

How CBO Supports the Congress

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Presentation to Pennsylvania's Independent Fiscal Office

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CBO Provides Budget and Economic Analysis to Support the Congressional Budget Process

CBO Provides Baseline Budget and Economic Projections

CBO prepares, and periodically updates, a 10-year budget baseline that serves as a benchmark for measuring the effects of proposed legislation.

The baseline reflects the assumption that current laws governing spending and revenues generally remain unchanged, and it relies on CBO's forecasts of key economic factors.

Table 1-1.

CBO's Baseline Budget Projections, by Category

	Actual, 2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Total	
													2023– 2027	2023– 2032
In Billions of Dollars														
Revenues														
Individual income taxes	2,044	2,623	2,579	2,542	2,539	2,771	2,970	3,049	3,170	3,301	3,436	3,582	13,400	29,938
Payroll taxes	1,314	1,465	1,572	1,625	1,669	1,726	1,786	1,853	1,923	1,995	2,072	2,150	8,378	18,372
Corporate income taxes	372	395	456	478	483	473	457	461	470	480	491	505	2,347	4,755
Other	317	354	283	279	290	310	336	352	370	385	403	424	1,498	3,433
Total	4,047	4,836	4,890	4,924	4,982	5,280	5,548	5,716	5,934	6,161	6,402	6,662	25,623	56,498
On-budget	3,095	3,782	3,754	3,737	3,753	4,008	4,229	4,347	4,514	4,689	4,875	5,078	19,481	42,984
Off-budget ^a	952	1,054	1,136	1,186	1,228	1,272	1,320	1,369	1,420	1,472	1,527	1,584	6,142	13,514
Outlays														
Mandatory	4,834	3,751	3,674	3,656	3,834	4,032	4,206	4,542	4,564	4,911	5,162	5,461	19,401	44,041
Discretionary	1,636	1,722	1,758	1,798	1,862	1,930	1,996	2,057	2,096	2,155	2,209	2,261	9,344	20,122
Net interest	352	399	442	525	604	681	756	842	925	1,007	1,099	1,194	3,009	8,075
Total	6,822	5,872	5,874	5,980	6,300	6,643	6,958	7,441	7,585	8,074	8,469	8,915	31,754	72,238
On-budget	5,819	4,794	4,688	4,705	4,942	5,208	5,436	5,826	5,872	6,258	6,546	6,887	24,979	56,368
Off-budget ^a	1,004	1,077	1,186	1,275	1,358	1,436	1,521	1,614	1,713	1,816	1,923	2,029	6,775	15,870
Total Deficit	-2,775	-1,036	-984	-1,056	-1,318	-1,364	-1,409	-1,725	-1,651	-1,912	-2,067	-2,253	-6,131	-15,740
On-budget	-2,724	-1,013	-934	-968	-1,189	-1,200	-1,207	-1,480	-1,358	-1,568	-1,671	-1,808	-5,498	-13,384
Off-budget ^a	-52	-23	-50	-88	-130	-164	-202	-245	-293	-344	-396	-445	-633	-2,356
Primary Deficit ^b	-2,423	-637	-542	-531	-714	-683	-653	-883	-726	-905	-969	-1,060	-3,122	-7,665
Debt Held by the Public	22,284	24,173	25,193	26,217	27,561	28,925	30,326	32,105	33,760	35,808	37,949	40,213	n.a.	n.a.



CBO Prepares Estimates of the Effects of Legislative Proposals

CBO is required to produce a formal cost estimate for nearly every bill approved by a full committee. The agency usually produces 600 to 800 cost estimates each year.

Those estimates include the impact of federal mandates on state, local, and tribal governments.

CBO also fulfills thousands of requests for technical assistance as lawmakers draft legislation.

Furthermore, CBO tracks appropriation actions.



September 23, 2022

H.R. 3304, Advancing Uniform Transportation Opportunities for Veterans Act As ordered reported by the House Committee on Veterans' Affairs on September 21, 2022			
By Fiscal Year, Millions of Dollars	2022	2022-2027	2022-2032
Direct Spending (Outlays)	0	167	-43
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	167	-43
Spending Subject to Appropriation (Outlays)	0	0	0
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

CBO Publishes About 70 Reports, Testimonies, and Working Papers Each Year

CBO's reports cover every major area of federal policy, including spending programs, the tax code, and budgetary and economic challenges.

The reports often present options for changes in the federal program or tax rules under consideration, but they make no recommendations.





