



# An Introduction to the Congressional Budget Office

Lawmakers created the Congressional Budget Office to help the Congress play a stronger role in budget matters. Established under the Congressional Budget Act of 1974, CBO provides objective, nonpartisan information to support the budget process and to help the Congress make effective budget and economic policy. In carrying out that mission, the agency offers an alternative to the information provided by the Office of Management and Budget and other agencies in the executive branch.

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

Each year, the agency's economists and budget analysts fulfill thousands of requests for technical assistance, produce hundreds of cost estimates for proposed legislation, and prepare dozens of reports and other materials on a variety of topics. CBO conducts objective, impartial analysis and hires employees without regard to political affiliation. The agency does not make policy recommendations. Most of CBO's work is available to the Congress and the public on the agency's website, [www.cbo.gov](http://www.cbo.gov), as is [this document](#) and [other information](#) about CBO.

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# What Kind of Information Does CBO Provide?

CBO provides budgetary and economic information in a variety of ways and at various points in the legislative process.

## Baseline Budget and Economic Projections

As required by the Budget Act, CBO [regularly publishes projections](#) of budgetary and economic outcomes that are based on the assumption that current laws about federal spending and revenues will generally remain in place. Those baseline projections cover the 10-year period used in the Congressional budget process. Reports on those projections usually describe differences between current and previous projections, compare CBO's economic forecast with other forecasts, and show the budgetary effects of some alternative policies. Specific rules for developing baseline projections are set in law (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 predictions of budgetary or economic outcomes. Rather, they represent CBO's assessment of how the budget and the economy would evolve under existing laws. That approach allows the baseline to serve as a benchmark for measuring the effects of proposed legislation.

CBO's economic forecasts cover the major economic variables—gross domestic product, unemployment, inflation, and interest rates—along with a broad array of other economic measures. The forecasts draw information from the agency's 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 the agency's Panel of Economic Advisers. For more information, see [How CBO Prepares Baseline Budget Projections](#) and [How CBO Produces Its 10-Year Economic Forecast](#).

*Frequency:* A recurring report, *The Budget and Economic Outlook* is generally issued each winter and updated in August; the budget projections are also usually updated in March. The schedule for those reports sometimes varies, depending on the timing of major legislation.

## Technical Assistance

CBO fulfills numerous requests for [technical assistance](#) as committees are crafting legislation, as amendments to bills are being debated, and at other stages in the legislative process. The agency's analysts often provide preliminary estimates to committee staff, helping them weigh different options for achieving legislative goals.

By law, CBO's primary responsibility is to Congressional committees, but to the extent practicable, the agency also provides information to Members' offices. The most common request is for a preliminary estimate of the effects on mandatory spending of a bill or a tentative proposal; CBO's assistance may also involve answering general questions about the budget or responding to questions about previously published cost estimates.



Individual Members seeking a review of their bill may submit a request, with any draft language attached or the bill number referenced, by email to [costestimates@cbo.gov](mailto:costestimates@cbo.gov). If time allows, CBO provides preliminary feedback about a bill's possible effects on direct spending, usually by phone or email. If analysts cannot work on a request right away, the agency will provide a sense of whether and when they can.

*Frequency:* CBO fulfills thousands of requests for technical assistance each year.

## **Cost Estimates and Mandate Statements**

CBO is required by law to produce a [cost estimate](#) for nearly every bill that is approved by a full committee of either the House or the Senate. The agency also publishes cost estimates at other stages of the legislative process if requested to do so by a relevant committee or by the Congressional leadership. In addition, CBO reviews bills scheduled to be considered on the House's suspension calendar (which is generally used to handle non-controversial bills that are expected to pass quickly and with little debate).

Cost estimates typically show how a bill would affect discretionary spending, mandatory spending, or revenues over the next 5 or 10 years, depending on the type of spending involved, and describe the basis for the estimate. For bills considered under suspension of the rules in the House, CBO estimates the bill's effects on mandatory spending and revenues. The agency's cost estimates for committee-approved bills include [analyses of any mandates](#) and associated costs that those bills would impose on state, local, and tribal governments or on the private sector.

