the various models of the economy have to tell us about the past.

The interesting thing to me now is that, despite all the uncertainty and all the caveats that all of us have in our minds, there is not a great deal of disagreement about the near-term projections of the economy. It rather amazes me that the unanimity is so great at the same time when the uncertainty is so great.

NOT FAR APART

The administration and the CBO are not far apart on near-term projections. Nor are the major banks and businesses that do this kind of thing. We may all be wrong.

We may all be surprised.

Senator MCCLURE. But the option papers we have had have been limited to computer models in which we did look at a rather traditional range of options based upon past experience assuming the future experience was going to be similar to past experience within that range of options without saying we are involved in quite a different situation.

Historical precedent does not necessarily guide us in this case.

Dr. RIVLIN. We have said frequently that it is a time of great uncertainty. In fact our June 30 report was so sprinkled with caveats and expressions of uncertainty that we came into a litle bit of criticism for having repeated ourselves too often.

But I know of no alternative to looking at the past. We have no crystal ball, nor do you. We simply must, as sensibly as possible, look at what has happened and try to make some judgments about what might happen.

ANOTHER RANGE OF OPTIONS

Senator MCCLURE. Don't misunderstand. I think we must look at the past and what the past tells us gives us a range of options based upon past experience, but there ought to be another range of options that would indicate that maybe the past experience is not going to fit the future.

Chairman MUSKIE. Well, what is the source of those options?

Senator McCLURE. Judgments, I guess. It is a little like driving a car, determining where you are going to make the next turn by looking in a rear-view mirror to see where you have been to determine where the next corner is going to be; but maybe the highway builder is going to build the highway a different way in the future than they did in the past.

Dr. RIVLIN. I don't think that is quite the right analogy, if I can pursue it. I see where I am going to go, and from past experience, I can see that if I were to turn the wheel a little this way, the car will go that way. But I am never quite sure because the steering mechanism isn't all that great. We are now, all of us, in control of a steering mechanism whose properties we don't know a lot about.

SAME SKEPTICISM

Chairman MUSKIE. Well, of course, these economic models are supplemented by the witnesses who come here. We get the same skepticism about the models from Alan Greenspan as we do from Senator McClure. As a matter of fact, we get it also from Senator Muskie.

Dr. RIVLIN. You get it from Alice Rivlin, too.

Chairman MUSKIE. If you are going to form judgments independent of these models—and you should be willing to—you have to draw upon some data base in order to form those judgments. You may put them together differently than the economic models do and I have some skepticism as you do in that respect, but I think the hearing process, perhaps if we use it well enough, plus the panel of economic advisers to which Dr. Rivlin has referred, are two sources of injecting the judgment and capability, I think, that you have in mind.

REACTIONS ARE DIFFERENT

Senator McCLURE. I don't mean to pursue this ad nauseum at all or to continue this analogy business too far, but I guess what I would say is when past experience would say you pull the wheel a quarter turn, and certain things happen, what I would say is that that is different at 30 miles an hour and at 60 miles an hour. The reaction may be different because the velocity is different.

I think that is one of the things we need to keep in mind when we look at our present or future actions, is that the circumstances are not the same, therefore reactions are different.

Dr. RIVLIN. Oh, I agree, and I do think it is very difficult, at this stage of the economy, to have any certainty about how the past might repeat itself.

If I have not made that clear enough, let me say that I subscribe to that. It is an era of uncertainty.

Chairman MUSKIE. Well, are there any more questions?

[No response.]

Chairman MUSKIE. Alice, thank you very much. I was delighted that so many members have shown up this morning to what would normally be regarded as a dull oversight hearing.

In fact, we have all been interested in what you are putting together and what it means, and I think it is all a very healthy thing. I am all for this maximum interaction.

Dr. RIVLIN. Me, too.

Chairman MUSKIE. We do have to be a little concerned about the paperwork and time consumption that can be generated by wasteful interaction but that is something we will just have to watch. I don't want both your staff and ours writing letters so much of the time that neither does any other work. But I think that is something we can watch and be careful about and you know that you have our good wishes and that we appreciate what you are doing. We expect you to be independent but cooperative. [Laughter.]

Thank you very much.

Dr. RIVLIN. Thank you.

[Whereupon, at 12:24 p.m., the committee adjourned, to reconvene at the call of the Chair.]

APPENDIX

60-845 O - 75 - 4

THE CONGRESSIONAL BUDGET OFFICE: A STATUS REPORT

Alice M. Rivlin

Director

July 15, 1975

This is a report on the Congressional Budget Office (CBO)--a non-partisan agency designed to provide the Congress with information and analyses it needs to make informed decisions about budget policy and national priorities. The report discusses CBO's missions and responsibilities, describes our initial activities, and outlines how we are organizing and staffing to assist the Congress.

The Job of the CBO

The Congressional Budget and Impoundment Control Act of 1974 sets a new foundation for budget decisions in the Congress, by reorganizing the budget cycle and creating three new institutions: the budget committees of the House and Senate and the Congressional Budget Office. CBO's mission is to provide to the Congress detailed and accurate budget information and studies of the impact of alternative policies and, thereby, to help Congress implement the new budget process and make informed budget decisions. The law makes clear that the CBO is to have a non-partisan, highly professional staff; that it is to provide a wide range of fiscal and budget information and analysis; and that its services are to be available to the budget committees and all other committees and members as well.

The Act spells out some general and specific jobs for CBO (listed in Attachment A) that fall into three general categories:

(1) Monitoring the economy and estimating the impact on it of government actions.

The Act puts the Congress squarely in the business of making decisions on fiscal policy--of deciding the amount of government surplus or deficit appropriate to the state of the economy in the next fiscal year. The CBO is to provide background for these fiscal policy decisions in the form of frequently updated forecasts of economic activity and the best possible estimates of the impact of alternative levels of surplus or deficit on the price level, the unemployment rate and other economic indicators.

(2) Improving the flow and quality of budget information.

Under the new process, the Congress sets its own budget targets in the First Concurrent Resolution on the Budget and needs to know thereafter how closely it is adhering to these targets. Hence, an important job of the CBO is "scorekeeping"--providing frequent reports on how actual actions of the Congress relate to the targets and what the effect of potential actions would be.

The Act also requires the CBO to provide four kinds of fiscal forecasts:

(a) Annually, "as soon as practicable after the beginning of each fiscal year," a 5-year projection of budget authority and outlays, revenues and tax expenditures, plus the projected deficit or surplus, year by year.

(b) For every committee bill providing new budget authority (typically, an appropriation bill), a 5-year projection of the outlays which will result.

(c) For every committee bill providing new or increased tax expenditures (e.g., an increase in the dividend exclusion), a 5-year projection of the resulting losses of revenue. Both in this and in the case of outlay estimates under (b), the actual projection is to be made by the reporting committee "after consultation" with CBO.

(d) For every other public bill reported from committee (except from the appropriations committees), a 5-year estimate of the costs to carry out that bill. In this case, the CBO estimate must be included in the committee report if furnished in time.

We expect eventually to include 5-year forecasts with the periodic scorekeeping reports, so that the Congress will have before it, in aggregated form, both the short and long term budget implications of enacted and pending legislation.

(3) Analyzing the costs and effects of alternative budget choices.

The new budget process anticipates that Congressional decisions on budget matters will be improved if they are made with as much information as possible about the alternatives available and the future consequences of each. Hence, an important job of CBO is to provide staff capable of analyzing budget choices and arraying the costs and probable effects of each in comprehensible fashion. The Act requires that CBO prepare an annual report analyzing not only the alternative levels of outlays, revenues, and tax expenditures, but also "alternative ways of allocating budget authority ... among major programs and functional categories, taking into account how such alternative allocations will meet major national needs and affect balanced growth in the United States."

We hope this annual report will be useful to the budget committees in formulating the First Concurrent Resolution on the Budget. We hope that it will also be useful to the other committees in formulating their budget views which are submitted annually to the budget committees. We plan to make it a readable public document which will illuminate the major budget choices that the Congress will face.

The Act also makes clear that CBO is to provide information and analysis of budget choices at the request of the budget committees, the committees on appropriations, ways and means, and finance, and also to other committees and members.

Initial Actions and Projects

It seemed sensible for CBO to give priority to the services that would be required as soon as the First Concurrent Resolution was passed; namely, scorekeeping and a capacity to monitor the economy.

Fortunately, CBO inherited the small but able staff of the Joint

Committee on the Reduction of Federal Expenditures which has been putting out scorekeeping reports for many years. While continuing these reports, CBO has been working with the budget and appropriations committees to develop a revised format to meet the needs of the new budget process. The essential change is that the score must now be kept with respect to the Congressional budget (by major functions) rather than with respect to the President's budget. The first CBO scorekeeping report using the new format was issued in July; there will be frequent updates.

A staff of economists with experience in economic forecasting and fiscal and monetary analysis has been assembled to assess the condition of the economy. This staff has already produced a report on the economic outlook which was issued on June 30. A similar report that will be available in early fall is underway. We are also preparing a report on the timing, effectiveness and inflationary impact of different kinds of temporary fiscal measures to increase employment (such as accelerated public works, public service employment and anti-recession grants to state and local governments).

Another staff group of economists, policy analysts and defense program experts began its first assignment for the budget committees in July, conducting a study of the treatment of price changes in Defense Department budget requests and many of the professional staff have begun to work with the budget committees' task forces and, increasingly, with other committees as well.

In addition to these immediate tasks, CBO is gearing up to produce information and analysis for the FY 1977 budget cycle--the first cycle in which the Act will be completely implemented and the CBO fully operational. The budget cycle begins on November 10, 1975 when the President sends to Congress the current services budget required by the Act. The current services budget will be a base-line budget that assumes no new policies are implemented. CBO, in consultation with the budget committees and the Joint Economic Committee and others, has been working with the OMB in an attempt to see that the current services budget is as useful as possible to the Congress.

CBO is required to develop in the fall five-year projections of budget authority and outlays, revenues and tax expenditures, plus the projected deficit or surplus, year by year. We expect to structure the projections so that they will permit easy comparison with both the Second Concurrent Resolution ending the previous budget cycle, and the President's current services budget.

CBO has diverse and complex responsibilities in the establishment of an automated system for meeting the budget information needs of the Congress. Such a system will take several years to fully develop, but we have thought it important to get started immediately.

The American Management Systems Corporation (AMS) has been working under contract to CBO for the past two months to develop preliminary specifications for an automated budget information system. AMS has met with a number of Congressional committees, CRS, HIS, the House and Senate Subcommittees on Computer Services, OMB and GAO in order to develop a description of data needs, data sources, and the availability of computer hardware and software. While the Congressional Budget Act of 1974 authorizes CBO to acquire its own computer equipment, we presently do not intend to do so if existing Congressional facilities can suffice.

CBO also plans to work with GAO to develop a legislative classification system that will relate the budget to authorization statutes. This effort will build upon work previously undertaken by the GAO.

We are also staffing to provide the analysis for CBO's annual report on the budget, the first of which will be issued early in 1976. Initial efforts to define the scope and content of that report are underway.

Organization, Staffing and Facilities.

The CBO has a variety of related responsibilities requiring a staff with a mix of analytical expertise and practical budget experience. It needs economists, lawyers, and other professionals who know how government programs work (or don't work). Above all, it needs people who think clearly, write comprehensibly, and are able to present different points of view fairly and without bias.

The challenge of the new budget process and the creation of CBO have created widespread excitement and interest among budget experts and policy analysts all over the country. We have been contacted by many able people who would like to work at CBO. In addition, we have sought out good people vigorously and have tried to find people whose background and experience complement each other. Besides the core staff, we have launched a Visiting Scholars Program to give us access to some of the best minds in the country among those who are not able to come here permanently.

