



**ANSWER TO A QUESTION
FOR THE RECORD**

Following a Hearing on
**CBO's Appropriation Request
for Fiscal Year 2023**

Conducted by the
Subcommittee on the Legislative Branch
Committee on Appropriations
U.S. House of Representatives

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On April 5, 2022, the Subcommittee on the Legislative Branch of the House Committee on Appropriations convened a hearing at which Phillip L. Swagel, the Congressional Budget Office's Director, testified about the agency's appropriation request for fiscal year 2023.¹ After the hearing, Congressman Case submitted a question for the record. This document provides CBO's answer. It is available at www.cbo.gov/publication/58096.

Congressman Case's Question About Adding Debt-Service Costs to CBO's Cost Estimates

Question. The national debt has ballooned in recent years, and while Congressional Budget Office (CBO) scores attempt to estimate the effect of legislation on the debt and deficit, it does not consider the costs of carrying the debt costs (interest). This leads to a limited understanding of the true cost of legislation.

What resources would be required to add debt servicing to CBO's existing scores? On average, how much would CBO scores increase should the cost of servicing the debt be added to scores?

1. See testimony of Phillip L. Swagel, Director, Congressional Budget Office, before the Subcommittee on the Legislative Branch of the House Committee on Appropriations, *CBO's Appropriation Request for Fiscal Year 2023* (April 5, 2022), www.cbo.gov/publication/57731.

Answer. By long-standing convention, CBO does not include debt-service costs in its cost estimates. In most cases, inclusion would be feasible and require few additional resources. However, for some kinds of legislation, such as legislation that affected a credit program, calculating such costs would be less straightforward.

In general, the amount of a bill's debt-service costs would depend on the timing of the change in deficits resulting from the bill over a 10-year period. The closer the change in deficits was to the beginning of the period, the larger the effect on the debt-service costs would be. For example, on the basis of CBO's current economic forecast, increasing deficits (and therefore debt) by \$100 million in 2023 would result in additional interest outlays of \$27 million over a 10-year period in CBO's projections. By contrast, increasing deficits by \$10 million per year for 10 years, for a total of \$100 million, would be projected to result in additional interest outlays of \$15 million over the 10-year period.

CBO provides an interactive tool on its website so that Members of Congress and their staffs can calculate debt-service costs.² Although the results do not constitute an official CBO estimate, they approximate the results that CBO would produce if the agency adjusted an estimate of the cost of legislation to account for debt service.

2. See Congressional Budget Office, "How Changes in Revenues and Outlays Would Affect Debt Service, Deficits, and Debt" (interactive tool, February 2021), www.cbo.gov/publication/56993.