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[Columnist](#)

## The Farce Otherwise Known as PAYGO

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During his [State of the Union](#) address on Jan. 27, President Obama stressed the fact that fiscal discipline would be a top priority for his administration. He announced a three-year freeze on domestic spending, vowed to eliminate waste in the federal government and called on the Senate to restore pay-as-you-go legislation to impose restraint on the chamber's sometimes profligate spending.

"Like any cash-strapped family," he said, "we will work within a budget to invest in what we need and sacrifice what we don't."

The next day, the Senate passed pay-as-you legislation, known as PayGo, and Obama signed it into law with a flourish and a [radio address](#) two weeks later. "The fact is it's a lot easier to spend a dollar than save one," he said. "That is why this rule is necessary." The PayGo law prevented Congress from creating any new federal spending or tax cuts without finding a way to pay for it -- either by cutting another program or raising taxes to cover the cost directly. The law says all new laws over the course of the year must be deficit neutral, but also names than 50 programs whose spending would be exempt from the law, including funding for Social Security, veterans, trust funds, and most importantly, emergency spending.

But already, the Senate has issued itself a waiver from the provisions on three of the four spending bills its has considered by declaring several bills to be emergency spending, including a \$15-billion jobs bill, a \$10-billion measure for unemployment benefits and a \$100-billion package of tax extenders.

"Republicans like to call it 'Swiss-Cheese-Go' because it's very easy to circumvent," said Brandon Arnold, director of government relations of the libertarian CATO Institute.

Arnold explained the impasse last week between Democrats and Sen. Jim Bunning (R-Ky.) over the \$10 billion in benefits for unemployed Americans, which Bunning vocally opposed because the measure was not paid for under PayGo rules. "They were able to use the PayGo emergency designation when in fact they knew months previously that these programs were going to expire," Arnold said.

The day after Bunning ended his stand-off with Democrats, Sen. George LeMieux (R-Fla.) raised an objection to the larger package of unemployment benefits that are attached to a \$100-billion tax-extendors bill being considered in the Senate Tuesday. The funding for the \$100-billion bill is only partially offset, with the rest waived because it has been declared emergency spending.

"Unfortunately, I think that PayGo doesn't mean anything," LeMieux said. "It makes no sense to me that we're going to spend money we don't have. PayGo should matter."

LeMieux joined all 39 of his fellow Republicans in voting against the PayGo law in January, including Sen. John Thune (R-S.D.), who called the Senate's PayGo rules "a charade."

"PayGo is a rouse to give Democrats cover to say they're being more fiscally responsible," said Thune. "They hailed that as a huge victory and then boom, the first two or three bills that come out of the gate they waived it, so it just doesn't mean anything."

Thune also warned that Republicans will continue to raise objections to bills that increase the federal deficit, even if they fund popular programs.

Republicans aren't the only ones frustrated with the spending. With the Obama administration on track to rack up a \$1.5 trillion deficit in 2010, Sen. Ben Nelson (D-Neb.) is proposing an amendment to force more offsets on the tax bill that LeMieux objected to. "I'm very concerned about it," said Nelson, who is a former governor of Nebraska. "I want to see more offsets. I listened to the president during his State of the Union address and it seems to me that's what he said he wanted and that's what I agree with."

But other Democrats insist that the spending in the bills that have received waivers is indeed an emergency for the Americans whose lives are affected by the legislation. Sen. Bernie Sanders (I-Vt.) said, "People are going to wonder where they are going to get food to feed their families, where they're going to get the basic necessities to sustain their kids. We are talking about an emergency situation."

CATO's Arnold said neither Democrats nor Republicans are without blame when it comes to increasing the federal debt over the last 10 years. "In the last few Republican Congresses the record was not very good either," he said. "In the late 1990s, we were dealing with balanced budgets when Clinton was president. But once September 11th hit, the amount of spending that went to creating the Department of Homeland Security and later the Iraq war made a laughing stock of the rules."

Sen. Orin Hatch (R-Utah), a 33-year veteran of the Senate, said he would give this Congress an "F" for sticking to the PayGo constraints and believes that just one thing will make it better. "I think the only thing that's going to change it is a change in the make-up of the Senate."