



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 27, 2012

### **H.R. 3578** **Baseline Reform Act of 2012**

*As ordered reported by the House Committee on the Budget on January 24, 2012*

H.R. 3578 would change certain assumptions governing baseline budget projections and require the Congressional Budget Office to provide a supplemental report to the House and Senate Committees on the Budget. CBO estimates that enacting H.R. 3578, by itself, would not have a significant impact on the federal budget. Any impact on the budget would depend on the extent of future legislative actions by the Congress and the President. Enacting H.R. 3578 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

The legislation would change the way in which appropriations for individual accounts are projected in CBO's baseline. Under H.R. 3578, projections of such spending would still be based on the current year's appropriations, but would not be adjusted for inflation going forward. Other adjustments to discretionary projections of future discretionary spending would also be eliminated. (In its baseline, CBO assumes that appropriations through 2021 will comply with the caps and other provisions of the Budget Control Act of 2011; as a result, the method of extrapolating discretionary spending may not affect the totals reported in CBO's projections.)

Furthermore, H.R. 3578 would require CBO to provide the budget committees a supplemental report showing the effects of extending certain tax policies not currently assumed in CBO's baseline. It would also require that CBO produce its *Long-Term Budget Outlook* annually. Any additional administrative costs to implement H.R. 3578 would be insignificant, because CBO already carries out similar activities.

H.R. 3578 contains no intergovernmental or private-sector mandates, as defined in the Unfunded Mandates Reform Act and—by itself—would have no impact on the budgets of state, local, or tribal governments. Any budgetary effects would depend on subsequent legislative action.

The CBO staff contact for this estimate is Jared Brewster, who can be reached at 226-2880. The estimate was approved Theresa Gullo, Deputy Assistant Director for Budget Analysis.