

Issue Brief

JULY 29, 2020

BY: DEMIAN BRADY

CBO's Most Recent Cost Estimates Highlight Congress's Big Spending Agenda

A House subcommittee recently completed a markup of an appropriations bill for the legislative branch, including the Congressional Budget Office (CBO). The bill included the full amount that CBO had requested to maintain its responsiveness and to help it manage an increasing workload. The legislation also moves forward two additional measures related to data transparency, including an idea spearheaded by the National Taxpayers Union Foundation and our sister organization NTU.

CBO's Budget Request Granted in Committee

Earlier in the year, CBO requested a budget of \$57.3 million, a \$2.4 million increase over last year. The increase would fund salaries and benefits of recently hired staff members and support technological upgrades. CBO Director Phillip Swagel testified that the request was designed to increase the agency's responsiveness to members of Congress. The subcommittee's [report](#) of the bill grants CBO's budget request and notes, "This funding level will allow CBO to continue and modestly increase its efforts to improve

Key Facts:



A House appropriations subcommittee approved CBO's budget request to support improvements in its modeling, analytical capacity, and transparency.



The legislation also asks CBO to report on the feasibility, costs, and benefits of producing cost estimates earlier in the legislative process, and to report on problems it faces getting data from executive branch agencies.



Reliable cost estimates are crucial to the policy-making process but the budget scoring rules set by Congress, as well as rushed consideration of legislation, can impede accuracy.

modeling and analytical capability in critical areas and to make its work as transparent and accessible as possible.”¹

Because CBO’s cost estimates and budget reports are central to much of the work that Congress does, Members have demanded greater transparency over the agency’s work. With greater oversight of the agency’s methods, including the modelling and assumptions used, lawmakers, watchdog organizations, and taxpayers, can encourage greater accountability and more accurate, timely analyses.

Providing Budget Estimates Before Markups

CBO generally provides cost estimates for bills after they have been marked up in committee to allow Members to have information about proposals’ budgetary impacts before floor consideration. However, time and resource constraints generally prevent the agency from producing such reports before committees begin work on them. Pre-markup analyses would be hugely valuable, reducing the prevalence of “scoring surprises” that all too often derail the advancement of significant legislation. As NTUF [wrote](#) in February, “giving CBO sufficient time to provide formal cost estimates of legislation before markup hearings would ensure that committee members are taking the fiscal impact of proposals into account before sending them to the House or Senate floor.”²

In March, NTU’s Policy and Government Affairs Manager Andrew Lautz testified before the House subcommittee regarding the importance of having CBO provide cost estimates earlier in the legislative process. He [urged](#) that the legislative branch appropriations bill include language requesting a report from CBO on “the feasibility, cost, benefits, and drawbacks of allowing either the Chair of a committee, or the Chair and Ranking Member of a committee, or the Chairs and Ranking Members of the Committees on the Budget, to request formal cost estimates, and provide guidance on the amount of time and resources such requests would demand from CBO. It also shall assess whether and how many additional personnel might be required to accomplish this task.”³ The subcommittee agreed and the language was included in the bill.

This is more important now than previously because of the projected \$4 trillion deficit for this year. NTUF recently [reviewed](#) all of CBO’s cost estimates over a six-week period and found that two-thirds of the nearly 60 reports examined would boost spending over the next five years by \$184 billion, plus the \$3 trillion for the HEROES Act.⁴

Access to Executive Branch Data

The subcommittee report included an additional transparency report from CBO regarding the accessibility of executive branch agency data necessary for completion of cost estimates: “[A]ccess to federal agency data enhances its ability to respond quickly to the Congress. To that end, the Committee requests information pertaining to CBO’s access to federal agency data, including both data sources and data sets.”

¹ House Committee on Appropriations. (2020). “Full Committee Print: Legislative Branch Appropriations Bill, 2021.” https://appropriations.house.gov/sites/democrats.appropriations.house.gov/files/FY21LB_38861.pdf.

² Brady, Demian. “CBO’s Budget Request: Boosting the Agency’s Responsiveness and Improving the Budgetary Baseline.” National Taxpayers Union Foundation, February 25, 2020. <https://www.ntu.org/foundation/detail/cbos-budget-request-boosting-the-agencys-responsiveness-and-improving-the-budgetary-baseline>.

³ Lautz, Andrew. “NTU Testifies to House Subcommittee on Congressional Budget Office Reform.” National Taxpayers Union, March 5, 2020. <https://www.ntu.org/publications/detail/ntu-testifies-to-house-subcommittee-on-congressional-budget-office-reform#>.

⁴ Brady, Demian. “CBO’s Most Recent Cost Estimates Highlight Congress’s Big Spending Agenda.” National Taxpayers Union Foundation, July 2, 2020. <https://www.ntu.org/foundation/detail/cbos-most-recent-cost-estimates-highlight-congress-big-spending-agenda>.

The problem underlying the request was explained in a CBO letter to the legislative branch subcommittee responding to additional questions after an oversight hearing. Currently, CBO negotiates memoranda of understanding (MOU) with each agency from which it needs data in order to produce cost estimates. Swagel was asked whether standardized agency agreements would improve efficiency and accuracy of its work. The Director [replied](#) that while most interactions with executive agencies have been cooperative and productive, there are instances where there are delays because of technological changes within an agency or changes in the way they collect and report certain information.⁵ For example, CBO is unable to obtain necessary information for scoring intelligence authorization legislation due to its classified nature.

While it is not clear just how extensive additional data acquisition problems are, the requested report could help shed light on other areas of the budget where CBO has trouble getting the data it needs to fully inform policymakers.

