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BACKGROUNDER

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Statutory PAYGO Presents an Opportunity to Cut Spending

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KEY TAKEAWAYS

President Joe Biden's American Rescue Plan Act pumped nearly $2 trillion of deficit-financed spending into the economy, stoking inflation to 40-year highs.

The American Rescue Plan Act triggers the Statutory PAYGO law, requiring offsetting spending cuts.

Congress should ensure the spending cuts take place by enacting targeted spending cuts or requiring Biden to carry out the legally required sequestration.

President Joe Biden's American Rescue Plan Act included many damaging policies that increased deficit-financed government spending by nearly $2 trillion, stoking inflation to rates not seen in four decades. The new spending also triggers the Statutory Pay-As-You-Go (PAYGO) Act of 2010,[1] which requires deficit increases to be offset with future spending reductions through an enforcement mechanism known as sequestration. At the end of the 117th Congress, President Biden will be required to issue a sequestration order cutting budgetary resources of federal programs, giving policymakers an opportunity to begin reining in excessive and inappropriate government spending.

Reducing the growth of government spending is necessary to ensure a sustainable fiscal future and a prosperous economy unencumbered by the tax of inflation. Annual inflation reached 8.5 percent in July 2022, costing the average worker nearly $3,000 in real annual income.[2] This inflation has been driven a by a surge of trillions in government spending and the Federal Reserve's monetary policy that accommodated the fiscal irresponsibility. Inflation is putting a strain on the economy as well as the federal budget, which was already unsustainable and harming Americans even prior to the pandemic.

This *Backgrounder* will provide an overview of the Statutory PAYGO Act and its sequestration enforcement mechanism, describe the American Rescue Plan Act and why it triggers Statutory PAYGO, and argue that Congress should reject any effort to waive enforcement of Statutory PAYGO. Instead, Congress should enact targeted spending reductions—in an amount greater than or equal to the required cuts—or require President Biden to faithfully execute the law and carry out a sequestration order.

Background

What Is Statutory PAYGO? President Barack Obama and a unified Democrat-controlled Congress enacted Statutory PAYGO. The stated purpose of Statutory PAYGO is to "reestablish a statutory procedure to enforce a rule of budget neutrality on new revenue and direct spending legislation."[3]

The act adds the deficit impacts[4] of newly enacted legislation that affects revenues or mandatory spending onto a PAYGO scorecard kept by the U.S. Office of Management and Budget (OMB).[5] If, at the end of a session of Congress, a positive balance (called a "debit") remains on a scorecard for the year, the President is required to issue a sequestration order that reduces budgetary resources of certain spending programs to fully offset the debit.

The Statutory PAYGO law suffers from several flaws:[6]

- The scorecard fails to incorporate many spending increases—including escalating costs from already enacted entitlement programs, as well as discretionary, emergency, disaster, and other new spending—that Congress designates as exempt from PAYGO rules.

- The sequestration enforcement mechanism exempts programs that comprise most of the federal budget, including all discretionary spending and most mandatory entitlement programs.[7]

- The purpose of the act—attempting to control new deficits—is suboptimal. Excessive government spending is the underlying cause of the unsustainability of the federal budget.[8] Over the long run, taxation

> of the private economy cannot keep up with government spending that grows faster than the economy. Higher taxes hurt economic growth, cause inefficiency by distorting decision-making and adding to administrative burdens, promote cronyism and corruption, and take money from those who earned it to be redistributed by politicians and bureaucrats. To be effective, a fiscal rule must control the growth of spending.[9]

In addition to the flaws in the design of the Statutory PAYGO Act, Congress has lacked the political will to follow the law, repeatedly waiving the requirement for deficit neutrality to excuse fiscal profligacy.

Despite these shortcomings, Statutory PAYGO remains law, and it can—and should—be used as a tool to control overspending.

The American Rescue Plan Triggers Statutory PAYGO. The American Rescue Plan Act injected about $1.9 trillion into the economy in March 2021.[10] This spending package proved to be the spark that ignited an inflationary fire, coming on top of $4 trillion in legislation responding to the pandemic enacted within the previous year. The policies included in the American Rescue Plan Act have contributed to higher prices for American consumers.[11]

The American Rescue Plan Act added trillions in deficits that will trigger Statutory PAYGO. According to the OMB, the law added more than $2 trillion in costs to the Statutory PAYGO scorecards over the fiscal year (FY) 2021–2031 period.[12] The average annual cost added to the 10-year scorecard was $203.35 billion, while the average annual cost added to the five-year scorecard was $385.021 billion.

