# CBO Explains Budgetary Scorekeeping Guidelines

**Congressional Budget Office**
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When providing budgetary information to the Congress and other audiences, the Congressional Budget Office adheres to laws and rules concerning the federal budget and to a set of principles that include 16 scorekeeping guidelines. This document provides information about four of the guidelines that frequently result in questions to CBO from Congressional staff and others.

## What Is Scorekeeping?

Scorekeeping is the process of developing and recording consistent measures of the budgetary effects—changes in federal spending, revenues, and deficits—of proposed and enacted legislation. The process, which has developed over time, is governed by law, precedent, and rules.

Scorekeeping recognizes the distinctions among the major categories within the budget and the jurisdictional boundaries between appropriation and authorization legislation: Revenues and direct spending are subject to rules and procedures that differ from those that apply to discretionary spending. A key purpose of scorekeeping is to attribute budgetary effects to the pieces of legislation that cause them, so that rules and procedures for budget enforcement may be applied.

## Why Were the Guidelines Created?

The Congress created the scorekeeping guidelines to help scorekeepers attribute budgetary effects correctly and to minimize differences among scorekeepers' measurements of specific budgetary effects.[1] The guidelines promote consistent treatment—over time, across programs, and among the scorekeepers—of proposed or enacted legislation. As long as any changes are approved unanimously, the scorekeepers can revise and expand the guidelines.

The 16 current scorekeeping guidelines address a range of budgetary situations, including how to account for transfers of funds between federal programs and how to record government purchases, leases, and sales of assets.

## Who Keeps Score?

The House and Senate Committees on the Budget serve as the scorekeepers in the legislative branch. They assess the budgetary effects of proposed legislation relative to particular budgetary goals, and they enforce the Congress's budgetary rules. In the executive branch, the Office of Management and Budget records the budgetary effects of enacted laws and enforces rules governing the budget.

## What Is CBO's Role?

The Congressional Budget Office assists the budget committees by providing cost estimates at various points in the legislative process; it has no role in enforcement. CBO's baseline budget projections and cost estimates help the Congress to identify a bill's possible effects on the federal budget and to determine whether legislation would comply with budgetary rules. CBO incorporates estimates from the staff of the Joint Committee on Taxation—the official estimators for tax legislation considered by the Congress.

CBO estimates the costs of proposed legislation relative to current law—for revenues and direct spending, as represented by its baseline projections. In developing its cost estimates, CBO applies the scorekeeping guidelines and consults with the scorekeepers as needed.

CBO's cost estimates are advisory only; the budget committees can (but need not) use them to achieve budgetary goals. Most of CBO's formal cost estimates are prepared for bills approved by full committees in either chamber, as required by law. Upon request, the agency also can provide preliminary estimates and other technical assistance as a committee considers whether to advance a bill, as amendments are debated, and at other stages in the process.

CBO applies the guidelines routinely but is asked often to explain four in particular:

- **Guideline 3,** which specifies when to record the budgetary effects of provisions in appropriation legislation that affect direct spending and revenues;
- **Guideline 14,** which applies to estimates of direct spending and revenues for provisions in authorization legislation that involve program management or administration;
- **Guideline 6,** which applies to extending the period for which funding may be available; and
- **Guideline 10,** which applies to the budgetary effects of provisions that are contingent on the enactment of future legislation or on other actions or events that are beyond lawmakers' control.

**Guideline 3: Direct Spending Programs**

> "Revenues, entitlements and other mandatory programs (including offsetting receipts) will be scored at current law levels, as defined in section 257 [of the Balanced Budget and Emergency Deficit Control Act of 1985, also called the Deficit Control Act], unless congressional action modifies the authorizing legislation. Substantive changes to or restrictions on entitlement law or other mandatory spending law in appropriations laws will be scored against the Appropriations Committee's section 302(b) allocations in the House and the Senate. For the purpose of [scoring under the Congressional Budget Act of 1974], direct spending savings that are included in both an appropriations bill and a reconciliation bill will be scored to the reconciliation bill and not to the appropriations bill. For scoring under sections 251 or 252 of [the Deficit Control Act], such provisions will be scored to the first bill enacted."

Guideline 3 directs scorekeepers, when estimating the cost of appropriation bills, to exclude anticipated changes to mandatory spending or revenues that may result if the bill only increases or decreases discretionary funding for related activities (rather than making substantive changes to the way a program operates). Thus, guideline 3 addresses jurisdictional boundaries between appropriation legislation and authorization legislation. It requires that estimates for appropriation bills include only the budgetary effects of the

### Key Terms

The scorekeeping process, like the federal budget process, distinguishes between two types of federal legislation on the basis of the Congressional committees that originate them: **appropriation legislation** and **authorization legislation. Discretionary spending** stems from authority provided in appropriation acts; **direct (or mandatory) spending** and **revenues** (tax receipts and other collections that arise from the federal government's use of its sovereign power) are generally controlled by laws other than appropriation acts.