Sometimes Congress Impedes Accuracy

Rushed Consideration

While additional resources could improve CBO's responsiveness, there are also ways that Congress impedes the agency in its work. As noted, CBO typically provides a cost estimate of legislation after markup and before floor consideration. On occasions where legislation is moving rapidly through Congress, this does not allow sufficient time for CBO to complete a full written analysis before a vote. When this occurs, CBO may release an abbreviated estimate only including budgetary tables without explanations of the assumptions used in the cost estimate.

For example, the expedited nature of a recent House infrastructure package impeded the ability of CBO to report a complete analysis before a final floor vote in the chamber. The bill, H.R. 2, was passed out of committee on June 26 as the INVEST in America Act with a reported cost by the sponsor of [\\$500 billion](#).⁶ Very shortly afterwards, House Democrats announced that the bill would be expanded to a [\\$1.5 trillion](#) package and renamed as the Moving Forward Act before floor consideration.⁷ CBO published a preliminary cost estimate of the revised package with three tables showing [\\$237 billion](#) in direct spending over the decade (this estimate excluded consideration of discretionary spending impacts).⁸ There was insufficient time to include a corresponding written analysis. In addition to the missing discretionary costs, a source of uncertainty worth considering are the bill's enforcement and expansion of [Buy America mandates](#).⁹ These could impact procurement programs and increase the cost of future appropriations.

⁵ Congressional Budget Office. "Answers to Questions for the Record Following a Hearing Conducted by the House Committee on the Budget on The Budget and Economic Outlook: 2020 to 2030." February 27, 2020. <https://www.cbo.gov/system/files/2020-02/56167-CBO-QFRs.pdf>.

⁶ United States Congressman Peter DeFazio, "Press Release: Local Leaders Endorse DeFazio's INVEST in America Act," June 22, 2020. <https://defazio.house.gov/media-center/press-releases/local-leaders-endorse-defazio-s-invest-in-america-act>.

⁷ House Committee on Transportation & Infrastructure, "Press Release: House Democrats Release Text of H.R. 2, a Transformational Infrastructure Bill to Create Jobs and Rebuild America." June 22, 2020. <https://transportation.house.gov/news/press-releases/house-democrats-release-text-of-hr-2-a-transformational-infrastructure-bill-to-create-jobs-and-rebuild-america>.

⁸ Congressional Budget Office. "Cost Estimate: H.R. 2, Moving Forward Act, Including the Manager's Amendment (DeFazio 228)," June 30, 2020. <https://www.cbo.gov/publication/56453>.

⁹ Shin, Haeseong, "Buy America Rules in House Democrats' Infrastructure Plan Would Cost Taxpayers," National Taxpayers Union Foundation, June 26, 2020. <https://www.ntu.org/foundation/detail/buy-america-rules-in-house-democrats-infrastructure-plan-would-cost-taxpayers>.

When CBO is forced to work on such a compressed timeline, it also does not have an opportunity to discuss uncertainty entailed in its estimate. Sometimes the complexity of the underlying legislation means that any cost estimate will have a high degree of uncertainty, but the budget process in place requires CBO to provide point estimates even when it expects that outcomes could fall within a wide range. Pay-as-you-go and related budget enforcement also require point estimates, giving a false sense of certainty to fiscal policy discussions. CBO has elevated the discussions of uncertainty involved in certain estimates by including bullet points of significant sources of uncertainty on the front page of cost estimates (see for example, some of CBO's recent reports including [H.R. 5552](#) and [H.R. 6395](#)).¹⁰

Congress's Budget Rules Skew CBO's Numbers

Another example where Congress stands in the way of reliable budgetary data is in the rules it sets for CBO. CBO is required to produce its budgetary baseline based on current law, which can lead to some skewed projections because of the way regular, ongoing programs are set to expire under the law. Even though these programs are typically extended instead of joining the proverbial ash heap of history, CBO must score them as expiring. This tends to overstate expected revenues and understate outlays versus a comparison to the actual policies that Congress tends to enact.

One of the most glaring examples of where the current law baseline fails to capture budget reality is seen with CBO's score of nuclear waste fees, which NTUF [detailed](#) in 2019.¹¹ The fees are intended to pay for a repository for nuclear waste. However, a court decreed in 2013 that the fees are invalid because the government is not constructing a repository. But the fees still technically exist in law, and thus CBO projects that the government will collect \$4 billion over the next decade despite the reality that it will collect nothing.

Conclusion

Policymakers and taxpayers need access to reliable budgetary information when considering the impact of proposals. To this end it is important that CBO has the necessary resources and access to agency data sets to help Congress draft laws and provide data needed for budgetary enforcement. While it's a positive development that Congress is beginning to listen to calls to reform the agency itself, it should continue by looking inward as well to ensure that its actions don't continue to impede CBO in its important work.

About the Author

Demian Brady is Director of Research for National Taxpayers Union Foundation, where he runs the organization's Taxpayers' Budget Office.

¹⁰ Congressional Budget Office, "Cost Estimate: H.R. 5552, Migratory Bird Protection Act of 2020," June 30, 2020. <https://www.cbo.gov/publication/56452>, and "Cost Estimate: H.R. 6395, the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021," July 16, 2020. <https://www.cbo.gov/publication/56476>.

¹¹ Brady, Demian. "There's an Extra \$4 Billion Deficit Gap in the Official Current-Law Baseline." National Taxpayers Union Foundation, June 19, 2019. <https://www.ntu.org/foundation/detail/theres-an-extra-4-billion-deficit-gap-in-the-official-current-law-baseline>.



2020 National Taxpayers Union Foundation
122 C Street NW, Suite 650, Washington, DC 20001
ntuf@ntu.org