

106TH CONGRESS
1ST SESSION

H. R. 2293

To reform the budget process.

IN THE HOUSE OF REPRESENTATIVES

JUNE 22, 1999

Mr. BARTON of Texas (for himself and Mr. STENHOLM) introduced the following bill; which was referred to the Committee on the Budget, and in addition to the Committees on Rules, and Appropriations, 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 reform the budget process.

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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Budget Enforcement Act of 1999”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.

Sec. 2. Definitions.

TITLE I—A SINGLE BUDGET FOR THE UNITED STATES GOVERNMENT

Sec. 101. Statement of purpose.

Sec. 102. Safeguards against delay.

- Sec. 103. Binding budget law.
- Sec. 104. Budget required before spending bills may be considered.
- Sec. 105. Lock box amendment.
- Sec. 106. Technical amendments.
- Sec. 107. Timetable.
- Sec. 108. Procedures to avoid sequestration.
- Sec. 109. Effect on Presidents' budget submissions; point of order.
- Sec. 110. Direct Spending Caps.
- Sec. 111. Economic assumptions.
- Sec. 112. Revisions to the caps for entitlements and other mandatory spending.

TITLE II—ENFORCEMENT PROVISIONS

- Sec. 201. Reporting excess spending.
- Sec. 202. Enforcing direct spending caps.
- Sec. 203. Sequestration rules.
- Sec. 204. Exempt programs and activities.
- Sec. 205. Special rules.
- Sec. 206. The current law baseline.
- Sec. 207. Limitations on emergency spending.
- Sec. 208. Ten-year congressional review requirement of permanent budget authority.

1 **SEC. 2. DEFINITIONS.**

2 For purposes of this Act:

3 (1) **ELIGIBLE POPULATION.**—The term “eligible
4 population” shall mean those individuals to whom
5 the United States is obligated to make a payment
6 under the provisions of a law creating entitlement
7 authority. Such term shall not include States, local-
8 ities, corporations or other nonliving entities.

9 (2) **SEQUESTER AND SEQUESTRATION.**—The
10 terms “sequester” and “sequestration” refer to or
11 mean the cancellation of budgetary resources pro-
12 vided by discretionary appropriations or direct
13 spending law.

14 (3) **BREACH.**—The term “breach” means, for
15 any fiscal year, the amount (if any) by which outlays

1 for that year (within a category of direct spending)
2 is above that category's direct spending cap for that
3 year.

4 (4) BASELINE.—The term “baseline” means
5 the projection (described in section 206) of current
6 levels of new budget authority, outlays, receipts, and
7 the surplus or deficit into the budget year and the
8 outyears.

9 (5) BUDGETARY RESOURCES.—The term
10 “budgetary resources” means new budget authority,
11 unobligated balances, direct spending authority, and
12 obligation limitations.

13 (6) DISCRETIONARY APPROPRIATIONS.—The
14 term “discretionary appropriations” means budg-
15 etary resources (except to fund direct spending pro-
16 grams) provided in appropriation Acts. If an appro-
17 priation Act alters the level of direct spending or off-
18 setting collections, that effect shall be treated as di-
19 rect spending. Classifications of new accounts or ac-
20 tivities and changes in classifications shall be made
21 in consultation with the Committees on Appropria-
22 tions and the Budget of the House of Representa-
23 tives and the Senate and with CBO and OMB.

24 (7) DIRECT SPENDING.—The term “direct
25 spending” means—

1 (A) budget authority provided by law other
2 than appropriation Acts, including entitlement
3 authority;

4 (B) entitlement authority; and

5 (C) the food stamp program.

6 If a law other than an appropriation Act alters the
7 level of discretionary appropriations or offsetting col-
8 lections, that effect shall be treated as direct spend-
9 ing.

10 (8) ENTITLEMENT AUTHORITY.—The term “en-
11 titlement authority” means authority (whether tem-
12 porary or permanent) to make payments (including
13 loans and grants), the budget authority for which is
14 not provided for in advance by appropriation Acts,
15 to any person or government if, under the provisions
16 of the law containing such authority, the United
17 States is obligated to make such payments to per-
18 sons or governments who meet the requirements es-
19 tablished by such law.

20 (9) CURRENT.—The term “current” means,
21 with respect to OMB estimates included with a
22 budget submission under section 1105(a) of title 31,
23 United States Code, the estimates consistent with
24 the economic and technical assumptions underlying
25 that budget.

1 (10) ACCOUNT.—The term “account” means an
2 item for which there is a designated budget account
3 designation number in the President’s budget.

4 (11) BUDGET YEAR.—The term “budget year”
5 means the fiscal year of the Government that starts
6 on the next October 1.

7 (12) CURRENT YEAR.—The term “current
8 year” means, with respect to a budget year, the fis-
9 cal year that immediately precedes that budget year.

10 (13) OUTYEAR.—The term “outyear” means,
11 with respect to a budget year, any of the fiscal years
12 that follow the budget year.

13 (14) OMB.—The term “OMB” means the Di-
14 rector of the Office of Management and Budget.

15 (15) CBO.—The term “CBO” means the Di-
16 rector of the Congressional Budget Office.

17 (16) BUDGET OUTLAYS AND OUTLAYS.—The
18 terms “budget outlays” and “outlays” mean, with
19 respect to any fiscal year, expenditures of funds
20 under budget authority during such year.

21 (17) BUDGET AUTHORITY AND NEW BUDGET
22 AUTHORITY.—The terms “budget authority” and
23 “new budget authority” have the meanings given to
24 them in section 3 of the Congressional Budget and
25 Impoundment Control Act of 1974.

1 (18) APPROPRIATION ACT.—The term “appro-
 2 piation Act” means an Act referred to in section
 3 105 of title 1, United States Code.

4 (19) DEFICIT.—The term “deficit” means, with
 5 respect to a fiscal year, the amount by which total
 6 outlays exceed total receipts during that year.

7 (20) SURPLUS.—The term “surplus” means,
 8 with respect to a fiscal year, the amount by which
 9 total receipts exceed total outlays during that year.

10 (21) DIRECT SPENDING CAPS.—The term “di-
 11 rect spending caps” means the nominal dollar limits
 12 for entitlements and other mandatory spending pur-
 13 suant to section 110, as adjusted pursuant to section
 14 112.

15 **TITLE I—A SINGLE BUDGET FOR** 16 **THE UNITED STATES GOV-** 17 **ERNMENT**

18 **SEC. 101. STATEMENT OF PURPOSE.**

19 (a) The Federal budget process is the principal vehi-
 20 cle by which many of the most fundamental policy choices
 21 in Government are made. The purpose of this Act is to
 22 facilitate rational, informed, and timely decisions and to
 23 enforce the expenditure levels contained in the budget.

24 (b) The Federal budget process should focus atten-
 25 tion on the aggregate impact of Federal fiscal policy on

1 the economy, on public priorities, and on the tradeoffs that
2 must be made among priorities to control overall levels of
3 spending. To this end the Act is intended to establish a
4 budget process that, in each fiscal period—

5 (1) requires adoption of a budget before Con-
6 gress considers expenditures for individual pro-
7 grams, activities and functions of government;

8 (2) encourages agreement between Congress
9 and the President, with regard to broad fiscal policy
10 objectives and the allocation of public resources
11 among broad categories of expenditure;

12 (3) ties subsequent spending decisions to bind-
13 ing budget limits;

14 (4) holds Congress and the President account-
15 able for expenditure limits contained in the budget
16 until and unless they change the law to change the
17 limits; and

18 (5) produces a bias in favor of fiscal responsi-
19 bility that can be overcome only if Congress and the
20 President act constructively to do so.

