Congressional Budget Office

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An Introduction to the Congressional Budget Office

Since 1975, the Congressional Budget Office has produced independent analyses of budgetary and economic issues to support the Congressional budget process. Each year, the agency's economists and budget analysts produce dozens of reports and hundreds of cost estimates for proposed legislation. CBO is strictly nonpartisan; conducts objective, impartial analysis; and hires its employees solely on the basis of professional competence without regard to political affiliation. CBO does not make policy recommendations, and each report and cost estimate summarizes the methodology underlying the analysis. Many of CBO's products are available to the Congress and the public on the agency's website, www.cbo.gov.

What Are 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

CBO regularly publishes projections of budgetary and economic outcomes that are based on the assumption that current laws regarding federal spending and revenues will generally remain in place. Those projections, which are known as baseline projections, cover the 10-year period used in the Congressional budget process. The reports on those projections usually describe the differences between the current projections and previous ones; compare the economic forecast with those of other forecasters; and show the budgetary effects of some alternative policies.

Produced: Several times annually. The budget and economic projections are generally issued each January in *The Budget and Economic Outlook* and are updated in August; the budget projections are also generally updated in March.

Long-Term Budget Projections

CBO provides the Congress with budget projections beyond the standard 10-year budget window. Those projections, which focus primarily on the coming 25 years, show the effects of demographic trends, economic developments, and rising 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 report also shows the long-term budgetary and economic effects of some alternative policies.

Produced: Annually, usually in June.

Cost Estimates

CBO provides formal, written estimates of the cost of virtually every bill approved by Congressional committees to show how the bill would affect spending or revenues over the next 5 or 10 years, depending on the type of spending involved. Each cost estimate describes 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 formal, written estimates for bills approved by committees, CBO provides a far greater number of informal, preliminary estimates as committees are considering what legislation to advance, as amendments to legislation are being debated, and at other stages in the legislative process.

Produced: Throughout the year, with formal estimates typically numbering between 500 and 700 annually.

Analytic Reports

CBO prepares analytic reports that examine particular federal spending programs, aspects of the tax code, and budgetary and economic challenges. The reports cover many areas of federal policy, including health care, economic growth, social insurance, income security, taxes, energy, the environment, national security, financial issues, education, infrastructure, and more. Most CBO reports present a set of options for changes in the federal program or tax rules being examined. Such reports generally include estimates of each option's budgetary effects, economic effects, or both, as well as a discussion of each option's benefits and drawbacks. As with the agency's other products, these reports make no recommendations. Some CBO reports provide background information about CBO's other analyses to enhance the transparency of the agency's work.

Most CBO 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. In some cases, the agency presents its analyses as testimony before Congressional committees rather than in report format. In addition, CBO's managers and analysts sometimes make presentations to professional groups, and slides from those presentations are generally posted on CBO's website. The agency also sometimes summarizes its analyses in less traditional formats (such as infographics); those materials are available on CBO's website as well.

Produced: Throughout the year.

Analysis of the President's Budget

After the President submits a budget, CBO "reestimates" it, using the agency's own economic forecast and estimating methods—the same forecast and methods that 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 with each other.

Produced: Annually. A budgetary analysis is generally issued in March, followed in April by an analysis of the effects of the President's budgetary proposals on the economy and, in turn, indirectly on the federal budget.

Budget Options

Periodically, CBO produces a reference volume examining numerous options for reducing budget deficits. The volume includes a wide range of options, derived from many sources, for reducing spending or increasing revenues. For each option, CBO presents an estimate of its effects on the budget and a discussion of its benefits and drawbacks but makes no recommendations.

Produced: Every few years.

Analyses of Federal Mandates

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

Produced: Throughout the year. In addition, CBO produces a report each spring listing all of its work analyzing mandates in the previous year.

Monthly Budget Review

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

Produced: The fifth working day of each month.

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.

Produced: Periodically during the year.

Compilations of Unauthorized Appropriations and Expiring Authorizations

CBO prepares reports 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.

Produced: Annually, in January.

Sequestration Reports

CBO 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 Administration's Office of Management and Budget ultimately decides whether a sequestration is required on the basis of its own estimates.

Produced: Twice a year.

Working Papers

CBO's working papers include papers that provide technical descriptions of official CBO analyses and papers that represent independent research by CBO analysts. Through those papers, CBO aims to enhance the transparency of its work and to encourage external review of that work. Working papers are not subject to CBO's regular review and editing process.

