The Daily Dish

Fake News About the Congressional Budget Office

DOUGLAS HOLTZ-EAKIN | DECEMBER 16, 2021

We've not yet gotten to Friday, but let's do a quick review of the week in Congressional Budget Office (CBO) news. This past Friday, CBO released a letter responding to a budgetary inquiry from the Ranking Members of the House (Jason Smith) and Senate (Lindsey Graham) Budget Committees. (More on the substance later).

Graham immediately went on Fox News Sunday and asserted "The CBO says it's not paid for. It's $3 trillion of deficit spending. It's not $1.75 trillion over 10 years, it's $4.9 trillion." White House Press Secretary Jen Psaki fired back, "I mean, this is not a CBO score. This is a fake CBO score." The Wall Street Journal added a bit of conspiracy theory with an editorial headlined, "CBO comes clean on the price tag if the programs are made permanent." And Speaker Pelosi and Majority Leader Schumer returned to the "fake" theme, releasing a statement "saying this is a 'fake' CBO report because, they argue, any extensions of the programs would be 'fully offset.'"

Holy take a deep breath, Washington. What is going on here?

First and foremost, the CBO does not do fake. It does not conceal or come clean on anything. It does not opine on any piece of legislation. It works for the Congress – the whole Congress, and by law is non-partisan in nature and does not make policy recommendations of any kind.

What CBO does do is (repeatedly) answer the question: What are the federal budget implications of "x"? In every case, "x" is the proposal written on the paper – not what someone says about the proposal, not what someone wants from the proposal, and not what the proposal might turn into. Congress gives CBO "x"; CBO gives back the budgetary implications of "x."

When “x” is the Build Back Better Act (BBBA) as passed by the House of Representatives, the answer was that it would raise revenue by roughly $1.3 trillion, raise spending by nearly $1.7 trillion, and raise the deficit (over 10 years) by $365 billion. Absolutely real. Absolutely their best judgment.

In the case of Smith and Graham, “x” is the BBBA with 18 specific changes (in Table 1) itemized by Smith and Graham. The answer was the same taxes, an additional $3.0 trillion in spending, and deficits higher by the corresponding $3.0 trillion. Absolutely real. Absolutely their best judgment. (And if Pelosi and Schumer were to send a letter specifying $3.0 trillion in policies to offset the higher spending, CBO would conclude that “x” did not raise the 10-year deficits at all. Absolutely real. Absolutely their best judgment.)

In each instance, CBO did not play politics, did not pass judgment, and did not leave anyone guessing what was going on. In each instance, CBO *did its job*. (Which is, of course, unusual in D.C. and confusing to official Washington.)

Stepping back, it is important to recognize that there is nothing new going on here. As CBO Director, I answered many a letter from then-Ranking Member John Spratt on the budgetary implications of alternative futures for the Iraq war. Other Directors had similar experience.

Ranking members write letters because they want to highlight policy differences with the majority. (Eakinomics walked through the policy implications here.) The majority wants to undercut the legitimacy of these differences. And both sides criticize, undercut, and hide behind CBO because it is easier than *doing their job* and taking the heat for defending their policy position on the merits.

Fake is blaming CBO for revealing something uncomfortable about your policy position.