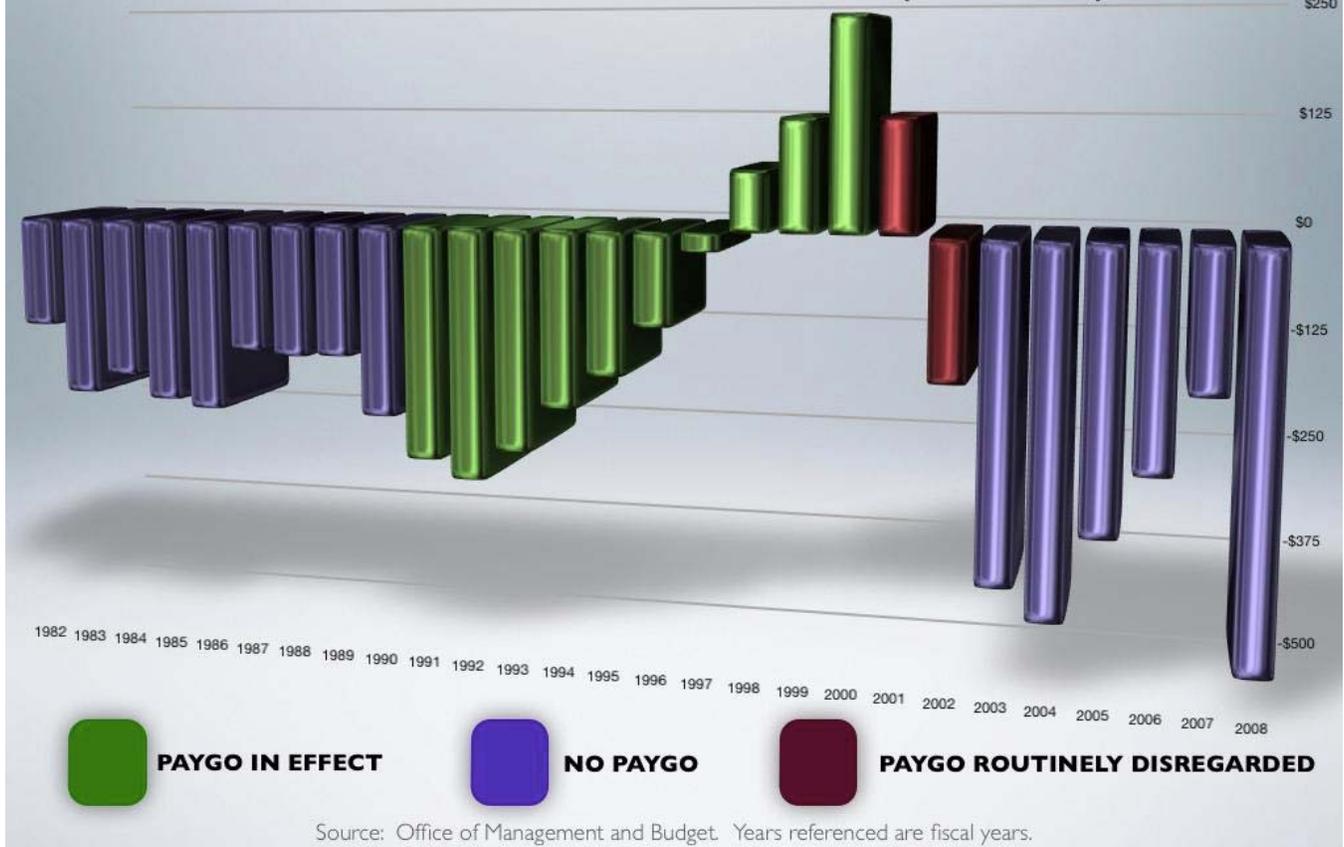


# THE POWER OF PAYGO

25 YEARS OF FEDERAL DEFICIT/SURPLUS (IN BILLIONS)



In the 1990s, the Clinton Administration turned deficits into record surpluses due in part by adhering to PAYGO, a principle that compels Congress to pay for what we buy. However, under a Republican President and Congress, PAYGO was waived and allowed to expire, clearing the way for policies that wiped out those surpluses.

The following legislation added to the deficit when it was passed after Republicans allowed PAYGO to expire:

- The *Jobs Growth and Tax Relief Reconciliation Act* (2003) – **added \$306 billion to the deficit over the last decade.**
- The *Medicare Modernization Act* (2003) – **added \$218 billion to the deficit over the last decade.**

The following legislation was subject to PAYGO, but Republicans ignored the spirit of the law and effectively waived PAYGO by directing OMB to ignore the costs of the legislation in enforcing PAYGO:

- The *Economic Growth and Tax Relief Reconciliation Act* (2001) – **added \$1.219 trillion to the deficit over the last decade.**
- The *Defense Appropriations Act* (2002) – **cost \$130.279 billion** over two years.
- The *Job Creation and Worker Assistance Act* (2002) – **cost \$88.723 billion** over five years.
- The *Farm Security and Rural Investment Act* (2002) – **cost \$12.579 billion** over two years.
- The *Spectrum Auction Reform Act* (2002) – **cost \$2.150 billion** over two years.
- The *Trade Act* (2002) – **cost \$1.635 billion** for over two years.
- The *Consolidated Appropriations Act* (2001) – **cost \$49.463 billion** over five years.