II

Calendar No. 97

112TH CONGRESS
1ST SESSION

S. 1340

To cut, cap, and balance the Federal budget.

IN THE SENATE OF THE UNITED STATES

JULY 7, 2011

Mr. Lee (for himself, Mr. Toomey, Mr. Paul, Mr. DeMint, Mr. Johnson of Wisconsin, Mr. Hatch, Ms. Ayotte, Mr. Barrasso, Mr. Blunt, Mr. Boozman, Mr. Coburn, Mr. Corker, Mr. Graham, Mr. Isakson, Mr. Portman, Mr. Roberts, Mr. Rubio, Mr. Sessions, Mr. Thune, Mr. Vitter, and Mr. Wicker) introduced the following bill; which was read the first time

JULY 11, 2011

Read the second time and placed on the calendar

A BILL

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”.

1  Be it enacted by the Senate and House of Representa-
2  tives of the United States of America in Congress assembled,
3  SECTION 1. SHORT TITLE.
4  This Act may be cited as the “Cut, Cap, and Balance
5  Act of 2011”.

TITLE I—CUT

SEC. 101. REDUCTION OF 2012 SPENDING.

For purposes of section 302(a) of the Congressional Budget Act of 1974, the estimated allocation of the appropriate levels of budget totals for fiscal year 2012 for the Senate Committee on Appropriations shall be—

(1) $1,137,000,000,000 in total new budget authority; and

(2) $1,277,000,000,000 in total budget outlays.

TITLE II—CAP

SEC. 201. SENSE OF CONGRESS.

It is the sense of Congress that Congress should enact comprehensive tax reform that lowers marginal rates, broadens the base, and simplifies the tax code to increase economic growth while generating revenues that are in line with the historical average of 18% of GDP.

SEC. 202. 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
includes any provision 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’ has the following meaning:

“(1) For fiscal year 2012—

“(A) for the defense category (budget function 050), $575,790,000,000 in budget authority; and

“(B) for the non-defense category, $435,000,000,000 in budget authority.

“(2) For fiscal year 2013—

“(A) for the defense category (budget function 050), $593,476,000,000 in budget authority; and

“(B) for the non-defense category, $435,000,000,000 in budget authority.

“(3) For fiscal year 2014—

“(A) for the defense category (budget function 050), $609,549,000,000 in budget authority; and

“(B) for the non-defense category, $435,000,000,000 in budget authority.

“(4) For fiscal year 2015—
“(A) for the defense category (budget function 050), $621,853,000,000 in budget authority; and

“(B) for the non-defense category, $435,000,000,000 in budget authority.

“(5) For fiscal year 2016—

“(A) for the defense category (budget function 050), $634,895,000,000 in budget authority; and

“(B) for the non-defense category, $435,000,000,000 in budget authority.

“(6) For fiscal year 2017—

“(A) for the defense category (budget function 050), $646,458,000,000 in budget authority; and

“(B) for the non-defense category, $435,000,000,000 in budget authority.

“(7) For fiscal year 2018—

“(A) for the defense category (budget function 050), $658,261,000,000 in budget authority; and

“(B) for the non-defense category, $435,000,000,000 in budget authority.

“(8) For fiscal year 2019—
“(A) for the defense category (budget function 050), $667,000,000,000 in budget authority; and

“(B) for the non-defense category, $435,000,000,000 in budget authority.

“(9) For fiscal year 2020—

“(A) for the defense category (budget function 050), $671,000,000,000 in budget authority; and

“(B) for the non-defense category, $443,500,000,000 in budget authority.

“(10) For fiscal year 2021—

“(A) for the defense category (budget function 050), $695,000,000,000 in budget authority; and

“(B) for the non-defense category, $457,700,000,000 in budget authority.

