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NATIONAL TAXPAYERS UNION FOUNDATION

25 Reforms

For Enhancing Transparency and Accountability at the Congressional Budget Office

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Key Takeaways

- CBO's cost estimates and fiscal analyses influence which policies advance in Congress. However, its estimates face challenges of unforeseen events, shifting economic conditions, and the inherent difficulty of modeling complex proposals.
- Ensuring accuracy and transparency is essential for informed decision-making, and stronger oversight and reforms would improve the accuracy of CBO's analyses for lawmakers and taxpayers.
- Proposed reforms focus on four areas: increasing congressional oversight, improving cost estimate accuracy, enhancing public transparency, and strengthening budget baseline methodologies.

Introduction

The Congressional Budget Office (CBO) is poised to play a major role in the legislative process during the 119th Congress, as its cost estimates and fiscal analysis of policy proposals have a significant influence over which pieces of legislation advance. Because of this, it is crucial that lawmakers have access to the most accurate budget data possible.

CBO estimates face challenges of unforeseen events, shifting economic conditions, and the inherent difficulty of modeling complex proposals. But some reforms can enhance the accuracy, transparency, and responsiveness of the agency's analysis—reforms designed to ensure that lawmakers and taxpayers are fully informed about the potential costs of policies under consideration and understand the context behind the methodologies and assumptions that underlie the dollar figures in CBO's estimates.

The reforms outlined below are divided into four key areas: (1) increasing congressional oversight of CBO, (2) enhancing accuracy in cost estimates and economic analysis, (3) improving transparency and public access to information, and (4) strengthening CBO's budget baseline and scoring methodologies. Taken together, these reforms would enable CBO to provide more precise, informative, and accountable fiscal projections. In turn, these changes would help lawmakers make better-informed decisions.

Congressional Actions to Improve CBO's Oversight and Performance

1. Passing Laws Under Regular Order: Returning to a regular order of enacting budget laws is essential. Relying on continuing resolutions creates uncertainty and delays that complicate CBO's work. When Congress strays from the established budget process, CBO often lacks complete, up-to-date financial data, which undermines the accuracy of its estimates and analyses. Adhering to regular order would provide a consistent timeline for appropriations, ensuring timely data for updating models and delivering reliable projections—ultimately improving CBO performance and empowering lawmakers to make informed fiscal decisions.

2. Conduct Regular Oversight Hearings of CBO: The House and Senate Budget Committees function as CBO's board of directors. Increased oversight through regular hearings, such as those led by House Budget Chair Jodey Arrington (R-TX) during the 118th Congress, is crucial for enhancing CBO's performance. Maintaining a consistent oversight schedule would provide Congress with timely updates on the agency's methodologies and processes, ensure that CBO is held accountable to its board, help align its models with legislative priorities, and foster a culture of continuous improvement.

Building on this practice, Rep. Ralph Norman (R-SC), introduced the Congressional Budget Office Oversight Act ([H.R. 9714](#), 118th Congress) to formalize oversight by requiring CBO's Director to provide annual testimony at hearings held by both the House and Senate Budget Committees. Regular, structured oversight would enable lawmakers to review recent cost estimates, address concerns about scoring methodologies, and make more informed decisions regarding federal spending, deficits, and debt reduction.

3. Provide CBO with the Resources Needed to Keep up with Congress's Workload: The demand for timely, robust budgetary analysis from CBO has never been higher. As noted above, chronic delays in appropriations and the tendency to bundle legislation into sprawling omnibus bills only add to the scorekeeping challenge. In lieu of sweeping budget process reforms, lawmakers should at least ensure that CBO has the necessary resources to keep up with the workload

they demand from the agency. Moreover, given the unprecedented levels of federal debt, any spending increases should be accompanied by genuine reductions elsewhere in the budget.

4. Audit CBO: During a House Budget Committee [hearing](#) in September 2024, several members suggested that targeted, external audits could provide valuable insights into how CBO can improve its operations, particularly in terms of updating technology, software, and modeling tools. These audits would also help identify whether CBO has the necessary resources to fulfill its mission effectively. Notably, such audits would not aim to critique specific outcomes or estimates but would focus on improving CBO's overall structure and processes. This would ensure greater transparency, enhance CBO's credibility, and ultimately benefit both lawmakers and taxpayers.

5. Require Reauthorization when a CBO Estimate is Inaccurate: Projecting cost estimates for complex legislation generally entails a degree of uncertainty which increases the greater the time period of the estimate. A Republican Study Committee [proposal](#) would trigger a reauthorization vote for mandatory spending programs when actual outlays exceed CBO's estimate by a certain percentage. Entitlement programs such as Social Security and Medicare which are funded through specific trust funds would be excluded from this rule.

