



Baselines and Scorekeeping in the Federal Budget Process

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November 28, 2008

Congressional Research Service

7-5700

www.crs.gov

98-560

CRS Report for Congress

Prepared for Members and Committees of Congress

Summary

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 congressional budget process. For more information on the budget process, see the CRS Guides to Congressional Processes at <http://www.crs.gov/products/guides/guidehome.shtml>.

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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 (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 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 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 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 or not proposed legislation violates the budget resolution levels. Under the Budget Act, any measure that violates the aggregate spending

¹ Until the expiration of this section at the end of FY2006, CBO was required to follow the provisions of Section 257 in producing its baseline projections. At the beginning of 2007, CBO indicated that it will follow these practices until directed otherwise by Congress. See CBO, *The Budget and Economic Outlook: Fiscal Years 2008 to 2017*, p. xi, fn. 1.

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 Budget Act 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. Any changes to these guidelines must be agreed to by the House and Senate Budget Committees, OMB, and CBO.

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