The costs of the American Rescue Plan Act, along with the costs of other legislation enacted in 2021, left a $370.633 billion debit on each year of the five-year PAYGO scorecard.[13] Under the Statutory PAYGO law, President Biden should have been required to issue a sequestration order after the end of the first session of the 117th Congress in January 2022 reducing budgetary resources sufficient to offset this debit.

However, in December 2021, Congress intervened and paused enforcement of the Statutory PAYGO Act for one year while shifting the debit forward one year.[14] As a consequence, the five-year PAYGO scorecard showed a $741.265 billion debit.[15] The recently passed Inflation Reduction Act of 2022 will add several billion to the five-year scorecard.[16] The total debit on the five-year scorecard will need to be offset by a sequestration order after the adjournment of the 117th Congress in January 2023 unless deficit-reducing legislation is enacted.

Sequestration Enforcement

A Brief History of Sequestration as a Budget Enforcement Tool. Statutory PAYGO enforces its goal of deficit neutrality via a mechanism called sequestration.

Sequestration refers to a cancelation or reduction of budgetary resources of spending programs by the President in response to a triggering event or other requirement in law. Sequestration has been used as a budgetary enforcement tool dating back to the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA, also known as the Gramm–Rudman–Hollings Act). It was also included as a part of budget enforcement deals throughout the 1990s but fell out of use in 2002 for nearly a decade.[17] The sequestration mechanism was then revived in the Statutory Pay-As-You-Go (PAYGO) Act of 2010.[18]

More recently, sequestration was included at the suggestion of the Obama Administration[19] to carry out two parts of the Budget Control Act of 2011:

1. **Discretionary spending caps.** The Budget Control Act established caps on most discretionary spending covering FY 2012–2021. If Congress appropriated above a limit for the defense or non-defense categories, the President would have been required to issue a sequestration order reducing discretionary budget authority to correct the breach.

2. **Mandatory sequester.** The Budget Control Act charged a newly created Joint Select Committee on Deficit Reduction to further reduce spending by $1.2 trillion. Because the Joint Committee failed and deficit-reducing legislation was not enacted, the deficit reduction target was instead enforced by reducing the discretionary caps as well as requiring automatic sequestration of nonexempt mandatory spending. While the Budget Control Act (after the failure of the Joint Committee) originally required a sequestration of mandatory spending annually through FY 2021, the requirement has subsequently been extended several times through FY 2031.[20]

A consistent characteristic of sequestration throughout its history is its use as a budgetary enforcement tool. Sequestration has been included in budget reform legislation as a backstop to guarantee certain fiscal outcomes. Sequestration has not been intended as the first option to achieve the outcome of the budget reform but instead is a fallback to prevent an outcome that the budget reformers have deemed less desirable than the enforcement mechanism. In the case of Statutory PAYGO, sequestration was included to force Congress to either offset deficit increases with subsequent legislation or to allow sequestration spending cuts to do so.

Implementing the Statutory PAYGO Sequestration. While similar in concept to other sequestration mechanisms, the enforcement of Statutory PAYGO has its own distinctive procedures and coverage.

If a debit remains on a PAYGO scorecard after the adjournment of a session of Congress, the President is required to issue a sequestration order that reduces the budgetary resources from spending programs by enough to offset that debit.[21] Each nonexempt program is supposed to be reduced by the same uniform percentage, which the OMB calculates when preparing the PAYGO sequestration order.

Sequestration is sometimes criticized as making "across-the board" spending cuts, but this is far from the case. Programs comprising the vast majority of the federal budget are exempt from sequestration. Social Security, veterans' programs, most means-tested welfare programs, refundable tax credit payments, and dozens of other programs are excluded.[22] Discretionary spending, including defense discretionary funding, is excluded from the Statutory PAYGO sequestration.[23] Interest payments on the national debt are also exempt.[24]

That leaves Medicare and nearly 250 smaller programs as nonexempt and subject to a sequestration order. Out of the entire $5.9 trillion federal budget, there are about $95 billion in non-Medicare, nonexempt budgetary resources for FY 2023 according to the President's budget.[25] The estimated amount of nonexempt budgetary resources is based on the President's budget; the actual amount that could be subject to sequestration at the end of the 117th Congress could vary as a result of proposals from the President's budget not being enacted, other enacted legislation, or economic changes.