CBO's Analysis Is Objective, Impartial, and Nonpartisan

CBO makes no policy recommendations.

It hires people on the basis of their expertise without regard to political affiliation. The agency carefully considers whether potential analysts can perform objective analysis, regardless of their own personal views.

CBO uses a common set of assumptions when analyzing different legislative proposals to ensure that its estimates are consistent and impartial.

The agency's estimates are inherently uncertain, but its goal is to produce estimates that are in the middle of the distribution of potential outcomes.

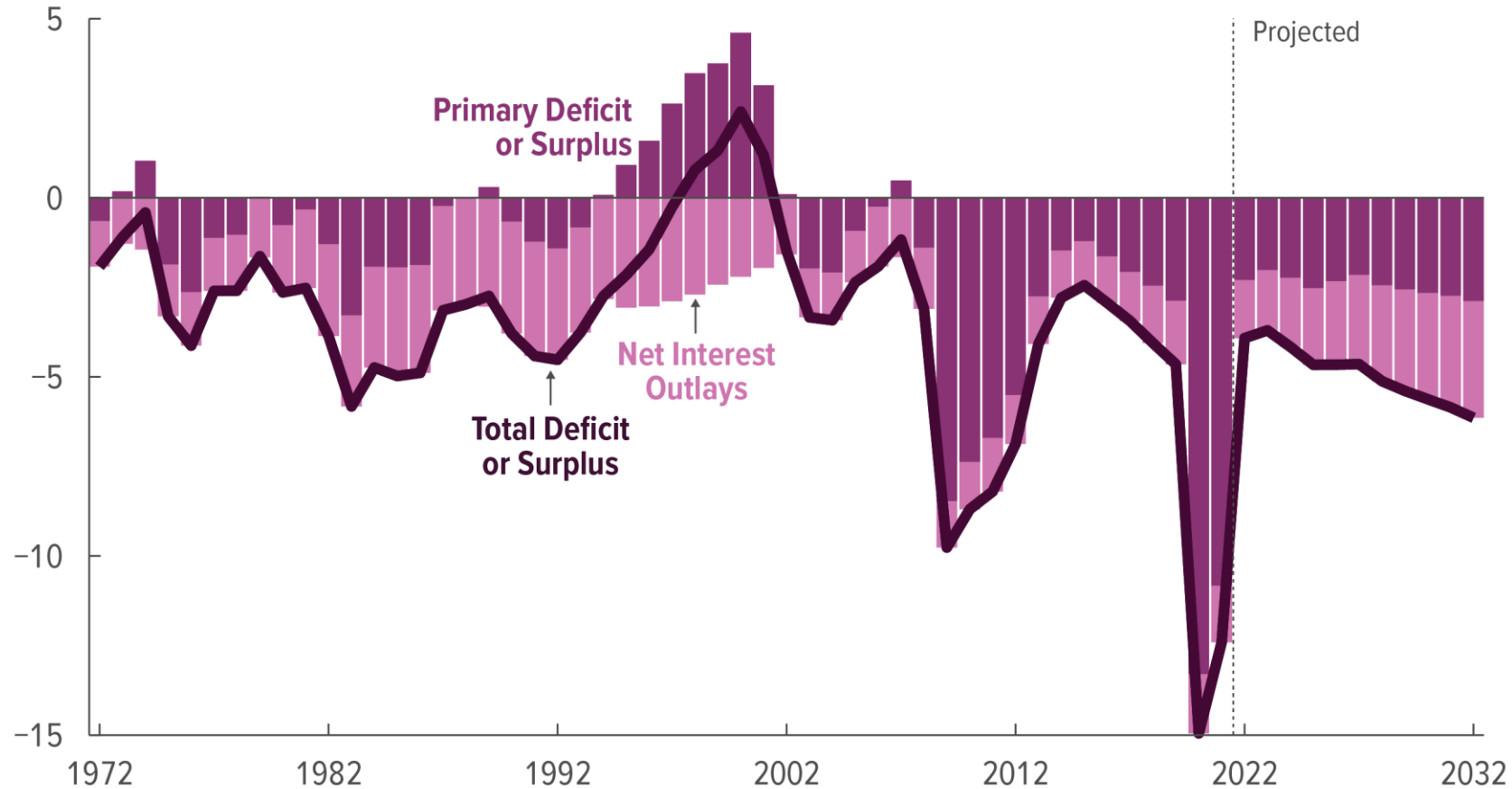
CBO Makes Its Work Transparent in Different Ways

