



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

July 21, 2009
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 2920 — Statutory Pay-As-You-Go Act of 2009

(Rep. Hoyer, D-Maryland, and 167 cosponsors)

The Administration strongly supports House passage of H.R. 2920, the Statutory Pay-As-You-Go (PAYGO) Act of 2009, in the form of a substitute that is expected to be considered by the Rules Committee. Statutory PAYGO would hold the Federal Government to a simple but important principle: new tax or entitlement legislation should be paid for. H.R. 2920 would build on the existing PAYGO congressional rules by strengthening enforcement mechanisms that would require offsetting revenue increases or mandatory spending reductions. In the 1990s, statutory PAYGO proved successful in encouraging tough choices and helped to move the Federal Government from large deficits to surpluses.

The Administration is committed to cutting the deficit in half by the end of the President's first term. Enacting statutory PAYGO would complement this effort and strengthen the budget process. While PAYGO does not solve all budgetary problems, it was the lack of such discipline that led to a near doubling of the long-term deficit over the course of just a few years in the early 2000s.

The Administration looks forward to working with the Congress to further refine the legislation.

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