



An Introduction to the Congressional Budget Office

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Lawmakers created the Congressional Budget Office to give the Congress a stronger role in budget matters. Established under the Congressional Budget Act of 1974, CBO provides objective, nonpartisan information to support the budget process and 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.

The Congress sets CBO's priorities. CBO's chief responsibility under the Budget Act is to help the House and Senate Budget Committees with the matters under their jurisdiction. CBO also supports other Congressional committees—particularly Appropriations, Finance, and Ways and Means—and the Congressional leadership.

Each year, the agency's economists and budget analysts produce thousands of formal and informal cost estimates for proposed legislation, as well as dozens of reports and other materials on a variety of topics. CBO conducts objective, impartial analysis and hires employees without regard to political affiliation. CBO does not make policy recommendations. Most of CBO's work is available to the Congress and the public on the agency's website, www.cbo.gov. (This document and more information about CBO are available at www.cbo.gov/about/overview.)

CBO's Products

CBO provides budgetary and economic information in a variety of ways and at various points in the legislative process.

Baseline Budget and Economic Projections

As required by the Budget Act, CBO regularly publishes projections of budgetary and economic outcomes that

are based on the assumption that current laws about federal spending and revenues will generally remain in place. Those baseline projections cover the 10-year period used in the Congressional budget process. Reports on those projections usually describe differences between current and previous projections, compare CBO's economic forecast with other forecasts, and show the budgetary effects of some alternative policies. Specific rules for developing baseline projections are set in law (in particular, the Balanced Budget and Emergency Deficit Control Act of 1985) or have been developed by CBO in consultation with the House and Senate Budget Committees.

The baseline projections are not intended to predict budgetary or economic outcomes. Rather, they reflect CBO's assessment of how the budget and the economy would evolve under existing laws. That approach allows the baseline to serve as a benchmark for measuring the effects of proposed legislation. For more information, see *How CBO Prepares Baseline Budget Projections* (www.cbo.gov/publication/53532) and *How CBO Produces Its 10-Year Economic Forecast* (www.cbo.gov/publication/53537).

CBO's economic forecasts cover the major economic variables—gross domestic product, unemployment, inflation, and interest rates—along with a broad array of other economic measures. The forecasts draw information from CBO's ongoing analysis of daily economic events and data, the major commercial forecasting services, consultation with economists both within and outside the federal government, and the advice of the experts on the agency's Panel of Economic Advisers.

Frequency: *The Budget and Economic Outlook* is generally issued each January and updated in August; the budget projections are also usually updated in March (see www.cbo.gov/topics/budget/outlook-budget-and-economy).

Cost Estimates

CBO is 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.

Cost estimates show how a bill would affect spending or revenues over the next 5 or 10 years, depending on the type of spending involved, and describe the basis for the estimate. For most tax legislation, CBO uses estimates provided by the staff of the Joint Committee on Taxation, a separate group that works closely with the Congressional tax-writing committees. In addition to preparing formal written estimates for bills approved by committees, CBO provides many more preliminary informal estimates as committees are considering which legislation to advance, as amendments to legislation are being debated, and at other stages in the legislative process. For more information, see *How CBO Prepares Cost Estimates* (www.cbo.gov/publication/53519) and *CBO's Cost Estimates Explained* (www.cbo.gov/publication/54437).

CBO's analysts are available to answer Members' questions about its cost estimates. By law, CBO's primary responsibility is to Congressional committees. Individual Members seeking a cost estimate from CBO may submit a request, with any draft language attached or the bill number referenced, by email to costestimates@cbo.gov. CBO tries to provide informal feedback on possible direct spending effects, usually by phone or email. If its analysts cannot work on an estimate right away, CBO will provide a sense of whether and when an estimate can be prepared.

Frequency: Produced throughout the year, with formal estimates typically numbering between 600 and 800 annually (see www.cbo.gov/cost-estimates) and informal estimates numbering in the many thousands.

Long-Term Budget Projections

CBO also provides the Congress with budget projections beyond the standard 10-year period. Those projections, which focus on the next 30 years, show the effects of demographic trends, economic developments, and health care costs on federal spending, revenues, and deficits. The assumptions about federal spending and revenue policies

used for the long-term budget projections match those underlying the agency's 10-year baseline for the first decade and are extended in a similar way to later years. The projections also include the long-term budgetary and economic effects of some alternative policies.