21 **SEC. 102. SAFEGUARDS AGAINST DELAY.**

22 (a) To avoid temporary shutdowns of the Federal
23 Government, chapter 13 of title 31, United States Code,
24 is amended by inserting after section 1310 the following
25 new section:

1 **“§ 1311. Automatic continuing resolution**

2 “(a) If any appropriation Act as defined in section
3 105 of title 1 has not become law by the beginning of a
4 fiscal period, the automatic continuing resolution provided
5 for in this section shall take effect immediately. The auto-
6 matic continuing resolution shall remain in effect for the
7 entirety of the fiscal period, unless amended in whole or
8 in part, by enactment of an appropriation Act or Acts.
9 If the automatic continuing resolution shall take effect,
10 then there is hereby appropriated out of any moneys in
11 the Treasury not otherwise appropriated, an amount equal
12 to 95 percent of budget authority for each program,
13 project or activity regularly provided for under that appro-
14 priation bill in the most recent fiscal period. In no case
15 shall the total dollar amount of appropriations for any pro-
16 gram, project or activity pursuant to an automatic con-
17 tinuing resolution exceed 95 percent of the fixed dollar ap-
18 propriation for such program, project or activity in the
19 most recent appropriation Act, determined on a fiscal year
20 basis. Budget authority and outlays provided subject to
21 any automatic continuing resolution shall be subject to all
22 expenditure limits and enforcement provisions contained
23 in all laws in effect for the fiscal period.

24 “(b) Any automatic continuing resolution enacted
25 pursuant to this section shall be subject to the same ap-

1 portionment and other rules as apply to any other con-
2 tinuing resolution making appropriations.”.

3 **SEC. 103. BINDING BUDGET LAW.**

4 (a) To encourage early consultation and cooperation
5 between Congress and the President on decisions con-
6 cerning overall spending levels for all Federal programs,
7 projects, and activities and to provide for one budget for
8 the Government of the United States, Congress shall
9 enact, and the President shall sign, a binding budget law,
10 in the form of a joint resolution, by May 15 of the cal-
11 endar year in which the beginning of a new fiscal period
12 commences. The budget law shall fit on one page. It shall
13 set—

14 (1) budget authority and outlays for the major
15 functional categories for the budget year and 5 sub-
16 sequent years, except for disbursements of the old
17 age, survivors, and disability insurance program es-
18 tablished under title II of the Social Security Act;

19 (2) annual limits for budget authority an out-
20 lays for discretionary and mandatory programs, ac-
21 tivities, and accounts, with the exception of social se-
22 curity program disbursements and interest, for the
23 budget year and 5 subsequent years;

24 (3) appropriate levels for receipts and surpluses
25 or deficits for the budget year and 5 subsequent

1 years, not including receipts and disbursements of
2 the old age, survivors, and disability insurance pro-
3 gram established under title II of the Social Security
4 Act and related provisions of the Internal Revenue
5 Code of 1986;

6 (4) nonsocial security budget totals for the
7 budget year and for 5 subsequent years, including—

8 (A) budget authority and outlays;

9 (B) receipts; and

10 (C) surpluses, deficits, debt held by the
11 public; debt subject to limitation, and changes
12 in debt subject to limitation;

13 (5) for Social Security, which is by law “off-
14 budget”, the budget shall identify separately annual
15 estimates for disbursements, receipts, and surpluses
16 or deficits for the budget year, and for 5 subsequent
17 years; and

18 (6) unified budget totals for the budget year
19 and for 5 subsequent years for budget authority and
20 outlays; receipts; and surpluses or deficits.

21 (b) The expenditure limits contained in the one-page
22 budget pursuant to this section shall include direct spend-
23 ing caps pursuant to section 110 of this Act and discre-
24 tionary spending limits pursuant to the most recently en-
25 acted legislation containing statutory spending limits. If

1 the one-page budget changes any expenditure limit for any
2 year, contained in any law in force for the fiscal period
3 covered by that budget, any Member of the House or Sen-
4 ate may, as a matter of the highest privilege, demand a
5 separate vote on the question of whether to change the
6 limit.

7 **SEC. 104. BUDGET REQUIRED BEFORE SPENDING BILLS**
8 **MAY BE CONSIDERED.**

9 (a) Section 303 of the Congressional Budget Act of
10 1974 is amended by striking “concurrent resolution on the
11 budget” and inserting “joint budget resolution enacted
12 pursuant to section 103 of the Budget Enforcement Act
13 of 1999” wherever it appears.

14 (b) Section 303 of the Congressional Budget Act of
15 1974 is amended by striking subsections (b) and (c) and
16 inserting the following new subsection:

17 “(b) EXCEPTION.—Consideration in the House or the
18 Senate of any bill, resolution, amendment or conference
19 report making available budget authority, entitlement au-
20 thority, direct spending authority, contract authority, di-
21 rect or guaranteed lending authority effective in that fiscal
22 period in the absence of an enacted joint budget resolution
23 shall only be in order upon a two-thirds vote of the Mem-
24 bers voting, a quorum being present, to waive subsection
25 (a).

1 **SEC. 105. LOCK BOX AMENDMENT.**

2 Notwithstanding any other law or any rule of the
3 House of Representatives or the Senate, it shall always
4 be in order to offer an amendment to a bill providing dis-
5 cretionary budget authority or budget outlays that
6 would—

7 (1) only reduce such budget authority or budget
8 outlays; and

9 (2) reduce the appropriate caps in the most re-
10 cently enacted joint budget resolution for such budg-
11 et authority or budget outlays by an amount less
12 than or equal to the amount of the reduction in the
13 amendment.

14 **SEC. 106. TECHNICAL AMENDMENTS.**

15 The Congressional Budget Act of 1974, the Rules of
16 the House of Representatives, the Standing Rules of the
17 United States, and the Balanced Budget and Emergency
18 Deficit Control Act of 1985 are amended by striking “con-
19 current resolution on the budget” and inserting “joint res-
20 olution on the budget”, by striking “concurrent resolu-
21 tions on the budget” and inserting “joint resolutions on
22 the budget”, by striking “concurrent resolution” or “con-
23 current resolutions” (if the reference is to a budget resolu-
24 tion) and inserting “joint resolution” or “joint resolu-
25 tions”, as the case may be.

1 SEC. 107. TIMETABLE.

On or before:	Action to be completed:
January 15	CBO economic and budget update.
First Monday in February	President's budget update based on new assumptions.
April 15	House and Senate complete action on the Budget.
May 10	House and Senate complete action on the Conference Agreement on the Budget.
May 15	President signs or vetos the Conference Agreement on the Budget.
August 1	CBO and OMB updates.
August 15	Preview report.
Not later than November 1 (and as soon as practical after the end of the fiscal year).	OMB and CBO Analyses of Deficits, Revenues and Spending Levels and Projections for the Upcoming Year.
November 1–December 15	Congressional action to avoid sequestration.
December 15	OMB issues final (look back) report for prior year and preview for current year.
December 15	Presidential sequester order or order.