Enhancing Accuracy in Cost Estimates and Economic Impact Analysis

6. Include Confidence Intervals in Cost Estimates: Previous budget proposals from the Republican Study Committee would [require](#) CBO to publish confidence intervals with its cost estimates, explicitly gauging the uncertainty in its projections. While headline dollar figures in CBO's cost estimates capture attention, they can mask the range of outcomes—especially for larger, more complex proposals influenced by variables such as demographic trends, economic shifts, and key assumptions. Highlighting this uncertainty not only enriches the debate over legislative scores, but also enhances transparency. CBO's ongoing efforts to account for potential errors in its estimates would be further strengthened by explaining the sensitivity of its forecasts through such tools.

7. Account for Debt Service Costs in Estimates: Under budget rules set by Congress, debt service costs are [left out of CBO's official scores](#). Representative Michael Cloud's (R-TX) Cost Estimates Improvement Act ([H.R. 991](#)) would require the inclusion of debt service costs into CBO's official scores, filling what can be a huge gap in estimates for major bills. CBO currently produces an interactive worksheet to demonstrate how changes in spending and revenues would increase or decrease the cost of financing the federal debt. Including this information in official cost estimates would be an easy lift for the agency while providing lawmakers with a more complete picture of the full fiscal impact of their proposals.

8. Account for the Inflationary Impact of Legislation: Rep. Ashley Hinson's (R-IA) Informed Lawmaking to Combat Inflation Act ([H.R. 3640](#), 118th Congress) ensures that lawmakers have information on the inflationary impact of major legislation before it comes up for a vote. It requires CBO to provide inflation estimates for direct spending legislation that is projected to cause an annual gross budgetary effect of at least 0.25% of projected GDP (approximately \$70 billion in 2024). Additionally, Thom Tillis (R-NC) introduced companion legislation ([S. 3895](#), 118th Congress) in the Senate.

9. Dynamic Scoring of Major Proposals: Dynamic scoring evaluates [how policy changes affect economic behavior](#), offering a fuller view of a proposal's macroeconomic impact. Although current House rules require dynamic scoring for proposals affecting at least 0.25% of GDP, it is not yet a universal standard. Under dynamic scoring, for example, a reduction in marginal tax

rates would be analyzed not only for its immediate revenue impact, but also for its potential to spur investment and growth. Both Republicans and Democrats support dynamic scoring—Republicans for tax proposals and Democrats for spending measures—so that lawmakers can better gauge the overall economic effects of their decisions. Notably, CBO Director Philip Swagel [listed](#) increasing the use of dynamic scoring as one of his top priorities during a House Budget Committee hearing in September 2024.

10. Fair-value Accounting for Federal Credit Programs: Currently, CBO scores federal loans and loan guarantee programs using the method set by the Fair Credit Reform Act of 1990, which discounts future credit activity using Treasury interest rates. In contrast, fair-value accounting estimates how the private sector would value cash flows and defaults, offering [a more comprehensive view of risk](#) to taxpayers from the government’s lending programs. CBO’s [analyses](#) of its 129 federal credit programs reveal a significant gap—for example, its latest report estimates a lifetime cost of \$2.4 billion for FY 2025 loans under the current method versus \$65.2 billion under fair-value.

The Fair-Value Accounting and Budget Act of 2025 ([H.R. 1388](#)) from Rep. Ralph Norman (R-SC) would make fair-value accounting the official standard, enhancing transparency and accuracy in evaluating federal credit programs—a reform that CBO’s own data suggests is both feasible and necessary.

11. Formalize CBO’s Panel of Health Advisors: The HEALTH Panel Act ([H.R. 751](#)) introduced by Reps. Buddy Carter (R-GA) and Ron Estes (R-KS), would formalize a 15-member Panel of Health Advisors to offer expert feedback on CBO’s health care policy analysis, cost estimates, and scoring models. Appointments would be divided equally among the House Budget Committee Chair and Ranking Minority Member, the Senate Budget Committee Chair and Ranking Minority Member, and the CBO Director. Meeting annually, the panel would review CBO’s work and issue reports to Congress—with CBO required to detail how it incorporates the recommendations—thereby enhancing transparency and accuracy in fiscal policymaking.