Produced: Throughout the year.

Data and Technical Information

To provide more detail about CBO's budget and economic projections and to add to the transparency of CBO's other analyses, the agency posts a considerable quantity of data and other technical information on its website.

Produced: Throughout the year.

What Processes Does CBO Follow in Its Analyses?

CBO's work follows processes specified in the Congressional Budget and Impoundment Control Act of 1974 (which established the agency) or developed by the agency 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 early days of the agency in the 1970s.

How Does CBO Decide What to Study?

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

CBO produces a number of reports specified in statute, of which the best known is the annual *Budget and Economic Outlook*. Other CBO reports that are required by law or have become regular products of the agency owing to sustained interest from the Congress are described earlier in this guide.

In addition, 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; the only exceptions are appropriation bills, which do not receive formal cost estimates but whose budgetary effects CBO assesses for the Appropriations Committees. CBO also produces formal cost estimates at other stages of the legislative process if requested to do so by a relevant committee or by the Congressional leadership. Moreover, CBO produces informal cost estimates for a much larger number of legislative proposals—including some that Congressional committees consider during the process of developing legislation, and some that receive consideration at other stages in the legislative process.

Beyond its regular reports and cost estimates, CBO prepares analytic reports at the request of the Congressional leadership or of the Chairmen or Ranking Members of committees or subcommittees. CBO's managers and analysts work with requesters and their staffs to understand the scope and nature of the work that would be most useful to the Congress.

What Methodology Does CBO Use in Its Analyses?

All of CBO's work reflects the agency's objective, impartial, and nonpartisan analytical judgment. That judgment is based on several factors:

- A detailed understanding of federal programs and the tax code.
- Careful reading of the relevant research literature.

- Extensive analysis of data collected and reported by the government's statistical agencies and by private organizations. Such data include 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.

- Consultation with numerous outside experts, including professors, analysts at think tanks, representatives of industry groups, other private-sector experts, and people working for federal agencies and for state and local governments. Some of the consultations occur during regular meetings with CBO's Panel of Economic Advisers and Panel of Health Advisers; many more consultations occur on an informal, ongoing basis.

The evolution under current law of particular federal programs, the budget as a whole, and the U.S. economy are often very uncertain, as are the effects of legislation being considered by the Congress. CBO's goal is to develop estimates that are in the middle of the distribution of possible outcomes and to communicate clearly 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 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 have been developed by CBO and the Budget Committees), and the agency's cost estimates for legislation take that legislation as it is written and do not incorporate any possible future modifications to it. There is no plausible alternative to that approach. If, instead, CBO incorporated its own predictions of future Congressional action in its analysis of current or proposed laws, that analysis would ultimately be hard to interpret and less useful to the Congress and the public. However, in addition to projections that reflect current laws, the agency regularly shows the effects of adopting alternative policies that have been discussed by the Congress, so that the impact of those alternative policies is clear.

Does CBO Disclose Its Methodology?

Yes. 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. For more discussion of how CBO ensures the transparency of its work, see page 7.

Who Reviews CBO's Work?

All of CBO's estimates and reports are reviewed internally for objectivity, analytical soundness, and clarity. That rigorous process involves multiple people at different levels in the organization. CBO's analytic reports are also reviewed by outside experts who specialize in the issue at hand. In addition, as this guide mentioned above, the agency has a Panel of Economic Advisers and a Panel of Health Advisers, which consist of experts with a wide variety of backgrounds and knowledge. Although such experts provide considerable assistance, CBO is solely responsible for its work.

Why Doesn't CBO Make Policy Recommendations?

Choices about public policy inevitably involve value judgments that CBO does not and should not make. To ensure that CBO's analysis is objective, impartial, and nonpartisan, the agency does not make recommendations about what policies the Congress should enact. For more information about CBO's objectivity, see page 8.

What Is a "Baseline Projection"?

CBO's baseline budget and economic projections are based on the assumption that current laws governing federal revenues and spending will generally remain unchanged. Some specific rules governing baseline projections have been included in legislation (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 be a prediction of budgetary outcomes. Rather, the projections reflect CBO's best judgment about how the economy and the budget will evolve under existing laws. That approach allows the baseline to serve as a neutral benchmark against which Members of Congress can measure the effects of proposed legislation.

How Does CBO Produce Its Economic Forecasts?

