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**CRFB Supports PAYGO Budget Rules**

WASHINGTON - The Committee for a Responsible Federal Budget (CRFB) expressed support today for the pay-as-you-go (PAYGO) rule offered as part of the House rules package and called on both houses of Congress to abide by PAYGO principles. CRFB objected to another part of the package, which removes the Medicare trigger designed to control Medicare costs.

“Congress will need to exempt the stimulus package from PAYGO, but it should not throw the baby out with the bathwater,” said Maya MacGuineas, President of CRFB. “If anything, the accumulation of massive new debts makes PAYGO rules even more important for future budgeting and they should not be abandoned.”

PAYGO requires that the costs of new tax cuts or mandatory spending programs be offset with new revenue or reduced mandatory spending. Statutory PAYGO, which was established as part of the Budget Enforcement Act of 1990, was abandoned in 2002 and later reinstated as a rule rather than a law in 2006. Although CRFB supports efforts to maintain these PAYGO rules, we urge both houses to work with President-elect Obama to reinstate PAYGO in statutory form and to go even further in enacting meaningful budget reforms.

“Strengthening PAYGO would be a powerful sign that Congress is serious about becoming fiscally responsible – or at least preventing things from getting much worse,” said MacGuineas. “Still all budget rules can be gamed, bent, or ignored. There are not substitutes for real political courage and a broad commitment to fiscal responsibility.”

The Medicare trigger was created as part of the Medicare Modernization Act in 2003 and is enacted when for two consecutive years the program’s trustees estimate that general revenue funding will exceed 45 percent of Medicare’s total funding in any year within the next seven years. Eliminating this trigger would remove an important tool in containing spiraling health care costs.

*The Committee for a Responsible Federal Budget is a bipartisan organization committed to educating policy makers and the public about issues related to fiscal policy. The Committee is located at the [New America Foundation](#). Please visit [www.crfb.org](http://www.crfb.org).*