



IN CASE YOU MISSED IT

House Budget Committee Commissions *First-Ever* CBO Report on Artificial Intelligence

Today, the Congressional Budget Office (CBO) released its first-ever [report](#) on artificial intelligence (AI) commissioned by the House Budget Committee. This report entitled “*Artificial Intelligence and Its Potential Effects on the Economy and the Federal Budget*” sheds light on the real economic impacts of AI technology, providing critical insights into its economic benefits and challenges.

CBO’s qualitative analysis considers the effects, both negative and positive, that AI might create in our economy and federal government.



WORD ON THE STREET



CBO on AI and the economy:

- “AI could **transform society** in the same way that technological advances like the steam engine and electrification did in the distant past.”
- “Evidence shows that generative AI can serve, at least to some degree, as a complement to low-skilled workers within a given occupation. By contrast, research on earlier forms of AI has found that the **technology boosted the wages** of some skilled workers.”

CBO on the federal budget:

- “**Federal revenues could rise**, for example, if the Internal Revenue Service (IRS) was able to use AI to bolster its auditing capability and taxpayers’ compliance with the federal tax code.”



- *“Through its use by the federal government, AI could affect both revenues and spending by **increasing the efficiency of the government in collecting tax revenues** and in distributing those revenues through transfer payments. AI also could enable improvements in the goods and services provided by the government, spurring federal programs to spend more to take advantage of the technology.”*
- *“In particular, successful use of AI to **reduce fraud** could result in **fewer improper payments** in the largest mandatory spending programs: Medicare, Medicaid, and Social Security.”*
- *“Outlays for AI could take the place of other federal spending. For statistical analysis, for example, AI could replace software that the government has been using and would continue to rely on if AI was not available.”*

THE BOTTOM LINE

Overall, CBO’s analysis provides a top-line, qualitative look into how AI technology will shape our economy. While we may not know the full impact of AI, this report represents a step forward to understanding how AI will affect our economy.

This report follows a [roundtable](#) held by the House Budget Committee earlier this year entitled *“The Age of Artificial Intelligence: Implications for the U.S. Economy and Government.”* The roundtable welcomed Andrew McAfee, a principal research scientist at the MIT Sloan School of Management, and Jason Payne, Chief Technology Officer for Microsoft Federal, to engage with members on how AI can affect the economy and improve government efficiency.





HBC Photo: Jason Payne (left), and Andrew McAfee (right)

As AI development grows, it is essential that Congress remains aware of the growing economic benefits that this new technology may bring. If used correctly, AI has the potential to improve the federal government's stewardship of taxpayer dollars.

By requesting this report, the House Budget Committee has taken a bold step in leading the charge to harness technological innovations for reducing the deficit and restoring fiscal stability.

MORE FROM THE HOUSE BUDGET COMMITTEE

Read more about the House Budget Committee and Artificial Intelligence [HERE](#).

Read more about the House Budget Committee's Artificial Intelligence roundtable [HERE](#).

