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Baselines and Scorekeeping in the Federal Budget Process

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Introduction

Baselines and scorekeeping are an integral part of the federal budget process, providing lawmakers with a framework for making and enforcing budgetary decisions. The existing-law baseline, currently used by Congress, is a projection of federal spending, revenue, and the deficit (or surplus) that would occur if existing law were left unchanged. The baseline serves as a benchmark for federal budget decisions. Scorekeeping is the process by which the budgetary impact of proposed and enacted budget policies is measured; it assists Congress in making and enforcing budgetary decisions. This report provides a brief explanation of baselines and scorekeeping and their uses in the federal budget process.

Baselines

A baseline is an estimate of federal spending and receipts during a fiscal year under existing law. Congress set forth in law specific rules for calculating the direct spending, receipts, and discretionary spending baselines in Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (Title II of P.L. 99-177, 2 U.S.C. 900-922). Direct spending and receipts are assumed to continue at the level prescribed by existing law. These projections are based upon economic assumptions (e.g., economic growth, inflation, and unemployment) and other technical assumptions (e.g., demographic and workload changes) about future years. Discretionary spending generally is assumed to continue at the level of the current year's spending level adjusted "sequentially and cumulatively" for inflation and other factors; however, discretionary spending subject to statutory limits provided by the Budget Control Act of 2011 (P.L. 112-25) is assumed to adhere to those limits.

A baseline provides a benchmark for comparing proposed budget policy changes to existing policies and indicating changes that may be necessary to meet certain budget policy goals. Therefore, the calculation of a baseline can be instrumental to the evaluation of budget policies. Two baselines are commonly cited in the federal budget process: the *current services estimates* calculated by the Office of Management and Budget (OMB) and the *budget baseline projections* calculated by the Congressional Budget Office (CBO). Each generally follows the rules set forth in Section 257 of the Deficit Control Act of 1985, as described above.[1] However, OMB and CBO make their own economic and technical assumptions, reflecting different projections about future economic and program performance. Thus, the estimated levels of spending and revenues may differ between the current services estimates and the budget baseline projections.

Scorekeeping

Scorekeeping is the process of measuring the budgetary effects of pending and enacted legislation against the baseline. The process allows Congress to compare proposed budget policy changes to existing law and to enforce budget constraints, such as the spending and revenue levels agreed upon in the budget resolution and other congressional and statutory requirements (e.g., House CutGo and Statutory PAYGO).

[1] Such rules expired at the end of FY2006, but were reinstated by the Budget Control Act of 2011 (See §104 of P.L. 112-25).

In the congressional budget process, scorekeeping is the responsibility of the House and Senate Budget Committees, acting with the assistance of CBO. Section 308(b) of the 1974 Congressional Budget Act requires the Budget Committees to make available, to their respective chambers, monthly summary scorekeeping reports on the current status of congressional budget actions. Section 308(a) of the Budget Act requires that any measure reported by a committee include estimates of the budgetary impact of the proposed legislation. These estimates, usually in the form of a statement in the accompanying committee report or published separately in the *Congressional Record*, are calculated by CBO. For revenue measures, CBO is required to rely on estimates provided by the Joint Committee on Taxation (Section 201(f) of the Budget Act).

Generally, scorekeeping is used to determine whether proposed legislation violates the budget resolution levels and other budget rules. Under the Budget Act, for example, any measure that violates the aggregate spending and revenue levels of the most recently passed budget resolution or the subsequent committee allocation levels generally is subject to a point of order.[2] Section 312 of the Budget Act requires that the determination of such violations, and any other enforcement provisions in the Budget Act, be based on estimates made by the House and Senate Budget Committees.[3] Similarly, the Senate PAYGO rule (Section 201 of S.Con.Res. 21, the FY2008 budget resolution), for example, requires that a determination on whether direct spending or revenue legislation increases the deficit must be based on estimates made by the Senate Budget Committee.[4]

For statutory PAYGO purposes, the Statutory PAYGO Act (Title I of P.L. 111-139, 124 Stat. 8-29) provides that OMB is responsible for maintaining 5- and 10-year PAYGO scorecards to record the budgetary effects of enacted legislation on the deficit.[5] It also provides that the budgetary effects of individual direct spending and revenue legislation are to be determined either by a reference in the legislation to a statement of budgetary effects submitted for printing in the *Congressional Record* by the chair of the House or Senate Budget Committee prior to passage, or by OMB if no appropriate reference in the legislation or statement exists.[6]

To minimize any scorekeeping differences between the House and Senate Budget Committees, OMB, and CBO, some of the key scorekeeping guidelines currently in use were set forth in the joint explanatory statement accompanying the conference report to the Balanced Budget Act of 1997 (H.Rept. 105-217, pp. 1007-1014). These guidelines generally reflect the standard scorekeeping practices used since the Budget Enforcement Act of 1990 (Title XIII of P.L. 101-508). The scorekeeping guidelines are reviewed periodically. Any changes to these guidelines must be agreed to by the House and Senate Budget Committees, OMB, and CBO.

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[2] For additional information on points of order under the Budget Act and their application, see CRS Report 97-865, *Points of Order in the Congressional Budget Process*, by James V. Saturno.

[3] Reflecting longstanding practice in both chambers, the House (Rule XXIX, clause 4) explicitly allows the chair of the House Committee on the Budget (HBC) to provide "authoritative guidance" on the budgetary impact of legislation on behalf of the HBC.

[4] For additional information on the Senate PAYGO rule, see CRS Report RL31943, *Budget Enforcement Procedures: Senate Pay-As-You-Go (PAYGO) Rule*, by Bill Heniff Jr.

[5] While the Statutory PAYGO Act requires the placement of the budgetary effects of legislation on five-year and 10-year scorecards, it also requires that any budgetary effects in the current year shall be treated as though they occurred in the budget year (i.e., the first year of the five- and 10-year periods), effectively applying the PAYGO requirement over six-year and 11-year periods.

[6] For additional information on the Statutory PAYGO Act, see CRS Report R41157, *The Statutory Pay-As-You-Go Act of 2010: Summary and Legislative History*, by Bill Heniff Jr.

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