

DEMOCRATS INTRODUCE STATUTORY PAYGO LEGISLATION

With the Introduction of President's "Pay-As-You-Go" Legislation, Democrats Continue Commitment to Fiscal Discipline, Budget Reform

"The deficits that my Administration inherited reflect not only a severe economic downturn but also years of failing to pay for new policies... Enacting statutory PAYGO would...represent an important step toward strengthening our budget process, cutting deficits, and reducing national debt."

– President Barack Obama, 6/9/09

Today, House Democrats introduced President Obama's "Statutory Pay-As-You-Go Act of 2009." This legislation is necessary to help reverse years of recklessness by the Bush Administration, which left our Nation in an unprecedented fiscal hole, facing a deficit of \$1.3 trillion. A primary focus of the Democratic Congress, restoring PAYGO will help restore fiscal discipline, allowing us to invest in America's most important priorities while making the tough choices necessary to cut wasteful spending, address the deficit, and reduce the national debt.

PAYGO Proposal Reflects Lessons of the Past, Challenges of Today

Building on the successful efforts of the past that turned deficits into surpluses while understanding the unique challenges of today, this proposal continues to lay a vision for fiscal reform.

- **In the 1990s, PAYGO helped turn massive deficits from the Reagan era into a record surplus under President Clinton.**
- **President Obama's proposal is very similar to the original PAYGO law in the 1990s.** However, instead of requiring that legislation be deficit neutral in each year, the President's proposal would look at the ten year cost of legislation. If the net effect of all legislation enacted during a session of Congress was paid for over ten years, there would not be a sequester, even if the costs were not offset in some years.
- **This legislation serves as a supplement to the existing House PAYGO rule.** It provides an enforcement mechanism that will hold both chambers of Congress, as well as the Administration, accountable for paying for legislation.
- **This legislation builds on the fiscally responsible budgets put forward by the President and agreed to by Congress,** in which Democrats paid for their priorities like health care, energy, and education.
- **This legislation allows for Congress and the President to respond to an economic crisis** by designating and exempting the costs of emergency legislation. During the recession in the early 1990s, Congress and the President enacted legislation extending unemployment benefits without offsets by designating it as emergency spending.

As the process moves forward, Democrats will work with the Administration to resolve the differences between the President's proposal and existing House rules.