While Medicare is included in a sequestration order, the amount that Medicare payments can be reduced under Statutory PAYGO is capped at 4 percent.[26] If the calculated uniform percentage reduction to carry out the PAYGO sequestration order exceeds 4 percent, then Medicare payments would be reduced by 4 percent and all other nonexempt programs would be reduced by a larger percentage to make up the difference.[27] According to the OMB, Medicare budgetary resources are projected to be about $923 billion in FY 2023, meaning a 4 percent reduction would be approximately $37 billion.[28]

The five-year PAYGO scorecard will show a debit of approximately $746 billion at the end of the 117th Congress, assuming no additional PAYGO legislation affecting the deficit is enacted. However, the required sequestration order of that amount could not be completed because the total budgetary resources of nonexempt programs would be only approximately $132 billion based on the President's budget.[29] According to the Congressional Budget Office (CBO), "OMB would be unable to fully implement the outlay reductions required by the PAYGO law."[30] The purpose of the Statutory PAYGO Act is clear and unambiguous: to offset deficit increases in new legislation by reducing budgetary resources of direct spending programs through sequestration enough to offset the debit on the PAYGO scorecard.[31] Therefore, the President and the OMB must carry out the law to the fullest extent possible.

To carry out the Statutory PAYGO sequestration requirement, the OMB would reduce Medicare payments over the next year by 4 percent, reducing outlays by about $37 billion out of the $923 billion in anticipated spending in the baseline. According to the Congressional Research Service, "Generally, Medicare's benefit structure remains unchanged under a mandatory sequestration order and beneficiaries see few direct impacts."[32] While providers and plans would receive slightly smaller payments from the taxpayers, beneficiaries would generally not pay any higher out-of-pocket costs.[33]

Relative to the overall level of spending, the reduction would be small while marginally helping to improve the financial standing of the program. Medicare is in need of changes in order to remain solvent and provide better results. According to the Medicare trustees, the Medicare Hospital Insurance Trust Fund will be depleted by 2028 under current law.[34] As Heritage Foundation Senior Fellow Robert Moffit has written, "One-off budget cuts as part of sequestration won't solve Medicare's endemic spending problem. Only major reforms would slow Medicare's spending growth while improving the program for beneficiaries and providers alike."[35] Modernizing Medicare would control costs but, more importantly, stimulate innovation and allow for better health outcomes.[36]

The OMB would eliminate the budgetary resources of the nearly 250 remaining nonexempt programs, reducing outlays by about $95 billion.[37] The nonexempt programs are generally limited in terms of their budgetary impact and consist primarily of subsidies and other activities that are outside the proper scope of the federal government. A few examples of such nonessential taxpayer-funded spending include the "Emergency Citrus Disease Research and Development Trust Fund," the "Agriculture Wool Apparel Manufacturers Trust Fund," the "Concrete Masonry Products Board," subsidies for airline tickets to underused airports, billions to bail out irresponsible banks, and bureaucratic administrative expenses.[38]

To alleviate any concerns about carrying out sequestration, the handful of potentially worthwhile activities that are subject to sequestration are small and should be funded through the regular discretionary appropriations process, taking funding from lower-priority programs. Furthermore, the President has the authority to exempt or reduce the sequestration percentage for any military personnel account that may be affected.[39]

Excessive Government Spending Is Harming Americans. Americans throughout the country are feeling the negative impacts of excessive government spending. Inflation hit 8.5 percent in July,[40] driven by trillions in deficit spending,[41] loose monetary policy that accommodated higher government spending, and destructive regulatory and anti-work polices such as restrictions on energy production and expanded welfare benefits.[42] The current labor shortage is about 2.9 million workers. This is weighing down the economy despite high levels of job openings.[43] The U.S. economy is in a recession after real gross domestic product fell 1.6 percent in the first quarter of 2022 and again by 0.9 percent in the second quarter.[44] After President Biden's spending and regulatory binge, the CBO projects that economic growth will stagnate over the next decade.[45]

