

**OFFICE OF MANAGEMENT AND BUDGET**

**2016 STATUTORY PAY-AS-YOU-GO ACT ANNUAL REPORT**

Authority: 2 U.S.C. § 934

AGENCY: Office of Management and Budget (OMB).

ACTION: Notice.

SUMMARY: This report is being published as required by the Statutory Pay-As-You-Go (PAYGO) Act of 2010, 2 U.S.C. § 931 et seq. The Act requires that OMB issue 1) an annual report as specified in 2 U.S.C. § 934(a) and 2) a sequestration order, if necessary.

FOR FURTHER INFORMATION CONTACT: Erin O'Brien. 202-395-3106.

SUPPLEMENTARY INFORMATION: This report and additional information about the PAYGO Act can be found at [http://www.whitehouse.gov/omb/paygo\\_default](http://www.whitehouse.gov/omb/paygo_default).

David Rowe,

Deputy Assistant Director for Budget

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 PAYGO legislation enacted during the second session of the 114<sup>th</sup> 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 2017,<sup>1</sup> a sequestration order under subsection 5(b) of the PAYGO Act, 2 U.S.C § 934(b) is not necessary.

During the second session of the 114<sup>th</sup> Congress, no laws were enacted with emergency requirements under section 4(g) of the PAYGO Act, 2 U.S.C. 933(g). Additionally, the scorecards include no current policy adjustments made under section 4(c) of the PAYGO Act, 2 U.S.C. § 933(c). The authority for current policy adjustments expired as of December 31, 2011, so the Report does not contain any information about or descriptions 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.<sup>2</sup> For a more complete description of the

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<sup>1</sup> References to years on the PAYGO scorecards are to fiscal years.

<sup>2</sup> 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 considered to be budgetary effects for the purposes

Statutory PAYGO Act, see Chapter 9, "Budget Concepts," of the *Analytical Perspectives* volume of the 2017 President's Budget, found on the website of the U.S. Government Printing Office (<https://www.gpo.gov/fdsys/pkg/BUDGET-2017-PER/pdf/BUDGET-2017-PER.pdf>).

The 5-year and 10-year PAYGO scorecards for each congressional session begin with the balances of costs or savings carried over from previous sessions and then tally the costs or savings of PAYGO laws enacted in the most recent session. The 5-year PAYGO scorecard for the second session of the 114<sup>th</sup> Congress began with balances of savings of \$4,896 million in 2017, \$4,057 million in 2018, \$4,082 million in 2019, and \$3,456 million in 2020. The completed 5-year scorecard for the session shows that PAYGO legislation enacted during the session was estimated to have PAYGO budgetary effects that increased the deficit by an average of \$478 million each year from 2017 through 2021.<sup>3</sup> These new costs on the scorecard decreased the balances of savings in each year on the 5-year scorecard from 2017 through 2020, and created new costs in 2021.

The 10-year PAYGO scorecard for the second session of the 114<sup>th</sup> Congress began with balances of savings of \$15,448 million in each year from 2017 to 2020,

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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 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.

<sup>3</sup> 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 second session of the 114<sup>th</sup> Congress had such a congressional estimate and therefore OMB was required to provide an estimate for all PAYGO laws enacted during the session.

\$9,077 million in 2021, \$8,367 million in 2022, \$7,232 million in 2023, \$7,239 million in 2024, and \$5,718 million in 2025. The completed 10-year scorecard for the session shows that PAYGO legislation for the session increased the deficit by an average of \$980 million each year from 2017 through 2026. These new costs decreased the balances of savings in each year on the 10-year scorecard from 2017 through 2025, and created new costs in 2026.

In the second session of the 114<sup>th</sup> Congress, 52 laws were enacted that were determined to constitute PAYGO legislation. Of the 52 enacted PAYGO laws, 16 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:

- Trade Facilitation and Trade Enforcement Act of 2015, Public Law 114-125;
- An act to direct the Administrator of General Services, on behalf of the Archivist of the United States, to convey certain Federal property located in the State of Alaska to the Municipality of Anchorage, Alaska, Public Law 114-161;
- Frank R. Lautenberg Chemical Safety for the 21st Century Act, Public Law 114-182;
- FAA Extension, Safety, and Security Act of 2016, Public Law 114-190;
- Comprehensive Addiction and Recovery Act of 2016, Public Law 114-198;
- Department of Veterans Affairs Expiring Authorities Act of 2016, Public Law 114-228;
- United States Appreciation for Olympians and Paralympians Act of 2016, Public Law 114-239;
- Treatment of Certain Payments in Eugenics Compensation Act, Public Law 114-241;

