

THE STRENGTHENING ADMINISTRATIVE PAYGO ACT OF 2024

Rep. Jack Bergman (R-MI) | Rep. Jodey Arrington (R-TX)

The **Strengthening Administrative PAYGO (SAP) Act of 2024** would reassert Congress' Article I authority by reining in unchecked administrative spending.

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 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

The Biden Administration's interpretation of Administrative PAYGO turns a measure intended for fiscal responsibility into an ineffective budgetary exercise, permitting a lack of transparency and further circumvention of the Legislative Branch.

Executive Waivers

- OMB has yet to use Administrative PAYGO, rather utilizing its waiver authority to continue spending taxpayer dollars outside of Congress's watch.
- These waivers get buried within the Federal Register and fail to include cost estimates, which hinders Congress's ability to conduct proper fiscal oversight.

Lack of Budget Neutrality

- OMB's interpretation contends that Administrative PAYGO, as outlined in the FRA, "does not legally require agencies to move forward with, or ultimately implement, proposed offsets."
- In 2019, OMB referred to it as a "budget neutrality requirement... affecting net mandatory spending;" if something is 'budget neutral' it has no negative fiscal impact on the federal budget and is therefore offset.

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. Specifically, the legislation:

- ✓ **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;
- ✓ **Ensures** that such covered action is budget neutral;
- ✓ **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 (12/31/24) 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.

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Refresher on House Budget Committee's recent work:



Commented on the Government Accountability Office's (GAO) report on FRA/Administrative PAYGO implementation.



Released an explainer doc on Administrative PAYGO.



Sent GAO a letter requesting supplemental information on how the Biden Administration is implementing Administrative PAYGO.



Posted an ICYMI revolving around a **CQ News story** pertaining to the Committee's work on Administrative PAYGO oversight.



Sent OMB a letter on the implementation of the FRA's Administrative PAYGO provision.