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Baselines and Scorekeeping in the Federal Budget Process

Bill Heniff Jr.

Analyst in American National Government
Government and Finance Division

Baselines and scorekeeping are an integral part of the federal budget process, providing Congress and the President with a framework for making and enforcing budgetary decisions. A baseline serves as a benchmark for federal budget decisions. While the Office of Management and Budget (OMB) and the Congressional Budget Office (CBO) create different baselines, their baselines project federal spending, revenue, and budget surplus or deficit amounts that would occur if existing budget policies were left unchanged. Scorekeeping is the process by which the budgetary impact of proposed and enacted budget policies is measured; it assists Congress and the President in making and enforcing budgetary decisions. For more information on budget process, see [<http://www.crs.gov/products/guides/guidehome.shtml>].

Baselines

A baseline is an estimate of federal spending and receipts during a fiscal year under existing policies. 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 (Title II of P.L. 99-177), as amended. 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 is assumed to continue at the level of the current year's spending level adjusted "sequentially and cumulatively" for inflation and other factors.

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. There are two baselines commonly cited in the federal budget process: the *current services estimates* calculated by OMB and the *budget baseline projections* calculated by CBO. Each generally follows the rules set forth in Section 257 of the Deficit Control Act of 1985, as described above. 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 spending and revenue levels agreed upon in the budget resolution.

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 (CBA) 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 CBA 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 CBA).

Generally, scorekeeping is used to determine whether or not proposed legislation violates the budget resolution levels. Under the CBA, 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. Section 312 of the CBA requires that the determination of such violations be based on estimates made by the House and Senate Budget Committees. In addition, estimates provided by the Budget Committees must be used to determine committee compliance with reconciliation directives and which amendments to a reconciliation measure would be in order.

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 to ensure they are consistent with the CBA of 1974, as amended, and the Deficit Control Act of 1985, as amended. Any changes to these guidelines must be agreed to by the House and Senate Budget Committees, OMB, and CBO.