U.S. House of Representatives
Committee on the Budget
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Chris Van Hollen,
Ranking Democrat

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VOTE NO ON DYNAMIC SCORING (H.R. 1874)

This bill does nothing to address the economic challenges facing America's families. It does not create a single job. It does not renew expired unemployment compensation for millions of workers and their families. It does not raise the minimum wage to a living wage.

Republicans want to use the vote on this bill to justify their use of dynamic scoring to achieve balance in their budget resolution.

- **Republicans also want to use dynamic scoring to bolster their case for passing tax cuts for the rich or tax reform that cuts tax rates for wealthy Americans.**
  Chairman Camp has touted an analysis suggesting that his plan would promote economic growth and lead to revenue growth. His plan is at least deficit-neutral. In the past, Republicans have argued for dynamic scoring of tax cuts for the rich that would actually worsen the deficit, with some even suggesting that such scoring would show that the tax cuts really pay for themselves.

- **There is nothing "pro-growth" about the "Pro-Growth Budgeting Act"**
  This bill requires the Congressional Budget Office (CBO) to produce a supplementary economic impact analysis (also known as a "dynamic scoring" estimate) in addition to regular cost estimates for certain major bills. It does not stimulate economic growth or create a jobs, which are the real challenges facing the country.

- **It only considers the dynamic impacts of tax proposals, not spending on investments**.
  The bill specifically excludes analyzing the economic impact of bills reported by the Appropriations Committee, which contain investments that foster economic growth.

- **It is designed to put us on a slippery slope towards dynamic scoring.**
  Although the requirements here are for supplemental information, having legally mandated estimates available could lead to the use of them for scorekeeping purposes. Republicans already included in their last budget resolution authority for the Chairman to use alternate, "fair value" estimates, where he wanted to; it seems likely that they would also choose to use the supplemental dynamic scoring estimate if that estimate suited their goals.

- **Dynamic scoring estimates are very subjective, and economists have varying assumptions. Proponents of a policy are likely to shop for optimistic assumptions.**
  Dynamic scoring requires many subjective decisions, including the offsetting effects of many different changes. For example, the recent Joint Committee on Taxation (JCT) analysis of the

Republican tax reform bill provided eight different estimates of the change in real GDP resulting from that proposal that varied from an increase of 1.6% to nearly no change at all. Tellingly, the most optimistic estimate was the one latched on to by Republicans.

- **The bill only highlights effect on revenues, not deficits.**
  The bill stresses that the analysis should describe the impact on revenues, but does not highlight that the analysis should cover any potential non-revenue impacts, such as changes in interest rates or debt service payments. The bill specifically excludes bills reported by the Appropriations Committee from the trigger for dynamic scoring estimates, making clear that this approach is targeted to promote tax reform.

- **The bill mandates information that is already available.**
  CBO currently produces this type of estimate for the President's budget as a whole and for major bills upon request. House rules already require JCT to include a similar analysis for tax bills.

- **Compliance may slow consideration of major legislation.**
  CBO is concerned that producing these estimates will take time, which may delay consideration of legislation, or would add to government costs for extra computational and staff resources.

Details of the bill:

H.R. 1874 requires that CBO produce a supplementary economic impact analysis (also known as a "dynamic scoring" estimate) in addition to regular cost estimates for certain major bills. Major bills are defined as those that would have a budgetary impact of at least .25 percent of GDP in any fiscal year – that is about $40 billion in 2014 and increases to about $65 billion by 2024. Only a few bills per session are likely to meet this trigger. Bills reported by the Appropriations Committee are specifically exempted. The economic impact analysis is to include the bill's effects on major economic variables, including GDP, investment, and employment, as well as estimates of fiscal changes that are likely to result from the changes in the economy. CBO is to use a variety of economic models and provide information on assumptions and data sources.