

2013 STATUTORY PAY-AS-YOU-GO ACT ANNUAL REPORT

January 24, 2014

This Report is being published pursuant to section 5 of the Statutory Pay-As-You-Go (PAYGO) Act of 2010, Public Law 111-139, 124 Stat. 8, 2 U.S.C. § 934, which requires that OMB issue an annual PAYGO report, including a sequestration order if necessary, no later than 14 working days after the end of a congressional session.

This Report describes the budgetary effects of all legislation enacted during the first session of the 113th Congress and presents the 5-year and 10-year PAYGO scorecards maintained by OMB. Because neither the 5-year nor 10-year scorecard shows a debit for the budget year, which for purposes of this Report is fiscal year 2014,¹ a sequestration order under subsection 5(b) of the PAYGO Act, 2 U.S.C § 934(b), is not necessary.

No legislation was enacted with an emergency designation under section 4(g) of the PAYGO Act, 2 U.S.C. § 933(g), during the first session of the 113th Congress. In addition, the scorecards include no current policy adjustments made under section 4(c) of the PAYGO Act, 2 U.S.C. § 933(c), for legislation enacted during the first session of the 113th Congress. The authority for current policy adjustments expired as of December 31, 2011. For these reasons, the Report does not contain any information about emergency legislation or a description of any current policy adjustments.

I. PAYGO Legislation with Budgetary Effects

PAYGO legislation is authorizing legislation that affects direct spending or revenues; and appropriations legislation that affects direct spending in the years beyond the budget year or affects revenues in any year.² For a more complete description of the Statutory PAYGO Act, see the OMB website, http://www.whitehouse.gov/omb/paygo_description, and Chapter 11, "Budget Concepts," of the *Analytical Perspectives* volume of the 2014 Budget, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2014/assets/concepts.pdf>.

The 5-year PAYGO scorecard shows that PAYGO legislation enacted in the first session of the 113th Congress was estimated to have PAYGO budgetary effects that increased the deficit by an average of \$25 million each year from 2014 through 2018.³ Balances carried

¹ References to years on the PAYGO scorecards are to fiscal years.

² Provisions in appropriations acts that affect direct spending in the years beyond the budget year (also known as "outyears") or affect revenues in any year are scorable for the purposes of the PAYGO scorecards except if the provisions produce outlay changes that net to zero over the current year, budget year, and the four subsequent years. As specified in section 3 of the Statutory PAYGO Act, off-budget effects are not counted as budgetary effects. Off-budget effects refer to effects on the Social Security trust funds (Old-Age and Survivors Insurance and Disability Insurance) and the Postal Service.

³ As provided in section 4(d) of the PAYGO Act, 2 U.S.C. § 933(d), budgetary effects on the PAYGO scorecards are based on congressional estimates for bills including a reference to a congressional estimate in the Congressional Record, and for which such a reference is indeed present in the Record. Absent such a congressional cost estimate, OMB is required to use its own estimate for the scorecard. None of the bills enacted during the first session of the 113th Congress had such a congressional estimate and therefore OMB was required to provide an estimate for all PAYGO laws enacted during the session.

over from prior sessions of the Congress more than offset the deficit increases being shown on the 5-year scorecard in years 2014, 2015, and 2017, but would add to the deficit increase in 2016. The 10-year PAYGO scorecard shows that PAYGO legislation for the first session of the 113th Congress increased the deficit by an average of \$7 million each year from 2014 through 2023. Balances from prior sessions more than offset the deficit increases in years 2014 through 2022.

In the first session of the 113th Congress, 21 laws were enacted that were determined to constitute PAYGO legislation. Of the 21 enacted PAYGO laws, 9 laws were estimated to have PAYGO budgetary effects (costs or savings) in excess of \$500,000 over one or both of the 5-year or 10-year PAYGO windows. These were:

- Consolidated and Further Continuing Appropriations Act, 2013, Public Law 113-6;
- Bonneville Unit Clean Hydropower Facilitation Act, Public Law 113-20;
- Bureau of Reclamation Small Conduit Hydropower Development and Rural Jobs Act, Public Law 113-24;
- Department of Veterans Affairs Expiring Authorities Act of 2013, Public Law 113-37;
- Helium Stewardship Act of 2013, Public Law 113-40;
- An Act to extend the period during which Iraqis who were employed by the United States Government in Iraq may be granted special immigrant status and to temporarily increase the fee or surcharge for processing machine-readable nonimmigrant visas, Public Law 113-42;
- Congressional Award Program Reauthorization Act of 2013;
- Continuing Appropriations Act, 2014, Public Law 113-46; and
- National Defense Authorization Act for Fiscal Year 2014, Public Law 113-66.

Finally, in addition to the laws identified above, 12 laws enacted in this session were estimated to have negligible budgetary effects—costs or savings of less than \$500,000 over both the 5-year and 10-year PAYGO windows.

