



# 10 Things to Know About CBO

JANUARY | 2024

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**1** Lawmakers created the Congressional Budget Office to help the Congress play a stronger role in budget matters. CBO was established under the Congressional Budget Act of 1974 to provide objective, nonpartisan information to support the federal 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. To develop the information it delivers to the Congress, CBO follows processes either specified in statute or developed by the agency in concert with the Senate and House Budget Committees and the 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.

One of CBO's statutory requirements is producing certain reports, notably the annual *Budget and Economic Outlook*. That report presents CBO's budget and economic projections for the coming decade (commonly referred to as baseline projections). The projections are based on the assumption that current laws governing federal spending and revenues will generally remain in place. CBO is also required by law to produce a 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 about 600 to 800 cost estimates; responds to thousands of requests for technical assistance from Congressional staff as they develop 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. The agency must balance its commitment to respond quickly to the Congress with its professional responsibility to release only high-quality work.

**4** To provide the Congress with the high-quality analysis that it needs, CBO employs people with expertise in many areas. CBO has approximately 270 staff members, with the largest share of its analysts focused on health policy. CBO's divisions include experts in energy and climate, labor, macroeconomics, microeconomics, national security, and taxes. Analysts often work across divisions to complete their analyses. Maintaining a breadth of expertise enables CBO to quickly respond to policymakers' needs.

CBO's analysts follow a detailed process to ensure the accuracy of their work. They approach issues with a deep 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, including those serving on the agency's Panel of Economic Advisers and its 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. Thus, analysts routinely combine what can be learned from a model with other information so that the estimates correspond as closely as possible to the outcomes suggested by the best available research.

**6 CBO is objective, impartial, and nonpartisan.** The agency makes no policy recommendations. It hires people on the basis of their expertise and without regard to political affiliation. The agency carefully considers whether potential analysts can perform objective analysis, regardless of their personal views. And it enforces strict ethics rules that prevent conflicts of interest and preserve the objectivity of CBO's analyses.

CBO uses a common set of assumptions when analyzing different legislative proposals to ensure that its estimates are consistent and impartial. Budgetary estimates are inherently uncertain, but the agency's 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 consult with outside experts, which gives them multiple perspectives on an issue. And the agency continually revisits past CBO reports and estimates to evaluate their accuracy. The agency also compares its analyses with those of other organizations and incorporates outside feedback into its projects.

**8 CBO prioritizes transparency.** Since its inception, CBO has used many approaches to be transparent. In its cost estimates and other publications, the agency documents the basis of its findings, though sometimes the pace of Congressional action limits the time available for providing extensive explanations of estimates. In addition, CBO explains the revisions to its budget projections and estimates, reports on the accuracy of its projections, and publishes analyses of how sensitive its estimates are to key parameters. Finally, CBO seeks external review of its reports before they are released and welcomes scrutiny of the methods on which its products are based.

CBO also promotes transparency by providing broad access. The agency posts its cost estimates on its website, where Members of Congress, their staffs, and the public can access them. 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 formally in presentations and briefings.

**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 the agency was first created. For example, as legislation has grown more complex, CBO has increasingly spent time providing preliminary analyses and technical assistance during the drafting stage. And the agency is being asked more often to prepare cost estimates for bills that are heading for votes without first being marked up by committees.

To remain attentive to the needs of the Congress and accommodate the changing legislative agenda, CBO shifts staffing and develops new analytical tools. For instance, the agency devoted significant resources to modeling the economic and budgetary effects of the 2021 infrastructure legislation. Similarly, CBO strengthened its ability to examine energy, prescription drug, and veterans' issues so that it could analyze legislative proposals on those fronts. And, over the past several years, the agency has enhanced its capacity to study how legislative proposals would affect the economy and thus the budget, meeting that continuing Congressional interest in such "dynamic analysis."

**10 CBO is always looking for ways to do things better.** As the Congress continues to consider large and complex legislation—often on accelerated timelines—CBO seeks ways to provide information even more efficiently. For example, in fall 2021, CBO released estimates of individual titles of reconciliation legislation as it completed them, before publishing the full cost estimate for the bill.

Because responsiveness and transparency are top priorities at CBO, the agency is committed to bolstering them further. CBO will continue to provide information to help people understand its baseline budget projections—for example, by describing the laws that underlie the construction of those projections. In addition, CBO will publish more primers and documentation of its methods for conducting distributional analyses, determining fiscal measures, and performing other analyses.