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Legislative Bulletin……………………………………...July 22, 2009

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The House is scheduled to consider H.R. 2920, the Statutory Pay-As-You Go Act, on Wednesday, July 22, 2009 under a structured rule (H.Res. 665). The rule waives all points of order against consideration of the bill, except for Clause 9 (earmark disclosure) and 10 (PAYGO) of Rule XXI, and provides one hour of debate. The legislation makes in order one Republican Amendment in the Nature of a Substitute (analyzed below), which is debatable for one hour. The rule also self-enacted an amendment (to the Hoyer Amendment in the Nature of a Substitute), which was analyzed as part of the RSC Legislative Bulletin for the underlying bill.

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AMENDMENT MADE IN ORDER UNDER THE RULE

1. **Ryan (R-WI).** Amendment in the Nature of a Substitute, the Budget Control Act of 2009. Highlights of the amendment, which would replace the underlying bill, are as follows:

   Discretionary Spending Controls: The amendment establishes limits on discretionary spending over the FY 2010-2014 period. The limit would allow discretionary spending to grow at the rate of inflation, which is what is currently assumed in CBO's baseline (though Congress usually enacts a higher spending level). 40% of the federal budget consists of discretionary spending, and the underlying bill completely exempts such spending from the PAYGO requirement.

   Total Spending Limit: The amendment establishes a total spending limit, expressed as a percentage of GDP, for each year over the ten-year budget window. Through FY 2013 the limit would accommodate CBO's baseline. In 2009, federal spending will amount to approximately 28% of GDP, according to the most recent projections. Under the spending limit set by this amendment, this would decline to 21.7% of GDP by 2013. It would stay at that level (or 21.8% in a couple years) for every succeeding year. Spending above the limit would be subject to sequestration.

Deficit Limits: The legislation establishes deficit limits, expressed as a percentage of GDP, as follows: 8% of GDP in 2010, 6% of GDP in 2011, 4% of GDP in 2012, and 3% of GDP in 2013 and in each succeeding year. These limits would also be enforced via sequestration. According to the Budget Committee Republicans, these limits provide for $2.4 trillion of deficit spending compared to the President's budget.

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