



CBO can do more to advance fiscal responsibility

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Committee on the Budget, U.S. House of Representatives

January 31, 2023

Dear Chairman Arrington, Ranking Member Boyle, and members of the committee:

Thank you for reviewing the Congressional Budget Office's contributions to a culture of fiscal responsibility.

Congress created CBO, the congressional budget committees, and the foundation of the modern budget process through the Congressional Budget and Impoundment Control Act of 1974 to restore Congress' proper role in our constitutional system. Article I, Clause 1, of the U.S. Constitution is clear: "All legislative Powers herein granted shall be vested in a Congress of the United States." Half a century later, [the budget process needs updates](#).

CBO provides incredible support to Congress, and it keeps getting better. Even so, it can do more to give Congress useful and complete information: 1) publish jurisdictions with spending line items, 2) produce cost estimates for appropriations acts, 3) include interest effects in cost estimates, 4) include more intuitive options in CBO's interactive force structure tool, and 5) supplement FCRA estimates with fair value estimates for credit programs.

In addition, the House Budget Committee could conduct a comprehensive markup of CBO's authorizing statute, which is Title II of the Congressional Budget Act of 1974 (Chapter 17 of Title 2, United States Code). Doing so would give committee members an opportunity to review and update CBO's authorities and responsibilities.

1. Report responsibility for spending line items

The Congressional Budget Office publishes "[Spending Projections, by Budget Account](#)" for appropriated and direct spending accounts with each update to the budget baseline, most prominently with the [Budget and Economic Outlook and updates](#). The version of this information that CBO provides the Budget Committees and which underlies the budget

resolution's 302(a) allocations to other committees apparently already includes authorizing committees and appropriations subcommittees of jurisdiction, as applicable.

Making that version publicly available would help all members better understand committee jurisdictions and the volumes of associated spending. It would aid efforts to oversee, coordinate, and otherwise manage connected programs across committees. Alternatively, the budget committees could publish a full set of direct spending program line items for at least the current year and the budget year for each of the 16 non-appropriations committees with spending authority.

Clarifying jurisdictions for spending programs would also support a comprehensive budget. Representatives [Blake Moore](#) and [Marie Gluesenkamp Perez](#) recently proposed such an upgrade in H.R. 6953, the [Comprehensive Congressional Budget Act of 2024](#).

2. Produce cost estimates for appropriations acts

Appropriations bills are the heart of federal budgeting. They are especially important for members of Congress to understand clearly, yet a section of the Congressional Budget Act includes a parenthetical excluding appropriations bills from CBO's responsibility to provide cost estimates for all other legislation.

Rep. Glenn Grothman's Appropriations Transparency Act would strike this exclusion. Then, CBO would provide consistent cost estimates for all legislation. CBO already does so for some appropriations bills, and the law should reflect and routinize this sound practice.

3. Include interest effects in cost estimates

Without including interest effects, cost estimates don't give the full budget picture for legislation. This distortion is greatest when giveaways happen quickly and takeaways (offsets) are toward the end of the scoring window.

CBO has developed a related [interactive tool](#), which it should update as interest and other economic projections change. In addition, legislation by [Rep. Dan Meuser](#) and [Rep. Michael Cloud](#) would require CBO and JCT to include interest effects in cost estimates routinely.

4. Enhance CBO's interactive military force structure tool

CBO's [interactive force structure tool](#) is an excellent resource for those well-versed in the operations of the U.S. armed forces. For members and staff without such a background, however, its value is less clear.

CBO could add options to approximate the fiscal impacts of scaling up or down U.S. military presence in various world regions. Though perhaps less precise than current parameters, such additional options would help more members better understand the fiscal tradeoffs associated with a wide range of geopolitical options.

5. Evaluate credit programs with both FCRA and fair value estimates

Federal credit programs provide debt financing on preferential terms for a wide range of activities. The estimated degree of subsidy differs between Federal Credit Reform Act methods and fair value procedures, however, and fair value provides a more accurate estimate of the expected subsidy.

CBO has produced numerous reports estimating the costs of federal credit programs using both methods and recommends using fair value accounting. [The latest report](#) estimates a FCRA-based overall subsidy rate of 0.7% for a \$10.9 billion annual subsidy, while fair-value estimations shows a 4.9% subsidy rate for a \$76.7 billion subsidy. Even so, CBO must follow FCRA standards in official cost estimates. Meanwhile, GAO agrees that fair-value estimates most accurately capture the subsidy rate, but [it contends](#) that FCRA better captures federal fiscal flows.

Rather than choosing one or the other, CBO should give Congress estimates using both measures because each tells part of the story, similar to the synergy between cash-based and accrual accounting concepts. Rep. Ralph Norman's H.R. 5771, the [Fair-Value Accounting and Budget Act](#), would accomplish this objective by preserving FCRA estimates while supplementing them with fair-value estimates.