



The Daily Dish

## August 6 Edition

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The president is considering yet another [executive order](#), this time requiring every company contracting with the federal government to issue paid sick leave to their employees. This new rule would apply not only to federal contractors, but also their subcontractors, affecting hundreds of thousands of workers.

The Senate [enters a 5-week recess](#) today after agreeing to schedule debate on Obama's nuclear deal with Iran after Labor Day. Both chambers must make a decision by September 17 or the president will have the authority implement the current deal, which would potentially [increase terror financing by \\$3.1 billion](#).

### *Eakinomics: An Update on Dynamic Scoring*

Before the Iran deal, before the Highway funding bill, before Senate Democrats refused to allow the appropriations process to proceed, and before Congress killed the [Export-Import Bank](#), Washington was aflutter over [dynamic scoring](#). For the blissfully uninitiated, “scores” are the estimates of the impact of legislation on the federal budget produced by the Congressional Budget Office (CBO), the Joint Committee on Taxation (JCT), or both. The dividing line between “static” and “dynamic” scoring is not whether you take into account behavioral responses — you always do that — but whether you permit the overall size of the economy to change. Thus, dynamic scoring is really about the impact of legislation on overall economic growth.

This year the budget resolution instructed CBO and JCT to provide dynamic scores of “major” legislation — bills large enough to affect growth. [Naysayers predicted the end of the \(budgetary\) world](#) — tax cuts that paid for themselves, a politicized CBO, the impossibility of settling on a dynamic score, and slews of other issues. As it turns out, both CBO — [repealing Obamacare](#) — and JCT — extending certain tax provisions — have now produced dynamic scores. What have we learned.

First and foremost, CBO and JCT did solid, professional work on the dynamic scores with no disruption or politicization of the budget process. Second, Congress got information on what was valuable. Repealing Obamacare would benefit economic growth and providing incentives like “[expensing](#)” business investment would as well. Thus, in addition to the impact on the budget and the contentious debate on the health and tax policy merits, both sides of the aisle can factor in the benefits of better economic performance. Finally, dynamic scoring is not a panacea. Dynamic scoring reduced the budget cost of the tax extenders by merely 10 percent. The impact on Obamacare was estimated to be larger (over 60 percent) but in neither instance was a policy “free.”

At the start of the debate, I counseled: “I think both advocates and detractors need to stop hyperventilating. Dynamic scoring is a sensible thing to do in situations where the policy changes are large enough for the Congress to care about the growth implications — tax reform, Social Security reform, immigration reform, etc. — and it can be done in a systematic and professional fashion.” Now it has been done in a systematic and professional fashion, thanks to CBO and JCT.