



Answers to Questions for the Record Following a Hearing on the Budget and Economic Outlook for 2017 to 2027 Conducted by the House Committee on the Budget

On February 2, 2017, the House Committee on the Budget convened a hearing at which Keith Hall, Director of the Congressional Budget Office, testified about CBO's report The Budget and Economic Outlook: 2017 to 2027 (www.cbo.gov/publication/52370). After the hearing, two Members of the Committee submitted questions for the record. This document provides CBO's answers.

Congressman McClintock

Question. What sort of analysis does the Congressional Budget Office regularly produce relating to appropriations bills?

Answer. Section 308 of the Congressional Budget and Impoundment Control Act of 1974 requires, in part, that CBO assist the House and Senate Budget and Appropriations Committees in carrying out their responsibilities. As part of that assistance, CBO provides the Appropriations Committees with data and other information as they consider legislation and distributes detailed reports to interested parties in the Congress that display account-level detail of the budgetary effects of that proposed legislation. CBO also provides a separate tabulation of the changes in mandatory programs (CHIMPs) included in such legislation.

Furthermore, CBO frequently presents details of the budgetary effects that would result from proposed appropriation legislation in “current status” reports, which reflect the latest stage of action for each appropriations subcommittee.¹ Current status reports are first provided when legislation is reported in the House or Senate and are updated as proposals progress through the legislative process. In addition, CBO publishes a historical tabulation of supplemental appropriations.²

Question. Many appropriations bills include changes in mandatory programs (CHIMPS). Does CBO analyze the budgetary effects of these CHIMPS?

-
1. See, for example, Congressional Budget Office, “Status of Discretionary Appropriations” (accessed March 1, 2017), www.cbo.gov/publication/17129.
 2. See, for example, Congressional Budget Office, “Supplemental Appropriations: 2000–Present” (accessed March 1, 2017), www.cbo.gov/publication/17129.

Answer. Yes, CBO's analyses include estimates of the budgetary effects of all provisions in appropriation legislation, including those that the agency estimates would affect mandatory programs. As part of the estimates that it distributes for appropriation legislation, CBO provides a separate tabulation of the budgetary effects of such CHIMPs for every year in the next ten years.

Question. Does CBO estimate the one-year, five-year, and ten-year outlays for each account funded in an appropriations bill?

Answer. Yes. For each regular appropriation bill that is reported, CBO estimates total outlays for each of the first four fiscal years (including the budget year) as well as a total for the fifth through tenth years. CBO provides each appropriations subcommittee with such estimates for every account in an appropriation bill, along with the amounts of budget authority provided in that bill. That information is included in the report accompanying the bill. CBO also estimates the outlay effects in the next ten years for supplemental appropriation bills considered by the House or Senate and includes those estimates in the agency's published estimates for supplemental appropriation legislation.

Question. Would CBO consider making its recurring reports and analysis related to appropriations bills available to the public, as it does with other estimates?

Answer. Most of CBO's reports and analysis related to appropriation bills are available on the agency's website. Detailed, account-level analysis is complicated to present and is currently provided only to a limited number of interested parties, but CBO is developing a plan to make that information available to the public in an accessible format.

Question. CBO annually produces reports that cover appropriations for unauthorized programs. House Committee Reports are required to identify appropriations in the bill for programs that are not authorized. However, many significant appropriations bills that are not accompanied by Committee Reports, such as CRs or Omnibus bills, do not disclose unauthorized appropriations. Is CBO able to provide estimates of unauthorized appropriations in a timely manner before House consideration of bills not accompanied by a report?

