

## CBO's Critical Role

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Speaker: Phil Swagel

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America is in the midst of sweeping demographic changes, and will be a much older and more diverse nation by 2050. In addition, social, economic and technological changes will reshape the domestic and global economy. At a time when we face myriad critical challenges, how can we secure our country's leading economic role and ensure well-being for succeeding generations? This expert panel will include an in-depth look at current demographic trends and an exploration of rising socio-economic concerns including inequality and opportunity, and the key policy areas to address these structural changes for a stronger future for America.

This panel discussion with **Bill Frey, Heather Hahn, Philip N. Jefferson, and Margaret Spellings** was conducted by **Stef Kight**, reporter for **Axios**, as part of the 2019 Fiscal Summit.

**ANNOUNCER:** Ladies and gentlemen, please welcome back Michael Peterson.

**MICHAEL PETERSON:** I just want to very briefly introduce our next speaker Phil Swagel. We're very lucky to have him here. He's the tenth CBO director. And he's very gracious to join us because we gave him a whole seven days on the job to get settled in before asking him to come across town and come to our summit. So thank you Phil. I just want to say briefly how much we appreciate the Congressional Budget Office at the foundation. I think it's one of the single most important institutions in our government. It's one of the few organizations left that continues to provide unbiased, nonpolitical facts and information on which the Congress has to rely to do its work.

And it's very well-respected on both sides. And they're just forced to deal with whatever projections you put out and that's the whole point is to give them a real set of information to work from. So I think it's invaluable in almost every piece of the legislation that affects the budget. So without further ado, Phil, we're very glad to have you. Thanks for being here. (AP-PLAUSE)

**PHIL SWAGEL:** Thanks. Thanks Michael. Thanks very much. I really appreciate it. I can't think of better and more appropriate place for me to start in public than here at the fiscal summit with the Peterson Foundation. So as Michael said, this is my second week at CBO. And I'm excited to have the opportunity to lead this extraordinary institution which, as Michael said, does such important work in support of the Congress as it grapples with the budgetary and economic issues facing the nation.

**PHIL SWAGEL:**

I have to tell you that my excitement in some ways is tempered because my appointment was announced just one day after the passing of CBO's founding director, Alice Rivlin, a blessed memory, who led the CBO from 1975 to 1983. With vision, with wisdom, with determination, she established the agency's structure, formulated procedures, standards, goals, that have guided it and guided us for more than four decades. And above all, she forged a commitment to providing information that would help the Congress make effective budget and economic policy.

In a memo to the CBO staff in 1976, at the start of the agency's first full year of operation, she wrote, quote, "CBO must be and must be perceived to be an objective, non-partisan, professional organization in the service of the Congress." And then she went on, "Our work and our publications must always be balanced, thorough, and free of an partisan tinge." We still give that memo to every employee, every new employee at CBO. I got it on my first day.

My University of Maryland colleague, Phil Joyce, has written a book about CBO. And wrote that several decisions Alice made in the agency's first year became crucial to its ability to perform as she had envisioned. I'll just list a few of those. She selected staff who could perform in a non-partisan manner. She organized the agency so it would undertake longer term policy analysis work, in addition to the short term budget work.

Most importantly, according to Phil Joyce, she decided that CBO would not make policy recommendations to avoid aligning the agency with one side or the other. And to avoid being views as partisan. All of this seems natural today to think about CBO. But it's all because of the decisions that Alice made at the very beginning. There's a memorial for Alice at Georgetown University in a few weeks, on a Friday in a few weeks.

I suspect there will be plenty of stories about her. I've heard a few of them since I started. Really amazing stories. So my goal at CBO is, of course, to live up to the standards that she set for the office. Working with CBO's superb staff, some of whom are here today, to provide objective analyses in support of the Congress and on behalf of the American people. We maintain that objectivity in a number of ways. I'm going to list some of them now.

We continue to make no policy recommendation because choices about public policy inevitably involve value judgments that the agency does not and should not make. So we focus on the positive and not on the normative. We continue to hire people on the basis of their expertise and without regard to political affiliation. And we continue to enforce strict rules that prevent employees from having financial conflicts of interest and that limit their political activities.

**PHIL SWAGEL:**

When we hire people, we carefully consider whether they can perform objective analysis regardless of their own personal views. And, as many of you know, we continue to draw on the knowledge and insight of experts both inside and outside the government, representing a variety of views on the subjects at hand. And just looking around the room, I know many of you are these counterparties. Many of you are the people we have spoken to. Now, of course, although CBO draws on many outside experts, our findings are based on our assessments. And we are solely responsible for them. So if anyone has any concerns about any of CBO's analyses, please let me know. None. Great. We're set. It's going to be a good term. No, that's a kid. Sometimes CBO's findings make people on one side or another of an issue unhappy and sometimes on both sides.

Now that hasn't happened yet, but I know the day will come. From time to time, The Washington Post has described CBO's job as being the, quote, "skunk at the Congressional party". Now following a longstanding tradition which is pretty empty right now, has a stuffed skunk which was given to me by the wonderful CBO staff on my first day of the job. I have to admit, I'm waiting with some trepidation to learn about other CBO traditions.