As the tentative organization chart (see next page) and preliminary staffing plan (see Attachment B) show, we have organized CBO to accomplish the tasks specified in the law and avoid a complicated structure. Brief descriptions of each staff, its responsibilities and key personnel are given in sections which follow.

Our physical facilities are temporary and in the midst of transition. CBO's main office is in the basement of the Carroll Arms Hotel, at the corner of First and C Streets, Northeast. We also have parts of the staff located in offices in several other buildings nearby. Very soon we hope to begin moving CBO staff to its permanent quarters at the federal building located at Second and D Streets, Southwest, and we plan to assemble the entire staff there by late fall.

Office of the Director and Deputy Director

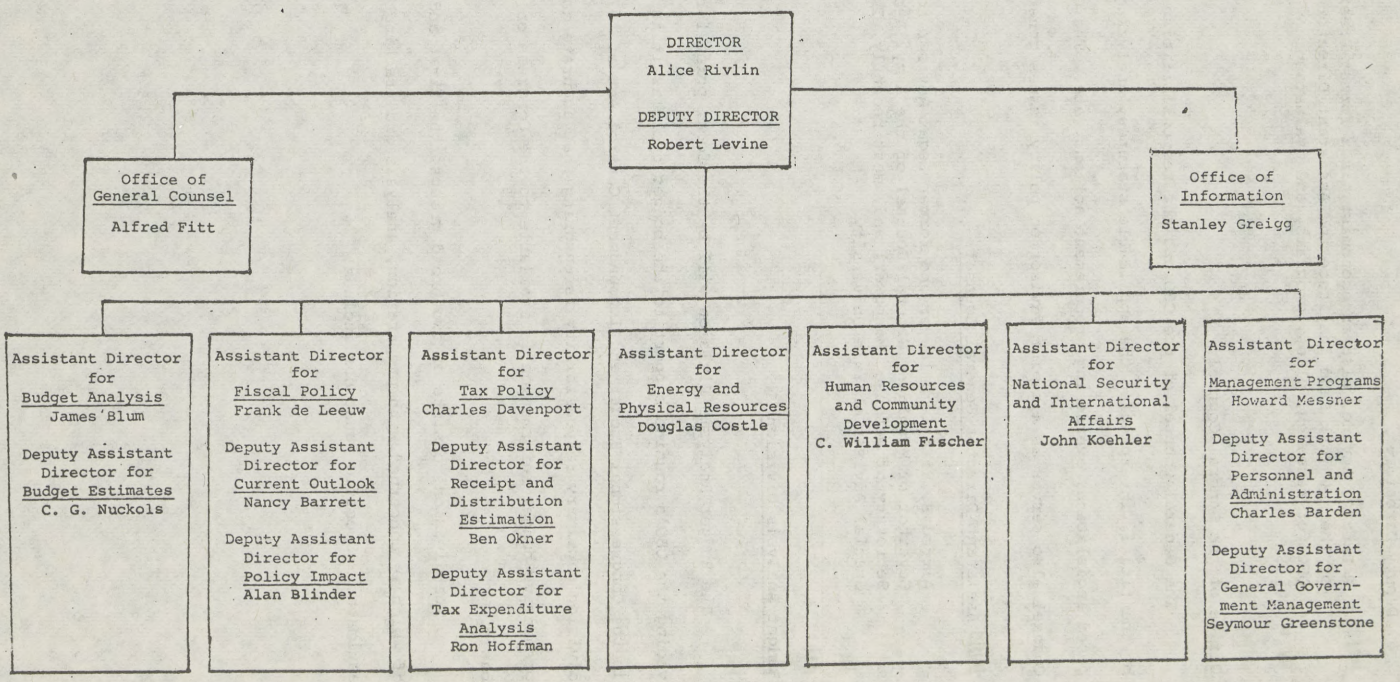
The Director bears full responsibility for seeing that all the duties of the organization are performed effectively and in a manner most useful to the Congress. The Deputy Director, whose position is also specified in the Act, will assist the Director in the overall management of the organization and will act for the Director in her absence. The Deputy Director's special responsibility will be the preparation of CBO's annual report on budget alternatives, to which all parts of CBO will contribute.

Director:

Alice M. Rivlin is an economist and was formerly a Senior Fellow at The Brookings Institution and an Assistant Secretary of HEW.

CONGRESSIONAL BUDGET OFFICE

DRAFT
Tentative
Organization Chart
July 16, 1975



Deputy Director:

Robert A. Levine, also an economist, is a former President of the New York Rand Institute and Assistant Director of OEO for research, plans, programs, and evaluation.

Office of the General Counsel

The General Counsel of the CBO has the responsibilities implied by the title: interpreting the applicable statutes, analyzing proposed legislation, overseeing procurement actions, etc. The General Counsel also serves as a senior advisor on policy issues generally.

Assistant Director-General Counsel:

Alfred B. Fitt is a lawyer and former Legal Adviser to the Governor of Michigan, General Counsel of the Army, Assistant Secretary of Defense (Manpower) and, most recently, The Special Adviser at Yale University.

Budget Analysis Division

The Budget Analysis Division will be the focal point for providing the CBO's routine support to the budget cycle as it is defined in the Congressional Budget and Impoundment Control Act of 1974. The division's primary responsibility is ensuring that accurate and comprehensive budget information is available to the Congress on a timely basis.

The division consists of two broad groups, the first and larger of which is concerned with preparation, analysis and tracking budget estimates. Specific functions include:

(1) Budget scorekeeping - the provision of periodic reports comparing Congressional actions affecting the budget with the limits set in the concurrent resolution, the President's budget and other indices of government activity (Sections 308 (a) and (b);

(2) Cost analysis of pending legislation - the development of cost estimates for bills and resolutions reported by the authorizing committees in the House of Representatives and Senate (Section 403);

(3) Five-year projections - preparation of five-year projections of Congressional budget action (Section 308(c));

(4) Current services budget - We anticipate that CBO will be asked to help in the analysis and modification of budget authority and outlay estimates shown in the current services budget submitted by the President, to insure accuracy of the estimates and to provide comparisons to prior year budgets (Section 605).

The second group of the Budget Analysis Division is concerned with the budget process, budget concepts, and the automated information system. It will assume CBO's statutory responsibilities in the areas of budget terminology (Section 502), studying the feasibility of advance appropriations (Section 502(c)), and support to the budget committees in their continuing studies of additional budget reform proposals (Section 703). In addition, this group will be responsible for the development and improvement of the automated system for meeting budget information needs of the Congress and for undertaking the legislative classification work relating the budget to authorizing statutes.

The Budget Analysis Division should be fully staffed by the end of the summer. However, staff will be available to begin the cost analysis of pending bills later this summer. By August 1, the division will be prepared to respond to committee requests in connection with impoundment issues raised by the President or identified by the Comptroller General.

Assistant Director for Budget Analysis:

James L. Blum, economist and budget analyst, is a former Deputy Director of the Council on Wage and Price Stability, Deputy Assistant Secretary of Labor for planning and evaluation, and assistant division chief of the Office of Management and Budget for education and labor programs.

Deputy Assistant Director for Budget Estimates Branch:

C. G. Nuckols, cost analyst, is a former head of the Program Cost Analysis Division, Office of the Secretary of Defense.

Fiscal Policy Division

The Fiscal Policy Division analyzes the condition of the economy, including inflation, unemployment, production, incomes, and credit. It prepares projections of the economic future and develops measures of how the future would be altered by various economic policies or development.

The division staff will produce information on the economic outlook over the next several years, including quarterly projections of major economic aggregates, written reports, testimony, briefings, etc. The staff will draw on at least four kinds of information:

(1) Current information about the economy,

(2) Current information about economic policies,

(3) Forecasts from econometric models and other sources, and

(4) Policy "multipliers" modifying these forecasts on the basis of alternative economic policies.

The division plans to develop the capability of measuring the impact of alternative policies, not only in its scheduled written reports to the budget committees, but also on short notice as requests are made.

Assistant Director for Fiscal Policy:

Frank de Leeuw, economist, is a former section chief, Federal Reserve Board; Senior Staff member, The Urban Institute; and author of articles on economic policies, models of the economy, and housing.

Deputy Assistant Director:

Nancy Barrett, economist, is a Professor and Department Chairman at The American University (on leave to work at CBO) and the author of articles and books on the economy and economic policies, including a widely-used textbook on macroeconomics.

Deputy Assistant Director:

Alan Blinder, economist, is an Assistant Professor at Princeton University (on leave to work at CBO this summer) and the author of articles on macroeconomic theory and economic policies.

Tax Policy Division

The Tax Policy Division is responsible for revenue estimation, analysis of tax expenditures, and studies of the incidence of alternative tax structures. The division will consist of two parts. The receipt and distribution group will work closely with the Joint Committee on Internal Revenue Taxation and Treasury, and will prepare the revenue and receipt estimates required in the CBO annual report (Section 202(f)) and the five-year projection (Section 308(c)).

The tax expenditure group will carry out tax expenditure analysis required for new tax expenditure legislation (Section 308(a)) and the annual report, and will work closely with the House Ways and Means

Committee, the Senate Finance Committee, and task forces on the budget committees.

Assistant Director for Tax Policy:

Charles Davenport, lawyer, formerly served on the legal staff of the Assistant Secretary of the Treasury for Tax Policy, taught at the University of California, and recently served as Project Director for the Internal Revenue Service Project, Administrative Conference of the United States.

Deputy Assistant Director for Receipts and Distribution:

Benjamin Okner, economist and until recently a Senior Fellow of The Brookings Institution, is a former staff member with the Treasury Department and the Council of Economic Advisers.

Deputy Assistant Director for Tax Expenditure Analysis:

Ronald Hoffman, economist, is a former Deputy Director, Division of Economic Studies, the Social Security Administration and a former staff member of the Council of Economic Advisers.

Division of Energy and Physical Resources

The Energy and Physical Resources Division will be responsible for preparing comprehensive analyses of possible budget alternatives in the areas of energy, environment, natural resources, science, agriculture and rural development, commerce, transportation, and communications.

Working with committee members and their staffs, the division will provide Congress, in the annual report and other studies, with a range of budget options in each area, with analysis of their implications and their inter-relationships. The division expects to provide Congressional committees with careful assessments of potential budgetary problems and alternatives, not just in regard to the upcoming fiscal year, but projected forward for several years into the future. Such analyses will form part of each of CBO's annual report to the Congress. Finally, the division will provide information and conduct special studies at the request of the budget committees and other committees and members.

Assistant Director, Energy and Physical Resources:

Douglas M. Costle, attorney, is a former Connecticut Commissioner of Environmental Protection and a former Senior Staff Associate of the President's Advisory Council on Executive Organization.

Human Resources and Community Development Division

This division will provide policy analysis of major program and budget allocation choices facing the Congress and its committees in the following areas:

(a) Income Assistance - including Social Security, Supplemental Security Income, Public Assistance, Unemployment Insurance, Pension Benefits, including Railroad Retirement, Food Stamps, Child Nutrition, etc.;

(b) Education and Employment - including all federally assisted education programs, Comprehensive Employment and Training Act programs, Public Service Employment, Vocational Rehabilitation, Employment Service, Workmen's Compensation, Work Incentive Program, occupational health and safety, etc.;

(c) Health and Veterans Affairs - including Medicare, Medicaid, possible Health Insurance Programs, the development of health resources, such as health professionals and health maintenance organizations (HMO's), federally financed health service delivery programs, safety and health regulatory activities,

60-845 O - 75 - 5

biomedical research; the V.A. compensation and pension, education and health programs will be reviewed in conjunction with their relationship to similar programs for the general population.

(d) Community Development and Housing - including housing programs, Community Development Act programs, regional and area economic development activities, disaster assistance, and public safety and law enforcement assistance.

The division will prepare analyses in these areas as part of the CBO annual report and will also do special studies for the budget committees and other committees.