- Testifying and publishing answers to questions
- Explaining analytic methods
- Releasing data
- Analyzing the accuracy of its estimates
- Comparing current estimates with previous estimates
- Comparing its estimates with those of other organizations
- Estimating the effects of policy alternatives
- Characterizing uncertainty of estimates
- Creating data visualizations
- Conducting outreach

The Budget Outlook as of May 2022

Total Deficits, Primary Deficits, and Net Interest Outlays

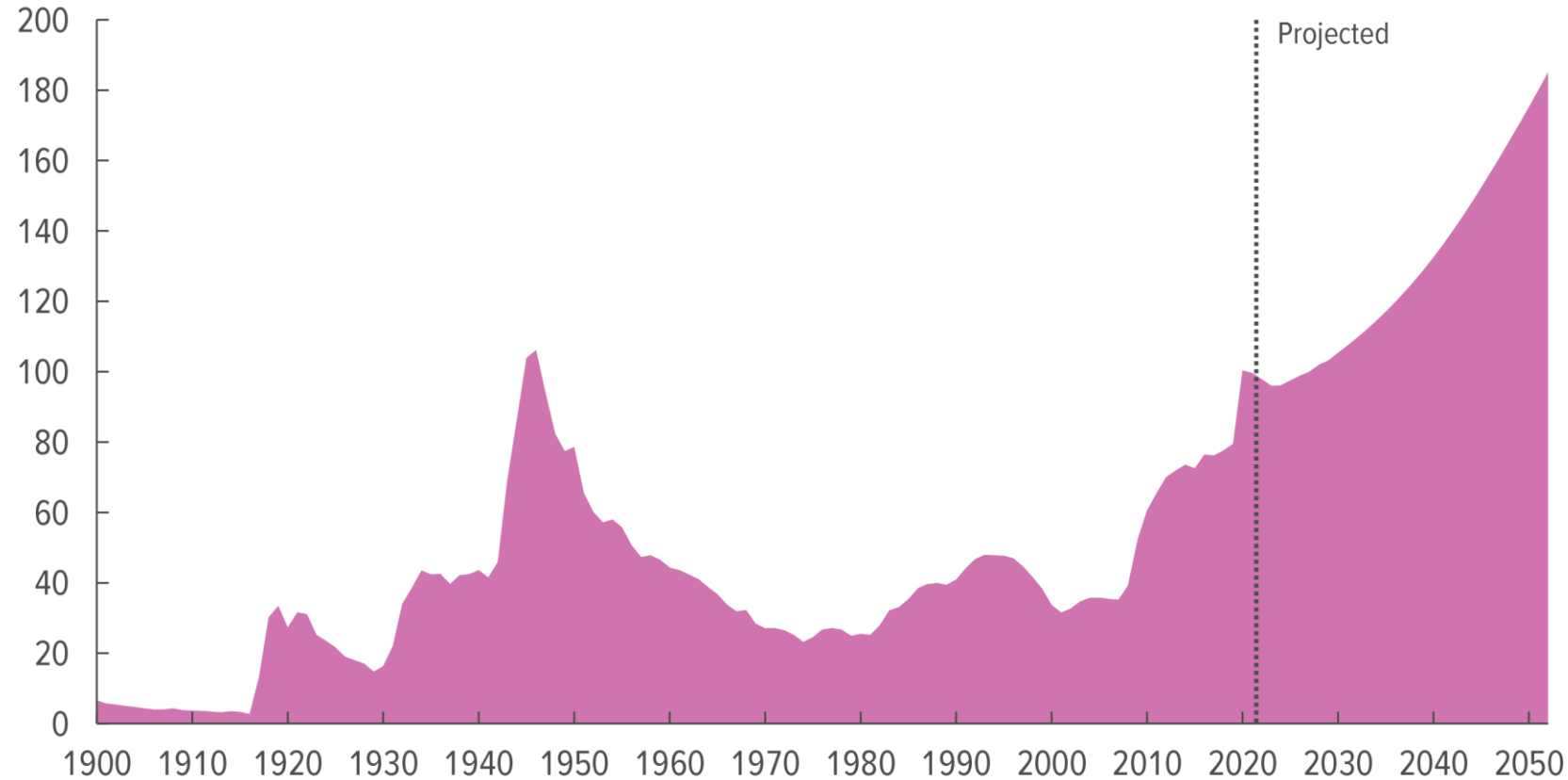
Percentage of Gross Domestic Product



In CBO's projections, primary and total deficits initially shrink as a percentage of GDP and then generally increase, particularly in the second half of the projection period. The aging of the population and the rising costs of health care boost primary deficits; net interest outlays, which double as a percentage of GDP over the projection period, further increase total deficits.

