

H.R. 8195, STRENGTHENING ADMINISTRATIVE PAYGO ACT OF 2024

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The Strengthening Administrative PAYGO (SAP) Act of 2024 would provide transparency on unchecked administrative spending by ensuring the Executive Branch is held accountable when issuing costly executive actions.

What is Administrative PAYGO?



Administrative Pay-As-You-Go (PAYGO) aims to **mitigate costly executive actions** by requiring that the executive branch **provide offsets** for administrative rules above a certain threshold.



This fiscal tool has historically been promoted on a bipartisan basis, with iterations of Administrative PAYGO being found in the Bush, Obama, and Trump Administrations. President Biden, on the other hand, revoked Administrative PAYGO on his first day in office.

Why is Administrative PAYGO important?



In recent years, Administrations on both sides of the aisle have increasingly used executive actions to push through costly and unchecked priorities outside of Congressional authority or consultation.



The Biden Administration represents a clear example of this legacy: in just three years, the President has proposed and implemented over **\$2 trillion** worth of –oftentimes partisan– spending through various executive actions.

The bipartisan Fiscal Responsibility Act (FRA) of 2023 restored Administrative PAYGO by requiring offsets for the cost of administrative actions that increase direct spending by at least **\$1 billion** over 10 years or by a **\$100 million** annual threshold.

THE PROBLEM

Despite Congress' bipartisan directive, the Office of Management and Budget (OMB) has ***not implemented Administrative PAYGO effectively***, turning a fiscal tool intended for fiscal responsibility into *an ineffective budget exercise*.

- Reports have shown that OMB has used its waiver authority—which grants exceptions to Administrative PAYGO for rules that are necessary for “essential services” and “program delivery,”—for every qualifying rule. This includes the Department of Education’s \$260.7 billion income driven repayment student loan rule.
- Even OMB’s internal guidance ignores Administrative PAYGO’s goal of budget neutrality, stating the law “does not legally require agencies to move forward with, or ultimately implement, proposed offsets.”

THE SOLUTION: THE SAP ACT of 2024

The SAP Act of 2024 ***addresses and corrects*** OMB’s misinterpretation by ensuring Administrative PAYGO is properly implemented.

The Committee for a Responsible Federal Budget stated that the SAP Act “would strengthen Administrative PAYGO... [and] could prevent ***trillions of dollars*** of future borrowing.”

Specifics on the SAP Act:

- ***Includes*** a requirement for the OMB Director to submit any waiver determination and an estimate of the budgetary effects of the covered action to the Budget Committees;
- ***Solidifies*** Administrative PAYGO’s purpose as promoting budget neutrality;
- ***Amends and clarifies*** the FRA’s threshold of at least \$1 billion over 10 years or \$100 million annually in direct spending from an exemption to a formal requirement;
- ***Terminates*** the original sunset date (12/31/2024) in the FRA, making the provision permanent; and
- ***Includes*** a requirement for the President’s budget request to include the number of waivers granted during the prior fiscal year and the first quarter of the current fiscal year and the number of determinations expected to be submitted through the end of the fiscal year.