

Information Sources for Policymakers: Congressional Budget Office 101

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**CBO Was Created by the
Congressional Budget and
Impoundment Control Act of 1974**

CBO's Role

CBO was established to give the Congress a stronger role in budget matters.

The agency provides analysis of budgetary and economic issues that is objective and impartial. It is strictly nonpartisan and does not make policy recommendations.

CBO follows processes that are specified in statute or that it has developed in concert with the Budget Committees and Congressional leadership. CBO's chief responsibility under the Budget Act is to help the Budget Committees with the matters under their jurisdiction.

CBO's Organization

The agency's Director is appointed jointly by the Speaker of the House and the President pro tempore of the Senate and has a four-year term.

CBO has about 270 employees. They are hired solely on the basis of professional competence, without regard to political affiliation. Most have advanced degrees.

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
- Tax Analysis

CBO Provides Budget and Economic Analysis to Support the Congressional Budget Process

CBO Provides Baseline Budget and Economic Projections

CBO prepares, and periodically updates, a 10-year budget baseline that serves as a benchmark for measuring the effects of proposed legislation.

The baseline reflects the assumption that current laws governing spending and revenues generally remain unchanged, and it relies on CBO's forecasts of key economic factors.

Table 1-1.

CBO's Baseline Budget Projections, by Category

	Actual, 2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	Total	
													2025– 2029	2025– 2034
In billions of dollars														
Revenues														
Individual income taxes	2,176	2,447	2,550	2,841	3,122	3,224	3,327	3,455	3,583	3,710	3,859	4,021	15,064	33,692
Payroll taxes	1,614	1,678	1,737	1,814	1,886	1,960	2,038	2,118	2,200	2,283	2,368	2,455	9,435	20,860
Corporate income taxes	420	525	490	470	459	462	461	463	466	471	495	507	2,342	4,744
Other ^a	230	239	260	268	289	298	307	318	412	435	454	476	1,423	3,518
Total	4,441	4,890	5,038	5,394	5,756	5,944	6,133	6,354	6,661	6,899	7,176	7,459	28,265	62,814
On-budget	3,247	3,652	3,751	4,053	4,365	4,501	4,635	4,799	5,048	5,227	5,442	5,662	21,305	47,484
Off-budget ^b	1,194	1,238	1,287	1,341	1,391	1,443	1,498	1,555	1,613	1,673	1,734	1,796	6,960	15,330
Outlays														
Mandatory	3,758	4,121	4,127	4,285	4,484	4,758	4,858	5,195	5,455	5,742	6,189	6,351	22,513	51,446
Discretionary	1,719	1,791	1,832	1,898	1,944	1,992	2,026	2,074	2,116	2,161	2,215	2,259	9,693	20,518
Net interest	658	892	1,016	1,061	1,084	1,136	1,199	1,278	1,373	1,484	1,594	1,710	5,495	12,933
Total	6,135	6,805	6,975	7,244	7,512	7,886	8,082	8,547	8,944	9,387	9,998	10,320	37,701	84,897
On-budget	4,914	5,490	5,563	5,742	5,920	6,201	6,298	6,660	6,949	7,276	7,784	8,000	29,724	66,393
Off-budget ^b	1,221	1,315	1,413	1,503	1,592	1,685	1,784	1,887	1,995	2,111	2,214	2,320	7,976	18,504
Total deficit (-)^c	-1,694	-1,915	-1,938	-1,851	-1,756	-1,942	-1,949	-2,193	-2,283	-2,487	-2,822	-2,862	-9,436	-22,083
On-budget	-1,666	-1,838	-1,812	-1,689	-1,555	-1,701	-1,663	-1,860	-1,901	-2,049	-2,341	-2,338	-8,419	-18,909
Off-budget ^b	-27	-77	-126	-162	-201	-242	-286	-333	-382	-438	-481	-524	-1,017	-3,174
Primary deficit (-) ^{c,d}	-1,035	-1,023	-922	-790	-672	-807	-750	-915	-910	-1,004	-1,228	-1,151	-3,941	-9,150
Debt held by the public	26,236	28,178	30,188	32,118	33,949	35,960	37,965	40,198	42,508	45,014	47,819	50,664	n.a.	n.a.



CBO Prepares Estimates of the Effects of Legislative Proposals

CBO fulfills thousands of requests each year for technical assistance as lawmakers draft legislation.