Assistant Director for Human Resources and Community Development:

C. William Fischer, budget and program analyst, is a former Assistant Chief, International Division; Deputy Assistant Director for Legislative Reference and Deputy Associate Director for Human Resources, U. S. Office of Management and Budget.

National Security and International Affairs Division

The National Security and International Affairs Division will carry out studies and analyses of budget matters relating to the defense establishment and international economic programs. The division will analyze budget alternatives in these areas for inclusion in the CBO annual report (as required by Section 202(f)) and will be responsible additionally for special studies. The division staff will work closely with the budget committee defense task forces and other committees as well.

The division will undertake its first assignment for the budget committees in July 1975, conducting a study of the treatment of price changes in Defense Department budget requests.

The division consists of two groups, the first of which will concern itself with defense, arms control and intelligence budget issues. The responsibilities of this group will include special efforts to look sufficiently far into the future to provide the Congress with information to support force structure and procurement decisions.

The second group will examine the impact on the economy and on the federal budget of foreign programs such as commodity exchanges, foreign aid, tariff and subsidy programs, and international monetary agreements.

Assistant Director for National Security and International Affairs:

> John Koehler, economist, is a former senior economist with the Rand Corporation, where he worked on National Security Council information systems, tactical aircraft mission employment and the impact on force planning of limited nuclear option capabilities.

Management Programs Division

The Management Programs Division fulfills a dual role in CBO. First, the division provides internal administrative and management support services for all other components of CBO. These activities include personnel management, financial services, library services for the professional staff (and the public, as required in Section 203), contracting, computer support, and office services. The division also prepares the CBO annual budget, establishes and manages an internal budget control system, and prepares oversight reports for the Director to the budget committees.

The Management Programs Division exercises its other major responsibility as one of the program analysis divisions. It participates in CBO's programmatic activities in two significant areas. First, the division provides information and analyses of the general government programs--those managed by the Civil Service Commission, General Services Administration, Postal Service, Treasury Department, and other similar agencies. The division also conducts studies of the budget issues involved in governmentwide organization, manpower utilization, executive branch reorganizations, regulatory program management, and other broad management areas.

Assistant Director for Management Programs:

Howard Messner, public administrator and management analyst, is a former Deputy Assistant Administrator for Administration, U. S. Environmental Protection Agency, and Senior Management Analyst, Office of Management and Budget.

Deputy Assistant Director for Personnel and Administration:

Charles S. Barden, Jr., personnel manager and public administrator, is a former Director of Personnel, U. S. Environmental Protection Agency, and Executive Officer, National Council on Marine Resources and Engineering Development.

Deputy Assistant Director for General Government Management:

Seymour D. Greenstone, management analyst and public administration specialist, is a former Director of Management and Organization, U. S. Environmental Protection Agency, and Senior Management Analyst, Office of Management and Budget.

Office of Information

An important mission of CBO is improving Congressional and public understanding of economic and budget issues. This means that CBO has to make a special effort to write clearly, to put complex economic and budget issues in concrete and lucid terms, and to make an active effort to ease the process of making CBO information accessible. Part of the job of the Office of Information is to see that we do that well, managing the style and clarity of CBO reports and publications and acting as an information point of contact for outside organizations as well as the Congress.

In order to handle press inquiries expeditiously, a small public information and publications section will be set up within the Office of Information to make available to members of Congress and the public, CBO information on the condition of the economy, background fact material on budget issues, and statistical data.

Another important function is to see that CBO is really servicing the Congress well. We do not plan to have a liaison staff as such, since all of the major CBO divisions will be working closely with committees and members of Congress. We do, however, need one central point of contact for Congressmen and committees who do not know who to call for specific information. A Congressional Information section within this office will make sure that requests are serviced expeditiously.

We have begun to receive a large number of inquiries from state and local governments and other national organizations about budget matters and statistical data. The Office of Information will manage the responses to these inquiries, work with state and local governments to get them thinking about budget alternatives, and facilitate the flow to them of federal budget information.

<u>Chief, Office of Information:</u>
Stanley Greigg is a former Congressman and Dean, Morningside College, Sioux City, Iowa.

Conclusion

The CBO is a new kind of organization in a new process. We are aware that CBO and its activities will evolve only gradually, and that it will take time for us to learn how best to meet the needs of Congress as it tunes the new budget process. We intend to be flexible and responsive, and listen carefully for proposals to improve the value and effectiveness of the CBO. We invite members of Congress and their staffs to make suggestions to CBO on the development and elaboration of its activities and services.

We are also mindful of the fact that CBO is by no means the only staff resource available to the Congress. CBO has been carefully designed not to duplicate the functions of the standing committee staffs, the Congressional Research Service of the Library of Congress and General Accounting Office. Indeed, we have attempted to create an organizational structure which complements and draws from the unique resources of the CRS and GAO, with whom we will be working closely.

Finally, we should emphasize that this report is an interim report. We have not been able to articulate for ourselves every facet of CBO's role and functioning, because there will be changes and new insights in the months ahead. However, it is important to set down in writing what we now understand about what CBO will do and how it should be organized. Since these matters and our understanding of them will evolve over time, we plan to issue reports such as this one from time to time, to keep the Congress informed about the progress and achievements of its important new resource.

ATTACHMENT A

STATUTORY TASKS ASSIGNED TO CBO

Listed in the order in which they appear in the Congressional Budget Act of 1974 (PL 93-344). Citations are to the US Code and, in parentheses, to section numbers of PL 93-344.

1) In general, provide information to the two Budget Committees on all matters within their jurisdictions, 2 USC 602(a), (202(a)).

2) On request, provide information to the appropriating and taxing committees, 2 USC 602(b), (202(b)).

3) On request of any other committee, provide information compiled under 1) and 2) plus "to the extent practicable", additional information which may be requested, 2 USC 602 (c)(1), (202(c)(1)).

4) On request of a member, provide information compiled under 1) and 2) plus "to the extent available", additional information which may be requested, 2 USC 602(c)(2), (202(c)(2)).

5) Perform the duties and functions formerly performed by the Joint Committee on Reduction of Federal Expenditures, 2 USC 602(e), (202(e)), see also 31 USC 571.

6) Annually on or before April 1, furnish to the Budget Committees a report on fiscal policy for the next fiscal year, to include a discussion of alternative levels of revenues, budget authority, outlays and tax expenditures, plus alternative allocations among major programs and functional categories, all in the light of major national needs and the effect on "balanced growth and development of the United States", 2 USC 602(f)(1), (202(f)(1)).

7) From time to time, furnish the Budget Committees such further reports as "may be necessary or appropriate", 2 USC 602(f)(2), (202(f)(2)).

8) Develop and maintain filing, coding and indexing systems for all information obtained by CBO from the Executive Branch or from other agencies of the Congress, 2 USC 603(b), (203(b)).

9) With respect to each committee bill providing new budget authority, furnish to the reporting committee for its consideration: (a) a comparison of the bill to the most recent concurrent resolution on the budget, (b) a 5-year projection of outlays associated with the bill, and (c) the amount of new

budget authority and resulting outlays provided by the bill for State and local governments, 31 USC 1329(a)(1), (308(a)(1)).

10) With respect to each committee bill providing new or increased tax expenditures, furnish to the reporting committee for its consideration: (a) a report on how the bill will affect the levels of tax expenditures most recently detailed in a concurrent resolution on the budget, and (b) a 5-year projection of the tax expenditures resulting from the bill, 31 USC 1329(a)(2), (308(a)(2)).

11) Periodically, issue a scorekeeping report on the results of Congressional actions compared to the most recently adopted concurrent resolution on the budget, plus status reports on all bills providing new budget authority or changing revenues or the public debt limit, plus up-to-date estimates of revenues and the public debt, 31 USC 1329(b), (308(b)).

12) Annually, "as soon as practicable after the beginning of each fiscal year", issue a 5-year projection of budget authority and outlays, revenues and tax expenditures, plus the projected surplus or deficit, year by year, 31 USC 1329(c), (308(c)).

13) Prepare "to the extent practicable", a 5-year cost estimate for carrying out any public bill or resolution reported by any committee (except the two appropriating committees), 31 USC 1353, (403).

14) Jointly study with OMB, but separately report, on the feasibility and advisability of year-ahead budgeting and appropriating, the report to be made by February 24, 1977, 31 USC 1020 note, (502(c)).

15) Cooperate with the Comptroller General in the development of standard fiscal terminology, 31 USC 1152(a)(1), (801(a)), (Sec 202(a)(1) of the Legislative Reorganization Act of 1970).

16) Cooperate with the Comptroller General in developing an inventory of fiscal information sources, providing assistance to Congress in obtaining information from those sources and furnishing, on request, assistance in appraising and analyzing information so obtained, 31 USC 1153(b), (801(a)), (Sec 203(b) of the Legislative Reogranization Act of 1970).

17) With the Comptroller General, establish a central file or files "of the data and information required to carry out the purposes of this title", 31 USC 1153(c), (801(a)), (Sec 203(c) of the Legislative Reorganization Act of 1970).

18) Cooperate with OMB in providing useful federal fiscal information to State and local governments, 31 USC 1153(d), (801(a)), (Sec 203(d) of the Legislative Reorganization Act of 1970).

ATTACHMENT B

CONGRESSIONAL BUDGET OFFICE

Staffing Summary as of July 16, 1975

Organization	Professional Staff Commitments	Professional Staff 1/1/76*	Support Staff Commitments	Support Staff 1/1/76*	Totals Commitments	Totals 1/1/76*
Office of the Director	6	6	5	6	11	12
General Counsel	2	4	2	2	4	6
Budget Analysis	16	41	6	10	22	51
Fiscal Policy	11	24	7	5	18	29
Tax Policy	3	14	5	4	8	18
Energy and Physical Resources	5	29	4	6	9	35
Human Resources and Community Development	10	34	5	6	15	40
National Security and International Affairs	2	24	2	6	4	30
General Government	3	8	1	2	4	10
Personnel and Administration	2	7	7	10	9	17
Information Office	1	4	1	2	2	6
Totals	61	200	45	59	106	259

* Figures projected for that date.

RÉSUMÉS OF CBO PERSONNEL

ALICE MITCHELL RIVLIN

Alice M. Rivlin is the first Director of the newly established Congressional Budget Office. She is an economist, a former Senior Fellow at The Brookings Institution and has served as Assistant Secretary of Health, Education, and Welfare. She has written extensively on the federal budget, the economy, social experimentation, the distribution of income, the economy, the economics of health and education, and improving public decisionmaking.

Born in Philadelphia in 1931, Mrs. Rivlin grew up in Bloomington, Indiana. She graduated from Bryn Mawr College in 1952 and received her doctorate in economics from Radcliffe College in 1958.

Mrs. Rivlin first came to The Brookings Institution in 1957 and became a Senior Fellow in 1963. During this period she wrote *The Role of the Federal Government in Financing Higher Education* and co-authored several economic and demographic studies.

From 1966 to 1969 Mrs. Rivlin played a major role in implementing the planning, programming, budgeting system (PPBS) in the Department of Health, Education, and Welfare and in bringing economic analysis to bear on departmental decisions. During this period she chaired a committee on higher education policy (*Toward a Long-Range Plan for Federal Financial Support for Higher Education*) and served as co-chairman of a panel on social indicators (*Toward a Social Report*).

When she returned to Brookings in 1969, Mrs. Rivlin continued to work on federal budget choices, social experimentation, and the distribution of income. She is a co-author of three Brookings volumes on the federal budget entitled *Setting National Priorities* and in 1971 wrote *Systematic Thinking for Social Action*, based on the H. Rowan Gaither Lectures in Systems Science delivered at the University of California, Berkeley. The University of Michigan has awarded Mrs. Rivlin its W. S. Woytinsky Lectureship Award for her book and the American Political Science Association, its Gladys M. Kammerer Award. She also served as chairman of the Brookings Panel on Social Experimentation.