2 SEC. 108. PROCEDURES TO AVOID SEQUESTRATION.

3 (a) SPECIAL MESSAGE.—If the OMB Analysis of Ac-

4 tual Spending Levels and Projections for the Upcoming

5 Year, issued pursuant to section 201, indicates that out-

6 lays in the most recently completed fiscal year exceeded,

7 or outlays in the current year are projected to exceed, the

8 caps in section 110, as adjusted pursuant to section 112,

9 the President shall submit to Congress with the OMB

10 Analysis of Actual Spending Levels and Projections for

11 the Upcoming Year a special message that includes pro-

12 posed legislative changes to—

13 (1) offset all or part of outlay excess; or

14 (2) revise the outlay caps contained in this Act.

1 (b) INTRODUCTION OF THE PRESIDENT'S PACK-
2 AGE.—Not later than November 15, the message from the
3 President required pursuant to subsection (a) shall be in-
4 troduced as a joint resolution in the House of Representa-
5 tives or the Senate by the chairman of its Committee on
6 the Budget. If the chairman fails to do so, after November
7 15, the joint resolution may be introduced by any Member
8 of that House of Congress and shall be referred to the
9 Committee on the Budget of that House.

10 (c) HOUSE COMMITTEE ACTION.—The Committee on
11 the Budget, in consultation with the committees of juris-
12 diction, shall, by November 15, report a joint resolution
13 containing—

14 (1) the recommendations in the President's
15 message, or different policies and proposed legisla-
16 tive changes than those contained in the message of
17 the President, to ameliorate or eliminate any excess
18 expenditures, or

19 (2) any changes to expenditure caps contained
20 in this Act, except that any changes to the expendi-
21 ture caps cannot be greater than the changes rec-
22 ommended in the message submitted by the Presi-
23 dent.

1 (d) PROCEDURE IF THE APPROPRIATE COMMITTEE
2 OF THE HOUSE OF REPRESENTATIVES FAILS TO REPORT
3 REQUIRED RESOLUTION.—

4 (1) AUTOMATIC DISCHARGE OF COMMITTEES
5 ON THE BUDGET OF THE HOUSE.—If the Committee
6 on the Budget of the House of Representatives fails,
7 by November 20, to report a resolution meeting the
8 requirements of subsection (c), the committee shall
9 be automatically discharged from further consider-
10 ation of the joint resolution reflecting the Presi-
11 dent's recommendations introduced pursuant to sub-
12 section (a), and the joint resolution shall be placed
13 on the appropriate calendar.

14 (2) CONSIDERATION OF DISCHARGE RESOLU-
15 TION IN THE HOUSE.—If the Committee has been
16 discharged under paragraph (1) above, any Member
17 may move that the House of Representatives con-
18 sider the resolution. Such motion shall be highly
19 privileged and not debatable. It shall not be in order
20 to consider any amendment to the resolution except
21 amendments which are germane and which do not
22 change the net outlay impact of the resolution.

23 (e) CONSIDERATION OF JOINT RESOLUTIONS IN THE
24 HOUSE.—Consideration of resolutions reported pursuant
25 to subsection (c) or (d) shall be pursuant to the procedures

1 set forth in section 305 of the Congressional Budget Act
2 of 1974 and subsection (d). Notwithstanding subsection
3 (d) and any other rule or order of the House of Represent-
4 atives or the Senate, it shall be in order to consider
5 amendments to ameliorate any excess spending through
6 different policies and proposed legislation and which do
7 not change the net outlay impact of the resolution.

8 (f) TRANSMITTAL TO SENATE.—If a joint resolution
9 passes the House of Representatives pursuant to sub-
10 section (e), the Clerk of the House of Representatives shall
11 cause the resolution to be engrossed, certified, and trans-
12 mitted to the Senate within 1 calendar day of the day on
13 which the resolution is passed. The resolution shall be re-
14 ferred to the Senate Committee on the Budget.

15 (g) REQUIREMENTS FOR SPECIAL JOINT RESOLU-
16 TION IN THE SENATE.—The Committee on the Budget,
17 in consultation with the committees of jurisdiction shall
18 report not later than December 1—

19 (1) a joint resolution reflecting the message of
20 the President; or

21 (2) the joint resolution passed by the House of
22 Representatives, with or without amendment; or

23 (3) a joint resolution containing different poli-
24 cies and proposed legislative changes than those con-
25 tained in either the message of the President or the

1 resolution passed by the House of Representatives,
2 to eliminate all or part of any excess expenditures,
3 or

4 (4) any changes to the expenditure caps con-
5 tained in this Act, except that any changes to the
6 expenditure caps cannot be greater than the changes
7 recommended in the message submitted by the
8 President.

9 (h) PROCEDURE IF THE APPROPRIATE COMMITTEE
10 OF THE SENATE FAILS TO REPORT REQUIRED RESOLU-
11 TION.—(1) In the event that the Committee on the Budget
12 of the Senate fails, by December 1, to report a resolution
13 meeting the requirements of subsection (g), the committee
14 shall be automatically discharged from further consider-
15 ation of the joint resolution reflecting the President's rec-
16 ommendations introduced pursuant to subsection (a) and
17 of the resolution passed by the House of Representatives,
18 and both joint resolutions shall be placed on the appro-
19 priate calendar.

20 (2) Any member may move that the Senate consider
21 the resolution passed by the House of Representatives or
22 the resolution introduced pursuant to subsection (b).

23 (i) CONSIDERATION OF JOINT RESOLUTION IN THE
24 SENATE.—Consideration of resolutions reported pursuant
25 to subsections (c) or (d) shall be pursuant to the proce-

1 dures set forth in section 305 of the Congressional Budget
2 Act of 1974 and subsection (d).

3 (j) PROCEDURE IF JOINT RESOLUTION DOES NOT
4 ELIMINATE EXCESS.—If the joint resolution reported by
5 the Committee on the Budget pursuant to subsection (c)
6 or (g) or a joint resolution discharged in the House of
7 Representatives or the Senate pursuant to subsection
8 (d)(1) or (h) would eliminate less than the entire amount
9 by which actual or projected outlays exceed the caps con-
10 tained in this Act;

11 then the Committee on the Budget of the Senate shall re-
12 port a joint resolution, raising the outlay caps, for any
13 year in which actual or projected spending would not con-
14 form to the expenditure caps in section 110.

15 (k) CONFERENCE REPORTS SHALL FULLY ADDRESS
16 EXCESS.—It shall not be in order in the House of Rep-
17 resentatives or the Senate to consider a conference report
18 on a joint resolution to eliminate all or part of any excess
19 outlays compared to the expenditure caps contained in sec-
20 tion 110, unless—

21 (1) the joint resolution offsets the entire
22 amount of any overage; or

23 (2) the House of Representatives and Senate
24 both pass the joint resolution reported pursuant to
25 subsection (j).

1 The vote on any resolution reported pursuant to sub-
 2 section (j) shall be solely on the subject of changing the
 3 expenditure limits in section 110.

4 **SEC. 109. EFFECT ON PRESIDENTS' BUDGET SUBMISSIONS;**
 5 **POINT OF ORDER.**

6 (a) BUDGET SUBMISSION.—Any budget submitted by
 7 the President pursuant to section 1105(a) of title 31,
 8 United States Code, for each of fiscal years 1999 through
 9 2003 shall be consistent with the spending levels estab-
 10 lished in section 110, as adjusted pursuant to section 112,
 11 or it shall recommend changes to those levels.