- Full Annuity Supplement for Certain Air Traffic Controllers, Public Law 114-251;
- Further Continuing and Security Assistance Appropriations Act, 2017, Public Law 114-254;
- 21<sup>st</sup> Century Cures Act, Public Law 114-255;
- National Park Service Centennial Act, Public Law 114-289;
- Jeff Miller and Richard Blumenthal Veterans Health Care and Benefits Improvement Act of 2016, Public Law 114-315;
- Water Infrastructure Improvements for the Nation Act or the WIIN Act, Public Law 114-322;
- Ensuring Access to Pacific Fisheries Act, Public Law 114-327;
- National Defense Authorization Act for FY 2017, Public Law 114-328.

In addition to the laws identified above, 36 laws enacted in this session were estimated to have negligible budgetary effects on the PAYGO scorecards—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**

### **A. Statutory Provisions Excluding Legislation from the Scorecards**

One law enacted in the second session of the 114<sup>th</sup> Congress had estimated budgetary effects on direct spending and revenues that were excluded from the calculations for the PAYGO scorecards due to provisions in law excluding all or part of the law from section 4(d) of the Statutory Pay-As-You-Go Act of 2010: the 21<sup>st</sup> Century Cures Act, for which Division A was excluded from the scorecards. No laws included provisions excluding their budgetary effects from the PAYGO scorecards entirely.

### III. PAYGO Scorecards

STATUTORY PAY-AS-YOU-GO SCORECARDS (in millions of dollars, negative amounts portray decreases in deficits)										
	2017	2018	2019	2020	2021					
Second Session of the 114 <sup>th</sup> Congress	478	478	478	478	478					
Balances from Previous Sessions	<u>-4,896</u>	<u>-4,057</u>	<u>-4,082</u>	<u>-3,456</u>	<u>0</u>					
Five-year PAYGO Scorecard	-4,418	-3,579	-3,604	-2,978	478					
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Second Session of the 114 <sup>th</sup> Congress	980	980	980	980	980	980	980	980	980	980
Balances from Previous Sessions	<u>-15,448</u>	<u>-15,448</u>	<u>-15,448</u>	<u>-15,448</u>	<u>-9,077</u>	<u>-8,367</u>	<u>-7,232</u>	<u>-7,239</u>	<u>-5,718</u>	<u>0</u>
Ten-year PAYGO Scorecard	-14,468	-14,468	-14,468	-14,468	-8,097	-7,387	-6,252	-6,259	-4,738	980

The total net budgetary effects of all PAYGO legislation enacted during the second session of the 114<sup>th</sup> Congress on the 5-year scorecard increased the deficit by \$2,389 million. This total is averaged over the years 2017 to 2021 on the 5-year PAYGO scorecard, resulting in costs of \$478 million in each year. Combining these costs with balances carried over from prior sessions of the Congress creates total net savings in 2017 of \$4,418 million, \$3,579 million in 2018, \$3,604 million in 2019, and \$2,978 million in 2020. The 5-year PAYGO window extended only through 2020 in the first session of the 114<sup>th</sup> Congress, so there were no 5-year scorecard balances in 2021 to carry over and the 5-year scorecard total is the average \$478 million cost from this session.

The total 10-year net impact of legislation enacted during the second session of the 114<sup>th</sup> Congress was costs of \$9,800 million. The 10-year PAYGO scorecard shows the total net impact averaged over the 10-year period, resulting in costs of \$980 million in each year. Combining these costs with balances from prior sessions results in net savings of \$14,468 million in 2017 through 2020, \$8,097 million in 2021, \$7,387 million in 2022, \$6,252 million in 2023, \$6,259 million in 2024, and \$4,738 million in 2025. The 10-year PAYGO window extended only through 2025 in the first session of the 114<sup>th</sup> Congress, so there were no 10-year scorecard balances in 2026 to carry over and the 10-year scorecard total is the average \$980 million costs from this session.

#### **IV. Sequestration Order**

As shown on the scorecards, the budgetary effects of PAYGO legislation enacted in the second session of the 114<sup>th</sup> Congress, combined with the balances from previous sessions of the Congress left on each scorecard, resulted in net savings on both the 5-year

and the 10-year scorecard in the budget year, which is 2017 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 2017 will be removed from the scorecards that are used to record the budgetary effects of PAYGO legislation enacted in the first session of the 115<sup>th</sup> Congress. The totals shown in 2018 through 2026 will remain on the scorecards and will be used in determining whether a sequestration order will be necessary in the future. Each year from 2018 to 2020 of the 5-year scorecard that will carry over into the first session of the 115<sup>th</sup> Congress shows balances of savings. The year 2021 shows balances of costs. Each year from 2018 to 2025 of the 10-year scorecard that will carry over into the first session of the 115<sup>th</sup> Congress shows balances of savings. The year 2026 shows balances of costs.