Frequency: Produced annually, usually in the summer (see www.cbo.gov/topics/budget/long-term-budget-analysis). Interim updates are provided in *The Budget and Economic Outlook* each January.

Testimony and Answers to Questions for the Record

CBO testifies at Congressional hearings, providing written statements and answering specific public questions from Members of Congress. It also publishes answers to Members' subsequent questions on the agency's website.

Frequency: Produced throughout the year (see www.cbo.gov/about/transparency).

Analytic Reports

CBO's reports cover every major area of federal policy, including spending programs, the tax code, and budgetary and economic challenges. Most reports are written at the request of the Chairman or Ranking Member of a committee or subcommittee or at the request of the leadership of either party in the House or Senate. Typically, the reports present a set of options for changes in the federal program or tax rules under consideration, estimating each option's budgetary and economic effects and discussing its benefits and drawbacks. As with the agency's other products, those reports make no recommendations.

CBO prepares some of its analytic reports annually. For instance, the agency is required to publish estimates of the caps on funding for discretionary programs for each fiscal year through 2021 and to report whether, according to those estimates, a sequestration (a cancellation of budgetary resources that have already been provided) would be required. However, the Office of Management and Budget ultimately decides whether a sequestration is required on the basis of its own estimates.

CBO also publishes an annual report on the Defense Department's five-year plan, known as the Future Years Defense Program. The report examines the plan's costs and long-term budgetary implications. In addition, CBO prepares a report each year listing all programs

and activities funded for the current fiscal year for which authorizations of appropriations have expired or will expire during the current fiscal year.

Frequency: Produced throughout the year (see www.cbo.gov/publication/most-recent/reports).

Analyses of the President's Budget

After the President submits a budget, CBO produces its own estimate of the effects of the proposed policies using the agency's own economic forecast and estimating methods—the same ones it uses to make its baseline spending and revenue projections and to estimate the effects of other spending and revenue proposals. That approach allows the Congress to compare the various proposals and projections.

Frequency: Produced annually, usually in March (see www.cbo.gov/topics/budget/presidents-budget). CBO sometimes provides a subsequent analysis of the effects of the President's budgetary proposals on the economy and the resulting effects on the federal budget.

Budget Options

CBO produces a reference volume examining options for reducing budget deficits. It includes a wide range of options, derived from many sources, for reducing spending or increasing revenues. For each option, CBO estimates its effects on the budget and discusses its benefits and drawbacks.

Frequency: Produced every two years (see www.cbo.gov/topics/budget/budget-options).

Analyses of Federal Mandates

CBO's cost estimates for committee-approved bills include analyses of any mandates and associated costs that those bills would impose on state, local, and tribal governments and on the private sector.

Frequency: Produced throughout the year (see www.cbo.gov/topics/mandates).

Monthly Budget Reviews

CBO issues a monthly analysis of federal spending and revenue totals for the previous month and the fiscal year to date.

Frequency: Produced on the sixth working day of each month (see www.cbo.gov/about/products/major-recurring-reports#9).

Scorekeeping for Legislation

CBO provides the Budget and Appropriations Committees with frequent tabulations of Congressional action affecting spending and revenues. Those scorekeeping reports provide information about whether legislative actions are consistent with the spending and revenue levels set by budget resolutions.

Frequency: Produced periodically during the year (see www.cbo.gov/topics/budget/status-appropriations).

Working Papers

CBO's working papers provide technical descriptions of its official analyses as well as independent research by CBO's analysts. Those publications enhance the transparency of CBO's work and encourage external review of it.

Frequency: Produced throughout the year (see <http://go.usa.gov/ULE>).

Data and Technical Information

To provide more details about CBO's budget and economic projections and to increase the transparency of CBO's other analyses, the agency posts data and other technical information on its website.

Frequency: Produced throughout the year and coordinated with the release of related publications (see, for example, www.cbo.gov/about/products/budget-economic-data and www.cbo.gov/about/products/baseline-projections-selected-programs).

Presentations

CBO's staff gives presentations on various topics to interested Congressional staff and outside groups. The agency publishes information about those presentations on its website.

Frequency: Produced throughout the year (see www.cbo.gov/publication/most-recent/presentations).

Data Visualizations

To make CBO's projections easier to understand, the agency publishes chart books, slide decks, and infographics about the budget and the economy.

Frequency: Produced throughout the year (see www.cbo.gov/about/transparency).