Federal Debt Held by the Public, 1900 to 2052

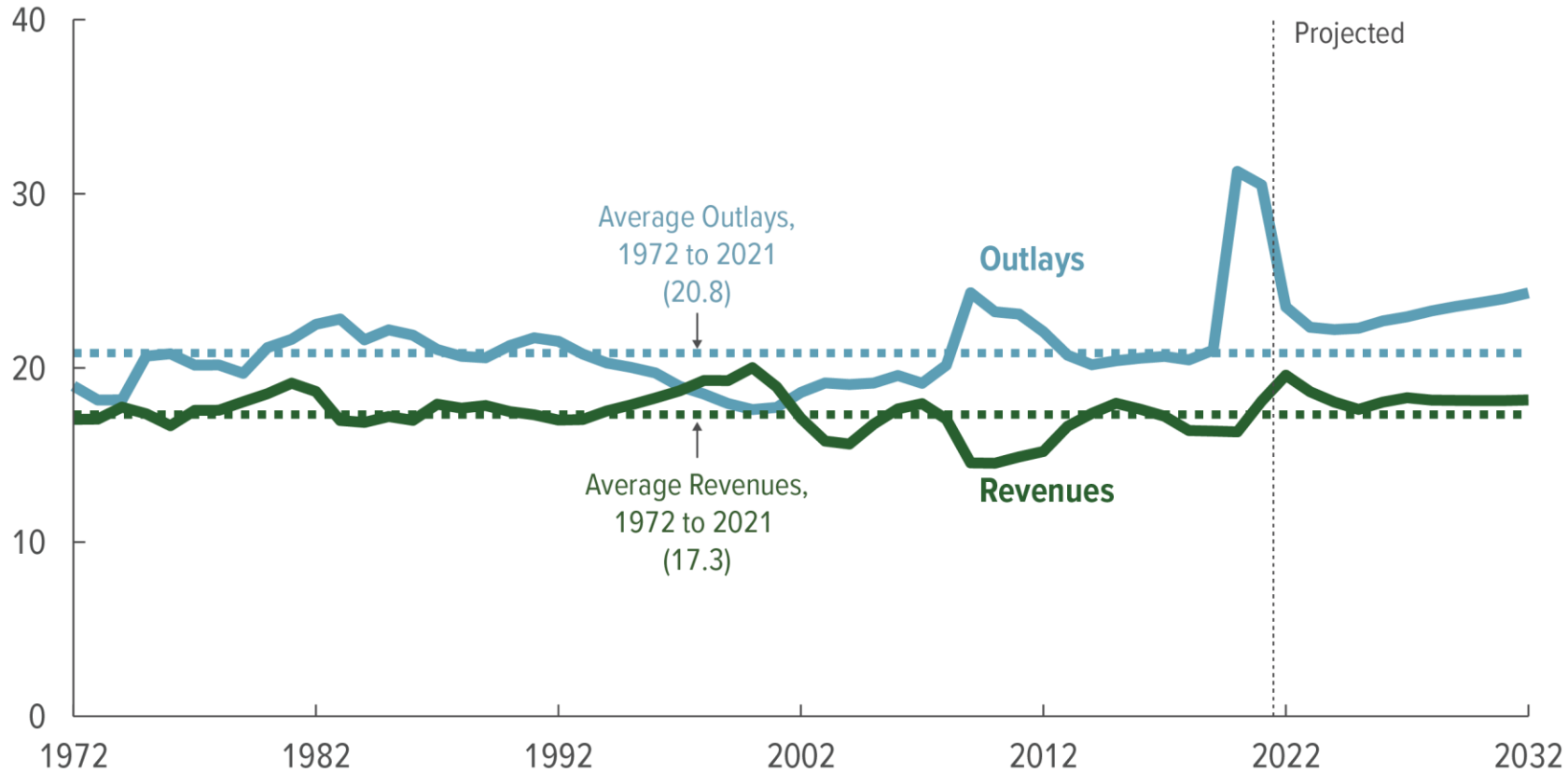
Percentage of Gross Domestic Product



Federal debt held by the public is projected to increase in most years in the projection period, reaching 110 percent of GDP in 2032—higher than it has ever been. In the two decades that follow, growing deficits are projected to push federal debt higher still, to 185 percent in 2052.