CBO's economic forecasts cover the major economic variables—gross domestic product, the unemployment rate, inflation, and interest rates—along with a broad array of

other economic measures. CBO draws information for its forecasts from 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 its Panel of Economic Advisers.

CBO's economic forecasts are based on current laws governing federal taxes and spending (and on additional rules for constructing baseline budget projections that are specified in law or that have been developed by CBO and the Budget Committees). At the same time, the agency's economic forecasts serve as a basis for its baseline budget projections.

What Behavioral Responses Are Included in CBO's Estimates?

CBO's analysts assess the extent to which proposed policies would affect people's behavior in ways that would generate budgetary savings or costs, and those effects are routinely incorporated in the agency's cost estimates and reports. For example, the agency's estimates include changes in the production of various crops that would result from adopting new farm policies, changes in the likelihood that people would take up certain government benefits if policies pertaining to those benefits were altered, and changes in the quantity of health care services that would be provided if Medicare's payment rates to certain providers were adjusted. (Similarly, in its estimates of the budgetary effects of tax legislation, the staff of the Joint Committee on Taxation accounts for behavioral responses to changes in the tax system—for example, changes that would take place in the timing and size of capital gains realizations if the tax rate applicable to capital gains was modified.)

However, with a few exceptions, CBO's cost estimates for individual legislative proposals have not reflected changes in behavior that would affect total output in the economy, such as any changes in the labor supply or private investment resulting from changes in fiscal policy, and that would thereby affect the federal budget. That is, CBO's cost estimates generally have not included what is sometimes known as dynamic scoring. The convention of not incorporating macroeconomic effects in cost estimates, a practice that has been followed in the Congressional budget process since it was established in the 1970s, reflects several facts: Completing macroeconomic analysis of all proposed legislation would not be feasible; nearly all legislation analyzed by CBO would have negligible macroeconomic effects (and thus negligible feedback to the federal budget); and estimates of macroeconomic effects are highly uncertain. CBO's only exceptions to this approach have been a few cost estimates for comprehensive immigration legislation that would have substantially increased the U.S. labor force. (Assuming that those bills would have had no effect on overall output would have ignored one of the primary effects of the bills and distorted those estimates too severely.)

In May 2015, the House and Senate passed a budget resolution requiring CBO, to the extent practicable, to incorporate macroeconomic effects into its cost estimates of major legislation. Because macroeconomic analyses require complex modeling and a significant amount of time, they can be produced only for a small number of major proposals, and only if time allows.

In selected reports—as distinguished from cost estimates—CBO has provided estimates of 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, though those feedback effects have generally been small relative to the direct budgetary effects of the policies analyzed. Recent reports incorporating such analyses include the agency's annual examination of the economic impact of the President's budget, its annual *Long-Term Budget Outlook*, and several reports on the macroeconomic effects of alternative budgetary paths.

How Accurate Are CBO's Estimates and Forecasts?

CBO's baseline budget and economic projections are intended to show the future paths of the budget and the economy under existing laws. Those baseline projections then serve as a neutral benchmark against which Members of Congress can measure the effects of proposed legislation. Because lawmakers frequently enact changes to laws, however, actual budget and economic outcomes are almost certain to differ from CBO's projections even if the projections are a perfectly accurate forecast conditional on existing laws. Therefore, the differences between projections and outcomes can be misleading measures of the quality of the projections unless adjustments are made for changes in laws.

The agency's updates of its baseline budget projections include an analysis of the changes from the previous projections, categorizing them as legislative (the result of new legislation), economic (the result of changes in economic

conditions and the economic outlook), and technical (the result of changes in other factors). CBO also regularly publishes comparisons of its economic projections with those of other forecasters. Those comparisons—which do not adjust for differences in assumed fiscal policy—show that the accuracy of CBO's projections has been very similar to that of the *Blue Chip* consensus (an average of private-sector forecasters) and the Administration.

Judging the accuracy of CBO's cost estimates for legislation that is ultimately enacted is often quite difficult—generally because the actual costs or savings resulting from enacting legislation are a small part of a large budget account or revenue stream and cannot be separately identified. As a result, when spending for a government program turns out to be higher or lower than CBO had expected after a legislative change, it is usually unclear whether the error should be attributed to the previous baseline projection for spending under that program or to CBO's estimate of the effects of the new legislation. Nonetheless, CBO carefully scrutinizes errors in its projections, reviews data on spending patterns for federal programs, and consults with outside experts on those programs in order to improve its estimating methodology.

