§ 902. Enforcing pay-as-you-go

(a) Purpose
The purpose of this section is to assure that any legislation enacted before October 1, 2002, affecting direct spending or receipts that increases the deficit will trigger an offsetting sequestration.

(b) Sequestration

(1) Timing
Not later than 15 calendar days after the date Congress adjourns to end a session and on the same day as a sequestration (if any) under section 901 or 903 of this title, there shall be a sequestration to offset the amount of any net deficit increase caused by all direct spending and receipts legislation enacted before October 1, 2002, as calculated under paragraph (2).

(2) Calculation of deficit increase
OMB shall calculate the amount of deficit increase or decrease by adding—

(A) all OMB estimates for the budget year of direct spending and receipts legislation transmitted under subsection (d) of this section;

(B) the estimated amount of savings in direct spending programs applicable to budget year resulting from the prior year’s sequestration under this section or section 903 of this title, if any, as published in OMB’s final sequestration report for that prior year; and

(C) any net deficit increase or decrease in the current year resulting from all OMB estimates for the current year of direct spending and receipts legislation transmitted under subsection (d) of this section that were not reflected in the final OMB sequestration report for the current year.

(c) Eliminating a deficit increase

(1) The amount required to be sequestered in a fiscal year under subsection (b) of this section shall be obtained from non-exempt direct spending accounts from actions taken in the following order:

(A) First
All reductions in automatic spending increases specified in section 906 (a) of this title shall be made.

(B) Second
If additional reductions in direct spending accounts are required to be made, the maximum reductions permissible under sections 906 (b) of this title (guaranteed and direct student loans) and 906(c) of this title (foster care and adoption assistance) shall be made.

(C) Third

(i) If additional reductions in direct spending accounts are required to be made, each remaining non-exempt direct spending account shall be reduced by the uniform percentage necessary to make the reductions in direct spending required by paragraph (1); except that the medicare programs specified in section 906 (d) of this title shall not be reduced by more than 4 percent and the uniform percentage applicable to all other direct spending programs under this paragraph shall be increased (if necessary) to a level sufficient to achieve the required reduction in direct spending.

(ii) For purposes of determining reductions under clause (i), outlay reductions (as a result of sequestration of Commodity Credit Corporation commodity price support contracts in
the fiscal year of a sequestration) that would occur in the following fiscal year shall be credited as outlay reductions in the fiscal year of the sequestration.

(2) For purposes of this subsection, accounts shall be assumed to be at the level in the baseline.

(d) Estimates

(1) CBO estimates

As soon as practicable after Congress completes action on any direct spending or receipts legislation, CBO shall provide an estimate to OMB of that legislation.

(2) OMB estimates

Not later than 7 calendar days (excluding Saturdays, Sundays, and legal holidays) after the date of enactment of any direct spending or receipts legislation, OMB shall transmit a report to the House of Representatives and to the Senate containing—

(A) the CBO estimate of that legislation;

(B) an OMB estimate of that legislation using current economic and technical assumptions; and

(C) an explanation of any difference between the 2 estimates.

(3) Significant differences

If during the preparation of the report under paragraph (2) OMB determines that there is a significant difference between the OMB and CBO estimates, OMB shall consult with the Committees on the Budget of the House of Representatives and the Senate regarding that difference and that consultation, to the extent practicable, shall include written communication to such committees that affords such committees the opportunity to comment before the issuance of that report.

(4) Scope of estimates

The estimates under this section shall include the amount of change in outlays or receipts for the current year (if applicable), the budget year, and each outyear excluding any amounts resulting from—

(A) full funding of, and continuation of, the deposit insurance guarantee commitment in effect under current estimates; and

(B) emergency provisions as designated under subsection (e) of this section.

(5) Scorekeeping guidelines

OMB and CBO, after consultation with each other and the Committees on the Budget of the House of Representatives and the Senate, shall—

(A) determine common scorekeeping guidelines; and

(B) in conformance with such guidelines, prepare estimates under this section.

(e) Emergency legislation

If a provision of direct spending or receipts legislation is enacted that the President designates as an emergency requirement and that the Congress so designates in statute, the amounts of new budget authority, outlays, and receipts in all fiscal years resulting from that provision shall be designated as an emergency requirement in the reports required under subsection (d) of this section. This subsection shall not apply to direct spending provisions to cover agricultural crop disaster assistance.