12. Generational Accounting: Lawmakers often overlook the long-term fiscal impacts of current policies, contributing to a ballooning national debt. Generational accounting quantifies how today’s spending shifts the burden onto future taxpayers—a concept first introduced over 25 years ago by economists Alan Auerbach, Jagadeesh Gokhale, and Laurence Kotlikoff. Although briefly included in President Clinton-era Office of Management and Budget reports, its political implications led to its removal.

The idea has resurfaced as the Intergenerational Financial Obligations Reform (INFORM) Act, which would require CBO to [include generational accounting estimates for major legislation](#). By incorporating long-term fiscal projections, the act would provide lawmakers with clearer insights into how current policies affect future generations, encouraging more responsible budgeting decisions.

13. Improve Transparency and Accountability for Unfunded Mandates: Laws enacted by Congress can impose uncompensated burdens on individuals, businesses, or state and local governments through mandates—requirements or prohibitions on certain activities. If intergovernmental mandates in a proposal exceed a threshold (set at \$100 million in 2024 and adjusted for inflation), a point of order may be raised to block the legislation.

Rep. Virginia Foxx’s (R-NC) Unfunded Mandates Information and Transparency Act ([H.R. 3230](#), 118th Congress), would [improve transparency and accountability](#) of unfunded mandates. The reform would extend reporting requirements to 15 independent agencies, including key regulators such as the Securities and Exchange Commission, the Federal Communications Commission, and the Federal Deposit Insurance Corporation. It would also bolster enforcement by creating a point of order against proposals for private sector mandates, another notable oversight in the original law.

Improving CBO's Transparency and Access to Information

14. CBO Show Your Work Act: The CBO Show Your Work Act ([H.R. 724](#)) re-introduced by Rep. Warren Davidson (R-OH) would [increase the transparency of scorekeeping](#) by requiring CBO to provide more information about its data and modeling so that external experts could replicate its work and better understand the assumptions that get built into CBO's scoring models. Where non-disclosable proprietary information is used, CBO would need to explain the restrictions and provide contact information for the data source.

While CBO Director Philip Swagel has shown a willingness to engage with Congress and outside stakeholders, this proposal would help ensure that this emphasis on transparency continues beyond his tenure. Greater access to data and models would enable independent evaluations of CBO's assumptions and methodologies, enhancing accountability and strengthening the overall quality of fiscal policymaking through a more open and informed debate.

15. Executive Branch Regulation Scoring Transparency: Rep. Ron Estes (R-KS) introduced the Executive Action Cost Transparency Act ([H.R. 9751](#)) to enhance transparency by requiring CBO to include a table in its baseline report that details the budgetary effects of executive branch actions, such as regulations and executive orders, as well as major judicial rulings. While CBO already conducts fiscal analysis of major rules, this bill takes a step further by consolidating these budgetary impacts into a single, accessible table. This is an important move toward improving fiscal oversight, ensuring that both Congress and the public are better informed about the financial consequences of government decisions. Ultimately, Congress should reaffirm its control over the power of the purse by subjecting rules and executive orders with significant budgetary costs to a legislative vote.

16. Report Scheduling Reform: Rep. David Valadao (R-CA) introduced the Congressional Budget Office Scheduling Reform Act ([H.R. 9711](#), 118th Congress) to require CBO to publish the expected publication date of major recurring reports, including its budget baseline, options to reduce the deficit, accuracy of cost estimates, and unauthorized appropriations.

CBO currently produces updates throughout the year of its works in progress, including legislation under review for cost estimates, and reports on various fiscal issues. By codifying a publishing calendar, Rep. Valadao's bill would enhance transparency, making it easier for legislators, policymakers, and the public to anticipate when key budgetary reports will be available.

17. Require the Office of Management and Budget to Share Data with CBO: Currently, CBO does not get access to the fiscal and technical data from the White House's Office of Management and Budget until the president's budget is released to the public. Rep. Blake Moore's Increasing Baseline Updates Act ([H.R. 9716](#), 118th Congress) would require OMB to deliver all relevant technical data to CBO by February 1 each year, enabling the agency to finalize its first annual baseline more quickly.

18. Scorekeeping Reports Transparency: CBO is required to report to the House and Senate Budget Committees with tallies of the cost of enacted legislation, as well as the allocation of funds by committee area, and whether these funds are constrained by caps. Under the Congressional Budget Act, these committees are supposed to update their respective chambers about the status of budget allocations and cap levels, but there have been [lengthy gaps with no updates](#). To prevent this from happening again, CBO should make these scorekeeping reports available to the public.