CBO also endeavors to communicate to the Congress the uncertainty of the agency's estimates. For example, most of CBO's analyses of the economic effects of changes in tax and spending policies present ranges of estimated effects; the agency's long-term budget projections show the effects of alternative outcomes for key demographic and economic variables; and the agency's projections of the finances of the Social Security system include ranges of outcomes derived from uncertainty about key variables.

How Does CBO Release Its Work?

CBO aims to make its work widely available to the Congress and the public. In some circumstances, though, the needs of the Congress lead CBO to keep the results of an analysis confidential. The agency performs two kinds of work, broadly speaking, and its procedures for releasing results depend on which category the work falls in.

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. Examples of such publicly discussed items include some proposals to extend an expiring provision of law, to reenact a provision that was previously in law but has expired, to enact legislation that was formally introduced in a prior Congress, or to repeal a recently enacted law.

CBO releases publicly all of its formal cost estimates and analytic reports. It delivers its work simultaneously to interested Members of Congress and their staffs, including in particular 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 topics that interest them.

The second broad category of CBO's work consists of informal cost estimates and other types of information produced to assist in the development of legislation. Those informal communications are preliminary because they do not undergo the same review procedures required for formal estimates. In some cases, they are provided for legislative proposals that are already public; in those situations, CBO's analysis is available to any interested party in the Congress. In other cases, they are prepared when Members or their staffs are evaluating alternative proposals to accomplish their goals, have not made any specific proposals public, and need the flexibility to modify their proposals before they become public, sometimes in response to CBO's preliminary estimates. In fact, CBO's analysts often provide informal, preliminary estimates to committee staff for a broad range of legislative options, allowing the consideration of different approaches before a specific legislative path is decided upon. In such situations, CBO recognizes that the confidentiality of its work is critical to committee deliberations, so it keeps its informal estimates confidential as long as the proposals are not made public. (Such confidentiality does not apply to proposals that differ only in minor details from ones that are in the public domain.) However, once such a proposal becomes public—as introduced legislation or through public discussion of its major elements—CBO's estimate

for that proposal is available to any interested party in the Congress.

Sometimes the Congress begins public consideration of a proposal for which CBO has developed a preliminary estimate but has not had time to complete a careful review of the legislative language that has been made public and to prepare a formal cost estimate. In such cases, CBO sometimes releases publicly its preliminary analyses and clearly indicates how those analyses differ from formal cost estimates.

Do Other Countries Have Organizations Like CBO?
A number of other countries have parliamentary budget offices or independent fiscal institutions that provide budgetary and economic information for their legislatures and the public. However, the responsibilities of such offices vary among countries. The Organisation for Economic Co-operation and Development coordinates a network of officials of those offices.

How Does CBO Work to Make Its Analysis Transparent?

CBO makes a considerable effort to explain the basis of its findings so that Members of Congress, their staffs, and outside analysts can understand the results and question the methodologies used. To begin with, the agency makes its formal cost estimates and analytic reports available on its website to all Members of Congress, their staffs, and the public. The cost estimates include descriptions of the basis for the estimates. And many of the reports provide substantial discussions of the relevant research literature and CBO's modeling approaches—in the text, in separate boxes, or in appendixes. Some examples of reports that provide such discussions are the following:

- The annual analysis of the economic impact of the President's budget;
- The annual *Long-Term Budget Outlook*, which explains in detail CBO's projections of long-term demographic trends, economic developments, and health care costs;
- Estimates of the effects on output and employment of the American Recovery and Reinvestment Act, which CBO released quarterly from 2009 through 2012;
- Reports on the distribution of household income and federal taxes, which CBO generally publishes each year;
- Testimony offered in 2011 that gave estimates of the economic impact of various fiscal policies;
- A report on the budgetary effects of raising the cigarette tax; and
- A report on the effects of raising the minimum wage.

CBO also publishes data and other technical information with some of its key reports. Some examples are the extensive spreadsheets released with the agency's thrice-annual budget projections and with the *Long-Term Budget Outlook*, as well as with a report on the fair-value cost of federal credit programs.

To provide details about its analyses for nonexperts and technical descriptions for experts, CBO releases background reports and working papers. The following are some examples:

- A paper describing how CBO analyzes the effects on the overall economy of changes in fiscal policies;
- A background paper and two working papers describing the agency's analysis of the responsiveness of the labor supply to changes in tax rates;
- A background report describing the main features of the microsimulation model used for long-term analysis of Social Security;
- A working paper on the tax elasticity of capital gains;
- A working paper on the short-term effects on output of changes in federal fiscal policies;
- A report on how CBO projects income;
- A working paper on wages, and another on benefits and total compensation, in the federal government and the private sector; and
- Working papers on Medicare's demonstration projects on disease management and on value-based payment for medical services.