Footnotes

1 See References in Text note below.


References in Text

Section 906 (a) of this title, referred to in subsec. (c)(1)(A), was repealed by Pub. L. 111–139, title I, § 10(a), Feb. 12, 2010, 124 Stat. 21.

Section 906 (c) of this title, referred to in subsec. (c)(1)(B), was repealed by Pub. L. 111–139, title I, § 10(c), Feb. 12, 2010, 124 Stat. 22.

Amendments

1997—Subsec. (a). Pub. L. 105–33, § 10205(1), added subsec. (a) and struck out heading and text of former subsec. (a). Text read as follows: “The purpose of this section is to assure that any legislation (enacted after November 5, 1990) affecting direct spending or receipts that increases the deficit in any fiscal year covered by this Act will trigger an offsetting sequestration.”

Subsec. (b). Pub. L. 105–33, § 10205(1), added subsec. (b) and struck out heading and text of former subsec. (b) which required sequestrations at the end of a session of Congress to offset amount of any net deficit increase in that fiscal year and prior fiscal year caused by all direct spending and receipts legislation enacted after Nov. 5, 1990.


Subsec. (d). Pub. L. 105–33, § 10205(3), amended heading and text of subsec. (d) generally. Prior to amendment, text read as follows: “As soon as practicable after Congress completes action on any direct spending or receipts legislation enacted after November 5, 1990, after consultation with the Committees on the Budget of the House of Representatives and the Senate, CBO shall provide OMB with an estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 1998 resulting from that legislation. Within 5 calendar days after the enactment of any direct spending or receipts legislation enacted after November 5, 1990, OMB shall transmit a report to the House of Representatives and to the Senate containing such CBO estimate of that legislation, an OMB estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 1998 resulting from that legislation, and an explanation of any difference between the two estimates. Those OMB estimates shall be made using current economic and technical assumptions. OMB and CBO shall prepare estimates under this paragraph in conformance with scorekeeping guidelines determined after consultation among the House and Senate Committees on the Budget, CBO, and OMB.”


1994—Subsec. (e). Pub. L. 103–354 inserted at end “This subsection shall not apply to direct spending provisions to cover agricultural crop disaster assistance.”


1990—Pub. L. 101–508 amended section generally, substituting subsecs. (a) to (e) relating to enforcement of pay-as-you-go for former subsecs. (a) to (g) relating to Presidential order.

1987—Pub. L. 100–119 amended section generally to reflect substitution of Director of OMB for Comptroller General as official submitting reports under section 901 of this title and to revise provisions relating to content of Presidential orders issued in accordance with those reports.

Subsec. (c)(2)(F)(ii). Pub. L. 100–203, § 8003(e), substituted “proposed” for “made”.

Effective Date of 1994 Amendment

Section 119(d)(2) of Pub. L. 103–354 provided that the amendment made by that section is effective Jan. 1, 1995.
Congressional Budget Office Excepted From Certain Requirements


Reduction of Preexisting Paygo Balances


Pay-As-You-Go Adjustment


Conforming Paygo Scorecard With Transportation Equity Act for 21st Century


Reduction of Preexisting Balances and Exclusion of Effects of Pub. L. 105–33 From Paygo Scorecard

Section 10213 of Pub. L. 105–33 provided that: “Upon the enactment of this Act [Aug. 5, 1997], the Director of the Office of Management and Budget shall—

“(1) reduce any balances of direct spending and receipts legislation for any fiscal year under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 [2 U.S.C. 902] to zero; and

“(2) not make any estimates of changes in direct spending outlays and receipts under subsection (d) of that section for any fiscal year resulting from the enactment of this Act [see Tables for classification] or of the Taxpayer Relief Act of 1997 [Pub. L. 105–34, see Tables for classification].”

Reduction of Direct Spending and Receipts Legislation Balances

Section 14003(c) of Pub. L. 103–66 provided that: “Upon enactment of this Act [Aug. 10, 1993], the director of the Office of Management and Budget shall reduce the balances of direct spending and receipts legislation applicable to each fiscal year under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 [2 U.S.C. 902] by an amount equal to the net deficit reduction achieved through the enactment in this Act [see Tables for classification] of direct spending and receipts legislation for that year.”