Interactive Tools

CBO posts interactive tools on its website that allow the Congress and the public to simulate and compare alternative scenarios for major programmatic and budgetary areas of interest. The tools are based on the agency's process for developing cost estimates and baseline projections.

Frequency: Produced throughout the year (see www.cbo.gov/interactives).

CBO's Processes

CBO's work follows processes that are specified in the Budget Act or that it has developed in concert with the House and Senate Budget Committees and the Congressional leadership. Most of the processes that guide CBO's work have been in place since the 1970s. CBO is required by law to disclose the basis for each of its cost estimates, and the agency follows the same practice for its reports (see www.cbo.gov/about/processes).

All of CBO's work reflects the agency's objective, impartial, and nonpartisan analytical assessments. Those assessments are based on several factors:

- A detailed understanding of federal programs and revenue sources;
- Careful reading of the relevant research literature;
- Extensive analysis of data collected and reported by the government's statistical agencies and by private organizations (for example, the national income and product accounts, surveys of labor market conditions and prices, the Statistics of Income database, the Current Population Survey, the Survey of Income and Program Participation, data on national health expenditures, various health care surveys, and data on financial transactions); and
- Consultation with numerous outside experts, including professors, think-tank analysts, industry group representatives, other private-sector experts, and employees of federal, state, and local governments.

The evolution of particular federal programs under current law, the budget as a whole, and the U.S. economy are often uncertain, as are the effects of legislation being considered by the Congress. CBO aims to develop estimates that are in the middle of the distribution of

possible outcomes and to clearly communicate the basis for those estimates and the uncertainty surrounding them.

CBO does not attempt to predict the ways in which the Congress might amend existing laws or modify legislative proposals being considered. Therefore, the agency's baseline budget and economic projections generally follow current laws (as well as rules for constructing baseline projections that are specified in law or that CBO and the Budget Committees have developed). In addition, CBO regularly shows the effects of adopting alternative policies that have been discussed by the Congress.

The agency's cost estimates for legislation take that legislation as it is written and do not incorporate any possible future modifications to it. CBO's analysts assess the extent to which proposed policies would affect people's behavior in ways that would affect federal revenues or spending, and those effects are routinely incorporated in the agency's cost estimates and reports. For example, the agency's estimates include changes in crop production that would result if the Congress adopted new farm policies, changes in the likelihood that people would take up certain government benefits if the Congress altered policies pertaining to those benefits, and changes in the quantity of health care services that would be provided if the Congress adjusted Medicare's payment rates to certain providers.

Although CBO's cost estimates incorporate likely behavioral responses to a proposal, with a few exceptions they generally do not include what is sometimes known as dynamic analysis. Dynamic analysis refers to instances in which CBO takes into account further behavioral changes that would affect total output in the economy. Those broad macroeconomic changes—which include changes in the labor supply or private investment—resulting from changes in fiscal policy can themselves have additional budgetary consequences, an effect that is called macroeconomic feedback. By long-standing convention, such feedback is not generally reflected in CBO's cost estimates. However, CBO provides such information at the request of the Budget Committees when practicable.

In selected reports—as distinguished from cost estimates—CBO has estimated the effects on the overall economy of significant changes in federal spending and tax policies. Some of those analyses have also examined

how the projected changes in the economy would in turn affect the federal budget; those feedback effects have generally been small relative to the direct budgetary effects of the policies analyzed (see www.cbo.gov/topics/dynamic-analysis).

Availability of CBO's Work

CBO releases its work in ways that make it widely available. The agency also keeps the Congress informed about its completed and forthcoming work.

How CBO Releases Its Work

CBO aims to make its work readily accessible to the Congress and the public. In some circumstances, however, the needs of the Congress lead CBO to keep the results of an analysis confidential. The agency's procedure for releasing the results of an analysis depends on which of the two broad categories of CBO's work it falls into.

The first category consists of formal cost estimates and analytic reports that address public legislative proposals or broad policy issues. Public legislative proposals include introduced bills and amendments, proposals in the President's budget, policy options that CBO has analyzed in one of its reports, and bills that have been voted on by committees or by the House or Senate. They also include proposals that have been widely discussed in the public domain or that have been publicly discussed in some detail by their sponsors.

