

APPENDIX C

BillTally Methodology Rules

Introduction

In conducting this BillTally study, National Taxpayers Union Foundation (NTUF) seeks budget estimates for legislation introduced in the First Session of the 111th Congress that would have an annual impact on federal spending of at least \$1 million. This data is then cross-indexed with cosponsorship and sponsorship records to show the level of new federal spending (or savings) proposed in the bills each Member of Congress supported. The study includes detailed information on the bills, and the associated cost or savings of each bill. In cases where a Member cosponsors the same spending in more than one bill (e.g., cosponsored more than one universal health care bill), the same spending is offset and thus is not counted twice toward the Member's total. Each Member's tally reflects the extent to which he or she supports more or less government spending, by virtue of the bills he or she has cosponsored or sponsored.

NTUF is typically able to obtain cost estimates for approximately 95 percent of the Senate and House bills thought to have an impact on federal spending. To the extent that our data is incomplete, the effect is likely to understate net pressures on spending and deficits. Our database of spending reduction bills is probably more complete than our database of spending increase bills.

Spending Estimates

The estimates used in this study reflect the best efforts of NTUF to obtain budget estimates on all legislation that would result in annual spending increases or reductions of at least \$1 million. To identify such legislation, NTUF analysts first review the official titles and texts of every bill introduced in each Congress. About one-half of these bills are then selected for further research. Of these, over one-half are found to have an annual fiscal impact of less than \$1 million. In the remaining cases, NTUF tries to compile credible third-party cost estimates for the bills that have spending impacts of at least \$1 million per year. Before determining that an estimate is not obtainable for a given bill, NTUF analysts review the text for authorization amounts or direct spending changes and make at least two substantive contacts with the primary sponsor's office.

Exclusions

In addition to bills whose spending estimates could not be obtained, NTUF excludes several classes of bills from the BillTally database:

1. Resolutions, joint resolutions, and concurrent resolutions, except those governing legislative budgets. Generally, such measures lack enforcement mechanisms.

2. Procedural budget reforms. Any savings that might result from such reforms would be contingent upon future actions that cannot be predicted with any accuracy. (For example, a Constitutionally correct line-item veto would be hard to “cost,” since no one can predict the extent that a President may use this power.)
3. Bills introduced by request of the President on which there are no cosponsors. Such measures generally are introduced out of courtesy to the President, not as an expression of the original sponsor’s legislative intent. The existence of cosponsors, however, signals otherwise.
4. Bills with an annual spending impact of less than \$1 million.
5. Bills having only tax or regulatory effects.
6. Budget reconciliation bills and the 12 appropriations bills. These measures do not have any cosponsors and are sponsored merely by the Member who is formally responsible for the drafting of the bill in the committee or subcommittee. However, supplemental and emergency appropriations are included.
7. Bills that require future legislation for the proposed changes in spending to take effect. These bills lack enforcement mechanisms.

Inclusions

In estimating the cost of reauthorization and appropriation bills, NTUF counts only the net increase or decrease in cost over the prior year’s authorization or appropriation.

Furthermore, any bill that raises any type of fee (except for user fees, see below), dedicated tax, or fine in order to fund a new or existing program will be counted as new spending. This type of specific outlay will be counted, but the increase in revenues will not be counted because this study only examines changes in outlays.

Technical Rules

As NTUF has refined the BillTally analysis, we have developed a series of technical rules for scoring bills:

1. **Asset Sales/Giveaways:** The purchase of an asset is accounted for as an outlay; however, if the federal government sells an asset, the Congressional Budget Office (CBO) follows pay-as-you-go rules (PAYGO) and does not score the money received as negative outlays (or offsetting receipts). While this may seem paradoxical, this system was created by the Gramm-Rudman-Hollings II legislation in 1987 to prevent the use of asset sales as a

gimmick to balance the budget. If the government gives away an asset as opposed to selling it, this does not count as spending. The rationale: the federal government owns the asset and no matter what it does with it, the money spent on it is gone. Thus, an asset giveaway does not count as spending. There is one exception to this rule of budget neutrality: If the asset is a revenue producer, CBO will score a sale or giveaway as a reduction in offsetting receipts. Similarly, if the federal government had been spending money to maintain or manage the asset, the cessation of these costs will be scored as a savings.