“(c) ADJUSTMENTS.—After the reporting of a bill or joint resolution relating to overseas deployments described in subsection (d), or the offering of an amendment thereto or the submission of a conference report thereon—

“(1) the Chairman of the Senate Committee on the budget may adjust the discretionary spending limits provided in this section, 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 there from; and

“(2) following any adjustment under paragraph (1), the 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) OVERSEAS DEPLOYMENTS.—If a bill or joint resolution is reported making appropriations for fiscal year 2012, 2013, 2014, 2015, 2016, or 2017 that provides funding for overseas deployments and activities undertaken as a result of a declaration of war or Congressional authorization of force, the allowable adjustments provided for in subsection (e) shall not exceed the following:

“(1) For fiscal year 2012, $126,500,000,000 in budget authority.

“(2) For fiscal year 2013, $50,000,000,000 in budget authority.

“(3) For fiscal year 2014, $50,000,000,000 in budget authority.
“(4) For fiscal year 2015, $50,000,000,000 in budget authority.

“(5) For fiscal year 2016, $30,800,000,000 in budget authority.

“(6) For fiscal year 2017, $8,500,000,000 in budget authority.

“(e) POINT OF ORDER IN THE SENATE.—

“(1) WAIVER.—The provisions of this section shall be waived or suspended in the Senate only—

“(A) by the affirmative vote of two-thirds of the Members, duly chosen and sworn; or

“(B) in the case of defense budget authority, if Congress declares war or authorizes the use of force

“(2) APPEAL.—Appeals in the Senate from decisions of the Chair relating to any provision of this section shall be limited to one hour, to be equally divided between, and controlled by, the appellant and the manager of the measure. An affirmative vote of two-thirds of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this section.
SEC. 317. CERTAIN MANDATORY 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 on-budget mandatory spending, except as excluded in subsection (b), to exceed the limits specified in subsection (c).

"(b) Exempt From Specified Limits.—The mandatory components of the following functions are 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 Remaining Mandatory Spending.—The total combined budget authority for all mandatory spending not exempted in subsection (b) shall not exceed the following limits:

"(1) For fiscal year 2012, $701,640,000,000 in budget authority.

"(2) For fiscal year 2013, $648,701,000,000 in budget authority.

"(3) For fiscal year 2014, $580,743,000,000 in budget authority.
“(4) For fiscal year 2015, $575,423,000,000 in budget authority.

“(5) For fiscal year 2016, $574,072,000,000 in budget authority.

“(6) For fiscal year 2017, $568,519,000,000 in budget authority.

“(7) For fiscal year 2018, $558,645,000,000 in budget authority.

“(8) For fiscal year 2019, $558,869,000,000 in budget authority.

“(9) For fiscal year 2020, $566,867,000,000 in budget authority.

“(10) For fiscal year 2021, $588,162,000,000 in budget authority.

“(d) POINT OF ORDER IN THE SENATE.—

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

“(2) APPEAL.—Appeals in the Senate from decisions of the Chair relating to any provision of this section shall be limited to one hour, to be equally divided between, and controlled by, the appellant and the manager of the measure. An affirmative vote of two-thirds of the Members of the Senate, duly cho-
sen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

“SEC. 318. LIMITS FOR SOCIAL SECURITY.

“(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 mandatory spending for Social Security (function 650) to exceed the limits specified in subsection (b).

“(b) Limits.—

“(1) In General.—For purposes of this section the limits are as follows:

“(A) For fiscal year 2012, total outlays shall be $760,356,000,000.

“(B) For fiscal year 2013, total outlays shall be $798,614,000,000.

“(C) For fiscal year 2014, total outlays shall be $841,440,000,000.

“(D) For fiscal year 2015, total outlays shall be $887,837,000,000.

“(E) For fiscal year 2016, total outlays shall be $938,547,000,000.

“(F) For fiscal year 2017, total outlays shall be $995,325,000,000.
“(G) For fiscal year 2018, total outlays shall be $1,057,552,000,000.

“(H) For fiscal year 2019, total outlays shall be $1,123,629,000,000.

“(I) For fiscal year 2020, total outlays shall be $1,193,747,000,000.