II. Budgetary Effects Excluded from the Scorecard Balances

Two laws enacted in the first session of the 113th Congress had estimated budgetary effects on direct spending and revenues that are not included in the calculations for the PAYGO scorecards due to exclusions required by law. Public Law 113-28, the Bipartisan Student Loan Certainty Act of 2013, and Public Law 113-67, the Bipartisan Budget Act of 2013 and Pathway for SGR Reform Act of 2013,⁴ contain provisions that state, “[t]he budgetary effects of this Act shall not be entered on either PAYGO scorecard maintained pursuant to section 4(d) of the Statutory Pay-As-You-Go Act of 2010.” For this reason, the budgetary effects of these laws are not included in the PAYGO scorecards.

⁴ The official title of P.L. 113-67, “Making continuing appropriations for fiscal year 2014, and for other purposes,” refers to the bill’s original provisions before it was amended to substitute the provisions of the Bipartisan Budget Act and the Pathway for SGR Reform Act.

III. PAYGO Scorecards

STATUTORY ESTIMATES OF PAY-AS-YOU-GO LEGISLATION *
(in millions of dollars; positive amounts portray increases in deficits and negative amounts portray decreases in deficits)

* Uses Congressional estimates referenced in enacted legislation or OMB estimates if there are no references to the Congressional estimates.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013-18	2013-23
PART I:													
<i>Total budgetary effects of PAYGO legislation for the first session of the 113th Congress</i>													
Net PAYGO impact.....	0	57	4	171	-52	-55	149	-55	-79	-70	-5	125	65
Five-year PAYGO scorecard, current Congressional session.....		25	25	25	25	25							
Balances from previous sessions of Congress.....		-9,994	-9,994	1,041	-839	0							
Total, five-year PAYGO scorecard.....		-9,969	-9,969	1,066	-814	25							
Ten-year PAYGO scorecard, current Congressional session.....		7	7	7	7	7	7	7	7	7	7		
Balances from previous sessions of Congress.....		-8,215	-8,215	-8,215	-8,215	-8,215	-8,215	-8,215	-1,844	-1,134	0		
Total, ten-year PAYGO scorecard.....		-8,209	-8,209	-8,209	-8,209	-8,209	-8,209	-8,209	-1,838	-1,128	7		
Potential Sequestration, end of session.....	0												

The total net budgetary effects of all PAYGO legislation enacted during the first session of the 113th Congress on the five-year scorecard increase the deficit by \$125 million. This total is averaged over the years 2014 to 2018 on the 5-year PAYGO scorecard, resulting in \$25 million in each year. Balances carried over from prior sessions of the Congress create savings in 2014 and 2015, resulting in total savings of \$9,969 million in each of those years. However, the balance carried over for 2016 increases the deficit by \$1,041 million, which results in a net cost on the 5-year PAYGO scorecard in 2016 of \$1,066 million. Balances in 2017 carried over from the prior session added savings to the scorecard which resulted in net savings in that year of \$814 million. The five-year PAYGO window extended only through 2017 in the second session of the 112th Congress, so there were no five-year scorecard balances in 2018 to carry over.

The total 10-year net impact of legislation enacted during the first session of the 113th Congress had costs of \$65 million. The 10-year PAYGO scorecard shows the total net impact averaged over the 10-year period, resulting in \$7 million in costs every year. Balances from prior sessions added savings to the scorecard which resulted in net savings of \$8,209 million in 2014 through 2020, \$1,838 million in 2021, and \$1,128 million in 2022. The 10-year PAYGO window extended only through 2022 in the second session of the 112th Congress, so there were no 10-year scorecard balances in 2023 to carry over.

IV. Sequestration Order

As shown on the scorecards, the budgetary effects of PAYGO legislation enacted in the first session of the 113th Congress, combined with the balances left on the scorecard from previous sessions of the Congress, resulted in net savings on both the 5-year and the 10-year scorecard in the budget year, which is 2014 for the purposes of this Report. Because the costs for the budget year, as shown on the scorecards, do not exceed savings for the budget year, there is no “debit” on either scorecard under section 3 of the PAYGO Act, 2 U.S.C. § 932, and there is no need for a sequestration order.

The savings shown on the scorecards for 2014 will be removed from the scorecards that are used to record the budgetary effects of PAYGO legislation enacted in the second session of the 113th Congress. The totals shown in 2015 through 2023 will remain on the scorecards and will be used in determining whether a sequestration order will be necessary at the end of future sessions of the Congress.

STATUTORY ESTIMATES OF PAY-AS-YOU-GO LEGISLATION *

(in millions of dollars; positive amounts portray increases in deficits and negative amounts portray decreases in deficits)

* Uses Congressional estimates referenced in enacted legislation or OMB estimates if there are no references to the Congressional estimates.

2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2013-18 2013-23

Note: Components may not sum to totals due to rounding.

¹ The \$2 million PAYGO cost of this bill in each year results from language in section 1503 of Division F (the Further Continuing Appropriations Act, 2013) that permanently reclassifies from mandatory offsetting receipts to discretionary offsetting collections certain fees collected by the Mine Safety and Health Administration for the approval and certification of equipment, materials, and explosives for use in mines.

² The PAYGO estimate for this bill includes a \$198 million cost in each of fiscal years 2016 and 2019 resulting from the language in section 1024(b) providing authority for acceptance of payment in-kind in settlement of A-12 aircraft litigation. This language allows the Navy to retain and use settlement proceeds that were already assumed to be collected, but not available for expenditure, under current law.