Even prior to the COVID-19 outbreak and the federal government's $6 trillion spending spree, the federal budget was on an unsustainable trajectory, growing faster than the overall economy.[46] Federal spending as a percentage of gross domestic product has grown well above the historical average. After the recent spike in pandemic and stimulus spending falls off, spending will continue growing, and by 2032 federal outlays will consume or redistribute nearly a quarter of the national economy.[47]

Growing the federal government beyond its proper constitutional constraints has put Washington politicians and bureaucrats in charge of more and more of the most personal aspects of Americans' lives, weakening families and communities. Expansive welfare programs deprive many of both work and marriage, undermining higher-order needs of humans that can be satisfied only by families and civil society.[48] The centralization of power in the federal government has undermined citizen involvement and self-government.[49] The expansion of the budget has further empowered the bureaucratic administrative state and its ability to issue onerous regulations. It is vital that Congress reverse the growth of spending so that the American people can flourish.

Recommendations for Congress

Under President Obama's Statutory PAYGO law, reductions in federal outlays are required as a result of President Biden's irresponsible spending.

Under no circumstances should the required amount of spending cuts not occur. It is important that Congress ensure government spending is reduced as a first step toward fiscal responsibility and turning the tide on inflation. Congress can ensure these cuts are carried out by either of or a combination of two complementary options:

1. **Enact targeted spending reductions of equal or greater amounts.** Congress should enact legislation to cut federal spending in amounts greater than or equal to the remaining debit on the Statutory PAYGO scorecard. Such spending cuts should represent real reductions in outlays, not budget gimmicks.[50] Targeted spending cuts, such as those outlined in The Heritage Foundation's *Budget Blueprint*,[51] could alleviate the need for some or all of the sequestration enforcement under Statutory PAYGO. A spending reduction package could include slowing the growth of entitlement programs, rolling back executive actions that have caused significant fiscal costs,[52] and reducing non-defense discretionary spending.

2. **Enforce the law and let sequestration happen.** To achieve a modicum of fiscal responsibility, all Congress has to do is nothing at all. After the adjournment of the 117th Congress, the President will be required to faithfully execute the law and issue a sequestration order reducing budgetary resources for nonexempt programs.[53] While the debit on the five-year PAYGO scorecard should require a sequestration order of about $746 billion at the end of this Congress, because the total nonexempt sequesterable budgetary resources total only about $132 billion, an actual sequestration order would max out at a level equal to the nonexempt amount.[54] The handful of potentially worthwhile mandatory spending programs that are subject to sequestration is small and should be funded through the regular discretionary appropriations process, taking funding from lower-priority programs without increasing overall spending.

Furthermore, Congress should reject any efforts to simply waive PAYGO that are not paired with fully offsetting spending reductions. Legislation attempting to waive sequestration enforcement or to clear the PAYGO scorecards would massively increase government spending above what it would otherwise be under current law. While the House of Representatives passed legislation attempting to remove the effects of the American Rescue Plan Act from the Statutory PAYGO scorecard, the Senate rejected this irresponsible proposal.[55]

Although the American Rescue Plan Act was enacted through the reconciliation process, which bypasses a Senate filibuster, a provision to waive or otherwise turn off enforcement of Statutory PAYGO cannot be done via reconciliation. This is because such a provision would violate the Byrd Rule.[56] In all practicality, this means that any legislation to modify enforcement of Statutory PAYGO must have bipartisan support.

Conclusion

President Biden's American Rescue Plan Act has proven harmful, stoking inflation and inflicting damaging policies on the American people. Because it added $2 trillion to the deficit, the act will also trigger a sequestration order at the end of the 117th Congress, requiring President Biden to enforce President Obama's Statutory PAYGO law.

Congress should ensure the required amount of spending reductions are effectuated. Lawmakers could enact targeted spending reductions in an amount equal to or greater than the remaining required sequestration enforcement. If they do not, Congress should ensure that President Biden enforces the law and carries out the Statutory PAYGO sequestration to the fullest extent possible, cutting excessive government spending.

Finally, Congress should reject any effort to simply waive enforcement of Statutory PAYGO without fully offsetting spending reductions, which would have the effect of increasing government spending above what should occur under current law.

The American Rescue Plan Act triggering Statutory PAYGO is an important opportunity for Congress to begin reducing the growth of government spending and inflation.

