



Congressional Budget Office

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10 Things to Know About CBO

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Lawmakers created CBO
to give the Congress a
stronger role in budget
matters.

CBO's History and Mission

- CBO was established by the Congressional Budget and Impoundment Control Act of 1974.
- It provides objective, timely, and nonpartisan analysis to help the Congress make effective budget and economic decisions.
- It supports the activities of committees rather than individual Members of Congress.
- And it provides an alternative to relying on the Office of Management and Budget in the executive branch.

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The Congress sets CBO's
priorities.

What Does CBO Do?

- CBO helps the Congress develop a budget plan by
 - Producing a 10-year baseline each winter to serve as a starting point and
 - Producing an independent estimate of deficits under the President's budget proposals.
- It helps the Congress stay within its budget plan by
 - Comparing legislative options, including the President's proposals, with CBO's baseline budget projections and
 - Producing cost estimates of nearly every bill approved by a full committee of the House or Senate.
- And it helps the Congress on issues related to the budget and economic policy by
 - Preparing 10-year and 30-year economic and budget projections,
 - Producing a regular volume of options that would reduce budget deficits, and
 - Analyzing selected issues by request.

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CBO produces a lot of work each year.

What Did CBO Produce in 2017?

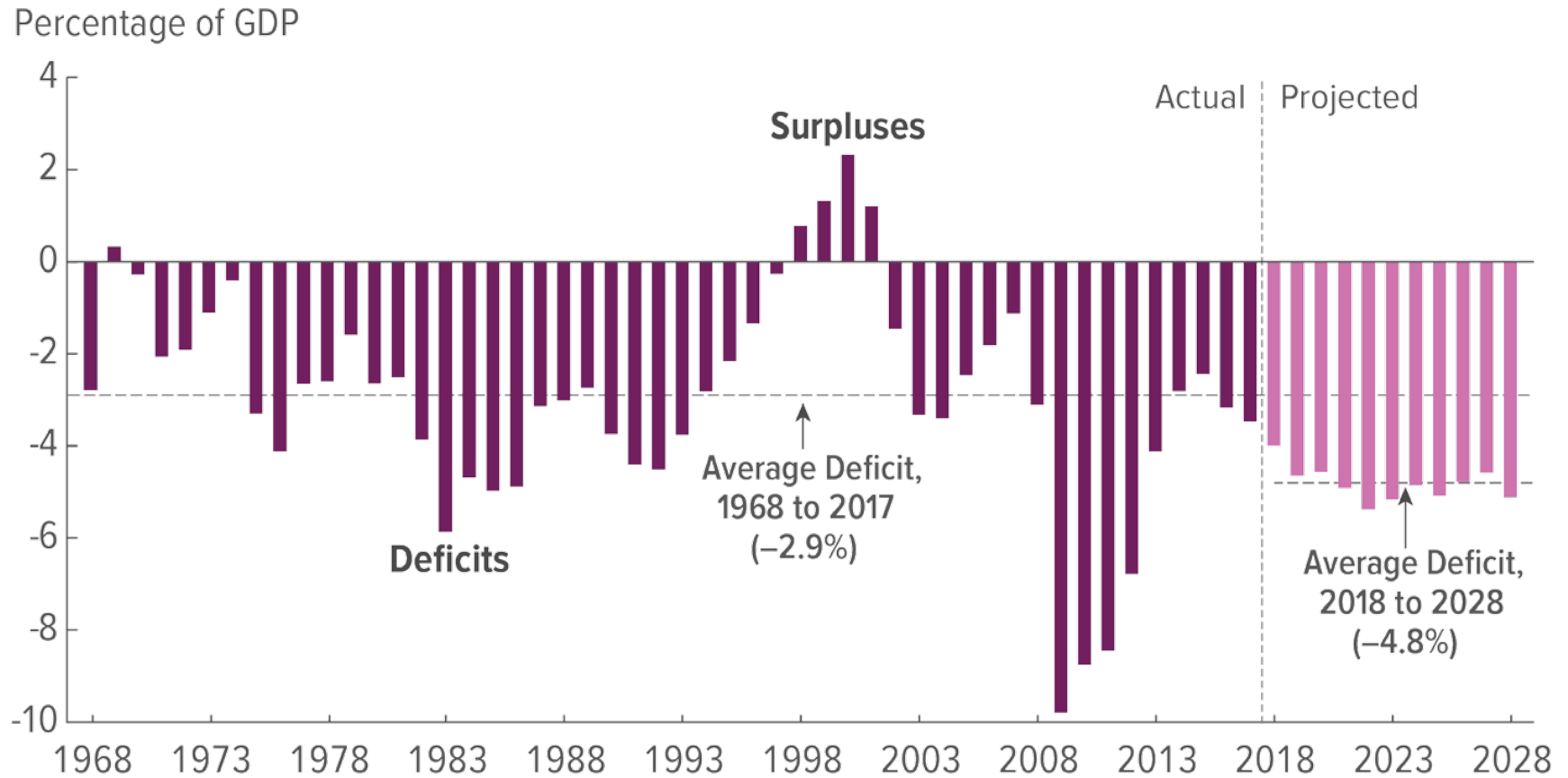
- Economic and budget baseline projections
 - *The Budget and Economic Outlook* (twice)
 - *The Monthly Budget Review* (12 times)