“(J) For fiscal year 2021, total outlays shall be $1,265,566,000,000.

“(2) EXCEPTION.—If the Congressional Budget Office determines that projected outlays are expected to exceed the limits specified above due to changes in cost-of-living adjustments contained in present law subsection (c) shall not apply.

“(c) POINT OF ORDER IN THE SENATE.—

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

“(2) APPEAL.—Appeals in the Senate from decisions of the Chair relating to any provision of this section shall be limited to one hour, to be equally divided between, and controlled by, the appellant and the manager of the measure. An affirmative vote of two-thirds of the Members of the Senate, duly chosen and sworn, shall be required to sustain an ap-
peal of the ruling of the Chair on a point of order raised under this section.

"SEC. 319. LIMITS FOR MEDICARE.

“(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 mandatory spending for Medicare (function 570) to exceed the limits specified in subsection (b).

“(b) LIMITS.—For purposes of this section the limits are as follows:

“(1) For fiscal year 2012, total outlays, excluding offsetting receipts, shall be $488,060,000,000.

“(2) For fiscal year 2013, total outlays, excluding offsetting receipts, shall be $530,767,000,000.

“(3) For fiscal year 2014, total outlays, excluding offsetting receipts, shall be $560,744,000,000.

“(4) For fiscal year 2015, total outlays, excluding offsetting receipts, shall be $585,256,000,000.

“(5) For fiscal year 2016, total outlays, excluding offsetting receipts, shall be $634,769,000,000.

“(6) For fiscal year 2017, total outlays, excluding offsetting receipts, shall be $657,799,000,000.

“(7) For fiscal year 2018, total outlays, excluding offsetting receipts, shall be $682,951,000,000.
“(8) For fiscal year 2019, total outlays, excluding offsetting receipts, shall be $745,186,000,000.

“(9) For fiscal year 2020, total outlays, excluding offsetting receipts, shall be $800,853,000,000.

“(10) For fiscal year 2021, total outlays, excluding offsetting receipts, shall be $858,830,000,000.

“(c) Point of Order in the Senate.—

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

“(2) Appeal.—Appeals in the Senate from decisions of the Chair relating to any provision of this section shall be limited to one hour, to be equally divided between, and controlled by, the appellant and the manager of the measure. An affirmative vote of two-thirds of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this section.

“Sec. 320. Limits for Mandatory Function 700 Spending.

“(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 mandatory
spending for Veterans Benefits and Services (function
700) to exceed the limits specified in subsection (b).

“(b) LIMITS.—For purposes of this section the limits
are as follows:

“(1) For fiscal year 2012, total outlays shall
not exceed $69,400,000,000.

“(2) For fiscal year 2013, total outlays shall
not exceed $69,400,000,000.

“(3) For fiscal year 2014, total outlays shall
not exceed $71,350,000,000.

“(4) For fiscal year 2015, total outlays shall
not exceed $73,300,000,000.

“(5) For fiscal year 2016, total outlays shall
not exceed $80,500,000,000.

“(6) For fiscal year 2017, total outlays shall
not exceed $77,310,000,000.

“(7) For fiscal year 2018, total outlays shall
not exceed $74,250,000,000.

“(8) For fiscal year 2019, total outlays shall
not exceed $81,600,000,000.

“(9) For fiscal year 2020, total outlays shall
not exceed $83,830,000,000.
“(10) For fiscal year 2021, total outlays shall not exceed $86,100,000,000.

“(c) POINT OF ORDER IN THE SENATE.—

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

“(2) APPEAL.—Appeals in the Senate from decisions of the Chair relating to any provision of this section shall be limited to one hour, to be equally divided between, and controlled by, the appellant and the manager of the measure. An affirmative vote of two-thirds of the Members of the Senate, duly chosen and sworn, shall be required to sustain an appeal of the ruling of the Chair on a point of order raised under this section.”.

SEC. 203. STATUTORY ENFORCEMENT OF SPENDING CAPS THROUGH SEQUESTRATION.

The Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting after section 253 the following:

“SEC. 253A. ENFORCEMENT OF DISCRETIONARY AND MANDATORY CAPS.

“(a) ANNUAL REPORT AND SEQUESTRATION ORDER.—
“(1) REPORT.—Not later than 30 calendar days following the start of each fiscal year, the Office of Management and Budget shall make publicly available and cause to be printed in the Federal Register an annual report containing expected budget authority and outlays for the categories and limits established in sections 316 through 320 of the Congressional Budget Act of 1974. The limits established in such sections shall be enforced without regard to the waiver of such limits by either House.

“(2) ORDER.—If the annual report issued by OMB, as required by paragraph (1), shows any category exceeding specified spending caps, OMB shall prepare and the President shall issue and include in that report a sequestration order that, upon issuance, shall reduce budgetary resources by an amount sufficient to bring spending in line with that category’s statutory cap.

“(3) EFFECTIVE DATE.—The sequestration order shall take effect no later than 60 days after completion by the OMB.

“(b) CALCULATING A SEQUESTRATION.—

“(1) IN GENERAL.—OMB shall calculate the uniform percentage each program within a category that has exceeded its spending cap shall be reduced
to bring that category’s budget authority and/or out-
lays in line with the limits referred to in subsection
(a)(1).

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

“(A) For the discretionary limits in section
316 of the Congressional Budget Act of 1974,
pursuant to the section 251 with each category
sequestered separately.

“(B) For the mandatory limits in section
317 of the Congressional Budget Act of 1974,
pursuant to the Statutory Pay-As-You-Go Act
of 2010, except that section 7 of such Act shall
not apply.

“(C) For the Social Security limits in sec-
tion 318 of the Congressional Budget Act of
1974, the Social Security Administration shall
modify the program so that all benefits and ad-
ministrative expenses are reduced in a uniform
fashion by a percentage sufficient to allow the
program to operate under its cap.

“(D) For the Medicare limit in section 319
of the Congressional Budget Act of 1974, the
Centers for Medicare & Medicaid Services
(CMS) shall modify the program so that all

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outlays are reduced by a uniform percentage sufficient to bring the program under its cap.

“(E) For the Veterans Benefits and Services limit in section 320 of the Congressional Budget Act of 1974, the Secretary of Defense and the Secretary of Veterans Affairs shall modify the program so that the program operates under its spending cap.

“(e) Modification of Presidential Order.—

“(1) In general.—At any time after the Director of OMB issues a sequestration report, Congress may override the order through the passage of a law that either waves or supersedes the spending limitations for that category of federal spending for that fiscal year.

“(2) Senate.—In the Senate, any motion to move to consideration of a bill to waive, modify, or in any way alter a sequestration order shall be subject to a point of order that can only be waived through an affirmative vote of two-thirds of the Members, duly chosen and sworn. This point of order shall not apply to defense spending while the nation is engaged in a conflict which has been justified through a declaration of war or a Congressional authorization of force.”.
TITLE III—BALANCE

SEC. 301. REQUIREMENT THAT BBA BE SUBMITTED TO STATES.

(a) IN GENERAL.—The Secretary of the Treasury shall not exercise the additional borrowing authority under subsection (b) of section 3101 of title 31, United States Code until the date that the Archivist of the United States transmits to the States S.J. Res. 10 as introduced on March 31, 2011, a balanced budget amendment to the Constitution, or a similar amendment provided 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 super-majority vote in both houses of Congress, for their ratification.

(b) AMENDMENT TO TITLE 31.—Effective on the date that the Archivist of the United States transmits to the States S.J. Res. 10, a balanced budget amendment to the Constitution, or a similar amendment provided 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 super-majority vote in both houses of Congress, for their ratification, subsection (b) of section 3101 of title 31, United States Code, is amended by striking the dollar limitation...
1 contained in such subsection and inserting
2 $16,700,000,000,000.
A BILL

S. 1340

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