CBO's transparency also applies to its past work. When the agency updates its baseline budget projections, it

explains why those projections have changed. It releases regular analyses of the accuracy of its economic forecasts. And when it revises its view of key aspects of its analyses, it explains the rationale for those revisions. For instance, when CBO revised its view of the effectiveness of malpractice reform in reducing health care costs, of the effect of prescription drug use on Medicare's spending for other health care services, and of the effect on the budget deficit of raising Medicare's age of eligibility to 67, it issued reports explaining why.

In addition, CBO undertakes and publishes analyses of the sensitivity of its estimates to key parameters. For example, CBO's analyses of the economic effects of fiscal policies include alternative estimates that would apply if various effects were stronger or weaker than expected—such as the amount of short-term stimulus provided by lower taxes or higher government spending; the response of the labor supply to changes in tax rates; the effects of budget deficits on private saving and international capital flows; and the effect of changes in federal investment on the economy. Similarly, a report on employment-based health insurance under the Affordable Care Act showed how the results would vary if employers' and employees' responses to that act differed from the agency's expectations.

The agency formally responds to questions from Members of Congress about the methodology used in its analyses. For instance, CBO has explained how it assesses the budgetary effects of possible federal actions to open more federal lands to oil and gas leasing, establish long-term agreements to purchase electric power, and reduce fraud in federal health care programs. CBO's analysts also spend a great deal of time meeting with interested Members of Congress and their staffs to explain the details underlying cost estimates and reports. Finally, to encourage input from outside experts, CBO's employees present information about the agency's analyses, methodology, and results at academic and professional conferences.

Nevertheless, there are limits to CBO's ability to make its analysis transparent. Much of that analysis is very technical, so explaining the models and other analytic techniques used is time-consuming. Because the pace of Congressional action often requires CBO to produce its analysis quickly, the amount of explanation that can be provided when an estimate or analytic report is released is usually limited by the time available. 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 budget and economic projections.

How Does CBO Ensure the Objectivity of Its Analyses?

CBO takes a number of steps to ensure that all of its work is objective, impartial, and nonpartisan. First, the agency's analysts—who have a detailed understanding of federal programs and the tax code—carefully read the relevant research literature and extensively examine data collected and reported by the government's statistical agencies and private organizations. CBO encourages open discussion of analytic issues.

Second, CBO consults with numerous outside experts who represent a variety of perspectives. The experts include professors, analysts at think tanks, representatives of industry groups, other private-sector experts, and people working for federal agencies and for state and local governments. As part of that effort, the agency holds regular meetings with its Panel of Economic Advisers and Panel of Health Advisers, which consist of experts with a wide variety of backgrounds and specialized knowledge. In addition, the agency explains the basis of its findings so that outside analysts can understand the results and question the methodologies used. (For more on transparency, see the previous section of this guide.)

Third, CBO applies a rigorous review process to its analysis. All of CBO's estimates and reports are reviewed by people at different levels in the organization, and the agency's analytic reports are also reviewed by outside experts who specialize in the issue at hand. (Although CBO draws upon a diverse set of outside experts, the agency's findings are based on its own judgments, and it is solely responsible for the substance and presentation of those findings.)

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

Finally, CBO enforces strict rules to prevent its employees from having financial conflicts of interest and to limit its

employees' political activities. Those rules are described in the following two sections.

CBO's Policies Regarding Potential Financial Conflicts of Interest

A financial conflict of interest would arise if an employee's personal financial interests or activities conflicted with the conduct of his or her duties at CBO. To prevent such conflicts of interest and protect the agency's reputation for impartiality, CBO enforces strict limits on its employees' financial interests and activities.

The Ethics in Government Act requires CBO's employees earning at least 120 percent of the GS-15 rate of basic pay (which comes to $121,956 in 2015) to submit financial disclosure statements to the Clerk of the House. CBO's Office of the General Counsel reviews the financial disclosures for conflicts of interest and substantive compliance.

CBO also requires all employees to disclose to their managers any financial interests they or their family members have in any organization that would have an interest in the conclusions of any analysis in which the employees are involved during the performance of their official duties. That disclosure is necessary regardless of the size or value of the interest, but it is not required for diversified mutual funds and unit investment trusts.