CBO publicly releases all of its formal cost estimates and analytic reports. It delivers its work to interested Members of Congress and their staffs, including the sponsor of legislation or requester of a report, the Chairman and Ranking Member of the committees of jurisdiction, and the Budget Committees. Soon after delivery to those key interested parties, the agency posts the work on its website. In addition, an email service, Twitter announcements, and RSS feeds notify subscribers when the agency publishes work on a particular topic. Occasionally, when CBO analyzes legislative proposals that are already public, there is not enough time to produce a formal cost estimate. In such cases, communications about CBO's analysis are available to any interested party in the Congress.

The second broad category of CBO's work consists of background information and technical assistance. Members and their staffs often evaluate alternative proposals to accomplish a goal before they make a specific

proposal public, and they need the flexibility to modify that proposal—sometimes in response to CBO's preliminary estimates—before it becomes public. CBO's analysts typically give committee staff preliminary estimates on a broad range of legislative options, allowing them to consider different approaches before deciding on a specific legislative path. In such situations, CBO recognizes that the confidentiality of its work is critical to committee deliberations, so it keeps its preliminary estimates confidential until the proposals are made public. Those communications are preliminary because they do not undergo the same review required for formal estimates.

How CBO Keeps the Congress Informed About Its Work

To provide the Congress with a comprehensive review of its work, CBO releases an annual report cataloging its completed projects (see www.cbo.gov/taxonomy/term/3/recurring-reports). The agency also publishes quarterly reports listing recent publications and work in progress, which may include reports, working papers, testimonies, interactive tools, and cost estimates for bills that were ordered reported by a committee or that were the subject of a motion to be placed on the consensus calendar in the House of Representatives. For example, the quarterly reports list the topics of requested reports that are expected to be released in the coming months. When the publication of such a report is imminent, CBO announces the title on its website (see www.cbo.gov/about/press-center). CBO revisits those policies at the start of each Congress.

Transparency at CBO

Transparency is a top priority for CBO, and the agency continues to bolster its efforts to be transparent. CBO is committed to maintaining equitable access to the information and analysis that it provides and to ensuring that its work is widely available to the Congress and the public. Those efforts help CBO continue its long-standing dedication to providing clear, objective, insightful, and timely information.

CBO's transparency efforts have three principal goals: to promote a thorough understanding of CBO's analyses through accessible, clear, and detailed communication; to help people gauge how estimates might change if policies or circumstances differed; and to enhance the credibility of the agency's analyses and processes by showing the underlying data, professional research, and feedback from experts. To achieve those goals, CBO

undertakes the following activities (see www.cbo.gov/about/transparency):

- **Testifying and Publishing Answers to Questions.** CBO testifies at Congressional hearings and publishes answers to Members' subsequent questions on its website.
- **Explaining Analytical Methods.** CBO publishes documents explaining its analyses, including its general approach and particular instances. In addition, most cost estimates include a section describing the basis of the estimate. To enable researchers to replicate its results, the agency posts segments of the computer code for some analyses.
- **Releasing Data.** CBO provides many data files underlying the analysis for its major reports and other studies. The agency maintains a web page with links to many years of data, demonstrating the underpinnings of key projections.
- **Analyzing the Accuracy of CBO's Estimates.** CBO regularly releases comparisons of the agency's projections with actual outcomes.
- **Comparing Current Estimates With Previous Ones.** In several of its recurring publications, CBO explains the differences between this year's and last year's projections. In addition, cost estimates explain the extent to which provisions and estimates resemble or differ from earlier ones.
- **Comparing CBO's Estimates With Those of Other Organizations.** CBO regularly compares its work with the budget projections of the Administration, with the economic projections of private forecasters and other government agencies, and sometimes with the policy analyses of various organizations. Comparisons are often discussed with Congressional staff when time does not allow for preparing a formal presentation.
- **Estimating the Effects of Alternative Policies.** To assist policymakers and analysts who may hold differing views about the most useful benchmark for considering possible changes to laws (and to make the consequences of alternative policies more transparent), CBO estimates the effects that some alternative assumptions about future policies would have on budgetary outcomes.
- **Characterizing Uncertainty Surrounding Estimates.** CBO's budget and economic estimates reflect the

middle of a range of outcomes under a given set of policies. Discussion of uncertainty helps policymakers understand the factors that might cause estimates or outcomes to differ in the future.