CBO's cost estimates are only advisory. They can—but need not—be used to enforce budgetary rules or targets. CBO does not enforce such budgetary rules; the Budget Committees do. For tax legislation, CBO uses estimates provided by the staff of the non-partisan Joint Committee on Taxation, a bicameral Congressional committee that works closely with the tax-writing committees.

CBO's analysts are available to answer questions from Members and their staffs about cost estimates. For more information, see [How CBO Prepares Cost Estimates](#) and [CBO's Cost Estimates Explained](#).

*Frequency:* Produced throughout the year, cost estimates for bills not on the House suspension calendar typically number between 600 and 800 annually; estimates for bills considered under suspension of the rules total about 400 per year.

## **Scorekeeping for Legislation**

CBO supplies 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 in budget resolutions.

*Frequency:* Produced periodically throughout the year.

## Long-Term Budget Projections

CBO provides the Congress with [budget projections beyond the standard 10-year period](#). Those projections, which focus on the next 30 years, show the effects of demographic trends, economic developments, and 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 projections also include the long-term budgetary and economic effects of some alternative policies.

*Frequency:* Produced annually, usually in the summer. Interim updates are provided in *The Budget and Economic Outlook*.

## Analytic Reports

CBO's [reports](#) cover every major area of federal policy, including spending programs, the tax code, and budgetary and economic challenges. Most reports are written at the request of the Chair or Ranking Member of a committee or subcommittee or at the request of the leadership of either party in the House or Senate. Often, the reports present a set of options for changes in the federal program or tax rules under consideration, estimating each option's budgetary and economic effects and discussing its benefits and drawbacks. As with the agency's other products, those reports make no recommendations.

CBO prepares some of its analytic reports annually. For instance, the agency prepares a [report each year](#) 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. CBO also publishes an [annual report on the Defense Department's five-year plan](#), known as the Future Years Defense Program. The report examines the plan's costs and long-term budgetary implications.

*Frequency:* Produced throughout the year.

## Analyses of the President's Budget

After the President submits a budget, CBO [produces its own estimate](#) of the effects of the proposed policies using the agency's own economic forecast and estimating methods—the same ones it uses to develop its baseline projections of spending and revenues and to estimate the effects of other spending and revenue proposals. That approach allows the Congress to compare the various proposals and projections.

*Frequency:* Produced annually, usually in the spring. CBO sometimes provides a subsequent analysis of the effects of the President's budgetary proposals on the economy and the resulting effects on the federal budget.

## Budget Options

CBO produces reference volumes that examine [options for reducing budget deficits](#). They include a wide range of options, derived from many sources, for reducing spending or increasing revenues. The agency provides estimates of the budgetary effects of each option over 10 years.

*Frequency:* Produced every two years.

## Monthly Budget Reviews

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

*Frequency:* Produced on the sixth working day of each month.

## Testimony, Statements, and Answers to Questions for the Record

Representatives of CBO testify at Congressional hearings, providing [written statements](#) and answering specific public questions from Members of Congress. The agency also publishes answers to Members' subsequent questions on its website.

*Frequency:* Produced throughout the year.

## Working Papers

CBO's [working papers](#) provide technical descriptions and explanations of its analyses as well as independent research by the agency's analysts. Those publications enhance the transparency of CBO's work and encourage external review of it.

*Frequency:* Produced throughout the year.

## Data and Technical Information

To provide more details about CBO's budget and economic projections and to increase the transparency of its other analyses, the agency posts [data and other technical information](#) on its website.

*Frequency:* Produced throughout the year and coordinated with the release of related publications.

## Presentations

CBO's staff gives [presentations](#) on various topics to Congressional staff and outside groups. The agency generally publishes the visual content of those presentations on its website.

*Frequency:* Produced throughout the year.

## Data Visualizations

To make CBO's analyses easier to understand, the agency publishes [chart books, visual reports, slide decks, and infographics](#) about the budget and the economy.

