



10 Things to Know About CBO

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1 **Lawmakers created the Congressional Budget Office to give the Congress a stronger role in budget matters.** CBO was established under the Congressional Budget Act of 1974 to provide objective, nonpartisan information that would support the budget process. CBO's mission is to help the Congress make effective budget and economic policy. In carrying out that mission, the agency offers an alternative to the information provided by the Office of Management and Budget and other agencies in the executive branch.

2 **The Congress sets CBO's priorities.** CBO follows processes that are specified in statute or that it has developed in concert with the Budget Committees and Congressional leadership. CBO's chief responsibility under the Budget Act is to help the Budget Committees with the matters under their jurisdiction. The agency also supports other committees—particularly the Appropriations, Ways and Means, and Finance Committees—and the leadership.

Among CBO's statutory requirements is producing certain reports, the best known of which is the annual *Budget and Economic Outlook*. That report includes CBO's budget and economic projections for the coming decade (commonly referred to as baseline projections), which are based on the assumption that current laws about federal spending and revenues will generally remain in place. CBO is also required by law to produce a formal cost estimate for nearly every bill that is approved by a full committee of either the House or the Senate. Those cost estimates are only advisory. They can—but do not have to—be used to enforce budgetary rules or targets. Moreover, CBO does not enforce such budgetary rules; the Budget Committees do.

3 **CBO produces a lot of work.** Each year, the agency publishes 600 to 800 formal cost estimates; provides technical assistance to Congressional staff as they develop thousands of legislative proposals and amendments; and publishes many reports about the budget, the economy, and related issues. Nevertheless, because of limited

resources, the number of estimates and analyses that CBO can produce falls short of Congressional requests. Moreover, the agency must balance its commitment to respond quickly to the Congress with its professional responsibility to release only high-quality estimates.

4 **To provide the Congress with the high-quality analysis that it needs, CBO's staff has expertise in many areas.** Among CBO's roughly 265 people, the largest concentration of expertise is in the area of health. Other areas of focus include national security, labor, taxes, energy, microeconomics, and macroeconomics. Maintaining a broad array of expertise allows CBO to respond to policymakers' needs quickly. Analysts are organized into a number of divisions, but much of CBO's work requires attention from more than one division.

CBO's analysts always strive for high quality and accuracy. They approach issues with a detailed understanding of federal programs and the tax code. They carefully and critically read the relevant research literature. They painstakingly analyze data collected by the government's statistical agencies and by private organizations. And they regularly consult with a diverse range of outside experts. Some of the consultations occur during periodic meetings with CBO's Panel of Economic Advisers and Panel of Health Advisers.

5 **Models do not produce CBO's estimates; CBO does.** CBO's estimates often require projections of how people and institutions would respond to proposed changes in law. To inform those projections, CBO develops and uses a variety of complex computer models, such as microsimulation models, macroeconomic models, and regression models. The models are constantly being enriched and improved. Nonetheless, models often cannot show the full scope of the effects of a legislative proposal. Analysts must routinely go farther, combining what can be learned from a model with other information so that the estimates correspond as closely as possible to what the best available research suggests.

6 CBO's analysis is objective, impartial, and nonpartisan. CBO makes no policy recommendations. It hires people on the basis of their expertise—about 75 percent of CBO's employees have advanced degrees—and without regard to political affiliation. The agency carefully considers whether potential analysts can perform objective analysis, regardless of their own personal views, and it enforces strict rules to prevent employees from having financial conflicts of interest and to limit their political activities.

CBO uses a common set of assumptions when analyzing different legislative proposals to ensure that its estimates are consistent and impartial. The agency's estimates are inherently uncertain, but its goal is to produce estimates that are in the middle of the distribution of potential outcomes.

7 CBO has a rigorous system of checks and balances. All of CBO's cost estimates and reports are reviewed internally for objectivity, analytical soundness, and clarity. That process involves many people at various levels in the agency. Analysts' consultations with outside experts help them hear multiple perspectives on an issue. And the agency continually revisits its past work to evaluate its accuracy. It also compares its analysis with others' work and incorporates outside feedback into its projects.

8 CBO prioritizes transparency. Since its inception, the agency has used many approaches to be transparent. In its cost estimates and other publications, CBO documents the basis of its findings. In addition, the agency describes and explains the revisions to its budget projections and estimates. It reports on the accuracy of its projections. It publishes analyses of how sensitive its estimates are to key parameters. And it seeks external review of its reports before they are released and of the methods on which its products are based.

CBO also promotes transparency by providing broad access. When CBO completes a formal cost estimate, it is made available to all Members of Congress, their staff, and the public on CBO's website. CBO's Director meets regularly with Members to explain the agency's work, respond to questions, and obtain feedback. Furthermore, CBO's analysts regularly explain their analyses to Congressional staff—informally through meetings and phone calls, and more formally in presentations and briefings.

Unfortunately, the pace of Congressional action sometimes limits the time available for providing extensive explanations of estimates. And because the overall demand for CBO's work is high and its resources are constrained, the agency needs to balance requests to explain more about finished analyses with requests for new analyses and with its other responsibilities, such as regularly updating its baseline projections.

9 CBO evolves as the needs of the Congress evolve. Though CBO has remained true to its original mission, it works with the Congress in ways probably not envisioned when it was first created. For example, as legislation has grown more complex, CBO has found itself spending more time providing preliminary analyses and technical assistance during the drafting stage. And it is being asked more often to prepare cost estimates for bills that are heading for votes without being marked up by committees first.

To accommodate the Congress's changing agenda, CBO shifts staffing and develops new analytical tools. For instance, the agency has devoted significant resources to modeling the economic and budgetary effects of the 2020–2021 coronavirus pandemic. CBO has strengthened its ability to analyze climate issues so that it will be prepared for legislative proposals on that front. Similarly, over the past several years, the agency has improved its capability to study how legislative proposals would affect the economy and thus the budget as the Congress continues to be interested in such “dynamic analysis.”

10 CBO is always looking for ways to do things better. For example, CBO has updated every aspect of its simulation model of health insurance coverage, which forms the backbone of its budget projections related to federal health care spending for people younger than 65. Also, in 2021, CBO has realigned its divisions to better address three priority areas: health; income security; and climate, energy, and infrastructure.

Because responsiveness and transparency are top priorities at CBO, the agency is especially invested in bolstering them further. CBO will continue to provide additional information to help people understand its cost estimates—for example, characterizing the uncertainty that surrounds them. In addition, CBO will publish more documentation of the methods that it uses to analyze various topics, just as it did recently to explain its analyses of preventive medical services and interest rates.