

CBO's Recent Appeals for New Research to Enhance Its Work for the Congress

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Enhancing the Quality of the Information That CBO Uses in Its Work

As part of the legislative process, the Congressional Budget Office supplies the Congress with cost estimates for legislation, economic and budget projections, and other economic assessments.

Information from the research community is an important element of CBO's analyses.

In July 2023, CBO began publishing a series of blog posts calling for new research that could be used in its work.

**Sample Research Question:
What Are the Fiscal Effects of
Spending on Medicaid for Children?**

Analytic Framework: 12 Months of Continuous Medicaid Eligibility for Children

Estimate the cost per child for each year of enrollment in Medicaid, the number of children, and the number of years of enrollment;

Estimate family income during childhood, the distribution of income mobility across generations, and the earnings distribution in future years;

Estimate the percentage increase in lifetime earnings from Medicaid enrollment;

Estimate the increase in returns to capital from the increase in effective units of labor;

Apply marginal rates of taxes (net of transfers) on labor and capital to estimate effects on revenues and spending;

Estimate effects on interest rates from the crowding out of private investment caused by federal borrowing; and

Discount to present value.

Results and Future Work: Long-Term Fiscal Effects of Spending on Medicaid for Children

The estimated cost per child for each year of enrollment in Medicaid is \$1,700.

When enrollment is financed by federal borrowing, roughly one-quarter to one-half of the costs of increasing children's enrollment in Medicaid would be offset by increased revenues from their higher future earnings.

CBO's analysis could be enhanced by new research that illuminates how spending on Medicaid for children would affect:

- Associated future health care costs;
- Expenditures for postsecondary education; and
- Costs to the justice system.



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Research Questions: Energy and the Environment

How would changes to the federal permitting process affect energy production and prices and the resulting CO₂ emissions?

How would changes in federal spending on climate change adaptation affect damage from floods or other consequences of climate change?

Research Questions: Finance

How would borrowers respond to major changes in repayment plans for student loans?

How would sponsors of pension plans respond to changes in government pension insurance?

Research Questions: Health

How would health care providers respond to shocks to revenues or costs?

How would changes in Medicaid's benefit for long-term services and supports affect the federal budget?

How would Medicare's coverage of anti-obesity medications affect the federal budget?

Research Questions: **Labor**

How does immigration affect productivity?

How would changes in federal funding for child care affect families with children and the child care industry?



Research Questions: Macroeconomics

How will future rates of productivity growth and interest rates differ from those in the past?

How do changes in fiscal policy affect broad economic outcomes?

Research Questions: National Security

What are the implications of the military's compensation system?

By how much and for how long can inflation in some sectors exceed overall inflation?



Research Questions: Taxes and Transfers

How do changes in federal policy affect different households?

How do taxes affect the way businesses are legally structured?