Congressional Budget Office

Testimony

Transparency at CBO: An Update

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Chairman Enzi, Ranking Member Sanders, and Members of the Committee, I am delighted to be here today to discuss transparency at the Congressional Budget Office. The transparency of our work has always been a priority of ours, and this year we have added and shifted resources to redouble our efforts in that area.

Transparency can mean many different things, so let me begin by highlighting CBO's three goals in being transparent:

- First, we aim to **enhance the credibility of our work** by showing how it relies on data, professional research, and expert feedback.

- Second, we seek to **promote a thorough understanding of our analyses** by sharing information in an accessible, clear, and detailed manner.

- Third, we want to **help people gauge how our estimates might change** if policies or circumstances were different.

Over the past year, we undertook many activities supporting progress toward those three overarching goals. Almost all of CBO's employees spent part of their time on those activities, and last month, we published a report summarizing them.[1] I would like to highlight a few for you:

- We created several interactive tools: one that lets users add or subtract brigades, ships, aircraft squadrons, and other units to see the effects on the Department of Defense's total operation and support costs and the size of the military; one that shows how we project spending on discretionary programs; and one that allows users to enter alternative economic scenarios and see the budgetary results.[2]

- We published information about important models that we use, including our microsimulation tax

model, our long-term projections model, and our health insurance simulation model.[3]

- We posted computer code to help analysts understand and replicate parts of our analyses in papers about the distribution of household income and about macroeconomic output.[4]

- We published analyses of the accuracy of our spending estimates for fiscal year 2017 and of our projections of subsidies for health insurance under the Affordable Care Act.[5]

- We published a report on how we produce cost estimates, as well as a detailed description of our formal cost estimates and the information that they contain.[6]

We also reached out to provide information about our work to Congressional staff. Last week, for example, we answered questions at an "open house" for House staff convened by the House Budget Committee. Tomorrow, we are making a presentation to Congressional staff—jointly with the Congressional Research Service—about CBO's baseline budget projections and how they are produced.

1. Congressional Budget Office, *An Update on Transparency at CBO* (August 2018), www.cbo.gov/publication/54372.

2. Congressional Budget Office, "Interactives" (accessed September 6, 2018), www.cbo.gov/interactives.

3. Congressional Budget Office, "An Overview of CBO's Microsimulation Tax Model" (June 2018), www.cbo.gov/publication/54096, *An Overview of CBOLT: The Congressional Budget Office Long-Term Model* (April 2018), www.cbo.gov/publication/53667, and "The Health Insurance Simulation Model Used in Preparing CBO's 2018 Baseline" (February 2018), www.cbo.gov/publication/53592.

4. Bilal Habib, *How CBO Adjusts for Survey Underreporting of Transfer Income in Its Distributional Analyses*, Working Paper 2018-07 (July 2018), www.cbo.gov/publication/54234; and Robert Shackleton, *Estimating and Projecting Potential Output Using CBO's Forecasting Growth Model*, Working Paper 2018-03 (February 2018), www.cbo.gov/publication/53558.

5. Congressional Budget Office, *The Accuracy of CBO's Outlay Estimates for Fiscal Year 2017* (June 2018), www.cbo.gov/publication/53923, and *Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2018 to 2028* (May 2018), www.cbo.gov/publication/53826.

6. Congressional Budget Office, "CBO's Cost Estimates Explained" (September 2018), www.cbo.gov/publication/54437, and *How CBO Prepares Cost Estimates* (February 2018), www.cbo.gov/publication/53519.

In addition, we have reached out to many experts for feedback on our analyses. For example, last week we announced the formation of a technical review panel to advise us on the development and testing of the next generation of our health insurance simulation model.[7]

In response to interest expressed by the Congress, we plan during the next year to publish more overviews and documentation of some of CBO's major models and more detailed information, including computer code, about key aspects of those models. The models are used to simulate choices about health insurance, project long-term budget outcomes, forecast business investment, and estimate Medicare beneficiaries' costs. We also plan to update our template for cost estimates to make important information easier to find and read. And we will continue to evaluate previous estimates in order to improve future ones. For example, we are currently examining how our estimate of the effects of the American Recovery and Reinvestment Act of 2009 on spending for the Supplemental Nutrition Assistance Program compares with what actually happened.

As we undertake these efforts, it will be important to understand which ones are particularly valuable and informative to the Congress and which ones may have less value. Being transparent has costs, and CBO must, in essence, make business decisions weighing the benefits and costs of devoting resources to different activities. We welcome your feedback about what you find most useful and your suggestions about other ways in which we can provide more information about our work.

Let me close by thanking you for your support and guidance. We have long relied on the budget committees to explain our role to the Congress, to provide constructive feedback on how we can best serve the Congress, and to provide us with guidance about legislative developments and Congressional priorities.

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7. Congressional Budget Office, "CBO's Technical Review Panel for Its Health Insurance Simulation Model," *CBO Blog* (September 6, 2018), www.cbo.gov/publication/54436.

This testimony was prepared with contributions from Leigh Angres, Wendy Edelberg, Theresa Gullo, Mark Hadley, Deborah Kilroe, Jeffrey Kling, and Robert Sunshine. In keeping with the Congressional Budget Office's mandate to provide objective, impartial analysis, the testimony contains no recommendations. Benjamin Plotinsky edited the testimony, and Casey Labrack prepared it for publication. An electronic version is available on CBO's website at www.cbo.gov/publication/54445.

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