To cut, cap, and balance the Federal budget.
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 “Cut, Cap, and Balance
Act of 2011”.

TITLE I—CUT

SEC. 101. MODIFICATION OF THE CONGRESSIONAL BUDGET

ACT.

Title III of the Congressional Budget Act of 1974
is amended by inserting at the end the following:

“SEC. 316. DISCRETIONARY SPENDING LIMITS.

“(a) IN GENERAL.—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
would cause the discretionary spending limits as set forth
in this section to be exceeded.

“(b) LIMITS.—In this section, the term ‘discretionary
spending limits’ means for fiscal year 2012: for the discre-
tionary category, $1,019,402,000,000 in new budget au-
thority and $1,224,568,000,000 in outlays.

“(c) ADJUSTMENTS.—After the reporting of a bill or
joint resolution relating to the global war on terrorism de-
scribed in subsection (d), or the offering of an amendment
thereeto or the submission of a conference report thereon—
“(1) the chair of the House or Senate Committee on the Budget may adjust the discretionary spending limits provided in this section for purposes of congressional enforcement, the budgetary aggregates in the concurrent resolution on the budget most recently adopted by the Senate and the House of Representatives, and allocations pursuant to section 302(a) of the Congressional Budget Act of 1974, by the amount of new budget authority in that measure for that purpose and the outlays flowing therefrom; and

“(2) following any adjustment under paragraph (1), the House or Senate Committee on Appropriations may report appropriately revised suballocations pursuant to section 302(b) of the Congressional Budget Act of 1974 to carry out this subsection.

“(d) GLOBAL WAR ON TERRORISM.—If a bill or joint resolution is reported making appropriations for fiscal year 2012 that provides funding for the global war on terrorism, the allowable adjustments provided for in subsection (c) for fiscal year 2012 shall not exceed $126,544,000,000 in budget authority and the outlays flowing therefrom.
“SEC. 317. CERTAIN DIRECT SPENDING LIMITS.

“(a) IN GENERAL.—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 total direct spending, except as excluded in subsection (b), to exceed the limits specified in subsection (c).

“(b) EXEMPT FROM DIRECT SPENDING LIMITS.—Direct spending for the following functions is exempt from the limits specified in subsection (c):

“(1) Social Security, function 650.

“(2) Medicare, function 570.

“(3) Veterans Benefits and Services, function 700.

“(4) Net Interest, function 900.

“(c) LIMITS ON OTHER DIRECT SPENDING.—The total combined outlays for all direct spending not exempted in subsection (b) for fiscal year 2012 shall not exceed $680,730,000,000.”.

SEC. 102. STATUTORY ENFORCEMENT OF SPENDING CAPS THROUGH SEQUESTRATION.

Title III of the Congressional Budget Act of 1974 is amended by inserting after section 317 the following new section:
"SEC. 318. ENFORCEMENT OF DISCRETIONARY AND DIRECT SPENDING CAPS.

(a) IMPLEMENTATION.—The sequesters shall be implemented as follows:

(1) DISCRETIONARY SPENDING IMPLEMENTATION.—For the discretionary limits in section 316 of the Congressional Budget Act of 1974, pursuant to section 251(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 with each category sequestered separately.

(2) DIRECT SPENDING IMPLEMENTATION.—
(A) The sequestration to enforce this section for direct spending shall be implemented pursuant to section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985.

(B) Section 255 of the Balanced Budget and Control Act of 1985 shall not apply to this section, except that payments for military personnel accounts (within subfunctional category 051), TRICARE for Life, Medicare (functional category 570), military retirement, Social Security (functional category 650), veterans (functional category 700), net interest (functional category 900), and discretionary appropriations shall be exempt.

(b) MODIFICATION OF PRESIDENTIAL ORDER.—
“(1) IN GENERAL.—At any time after the Director of OMB issues a sequestration report under subsection (a) and section 319(c) the provisions of section 258A of the Balanced Budget and Emergency Deficit Control Act of 1985 shall apply to the consideration in the House of Representatives and the Senate of a bill or joint resolution to override the order if the bill or joint resolution, as enacted, would achieve the same level of reductions in new budget authority and outlays for the applicable fiscal year as set forth in the order.

“(2) POINT OF ORDER.—In the House of Representatives or Senate, it shall not be in order to consider a bill or joint resolution which waives, modifies, or in any way alters a sequestration order unless the chair of the House or Senate Committee on the Budget certifies that the measure achieves the same levels of reductions in new budget authority and outlays for the applicable year as set forth in the order.”.