- Materials to help plan the budget
 - *An Analysis of the President's 2018 Budget*
 - 740 formal cost estimates
 - Thousands of informal estimates

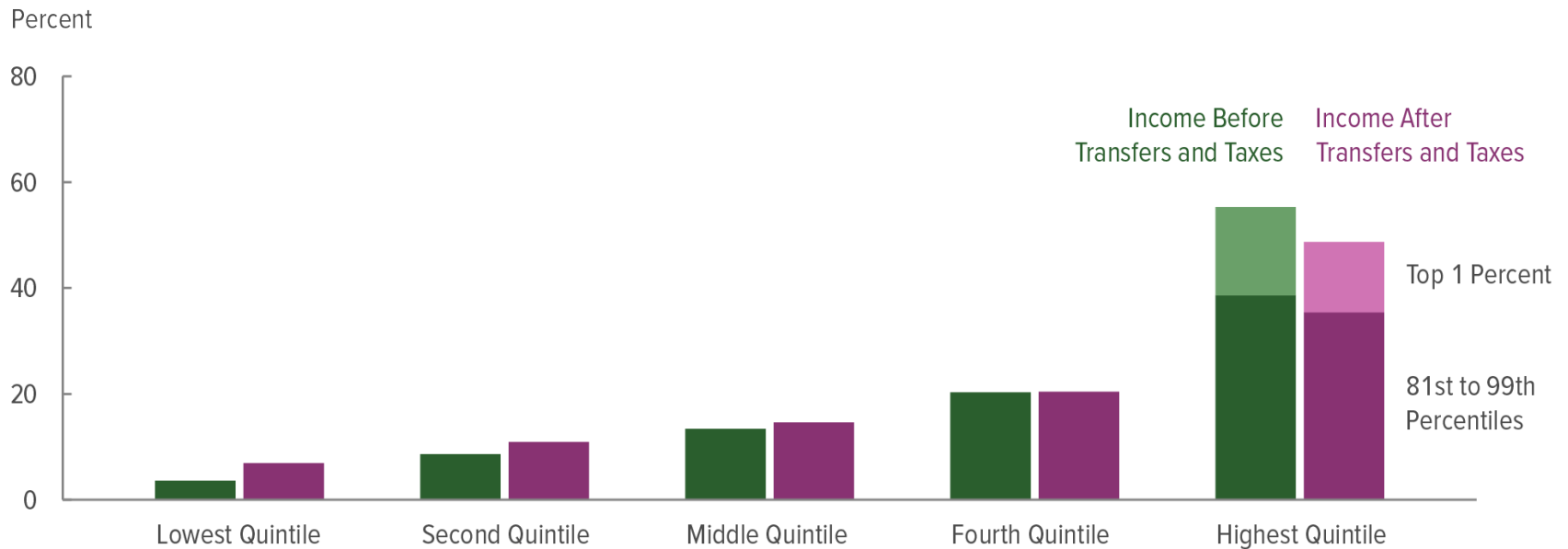
- Other types of analysis
 - 86 reports and working papers
 - Scores of online files with supplementary data

- And much more

Total Deficits and Surpluses in CBO's Baseline Projections



Shares of Income Before and After Transfers and Taxes, by Income Group, 2014



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In order to provide the Congress with the high-quality analysis that it needs, CBO's staff has expertise in many areas.