- **Visualizing Data.** CBO's chart books, slide decks, and infographics about the budget and the economy help make its projections easier to understand.
- **Conducting Outreach.** CBO's staff communicates with people outside the agency every day to explain CBO's findings and methods and get feedback that helps maintain and improve the quality of the agency's work. CBO's most important outreach is its direct communication with the Congress. The Director meets regularly with Members of Congress to explain the agency's work, respond to questions, and obtain feedback. CBO also publishes blog posts and podcasts highlighting key issues.

CBO convenes expert Panels of Economic and Health Advisers that advise the agency on its forecasting methods and models, among many other topics. The agency hosts periodic meetings of the advisers and solicits their views between meetings. CBO consults regularly with many other outside experts, who represent a variety of perspectives, as it develops cost estimates and other analyses.

Objectivity of CBO's Analyses

CBO takes many steps to ensure that its work is objective, impartial, and nonpartisan, and it enforces strict rules that prevent employees from having financial conflicts of interest and that limit their political activities (see www.cbo.gov/about/objectivity/employee_policy).

CBO encourages open discussion of analytic issues under consideration. The agency's analysts carefully read relevant research and examine data collected by government agencies and private organizations. All of CBO's products undergo rigorous review by people at different levels of the organization. Furthermore, CBO's reports are reviewed by outside experts who specialize in the issue at hand. The agency also explains the basis of its findings so that outside analysts can understand the results and examine the methodologies used.

The outside experts who consult with CBO represent a variety of perspectives and include professors, think-tank analysts, industry group representatives, other private-sector experts, and federal, state, and local government employees (see www.cbo.gov/about/panels-advisers). In choosing

members of its panels of advisers and in weighing their input, CBO considers whether members and potential members are engaged in substantial political activity or have significant financial interests that might influence, or might reasonably appear to influence, their perspective on the issues about which CBO is seeking their advice (see www.cbo.gov/about/objectivity/advisers_policy). Although CBO draws on many outside experts, the agency's findings are based on its own judgments, and it is solely responsible for them.

Finally, CBO makes no policy recommendations, because choices about public policy inevitably involve value judgments that the agency does not and should not make.

CBO's Organization and Staff

CBO's organization consists of the Office of the Director and nine divisions: Budget Analysis; Financial Analysis; Health Analysis; Labor, Income Security, and Long-Term Analysis; Macroeconomic Analysis; Management, Business, and Information Services; Microeconomic Studies; National Security; and Tax Analysis. Further information about CBO's individual divisions is available on the agency's website (see www.cbo.gov/about/organization-and-staffing).

The Speaker of the House of Representatives and the president pro tempore of the Senate jointly appoint CBO's Director, after considering recommendations from the two Budget Committees. Directors are appointed for four-year terms and may be reappointed to the position; in addition, a Director serving at the expiration of a term may continue to serve until a successor is appointed. The Budget Act specifies that CBO's Director is to be chosen without regard to political affiliation. CBO has had 10 Directors and several Acting Directors.

The rest of CBO's staff is appointed by the Director solely on the basis of professional competence, without regard to political affiliation. CBO has about 265 staff members, mostly economists or public policy analysts with advanced degrees. The agency also employs lawyers, information technology specialists, editors, and people with other areas of expertise that contribute to the agency's mission. Many of them have extensive experience

in their subject areas because CBO's Directors have a firm tradition of retaining staff from their predecessors.

CBO's collegial work environment and flat organizational structure foster collaboration and teamwork across and within divisions. For example, reports produced by analysts in several divisions rely on economic projections prepared by the Macroeconomic Analysis Division and on cost estimates and budget projections prepared by the Budget Analysis and Tax Analysis Divisions. Similarly, budget projections and cost estimates prepared by the Budget Analysis and Tax Analysis Divisions draw on models and analyses produced by other divisions.

Contacting CBO

The Congressional Budget Office is located on the fourth floor of the Ford House Office Building, Second and D Streets, SW, Washington, DC 20515-6925. The best way to contact CBO depends on the nature of the inquiry.

Members of Congress or Congressional staff inquiring about cost estimates:

Budget Analysis Division
(202) 226-2800
costestimates@cbo.gov

Members of Congress or Congressional staff inquiring about other matters:

Director of Legislative Affairs
(202) 226-2837
congressionalaffairs@cbo.gov

Public or media inquiries:

Office of Communications
(202) 226-2602
communications@cbo.gov

Job candidate information:

Office of Human Resources
(202) 226-2628
careers@cbo.gov

Vendor or contractor information:

Acquisitions Office
(202) 226-9850
procurementservices@cbo.gov