**TITLE II—CAP**

**SEC. 201. LIMIT ON TOTAL SPENDING.**

(a) DEFINITIONS.—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking paragraph (4), redesignating the suc-
ceeding paragraphs accordingly, and adding the following new paragraph:

“(19) The term ‘GDP’, for any fiscal year, means the gross domestic product during such fiscal year consistent with Department of Commerce definitions.”.

(b) CAPS.—The Congressional Budget Act of 1974 is amended by inserting after section 318 the following new section:

“SEC. 319. ENFORCING GDP OUTLAY LIMITS.

“(a) ENFORCING GDP OUTLAY LIMITS.—In this section, the term ‘GDP outlay limit’ means an amount, as estimated by OMB, equal to—

“(1) projected GDP for that fiscal year as estimated by OMB, multiplied by

“(2) 21.7 percent for fiscal year 2013; 20.8 percent for fiscal year 2014; 20.2 percent for fiscal year 2015; 20.1 percent for fiscal year 2016; 19.9 percent for fiscal year 2017; 19.7 percent for fiscal year 2018; 19.9 percent for fiscal year 2019; 19.9 percent for fiscal year 2020; and 19.9 percent for fiscal year 2021.

“(b) GDP OUTLAY LIMIT AND OUTLAYS.—

“(1) DETERMINING THE GDP OUTLAY LIMIT.—

The Office of Management and Budget shall estab-
lish in the President’s budget the GDP outlay limit
for the budget year.

“(2) TOTAL FEDERAL OUTLAYS.—In this sec-
tion, total Federal outlays shall include all on-budget
and off-budget outlays.

“(c) SEQUESTRATION.—The sequestration to enforce
this section shall be implemented pursuant to section 254
of the Balanced Budget and Emergency Deficit Control

“(d) EXEMPT PROGRAMS.—Section 255 of the Bal-
anced Budget and Control Act of 1985 shall not apply
to this section, except that payments for military per-
sonnel accounts (within subfunctional category 051),
TRICARE for Life, Medicare (functional category 570),
military retirement, Social Security (functional category
650), veterans (functional category 700), and net interest
(functional category 900) shall be exempt.”.

SEC. 202. ENFORCEMENT PROCEDURES UNDER THE CON-
GRESSIONAL BUDGET ACT OF 1974.

(a) ENFORCEMENT.—Title III of the Congressional
Budget Act of 1974 is amended by adding after section
319 the following new section:

“SEC. 320. ENFORCEMENT PROCEDURES.

“It shall not be in order in the House of Representa-
tives or the Senate to consider any bill, joint resolution,
amendment, or conference report that would cause the most recently reported current GDP outlay limits set forth in section 319 of the Congressional Budget Act of 1974 to be exceeded.”.

(b) TABLE OF CONTENTS.—The table of contents in 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 items:

“Sec. 316. Discretionary spending limits.
“Sec. 317. Certain direct spending limits.
“Sec. 318. Enforcement of discretionary and direct spending caps.
“Sec. 319. Enforcing GDP outlay limits.
“Sec. 320. Enforcement procedures.”.

TITLE III—BALANCE

SEC. 301. REQUIREMENT THAT A BALANCED BUDGET AMENDMENT BE SUBMITTED TO STATES.

(a) IN GENERAL.—The Secretary of the Treasury shall not exercise the additional borrowing authority provided under subsection (b) until the Archivist of the United States transmits to the States H.J. Res. 1 in the form reported on June 23, 2011, S.J. Res. 10 in the form introduced on March 31, 2011, or H.J. Res. 56 in the form introduced on April 7, 2011, a balanced budget amendment to the Constitution, or a similar amendment if it requires that total outlays not exceed total receipts, that contains a spending limitation as a percentage of GDP, and requires that tax increases be approved by a
two-thirds vote in both Houses of Congress for their ratification.

(b) Amendment to Title 31.—Effective on the date the Archivist of the United States transmits to the States H.J. Res 1 in the form reported, S.J. Res. 10 in the form introduced, or H.J. Res. 56 in the form introduced, a balanced budget amendment to the Constitution, or a similar amendment if it requires that total outlays not exceed total receipts, contains a spending limitation as a percentage of GDP, and requires tax increases be approved by a two-thirds vote in both Houses of Congress for their ratification, section 3101(b) of title 31, United States Code, is amended by striking the dollar limitation contained in such subsection and inserting $16,700,000,000,000.