CBO's Organization and Staffing

- CBO has about 235 full-time employees.
- The Director is appointed by the Speaker of the House and the President Pro Tempore of the Senate.
- The Director appoints all CBO staff on the basis solely of professional competence, not political affiliation.
- Nearly 80 percent of CBO's professional staff have advanced degrees in economics, public policy, or a related field.
- The largest concentration of expertise is in the area of health. Other areas of focus include national security, labor, taxes, energy, and macroeconomics.

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CBO's analysis is
objective, impartial, and
nonpartisan.

How Does CBO Stay Objective?

- It does not make policy recommendations.
- It hires on the basis of expertise without regard to political affiliation.
- It has strict rules about conflicts of interest (or the perception of such conflicts).
- It holds regular meetings with panels of outside experts who review its work.
- It routinely consults other outside experts.

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Models do not produce
CBO's estimates; CBO
does.

How Do CBO's Analysts Use Models to Inform Their Decisions?

- CBO's analysis requires various kinds of models:
 - Complex simulation models
 - Regression models
 - Calculations in spreadsheets

- The models are constantly being enriched and improved.

- CBO's analysts do not rely solely on models. They combine what can be learned from a model with other information so that the estimates correspond as closely as possible to what the best available research suggests.

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CBO has a rigorous system
of checks and balances.

CBO's Review Process

- All of CBO's cost estimates and reports are reviewed internally for objectivity, analytical soundness, and clarity. That process involves many people at various levels in the agency.
- Analysts' consultations with outside experts help them hear all perspectives on an issue.
- CBO continually revisits past work and learns from the differences between projections and actual outcomes.
- CBO compares its analysis to others' work and incorporates outside feedback into its projects.

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CBO prioritizes
transparency.

How Does CBO Provide Transparency?

- It attempts to explain all cost estimates and projections clearly and in nontechnical language.
- It reports on the accuracy of its projections.
- It publishes analyses of how sensitive estimates are to key parameters.
- It publishes reports and working papers to describe models and methods of analysis.
- It presents work at professional conferences.
- And it explains work directly to Members of Congress and their staff.

Balancing Demand for Analysis and Demand for Transparency

- The pace of Congressional action sometimes limits the time available for providing explanations of estimates.
- Overall demand for CBO's analysis is high, and resources are constrained.
- Thus, the agency needs to balance requests to explain more about finished analysis with requests for new analysis and other responsibilities.

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CBO evolves as the needs
of the Congress evolve.

How Has CBO Evolved?

- CBO works with the Congress in ways probably not envisioned when the agency was first created.
 - It spends more time providing preliminary analysis and technical support as legislation is being drafted.
 - It is asked more often to prepare cost estimates for bills heading straight for votes by the full House and Senate—bypassing consideration by committees.

- CBO shifts staffing and develops new analytical tools to address areas of pressing concern. For example, it has
 - Strengthened its ability to analyze health care issues and
 - Improved its capability to study how legislative proposals would affect the economy.

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CBO is always looking for ways to do things better.

How Is CBO Looking to Do Things Better?

- CBO is reviewing and updating its models for budget projections related to federal health care spending.
- It is improving its ability to perform “dynamic analysis” and to analyze how changes in federal regulations affect the economy and the budget.
- It is expanding its analysis of the distribution of household income, studying it in relation to spending programs as well as to taxes.
- It is bolstering its responsiveness and transparency.

Questions?

For more information, visit
www.cbo.gov