Many previous CBO directors had such a furry critter. I suspect Dan had one as well. And from time to time had to fulfill the role described by The Post. I can promise you that we will continue to call the issues as we see them based on careful analysis regardless of the political ramifications.

Now that careful objective work does not serve its full purpose unless people understand what we've done, how we've done it, which data and analytical tools we've used, and what key factors drive our estimates. So transparency about our estimates and analyses has been and will continue to be a top priority for CBO. We've made great strides in recent years under the leadership of my distinguished predecessors. And particularly in the past four years under Keith Hall. So we have three goals related to transparency. To promote a thorough understand of our analyses through accessible, clear, and detailed communication.

To help people gauge how our estimates might change if policies or circumstances differ. And to enhance the credibility of our analyses and processes by showing their connections to data, to research, to feedback from experts. And we recognize that that credibility is important on a day to day basis. And is especially critical when important policy decisions are being made on the basis of our work.

**PHIL SWAGEL:**

We undertake a variety of activities to accomplish these goals. Let me mention just a few of them. Of course, we testified about our projection and our analytical methods. We respond to questions from members of Congress. Several of my colleagues testified exactly in that way the week before I started at CBO. We publish reports and other documents explaining our analyses to both general audiences and technical audiences. In nearly every cost estimates includes a section describing the basis for the estimate. And if you look at the cost estimates on our website, you'll see that the format has been updated to highlight the key parameters.

We put our computer code for some of our models. Such as our new health insurance simulation model. And we provide files of data underlying the analyses both in major reports and other studies. All of this is on our website. We analyze the accuracy of estimates. We publish reports on accuracy on our websites. And we regularly compare the estimates and projections from CBO with those of other organizations when available. And probably most importantly, CBO staff members communicate every day with people outside the agency. Most importantly, of course, with others on Capitol Hill to explain our findings and our methods and to get feedback. Now are our estimates and analyses always right? Well, of course not. I think every one knows the adage, "It's tough to make predictions, especially about the future."

We work hard to ensure that our analyses are timely, thorough, and non-partisan. They incorporate the best possible information. And then they generally reflect the middle of a range of most likely outcomes. And then they and the basis for them are presented clearly and explained clearly. I'm going to focus in my term on what more we can do to further this and to make our analyses both transparent and easily accessible.

One thing we're doing new already is that we're providing Congress and the public with more information about what we're working on to a new quarterly snapshot of our work in progress. Both on our analytical reports and our cost estimates. The first update was posted on our website last Wednesday. And we'll continue to post this update once a quarter. Now having said all this about transparency, it's important for me to note that some of the significant work of the CBO is not and cannot be public which it's underway.

So CBO routinely work with Congressional committees and leaders to provide information and analysis. When lawmakers are evaluating alternative proposals but have not yet made specific proposals public. In such circumstances, confidentiality is critical to the legislative process. Committees need the flexibility to modify their proposals before making them public. I've heard from many current and former Hill staff that this is a key role of the CBO.

**PHIL SWAGEL:**

So can we take a look at the question three polling question? So climate change to all of you is what you think will have the biggest impact on the economy in the U.S., followed by artificial intelligence, and then income inequality, and then changing demographics. And I'd love to get some reactions from some of our panelists. Perhaps Heather you'd like to start off. What would you have chosen, given this question? And are you surprised by these answers?

The existence of such work in progress is provided equitably to the majority and minority in both chambers and is kept confidential. Of course, once a proposal becomes public, CBO makes its estimates for that version of the legislation publically available. I am thinking carefully about which potential steps are valuable and informative and which may have less value in terms of increasing our transparency.

I want to focus on substantive transparency. And that's what I'm focused on. How we can be substantively more transparent. And of course we have to constantly balance our transparency efforts with our commitment to respond quickly to Congressional needs. And with our professional responsibility to release reports and estimates only when they reach sufficient quality. We welcome your feedback about what you find most helpful as well as suggestions for other ways we can provide useful information about our work.

I'm not going to make joke again about no suggestions. So I'm new at CBO, but I've long been an admirer of CBO's work. While working in academia for the past ten years, before that in several government positions, I relied on CBO's high quality analyses on many subjects. The agency provides authoritative analysis, responsive and information estimates of the cost of proposed legislation. And we do this because of the dedicated work and the deep expertise of the analytical staff.

Again, many of them are here. I've been at the agency a week and it's just an incredibly impressive place. It's really awe-inspiring. And I should note that the work is also made possible by a talented group of colleagues who develop and maintain the agency's information technology systems and carry out essential functions in human resources, in accounting, keep us safe, and much more.

Already, after a week, I have deep appreciation for the excellence and dedication of the people at CBO. It's a great privilege to be the person to perpetuate Alice Rivlin's legacy by joining such a terrific group of people in providing Congress with objective and impartial analyses. I look forward to learning much more from them and also from all of you. Thanks very much.

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