**Appropriation acts** are statutes under the jurisdiction of the House or Senate Committee on Appropriations that provide **budget authority,** which allows federal agencies to incur **obligations** and to make payments from the Treasury—called **outlays**—for specified purposes. The Congress normally considers 12 regular appropriation acts, which fund the operations of the federal government for a fiscal year. Mechanisms of budget enforcement for appropriation legislation focus primarily on the amount of budget authority provided for the upcoming budget year.

**Authorization acts** are substantive legislation proposed by committees other than the House or Senate Committees on Appropriations, such as the House Committee on Agriculture or the Senate Committee on Veterans' Affairs. Such acts can establish, continue, curtail, or strengthen the operation of specific federal programs or agencies, either indefinitely or for a specific period. Authorization acts also may allow a particular type of obligation or expenditure within a program. Some but not all provide budget authority. Others authorize appropriations but require further Congressional action (an appropriation, for example) before federal agencies can incur obligations. Mechanisms of budget enforcement do not apply to provisions of those laws that merely authorize appropriations; rather, those mechanisms focus on how authorization legislation would affect direct spending outlays, revenues, and deficits.

amounts that would specifically be provided. Indirect effects that could result when an agency spends the discretionary funds are excluded.

> **Example:** In recent years, the annual appropriation act that funds the Department of Health and Human Services provided discretionary funding for program integrity initiatives, which aim to reduce overpayments for mandatory benefit programs by improving the accuracy of some federal payments to health care providers. Reducing such improper payments might result in less direct spending, but guideline 3 prevents CBO from attributing those estimated savings to the appropriation bill.

By contrast, guideline 3 also requires that cost estimates for appropriation bills include the effects of provisions that make *substantive* changes to mandatory spending programs—such as modifying eligibility requirements or changing operations. (Such provisions are called CHIMPs, changes in mandatory programs.) Under guideline 3, CBO's estimates for appropriation bills include such changes in mandatory spending as though they were changes in discretionary spending.[2]

> **Example:** A provision of the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018, doubled the maximum land area needed to qualify for federal disaster assistance under a mandatory spending program of the Department of Agriculture.[3] CBO estimated that the provision would increase direct spending budget authority and outlays. Guideline 3 required that amount to be included in the cost estimate as though it were discretionary spending.

**Guideline 14: Scoring of Receipt Increases or Direct Spending Reductions for Additional Administrative Program Management Expenses**

> "No increase in receipts or decrease in direct spending will be scored as a result of provisions of a law that provides direct spending for administrative or program management activities."

Guideline 14 directs scorekeepers to exclude from cost estimates any budgetary savings that might arise when mandatory funding is provided for program management or administration. Guideline 14 applies only to authorization legislation, whereas guideline 3 addresses appropriation legislation. Unlike guideline 3, however, guideline 14 is asymmetrical. It was adopted in part to avert cases in which possible, but uncertain, savings were used to offset near-term increases in spending resulting from the same bill.

Guideline 14 excludes possible *decreases* in the deficit that might result from spending on program management or administration but allows for possible increases in the deficit.[4] (Under guideline 3, both would be excluded from the estimate for an appropriation bill.) For example, under guideline 14, if a bill would provide additional mandatory funding to combat fraud in a program with mandatory funding, only the costs of implementing that provision are counted; any savings that might result are not considered.

> **Example:** S. 1871, the SGR Repeal and Medicare Beneficiary Improvement Act of 2013, would have increased mandatory funding to reduce improper payments in Medicare and Medicaid. According to CBO's cost estimate (www.cbo.gov/publication/45045), those program integrity provisions also would have reduced spending for benefits. In keeping with guideline 14, the estimated reduction in spending on benefits was not credited as an offset to the estimated increase in spending on enforcement.

If a provision of a bill would give an agency new or expanded authority to manage or administer a program in a different way, CBO's estimate can include the budgetary savings attributable to that provision. If the extent of that authority is unclear, CBO consults with the scorekeepers about including the estimated savings.

> **Example:** H.R. 4872, the Reconciliation Act of 2010, included a provision that would have imposed new standards on community mental health centers participating in Medicare and Medicaid. CBO's estimate (www.cbo.gov/publication/21351) discussed the expectation that some centers would not meet the new requirement and would end their participation in Medicare. Because of the estimated error rate in federal payments to those centers, CBO anticipated that the savings from the provision would outweigh the cost of replacing their services. Because the provision provided new administrative authority in addition to increasing mandatory funding for

administering the program, guideline 14 did not apply, and CBO's cost estimate included an estimate of the resulting savings.