12 (b) POINT OF ORDER.—It shall not be in order in
 13 the House of Representatives or the Senate to consider
 14 any concurrent resolution on the budget unless it is con-
 15 sistent with the spending levels established in section 110,
 16 as adjusted pursuant to section 112.

17 **SEC. 110. DIRECT SPENDING CAPS.**

18 (a) IN GENERAL.—Effective upon submission of the
 19 report by OMB pursuant to subsection (c), direct spending
 20 caps shall apply to all entitlement authority except for un-
 21 distributed offsetting receipts and net interest outlays,
 22 subject to adjustments for changes in eligible populations
 23 and inflation pursuant to section 112. For purposes of en-
 24 forcing direct spending caps under this Act, each separate

1 program shown in the table set forth in subsection (d)
2 shall be deemed to be a category.

3 (b) BUDGET COMMITTEE REPORTS.—Within 30 days
4 after enactment of this Act, the Budget Committees of
5 the House of Representatives and the Senate shall file
6 with their respective Houses identical reports containing
7 account numbers and spending levels for each specific cat-
8 egory.

9 (c) REPORT BY OMB.—Within 30 days after enact-
10 ment of this Act, OMB shall submit to the President and
11 each House of Congress a report identical to the reports
12 in subsection (b) containing account numbers and spend-
13 ing limits for each specific category.

14 (d) CONTENTS OF REPORTS.—All direct spending ac-
15 counts not included in these reports under separate cat-
16 egories shall be included under the heading “Other Enti-
17 tlements and Mandatory Spending”. These reports may
18 include adjustments among the caps set forth in this Act
19 as required below, however the aggregate amount available
20 under the “Total Entitlements and Other Mandatory
21 Spending” cap shall be identical in each such report and
22 in this Act and shall be deemed to have been adopted as
23 part of this Act. Each such report shall include the actual
24 amounts of the caps for each year of fiscal years 2001
25 through 2006 consistent with the concurrent resolution on

1 the budget for fiscal year 1999 for each of the following
2 categories:

3 Earned Income Tax Credit,
4 Family Support,
5 Civilian and other Federal retirement:
6 Military retirement,
7 Food stamps,
8 Medicaid,
9 Medicare,
10 Social Security,
11 Supplemental security income,
12 Unemployment compensation,
13 Veterans' benefits,
14 Other entitlements and mandatory spending,
15 and
16 Aggregate entitlements and other mandatory
17 spending.

18 (e) ADDITIONAL SPENDING LIMITS.—Legislation en-
19 acted subsequent to this Act may include additional caps
20 to limit spending for specific programs, activities, or ac-
21 counts with these categories. Those additional caps (if
22 any) shall be enforced in the same manner as the limits
23 set forth in such joint explanatory statement.

1 **SEC. 111. ECONOMIC ASSUMPTIONS.**

2 Subject to periodic reestimation based on changed
3 economic conditions or changes in eligible population, de-
4 terminations of the direct spending caps under section
5 110, any breaches of such caps, and actions necessary to
6 remedy such breaches shall be based upon the economic
7 assumptions set forth in the joint explanatory statement
8 of managers accompanying the most recently enacted joint
9 resolution on the budget. At the same time as the submis-
10 sion of the report by OMB pursuant to section 110(c),
11 OMB shall submit to the President and Congress a report
12 setting forth the economic assumptions in the joint explan-
13 atory statement of managers accompanying the joint reso-
14 lution on the budget for fiscal year 2001 and the assump-
15 tions regarding eligible populations used in preparing the
16 report submitted pursuant to section 110(c).

17 **SEC. 112. REVISIONS TO THE CAPS FOR ENTITLEMENTS**
18 **AND OTHER MANDATORY SPENDING.**

19 (a) **AUTOMATIC ADJUSTMENTS TO CAPS FOR ENTI-**
20 **TLEMENTS AND OTHER MANDATORY SPENDING.**—When
21 the President submits the budget under section 1105(a)
22 of title 31, United States Code, and upon submission of
23 the OMB report pursuant to section 201(a) for any year,
24 OMB shall calculate (in the order set forth below), and
25 the budget and reports shall include, adjustments to the
26 direct spending caps (and those limits as cumulatively ad-

1 justed) for the current year, the budget year, and each
2 outyear, to reflect the following:

3 (1) ADJUSTMENTS TO DIRECT SPENDING
4 CAPS.—

5 (A) CHANGES IN CONCEPTS AND DEFINI-
6 TIONS.—The adjustments produced by changes
7 in concepts and definitions shall equal the base-
8 line levels of new budget authority and outlays
9 using up-to-date concepts and definitions minus
10 those levels using the concepts and definitions
11 in effect before such changes. Such changes in
12 concepts and definitions may only be made in
13 consultation with the Committees on Appropria-
14 tions, the Budget, and Government Reform and
15 Oversight and Governmental Affairs of the
16 House of Representatives and the Senate.

17 (B) CHANGES IN NET OUTLAYS.—Changes
18 in net outlays for all programs and activities ex-
19 empt from sequestration under section 204.

20 (C) CHANGES IN INFLATION.—For direct
21 spending under laws and policies enacted or ef-
22 fective on or before July 1, 2000, inflation ad-
23 justment factors shall equal the ratio between
24 the level of year-over-year change in the Con-
25 sumer Price Index measured for the fiscal year

1 most recently completed and the applicable esti-
2 mated level for that year as described in section
3 111 (relating to economic assumptions). For di-
4 rect spending under laws and policies enacted
5 or effective after July 1, 2000, there shall be no
6 adjustment to the direct spending caps (for
7 changes in economic conditions including infla-
8 tion, nor for changes in numbers of eligible
9 beneficiaries) unless—

10 (i) the Act or the joint explanatory
11 statement of managers accompanying such
12 Act providing new direct spending includes
13 economic projections and projections of
14 numbers of beneficiaries; and

15 (ii) such Act specifically provides for
16 automatic adjustments to the direct spend-
17 ing caps in section 110 based on those pro-
18 jections.

19 (D) CHANGES IN ELIGIBLE POPU-
20 LATIONS.—For direct spending under laws and
21 policies enacted or effective on or before July 1,
22 2000, the direct spending caps shall be adjusted
23 to reflect changes in eligible populations, based
24 on the assumptions set forth in the OMB report
25 submitted pursuant to section 111. In making

1 such adjustments, OMB shall estimate the
2 changes in spending resulting from the change
3 in eligible populations. For direct spending
4 under laws and policies enacted or effective
5 after July 1, 1998, there shall be no adjustment
6 to the direct spending caps for changes in num-
7 bers of eligible beneficiaries unless—

8 (i) the Act or the joint explanatory
9 statement of managers accompanying such
10 Act providing new direct spending includes
11 economic projections and projections of
12 numbers of beneficiaries; and

13 (ii) such Act specifically provides for
14 automatic adjustments to the direct spend-
15 ing caps in section 110 based on those pro-
16 jections.

17 (E) INTRA-BUDGETARY PAYMENTS.—From
18 discretionary accounts to mandatory accounts.
19 The baseline and the discretionary spending
20 caps shall be adjusted to reflect those changes.

