



# Congressional Budget Office

November 17, 2017

## CBO's Service to the Congress

Presentation at the  
Tommy G. Thompson Center on Public Leadership,  
University of Wisconsin–Madison

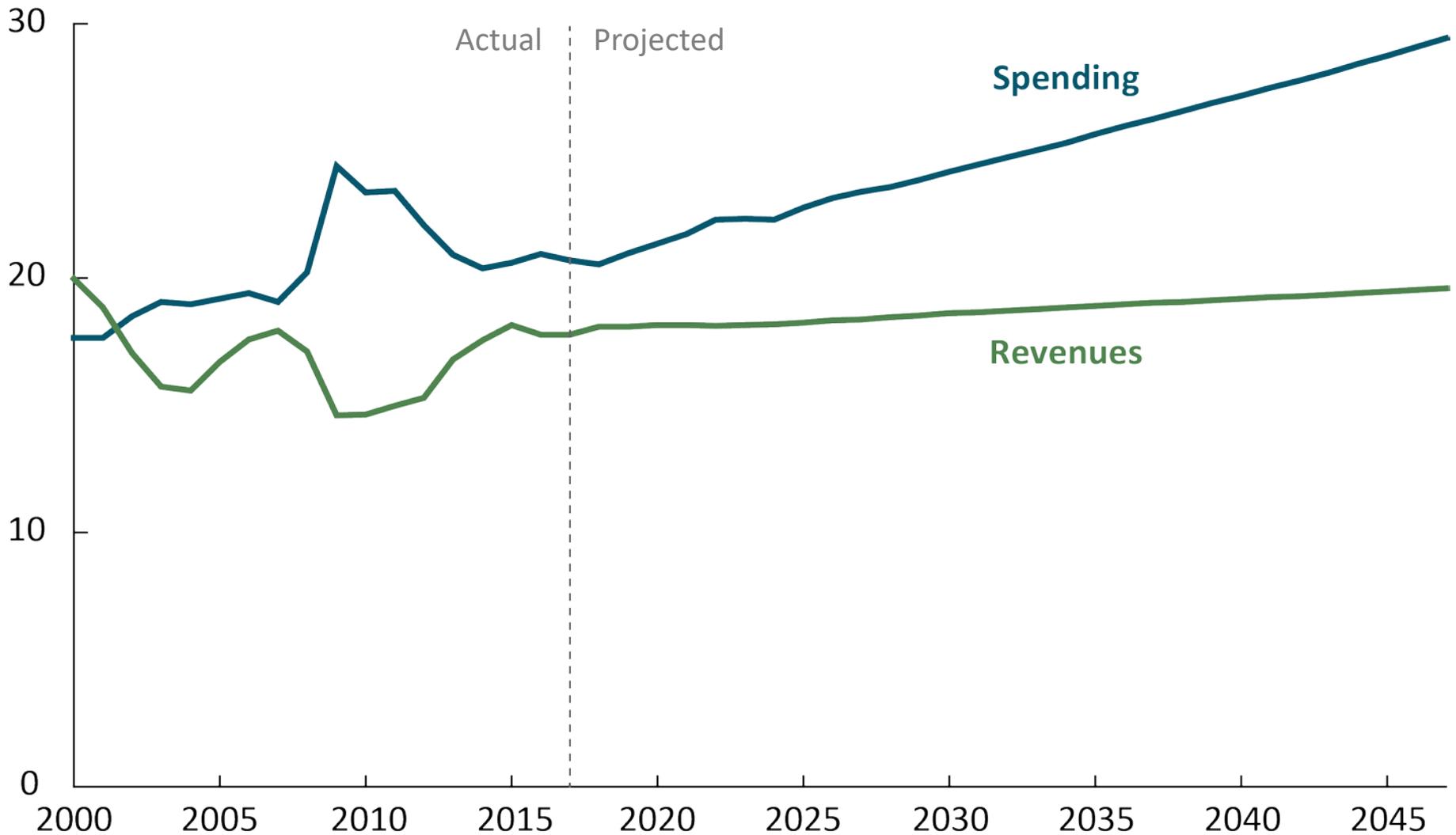
Mark Hadley  
Deputy Director

# Long-Term Budget Outlook

If current laws governing taxes and spending did not change, the **condition of the federal budget would worsen considerably** over the next three decades.