**Guideline 6: Reappropriations**

> "Reappropriations of expiring balances of budget authority will be scored as new budget authority in the fiscal year in which the balances become newly available."

Most appropriated funds can be obligated only within a certain period, known as the period of availability.[5] All appropriations are presumed to be available for one year unless the legislation that provides the funding expressly states otherwise. Any legislative action to extend the period of availability of unobligated balances from an existing appropriation—whether for the original purpose or for new activities—constitutes a reappropriation. A change in purpose alone—without a corresponding extension of the period of availability—does not qualify as a reappropriation of an expiring balance.[6]

Guideline 6 directs that the amounts whose availability is extended should be recorded as new budget authority in the year in which they become newly available. That treatment recognizes that the extension is a substantive change that allows budgetary resources that would otherwise expire to remain available for additional commitments in the future.

**Example:** H.R. 6004, the MGT Act, would have established a working capital fund for government information technology systems and allowed federal agencies to transfer funds that had been appropriated for other purposes into that fund. CBO's cost estimate for that bill, which the House passed in September 2016 (www.cbo.gov/publication/52308), accounted for the expectation that agencies would transfer appropriated amounts that otherwise would have expired, thus extending the period of availability of those funds. That action would constitute a reappropriation, which CBO's estimate treated as new direct spending budget authority and outlays.

In contrast, H.R. 2227, another version of the MGT Act, which was ordered reported by the House Committee on Oversight and Government Reform in May 2017, would have limited those transfers into the working capital funds to amounts provided in future appropriation acts. CBO's cost estimate for that version (www.cbo.gov/publication/52722) did not include a reappropriation. Because the transfers were limited to funds provided in future appropriation acts, they did not extend the period of availability of previously enacted appropriations.

**Guideline 10: Contingent Legislation**

> "If the authority to obligate is contingent upon the enactment of a subsequent appropriation, new budget authority and outlays will be scored with the subsequent appropriation. If a discretionary appropriation is contingent on the enactment of a subsequent authorization, new budget authority and outlays will be scored with the appropriation. If a discretionary appropriation is contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority will be scored with the appropriation, and outlays will be estimated based on the best information about when (or if) the contingency will be met. If direct spending legislation is contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority and outlays will be scored based on the best information about when (or if) the contingency will be met. Non-lawmaking contingencies within the control of the Congress are not scoreable events."

Guideline 10 can be viewed in two parts: The first addresses how to show the budgetary effect of legislation that would result in additional spending only if some other legislation is enacted in the future.[7] The second addresses the way to show the cost of legislation that is contingent on an action taken by the executive branch or resulting from some other event outside Congressional control.

**Provisions Contingent on Subsequent Legislation.** Broadly speaking, an agency's ability to implement provisions in an authorization act often is contingent on the later enactment of appropriation legislation that provides the necessary funding. In rare cases, an authorization bill may provide funding that can be used only if some contingency in an appropriation act is met. In that case, guideline 10 directs the estimate of the subsequent appropriation bill to include the cost resulting from the contingency provided in the prior authorization act. By contrast, when a provision in an appropriation bill is contingent on the enactment of an authorization bill, the guideline requires the estimate for the appropriation bill to include the cost of that provision. In either case, it is the estimate for the appropriation legislation that includes the contingent cost.

An example shows how guideline 10 is applied when one chamber's version of a bill has a contingency and the other does not.

**Example:** H.R. 701, the Conservation and Reinvestment Act, as ordered reported by the Senate Committee on Energy and Natural Resources in July 2000, contained a contingency. That version of the bill would have provided $3 billion annually in mandatory budget authority to federal land management agencies to acquire, conserve, and manage certain lands, but only if a future appropriation act provided at least $450 million a year for acquisition. In keeping with guideline 10, CBO's cost estimate for H.R. 701 (www.cbo.gov/publication/12611) did not include that new mandatory spending because it was contingent on a future appropriation act.

The House bill, reported by the House Committee on Resources eight months earlier, did not include that contingency. That version provided agencies with a similar amount of funding, mostly available for spending without further appropriation. Therefore, guideline 10 did not apply, and the cost estimate for the House version (www.cbo.gov/publication/12086) attributed the increased spending for those provisions to H.R. 701.

**Provisions Contingent on Events Outside Congressional Control.** Some legislative provisions take effect only once the executive branch takes some action or some other event occurs that is outside the control of the Congress. The treatment of such provisions depends on the type of legislation.