21 (b) PERMISSIBLE REVISIONS TO DIRECT SPENDING
22 CAPS.—Direct spending caps as enacted pursuant to sec-
23 tion 110 may be revised as follows: Except as required
24 pursuant to subsection (a), direct spending caps may only
25 be adjusted by recorded vote. It shall be a matter of high-

1 est privilege in the House of Representatives and the Sen-
 2 ate for a Member of the House of Representatives or the
 3 Senate to insist on a recorded vote solely on the question
 4 of amending such caps. It shall not be in order for the
 5 Committee on Rules of the House of Representatives to
 6 report a resolution waiving the provisions of this sub-
 7 section. This subsection may be waived in the Senate only
 8 by an affirmative vote of three-fifths of the Members duly
 9 chosen and sworn.

10 **TITLE II—ENFORCEMENT** 11 **PROVISIONS**

12 **SEC. 201. REPORTING EXCESS SPENDING.**

13 (a) ANALYSIS OF ACTUAL DEFICIT, REVENUE, AND
 14 SPENDING LEVELS.—As soon as practicable after any fis-
 15 cal year, OMB shall compile a statement of actual and
 16 projected deficits, revenues, and direct spending for that
 17 year and the current fiscal year. The statement shall iden-
 18 tify such spending by categories contained in section 110.

19 (b) ESTIMATE OF NECESSARY SPENDING REDUC-
 20 TION.—Based on the statement provided under subsection
 21 (a), the OMB shall issue a report to the President and
 22 the Congress on December 15 of any year in which such
 23 statement identifies actual or projected deficits, revenues,
 24 or spending in the current or immediately preceding fiscal
 25 years in violation of the direct spending caps in section

1 110, as adjusted pursuant to section 112, by more than
2 one-tenth of one percent of the applicable direct spending
3 for such year. The report shall include:

4 (1) The amount, if any, that total direct spend-
5 ing exceeded, or is projected to exceed, the aggregate
6 direct spending cap in section 110, as adjusted pur-
7 suant to section 112.

8 (2) All instances in which actual direct spend-
9 ing has exceeded the applicable direct spending cap.

10 (3) The difference between the amount of
11 spending available under the direct spending caps
12 for the current year and estimated actual spending
13 for the categories associated with such caps.

14 (4) The amounts by which direct spending shall
15 be reduced in the current fiscal year to offset the net
16 amount that actual direct spending in the preceding
17 fiscal year and projected direct spending in the cur-
18 rent fiscal year exceeds the amounts available for
19 each cap category.

20 **SEC. 202. ENFORCING DIRECT SPENDING CAPS.**

21 (a) PURPOSE.—This subtitle provides enforcement of
22 the direct spending caps on categories of spending estab-
23 lished pursuant to section 110. This section shall apply
24 for any fiscal year in which the statement provided under
25 section 201 identifies actual direct spending in the pre-

1 ceding fiscal year or projected direct spending in the cur-
2 rent year in excess of the aggregate direct spending cap,
3 as adjusted pursuant to section 112.

4 (b) GENERAL RULES.—

5 (1) ELIMINATING A BREACH.—Each non-ex-
6 empt account within a category shall be reduced by
7 a dollar amount calculated by multiplying the base-
8 line level of sequestrable budgetary resources in that
9 account at that time by the uniform percentage nec-
10 essary to eliminate a breach within that category.

11 (2) PROGRAMS, PROJECTS, OR ACTIVITIES.—
12 Except as otherwise provided, the same percentage
13 sequestration shall apply to all programs, projects
14 and activities within a budget account.

15 (3) INDEFINITE AUTHORITY.—Except as other-
16 wise provided, sequestration in accounts for which
17 obligations are indefinite shall be taken in a manner
18 to ensure that obligations in the fiscal year of a se-
19 questration and succeeding fiscal years are reduced,
20 from the level that would actually have occurred, by
21 the applicable sequestration percentage or percent-
22 ages.

23 (4) CANCELLATION OF BUDGETARY RE-
24 SOURCES.—Budgetary resources sequestered from
25 any account other than a trust, special or revolving

1 fund shall revert to the Treasury and be perma-
2 nently canceled.

3 (5) IMPLEMENTING REGULATIONS.—Notwith-
4 standing any other provision of law, administrative
5 rules or similar actions implementing any sequestra-
6 tion shall take effect within 30 days after that se-
7 questration.

8 **SEC. 203. SEQUESTRATION RULES.**

9 (a) GENERAL RULES.—For programs subject to di-
10 rect spending caps:

11 (1) TRIGGERING OF SEQUESTRATION.—Seques-
12 tration is triggered if total direct spending subject to
13 the caps in the preceding fiscal year and projected
14 direct spending subject to the caps in the current
15 fiscal year exceeds the total of aggregate caps for di-
16 rect spending for the current and immediately pre-
17 ceding fiscal year.

18 (2) CALCULATION OF REDUCTIONS.—The
19 amount to be sequestered from direct spending pro-
20 grams under each separate cap shall be determined
21 by multiplying the total amount that direct spending
22 in that category exceeded or is projected to exceed
23 the direct spending cap for that category by—

24 (A) the net amount that total direct spend-
25 ing exceeded, or is projected to exceed, the ag-

1 aggregate spending caps, as identified pursuant to
2 paragraph 201(b)(1); multiplied by

3 (B) the net amount that direct spending by
4 which the category exceeded and is projected to
5 exceed the direct spending cap for that cat-
6 egory, divided by the net amount that total
7 spending exceeded and is projected to exceed
8 the applicable direct spending cap for all cat-
9 egories in which spending exceeds the applicable
10 direct spending caps.

11 (3) UNIFORM PERCENTAGES.—In calculating
12 the uniform percentage applicable to the sequestra-
13 tion of all spending programs or activities within
14 each category, or the uniform percentage applicable
15 to the sequestration of nonexempt direct spending
16 programs or activities, the sequestrable base for di-
17 rect spending programs and activities is the total
18 level of outlays for the fiscal year for those programs
19 or activities in the current law baseline.

20 (4) PERMANENT SEQUESTRATION OF DIRECT
21 SPENDING.—Obligations in sequestered direct spend-
22 ing accounts shall be reduced in the fiscal year in
23 which a sequestration occurs and in all succeeding
24 fiscal years. Notwithstanding any other provision of
25 this section, after the first direct spending seques-

1 tration, any later sequestration shall reduce direct
2 spending by an amount in addition to, rather than
3 in lieu of, the reduction in direct spending in place
4 under the existing sequestration or sequestrations.

5 (5) SPECIAL RULE.—For any direct spending
6 program in which—

7 (A) outlays pay for entitlement benefits;

8 (B) a current-year sequestration takes ef-
9 fect after the 1st day of the budget year;

10 (C) that delay reduces the amount of enti-
11 tlement authority that is subject to sequestra-
12 tion in the budget; and

13 (D) the uniform percentage otherwise ap-
14 plicable to the budget-year sequestration of a
15 program or activity is increased due to the
16 delay;

17 then the uniform percentage shall revert to the uni-
18 form percentage calculated under paragraph (3)
19 when the budget year is completed.