19. Provide More Information on the Cost Estimates of Appropriations Bills: CBO's account-level analyses of appropriations bills reveal the detailed budgetary impacts of legislative proposals—but these reports are typically shared only with a select group of congressional insiders. Requiring that these analyses be made publicly available would democratize access to crucial fiscal data, enabling citizens and experts alike to scrutinize legislative tradeoffs more

closely. This transparency is key to a more informed debate on fiscal priorities and to holding policymakers accountable for government spending.

20. Consistent Presentation of Reauthorization Costs: When CBO produces cost estimates for bills that reauthorize existing programs, it should consistently include the most recent fiscal year's outlays for those programs. This practice, which CBO follows in many cases, but not uniformly, would provide lawmakers and the public with a clearer comparison of how proposed legislation alters spending levels. By displaying the latest actual spending figures alongside proposed funding levels, readers can more easily discern whether a reauthorization bill increases, decreases, or maintains funding. Standardizing this reporting practice would enhance transparency and improve fiscal accountability in the legislative process.

Strengthening CBO's Budget Baseline and Scoring Methodology

21. Exclude Emergency and Supplemental Spending from the Baseline: CBO should exclude emergency and supplemental spending from its baseline projections. Currently, one-time expenditures—such as disaster aid and pandemic relief—are assumed to continue indefinitely, artificially inflating spending levels and distorting long-term budget estimates. This reform would prevent temporary spending from becoming a permanent fixture in the budget.

22. Eliminate the Most Abused Budget Gimmicks: The budget committees should instruct CBO to implement a targeted current-policy baseline to stop common budget gimmicks used to “pay for” higher spending. For example, Congress frequently extends customs user fees into the ninth and tenth years of the budget baseline to offset immediate spending increases. However, customs user fees are already meant to pay for the Department of Homeland Security's custom enforcement program so [these should not be used as offsets for other activities](#).

Another example is the Veterans' home loan guarantee user fee. Laws will extend these user fees for additional days or months nine years in the future as “offsets” for unrelated spending in the near term even as [taxpayer liabilities](#) for the home loan guarantee program skyrocket.

The Medicare sequester is similarly abused. The sequester extensions are meant to achieve actual savings, but it is cynical to extend them piecemeal at the end of the budget window to “pay for” current spending.

The budget committees should require CBO to assume these are permanent programs so that Congress can't keep tacking these on to spending bills.

23. Executive Branch Regulation Scoring Improvement: Accurately scoring the impact of executive branch regulations remains a challenge. Although CBO adds the full costs of finalized rules to its baseline, it only scores proposed major regulations at 50% to account for uncertainty. Controversies abound—for example, the [Medicare rebate rule](#) proposed during President Donald Trump's first term was scored as if it would be implemented, even though it never took effect. In fact, several subsequent laws statutorily delayed the rule so that its anticipated savings could be used to offset other spending. Adjusting how CBO scores regulations would give lawmakers a clearer view of the long-term fiscal impact of executive actions, curtail the use of budget gimmicks, and reinforce Congress's ultimate power of the purse.

24. Increasing Baseline Updates Act: CBO generally publishes updates to the budget baseline through the course of the year to account for new budgetary actions in Congress and changes in economic conditions. Rep. Moore's Increasing Baseline Updates Act ([H.R. 9716](#), 118th Congress) would codify a requirement for at least two updates. Because CBO's legislative cost estimates are

measured against the most recent baseline, mandating updates would help improve the accuracy of projections.

25. Improve Scoring for Trust Funds: When producing its baseline projection, CBO assumes that entitlement programs including Social Security and Medicare are fully funded, even as their trust funds deplete in coming years. The Republican Study Committee has [proposed](#) a reform to require that transfers from the general fund into the trust funds to cover these shortfalls are counted as new spending. It would also require CBO to show how any future legislation pertaining to these trust funds would change their long-term unfunded liabilities.

Conclusion

The proposed reforms to the Congressional Budget Office listed above would elevate the accuracy, transparency, and effectiveness of the agency's work, ensuring that it remains a reliable and responsive tool for lawmakers as they make critical fiscal decisions. From adopting a current policy baseline and accounting for debt service costs to integrating dynamic and intergenerational scoring, these measures would enhance the ability of CBO to provide more precise and comprehensive analyses. Regular oversight hearings and increased transparency would further ensure that CBO's work is accountable and aligned with congressional priorities.

By strengthening CBO's resources, methodologies, and reporting practices, these reforms will improve both the quality of budgetary data available to policymakers and the broader fiscal debate.



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