Upon the recommendation of the House and Senate Budget Committees, Mrs. Rivlin was appointed on February 24, 1975, to a four-year term as Director of the Congressional Budget Office by the Speaker of the House of Representatives and the President pro tempore of the Senate.

ROBERT A. LEVINE

Robert A. Levin is Deputy Director of the Congressional Budget Office, appointed by its first Director, Alice M. Rivlin. Mr. Levine, an economist, came to the Congress from the presidency of the New York City Rand Institute. His background with the Institute and with the parent Rand Corporation has included policy analysis in fields ranging from urban affairs to national security.

Mr. Levine was born in Brooklyn in 1930. He received a B.A. and M.A. in Economics from Harvard University. After serving in the Navy during the Korean War he returned to school at Yale where he received a Ph.D. in economics in 1957.

In 1956 he went to the Conference of Economic Progress in Washington, D.C. and thence to the Rand Corporation of Santa Monica, California in 1957. He continued at Rand through 1965, with a year off in the early 1960's at the Harvard Center for International Affairs. In 1969, he returned to Rand after six months as a consultant with the Urban Institute. In 1973, Rand made him president of the New York City Rand Institute.

From 1966 to 1969, Mr. Levine was Assistant Director of Research, Plans, Programs, and Evaluation of the federal Office of Economic Opportunity. In this position he was responsible both for the planning and budgeting of OEO's programs and for the compilation of national anti-poverty plans.

Alfred B. Fitt

Alfred Fitt is Assistant Director and General Counsel of the Congressional Budget Office.

Born April 12, 1923, in Highland Park, Illinois, he received a B.A. from Yale College in 1946 and a J.D. from the University of Michigan Law School in 1948.

From 1948 to 1954 he practiced with Lewis and Watkins, a Detroit law firm, becoming a partner in 1952. Between 1954 and 1960, Mr. Fitt served as Legal Advisor to the Governor of Michigan and then spent one year as staff counsel with the Subcommittee on Administrative Practice and Procedure, U.S. Senate Judiciary Committee.

Between 1961 and January 1969 Mr. Fitt held various positions at the Department of Defense: Deputy Under Secretary (Manpower) for the Army, Deputy Assistant Secretary of Defense (Civil Rights), General Counsel of the Army and Assistant Secretary of Defense (Manpower).

For the six years before coming to the Congressional Budget Office, he was at Yale University as The Special Advisor to the President.

Stanley L. Greigg

Stanley L. Greigg is Director of the Office of Information for the Congressional Budget Office. He has been a United States Congressman, a city mayor, a college dean, a postal official, and Deputy Chairman of the Democratic National Committee.

Born in Ireton, Iowa, he was graduated from Morningside College with a B.A. in History and Economics in 1954. Mr. Greigg received a graduate Fellowship and studied American History at the Maxwell Graduate School of Citizenship and Public Affairs at Syracuse University. From 1957 to 1959, Mr. Greigg served in the United States Navy.

Immediately after completion of military service, he was appointed Dean of Students at Morningside College in Sioux City, Iowa. He was elected a city councilman in Sioux City in 1961 and served in that position simultaneously with his work as a college dean until 1964, when he was elected mayor. During his tenure in city hall, a massive urban renewal project was initiated; as mayor, he fostered the establishment of a Human Rights Commission and a Youth Commission. In the fall of 1964, he was elected to the U.S. House of Representatives from the 6th Congressional District of Iowa, serving in the 89th Congress. He was a member of the House Agriculture Committee and authored two agriculture bills which became law.

In 1967, Mr. Greigg was appointed by Postmaster General Lawrence F. O'Brien to a position with the United States Post Office Department. In his capacity as Director of the Office of Regional Administration, Mr. Greigg coordinated the Post Office Department's fifteen Regional Offices and six Postal Data Centers throughout the nation.

Mr. Greigg was named Deputy Chairman of the Democratic National Committee in 1971. In that capacity he served as principal advisor to the Chairman and coordinated the administrative functions of the organization.

Mr. Greigg has been the recipient of numerous honors, recognitions and awards.

Robert D. Reischauer

Robert D. Reischauer is the Special Assistant to the Director of the Congressional Budget Office. He is an economist and a former staff member of the economic studies division of the Brookings Institution. He has written in the areas of state and local fiscal problems, the economics of education, revenue sharing, welfare policies and the federal budget.

Mr. Reischauer was born and raised in the Boston, Massachusetts, area. He graduated from Harvard College in 1963, received a masters degree in International Relations from Columbia University in 1965 and a doctorate in economics from Columbia in 1971. Before going to Brookings in 1970 he taught urban economics at Columbia College and was a consultant to the RAND-NYC Institution.

While at Brookings Mr. Reischauer contributed to *Setting National Priorities*, the annual Brookings analysis of the Federal budget. He also was a co-author of *Reforming School Finance* and has written a number of journal and newspaper articles.

Edwin A. Deagle

Edwin A. Deagle is Executive Assistant to the Director of the Congressional Budget Office.

Mr. Deagle holds a Bachelor of Arts degree from the U.S. Military Academy and two advanced degrees: a Master of Public Administration and a Doctorate in Political Economy and Government from the John F. Kennedy School of Government at Harvard University.

During his career as an officer in the U.S. Army from 1960 to 1972, Mr. Deagle held a variety of assignments including Assistant Professor, U.S. Military Academy (1969–1972); consultant to the National Security Council on Indonesian Policies (1969–1970); Executive Officer of an infantry battalion in the Mekong Delta 1968–1969); Deputy Chief of Staff for Program Analysis, 9th Infantry Division (1968).

From 1972–1975 Mr. Deagle served as Director of Analysis for the Cable Television Information Center in Washington, D.C. Under his supervision, an analytical staff of policy analysts, lawyers, economists and engineers carried out systematic analyses of public policy issues in communications and government regulation.

Mr. Deagle is a member of the American Economics Association, the American Political Science Association and the American Academy of Political and Social Science. He is the author of works on defense policy making, financing pollution controls, Congressional budgetary reform and military leadership.

James Louis Blum

James L. Blum is the Assistant Director for Budget Analysis for the Congressional Budget Office.

A native of Elgin, Illinois, Mr. Blum studied economics at the University of Michigan. He has satisfied all requirements except completion of a dissertation for his Ph. D.

An economist and budget analyst, Mr. Blum is a former Deputy Director of the Council on Wage and Price Stability, where he was involved in monitoring wages and prices in the private sector and government programs which contribute to inflation. From 1972 to 1974, he was with the Department of Labor where he was Acting Deputy Assistant Secretary for Research and Evaluation and Director of the Office of Program Analysis and Special Studies. In this capacity, he was responsible for the internal program budget planning for the Department and for supervising program evaluation studies.

Prior to the Labor Department, Mr. Blum served in a number of positions at the Office of Management and Budget including staff assistant to the Budget Director and as Assistant Chief of the Human Resources Programs Division for education and manpower programs.

Mr. Blum also worked with the Organization for Economic Cooperation and Development in Paris from 1962 to 1965 on education and manpower planning projects in several Mediterranean countries, and as a consultant to the Government of Zambia's Office of National Development and Planning in Lusaka during 1965 and 1966.

Frank de Leeuw

Frank de Leeuw is Assistant Director for Fiscal Policy. He is an economist and has written extensively on analyzing overall economic conditions, on the effects of fiscal and monetary policies, and on housing problems.

Mr. de Leeuw was born in Amsterdam in 1930 and came to the United States in 1935. He graduated from Harvard College in 1951, received an MPA from Harvard in 1953, and a Ph.D. in Economics from Harvard in 1965.

Mr. de Leeuw joined the staff of the Federal Reserve Board in 1956 and remained until 1969. During that period his special areas included measurement of production and capacity, analysis of business capital spending decisions, and econometric models of the economy. With Edward M. Gramlich, he co-authored "The Channels of Monetary Policy; a Report on the Federal Reserve—MIT Model," which discussed and attempted to quantify the various ways in which monetary policy affects overall economic conditions.

At the Urban Institute between 1969 and 1975, Mr. de Leeuw specialized in analyzing housing conditions and the long-run effects of Federal housing programs. With Raymond J. Struyk he co-authored *The Web of Urban Housing* (forth-coming), a book describing a model for analyzing the long-run effects of national and local housing policies.

Mr. de Leeuw has written numerous articles on business conditions, monetary policy, and housing. He has served as Chairman of the Executive Committee of the Conference on Research in Income and Wealth and has been a member of the Program Committee of the Econometric Society.

Charles Davenport

Charles Davenport is the Assistant Director for Tax Policy of the Congressional Budget Office.

After graduating from Chico State College in 1954, Mr. Davenport received a law degree from Harvard University.

A former law professor specializing in tax law at the University of California, Davis, Mr. Davenport had been on leave from his position there since July 1974, to direct a study of administrative procedures at the Internal Revenue Service for the Administrative Conference, an independent study group set up to review operating procedures in executive agencies.

Before assuming his professorship in 1969, he worked as a tax attorney for the Tax Legislative Counsel at the U.S. Treasury for two years. From 1960 to 1967 he was an attorney with a San Francisco law firm. He has written articles for various professional law journals.

Douglas M. Costle

Douglas M. Costle is Assistant Director for Energy, Environment and Natural Resources.

He is a graduate of Harvard University and received a law degree from the University of Chicago in 1964.

Prior to his appointment he was Commissioner of Environmental Protection for the State of Connecticut, where he instituted a reorganization and consolidation of the State's pollution control programs. He had previously served on the President's Advisory Council on Executive Organization where he headed the study that recommended the creation of the Environmental Protection Agency.

During 1972 Mr. Costle was a Fellow at the Woodrow Wilson International Center for Scholars, Smithsonian Institution, Washington, D.C. where he pursued an independent course of research and writing on environmental problems and government organization.

Mr. Costle has also served as a Senior Associate in the urban policy planning firm of Marshall Kaplan, Gans and Kahn where he was involved in the evaluation of the effectiveness of federal, state and local programs in the fields of planning and urban development, economic development and government organization.

Mr. Costle has also worked as a deputy project director in the Economic Development Administration of the Department of Commerce and as a trial attorney in the Civil Rights Division of the Department of Justice. He is a member of the bar of the District of Columbia and the State of California.

Charles S. Barden, Jr.

Charles S. Barden, Jr. is the Deputy Assistant Director for Personnel and Administration of the Congressional Budget Office.

From 1970 to June 1975, Mr. Barden was Personnel Director, Environmental Protection Agency. He organized and managed the EPA personnel program covering 10,000 employees and 15 personnel offices nationwide.

From 1967 to 1970 as Executive Officer, National Council on Marine Resources and Engineering Development, Executive Office of the President, Mr. Barden organized and managed all business functions of the Council, a Cabinet-level, interagency body, chaired by the Vice President. He also served as a member of the White House administrative management task force establishing EPA.

From 1963 to 1967, as Director, Executive Communications, Office of the Administrator, NASA, he directed the coordination of executive information between the Administrator and program and staff offices and the final review and clearance of staff recommendations for the Administrator's action.

From 1956 to 1963, Mr. Barden served in successive assignments as Personnel Specialist, U.S. General Accounting Office; Personnel Specialist, Goddard Space Flight Center, NASA; and Chief, Recruiting and Placement, Headquarters, NASA.

Mr. Barden received his A.B. degree in Psychology from Duke University and did graduate work in Public Administration at American University. He served in the U.S. Navy from 1944 to 1946.

C. William Fischer

C. William Fischer is the Assistant Director for Human Resources and Community Development of the Congressional Budget Office. Mr. Fischer came to the Congressional Budget Office from the Executive Office of the President, where he has served in the Office of Management and Budget and its predecessor agency, the Bureau of the Budget, as Deputy Associate Director for Human Resources; Deputy Assistant Director for Legislative Reference; Assistant Chief of the International Division, and Program and Budget Analyst.