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Endnotes

1. Public Law 111–139, codified at 2 U.S. Code § 931 et seq. A description of the Statutory PAYGO Act can be found at U.S. Office of Management and Budget, "The Statutory Pay-As-You-Go Act of 2010: A Description," https://obamawhitehouse.archives.gov/omb/paygo_description/ (accessed June 16, 2022).
2. Bureau of Labor Statistics, "Consumer Price Index Summary," August 10, 2022, https://www.bls.gov/news.release/cpi.nr0.htm (accessed August 19, 2022).
3. 2 U.S. Code § 931.
4. Increased deficits are called "costs." Deficit reductions are called "savings."
5. The Statutory PAYGO Act requires the OMB to maintain both five- and 10-year scorecards. To determine the amounts entered onto each year of the scorecards, the total costs and savings of the first five and 10 years of the legislation is averaged over five and 10 years, respectively. The PAYGO scorecards can be found at OMB, "PAYGO Reports," https://www.whitehouse.gov/omb/paygo/ (accessed June 16, 2022).
6. See David Ditch, "PAYGO: A Bipartisan Failure in Need of Replacement," Heritage Foundation *Issue Brief* No. 4935, January 28, 2018, https://www.heritage.org/budget-and-spending/report/paygo-bipartisan-failure-need-replacement.
7. Exempt programs are codified at 2 U.S. Code § 905.
8. Paul Winfree, "Causes of the Federal Government's Unsustainable Spending," Heritage Foundation *Backgrounder* No. 3133, July 7, 2016, https://www.heritage.org/budget-and-spending/report/causes-the-federal-governments-unsustainable-spending.
9. Romina Boccia, "Needed: An Effective Fiscal Framework to Restrain Spending and Control Debt in the United States," Heritage Foundation *Backgrounder* No. 3374, December 19, 2018, https://www.heritage.org/budget-and-spending/report/needed-effective-fiscal-framework-restrain-spending-and-control-debt-the.
10. Congressional Budget Office (CBO), "Estimated Budgetary Effects of H.R. 1319, American Rescue Plan Act of 2021," March 10, 2021, https://www.cbo.gov/publication/57056 (accessed June 17, 2022).
11. The American Rescue Plan Act included large unemployment bonuses that disincentivized work and allowed fraud, a monthly child allowance without work requirements, stimulus checks, bailouts for state governments, bailouts for union pension plans, and an expansion of Obamacare—all while neglecting actual public health needs. See David Ditch et al., "COVID-19 Proposals Should Focus on Disease, Not Wasteful Spending Increases," Heritage Foundation *Backgrounder* No. 3588, February 25, 2021, https://www.heritage.org/budget-and-spending/report/covid-19-proposals-should-focus-disease-not-wasteful-spending-increases.
12. The OMB estimate of the on-budget deficit impact of the American Rescue Plan Act over the FY 2021–2031 period was $182 billion higher than the CBO estimate. OMB, "Notice; 2021 Statutory Pay-As-You-Go Act Annual Report," January 21, 2022, https://www.whitehouse.gov/wp-content/uploads/2022/01/annualpaygoreport2021.pdf (accessed June 17, 2022). Because Congress did not specify by reference the CBO estimates of the budgetary impacts of the bill, 2 U.S. Code § 933(d) requires the OMB to use its own estimate for purposes of the Statutory PAYGO scorecard.
13. Ibid.
14. Protecting Medicare and American Farmers from Sequester Cuts Act, Public Law 117–22.
15. OMB, "Statutory Estimates of Pay-As-You-Go Legislation," May 27, 2022, https://www.whitehouse.gov/wp-content/uploads/2022/05/scorecards_5-27-22.pdf (accessed June 17, 2022).
16. The Inflation Reduction Act of 2022, H.R. 5376.
17. Paul Winfree, *A History (and Future) of the Budget Process of the United States* (Washington, DC: Palgrave MacMillan, 2019), p. 181, and Megan Suzanne Lynch, "Statutory Budget Controls in Effect Between 1985 and 2002," Congressional Research Service *Report for Congress*, July 1, 2011, https://crsreports.congress.gov/product/pdf/R/R41901 (accessed June 27, 2022).
18. Public Law 111–139, codified at 2 U.S. Code § 931 et seq.
19. Bob Woodward, *The Price of Politics* (New York: Simon and Shuster, 2012), pp. 215 and 326.
20. The Budget Control Act of 2011 amended BBEDCA, which is why some recent OMB reports refer to the extensions of the mandatory sequester as "BBEDA 251A Sequestration." OMB, "OMB Report to the Congress on the BBEDCA 251a Sequestration for Fiscal Year 2023," March 28, 2022, https://www.whitehouse.gov/wp-content/uploads/2022/03/BBEDCA_251A_Sequestration_Report_FY2023.pdf (accessed June 16, 2022).
21. 2 U.S. Code § 934.
22. Exempt programs and activities are identified by law at 2 U.S. Code § 905.
23. This is distinct from the sequestration mechanism that has been used to enforce statutory caps on discretionary spending, such as those enacted under the Budget Control Act of 2011.
24. Unlike many of the exemptions, it makes sense to exempt interest payments in order to avoid default.