2. Bills Creating Commemorative Coins: The money raised from commemorative coins is counted as an offsetting receipt (negative spending). Often, however, these bills earmark the money for a specific program, so instead of saving money, they end up being spending neutral.
3. Earmarks: Bills often spend money from amounts previously appropriated; BillTally does not count this as new spending.
4. General Allocation of New Taxes: If a bill increases or creates a tax and allocates it to a broadly defined area, NTUF counts it as new spending. For example, if a bill increases tobacco taxes and allocates all this money toward the broad category of health care – even if it does not specify where or how it should be spent – NTUF includes this bill because the intent of such legislation is to increase spending.
5. Interest Savings: NTUF does not count any savings in interest on the debt that might result from program cuts. Instead, NTUF takes into account only the specific programmatic savings.
6. Loans: NTUF multiplies the amount of the loan by the subsidy rate to derive the cost of the loan.
7. Long-Term Savings: BillTally cannot include any costs or savings from bills that occur more than five years out (e.g., if a bill changes the Social Security retirement age effective in the year 2016, NTUF does not include it in the database).
8. Non-Specific, Across-the-Board Cuts: NTUF will count such bills as first year savings if there is some type of enforcement mechanism (such as sequestration) in the bill. The full five-year savings will not be included because NTUF is skeptical that Congress will maintain this cut. Any bill purporting to cut direct spending must include specific language which delineates changes in existing law to effect the cuts.
9. Outlays and Authorizations: NTUF will use outlays if available; otherwise, authorizations will be used.

10. Reauthorizations of Programs: BillTally scores increases or changes in spending but does not count reauthorizations that do not make any changes to a program (i.e., extending a particular program out for five years). While technically this is an increase (the baseline in these out years is zero) many programs continue to receive funding even though their authorizations have been expired for years, so it would be unfair to count these simple reauthorizations.
11. “Sense of the Senate/House Resolutions”: These are not binding and therefore not counted in BillTally.
12. Spending Paid for by User Fees: If there is a spending increase paid for by a user fee that is dedicated specifically to that program, NTUF does not count it. User fees are offsetting receipts (negative spending, according to CBO), so increasing them would offset the spending increase. For example, an increase in spending by the United States Postal Service that is paid for by an increase in the cost of postage stamps, would be budget neutral.
13. Studies: Most studies are conducted at low or no cost. However, there are a few exceptions. NTUF will endeavor to analyze each proposal to determine if there are any costs.
14. “Such Sums”: Generally if a bill appropriates a specific amount of money for one year and for subsequent years appropriates “such sums as may be necessary,” NTUF only counts the actual dollar amounts specified and those that can be determined through further analysis.

Sources of Cost Estimates

The estimates contained in the BillTally study are generally obtained from sources outside of NTUF. Where there is more than one estimate available for a given bill, NTUF uses the most credible source. Where NTUF obtains estimates from more than one equally credible source, NTUF uses the least optimistic (largest increase/smallest reduction) estimate. In cases where cost estimates are not readily available from any outside source, NTUF will attempt to calculate an estimate (with the assistance of the sponsor where possible). Generally, these estimates prove to be low compared to the actual cost of the program.

Discretionary Spending Limit Bills

Total discretionary spending caps are costed by comparing the prior-year discretionary total with the proposed discretionary total. If the spending in a proposed bill is less than the prior year’s discretionary total, then the savings are measured for up to the first two years, in turn dividing by two if the bill saves money for two consecutive years. However, if the proposed discretionary limit

allows for more spending, but less than the prior year's authorized level, no cost is assigned to that bill. The reason is that such bills are rarely effective in holding the line on spending because of a lack of enforcement mechanisms. If the proposed discretionary level is above the prior authorized level then a cost will be assigned to the bill reflecting the difference. This policy includes supplementals, rescissions, and sequestered funds. The scoring of these bills differs from the entitlement bills in that they are scored using the prior year's spending as the baseline. Again, in those cases where multiple estimates are available, NTUF uses the measurement that reflects the highest spending or the lowest savings.

Annualized Estimates

Each bill used in the report contains spending estimates for budget years one through five, the source of those estimates, and an annualized cost.¹ NTUF cannot obtain a full five-year estimate for every bill. In some cases, only multi-year totals are available; while in others, NTUF can obtain only a first-year estimate. To compensate for this irregularity, NTUF annualizes the cost of each bill.