20 (6) INDEXED BENEFIT PAYMENTS.—If, under
21 any entitlement program—

22 (A) benefit payments are made to persons
23 or governments more frequently than once a
24 year; and

1 (B) the amount of entitlement authority is
2 periodically adjusted under existing law to re-
3 flect changes in a price index (commonly called
4 “cost of living adjustments”);
5 sequestration shall first be applied to the cost of liv-
6 ing adjustment before reductions are made to the
7 base benefit. For the first fiscal year to which a se-
8 questration applies, the benefit payment reductions
9 in such programs accomplished by the order shall
10 take effect starting with the payment made at the
11 beginning of January following a final sequester.
12 For the purposes of this subsection, veterans’ com-
13 pensation shall be considered a program that meets
14 the conditions of the preceding sentence.

15 (7) LOAN PROGRAMS.—For all loans made, ex-
16 tended, or otherwise modified on or after any se-
17 questration under loan programs subject to direct
18 spending caps—

19 (A) the sequestrable base shall be total
20 fees associated with all loans made, extended or
21 otherwise modified on or after the date of se-
22 questration; and

23 (B) the fees paid by borrowers shall be in-
24 creased by a uniform percentage sufficient to
25 produce the dollar savings in such loan pro-

1 grams for the fiscal year or years of the seques-
2 trations required by this section.

3 Notwithstanding any other provision of law, in any
4 year in which a sequestration is in effect, all subse-
5 quent fees shall be increased by the uniform percent-
6 age and all proceeds from such fees shall be paid
7 into the general fund of the Treasury.

8 (8) INSURANCE PROGRAMS.—Any sequestration
9 of a Federal program that sells insurance contracts
10 to the public (including the Federal Crop Insurance
11 Fund, the National Insurance Development Fund,
12 the National Flood Insurance fund, insurance activi-
13 ties of the Overseas Private Insurance Corporation,
14 and Veterans' Life insurance programs) shall be ac-
15 complished by increasing premiums on contracts en-
16 tered into, extended or otherwise modified, after the
17 date a sequestration order takes effect by the uni-
18 form sequestration percentage. Notwithstanding any
19 other provision of law, for any year in which a se-
20 questration affecting such programs is in effect, sub-
21 sequent premiums shall be increased by the uniform
22 percentage and all proceeds from the premium in-
23 crease shall be paid from the insurance fund or ac-
24 count to the general fund of the Treasury.

1 (9) STATE GRANT FORMULAS.—For all State
2 grant programs subject to direct spending caps—

3 (A) the total amount of funds available for
4 all States shall be reduced by the amount re-
5 quired to be sequestered; and

6 (B) if States are projected to receive in-
7 creased funding in the budget year compared to
8 the immediately preceding fiscal year, seques-
9 tration shall first be applied to the estimated
10 increases before reductions are made compared
11 to actual payments to States in the previous
12 year—

13 (i) the reductions shall be applied first
14 to the total estimated increases for all
15 States; then

16 (ii) the uniform reduction shall be
17 made from each State’s grant; and

18 (iii) the uniform reduction shall apply
19 to the base funding levels available to
20 states in the immediately preceding fiscal
21 year only to the extent necessary to elimi-
22 nate any remaining excess over the appli-
23 cable direct spending cap.

24 (10) SPECIAL RULE FOR CERTAIN PRO-
25 GRAMS.—Except matters exempted under sec-

1 tion 205 and programs subject to special rules
2 set forth under section 206 and notwith-
3 standing any other provisions of law, any se-
4 questration required under this Act shall reduce
5 benefit levels by an amount sufficient to elimi-
6 nate all excess spending identified in the report
7 issued pursuant to section 201, while maintain-
8 ing the same uniform percentage reduction in
9 the monetary value of benefits subject to reduc-
10 tion under this subsection.

11 (b) WITHIN-SESSION SEQUESTER.—If a bill or reso-
12 lution providing direct spending for the current year is en-
13 acted before July 1 of that fiscal year and causes a breach
14 within any direct spending cap for that fiscal year, 15 days
15 later there shall be a sequestration to eliminate that
16 breach within that cap.

17 **SEC. 204. EXEMPT PROGRAMS AND ACTIVITIES.**

18 The following budget accounts, activities within ac-
19 counts, or income shall be exempt from sequestration—

20 (1) net interest;

21 (2) all payments to trust funds from excise
22 taxes or other receipts or collections properly cred-
23 itable to those trust funds;

24 (3) offsetting receipts and collections;

1 (4) all payments from one Federal direct spend-
2 ing budget account to another Federal budget ac-
3 count;

4 (5) all intragovernmental funds including those
5 from which funding is derived primarily from other
6 Government accounts;

7 (6) expenses to the extent they result from pri-
8 vate donations, bequests, or voluntary contributions
9 to the Government;

10 (7) nonbudgetary activities, including but not
11 limited to—

12 (A) credit liquidating and financing ac-
13 counts;

14 (B) the Pension Benefit Guarantee Cor-
15 poration Trust Funds;

16 (C) the Thrift Savings Fund;

17 (D) the Federal Reserve System; and

18 (E) appropriations for the District of Co-
19 lumbia to the extent they are appropriations of
20 locally raised funds;

21 (8) payments resulting from Government insur-
22 ance, Government guarantees, or any other form of
23 contingent liability, to the extent those payments re-
24 sult from contractual or other legally binding com-

1 mitments of the Government at the time of any se-
2 questration;

3 (9) the following accounts, which largely fulfill
4 requirements of the Constitution or otherwise make
5 payments to which the Government is committed—

6 Bureau of Indian Affairs, miscellaneous
7 trust funds, tribal trust funds (14-9973-0-7-
8 999);

9 Claims, defense;

10 Claims, judgments and relief act (20-
11 1895-0-1-806);

12 Compact of Free Association, economic as-
13 sistance pursuant to Public Law 99-658 (14-
14 0415-0-1-806);

15 Compensation of the President (11-0001-
16 0-1-802);

17 Customs Service, miscellaneous permanent
18 appropriations (20-9992-0-2-852);

19 Eastern Indian land claims settlement
20 fund (14-2202-0-1-806);

21 Farm Credit System Financial Assistance
22 Corporation, interest payments (20-1850-0-1-
23 351);

24 Internal Revenue collections of Puerto Rico
25 (20-5737-0-2-852);

1 Payments of Vietnam and USS Pueblo
2 prisoner-of-war claims (15–0104–0–1–153):

3 Payments to copyright owners (03–5175–
4 0–2–376);

5 Salaries of Article III judges (not including
6 cost of living adjustments);

7 Soldier’s and Airman’s Home, payment of
8 claims (84–8930–0–7–705);

9 Washington Metropolitan Area Transit Au-
10 thority, interest payments (46–0300–0–1–401);

11 (10) the following noncredit special, revolving,
12 or trust-revolving funds—

13 Exchange Stabilization Fund (20–4444–0–
14 3–155); and

15 Foreign Military Sales trust fund (11–
16 82232–0–7–155).

17 **SEC. 205. SPECIAL RULES.**

18 (a) CHILD SUPPORT ENFORCEMENT PROGRAM.—

19 Any sequestration order shall accomplish the full amount
20 of any required reduction in payments under sections 455
21 and 458 of the Social Security Act by reducing the Fed-
22 eral matching rate for State administrative costs under
23 the program, as specified (for the fiscal year involved) in
24 section 455(a) of such Act, to the extent necessary to re-
25 duce such expenditures by that amount.