CBO is required to produce a cost estimate for nearly every bill approved by a full committee. The agency usually produces 600 to 800 cost estimates each year.

Those estimates include the impact of federal mandates on state, local, and tribal governments.

Furthermore, CBO tracks appropriation actions.



June 10, 2024

At a Glance			
H.R. 8070, Servicemember Quality of Life Improvement and National Defense Authorization Act for Fiscal Year 2025			
As reported by the House Committee on Armed Services on May 31, 2024			
By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	0	*	*
Revenues	0	*	*
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	854,739	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035?	*	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035?	*	Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	No
* = between -\$500,000 and \$500,000.			

CBO's Estimates Have Certain Characteristics

The estimates focus on the next 10 years but sometimes look 20 years or more into the future.

They reflect the middle of the distribution of likely outcomes.

They incorporate behavioral responses to the extent feasible, on the basis of the available evidence.

They may be updated for new information and may change as a result.

And they include explanations of the analysis to the extent feasible.

CBO Publishes About 70 Reports, Testimonies, and Working Papers Each Year

CBO's reports cover every major area of federal policy, including spending programs, the tax code, and budgetary and economic challenges.

The reports often present options for changes in the federal program or tax rules under consideration, but they make no recommendations.





**CBO Prioritizes Objectivity,
Analytical Soundness,
Responsiveness, Transparency, and
Accessibility**

CBO's Analysis Is Objective, Impartial, and Nonpartisan

CBO makes no policy recommendations.

It hires people on the basis of their expertise without regard to political affiliation. The agency carefully considers whether potential analysts can perform objective analysis, regardless of their own personal views.

CBO uses a common set of assumptions when analyzing different legislative proposals to ensure that its estimates are consistent and impartial.

The agency's estimates are inherently uncertain, but its goal is to produce estimates that are in the middle of the distribution of potential outcomes.

CBO's Assessments Are Based on Detailed Analysis

CBO bases its assessments on:

- Detailed understanding of federal programs and revenue sources.
- Examination of the relevant research literature.
- Analysis of data reported by federal statistical agencies and other groups.
- Consultation with outside experts in academia, think tanks, industry groups, the private sector, and federal, state, and local agencies.
- Discussion with CBO's Panel of Economic Advisers and Panel of Health Advisers.

CBO Seeks To Provide Information When It Is Most Useful

CBO completes nearly all cost estimates before the legislation at issue comes to a floor vote.

To provide context for its estimates, CBO provides technical assistance, reports, and other information to policymakers during earlier stages of the legislative process.

To bolster its responsiveness, CBO has expanded staffing in high-demand areas.

CBO Makes Its Work Transparent in Different Ways

- Testifying and publishing answers to questions
- Explaining analytic methods
- Releasing data
- Analyzing the accuracy of its estimates
- Comparing current estimates with previous estimates
- Comparing its estimates with those of other organizations
- Estimating the effects of policy alternatives
- Characterizing uncertainty of estimates
- Creating data visualizations
- Conducting outreach

CBO's Products Are Accessible

All of CBO's reports and cost estimates are shared widely and made available on the agency's website.

CBO publishes interactive graphics, including graphics accompanying reports that make key takeaways more easily accessible.

CBO produces versions of its reports that are tailored for reading on mobile devices and in web browsers.

How Increasing the Federal Minimum Wage Could Affect Employment and Family Income

This interactive tool—developed and updated by the Congressional Budget Office—allows users to explore the effects of policies that would increase the federal minimum wage, which is \$7.25 per hour and has not changed since 2009.

The default policy option in this interactive tool is based on the [Raise the Wage Act of 2023 \(S. 2488\)](#), which CBO analyzed in [The Budgetary and Economic Effects of S. 2488, the Raise the Wage Act of 2023](#). Under the default option, the first incremental increase in the minimum wage occurs in July 2024. Five years later, in July 2029, the minimum wage reaches its target of \$17 per hour. Thereafter, it is indexed to the median hourly wage. The subminimum wage for tipped workers reaches \$17 per hour in July 2030 and equals the regular minimum wage beginning the following year.

Users can also create custom policy options to examine how different approaches to changing the minimum wage would affect people's earnings, employment, family income, and poverty.

In general, increasing the federal minimum wage would raise the earnings and family income of most low-wage workers and thus lift some families out of poverty—but doing so would cause other low-wage workers to become jobless, and their family income would fall.

