To prevent a fiscal crisis by enacting legislation to balance the Federal budget through reductions of discretionary and mandatory spending.

IN THE HOUSE OF REPRESENTATIVES

MAY 11, 2011

Mr. MACK (for himself, Mr. BROUN of Georgia, Mrs. LUMMIS, Mr. RIBBLE, Mr. STUTZMAN, Mr. CAMPBELL, Mr. BARTLETT, Mr. KING of Iowa, Mr. ROSS of Florida, Mr. MILLER of Florida, Mr. DUNCAN of Tennessee, Mr. WEST, Mr. GARRETT, and Mr. GINGREY of Georgia) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To prevent a fiscal crisis by enacting legislation to balance the Federal budget through reductions of discretionary and mandatory spending.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “One Percent Spending Reduction Act of 2011”.

SEC. 2. CONGRESSIONAL FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds the following:
(1) The fiscal crisis faced by the Federal Government demands immediate action.

(2) The dramatic growth in spending and debt in recent years threatens our economic and national security:

(A) Federal spending has grown from 18 percent of GDP in 2001 to 24 percent of GDP in 2010.

(B) Total Federal debt exceeds $14 trillion and has increased $4 trillion in the past three years alone.

(C) Without action, the Federal government will continue to run massive deficits in the next decade and total Federal debt will rise to $24 trillion by 2021.

(D) Interest payments on this debt will soon rise to the point where balancing the budget as a matter of policy is beyond the reach of Congress.

(3) From 1980 to 2010, Federal revenues averaged 18 percent of GDP and are projected to return to that level within the next decade.

(4) Absent reform, the growth of Social Security, Medicare, and Medicaid will overwhelm all
other Federal programs and consume all projected tax revenues.

(b) PURPOSE.—The purpose of this Act is to address the fiscal crisis by—

(1) acting quickly to balance the Federal budget and eliminate the parade of deficits and ballooning interest payments;

(2) achieving balance by reducing spending one percent per year until spending equals projected long-term revenues; and

(3) reforming entitlement programs to ensure long-term fiscal stability and balance.

SEC. 3. ESTABLISHMENT AND ENFORCEMENT OF SPENDING CAPS.

(a) OUTLAY CAPS.—The Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting after section 253 the following new section:

“SEC. 253A. ESTABLISHING OUTLAY CAPS.

“(a) OUTLAY CAPS.—In this section, the term ‘outlay cap’ means:

“(1) FISCAL YEAR 2012.—For fiscal year 2012, the aggregate projected outlays (less net interest payments) for fiscal year 2012 shall be $3,382,000,000,000, less one percent.
“(2) Fiscal year 2013.—For fiscal year 2013, the aggregate projected outlays (less net interest payments) for fiscal year 2013 shall be the amount computed under paragraph (1), less one percent.

“(3) Fiscal year 2014.—For fiscal year 2014, the aggregate projected outlays (less net interest payments) for fiscal year 2014 shall be the amount computed under paragraph (2), less one percent.

“(4) Fiscal year 2015.—For fiscal year 2015, the aggregate projected outlays (less net interest payments) for fiscal year 2015 shall be the amount computed under paragraph (3), less one percent.

“(5) Fiscal year 2016.—For fiscal year 2016, the aggregate projected outlays (less net interest payments) for fiscal year 2016 shall be the amount computed under paragraph (4), less one percent.

“(6) Fiscal year 2017.—For fiscal year 2017, the aggregate projected outlays (less net interest payments) for fiscal year 2017 shall be the amount computed under paragraph (5), less one percent.

“(7) Fiscal year 2018 and subsequent fiscal years.—(A) For fiscal year 2018 and each subsequent fiscal year, the aggregate projected outlays shall be 18 percent of the gross domestic product for
that fiscal year as estimated by OMB prior to March of the previous fiscal year.

“(B) Notwithstanding paragraph (A), for any fiscal year beginning with fiscal year 2019, the aggregate projected outlays may not be less than the aggregate projected outlays for the preceding fiscal year.

“(b) Sequestration.—

“(1) In general.—

“(A) Excess spending.—Not later than 45 calendar days after the beginning of a fiscal year, OMB shall conduct a sequestration to eliminate the excess outlay amount.