Mr. Fischer was born in Pittsburgh, Pennsylvania, in 1931 and attended the public schools there. He received his B.A. degree from Muskingum College in 1953 and a Masters degree in Public Administration from Harvard University in 1964.

Mr. Fischer started his Federal career in 1957 with the U.S. Bureau of the Budget. He became a principal analyst for military research and development programs. He received the Bureau's Professional Achievement Award in 1962 and the Advanced Studies Award in 1963, as well as a Career Education Award of the National Institute for Public Affairs.

In 1965 and 1966 Mr. Fischer played a key role in developing the central analysis and evaluation staff and in implementing a programming/budgeting system in the Office of Economic Opportunity. During this period, he received the Meritorious Award of the William A. Jump Foundation.

After he returned to the Bureau of the Budget in 1966, Mr. Fischer directed legislative coordination and analysis and program, budget, and policy analysis largely in the domestic economic and social assistance fields.

Mr. Fischer is the author of "Scientists and Statesmen: A Profile of the President's Science Advisory Committee," in *Knowledge and Power: Essays in Science and Government.*

He served as a member of the U.S. Government Delegation to NATO Countries Conference on Planning, Programming, and Budgeting; Bruges, Belgium in the fall of 1969.

John Koehler

John Koehler is Assistant Director for National Security and International Affairs.

Mr. Koehler received his B.A. *summa cum laude* in economics from Yale University in 1963. After a year of post-graduate study at the Massachusetts Institute of Technology, he received an M.A. and Ph.D. in economics in 1968 from Yale. He has taught at Yale, El Colegio de Mexico, UCLA, and the Rand Graduate Institute.

Mr. Koehler has worked at the Rand Corporation since 1967 and has most recently served as Senior Economist and Associate Head of Rand's Economics Department. His work at Rand included studies of economic policy and U.S. Aid programs in Indonesia, the Philippines, and Vietnam, work on development of an information system for the National Security Council staff and analysis of the impact of Federal programs on academic health centers. Most recently he has been co-leader of projects studying strategic force operations in crisis and the organizational implications of demands for limited nuclear options.

Howard M. Messner

Howard M. Messner is the Assistant Director for Management Programs.

Serving as an analyst for the Commissioner of Administration and the Governor's Office in Massachusetts from 1960 to 1962, Mr. Messner held a Carnegie Internship in State Government while attending the University of Massachusetts where he received his M.A. from the Graduate School of Government. He received his B.A. degree from Antioch College in 1960.

Mr. Messner's position prior to joining the Congressional Budget Office was Deputy Assistant Administrator for Administration at the U.S. Environmental Protection Agency. In this position, he was responsible for the direction and supervision of personnel management, facilities and support services, management and organization, management information and data systems, contracts management, grants administration, and security and inspection activities for the EPA.

A management analyst in the Office of Management and Budget from 1965 to 1971, he chaired the Environmental Protection Agency Task Force and was the OMB Coordinator for D.C. Crime Programs. He was assigned to the Government Organization Staff within the Office of Executive Management where his major areas of responsibility including federal field organization, urban transportation, commerce and business activities generally, communications, and aspects of environmental health.

From 1962 to 1965, Mr. Messner was Staff Assistant to the Administrator of the National Aeronautics and Space Administration, where he helped to organize and to operate the Executive Secretariat.

Mr. Messner received the 1971 William A. Jump Memorial Award for distinguished service in pubic administration.

John William Ellwood

John William Ellwood is Special Assistant to Robert Levine, The Deputy Director of the Congressional Budget Office. He is a political scientist, a former Assistant Professor at the University of Virginia and the State University of New York, and a former American Political Science Association Congressional Fellow.

He was born in New York City in 1942. He attended public schools in that city graduating from the High School of Music and Art in 1960. He received his A.B. from Franklin and Marshall College in 1964, and his M.A. and Ph.D. from the Johns Hopkins University in 1966 and 1972 respectively.

During his academic career he conducted research and published articles on American political parties, public opinion and legislative behavior.

Caswell G. Nuckols, Jr.

C. G. Nuckols, Jr., is the Deputy Assistant Director for Budget Estimates, Budget Analysis Division.

Mr. Nuckols holds both Bachelor and Master degrees in Business Administration from the University of Michigan.

From 1963 to 1975 Mr. Nuckols held various positions with the Department of Defense. He served as an operations research analyst, U.S. Naval Weapons Systems Analysis Office, as a staff member of the Cost Analysis Directorate, Systems Analysis, Office of the Secretary and as Assistant Director, Cost Analysis Directorate, Systems Analysis, Office of the Secretary. At the time he left the Department of Defense to join the Congressional Budget Office he was serving as the Director, Program Cost Analysis Division, Program Analysis and Evaluation, Office of the Secretary of Defense.

Robert Harris

Robert Harris is the Deputy Assistant Director for Budget Concepts and Systems, Budget Analysis Division.

Mr. Harris holds a Bachelor of Science degree in Economics from Ohio State University and has participated in federal government training programs in cost analysis and program budgeting.

Prior to joining the Congressional Budget Office, Mr. Harris served for five years with the Office of Management and Budget, Executive Office of the President. While with the Office of Management and Budget, Mr. Harris played a major role in analyzing congressional information needs, drafting congressional budget reform legislation and in developing and implementing grant information systems for varous federal departments and the Executive Office of the President. Mr. Harris, as Chief of Information Services, was also instrumental in efforts to improve the program planning and budgeting capabilities of federal agencies. Prior to this work with the Office of Management and Budget, Mr. Harris held various positions with the Department of Agriculture. He served as an advisor to the administrator on program and management policy issues and planned and executed management, personnel, fiscal, budget and administrative services for the Department's consumer protection programs.

Nancy Smith Barrett

Nancy Smith Barrett is Deputy Assistant Director for Fiscal Policy of the Congressional Budget Office. She is on leave from American University where she is Professor of Economics and former Department Chairman.

Ms. Barrett graduated *summa cum laude* from Goucher College in 1963, where she was a member of *Phi Beta Kappa*. A Woodrow Wilson Fellow, she received her M.A. in Economics from Harvard University in 1965 and her Ph.D. in 1968.

Ms. Barrett is the author of two textbooks, *The Theory of Macroeconomic Policy* and *The Theory of Microeconomic Policy* and a monograph, *Prices and Wages in U.S. Manufacturing*. Articles written by Ms. Barrett on inflation, unemployment, and economic policy have appeared in *The American Economic Review*, *The Quarterly Journal of Economics*, *The Journal of the American Statistical Association*, and other journals.

Professor Barrett has been on the faculty of The American University since 1966. In 1971 she was named Outstanding Woman Faculty Member. In 1973 she was a Visiting Fulbright Professor at the University of Gothenberg in Sweden and later a Visiting Scholar at The Institute for Economic Studies in Belgrade, Yugoslavia. She has traveled widely in Europe, Latin America, and Africa and has published several articles on comparative labor market policy.

Ronald L. Teigen

Ronald Teigen is Deputy Assistant Director for Fiscal Policy.

A native of Kenyon, Minnesota, Mr. Teigen graduated from the University of Minnesota. He holds a M.A. in Marketing from the University of Minnesota and a Ph.D. in Economics from the Massachusetts Institute of Technology.

Mr. Teigen has taught economics at several universities in the United States and Europe since 1958. He has served as a member of the faculty at Indiana University-Fort Wayne extension, St. Olaf College, the University of Minnesota and the University of Michigan as well as the Norwegian School of Economics. He has been a research fellow at the Institute for International Economic Studies, Stockholm University and served as a consultant to the Committee for the Nobel Prize in Economics of the Swedish Royal Academy of Science. Throughout his academic career Mr. Teigen has written extensively on monetary policy. His published works include: "A Structural Approach to the Impact of Monetary Policy," *Journal of Finance;* "Demand and Supply Functions for Money in the United States: Some Structural Estimates," *Econometrica;* "The Keynesian-Monetarist Debate in the U.S.: A Summary and Evaluation," *Statsøkonomisk Tidsskrift;* and "Interpreting Recent World Inflation," *American Economic Review.*

Benjamin A. Okner

Benjamin A. Okner is Deputy Assistant Director for Receipt and Distribution Estimation, Tax Policy Division. He is an economist, a former Senior Fellow at the Brookings Institution and has served as a fiscal economist in the Office of Tax Analysis, U.S. Treasury Department and as a staff member of the President's Council of Economic Advisers. He has written extensively on taxation and the distribution of income, personal tax reform and on poverty and income maintenance alternatives.

A native of Chicago, he received his B.A. in Business Administration from the Illinois Institute of Technology and his Ph.D. in Economics from the University of Michigan.

He served with the Treasury Department from 1961 to 1963 where he helped formulate the Tax Reform Act of 1964. He subsequently taught economics at Ohio State University and returned to Washington to become a Senior Fellow at the Brookings Institution in 1968. While at the Brookings Institution he continued to work on tax reform, income distribution and developed several new techniques for simulating tax changes and analyzing their effects on the distribution of income.

Mr. Okner is the author of *Income Distribution and the Federal Income* and co-author of *Who Bears the Tax Burden*?

Ronald F. Hoffman

Ronald F. Hoffman is Deputy Assistant Director for Tax Expenditure Analysis, Tax Policy Division. He is an economist and has written extensively on welfare and tax policies.

Mr. Hoffman is a graduate of the University of California and received a Ph.D. in economics, specializing in public finance and economic theory, from Johns Hopkins University.

Mr. Hoffman has served as a senior staff economist, Council of Economic Advisers, has conducted research for the Office of Research and Statistics, Social Security Administration, and has served as a consultant to the Office of Economic Opportunity on welfare reform. Before joining the Congressional Budget Office he was serving as the Deputy Director, Division of Economic and Long Range Studies, Office of Research and Statistics for the Social Security Administration.

His publications include: "Work Incentives of the Poor: A Reconsideration," *The Review of Economics & Statistics;* "Tax Incidence in a Growing Economy," *Public Finance & Stabilization Policy* and "Discussion of Some Economic Consequences of the U.S. Social Security System," *Proceedings of the National Tax Association.*

KENNETH L. DEAVERS

Kenneth L. Deavers is Deputy Assistant Director for Commerce, Transportation and Agriculture, Energy and Physical Resources Division.

Mr. Deavers received his Bachelor of Science degree from UCLA in 1959 and his Masters degree in Economics from the University of Chicago in 1961, where he was a Woodrow Wilson and Brookings Fellow.

Prior to joining the Congressional Budget Office, Mr. Deavers was the Director of the Office of Planning for the Economic Development Administration, U.S. Department of Commerce. As Director, Mr. Deavers was primarily concerned with developing procedures to allocate the EDA resources among urban and rural areas, and with implementing the State and Urban Planning Grant Program. He received a Bronze Medal from the Department for his research into alternative ways of designating areas for economic development assistance.

Prior to joining the Federal Government, he served as a consultant specializing in program evaluations of manpower, economic development, and consumer protection programs with two research firms in the Washington Metropolitan area.

STANLEY S. WALLACK

Stanley Wallack is Chief of the Health and Veterans' Affairs Branch, Division of Human Resources. Previous to coming to the Congressional Budget Office, he taught at the University of Illinois and most recently was the Director of the Office of Health Resources within the Office of the Assistant Secretary for Planning and Evaluation, Department of Health, Education, and Welfare. As an economist, he has written on income policy, the distribution of income, inflation, and most recently on the economics of health.

Mr. Wallack was born and grew up in Boston, Massachusetts. He graduated from Antioch College in 1964 and received a Doctorate in Economics from Washington University in St. Louis in 1969.