1 (b) COMMODITY CREDIT CORPORATION.—

2 (1) EFFECTIVE DATE.—For the Commodity
3 Credit Corporation, the date on which a sequestra-
4 tion order takes effect in a fiscal year shall vary for
5 each crop of a commodity. In general, the sequestra-
6 tion order shall take effect when issued, but for each
7 crop of a commodity for which 1-year contracts are
8 issued as an entitlement, the sequestration order
9 shall take effect with the start of the sign-up period
10 for that crop that begins after the sequestration
11 order is issued. Payments for each contract in such
12 a crop shall be reduced under the same terms and
13 conditions.

14 (2) DAIRY PROGRAM.—

15 (A) As the sole means of achieving any re-
16 duction in outlays under the milk price-support
17 program, the Secretary of Agriculture shall pro-
18 vide for a reduction to be made in the price re-
19 ceived by producers for all milk in the United
20 States and marketed by producers for commer-
21 cial use.

22 (B) That price reduction (measured in
23 cents per hundred-weight of milk marketed)
24 shall occur under subparagraph (A) of section
25 201(d)(2) of the Agricultural Act of 1949 (7

1 U.S.C. 1446(d)(2)(A)), shall begin on the day
2 any sequestration order is issued, and shall not
3 exceed the aggregate amount of the reduction
4 in outlays under the milk price-support pro-
5 gram, that otherwise would have been achieved
6 by reducing payments made for the purchase of
7 milk or the products of milk under this sub-
8 section during that fiscal year.

9 (3) CERTAIN AUTHORITY NOT TO BE LIM-
10 ITED.—Nothing in this Act shall restrict the Cor-
11 poration in the discharge of its authority and re-
12 sponsibility as a corporation to buy and sell com-
13 modities in international trade, or limit or reduce in
14 any way any appropriation that provides the Cor-
15 poration with funds to cover its realized losses.

16 (c) EARNED INCOME TAX CREDIT.—

17 (1) The sequestrable base for earned income
18 tax credit program is the dollar value of all current
19 year benefits to the entire eligible population.

20 (2) In the event sequestration is triggered to re-
21 duce earned income tax credits, all earned income
22 tax credits shall be reduced, whether or not such
23 credits otherwise would result in cash payments to
24 beneficiaries, by a uniform percentage sufficient to

1 produce the dollar savings required by the sequestra-
2 tion.

3 (d) REGULAR AND EXTENDED UNEMPLOYMENT
4 COMPENSATION.—

5 (1) A State may reduce each weekly benefit
6 payment made under the regular and extended un-
7 employment benefit programs for any week of unem-
8 ployment occurring during any period with respect
9 to which payments are reduced under any sequestra-
10 tion order by a percentage not to exceed the percent-
11 age by which the Federal payment to the State is to
12 be reduced for such week as a result of such order.

13 (2) A reduction by a State in accordance with
14 paragraph (1) shall not be considered as a failure to
15 fulfill the requirements of section 3304(a)(11) of the
16 Internal Revenue Code of 1986.

17 (e) FEDERAL EMPLOYEES HEALTH BENEFITS
18 FUND.— For the Federal Employees Health Benefits
19 Fund, a sequestration order shall take effect with the next
20 open season. The sequestration shall be accomplished by
21 annual payments from that Fund to the General Fund of
22 the Treasury. Those annual payments shall be financed
23 solely by charging higher premiums. The sequestrable base
24 for the Fund is the current-year level of gross outlays re-

1 sulting from claims paid after the sequestration order
2 takes effect.

3 (f) FEDERAL HOUSING FINANCE BOARD.— Any se-
4 questration of the Federal Housing Board shall be accom-
5 plished by annual payments (by the end of each fiscal
6 year) from that Board to the general fund of the Treasury,
7 in amounts equal to the uniform sequestration percentage
8 for that year times the gross obligations of the Board in
9 that year.

10 (g) FEDERAL PAY.—

11 (1) IN GENERAL.— New budget authority to
12 pay Federal personnel from direct spending accounts
13 shall be reduced by the uniform percentage cal-
14 culated under section 203(c)(3), as applicable, but
15 no sequestration order may reduce or have the effect
16 of reducing the rate of pay to which any individual
17 is entitled under any statutory pay system as in-
18 creased by any amount payable under section 5304
19 of title 5, United States Code, or any increase in
20 rates of pay which is scheduled to take effect under
21 section 5303 of title 5, United States Code, section
22 1109 of title 37, United States Code, or any other
23 provision of law.

24 (2) DEFINITIONS.—For purposes of this
25 subsection—

1 (A) the term “statutory pay system” shall
2 have the meaning given that term in section
3 5302(1) of title 5, United States Code;

4 term “elements of military pay” means—

5 (i) the elements of compensation of
6 members of the uniformed services speci-
7 fied in section 1009 of title 37, United
8 States Code;

9 (ii) allowances provided members of
10 the uniformed services under sections
11 403(a) and 405 of such title; and

12 (iii) cadet pay and midshipman pay
13 under section 203(c) of such title; and

14 (C) the term “uniformed services” shall
15 have the same meaning given that term in sec-
16 tion 101(3) of title 37, United States Code.

17 (h) MEDICARE.—

18 (1) IN GENERAL.—Any sequestration shall ac-
19 complish 90 percent of the required reduction by re-
20 ductions in payments for services under title XVIII
21 of the Social Security Act and 10 percent of the re-
22 quired reduction through increases in beneficiary
23 premiums under part B of title XVIII of the Social
24 Security Act.

1 (2) TIMING OF APPLICATION OF REDUC-
2 TIONS.—

3 (A) IN GENERAL.—Except as provided in
4 subparagraph (B), if a reduction is made in
5 payment amounts pursuant to sequestration
6 order, the reduction shall be applied to payment
7 for services furnished after the effective date of
8 the order. For purposes of the previous sen-
9 tence, in the case of inpatient services furnished
10 for an individual, the services shall be consid-
11 ered to be furnished on the date of the individ-
12 ual's discharge from the inpatient facility.

13 (B) PAYMENT ON THE BASIS OF COST RE-
14 PORTING PERIODS.—In the case in which pay-
15 ment for services of a provider of services is
16 made under title XVIII of the Social Security
17 Act on a basis relating to the reasonable cost
18 incurred for the services during a cost reporting
19 period of the provider, if a reduction is made in
20 payment amounts pursuant to a sequestration
21 order, the reduction shall be applied to payment
22 for costs for such services incurred at any time
23 during each cost reporting period of the pro-
24 vider any part of which occurs after the effec-
25 tive date of order, but only (for each such cost

1 reporting period) in the same proportion as the
2 fraction of the cost reporting period that occurs
3 after the effective date of the order.

4 (3) NO INCREASE IN BENEFICIARY CHARGES IN
5 ASSIGNMENT-RELATED CASES.—If a reduction in
6 payment amounts is made pursuant to a sequestra-
7 tion order for services for which payment under part
8 B of title XVIII of the Social Security Act is made
9 on the basis of an assignment described in section
10 1842(b)(3)(B)(ii), in accordance with section
11 1842(b)(6)(B), or under the procedure described in
12 section 1870(f)(1) of such Act, the person furnishing
13 the services shall be considered to have accepted
14 payment of the reasonable charge for the services,
15 less any reduction in payment amount made pursu-
16 ant to a sequestration order, as payment in full.