“(B) Definitions.—

“(i) For fiscal years 2012 through 2017 and for purposes of this subsection, the term ‘excess outlay amount’ means the amount by which total Federal outlays (less net interest payments) for a fiscal year exceeds the outlay cap for that fiscal year.

“(ii) For fiscal year 2018 and in subsequent fiscal years and for purposes of this subsection, the term ‘excess outlay amount’ means the amount by which total
Federal outlays for a fiscal year exceeds the outlay cap for that fiscal year.

“(2) SEQUESTRATION.—

“(A) On August 15 of each year, CBO shall issue a sequestration preview report as described in section 254(c)(4).

“(B) On August 20 of each year, OMB shall issue a sequestration preview report as described in section 254(c)(4).

“(C) On October 31 of each year, OMB shall issue its final sequestration report as described in section 254(f)(3). It shall be accompanied by a Presidential order detailing uniform spending reductions equal to the excess outlay amount as defined in this section.

“(D) The reductions shall generally follow the process set forth in section 253 and 254, except as provided in this section.

“(3) CONGRESSIONAL ACTION.—If the August 20 OMB report projects a sequestration, the Committees on Budget of the Senate and House of Representatives may report a resolution directing their committees to change the existing law to achieve the spending reductions outlined in the August 20 report necessary to meet the outlay limits.
“(c) No Exempt Programs.—Section 255 and section 256 shall not apply to this section, except that payments for net interest (budget function 900) shall be exempt from the spending reductions under sequestration.

“(d) Look Back.—If, after November 15, a bill resulting in outlays for the fiscal year in progress is enacted that causes excess outlays, the excess outlay amount for the next fiscal year shall be increased by the amount or amounts of that breach.”.

(b) Conforming Amendments to BBEDCA.—

(1) Sequestration preview reports.—Section 254(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(4) Outlay cap sequestration reports.—The preview reports shall set forth for the budget year estimates for the following:

“(A)(i) For each of budget years 2012 through 2017: the aggregate projected outlays (less net interest payment), less one percent.

“(ii) For budget year 2018 and each subsequent budget year: the estimated gross domestic product (GDP) for that budget year.

“(B) The amount of reductions required under section 253A.
“(C) The sequestration percentage necessary to achieve the required reduction under section 253A.”.

(2) Final sequestration reports.—Section 254(f)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(3) Outlay caps sequestration reports.—The final reports shall contain all the information required in the outlay cap sequestration preview reports. In addition, these report shall contain, for the budget year, for each account to be sequestered, estimates of the baseline level of sequesterable budgetary resources and resulting outlays and the amount of budgetary sources to be sequestered and result in outlay reductions. The report shall also contain estimates of the effects on outlays on the sequestration of each outyear for direct spending programs.”.

(3) Repeal of expiration date.—Section 275 of the Balanced Budget and Emergency Deficit Control Act of 1985 is repealed.

(e) Enforcement.—Title III of the Congressional Budget Act of 1974 is amended by adding after section 315 the following:
“SEC. 316. ENFORCEMENT PROCEDURES.

“(a) Outlay Caps.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that includes any provision that would cause the most recently reported, current outlay cap set forth in section 253A of the Balanced Budget and Emergency Deficit Control Act of 1985 to be breached.

“(b) Waiver or Suspension.—

“(1) In the Senate.—The provisions of this section may be waived or suspended in the Senate only by the affirmative vote of two-thirds of the Members, duly chosen and sworn.

“(2) In the House.—The provisions of this section may be waived or suspended in the House of Representatives only by a rule or order proposing only to waive such provisions by an affirmative vote of two-thirds of the Members, duly chosen and sworn.

“(c) Point of Order Protection.—In the House, it shall not be in order to consider a rule or order that waives the application of paragraph (2) of subsection (b).

“(d) Motion To Suspend.—It shall not be in order for the Speaker to entertain a motion to suspend the application of this section under clause 1 of rule XV.”.
SEC. 4. CONFORMING AMENDMENTS.

The table of contents set forth in—

(1) section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by inserting after the item relating to section 315 the following new item:

“Sec. 316. Enforcement procedures.”;

and

(2) section 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting after the item relating to section 253 the following new item:

“Sec. 253A. Establishing outlay caps.”.

SEC. 5. EFFECTIVE DATE.

This Act and the amendments made by it shall apply to fiscal year 2012 and subsequent fiscal years, including any reports and calculations required for implementation in fiscal year 2012.