An employee's managers, in consultation with the Office of the General Counsel, determine whether any disclosed interest would interfere with, or might appear to interfere with, the employee's work assignments at CBO. Depending on the situation, conflicts of interest may be mitigated through such actions as recusal, assignment of the employee to other work, additional review of the work product, or divestiture of particular financial interests.

Because of the time involved and the potential for conflicts of interest, CBO employees who wish to engage in outside employment—with or without compensation—must obtain approval from their managers. In addition, a number of statutory prohibitions apply to CBO employees. No CBO employee may act as an agent for anyone, regardless of compensation, before any government entity in any matter or proceeding in which the United States government has an interest; accept compensation of any kind from a foreign government; or act as an agent for a foreign principal. Under the rules of the House, employees earning at least 120 percent of the GS-15 rate of basic pay are also subject to restrictions on total outside earned income, fiduciary relationships, and service as a board member or officer of an organization.

Moreover, CBO employees earning 120 percent or more of the GS-15 rate of basic pay may not accept an honorarium for a speech, article, or appearance. An employee earning less than that amount may do so, except when the subject matter directly relates to the employee's official duties; the payment is made because of the status of the employee; or the person offering the honorarium has an interest that may be substantially affected by the performance or nonperformance of the employee's official duties.

CBO's Policies Regarding Political Activities

Because CBO's reputation, credibility, and usefulness to the Congress depend on its being—and being perceived to be—an objective organization free from political bias and involvement, the agency imposes certain limitations on employees' political activities (including public advocacy). At the same time, CBO wants its employees to have as much opportunity as possible to participate in civic life and comment on matters of public concern. Therefore, CBO's policies in this area are designed to balance the interest of the agency in maintaining its reputation for objectivity and the interests of employees in engaging in political activities.

CBO employees are prohibited from participating in political activities if such participation would identify, or appear to identify, CBO with a political campaign, candidate, officeholder, or cause. The positions taken are irrelevant; rather, the potential harm to CBO's reputation for objectivity comes from association with political activities.

Some activities present negligible potential harm because an employee's name and employer do not arise in the course of the activities. Therefore, as long as an employee does not do something to identify himself or herself with CBO (such as wearing clothing with the CBO logo), he or she can attend rallies, register voters, drive voters to the polls, stuff envelopes, distribute literature, canvass by telephone, vote, and make campaign contributions below the reporting threshold of the Federal Election Commission (currently $200). In addition, CBO employees can generally seek local, nonpartisan positions or offices, such as membership on a school board, advisory board, or zoning board; however, such positions are considered

outside employment (which was discussed above) even if uncompensated.

The potential harm to CBO's reputation of other political activities—and, therefore, the limitation that CBO needs to impose on an employee—depends on a number of factors. When determining whether a political activity beyond those mentioned in the previous paragraph is permitted, CBO considers the employee's intended degree of participation, the nature of the activity, the time and place of the activity, the employee's position at CBO, and the connection between the activity and the employee's responsibilities at CBO. The potential harm to CBO generally is greater for political activities related to an employee's area of analysis at CBO and for political activities by employees in senior positions; the potential harm is less for political activities by employees involved in the agency's business operations (such as human resources, information technology, and acquisitions) than for employees involved in analytic projects for the Congress. Even past political activities can sometimes affect the perception of the objectivity of CBO's work on certain projects, and CBO may take those past activities into account in assigning projects to employees.

CBO does not consider political affiliation when hiring: For any position at CBO, the agency seeks to hire the best-qualified job candidate solely on the basis of his or her fitness to perform the duties of the position. However, given the importance to the agency of being (and being perceived to be) free from political bias and involvement, a person's fitness to perform the duties of most positions at CBO depends, in part, on whether the person can carry out his or her responsibilities in an objective and nonpartisan way, and also on whether that person would be perceived to be free from political bias and involvement. Therefore, in hiring for most positions at CBO, the agency considers whether a job candidate has been publicly associated with a political campaign, candidate, officeholder, or cause; if so, whether that job candidate would be able to carry out his or her duties objectively; and whether hiring that candidate would identify, or appear to identify, CBO with that campaign, candidate, officeholder, or cause. Again, the positions taken are irrelevant; rather, the potential harm for CBO comes from association with political activities. The magnitude of potential harm to CBO's reputation, and therefore the weight that CBO gives to this consideration in a hiring decision, generally depends on the nature of the position at CBO and on how recent and prominent has been the job candidate's association with political activities.