***Appropriation Legislation.*** In keeping with various laws and to provide the best estimate of a proposal's deficit effect, guideline 10 directs different treatment for budget authority and outlays. Appropriation legislation is estimated with the full amount of budget authority to show the total commitments that an agency might enter into. At the same time, outlays are estimated based on the likelihood that the event will occur.

**Example:** H.R. 6258, the Financial Services and General Government Appropriations Act, 2019, would have appropriated $585 million, contingent on certification by the Secretary of the Treasury that the federal budget deficit was equal to or less than zero. CBO's estimate included the full amount of budget authority in fiscal year 2019.[8] However, because CBO did not expect the contingency to be met during the 10-year period covered by its projections, CBO estimated that none of those funds would be spent during that period.

***Authorization Legislation***. If an authorization bill specifies that a provision's implementation is contingent on future actions by the executive branch or on some other nonlegislative triggering event, according to guideline 10, the estimated cost of the bill should be based on the likelihood of the action or event occurring.

**Example:** S. 744 in the 113th Congress, the Border Security, Economic Opportunity, and Immigration Modernization Act, would have allowed the Department of Homeland Security to begin processing certain new immigrant applications only after the agency notified the Congress that it had begun to implement changes to security procedures and to the fencing on the southern border of the United States. CBO's cost estimate (www.cbo.gov/publication/44225) included direct spending and revenue effects, accounting for the likelihood that the department would notify the Congress within a year of enactment.

## Notes

1. The first scorekeeping guidelines were published in the conference report for the Budget Enforcement Act of 1990, enacted as title XIII of the Omnibus Budget Reconciliation Act of 1990. See U.S. House of Representatives, *Omnibus Budget Reconciliation Act of 1990: Conference Report to Accompany H.R. 5835,* House Report 101-964 (October 27, 1990), pp. 1172–1175, https://go.usa.gov/xpfn6. The conference report for the Balanced Budget Act of 1997 included revised guidelines; see *Balanced Budget Act of 1997: Conference Report to Accompany H.R. 2015,* House Report 105-217 (July 30, 1997), pp. 1007–1012, https://go.usa.gov/x7x2j. The sources of the budgetary concepts that underlie the scorekeeping process include the Budget and Accounting Act of 1921, the *Report of the President's Commission on Budget Concepts* (1967), and the Congressional Budget and Impoundment and Control Act of 1974. The guidelines and related guidance are published annually. See Office of Management and Budget, *Circular No. A-11: Preparation, Submission, and Execution of the Budget,* Appendix A (December 2020), https://go.usa.gov/x7x2T, and Appendix B: Budgetary Treatment of Lease-Purchases and Leases of Capital Assets, https://go.usa.gov/x7adR. The text of the guidelines as presented here is taken from Appendix A.

2. CBO's cost estimates for appropriation bills focus on spending that is within the jurisdiction of each appropriation subcommittee and that would occur in the fiscal year for which funding is being considered. Although an appropriation bill may provide discretionary budget authority for a future year, change direct spending programs in future years, or make substantive changes to revenues, those effects are not included in totals of the estimate for that bill. Instead, CBO provides estimates of such budgetary effects as additional information in the estimate and incorporates the effects from enacted appropriation legislation into subsequent baselines, reports, and cost estimates.

3. In keeping with section 70101 of division G of H.R. 1892, the Bipartisan Budget Act of 2018, subdivision 1 of division B of that bill, the Further Additional Supplemental Appropriations for Disaster Relief Requirements Act, 2018, was treated as an appropriation act.

4. Although guideline 14 prevents CBO from including decreases in the deficit in its cost estimates, any estimated effects of the changes in mandatory spending for program management are incorporated in subsequent baseline projections.

5. See Congressional Budget Office, letter to the Honorable Steve Womack concerning the period of availability of appropriated funds (May 21, 2018), www.cbo.gov/publication/54155.

6. The purposes for which an appropriation can be spent are generally broad and have multiple sources, including the appropriation itself as well as an agency's authorization. Although an appropriation could expire if it no longer had any purpose, broad purposes and authorities typically allow for an appropriation to remain available for at least one purpose and to expire only at the end of the period of availability. For more information, see Government Accountability Office, "Chapter 3, Availability of Appropriations: Purpose," in *Principles of Federal Appropriations Law,* 4th ed., GAO-17-1797SP (September 2017), https://go.usa.gov/x7xjp.

7. Guideline 10 does not apply to cases that do not involve lawmaking, such as a Congressional committee's approval of an agency's action, passage of a resolution by one chamber, or passage of a concurrent resolution by both chambers.

8. CBO produces but does not post formal cost estimates for appropriation bills; however, summary information is posted periodically. See Congressional Budget Office, "Status of Appropriations," https://go.usa.gov/x7aRd.

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