*Frequency:* Produced throughout the year.

## Interactive Tools

CBO posts [interactive tools](#) on its website that allow the Congress and the public to simulate and compare alternative scenarios for major programmatic and budgetary areas of interest. The tools are based on the agency's process for developing cost estimates and baseline projections.

*Frequency:* Produced throughout the year.

# How Does CBO Carry Out Its Work?

CBO's work follows processes that are specified in the Budget Act or that it has developed in concert with the House and Senate Budget Committees and Congressional leadership.

Most of the [processes that guide CBO's work](#) have been in place since the 1970s. The agency is required by law to describe the basis for its cost estimates and follows the same practice for its reports.

All of CBO's work reflects the agency's objective, impartial, and nonpartisan analytical assessments. Those assessments are based on several factors:

- A detailed understanding of federal programs and revenue sources;
- Careful reading of the relevant research literature;
- Extensive analysis of data collected and reported by the government's statistical agencies and by private organizations (for example, 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); and
- Consultation with numerous outside experts, including professors, think-tank analysts, representatives of industry groups, other private-sector experts, and employees of federal, state, and local governments.

CBO does not attempt to predict the ways in which the Congress might amend existing laws or modify 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 CBO and the Budget Committees have developed). In addition, CBO regularly shows the effects of adopting alternative policies that have been discussed by the Congress.

How particular federal programs, the budget as a whole, and the U.S. economy would evolve under current law is often uncertain, as are the effects of legislation being considered by the Congress. CBO aims to develop estimates that are in the middle of the range of likely outcomes and to clearly communicate the basis for those estimates and their uncertainty. In addition, the agency describes and explains the revisions to its budget and economic projections, and it reports on the accuracy of those projections.

The agency's cost estimates for legislation take that legislation as it is written and do not reflect any possible future modifications to it. CBO's analysts assess the extent to which proposed policies would affect people's behavior in ways that would, in turn, affect federal revenues or spending; those effects are routinely reflected in the agency's cost estimates and reports. For example, the agency's estimates include changes in crop production that would result if the Congress adopted new farm policies, changes in the likelihood that people would take up certain government benefits if the Congress altered policies pertaining to those benefits, and changes in the quantity of health care services that would be provided if the Congress adjusted Medicare's payment rates for certain providers.

Although CBO's cost estimates reflect likely behavioral responses to a proposal, with a few exceptions they generally do not include what is sometimes known as dynamic analysis. [Dynamic analysis](#) refers to instances in which CBO takes into account further behavioral changes that would affect total output in the economy. Those broad macroeconomic changes—which include changes in the labor supply or private investment—resulting from changes in fiscal policy can in turn have budgetary consequences. By long-standing convention, those consequences are not generally reflected in CBO's cost estimates. However, the agency provides such information at the request of the Budget Committees when practicable.

In certain analyses other than those for cost estimates, CBO has estimated 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; those budgetary consequences have generally been small compared with the direct budgetary effects of the policies analyzed.

## How Does CBO Make Its Work Available?

CBO releases information in ways that make it widely available, and the agency keeps the Congress informed about its completed and forthcoming work.

### **Releasing the Agency's Work**

CBO aims to make its work readily accessible to the Congress and the public. In some circumstances, however, the needs of the Congress as it formulates legislation lead CBO to keep the results of an analysis confidential. The agency's procedure for releasing the results of an analysis depends on which of the two broad categories of the agency's work it falls into.

The first category consists of 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.

CBO publicly releases all of its cost estimates and analytic reports. It delivers its work to interested Members of Congress and their staffs, including the sponsor of legislation or requester of a report, the Chair 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 a particular topic. Occasionally, when CBO analyzes legislative proposals that are already public, there is not enough time to publish a cost estimate. In such cases, communications about CBO's analysis are available to any interested party in the Congress. Finally, if a requester withdraws a request for an analytic report when the work undertaken is substantially complete or would continue to inform Congressional deliberations, CBO will proceed with its plan to release the report publicly.