25. This amount takes into account the mandatory sequestration that will take effect at the beginning of FY 2023 required by Budget Control Act, as amended. OMB, "OMB Report to the Congress on the BBEDCA 251a Sequestration for Fiscal Year 2023."
26. The Budget Control Act's mandatory sequester caps the Medicare reduction at 2 percent.
27. 2 U.S. Code § 935.
28. This takes into account the mandatory sequestration that will take effect at the beginning of FY 2023 required by the Budget Control Act, as amended. OMB, "OMB Report to the Congress on the BBEDCA 251a Sequestration for Fiscal Year 2023."
29. The Statutory PAYGO Act does not explicitly contemplate a situation where the amount required to be sequestered exceeds the budgetary resources of nonexempt programs. The law states only that if the required uniform percentage spending reduction exceeds 4 percent, then Medicare payments will be reduced by 4 percent, "and the uniform percentage by which the budgetary resources of all other nonexempt direct spending programs are to be sequestered shall be increased, as necessary, so that the sequestration of Medicare and of all other nonexempt direct spending programs together produce the required outlay savings" (2 U.S. Code § 935(a)(1)). In the opposite situation, where both PAYGO scorecards show savings at the end of a session of Congress, the OMB's practice has been to remove the savings from that year from the scorecard. (See, for example, the 2010, 2011, 2012, 2013, 2014, 2015, 2016, and 2017 Statutory Pay-As-You-Go Act Annual Reports.)
30. CBO, "Potential Statutory Pay-As-You-Go Effects of the American Rescue Plan Act of 2021," February 25, 2021, https://www.cbo.gov/publication/57030 (accessed June 20, 2021).
31. See 2 U.S. Code § 931 and 2 U.S. Code § 934(b).
32. Patricia A. Davis, "Medicare and Budget Sequestration," Congressional Research Service *Report for Congress*, March 29, 2022, https://crsreports.congress.gov/product/pdf/R/R45106 (accessed July 25, 2022).
33. Ibid.
34. Boards of Trustees, Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, "2022 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds," June 2, 2022, https://www.cms.gov/files/document/2022-medicare-trustees-report.pdf (accessed June 20, 2022).
35. Robert Moffit and Matthew Dickerson, "Congress Shouldn't Exempt Medicare from Mandatory Budget Cuts," The Daily Signal, October 26, 2021, https://www.dailysignal.com/2021/10/26/congress-shouldnt-exempt-medicare-from-mandatory-budget-cuts.
36. Robert Moffit, "Will Congress Ignore Latest Medicare Warning?," The Daily Signal, June 7, 2022, https://www.dailysignal.com/2022/06/07/will-congress-ignore-latest-medicare-warning/.
37. Based on the President's budget. The actual amount subject to sequestration may vary.
38. OMB, "OMB Report to the Congress on the BBEDCA 251a Sequestration for Fiscal Year 2023."
39. 2 U.S. Code § 905(f). In FY 2013 the only potentially affected account is accrual payments to the Military Retirement Fund for concurrent receipt of military retirement and disability compensation. OMB, "OMB Report to the Congress on the BBEDCA 251a Sequestration for Fiscal Year 2023."
40. Bureau of Labor Statistics, "Consumer Price Index Survey," August 10, 2022, https://www.bls.gov/news.release/cpi.nr0.htm (accessed August 10, 2022).
41. The Federal Reserve Bank of San Francisco estimated that about 3 percentage points of the 5 percent core inflation in the fourth quarter of 2021 can be explained by the sizable fiscal support measures. See Federal Reserve Bank of San Francisco, "Why Is U.S. Inflation Higher Than in Other Countries?," March 28, 2022, https://www.frbsf.org/economic-research/publications/economic-letter/2022/march/why-is-us-inflation-higher-than-in-other-countries/ (accessed June 21, 2022).
42. Peter St. Onge, "No, Biden, U.S. Inflation Rose Long Before Putin's Invasion," The Daily Signal, April 4, 2022, https://www.dailysignal.com/2022/04/01/no-biden-us-inflation-rose-long-before-putins-invasion.
43. Rachel Greszler, "What Is Happening in This Unprecedented U.S. Labor Market? June 2022 Update," Heritage Foundation *Backgrounder* No. 3716, July 7, 2022, https://www.heritage.org/jobs-and-labor/report/what-happening-unprecedented-us-labor-market-july-2022-update.
44. U.S. Department of Commerce, Bureau of Economic Analysis, "Gross Domestic Product, Second Quarter 2022 (Advance Estimate)," July 28, 2022, https://www.bea.gov/news/2022/gross-domestic-product-second-quarter-2022-advance-estimate (accessed July 31, 2022), and news release, "Heritage Expert: America Is in a Recession, No Matter How Biden Tries to Spin It," The Heritage Foundation, July 28, 2022, https://www.heritage.org/press/heritage-expert-america-recession-no-matter-how-biden-tries-spin-it.
45. Richard Stern, "CBO Forecasts an Economic Nightmare for All Americans," The Daily Signal, May 27, 2022, https://www.dailysignal.com/2022/05/26/cbo-forecasts-an-economic-nightmare-for-all-americans/.
46. Winfree, "Causes of the Federal Government's Unsustainable Spending."
47. Stern, "CBO Forecasts an Economic Nightmare for All Americans."
48. Lindsey M. Burke and Robert Rector, "American Families Plan Undermines Families, Self-Fulfillment," *RealClear Politics*, September 15, 2021, https://www.realclearpolitics.com/articles/2021/09/15/american_families_plan_undermines_families_self-fulfillment_146409.html (accessed July 4, 2022).

