

CBO Fiscal Analysis by Income and Race (FAIR) Scoring Act

Senators Elizabeth Warren and Michael Bennet

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The Congressional Budget Office (CBO) is required by law to produce a formal cost estimate – describing how a legislative proposal would affect major components of the federal budget over a 10-year window – for nearly every bill that is approved by a full committee in the House or Senate. While these cost estimates provide insight into the fiscal impact of proposed legislation, policymakers have limited information about the distributional impacts across racial and income groups. The lack of reliable information about the potential socioeconomic effects of legislation inhibits our understanding of whether policies are exacerbating or reducing income gaps and racial disparities and undermines our ability to design effective policies that address racial and income inequality and support vulnerable communities.

The CBO Fiscal Analysis by Income and Race (FAIR) Scoring Act will provide policymakers with standardized, non-partisan data about the real-world effects of our policies. In doing so, the bill will allow legislators to formally consider the impacts of legislation on people of all socioeconomic backgrounds, particularly low-income Americans and communities of color, and design policies that more effectively advance racial and economic equity. By providing disaggregated data by race and income, the bill would also further the objectives of President Biden’s Executive Order on Advancing Racial Equity and Support for Underserved Communities Through the Federal Government. Specifically, the FAIR Scoring Act would:

- Require the CBO to estimate the distributional impacts by race and income – in dollar terms and as a percent change in after-tax-and-transfer-income – for bills that have a gross budgetary effect of at least 0.1% of GDP in any fiscal year within the 10-year budget window;
- Require the CBO to provide such scores to relevant congressional committees before the bills are reported to the floor, to the extent possible;
- Require the CBO to prepare a report describing possible methods for conducting distributional analyses by gender to strengthen CBO’s capacity to conduct analyses of the interaction between race and gender.

The CBO FAIR Scoring Act has been endorsed by: The Washington Center for Equitable Growth, Our Revolution, Indivisible, The Coalition on Human Needs