The Daily Dish

Scoring and the Congressional Budget Office

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During the recent debate over health care reform, perhaps nothing got as much attention as the Congressional Budget Office (CBO) "scores" of the proposed legislation. But that simply raises the question: "What is scoring?" Many seemingly believed that its purpose was to figure out how many people would be covered by health insurance. Nothing could be further from the truth.

The core mission of the CBO is budgetary: to track the flow of taxes, fees and other receipts into the Treasury and the flow of entitlements, contractual obligations, and other payments out of the Treasury. Obviously, that mission has a wide scope. One particular part of the mission is to examine how a proposed law would change the revenues coming into, and the spending going out of, the Treasury. That is the art of scoring.

To analyze a change due to legislation, one first has to know the starting point. The budgetary "baseline" is the answer to the question "How much revenue will the federal government collect and how much spending will the federal government undertake if one leaves current law on autopilot over the next 10 years." The CBO prepares a preliminary baseline in January of each year and then typically finalizes the "scoring baseline" in March. That March scoring baseline is used for every bill during the remainder of the year (and sometimes beyond).

CBO then examines, on a bill-by-bill basis, how proposed legislation will raise or lower federal receipts and how that bill will raise or lower federal spending. It provides those estimates each year in the budget "window" — currently the next ten years. Those estimates are the "score." In doing so, CBO scores what is written in the bill — not the intention of Congress, but what is actually written. Moreover, it only counts toward the score if the bill causes it to happen. Anything that would happen anyway without the proposed legislation does not count toward the score.

A great deal of attention — and criticism — has been devoted to the accuracy of CBO's estimates. Obviously, CBO is trying to anticipate the future, but it is important to emphasize that scoring is not forecasting. The key to scoring is that you do it exactly the same way for all proposals, so that you get them ranked correctly. Is the Senate health care bill more expensive than the House health care bill? How do they compare to the appropriations bills? Is this more or less expensive than a bill proposed last year? Congress needs to weigh alternatives and scoring allows it to answer those questions consistently.

An analogy may be helpful. In football, you get six points for a touchdown, three points for a field goal, two points for running or passing the extra point and one point for kicking the extra point. Why? I have no idea. But because the scores are computed in the same way, they can be compared across teams in a game to see who wins. They can be compared, across games in the league, and over time.

Now, it is possible that God wanted 12 for touchdowns, 6 for field goals, 4 for running or passing the extra point, and 2 for kicking the point after touchdown. If so, then the NFL, NCAA, and others have done a terrible job of forecasting the "true scores." But they've not made one mistake in deciding the winner. If CBO was in the purely forecasting business, for example, it would never keep the March baseline all year. In November it would want to use the absolute latest information on the economic outlook. But since the score depends on both the baseline and the legislation, updating would make the scores non-comparable. (Historical footnote: CBO used the same baseline to score the Affordable Care Act (ACA) for over 18 months to keep things consistent.) Being in the scoring business puts handcuffs on CBO as a forecaster.

CBO does its best to be just as likely to be too high as it is to be too low in scoring any bill. And then it turns out to be wrong — because the economy changes in ways not foreseen, because the Administration (or Administrations) implement the bill differently than anticipated (think of the number of executive actions that President Obama took to keep the ACA ticking), because Congress passes another law that affects the future of legislation, or for any variety of other reasons. Regardless, those same things would have happened to the alternatives that Congress had on the table at the time of voting, and CBO scoring gave the right budgetary ranking of the alternatives.

That is the job of scoring.