

# Information Sources for Policymakers: Congressional Budget Office 101

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**CBO Was Created by the  
Congressional Budget and  
Impoundment Control Act of 1974**

## **CBO's Role**

CBO was established to give the Congress a stronger role in budget matters.

The agency provides analysis of budgetary and economic issues that is objective and impartial. It is strictly nonpartisan and does not make policy recommendations.

CBO follows processes that are specified in statute or that it has developed in concert with the budget committees and Congressional leadership. CBO's chief responsibility under the Budget Act is to help the budget committees with the matters under their jurisdiction.

# CBO's Organization

The agency's Director is appointed jointly by the Speaker of the House and the president pro tempore of the Senate and has a four-year term.

CBO has about 275 employees. They are hired solely on the basis of professional competence, without regard to political affiliation. Most have advanced degrees.

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
- Tax Analysis

# **CBO Provides Budget and Economic Analysis to Support the Congressional Budget Process**

# CBO Provides Baseline Budget and Economic Projections

CBO prepares, and periodically updates, a 10-year budget baseline that serves as a benchmark for measuring the effects of proposed legislation.

The baseline incorporates the assumption that current laws governing spending and revenues generally remain unchanged, and it relies on CBO's forecasts of key economic factors.

Table 1-1.

## CBO's Baseline Budget Projections, by Category

	Actual, 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total	
													2022– 2026	2022– 2031
In Billions of Dollars														
<b>Revenues</b>														
Individual income taxes	1,609	1,952	2,328	2,334	2,353	2,383	2,586	2,792	2,871	2,979	3,091	3,209	11,984	26,926
Payroll taxes	1,310	1,346	1,391	1,504	1,550	1,588	1,644	1,703	1,768	1,834	1,900	1,968	7,677	16,849
Corporate income taxes	212	238	317	379	390	402	401	391	393	393	393	397	1,889	3,857
Other	291	306	355	381	378	359	354	367	364	366	371	382	1,827	3,676
<b>Total</b>	<b>3,421</b>	<b>3,842</b>	<b>4,390</b>	<b>4,597</b>	<b>4,671</b>	<b>4,734</b>	<b>4,984</b>	<b>5,253</b>	<b>5,396</b>	<b>5,572</b>	<b>5,754</b>	<b>5,957</b>	<b>23,376</b>	<b>51,308</b>
On-budget	2,456	2,863	3,401	3,513	3,542	3,566	3,773	3,995	4,091	4,218	4,352	4,506	17,796	38,957
Off-budget <sup>a</sup>	965	979	989	1,085	1,128	1,168	1,211	1,258	1,306	1,354	1,402	1,451	5,581	12,351
<b>Outlays</b>														
Mandatory	4,577	4,862	3,589	3,461	3,488	3,711	3,907	4,088	4,418	4,446	4,780	5,025	18,155	40,912
Discretionary	1,628	1,652	1,649	1,610	1,592	1,625	1,660	1,701	1,746	1,778	1,827	1,877	8,136	17,065
Net interest	345	331	306	315	344	396	467	541	628	712	808	910	1,826	5,425
<b>Total</b>	<b>6,550</b>	<b>6,845</b>	<b>5,544</b>	<b>5,386</b>	<b>5,423</b>	<b>5,731</b>	<b>6,033</b>	<b>6,330</b>	<b>6,792</b>	<b>6,935</b>	<b>7,415</b>	<b>7,812</b>	<b>28,118</b>	<b>63,402</b>
On-budget	5,598	5,846	4,469	4,231	4,191	4,418	4,642	4,854	5,222	5,268	5,647	5,939	21,950	48,880
Off-budget <sup>a</sup>	953	999	1,075	1,155	1,233	1,313	1,391	1,476	1,570	1,667	1,769	1,873	6,167	14,521
<b>Total Deficit</b>	<b>-3,129</b>	<b>-3,003</b>	<b>-1,153</b>	<b>-789</b>	<b>-753</b>	<b>-998</b>	<b>-1,049</b>	<b>-1,077</b>	<b>-1,395</b>	<b>-1,363</b>	<b>-1,661</b>	<b>-1,855</b>	<b>-4,741</b>	<b>-12,093</b>
On-budget	-3,142	-2,984	-1,067	-718	-648	-852	-869	-859	-1,131	-1,050	-1,294	-1,434	-4,155	-9,923
Off-budget <sup>a</sup>	13	-19	-86	-71	-104	-146	-180	-218	-264	-313	-367	-422	-587	-2,170
Primary Deficit <sup>b</sup>	-2,784	-2,672	-848	-474	-409	-602	-582	-536	-768	-652	-853	-946	-2,915	-6,669
Debt Held by the Public	21,017	23,012	24,392	25,156	25,959	26,967	28,062	29,185	30,733	32,119	33,913	35,827	n.a.	n.a.

# CBO Prepares Estimates of the Effects of Legislative Proposals

CBO is required to produce a formal cost estimate for nearly every bill approved by a full committee. The agency usually produces 600 to 800 cost estimates each year.

Those estimates include the impact of federal mandates on state, local, and tribal governments.

CBO also fulfills thousands of requests for technical assistance as lawmakers draft legislation.

Furthermore, CBO tracks appropriation actions.