From 1968 to 1970, Mr. Wallack taught economics at the Champaign-Urbana campus of the University of Illinois. In the summer of 1970, he took leave from the University of Illinois to accept a Brookings Institution Economics Policy Fellowship.

After completing the fellowship year at both the Brookings Institution and with the Department of Health, Education, and Welfare, Mr. Wallack returned in 1972 to the Department of Health, Education, and Welfare to work exclusively on health-related issues. In 1974, he became head of the Office of Health Resources where he assisted in the development of legislative positions, regulations, and budget priorities for the Department on health planning, facilities, manpower and biomedical research.

DAVID S. MUNDEL

David S. Mundel is Chief of the Education and Employment Branch, Division of Human Resources. He is a policy analyst who is on leave from Harvard University, where he is an Associate Professor of Public Policy in the John F. Kennedy School of Government. He has written extensively on the application of economic analysis to government policymaking with particular emphasis on education and early childhood policy.

Born in White Plains, New York, in 1944, Mr. Mundel received Bachelor degrees in physics and political science (1966) and a doctorate in political science (1971) from the Massachusetts Institute of Technology. Mr. Mundel was a Junior Fellow in the Society of Fellows at Harvard University from 1968 to 1971.

Mr. Mundel has written extensively on federal and state higher education policy. He has served as a consultant with federal agencies—including the Bureau of the Budget and the Department of Health, Education, and Welfare—and private organizations—including the College Entrance Examination Board and the Rand Corporation—on higher education financing policy. Among his publications in this policy area are *An Empirical Study of Factors Which Influence College-Going Behaviors* and *Federal Aid to Higher Education—An Analysis of Federal Subsidies to Undergraduate Education.*

Joel Bergsman

Joel Bergsman is Chief of the Community Development and Housing Branch, Division of Human Resources and Community Development.

Born in 1936 in Wilkes-Barre, Pennsylvania, he received a Bachelor of Electrical Engineering degree from Cornell University in 1959, and a Master of Business Administration and a Doctor of Philosophy with a major in business economics from Stanford University, in 1961 and 1963 respectively.

From 1963 to 1965, Mr. Bergsman worked as an economist in the Office of Program Coordination, Agency for International Development. His responsibilities included analysis of AID strategy for India, Korea, and Brazil, modifying AID's internal planning structure to incorporate PPBS, and improving AID methods for economic evaluation of capital projects.

As Visiting Associate Research Economist for the University of California Brazil Development Assistance Program in Rio de Janeiro in 1966–67, Mr. Bergsman performed research and technical assistance to the Brazilian government concerning industrial development, investment incentives and commercial policy. During the following two years he taught economic development and urban economics at the University of California, Berkeley.

From 1969 until he came to the CBO in 1975, Mr. Bergsman was on the Senior Research Staff at The Urban Institute. His work included both basic research and policy analysis. Some of the projects he directed were (1) design of research strategy on urban development issues for HUD; (2) econometric research on migration and employment change in U.S. metropolitan areas; (3) analysis of economic development proposals for poor minority groups; (4) design of an economic and financial evaluation of San Francisco's BART system; and (5) international liaison.

Mr. Bergsman has written extensively on urban economics and the economics of developing countries in a variety of scholarly journals. In addition, he has written a book *Brazil: Industrialization and Trade Policies* and has recently co-edited a volume entitled *Urban Problems and Public Policy Choices.*

Robert B. Pirie, Jr.

Mr. Robert B. Pirie is Deputy Assistant Director for National Security, National Security and International Affairs Division.

Mr. Pirie attended Princeton University and graduated from the U.S. Naval Academy. He received a B.A. and M.A. from Oxford University, England, as a Rhodes Scholar.

Mr. Pirie was a career officer with the U.S. Navy from 1955–75. He served in various capacities on nuclear submarines, culminating his service as commanding officer of U.S.S. Skipjack. From 1966 to 1969 and in 1972, he was on the staff of the National Security Council. From 1973 to 1975, he served on the staff of the Secretary of Defense.

Mr. Pirie is a recipient of the Legion of Merit for his service in the Office of the Secretary of Defense, and of the Meritorious Service Medal for his work on the National Security Council staff.

Seymour D. Greenstone

Mr. Seymour Greenstone is Deputy Assistant Director for General Government Management, Management Programs Division.

Mr. Greenstone received a B.A. and M.A. from the University of Michigan.

Prior to joining the Congressional Budget Office, he served as Director of the Management and Organization Division, Office of Planning and Management, U.S. Environmental Protection Agency. From 1963 to 1970, he was a senior analyst for Organization and Management with the Office of Management and Budget.

In 1974, Mr. Greenstone received EPA's Gold Medal for Exceptional Service.

LIST OF SHORT REPORTS FOR EACH CONGRESSIONAL BUDGET OFFICE DIVISION AS OF SEPT. 25, 1975, THAT ARE OR WILL BE COMPLETED WITHIN THE NEXT 2 MONTHS

Project	Reason for study	Status
ENERGY AND NATURAL RESOURCES		
A. Transportation:		
1. Take railroad reorganization plan and summarize it for members and staff.	For annual report	Completed.
2. Think piece on alternatives in the transportation area	do	Draft completed.
B. Energy:		
1. Basic analytic impact matrix of energy problems	do	Do.
2. Decontrol of oil	For Sept. 15 economic report	Completed.
3. Deregulation of natural gas	For annual report	Draft completed.
4. Tax policy in capital formation area re: capital formation for utilities.	Tax Policy Division of Congressional Budget Office.	Completed.
5. Study of ERDA plan. House Budget Committee has asked OTA to review the ERDA plan from a scientific viewpoint. Will take OTA document and develop a series of budget alternatives.	House Budget Committee	Underway.
6. Study of alternatives of coal use. (a) short run problems involve the conversion problem, and (b) long run problems (or alternatives) involve (1) coal versus nuclear fuels and/or (2) coal versus synthetic fuels as alternatives to petroleum.	For annual report	Do.
7. Study of windfall profits associated with decontrol of oil.	do	Do.
HUMAN RESOURCES—SHORT TERM STUDIES		
A. Education:		
1. Review of recent college enrollment patterns	House Budget Committee	Draft completed.
2. Study of trends in youth labor force participation from 1970 to 1975 by age, sex and race.	do	Do.
B. Community development: 1. Analysis of alternative funding levels for community development bloc grants.	For annual report	Underway.
C. Income assistance:		
1. Projection to year 2000 of income assistance programs	Senate Budget Committee	Do.
2. Nontechnical basic explanation of social security financing.	For annual report	Draft completed.
3. Social security long-run effects of proposed short term remedies.	do	Underway.
4. Analysis of possible changes in SSI	do	Do.
D. Health:		
1. Assessment of health care cost increases in the post stabilization era.	For annual report, House Budget Committee.	Do.
2. Study of the effect of Federal HMO legislation on the growth of this mode of health care delivery.	do	Draft completed.
3. A review of the current legislative alternatives for health profession student assistance programs.	For annual report	Underway.
E. Manpower: 1. Study of alternative changes to unemployment insurance programs.	House Budget Committee	Draft completed.
MANAGEMENT, PROGRAMS		
1. Study of civilian employee compensation	For annual report	Underway.
2. Study of postal operations (preliminary stage to be a review of what is already being done in this area on the Hill and the status of analysis of the various budgetary issues).	do	Do.
3. Information piece on: (a) number of Federal employees, (b) issues involved in contracting out, (c) productivity and (d) other aspects of a Federal employment profile.	do	Do.
4. Enforcement and audit programs of the Tresaury	do	Do.
5. No-fault insurance and its impact on the Government	For annual report; Senate Commerce Committee, and House Interstate and Foreign Commerce Committee.	Due Oct. 15.
NATIONAL SECURITY AND INTERNATIONAL AFFAIRS		
A. Defense:		
1. Study of the Defense Department deflator	House Budget Committee and Senate Budget Committee.	1st stage completed, 2d stage due Nov. 30.
2. Paper on ways of looking at the issues in the defense area.	Senate Budget Committee, Defense Task Force, Senator Hollings.	Completed.
3. Study of the Defense Department's budget process (and what actually happens).	For annual report	Underway.
4. Study of the budget issues (size and mix) involved in the modernization of the Navy.	do	Do.
B. International affairs:		
1. Study of commodity prices (beginning with status of various proposals).	do	Draft completed.
2. Study of cost of Interim Israel-Egyptian Settlement	House Budget Committee and Senate Budget Committee.	Do.

LIST OF SHORT REPORTS FOR EACH CONGRESSIONAL BUDGET OFFICE DIVISION AS OF SEPT. 25, 1975, THAT ARE OR WILL BE COMPLETED WITHIN THE NEXT 2 MONTHS—Continued

Project	Reason for study	Status
TAX POLICY		
A. Tax expenditures:		
1. The tax expenditure concept and its implications	For annual report	Underway.
2. Study of administration's electrical energy plan	House Budget Committee	Draft completed.
3. Study of "new" tax expenditures for merchant marine	do	Do.
4. Study of tax expenditures for State and local bonds	House Budget Committee and Senate Budget Committee.	Do.
5. Study of tax expenditures for agriculture re: (a) capital gains and (b) cash accounting.	do	Underway.
6. Analysis of 4 60-mo. amortization provisions of the Tax Code.	House Budget Committee	Do.
7. Paper dealing with tax expenditures and the need for capital formation. Paper will also speak to the integration of corporate and individual tax structures.	For annual report	Do.

QUESTIONS TO DR. RIVLIN FROM COMMITTEE MEMBERS AND THE RESPONSES

Senator Domenici to Dr. Rivlin

Question 1. What recruitment techniques have been used to assure ideological balance and a broad range of background within the CBO staff?

Answer 1. We have not recruited on an ideological basis. Rather, we have sought to build a staff of well-trained, well-prepared, professionally responsible economists, analysts, lawyers and the like who are capable of objective, thorough analysis and who are devoted to the presentation of complete and balanced reports. By law, the staff is non-partisan and no inquiry has been made or record maintained with respect to political affiliations.

Question 2. Do you intend to make special efforts to recruit more personnel from private enterprise?

Answer 2. The CBO has made, and will continue to make, intensive efforts to recruit individuals from the private sector. Our major difficulty in this connection is with respect to our more senior positions, where the kind of person we are seeking tyically commands a much higher salary in the business world than the maximums permitted for service with CBO.

Question 3. How many CBO personnel, other than former scorekeeping staff, of the Joint Committee for the reduction of non-essential Federal expenditures, have prior congressional staff experience? Do you have plans to increase your number of congressionally experienced staff?

Answer 3. Presently 33 employees of CBO, not including the scorekeeping staff, have had prior congressional staff experience. Of these, 14, are employed in professional positions and 19 in staff support positions. We are continually interviewing, and reviewing applications of, congressional candidates for positions with the CBO. We have hired several who possessed the required professional or non-professional experience and/or education and we definitely anticipate hiring more in the future.

Question 4. Why are your employees disclosure requirements for outside income limited only to employees earning over $25,000 a year? Wouldn't it be wiser to have *all* professional staff file annual disclosure statements?

Answer 4. The disclosure requirement applies to "every CBO employee whose annual rate of compensation is $25,000 or more, or whose duties include recommending or approving any procurement of goods and services for CBO from a particular vendor. * * *"

There is no exact precedent for the $25,000 cut-off. In our researches prior to promulgation of the policy, we determined the following: The House rule is silent on the point. The Senate rule is $15,000, but counsel to the Select Committee on Standards and Conduct advised that the amount was fixed eight years ago and now results in filings from laborers, secretaries, etc. The Office of Management and Budget and the General Accounting Office have a cut-off of GS–15, or at least $29,818 (as of July 1975). The Treasury Department and the Counsel of Economic Advisers use GS–13, or at least $21,816 (as of July 1975). The CBO figure of $25,000 was chosen after determining that it would eliminate all support positions but would include everyone at the Principal Analyst level and above, plus any Associate Analyst near the top of the salary range.

