

THE COMMITTEE ON THE BUDGET

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PAY-AS-YOU-GO: THE RULE, OR THE EXCEPTION?

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When Democrats assumed the House Majority at the start of the 110th Congress, they claimed their vaunted pay-as-you-go [PAYGO] rule would lead to a new era of fiscal discipline. Their actual record, however, tells a different story. On most of the Majority's priority legislation, PAYGO has been waived, gamed, ignored, or employed to justify billions of dollars in tax and fee increases.

Some highlights:

- **Nearly a Half Trillion in Deficit Increases Exempted.** Overall, the Majority passed legislation exempting \$420.1 billion in non-offset deficit increases from its PAYGO rule. This figure does not double count the cost of provisions included in more than one bill.
- **Billions in Savings Gimmicks.** If all of the PAYGO gimmicks, such as artificial funding cliffs and timing shifts were included, the total amount of non-offset new mandatory spending would increase to well over \$500 billion.
- **A Dozen PAYGO Waivers Passed.** PAYGO was waived 12 times in the 110th Congress, to allow the Majority to increase the deficit, and violated at least once more.
- **Appropriations Loophole Exploited.** Non-offset mandatory spending was tacked on to numerous appropriations bills, exploiting a loophole in the rule.
- **Nearly Three Dozen Tax or Fee Hikes Passed Under PAYGO.** PAYGO was used to pass at least 34 tax hikes or fee increases through the House.
- **Timing Shifts and Recycled Savings Employed.** The Majority used numerous timing shifts to meet PAYGO and has recycled the same offsets again and again to comply with the letter, if not the intent, of the rule. For example:
 - Corporate estimated taxes were shifted from one year into the next in 25 individual bills.
 - Customs user fees were extended in 10 different bills.
 - Overall, a total of 18 provisions were used more than once.

DEFICIT INCREASES NOT OFFSET
110th Congress

Listed below are the instances in which the Majority waived or ignored its PAYGO rule during the 110th Congress. Overall, the Majority passed legislation including \$420.1 billion in non-offset deficit increases. This figure does not double-count provisions included in more than one bill, and does not include billions more hidden through the use of PAYGO gimmicks.

Table 1: Deficit Increases Not Offset

Legislation	Date Passed	Non-Offset Amount
UI Extension (H.R. 6867)	10/3/08	\$5.7 billion
Emergency Economic Stabilization Act (H.R. 1424)	10/3/08	\$110.4 billion ^a
Economic Stimulus II (H.R. 7110) ^b	9/26/08	\$23.9 billion
Disaster Tax Relief Act (H.R. 7006) ^c	9/24/08	\$8.1 billion
2008 AMT Patch (H.R. 7005) ^d	9/24/08	\$64.6 billion
Housing and Economic Recovery Act (H.R. 3221)	7/23/08	\$24.9 billion
Senate Restaurant Employees (S. 2967)	7/10/08	\$3 million
2008 War Supplemental (H.R. 2642)	6/19/08	\$70.9 billion
UI Extension (H.R. 5749) ^e	6/12/08	\$10.0 billion
Farm Bill (H.R. 2419)	5/14/08	\$2.9 billion
Auto Bailout (H.R. 7321) ^f	12/10/08	\$3.9 billion
Economic Stimulus I (H.R. 5140)	2/7/08	\$124.4 billion
2007 AMT Patch (H.R. 3996)	12/19/07	\$50.6 billion
SCHIP (H.R. 3963) ^f	10/15/07	\$3.1 billion
2007 War Supplemental (H.R. 2206)	5/24/07	\$6.0 billion

^a This does not include the cost of the Troubled Assets Relief Program.
^b This bill was not enacted. The second UI extension was passed and enacted as H.R. 6867.
^c This bill was not enacted. Disaster tax relief was later passed and enacted as part of H.R. 1424.
^d This bill was not enacted. An AMT patch was later passed and enacted as part of H.R. 1424.
^e This bill was not enacted. The first UI extensions was later passed and enacted as part of H.R. 2642.
^f This bill was not enacted.

To See the Entire PAYGO Document: Click the Link Below
http://www.house.gov/budget_republicans/press/2007/pr20090107paygo_long.pdf