The second broad category of CBO's work consists of technical assistance. Members and their staff often evaluate alternative proposals to accomplish a goal before they make a specific proposal public, and they need the flexibility to modify that proposal—sometimes in response to CBO's preliminary estimates—before it becomes public. CBO's analysts typically give committee staff preliminary estimates on a broad range of legislative options, allowing them to consider different approaches before deciding on a specific legislative path. In such situations, the agency recognizes that the confidentiality of its work is critical to a committee's deliberations, so it keeps its preliminary estimates confidential until the proposals are made public. Those communications are preliminary because they do not undergo the same review required for cost estimates.

## Keeping the Congress Informed

To provide the Congress with a comprehensive review of its work, CBO releases a catalogue of its completed projects in its [annual request for appropriations](#). For recently released reports, an email notification is sent to interested staff. The agency also publishes quarterly reports listing recent publications and work in progress, which may include reports, working papers, testimonies, interactive tools, and cost estimates for bills that were ordered reported by a committee or that were the subject of a motion to be placed on the consensus calendar in the House of Representatives. For example, the quarterly reports list the topics of requested reports that are expected to be released in the coming months. When the publication of such a report is imminent, CBO [announces the title](#) on its website. The agency revisits the ways it notifies the Congress about its work at the start of each Congress.

# How Does CBO Make Its Work Transparent?

The agency engages in various activities to enhance the transparency of its work, with three main goals in mind.

Transparency is a top priority for CBO. The agency is committed to providing equal and open access to the information and analysis it produces and to ensuring that its work is widely available to the Congress and the public. Those efforts help CBO maintain its long-standing commitment to present clear, objective, insightful, and timely information.

CBO's [transparency efforts](#) have three principal goals: to promote a thorough understanding of the agency's analyses through accessible, clear, and detailed communication; to help people gauge how its estimates might change if policies or circumstances differed; and to enhance the credibility of the agency's analyses and processes by showing the underlying data, professional research, and feedback from experts. To achieve those goals, CBO undertakes the following activities:

- **Testifying and Publishing Answers to Questions.** Representatives of CBO testify at Congressional hearings, and the agency publishes answers to Members' subsequent questions on its website.
- **Explaining Analytical Methods.** CBO publishes documents explaining its analyses, including its general approach and particular applications of its methods. In addition, most cost estimates include a section describing the basis of the estimate. To enable researchers to replicate its results, the agency posts segments of the computer code for some analyses.
- **Releasing Data.** CBO supplies many files containing the data underlying the analysis for its major reports and other studies. The agency maintains a web page with links to many years' worth of data, demonstrating the underpinnings of key projections.
- **Analyzing the Accuracy of CBO's Estimates.** CBO regularly releases comparisons of its projections with actual outcomes.
- **Comparing Current Estimates With Previous Ones.** In several of its recurring publications, CBO explains the differences between its current projections and those from the previous year. In addition, cost estimates explain the extent to which provisions and estimates resemble or differ from earlier ones.
- **Comparing CBO's Estimates With Those of Other Organizations.** CBO regularly compares its work with the budget projections of the Administration, with the economic projections of private-sector forecasters and other government agencies, and sometimes with the policy analyses of various organizations. Comparisons are often discussed with Congressional staff when time does not allow for preparing a formal presentation.

- **Estimating the Effects of Alternative Policies.** To assist policymakers and analysts who may hold differing views about the most useful benchmark for considering possible changes to laws (and to make the consequences of alternative policies more transparent), CBO estimates the effects that some alternative assumptions about future policies would have on budgetary outcomes.
- **Characterizing the Uncertainty of Estimates.** CBO's budget and economic estimates are in the middle of a range of likely outcomes under a given set of policies. Discussion of uncertainty helps policymakers understand the factors that might cause estimates or outcomes to differ in the future.
- **Visualizing Data.** CBO's chart books, visual reports, slide decks, and infographics about the budget and the economy help make the agency's projections easier to understand.
- **Conducting Outreach.** CBO's staff communicates with people outside the agency every day to explain CBO's findings and methods and to receive feedback that helps maintain and improve the quality of the agency's work. CBO's most important outreach is its direct communication with the Congress. The Director meets regularly with Members of Congress to explain the agency's work, respond to questions, and obtain feedback. CBO also publishes blog posts highlighting key issues.