# Federal Spending and Revenues

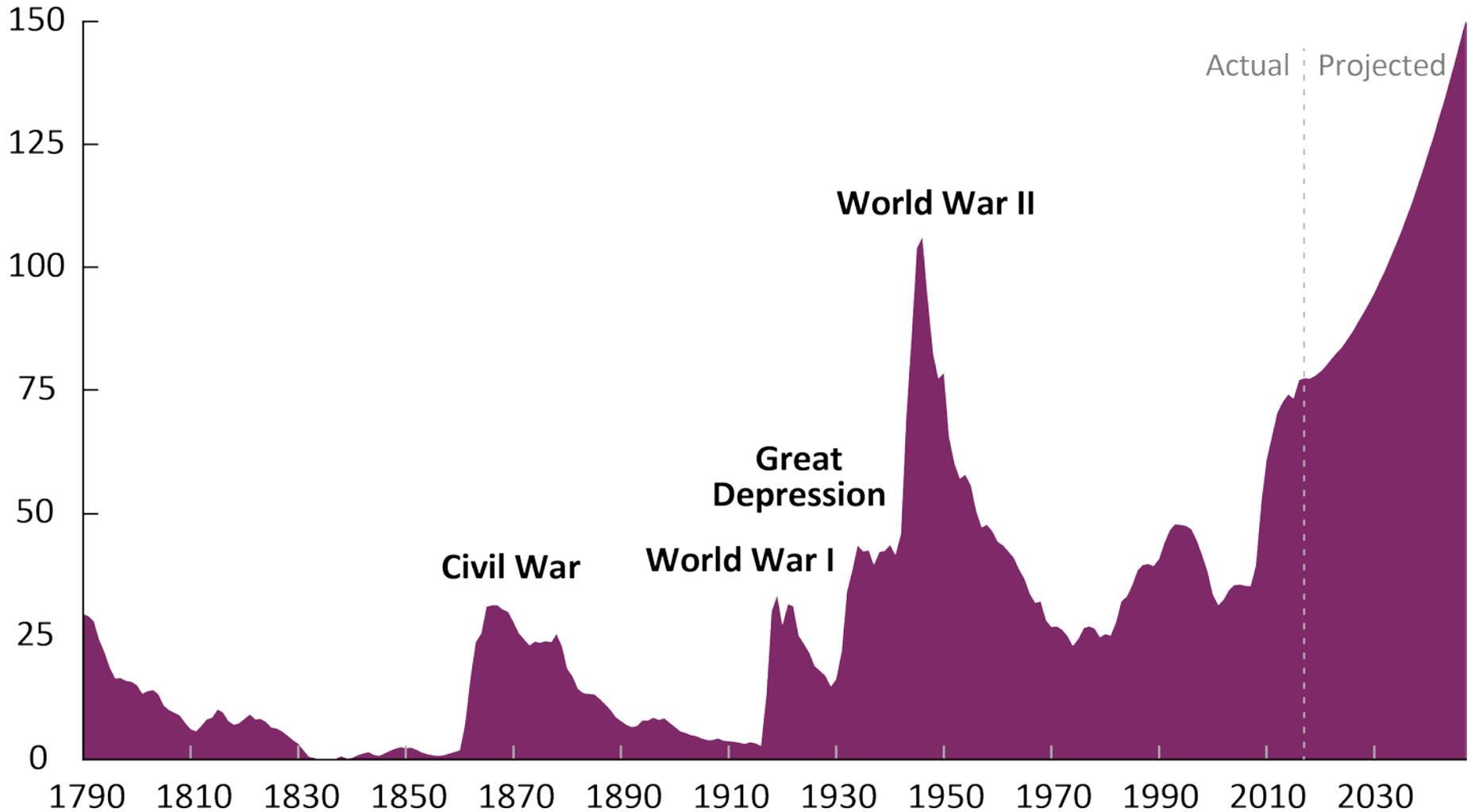
Percentage of Gross Domestic Product



As a result, **debt would grow larger** in relation to the economy than ever recorded in U.S. history.

# Federal Debt Held by the Public

Percentage of Gross Domestic Product



# **The Congressional Budget Act of 1974**

The act created a formal process through which the Congress could **develop, coordinate, and enforce** its budgetary **priorities**.

As part of that process, the act created the House and Senate Budget Committees and the Congressional Budget Office.

The House and Senate **Budget Committees** **oversee** the budget process, draft an annual budget plan, and monitor action on the budget.

**CBO provides** the budget committees and the Congress with **objective, impartial information** about budgetary and economic issues.

# CBO's Products

CBO provides

- **Baseline budget projections and economic forecasts** covering the 10-year period used in the Congressional budget process
- **Long-term budget projections**
- **Cost estimates** for legislation, including analyses of federal mandates
- **Scorekeeping** for enacted legislation

And CBO also produces

- **Analysis of the President's budget**  
(including economic effects and their budgetary feedback)
- **Analytic reports** about federal programs, aspects of the tax code, and budgetary and economic issues

# **CBO's Nonpartisanship**

CBO's Director is appointed jointly by the Speaker of the House and President Pro Tempore of the Senate to a four-year term.

CBO has 235 employees—**hired solely on the basis of professional competence,** without regard to political affiliation. Most have advanced degrees.

CBO does not

- Make policy recommendations
- Write legislation
- Implement programs or regulations
- Enforce budget rules
- Evaluate the historical effectiveness of government programs

# How CBO Develops Evidence

Broadly speaking, CBO projects future outcomes using evidence from the past.

Those projections incorporate

- Analysis by economists and budget analysts
  - Research literature and other written analysis
  - Data
  - Economic models
- Expert review

# CBO's Transparency

A **Panel of Economic Advisers** improves CBO's understanding of economic research, macroeconomic developments, and economic policy.

A **Panel of Health Advisers** improves CBO's understanding of health research and of developments in health care delivery and financing.

## Members of CBO's panels of advisers

- Are widely recognized experts on a range of issues
- Have a variety of backgrounds, areas of knowledge, and experience
- Join periodic meetings at CBO and provide their views between meetings via email and telephone

CBO aims to make its analysis transparent in many ways, including

- Explaining the **basis** of and the **revisions** to its major economic and budget projections
- Describing the **uncertainty** of its projections and quantifying that uncertainty when appropriate
- Evaluating the projections
  - *CBO's Revenue Forecasting Record*
  - *CBO's Economic Forecasting Record: 2017 Update*