



The Daily Dish

CBO and the Reconciliation Process

DOUGLAS HOLTZ-EAKIN | NOVEMBER 17, 2021

The beltway has been transfixed by the process of getting Congressional Budget Office (CBO) “scores” for the Build Back Better Act (BBBA) – aka the reconciliation bill – which are now scheduled to be released on Friday. Throughout the process, many argued that there was no need for a CBO score and that the White House and Treasury had provided enough information about the bill. Now the attitude has shifted from neglect to disdain as the White House has begun a [preemptive attack](#) on CBO’s professionalism in anticipation of getting a “bad score.” All of which raises the questions: What is a score, who is the CBO, and why is this such a big deal?

Scoring is the act of estimating the budgetary inflows (receipts) and outflows (outlays) that legislation would produce. Currently, scores are estimated for each year of the 10-year budget window. When CBO scores a bill, it scores the legislative language. It does not score the intent of the congressional author or what the White House has said about its goals. It looks at the language and judges what it will trigger in new revenues and new spending.

In addition, CBO scores the *whole* bill. Yes, there are specific provisions for paid leave, child tax credits, earned income tax credits, child care subsidies, and so forth. It may have some rough idea what these each do in isolation and White House and congressional figures may have indicated what they want to spend on each. But because they will interact with one another, what matters is the total for the bill as a whole – and CBO is focused on that. This is also difficult, time-consuming work.

In addition, CBO scores the whole bill against its current-law baseline. That is, CBO has year-by-year estimates of revenues and spending over the budget window and estimates how much the reconciliation bill will change those receipts and outlays. Notice that this means all of the provisions are scored against a common set of economic and budgetary assumptions. This is a far cry from the *ad hoc* collection of estimates that have been offered up by advocates thus far.

CBO bases its scores on the consensus of the research literature. Advocates commonly seize on a favorable research result and tout their policies based on this single estimate. CBO will rely on the large central tendency of findings of researchers, not outliers.

But perhaps the most important thing to know about CBO is that it exists simply because Congress decided that it could not rely on any administration for reliable budget information. The Budget Act of 1974 created the Budget Committees in the House and Senate, the budget process, reconciliation as a process, and the Congressional Budget Office precisely because the Office of Management and Budget (and its predecessor, the Bureau of the Budget) worked for the executive branch and was dedicated to providing information that was of use to the executive branch.

Congress has thus far pretended that it did not need reliable budget information. It never checked whether the work of the individual committees met the instructions provided by reconciliation (shame!), never checked whether the reconciliation bill itself met the requirements of the budget resolution (shame!), and never provided voting members a clear budgetary picture of the implications of the bill on which they were being asked to cast a vote (shame!).

Friday will constitute the first official, comprehensive, and professional assessment of the budgetary implications of BBBA. If it disappoints the White House and its allies, it will not be because CBO stands for Countering Biden Overestimates. It will be because it wasted months of legislative development by not once taking the time to get real feedback - CBO scores - on its plans.