Question 5. Is there any written policy of the CBO which precludes hiring any former lobbyists or representatives of special interest groups?

Answer 5. No. As required by Section 2101(b) of the Congressional Budget Act of 1974, all personnel of the office are appointed without regard to political affiliation and solely on the basis of their fitness to perform their duties.

Question 6. How will you insure that long-term policy analysts are involved with the short-term budget numbers and available to back up the fiscal analysis people when needs require (and visa versa?).

Question 7. How compartmentalized are the various divisions? Do employees in each of the divisions report up through the assistant director of the division or is there a formal procedure for cross fertilization within the organization?

Answers 6 and 7. The Congressional Budget Office has been organizing teams across division lines. Program experts in the Program Divisions (National Security, Human Resources, Energy and Natural Resources, and Management Programs) are in constant contact with cost estimating personnel in the Budget Analysis Division. These teams have already begun to work together to provide long-term analysis with short-term budget numbers and to give short-term numbers analysis a long-term perspective.

It is our belief that long-term analysis depends upon current numbers and current budget projections for connection to reality. In the same way, budget numbers require the input of long-term analysis to make available to the Congress the implications of a full set of options.

Employees within the various divisions work with one another in coordination with their Assistant Directors. The internal review procedure established by the Director's Office is a constant impetus for cross-fertilization. This process has two components: first, outlines and early drafts of all potential products and read by either the Director or the Deputy Director and if any additional input is needed from the expertise of another division staff members from that division are brought into the project. Second, an internal reviewer is assigned to each product. That reviewer is chosen from a different division than those that are working on the project.

Question 8. Are all of the CBO's divisions now working at the same level of intensity? Which divisions are overloaded or underloaded? Are plans being made to shift resources to rectify any imbalance?

Answer 8. Because the staffs of the Program Divisions are in close daily contact with those of the Budget Analysis and Fiscal Policy Division it has been relatively easy to shift overload or underload. Therefore, up to this time no serious problems have arisen.

Future experience may lead to marginal changes in the planned structure of the organization.

Question 9. How are Congressional requests for information or studies handled by your office? Do you have any procedures for quality control implemented?

Answer 9. Congressional requests are handled on a priority basis by the Congressional Budget Office. All Congressional correspondence is centrally controlled by the Office of Information, which assigns it to the appropriate division for response. It is CBO's policy to respond within the shortest time possible; if a full response cannot be provided within 24 hours, an interim response will be sent indicating, whenever possible, when the complete information will be available. Telephone inquiries are handled in the same manner. When a request for a study is received, CBO will negotiate a date with the Member initiating the request to ensure that the information will be provided in time to met the Member's needs, but also that CBO can provide the most complete and accurate information.

Quality control of CBO products has been maintained through the use of five types of reviewers. First, up to this time the Director and/or the Deputy Director has read and commented on every potential product of the organization. Second, an internal reviewer—from a division other than the one producing the product—is assigned to review each study. Third, whenever possible other Hill staff with expertise in the area of the project are given an opportunity to comment on the study. Fourth, whenever possible, external reviewers are sought from the academic and business communities. Finally, CBO has set up an editing group within its Office of Information to make sure that any product that leaves the organization is highly readable.

Question 10. How many requests from Congressional committees or individual Members have been received so far?

Question 11. How many of these requests have been satisfied?

Question 12. Have you received many requests so far from individual Members? What is the nature of these requests?

Answers to 10, 11, and 12. As CBO receives requests of both formal and informal types, it is not possible to supply a detailed record of all requests received from committees, Members and staffs. However, 25 written requests have been recorded from Congressional committees or by individual Members. Some have been completed; others are not yet due. In all instances, a mutually agreeable date for completion is targeted.

A good portion of CBO's work is not the subject of formal, recorded requests, but grows out of continuous informal relationships with Members and staffs. An example of a Member's informal request would be the asking by Representative John Heinz for CBO to supply answers to questions relating to macro-economic policy.

Question 13. If studies are requested of the CBO by committees or Members of Congress which you do not think are appropriate, will you do these studies anyway? How will you respond to such requests?

Answer 13. In a very few cases Members have requested assistance from the Congressional Budget Office in either helping their staff write speeches or answer constituent inquiries.

Because we feel that it would be counterproductive for the CBO to get into the type of request that is normally handled by the Congressional Research Service, we have spoken to those Members and explained to them our function. In all cases to date Members, once apprised of our role, have withdrawn such requests. We hope that as the CBO becomes better known on the Hill, Members will draw the distinctions as to functions. However, because the budget committees are our main client, we look to the two committees to be of assistance in the future if any Member requests a task that we do not feel is within our statutory responsibility.

Question 14. What preparations has your office made to fulfill the "sunshine" requirements for public access to CBO information outlined in Section 203 of the Budget Act?

Answer 14. Section 203 requires CBO to make available for public copying all information, data, estimates and statistics obtained from the Executive Branch, the General Accounting Office, the Library of Congress, the Office of Technology Assessment or at the request of any Congressional committee or Member, subject to certain exceptions spelled out in the section. CBO is prepared to make any such material available on request. It has not yet been practicable to develop the filing, coding and indexing systems contemplated by Section 203(b) ; we will be seeking the assistance of the Library of Congress in this connection.

Question 15. When are you planning to submit your report on budget alternatives for Fiscal 1977 to the Congress? What will be included in this report? How many "alternative ways of allocating budget authority and budget outlays" will the report present?

Answer 15. We see our annual report as our main opportunity of helping the budget committees as they proceed toward their mark-up of the first concurrent resolution. Because of this we hope to make it as utilitarian and flexible a product as possible. As such, it should also cover such material and be in such a form as to be of maximum use to the Members and staffs of the budget committees.

Because the needs of the Members of the budget committees will differ from those of their staffs, as well as those of other Members of the Congress our current intention is to submit our Annual Report on Budget Alternatives for Fiscal 1977 in three parts.

Part one, to be submitted in mid-January, will lay out and analyze the major issues that result in budget options for the 1977 fiscal year. In addition to using the current services budget projections that will be provided to the Congress in December, it will present at least one higher and one lower spending option. Within each of these aggregate options, several alternative functional breakdowns of the budget will be laid out.

In mid-February part II of the Report will be released. It will contain a detailed analysis of the President's budget submission of late January. This will be accomplished by comparing the President's recommended budget to the previous released current services budget in order to clearly outline the priority choices contained in the budget submission.

The third part of the Annual Report will be made up of a series of detailed analyses of issues and options. The aim of these papers is to be of maximum help to the Members and staffs of the budget committees as their mark-up approaches. Thus, the topics will be chosen after consultation with the budget committee staffs.

Question 16. How do you intend to ascertain the needs of the Budget Committees regarding the contents of that report?

Answer 16. We have begun discussions with the Chairmen of the Budget Committees and with the Committee staffs regarding contents of the report on budget alternatives.

Question 17. What, if any, support will your staff be able to provide to the Committees of the Senate and the House in complying with the requirements of section 301(c) of the Congressional Budget Act of 1974, which section requires reports by March 15 to the Budget Committees by standing committees and certain joint committees?

Answer 17. The CBO, together with GAO, is presently developing a legislative classification system to relate individual appropriation accounts to authorizing statutes. This will enable the CBO to supply the authorizing committees with an analysis of the President's FY 1977 budget proposals in terms of the programs within the authorizing jurisdiction of these committees. This analysis should be ready shortly after the President's 1977 budget is transmitted to Congress which we understand is scheduled for January 19, 1976. CBO staff are also working closely with the staff of the Senate and House Budget Committees on the formats to be given to the other committees for preparing their March 15 reports. Finally, when requested, the CBO will give the other committees assistance in preparing their March 15 reports, especially in estimating the cost impact of their recommendations.

Question 18. What abilities do you have to respond to section 403 of the Congerssional Budget Act of 1974 which provides that the CBO shall, "to the extent practicable, prepare for each bill or resolution of a public character . . ." a five-year cost estimate? What help will you give to the authorizing committees?

Answer 18. The CBO is presently developing its internal procedures for complying with the section 403 requirement to prepare five-year cost estimates for bills and resolutions reported by any committee. We hope to be able to fulfill this for all bills and resolutions reported during the second session of the 94th Congress, and to the extent possible, all bills or resolutions reported this session in which Fiscal 1977 is the first year they become effective. We would like to develop close working relationships with each of the authorizing committees so that we will be able to provide them with whatever assistance they need in regard to section 403 cost estimates.

Question 19. In meeting the statutory requirements to prepare cost estimates for pending legislation, will your plans for the CBO organization and staffing include an independent capability, including an independent data base, for making such estimates? To what extent will you rely on OMB analyses or other Executive Branch information to prepare cost estimates?

Answer 19. It is our intention to develop an independent capability for making cost estimates of pending legislation. We believe that this is consistent with the section 403 requirement that the CBO make a comparison of the estimate of costs developed by the CBO with any available estimate of costs made by the committees or by any Federal agency. It is not clear at this point whether the CBO needs to develop an independent data base for this purpose. We would hope to be able to use extensively the data base maintained by the Executive Branch on program costs and other relevant information. However, the CBO will be free to make its own analyses of this data base as well as to make its own economic and programmatic assumptions in developing independent cost estimates of pending legislation. Finally, we would consult with OMB and other Executive Branch agencies in many instances in order to make the comparisons of cost estimates called for by section 403.

Question 20. In your testimony before the House Budget Committee, you mentioned that the CBO was going to "look at alternatives, fiscal policy alternatives, and programmatical alternatives." How do you plan to coordinate your program reviews with those of the GAO? How will you insure that your organization does not duplicate what the GAO is already doing?

Answer 20. It is our task to analyze budget options; it is GAO's task (among other things) to review and evaluate the costs and effectiveness of existing programs. We have no plan to make similar program evaluations, and our discussions with GAO lead us to believe that that organization does not plan to duplicate CBO's work.

Question 21. There is much confusion both among Members of Congress and staff as to the meaning of certain budget terminology such as "budget authority," "authorization," "contract authority," "entitlements," etc. Is the CBO doing anything in the area of helping to clarify budget terminology or to simplify budget concepts? Is it cooperating with the GAO in its work or standardizing terminology as required in section 901(a) of the Budget Act?

Answer 21. Yes, the CBO is cooperating with the GAO in its work on standardizing budget terminology. CBO staff have reviewed and commented on a GAO draft paper on standard budget terms. CBO staff are also working with the House Budget Committee staff to prepare a short volume of standard budget terms which the Committee intends to send to Members of the House for their use. Also, the CBO has included a number of definitions for standard budget terms in its budget scorekeeping reports, beginning with its second report issued on September 2. We will continue to work with GAO and the Senate and House Budget Committees in helping to clarify budget terminology and to simplify budget concepts in whatever ways would be useful to the Congress.

Question 22. What work products are contemplated to help with next year's First Concurrent Resolution? What progress has been made so far on them?

Answer 22. As explained in the answer to question 15, the third part of the Congressional Budget Office's Annual Report will be made up of a series of papers that will examine budget options in a given area in detail.

Based on the knowledge of our staff as to what the crucial issues will be during the mark-up of the fiscal year 1977 First Concurrent Resolution, work has already begun on over thirty of these papers. Additional papers will be added based on the needs of the staffs and Members of the budget committees. In addition, our cost analysts within the Budget Analysis Division will be working closely with the budget committee staffs as the mark-up approaches.