**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.

		<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2016-21</u>	<u>2016-26</u>
46 P.L. 114-289	National Park Service Centennial Act													
Enacted 12-16-2016	Net PAYGO impact.....	0	5	-14	-5	-1	0	0	2	-2	0	0	-15	-15
H.R. 4680														
Estimate: OMB	Five-year PAYGO scorecard.....		-3	-3	-3	-3	-3							
	Ten-year PAYGO scorecard.....		-2	-2	-2	-2	-2	-2	-2	-2	-2	-2		
47 P.L. 114-294	Communities Helping Invest through Property and Improvements Needed for Veterans Act of 2016 or the "CHIP IN for Vets Act of 2016"													
Enacted 12-16-2016	Net PAYGO impact.....	0	0	0	0	0	0	0	0	0	0	0	0	0
H.R. 5099														
Estimate: OMB	Five-year PAYGO scorecard.....		0	0	0	0	0							
	Ten-year PAYGO scorecard.....		0	0	0	0	0	0	0	0	0	0		
48 P.L. 114-315	Jeff Miller and Richard Blumenthal Veterans Health Care and Benefits Improvement Act of 2016													
Enacted 12-16-2016	Net PAYGO impact.....	0	-3	-17	-19	-21	-22	-23	-25	-26	-27	-28	-82	-210
H.R. 6416														
Estimate: OMB	Five-year PAYGO scorecard.....		-16	-16	-16	-16	-16							
	Ten-year PAYGO scorecard.....		-21	-21	-21	-21	-21	-21	-21	-21	-21	-21		
49 P.L. 114-322	Water Infrastructure Improvements for the Nation Act or the WIIN Act													
Enacted 12-16-2016	Net PAYGO impact.....	0	-201	-350	-396	-165	39	83	82	81	81	80	-1072	-663
S. 612														
Estimate: OMB	Five-year PAYGO scorecard.....		-214	-214	-214	-214	-214							
	Ten-year PAYGO scorecard.....		-66	-66	-66	-66	-66	-66	-66	-66	-66	-66		
50 P.L. 114-323	Department of State Authorities Act, Fiscal Year 2017													
Enacted 12-16-2016	Net PAYGO impact.....	0	0	0	0	0	0	0	0	0	0	0	0	0
S. 1635														
Estimate: OMB	Five-year PAYGO scorecard.....		0	0	0	0	0							
	Ten-year PAYGO scorecard.....		0	0	0	0	0	0	0	0	0	0		
51 P.L. 114-327	Ensuring Access to Pacific Fisheries Act													
Enacted 12-16-2016	Net PAYGO impact.....	0	0	0	0	0	0	0	0	0	0	0	-1	-2
H.R. 6452														
Estimate: OMB	Five-year PAYGO scorecard.....		0	0	0	0	0							
	Ten-year PAYGO scorecard.....		0	0	0	0	0	0	0	0	0	0		
52 P.L. 114-328	National Defense Authorization Act for FY 2017													
Enacted 12-23-2016	Net PAYGO impact.....	0	-125	36	4	19	-3	-19	-25	-27	-30	-31	-68	-202
S. 2943														
Estimate: OMB	Five-year PAYGO scorecard.....		-14	-14	-14	-14	-14							
	Ten-year PAYGO scorecard.....		-20	-20	-20	-20	-20	-20	-20	-20	-20	-20		

<sup>1</sup> PROMESA creates an oversight board that is not a department, agency, establishment, or instrumentality of the Federal Government but is an entity within the territorial government, which is not subject to the supervision or control of any federal agency. See 42 U.S.C. § 2121(c). Although the Board's financing is derived entirely from the territorial government, the flow of funds from the territory to the Board is mandated by federal law. Because federal law prescribes the flow of funds to the Board, the PAYGO scorecards reflect the allocation of resources by the territorial government to the new territorial entity with a net zero federal deficit impact, consistent with long-standing budgetary concepts. Because the Board itself is not a federal entity, its operations will not be included in the Federal Government's budget. In addition, federal agencies may provide assistance to the Board without reimbursement, and such assistance is classified as a PAYGO cost to the federal agency providing assistance.

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