49. Diane Katz, "Federalism in Crisis: Urgent Action Required to Preserve Self-Government," Heritage Foundation *Special Report* No. 248, November 30, 2021, https://www.heritage.org/conservatism/report/federalism-crisis-urgent-action-required-preserve-self-government.
50. Justin Bogie, "Budget Gimmicks Increase Federal Spending and Mask True Costs of Legislation," Heritage Foundation *Backgrounder* No. 3234, July 26, 2017, https://www.heritage.org/budget-and-spending/report/budget-gimmicks-increase-federal-spending-and-mask-true-costs.
51. The Heritage Foundation, "Budget Blueprint for Fiscal Year 2022," https://www.heritage.org/budget.
52. News release, "CBO Confirms: Biden's Biggest Executive Actions Come with $532 Billion Price Tag," House Budget Committee Republicans, June 23, 2022, https://republicans-budget.house.gov/press-release/cbo-confirms-bidens-biggest-executive-actions-come-with-532-billion-price-tag/ (accessed June 29, 2022).
53. Assuming legislation offsetting the debit on the Statutory PAYGO scorecard is not enacted by the end of the 117th Congress. 2 U.S. Code § 934.
54. The estimated amount of nonexempt budgetary resources is based on the President's budget. The actual amount that could be subject to sequestration at the end of the 117th Congress could vary as a result of proposals from the President's budget not being enacted, other enacted legislation, or economic changes. Large costs would remain on the five-year PAYGO scorecard for the next three years, requiring sequestration orders in future years (in January 2024, 2025, 2026) as well, unless Congress enacts legislation reducing the deficit in greater or equal amounts.
55. To prevent across-the-board direct spending cuts, and for other purposes, H.R. 1868, 117th Congress, 1st Session, as engrossed in the House on March 19, 2021, § 1. H.R. 1868 was subsequently amended by the Senate, striking the section of the bill proposing to prevent the Statutory PAYGO sequestration due to the American Rescue Plan Act.
56. For more information on reconciliation and the Byrd Rule, see Matthew Dickerson, "Consequential Decisions on Reconciliation and the Byrd Rule," Heritage Foundation *Backgrounder* No. 3583, February 4, 2021, https://www.heritage.org/budget-and-spending/report/consequential-decisions-reconciliation-and-the-byrd-rule.