CBO convenes expert Panels of Economic and Health Advisers that advise the agency on its forecasting methods and models, among many other topics. The agency hosts periodic meetings of the advisers and solicits their views between meetings. CBO consults regularly with many other outside experts, who represent a variety of perspectives, as it develops cost estimates and other analyses.

## How Does CBO Ensure That Its Analyses Are Objective?

CBO takes many steps to ensure that its work is objective, impartial, and nonpartisan.

The agency enforces strict rules that prevent employees from having financial [conflicts of interest](#) and that limit their political activities. CBO encourages open discussion of analytic issues under consideration. The agency's analysts carefully review relevant research and examine data collected by government agencies and private organizations.

All of the agency's products undergo rigorous review by people at different levels of the organization and are developed within an analytical framework that requires consistency among those products. CBO's projections of spending and revenues need to be consistent with its economic projections (and vice versa). Cost estimates and analytical reports must be consistent with the budget and economic projections. That framework for developing information that is interdependent and based on a common set of assumptions helps ensure that the agency's cost estimates and other assessments are objective and analytically consistent.

Furthermore, CBO's reports are reviewed by outside experts who specialize in the topic at hand. The agency also explains the basis of its findings so that outside analysts can understand the results and examine the methods used.

The outside experts who consult with CBO represent a variety of perspectives and include professors, think-tank analysts, representatives of industry groups, other private-sector experts, and federal, state, and local government employees. In choosing members of its [panels of advisers](#) and in weighing their input, CBO follows the long-standing [practice of considering](#) whether members and potential members are engaged in substantial political activity or have significant financial interests that might influence, or might reasonably appear to influence, their perspective on the topics about which CBO is seeking their advice. Although the agency draws on many outside experts, its findings are based on its own judgments, and CBO is solely responsible for them.

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

## How Is CBO Structured and Staffed?

The agency's structure promotes collaboration among a staff hired solely on the basis of professional competence.

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; and Tax Analysis.

The Speaker of the House of Representatives and the President pro tempore of the Senate jointly appoint CBO's Director, after considering recommendations from the two Budget Committees. Directors are appointed for four-year terms and may be reappointed to the position; in addition, a Director serving at the expiration of a term may continue to serve until a successor is appointed. The Budget Act specifies that CBO's Director is to be chosen without regard to political affiliation. The agency has had 10 Directors and several Acting Directors.

The rest of CBO's staff is appointed by the Director solely on the basis of professional competence, without regard to political affiliation. The agency has about 275 staff members, mostly economists or public policy analysts with advanced degrees. The agency also employs lawyers, information technology specialists, editors, and people with other areas of expertise that contribute to the agency's mission. Many of them have extensive experience in their subject areas, including years of work at CBO.

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

## Contacting CBO

### **Members of Congress or Congressional staff inquiring about cost estimates:**

Budget Analysis Division  
(202) 226-2800  
[costestimates@cbo.gov](mailto:costestimates@cbo.gov)

### **Members of Congress or Congressional staff inquiring about other matters:**

Director of Legislative Affairs  
(202) 226-2837  
[congressionalaffairs@cbo.gov](mailto:congressionalaffairs@cbo.gov)

### **Public or media inquiries:**

Office of Communications  
(202) 226-2602  
[communications@cbo.gov](mailto:communications@cbo.gov)

### **Job candidate information:**

Office of Human Resources  
(202) 226-2628  
[careers@cbo.gov](mailto:careers@cbo.gov)

### **Vendor or contractor information:**

Acquisitions Office  
(202) 226-9850  
[procurementservices@cbo.gov](mailto:procurementservices@cbo.gov)

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