



April 3, 2014

Honorable Paul Ryan
Chairman
Committee on the Budget
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

You asked us to address the feasibility of having the Congressional Budget Office (CBO) undertake the analyses that would be required by the amendments to H.R. 1874, the Pro-Growth Budgeting Act of 2013, that are currently being considered.¹

H.R. 1874 would require CBO to prepare, to the extent practicable, a macroeconomic impact analysis of the budgetary effects of major legislation—defined by the bill as legislation with expected budgetary effects greater than one-quarter of one percent of the currently projected gross domestic product of the United States in any fiscal year for the period covered by cost estimates prepared by the agency. (That period generally extends for 10 years.) Many of the proposed amendments to H.R. 1874 would broaden the types of potential effects that CBO would be required to analyze.

For a number of reasons, CBO would not be able to perform the analyses envisioned by that set of amendments: We do not have the analytical capabilities or the level of staffing that would be needed to undertake and complete the tasks that would be assigned to us, nor would the usual timetable for considering legislation allow the time that would be required to complete such analyses, even if we did not face those analytical and staffing constraints.

In particular, CBO does not have the data or models that would be required to prepare the types of analyses of various effects of proposed legislation that are contemplated in the set of amendments; in some cases, we are not aware of the existence of the data or models that would be required to

1. <http://rules.house.gov/bill/113/hr-1874>

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undertake such analyses. Moreover, building the necessary analytic capacity and applying it under the circumstances envisioned in the set of amendments would require significantly more staff than CBO currently has.

Finally, we are concerned that the typical timeframe available to CBO to prepare cost estimates would be much too short to undertake the kinds of analyses envisioned in the amendments. In recent years, CBO has prepared macroeconomic analyses for some major legislation, such as the comprehensive immigration reform that was considered by the Senate in 2013. In addition, the agency has conducted macroeconomic analyses for most of the annual budgets proposed by the President over the past decade. Each of those analyses, however, took a considerable amount of time—in contrast to the limited time that is generally available for House and Senate consideration of many pieces of legislation taken up during the course of a Congressional session.

Although the broad requirements specified in the set of proposed amendments would not be possible for CBO to meet, the agency might be able to address some of these issues in special analyses done in cases when the issue is of particular concern and when sufficient time is available to perform an analysis. We would be happy to discuss with the Budget Committee and other Members of the House of Representatives other ways in which CBO could respond to the issues highlighted by these amendments.

Sincerely,

A handwritten signature in black ink that reads "Douglas W. Elmendorf". The signature is written in a cursive style with a large, stylized 'D' and 'E'.

Douglas W. Elmendorf
Director

cc: Honorable Chris Van Hollen
Ranking Member