At a Glance			
<b>S. 3591, America's Water Infrastructure Act of 2020</b>			
As reported by the Senate Committee on Environment and Public Works on May 11, 2020			
By Fiscal Year, Millions of Dollars	2021	2021-2025	2021-2030
Direct Spending (Outlays)	65	426	1,228
Revenues	0	-9	-100
Increase or Decrease (-) in the Deficit	65	435	1,328
Spending Subject to Appropriation (Outlays)	292	10,076	16,261
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

## **CBO's Estimates Have Certain Characteristics**

The estimates focus on the next 10 years but sometimes look 20 years or more into the future.

They reflect the middle of the distribution of possible outcomes.

They incorporate behavioral responses to the extent feasible, on the basis of the available evidence.

They may be updated for new information and may change as a result.

And they include explanations of the analysis to the extent feasible.



# CBO Publishes About 70 Reports, Testimonies, and Working Papers a Year

CBO's reports cover every major area of federal policy, including spending programs, the tax code, and budgetary and economic challenges.

The reports often present options for changes in the federal program or tax rules under consideration, but they make no recommendations.



**CBO Prioritizes Objectivity,  
Analytical Soundness,  
Responsiveness, Transparency, and  
Accessibility**



# **CBO's Analysis Is Objective, Impartial, and Nonpartisan**

CBO makes no policy recommendations.

It hires people on the basis of their expertise without regard to political affiliation. The agency carefully considers whether potential analysts can perform objective analysis, regardless of their own personal views.

CBO uses a common set of assumptions when analyzing different legislative proposals to ensure that its estimates are consistent and impartial.

The agency's estimates are inherently uncertain, but its goal is to produce estimates that are in the middle of the distribution of potential outcomes.

# **CBO's Assessments Are Based on Detailed Analysis**

CBO bases its assessments on:

- Detailed understanding of federal programs and revenue sources.
- Examination of the relevant research literature.
- Analysis of data reported by federal statistical agencies and other groups.
- Consultation with outside experts in academia, think tanks, industry groups, the private sector, and federal, state, and local agencies.
- Discussion with CBO's Panel of Economic Advisers and Panel of Health Advisers.

# **CBO Seeks To Provide Information When It Is Most Useful**

CBO completes nearly all formal cost estimates before the legislation at issue comes to a floor vote.

To provide context for its estimates, CBO provides technical assistance, reports, and other information to policymakers during earlier stages of the legislative process.

To bolster its responsiveness, CBO has expanded staffing in high-demand areas.

# CBO Makes Its Work Transparent in Different Ways

- Testifying and publishing answers to questions
- Explaining analytic methods
- Releasing data
- Analyzing the accuracy of its estimates
- Comparing current estimates with previous estimates
- Comparing its estimates with those of other organizations
- Estimating the effects of policy alternatives
- Characterizing uncertainty surrounding estimates
- Creating data visualizations
- Conducting outreach

# CBO's Products Are Accessible

All of CBO's reports and formal cost estimates are shared widely and made available on the agency's website.

CBO publishes interactive graphics, including graphics accompanying reports that make key takeaways more easily accessible.

CBO produces versions of its reports that are tailored for reading on mobile devices and web browsers.

## How Increasing the Federal Minimum Wage Could Affect Employment and Family Income

The federal minimum wage of \$7.25 per hour has not changed since 2009. Increasing it would raise the earnings and family income of most low-wage workers, lifting some families out of poverty—but it would cause other low-wage workers to become jobless, and their family income would fall.

This interactive tool allows users to explore the effects of policies that would increase the federal minimum wage, including a policy based on the Raise the Wage Act of 2021 (S. 53), which CBO analyzed in *The Budgetary Effects of the Raise the Wage Act of 2021*. Users can also create custom policy options to examine how different approaches to changing the minimum wage would affect earnings, employment, family income, and poverty.

**MINIMUM WAGE** [?]  
 \$15

**MINIMUM CASH WAGE FOR TIPPED WORKERS** [?]  
 No change (\$2.13)  
 Half the regular minimum  
 Same as the regular minimum

**TARGET YEAR FOR FULL IMPLEMENTATION** [?]  
 2026

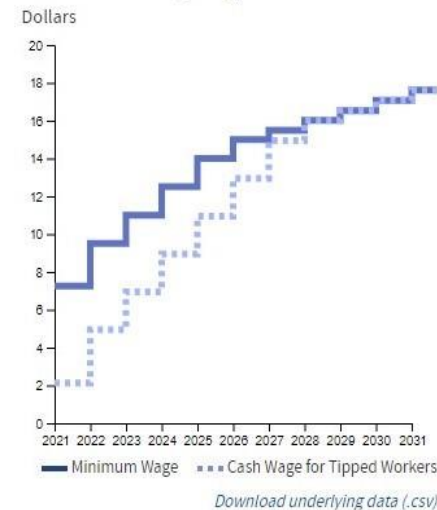
**ADJUSTMENTS AFTER TARGET YEAR** [?]  
 None  
 Indexed to CPI  
 Indexed to median wage

[Reset to the policy based on the Raise the Wage Act of 2021 \(S. 53\)](#)

### OPTION

Raise the minimum wage to \$15 by 2026 and gradually raise the tipped cash minimum to be the same as the regular minimum. Thereafter, index both wages to the median wage. Eliminate the subminimums for teenagers and disabled workers.

### Minimum Hourly Wages



### Change in Employment in an Average Week