In general, where estimates for each of the next five fiscal years are available, or where only a five-year total estimate can be obtained, the annualized amount is the five-year average. Where only estimates for less than five fiscal years are available, the annualized amount is the average shown for those years. In certain cases where multi-year estimates are available, but where out-year spending estimates are lower than the first year estimate, the annualized amount reflects either the first year estimate, or an average of the years during which spending is projected to grow.²

In the case of estimates for across-the-board spending reduction measures enforced by sequestration, NTUF uses only the first-year estimate. Such bills usually do not question the worthiness of any single program, but, rather, appeal to the idea of "shared sacrifice." Their intent often is to force Congressional action of a more discriminating nature as an alternative to "meat ax" across-the-board reductions. The two-step nature of such reductions – in which other Members of Congress must identify what specifically to cut – makes it less likely that such bills, as drafted, would be implemented beyond their first year.

Member Totals

¹ Since the estimates were generated over a two-year period, some five-year estimates began with FY 2009 while others began with FY 2010. To avoid confusion between these two sets of estimates this report shows estimates for years one through five. In some bills, the estimate for the first fiscal year reflects FY 2009 spending while in others it reflects FY 2010 spending. The effect of this change is to bias downward estimates beginning in FY 2009, since NTUF has made no attempt to adjust those estimates for inflation.

² For example, in the case of a five-year estimate where the estimated spending rises for three years but falls to zero by the fifth year, the annualized cost reflected an average of the first three years.

By correlating the sponsorship and cosponsorship records of each Member of Congress with the cost estimates in the BillTally database, NTUF is able to show the prospective net effect on annual federal spending of the bills that each Member supported. In calculating a Member's total, NTUF attempts to ensure it did not overstate the Member's intentions to increase or decrease federal spending. Where a Member cosponsors or sponsors more than one bill with similar purposes, NTUF only counts the most expensive version of the bill toward the total. (In the reports for each Member, bills annotated with an asterisk have not been counted toward the totals.)

Accuracy

The scope and nature of the BillTally cost survey make total precision impossible. To maximize accuracy and ensure fairness, NTUF provides Members of Congress with a significant review period to comment confidentially on the accuracy of their own reports. In response to these comments, NTUF makes appropriate changes to the BillTally database. To the extent that more up-to-date information comes to light, it will be reflected in subsequent reports. However, the comprehensive nature of the database makes it unlikely that errors with respect to individual bills will alter the general findings of this study.

Meanwhile, several factors combine to understate the support for new spending attributed to each Member. First, while NTUF strives for completeness and accuracy in constructing the BillTally database, estimates are unavailable for some of the bills investigated. Second, many of the estimates in the database are provided to NTUF by the sponsors' offices. In comparing the initial estimates of sponsors against those later provided by the Congressional Budget Office (CBO) or the Office of Management and Budget (OMB), NTUF finds that sponsoring offices tend to understate the proposed spending at stake. The cost of the most expensive bills in the BillTally database – national health care proposals – in some cases may be underestimated by more than \$100 billion per year. Third, when it was brought to NTUF's attention through the comment process that two or more bills a Member had sponsored had partially overlapping purposes, NTUF generally subtracted the entire cost of the smaller bill from the Member's total.

Limitations of Study

Some Members of Congress have criticized BillTally because it does not count the social "benefits" or economy-wide "savings" thought to be conferred by certain spending. BillTally uses the same accounting rules as the CBO and the OMB. Budgetary agencies do not estimate the benefits (except in special studies) because such findings are inherently qualitative. If BillTally were to attempt to account for such benefits it would depart from time-tested budgetary principles and become immersed in a thicket of controversy. In point of fact, all sponsors believe the legislation they introduce will produce more benefits than costs – whether or not this is actually the case.

At the level of the individual Senator or Representative, our findings may not prove conclusively that the Member is “fiscally conservative” or otherwise. Some Members of Congress further their legislative objectives through means other than sponsorships or cosponsorships, such as orchestrating floor or committee action. Yet it remains the case that most self-described supporters of government activism tend to have more costly agendas, while most self-described opponents of government activism tend to have less costly agendas.

Conclusion

In an ongoing effort to ensure both accuracy and fairness, NTUF actively solicits any and all comments regarding our BillTally reports. NTUF is most appreciative of the continued cooperation of Members of Congress and their staff. Input is welcomed and encouraged, and NTUF is happy to answer any questions. BillTally is a useful, informative, and visible reminder of NTUF’s educational programs on behalf of the American taxpayer.