For example, a job candidate who currently holds a position in an organization focused on politics or advocacy might be disqualified because the objectivity of his or her work at CBO could be called into question. That problem would be especially acute if the candidate's assignments at CBO would include analyzing policies that he or she had recently been advocating for or against. At the same time, it would not be practical for CBO to limit employment to people who had never been involved in political activities (including public advocacy). Therefore, a job candidate who has been doing objective analysis for some time generally would not be disqualified because of earlier political associations; the length of time required for such "cooling off" depends on the significance and prominence of those associations. Also, candidates for senior positions are held to a higher standard than candidates for junior positions, and candidates for positions that are primarily involved in the analytic work that CBO does for the Congress are held to a higher standard than candidates for positions that are primarily involved in CBO's business operations.

In addition to the considerations just discussed, which are particular to CBO, the Federal Election Campaign Act and provisions of the U.S. Criminal Code prohibit all federal employees from engaging in the following activities:

- Soliciting or receiving political contributions in any building where federal employees work, including office buildings of the House of Representatives;
- Soliciting campaign contributions from federal government employees, including employees of the House of Representatives; and
- Making a political contribution to a Member of Congress or other federal official who is the employer or employing authority of the contributor.

How Is CBO Organized and Staffed?

CBO is organized into the Office of the Director and eight divisions: the Budget Analysis Division; the Financial Analysis Division; the Health, Retirement, and Long-Term Analysis Division; the Macroeconomic Analysis

Division; the Management, Business, and Information Services Division; the Microeconomic Studies Division; the National Security Division; and the Tax Analysis Division.

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

CBO's staff numbers about 235. Most of those people are economists or public policy analysts with advanced degrees, but the agency also employs lawyers, information technology specialists, editors, and people with other areas of expertise that contribute to the agency's mission.

Office of the Director

The Speaker of the House of Representatives and the president pro tempore of the Senate jointly appoint the CBO Director, after considering recommendations from the two Budget Committees. Directors are appointed for four-year terms, and they may be reappointed to the position; in addition, a Director serving at the expiration of a term may continue to serve until his or her successor is appointed. The Congressional Budget Act of 1974 specifies that CBO's Director is to be chosen without regard to political affiliation. CBO has had nine Directors and several Acting Directors.

The rest of CBO's staff, including the Deputy Director, are appointed by the Director. CBO Directors have established a firm tradition of retaining staff from their predecessors. Directors appoint all CBO employees solely on the basis of professional competence, without regard to political affiliation.

The Office of the Director is home not only to the Director and Deputy Director but also to the Associate Director for Economic Analysis, who contributes to all aspects of the agency's analytic work; the Associate Director for Legislative Affairs, who serves as CBO's central liaison with the Congress; the Associate Director for Communications and the members of the Office of Communications, who are responsible for CBO's website and all of the agency's public affairs activities, including relations with the media and with the public; and the Office of the General Counsel, which performs the agency's legal work and acquisitions.

Budget Analysis Division

The Budget Analysis Division produces baseline projections of federal spending, formal cost estimates for nearly every bill approved by Congressional committees, and informal cost estimates for thousands of proposals that committees are considering. The formal cost estimates include not only estimates of the effects of the legislation on the federal budget but also assessments of the costs imposed on state, local, and tribal governments and on the private sector. In addition, the division makes key contributions to many of CBO's analytic reports and works on the annual *Analysis of the President's Budget*; the *Monthly Budget Review*; *Budget Options*; scorekeeping for enacted legislation; and the annual compilation of unauthorized appropriations and expiring authorizations.

Financial Analysis Division

The policy analyses of the Financial Analysis Division focus on the financial commitments of the federal government, including federal credit and insurance programs and government-sponsored enterprises. The division also provides support throughout CBO for financial valuation and modeling and for projections of financial variables.

Health, Retirement, and Long-Term Analysis Division

The Health, Retirement, and Long-Term Analysis Division analyzes a range of federal programs and policies that include Medicare, Medicaid, subsidies provided through health insurance exchanges, and Social Security. The division produces reports on a range of policy issues and plays a key role in certain estimates of proposed changes in health care programs. The division is also responsible for CBO's long-term budget projections and collaborates on analyses of the long-term effects of proposed legislation.