Answer. No, CBO does not have the capacity to provide information about expired authorizations before the House considers bills not accompanied by a report. But the agency does provide a comprehensive report containing that information once a year. As the Budget Act requires, CBO reports annually on all programs and activities funded for the current fiscal year whose authorizations of appropriations have expired, as well as on all programs and activities whose authorizations of appropriations will expire during the current fiscal year.³

Producing the report requires substantial resources, because CBO must conduct extensive research to identify the expired and expiring authorizations of appropriations encompassed by

3. For CBO's most current version of the report, see *Expired and Expiring Authorizations of Appropriations* (January 2017), www.cbo.gov/publication/52368.

all previously enacted legislation, including new authorizations of appropriations as well as changes to existing ones from recently enacted legislation. CBO must also identify and compare any appropriated amounts provided for the current year with the corresponding authorization of appropriations in previous legislation. Appropriation legislation sometimes provides enough detail to identify the amount of funding provided for many of the programs and activities in question, but the primary resource that CBO uses is the committee report that accompanies the bill. That report typically provides more detail than the legislative text does.

Congressman Rokita

Question. Can you tell us how the original CBO cost estimates [of the Affordable Care Act] have aligned with reality under current law?

Answer. The incremental budgetary effects of many provisions of the Affordable Care Act (ACA) are embedded in the spending for preexisting programs (Medicare, for example) and in broad categories of federal tax revenues. As a result, for such provisions, the actual results cannot be identified.

It is more feasible to assess the effects of the insurance coverage provisions because some of them can be separately identified in the budget. CBO and the staff of the Joint Committee on Taxation (JCT) currently project that the gross cost to the federal government of the ACA's insurance coverage provisions will be lower than they originally estimated when the law was passed in March 2010. For example, CBO and JCT projected at the time that the gross cost of the provisions would be \$214 billion in 2019; they currently project a cost of \$148 billion in 2019, a reduction of about one-third.

Technical revisions and updates to CBO's economic projections account for part of the downward revision. For example, new data show that the growth of enrollment in health insurance through the ACA's marketplaces has been slower than expected, so CBO and JCT have revised downward their estimates of subsidies for coverage through the marketplaces, particularly the estimates for the 2016–2019 period. Another revision that reduced projected federal costs was the slowdown in the overall growth of health care costs covered by private insurance and by the Medicare and Medicaid programs. Although it is unclear how much of that slowdown is attributable to the recession and its aftermath and how much is attributable to other factors, the slower growth has been sufficiently broad and persistent to persuade the agencies to significantly lower their projections of federal costs for health care.

Judicial decisions, new legislation, and administrative actions also help explain the significant changes in the projected costs of the ACA's insurance coverage provisions. For example, the Supreme Court decision that made the expansion of eligibility for Medicaid optional for states significantly reduced projected costs. As a result of such developments, assessing the accuracy of CBO and JCT's March 2010 estimate has become more difficult over time.⁴

4. For related discussion, see Congressional Budget Office, *Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2016 to 2026* (March 2016), www.cbo.gov/publication/51385.

Question. In your work, do you see anything systemically errant in the way CBO is chartered or required to score major pieces of legislation?

Answer. CBO faces few major impediments to providing timely and objective cost estimates to the Congress. The most common difficulty is adhering to the time lines established for Congressional consideration of legislation. CBO generally succeeds at ensuring that its work is timely and thorough, but the pace of Congressional work often makes it hard to accomplish that goal.

CBO's ability to adhere to tight time lines depends on the complexity of the legislative proposal being analyzed, the availability of data on which to base the analysis, how easily the agency's models can be adapted to the proposal, and whether the agency is required to prepare a dynamic analysis. Working quickly is particularly difficult when legislative language continues to evolve within tight time lines and when those time lines shift unexpectedly. When such obstacles arise, CBO stays in close contact with the Budget Committees, the committees of jurisdiction, and the Congressional leadership to ensure that the Congress is getting the information that it needs about the budgetary and economic effects of legislation.

In recent years, some lawmakers have shown interest in making changes to the way CBO does its work and in enhancing the information that it provides to the Congress. For example, the agency has recently been required to assess the macroeconomic effects of some fiscal policies, and it has devoted significant effort to developing analytical tools that enable it to do so.

Others interested in reforming the federal budget process have recommended that CBO provide more cost estimates of legislation before committee markups, focus more on the fair-value costs of federal credit programs, and incorporate debt-service costs into its formal cost estimates. Such changes could be feasible, although providing more estimates before committee markups would require additional resources.