KEY TO FUNCTIONS

050-National Defense
150-International Affairs
250-General Science, Space and Technology
300-Natural Resources, Environment and Energy
350-Agriculture
400-Commerce and Transportation
450-Community and Regional Development
500-Education, Manpower and Social Services
550-Health
600-Income Security
700-Veterans Benefits and Services
750-Law Enforcement and Justice
800-General Government
850-Revenue Sharing and General Purpose Fiscal Assistance
900-Interest
-Allowances
950-Undistributed Offsetting Receipts

PUBLIC WORKS AND ENERGY RESEARCH
(in millions)

TITLE AND ACCOUNT	FUNCTION	HOUSE OF REPRESENTATIVES BUDGET ESTIMATE Budget Auth.	Outlays	REPORTED Budget Auth.	Outlays	PASSED Budget Auth.	OUTLAYS	SENATE BUDGET ESTIMATE Budget Auth.	Outlays	REPORTED Budget Auth.	Outlays	PASSED Budget Auth.	Outlays	CONFERENCE AGREEMENT Budget Auth.	Outlays
TITLE I															
Energy Research and Development Administration (Except Fossil Fuels Research Development)															
Operating expenses:	050	1,627	738	1,588	723	1,588	723								
	250	402	187	399	182	399	182								
	300	977	446	1,049	478	1,062	484								
Plant and capital equipment:	050	268	96	264	94	264	94								
	250	37	15	39	14	39	14								
	300	569	201	569	202	569	202								
Total, Title I:		3,880	1,684	3,908	1,692	3,921	1,699								
	050	1,896	835	1,852	817	1,852	817								
	250	438	202	438	196	438	196								
	300	1,546	647	1,618	680	1,631	686								
TITLE II															
Department of Defense--Civil:															
Department of the Army:															
Corps of Engineers--Civil:															
General investigations	300	62	48	64	49	64	49								
Construction, general	300	1,093	730	1,157	772	1,157	772								
Flood control, Mississippi River and tributaries	300	154	88	160	91	160	91								
Operation and maintenance, general	300	548	452	576	476	576	476								
Flood control and coastal emergencies	300	40		40		40									
General Expenses	300	43	39	43	39	42	39								
Special recreation use fees	300	2	2	1	1	1	1								
Total, Title II		1,941	1,359	2,041	1,429	2,041	1,429								
TITLE III															
Department of the Interior															
Bureau of Reclamation:															
General Investigations	300	20	18	21	19	21	19								
Construction and Rehabilitation	300	299	230	323	249	324	250								
Upper Colorado River Storage Project	300	40	21	42	22	42	22								
Colorado River Basin project	300	29	12	29	12	29	12								
Colorado River Basin project (appropriation to liquidate contract authorization)	300	(17)	(——)	(17)	(——)	(17)	(——)								

PUBLIC WORKS AND ENERGY RESEARCH — Continued
(in millions)

TITLE AND ACCOUNT	FUNCTION	HOUSE OF REPRESENTATIVES: BUDGET ESTIMATE		REPORTED		PASSED		SENATE: BUDGET ESTIMATE		REPORTED		PASSED		CONFERENCE AGREEMENT	
		Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	OUTLAYS	Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	Outlays
TITLE III															
Department of the Interior--Continued															
Colorado River Basin Salinity Control project	300	20	11	20	11	20	11								
Operation and maintenance	300	132	108	132	108	132	108								
Loan program	300	16	6	23	8	23	8								
Emergency Fund	300	1	*	*											
General Administrative Expenses	300	21	21	21	21	21	21								
Alaska Power Administration:															
General investigations	300	1	1	1	1	1	1								
Operation and maintenance	300	1	1	1	1	1	1								
Bonneville Power Administration fund:															
Construction	300	—	—	—	—	—	—								
Operation and maintenance	300	—	—	—	—	—	—								
Southeastern Power Administration:															
Operation and maintenance	300	1	1	1	1	1	1								
Southwestern Power Administration:															
Construction	300	1	1	1	1	1	1								
Operation and maintenance	300	6	6	6	6	6	6								
Total, Title III		587	436	621	459	622	459								
TITLE IV															
Independent Offices (excluding ERDA)															
Appalachian Region Commission: Salaries and expenses	450	2	2	2	2	2	2								
Appalachian region development programs (funds Appropriated to the President)	450	294	6	293	6	293	6								
Delaware River Basin Commission:															
Salaries and expenses	300	*	*	*	*	*	*								
Contribution to Delaware River Basin Commission	300	*	*	*	*	*	*								
Federal Power Commission	300	36	34	36	34	36	34								
Interstate Commission on the Potomac River Basin:															
Contribution to Interstate Commission on the Potomac River Basin	300	*	*	*	*	*	*								
Nuclear Regulatory Commission:															
Salaries and expenses	300	220	184	203	170	203	170								
Susquehanna River Basin Commission:															
Salaries and expenses	300	*	*	*	*	*	*								

Page 3

PUBLIC WORKS AND ENERGY RESEARCH -- Continued
(in millions)

TITLE AND ACCOUNT	FUNCTION	HOUSE OF REPRESENTATIVES: BUDGET ESTIMATE		REPORTED		PASSED		SENATE: BUDGET ESTIMATE		REPORTED		PASSED		CONFERENCE AGREEMENT	
		Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	OUTLAYS	Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	Outlays
TITLE IV															
Independent Offices (excluding ERDA)--Continued.															
Contribution to Susquehanna River Basin Commission	300	*	*	*	*	*	*								
Tennessee Valley Authority:															
Payment Tennessee Valley Authority fund	300	88	61	100	69	100	69								
Water Resources Council:															
Water resources planning	300	10	8	8	6	8	6								
Total, Title IV		649	296	641	288	641	288								
	300	354	288	346	280	346	280								
	450	295	8	295	8	295	8								
Total Bill		7,057	3,775	7,211	3,868	7,225	3,880								
	050	1,896	835	1,852	817	1,852	817								
	250	438	202	438	196	438	201								
	300	4,428	2,730	4,626	2,848	4,640	2,854								
	450	295	8	295	8	295	8								

NOTE: May not add due to rounding

* Less than $500,000

KEY TO FUNCTIONS

050-National Defense
150-International Affairs
250-General Science, Space and Technology
300-Natural Resources, Environment and Energy
350-Agriculture
400-Commerce and Transportation
450-Community and Regional Development
500-Education, Manpower and Social Services
550-Health
600-Income Security
700-Veterans Benefits and Services
750-Law Enforcement and Justice
800-General Government
850-Revenue Sharing and General Purpose Fiscal Assistance
900-Interest
-Allowances
950-Undistributed Offsetting Receipts

PUBLIC WORKS AND ENERGY RESEARCH (in millions)

FUNCTION, TITLE, AND ACCOUNT	PRESIDENT'S REQUEST		REPORTED HOUSE		PASSED HOUSE		SENATE						CONFERENCE AGREEMENT	
							BUDGET ESTIMATE		REPORTED		PASSED			
	BUDGET AUTHORITY	OUTLAYS	BUDGET AUTHORITY	OUTLAYS	BUDGET AUTHORITY	OUTLAYS	Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	Outlays
Function 050														
Title I														
Energy Research and Development Administration (except fossil fuels research & development):														
Operating expenses	1,627	738	1,588	723	1,588	723								
Plant and equipment	268	96	264	94	264	94								
Total Function 050	1,896	835	1,852	817	1,852	817								
Function 250														
Title I														
Energy Research and Development Administration (except fossil fuels research & development):														
Operating expenses	402	187	399	182	399	182								
Plant and equipment	37	15	39	14	39	14								
Total Function 250	438	202	438	196	438	196								
Function 300														
Title I														
Energy Research and Development Administration (except fossil fuels research and development):														
Operating expenses	977	446	1,049	478	1,062	484								
Plant and equipment	569	201	569	202	569	202								
Subtotal, Title I	1,546	647	1,618	680	1,631	686								
Title II														
Department of Defense Civil:														
Department of the Army:														
Corps of Engineers:														
General investigations	62	48	64	49	64	49								
Construction, general	1,093	730	1,157	772	1,157	772								
Flood control, Mississippi River and tributaries	154	88	160	91	160	91								
Operation and Maintenance	548	452	576	476	576	476								
Flood control and coastal emergencies	40	--	40	--	40	--								

PUBLIC WORKS AND ENERGY RESEARCH (in millions)

FUNCTION, TITLE, AND ACCOUNT	PRESIDENT'S REQUEST		REPORTED HOUSE		PASSED HOUSE		SENATE						CONFERENCE AGREEMENT	
							BUDGET ESTIMATE		REPORTED		PASSED			
	BUDGET AUTHORITY	OUTLAYS	BUDGET AUTHORITY	OUTLAYS	BUDGET AUTHORITY	OUTLAYS	Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	Outlays
Function 300 (cont'd)														
Title II (cont'd)														
General expenses	43	39	43	39	42	39								
Special recreation use fees	2	2	1	1	1	1								
Subtotal, Title II	1,941	1,359	2,041	1,429	2,041	1,429								
Title III														
Department of the Interior:														
Bureau of Reclamation														
General investigations	20	18	21	19	21	19								
Construction & Rehabilitation	299	230	323	249	324	250								
Upper Colorado River Storage project	40	21	42	22	42	22								
Colorado River Basin project	29	12	29	12	29	12								
Colorado River Basin project (appropriation to liquidate contract authorization)	(17)	(--)	(17)	(--)	(17)	(--)								
Colorado River Basin salinity control project	20	11	20	11	20	11								
Operation and Maintenance	132	108	132	108	132	108								
Loan program	16	6	23	8	23	8								
Emergency Fund	1	*	*											
General Administration expenses	21	21	21	21	21	21								
Alaska Power Administration:														
General investigations	1	1	1	1	1	1								
Operation and Maintenance	1	1	1	1	1	1								
Bonneville Power Administration:														
Construction	--	--	--	--	--	--								
Operation and Maintenance	--	--	--	--	--	--								
Southeastern Power Administration:														
Operation and Maintenance	1	1	1	1	1	1								
Southwestern Power Administration:														
Construction	1	1	1	1	1	1								
Operation and maintenance	6	6	6	6	6	6								
Subtotal, Title III	587	436	621	459	622	459								
Title IV														
Delaware River Basin Commission:														
Salaries & expenses	*	*	*	*	*	*								
Contribution	*	*	*	*	*	*								
Federal Power Commission	36	34	36	34	36	34								

Page 3

PUBLIC WORKS AND ENERGY RESEARCH (in millions)

FUNCTION, TITLE, AND ACCOUNT	PRESIDENT'S REQUEST		REPORTED HOUSE		PASSED HOUSE		SENATE						CONFERENCE AGREEMENT	
							BUDGET ESTIMATE		REPORTED		PASSED			
	BUDGET AUTHORITY	OUTLAYS	BUDGET AUTHORITY	OUTLAYS	BUDGET AUTHORITY	OUTLAYS	Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	Outlays	Budget Auth.	Outlays
Function 300 (cont'd)														
Title IV (cont'd)														
Interstate Commission on the Potomac River Basin:														
Contribution	*	*	*	*	*	*								
Nuclear Regulatory Commission	220	184	203	170	203	170								
Sosquehanna River Basin	*	*	*	*	*	*								
Commission: Contribution	*	*	*	*	*	*								
Tennessee Valley Authority:														
Payment to TVA	88	61	100	69	100	69								
Water Resources Council:														
Water Resources planning	10	8	8	6	8	6								
Subtotal, Title IV	354	288	346	280	346	280								
Total Function 300	4,438	2,730	4,627	2,847	4,640	2,854								
Function 450														
Title IV														
Appalachian Region Commission:														
Salaries & expenses	2	2	2	2	2	2								
Appalachian region development programs (funds appropriated to the President)	294	6	293	6	293	6								
Total Function 450	295	8	295	8	295	8								
Total Bill-------------	7,057	3,775	7,211	3,868	7,225	3,880								

NOTE: May not add due to rounding
* Less than 500,000