Macroeconomic Analysis Division

The Macroeconomic Analysis Division generates CBO's economic projections, which underlie the agency's budget projections. The division also studies major developments in the economy, including changes in labor force participation, trends in productivity growth, and the

recent recession and weak recovery. In addition, the division analyzes the short-term and longer-term effects on the overall economy of some proposed changes in federal tax and spending policies.

Management, Business, and Information Services Division

The Management, Business, and Information Services Division provides administrative and support services for CBO. The division's responsibilities include the agency's human resources activities, financial systems, information and technology resources, library services, and facilities. Additionally, the division is responsible for editing and producing CBO's publications.

Microeconomic Studies Division

The Microeconomic Studies Division analyzes a broad range of programs and policies with significant implications for the federal budget and the economy. They include federal programs related to education and income security; federal investments in physical infrastructure, such as highways; and federal policy related to energy, natural resources, climate, and the environment.

National Security Division

The National Security Division analyzes policy issues related to the defense budget, veterans' affairs, and homeland security. The division examines the long-term costs of the Defense Department's plans, alternative ways of achieving certain military capabilities, and the benefits and drawbacks of possible changes in military compensation and veterans' benefits.

Tax Analysis Division

The Tax Analysis Division projects future federal revenues (from individual income taxes, payroll taxes, corporate income taxes, and other sources), using economic models and microsimulation techniques. The division also analyzes the distribution of federal taxes and spending, and it examines how possible changes in tax law would affect the behavior of taxpayers and the overall economy.

What Is CBO's History?

Beginning in the early 1920s, the President began to assume more prominence in setting the federal budget. The Budget and Accounting Act of 1921 gave the President overall responsibility for budget planning by requiring him to submit an annual, comprehensive budget proposal to the Congress; that act also expanded the President's control over budgetary information by establishing the Bureau of the Budget (renamed the Office of Management and Budget in 1971). By contrast, the Congress lacked institutional capacity to establish and enforce budgetary priorities, coordinate actions on spending and revenue legislation, or develop budgetary and economic information independently of the executive branch.

Conflict between the legislative and executive branches reached a high point during the summer of 1974, when Members of Congress objected to President Richard Nixon's threats to withhold Congressional appropriations for programs that were inconsistent with his policies (a process known as impoundment). The dispute led to the enactment of the Congressional Budget and Impoundment Control Act of 1974 in July of that year.

That act reasserted the Congress's constitutional control over the budget by establishing new procedures for controlling impoundments and by instituting a formal process through which the Congress could develop, coordinate, and enforce its own budgetary priorities independently of the President. In addition, the law created new legislative institutions to implement the new Congressional budget process: the House and Senate Budget Committees to oversee execution of the budget process and the Congressional Budget Office to provide the Budget Committees and the Congress with objective, impartial information about budgetary and economic issues. The agency began operating on February 24, 1975, when Alice Rivlin was appointed its first Director.

Since its founding, CBO has had nine Directors. Their names and terms of office are as follows:

Alice M. Rivlin	February 24, 1975–August 31, 1983
Rudolph G. Penner	September 1, 1983–April 28, 1987
Robert D. Reischauer	March 6, 1989–February 28, 1995

June E. O'Neill	March 1, 1995– January 29, 1999
Dan L. Crippen	February 3, 1999– January 3, 2003
Douglas Holtz-Eakin	February 5, 2003– December 29, 2005
Peter R. Orszag	January 18, 2007– November 25, 2008
Douglas W. Elmendorf	January 22, 2009– March 31, 2015
Keith Hall	April 1, 2015–

During gaps between Directors, the agency has been led by Acting Directors. CBO's Acting Directors have been Edward M. Gramlich, James L. Blum, Barry Anderson, Donald B. Marron, and Robert A. Sunshine.

How Can CBO Be Contacted?

The best way to contact CBO depends on the nature of the inquiry.

For Members of Congress or Congressional staff inquiring about cost estimates:

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

For Members of Congress or Congressional staff making other inquiries:

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

For members of the public or the press:

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

For job candidates:

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

For vendors or contractors:

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

The Congressional Budget Office is located at the Ford House Office Building, Fourth Floor, Second and D Streets, SW, Washington, DC 20515-6925. The building is just across Third Street from the Federal Center SW Metrorail station, but the entrance is on Second Street, on the other side of the building. Street and garage parking are limited, and neither is provided by CBO. Many visitors find it easiest to arrive via Metrorail. The Orange, Blue, and Silver lines serve the Federal Center SW station.