Total Outlays and Revenues

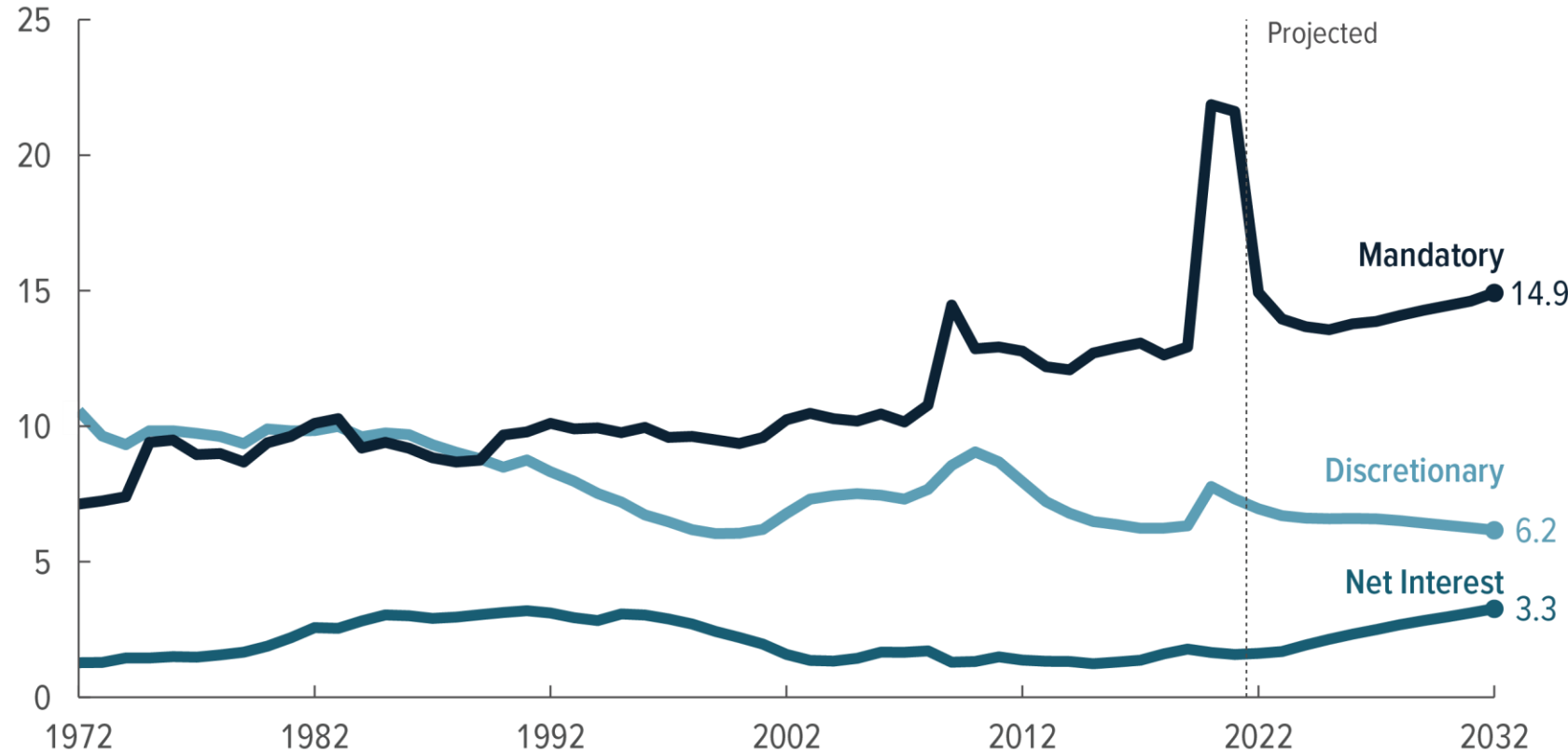
Percentage of Gross Domestic Product



Outlays are projected to drop from recent highs, as pandemic-related spending wanes, and then trend upward, as they did before the pandemic. Revenues are projected to increase sharply this year and then hover around their historical average as a share of the economy.

