



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Phillip L. Swagel, Director

June 17, 2025

Honorable Lindsey Graham
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Re: Questions About the Statutory Pay-As-You-Go Act of 2010

Dear Mr. Chairman:

You have asked the Congressional Budget Office to answer questions regarding the use of sequestration (the cancellation of budgetary resources) in accordance with the Statutory Pay-As-You-Go Act of 2010 (S-PAYGO).

Under S-PAYGO the Office of Management and Budget (OMB) maintains 5- and 10-year scorecards that it updates to include estimated cumulative changes in revenues and outlays that are generated by newly enacted legislation.

If, at the end of a session of Congress, either scorecard indicates a net increase in the deficit for the budget year, OMB must order a sequestration to eliminate the overage (any current-year effects are combined with those for the budget year). The balance used to determine the amount sequestered is not the projected increase in the deficit for a particular year. Rather, OMB's 5- and 10-year scorecards identify the average annual effects of a piece of legislation over those periods and assign the average to each year in the period. Before an average is calculated, any current-year effects are combined with those for the budget year.¹

1. For more information, see Congressional Budget Office, *The Statutory Pay-As-You-Go Act and the Role of the Congress* (August 2020), www.cbo.gov/publication/56506.

Has sequestration ever been triggered under S-PAYGO—resulting in cuts to Medicare and other programs—due to a net increase in the deficit on the 5-year or 10-year scorecards?

No, since its enactment in 2010, sequestration has not been triggered under S-PAYGO.

Following passage of recent reconciliation measures—specifically the Tax Cuts and Jobs Act (Public Law 115-97), the American Rescue Plan Act (Public Law 117-2), and the Inflation Reduction Act (Public Law 117-169)—did Congress successfully act to prevent sequestration under S-PAYGO for the current or subsequent fiscal years?

In all three cases, separate legislation was enacted that either excluded the budgetary effects of the reconciliation acts from the scorecards or that shifted the year in which balances were recorded on the scorecard, thereby eliminating or delaying the need for a sequestration.

Since S-PAYGO was enacted, please describe each instance in which Congress waived or altered a deficit balance on the scorecard at the end of a session of Congress to delay or avoid a sequestration.

There are various ways that the Congress has affected the balances on scorecards to avert or delay sequestration. For example, lawmakers sometimes include provisions in new laws that require OMB to exclude their budgetary effects from the scorecards—either by prohibiting OMB from recording those effects or by designating them as emergency requirements in keeping with section 4(g) of the S-PAYGO law (which likewise results in their exclusion).

Lawmakers also have enacted legislation to eliminate the balances reflected on S-PAYGO scorecards, thus avoiding sequestration (for 2021 and 2025). In other cases, legislation has been enacted to shift the balances recorded in the budget year into a later year (those shifts occurred for budget years 2019, 2020, 2022, 2023, and 2024) in order to delay a sequestration.

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I hope this information is useful to you. Please contact me if you have further questions.

Sincerely,

A handwritten signature in black ink that reads "Mark P. Swagel for". The signature is written in a cursive, flowing style with a long horizontal flourish at the bottom.

Phillip L. Swagel
Director

cc: Honorable Jeff Merkley
Ranking Member
Senate Committee on the Budget