GAO

Highlights

Highlights of GAO-25-107642, a report to congressional requesters

May 2025

FEDERAL RULEMAKING

Potential Effects of Legislation to Offset Direct Spending Resulting from Regulations

Why GAO Did This Study

The Fiscal Responsibility Act of 2023, enacted on June 3, 2023, reinstated certain administrative PAYGO requirements, which then expired on December 31, 2024. January 2021 to June 2023 was the only period between 2005 and 2024 when administrative PAYGO requirements did not exist in any form.

GAO was asked to review the effects of the administrative PAYGO provisions of the 2023 act. This report reviews (1) how many rules published between January 20, 2021, and June 3, 2023, could have been subject to the requirements of the act; (2) the estimated costs of the 28 major rules published in the first 5 months of the act; and (3) OMB's process for monitoring agencies' compliance with administrative PAYGO requirements under the act.

For the first objective, GAO analyzed rules and related documentation to determine whether they would have been subject to the act. When additional information was needed, GAO contacted the relevant agency to request that information. For the second objective, GAO reviewed economic analyses and summarized the federal cost estimates for each of the 28 major rules. For the third objective, GAO reviewed relevant laws, executive orders, and OMB guidance. GAO also interviewed OMB staff about their process for ensuring compliance with administrative PAYGO requirements.

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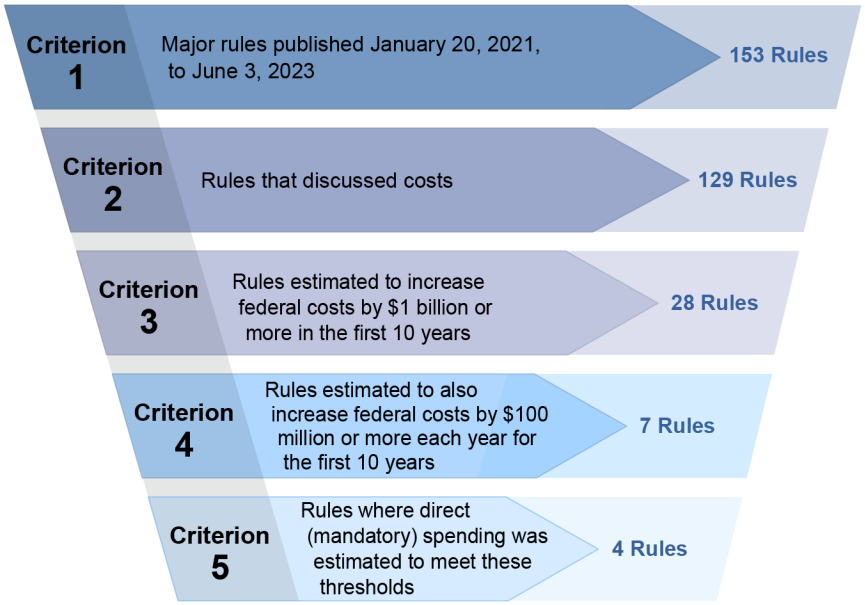
What GAO Found

For most of the last 20 years, regulations issued by federal agencies have been subject to some version of administrative pay-as-you-go (PAYGO) requirements. Agencies were required to propose potential offsets to certain estimated increases in direct spending (also called mandatory spending) resulting from regulatory actions. In January 2021, President Biden revoked these requirements. In June 2023, the Fiscal Responsibility Act of 2023 reinstated similar administrative PAYGO requirements. GAO found that four rules published during the time frame when no requirements were in place could have been subject to offset reporting requirements had they been in place at the time. Most rules estimated increased federal costs of less than $1 billion in the first 10 years and therefore would have been exempt.

GAO's Analysis of Rules That Could Have Been Subject to 2023 Administrative Pay-As-You-Go Provisions



Source: GAO analysis of major rule reports, the *Federal Register*, and agency data. | GAO-25-107642

GAO reviewed the 28 major rules published in the first 5 months following enactment of the Fiscal Responsibility Act of 2023. GAO found the range of federal costs agencies estimated to be $0 to $156 billion, with half of the 28 rules estimating no federal cost. According to Office of Management and Budget (OMB) staff, none of the 28 rules were ultimately subject to administrative PAYGO requirements because they did not increase direct spending above the law's thresholds or they received a waiver.

OMB issued guidance and reviewed agency compliance with administrative PAYGO requirements through its established regulatory review process. OMB was responsible for assisting agencies in determining how the act applied to a rule, if a rule might be exempt or eligible for a waiver, and the required reporting.