Outlays, by Category of Spending

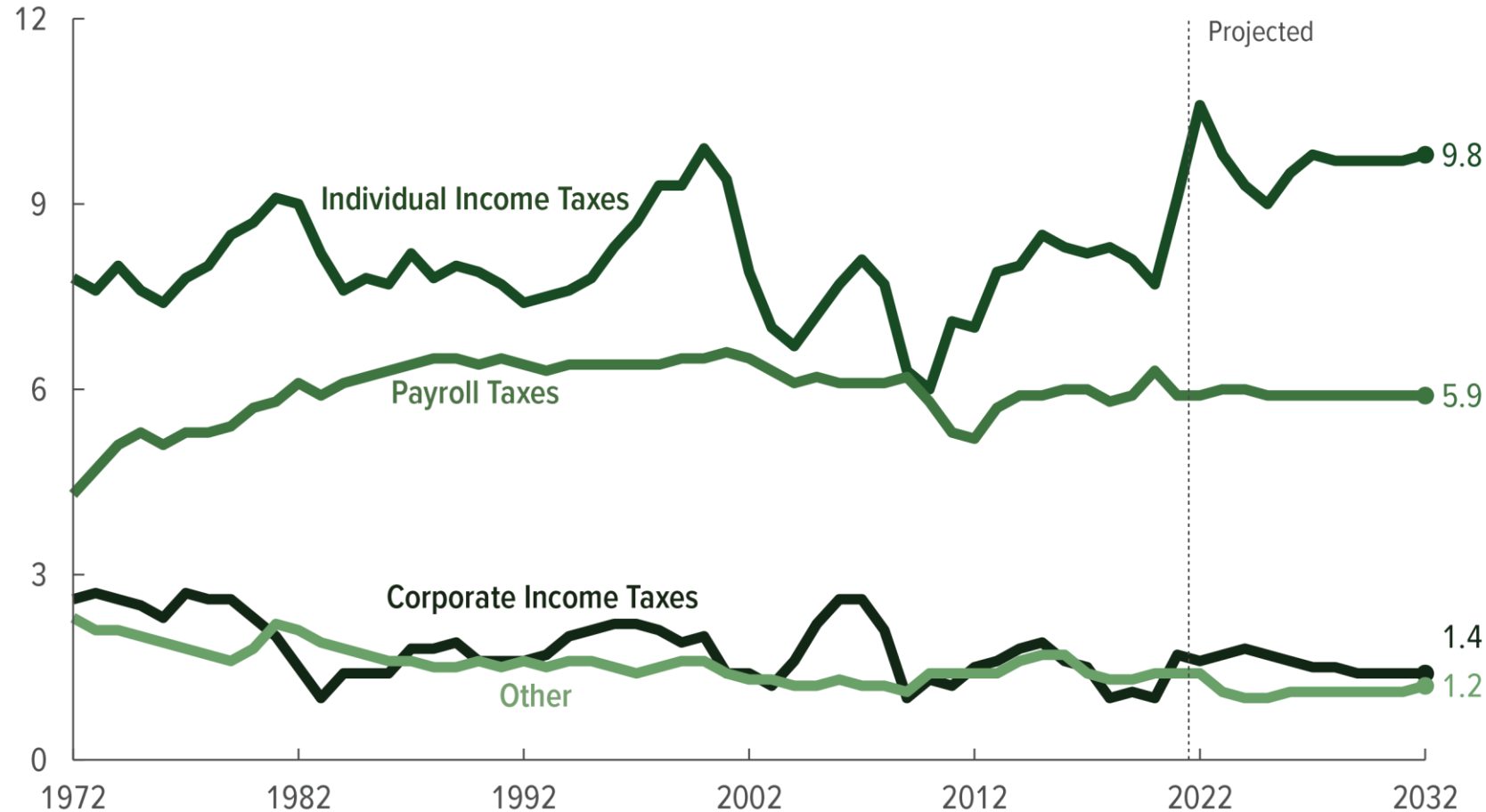
Percentage of Gross Domestic Product



Under current law, mandatory outlays fall for the next few years before higher spending for Social Security and the major health care programs causes those outlays to rise. Discretionary outlays fall in relation to gross domestic product as funding grows modestly in nominal terms. Net interest outlays increase substantially as interest rates rise and debt mounts.

Revenues, by Category

Percentage of Gross Domestic Product



Receipts from individual income taxes—the largest source of federal revenues—rose sharply in 2021 and are projected to do so again in 2022 as the economy recovers from recession and temporary provisions enacted in response to the pandemic expire. Those receipts are projected to rise again after 2025 because of the scheduled expiration of some provisions of the 2017 tax act.

Short- and Longer-Term Economic Issues

Short Term

- Inflation
- Economic growth
- Labor supply
- Supply chains
- International issues

Longer Term

- Fiscal trajectory
- Size of the labor force
- Productivity and capital accumulation
- Income distribution
- Climate change