17 (4) PART B PREMIUMS.—In computing the
18 amount and method, part B premiums shall be in-
19 creased by a percentage to be determined by dividing
20 10 percent of the amount that medicare spending
21 exceeds the applicable cap by the total amount of all
22 premium collections. All beneficiary premiums shall
23 be increased by the percentage calculated pursuant
24 to the preceding sentence, except that no increase in

1 the premium shall result in a reduction in social se-
2 curity benefit payments to any beneficiary.

3 (5) NO EFFECT ON COMPUTATION OF AAPCC.—

4 In computing the adjusted average per capita cost
5 for purposes of section 1876(a)(4) of the Social Se-
6 curity Act, the Secretary of Health and Human
7 Services shall not take into account any reductions
8 in payment amounts which have been or may be ef-
9 fected under this part.

10 (i) POSTAL SERVICE FUND.—Any sequestration of
11 the Postal Service Fund shall be accomplished by annual
12 payments from that Fund to the General Fund of the
13 Treasury, and the Postmaster General of the United
14 States and shall have the duty to make those payments
15 during the first fiscal year to which the sequestration
16 order applies and each succeeding fiscal year. The amount
17 of each annual payment shall be—

18 (1) the uniform sequestration percentage, times

19 (2) the estimated gross obligations of the Postal
20 Service Fund in that year other than those obliga-
21 tions financed with an appropriation for revenue for-
22 gone that year.

23 Any such payment for a fiscal year shall be made as soon
24 as possible during the fiscal year, except that it may be
25 made in installments within that year if the payment

1 schedule is approved by the Secretary of the Treasury.
2 Within 30 days after the sequestration order is issued, the
3 Postmaster General shall submit to the Postal Rate Com-
4 mission a plan for financing the annual payment for that
5 fiscal year and publish that plan in the Federal Register.
6 The plan may assume efficiencies in the operation of the
7 Postal Service, reductions in capital expenditures, in-
8 creases in the prices of services, or any combination, but
9 may not assume a lower Fund surplus or higher Fund
10 deficit and shall follow the requirements of existing law
11 governing the Postal Service in all other respects. Within
12 30 days of the receipt of that plan, the Postal Rate Com-
13 mission shall approve the plan or modify it in the manner
14 that modifications are allowed under current law. If the
15 Postal Rate Commission does not respond to the plan
16 within 30 days, the plan submitted by the Postmaster
17 General shall go into effect. Any plan may be later revised
18 by the submission of a new plan to the Postal Rate Com-
19 mission, which may approve or modify it.

20 (j) POWER MARKETING ADMINISTRATIONS AND
21 T.V.A.—Any sequestration of the Department of Energy
22 power marketing administration funds or the Tennessee
23 Valley Authority fund shall be accomplished by annual
24 payments from those funds to the General Fund of the
25 Treasury, and the administrators of those funds shall have

1 the duty to make those payments during the fiscal year
2 to which the sequestration order applies and each suc-
3 ceeding fiscal year. The amount of each payment by a
4 fund shall be—

5 (1) the direct spending uniform sequestration
6 percentage, times

7 (2) the estimated gross obligations of the fund
8 in that year other than those obligations financed
9 from discretionary appropriations for that year.

10 Any such payment for a fiscal year shall be made as soon
11 as possible during the fiscal year, except that it may be
12 made in installments within that year if the payment
13 schedule is approved by the Secretary of the Treasury. An-
14 nual payments by a fund may be financed by reductions
15 in costs required to produce the pre-sequester amount of
16 power (but those reductions shall not include reductions
17 in the amount of power supplied by the fund), by reduc-
18 tions in capital expenditures, by increases in tax rates, or
19 by any combination, but may not be financed by a lower
20 fund surplus, a higher fund deficit, additional borrowing,
21 delay in repayment of principal on outstanding debt and
22 shall follow the requirements of existing law governing the
23 fund in all other respects. The administrator of a fund
24 or the TVA Board is authorized to take the actions speci-

1 fied in this subsection in order to make the annual pay-
2 ments to the Treasury.

3 (k) BUSINESS-LIKE TRANSACTIONS.—Notwith-
4 standing any other provision of law, for programs which
5 provide a business-like service in exchange for a fee, se-
6 questration shall be accomplished through a uniform in-
7 crease in fees (sufficient to produce the dollar savings in
8 such programs for the fiscal year of the sequestration re-
9 quired by section 201(a)(2), all subsequent fees shall be
10 increased by the same percentage, and all proceeds from
11 such fees shall be paid into the general fund of the Treas-
12 ury, in any year for which a sequester affecting such pro-
13 grams are in effect.

14 **SEC. 206. THE CURRENT LAW BASELINE.**

15 (a) SUBMISSION OF REPORTS.—CBO and OMB shall
16 submit to the President and the Congress reports setting
17 forth the budget baselines for the budget year and the next
18 nine fiscal years. The CBO report shall be submitted on
19 or before January 15. The OMB report shall accompany
20 the President's budget.

21 (b) DETERMINATION OF THE BUDGET BASELINE.—
22 (1) The budget baseline shall be based on the common
23 economic assumptions set forth in section 111, adjusted
24 to reflect revisions pursuant to subsection (c).

1 (2) The budget baseline shall consist of a projection
2 of current year levels of budget authority, outlays, reve-
3 nues and the surplus or deficit into the budget year and
4 the relevant outyears based on current enacted laws as
5 of the date of the projection.

6 (3) For discretionary spending items, the baseline
7 shall be the spending caps in effect pursuant to section
8 251(c) of the Balanced Budget and Emergency Deficit
9 Control Act of 1985. For years for which there are no
10 caps, the baseline for discretionary spending shall be the
11 same as the last year for which there were statutory caps.

12 (4) For all other expenditures and for revenues, the
13 baseline shall be adjusted by comparing unemployment,
14 inflation, interest rates, growth and eligible population for
15 the most recent period for which actual data are available,
16 compared to the assumptions contained in section 113.

17 (c) REVISIONS TO THE BASELINE.—The baseline
18 shall be adjusted for up-to-date economic assumptions for
19 all reports issued pursuant to section 112 of this Act and
20 section 254 of the Balanced Budget and Emergency Def-
21 icit Control Act of 1985.

22 **SEC. 207. LIMITATIONS ON EMERGENCY SPENDING.**

23 (a) IN GENERAL.—(1) Within the discretionary caps
24 for each fiscal year contained in this Act, an amount shall
25 be withheld from allocation to the appropriate committees

1 of the House of Representatives and of the Senate and
2 reserved for natural disasters and other emergency pur-
3 poses.

4 (2) Such amount for each such fiscal year shall not
5 be less than 1 percent of total budget authority and out-
6 lays available within those caps for that fiscal year.

7 (3) No adjustments shall be made to the discre-
8 tionary spending limits under section 251(b)(2)(A) of the
9 Balanced Budget and Emergency Deficit Control Act of
10 1985 unless the amount appropriated for discretionary ac-
11 counts that have been designated as emergency require-
12 ments exceed the amount reserved pursuant to paragraph
13 (1). Any adjustment shall be limited to the amount that
14 total appropriations designated as emergency require-
15 ments for the fiscal year exceeds the amount reserved pur-
16 suant to paragraph (1).

17 (4) The amounts reserved pursuant to this subsection
18 shall be made available for allocation to such committees
19 only if—

20 (A) the President has made a request for such
21 disaster funds;

22 (B) the programs to be funded are included in
23 such request; and

24 (C) the projected obligations for unforeseen
25 emergency needs exceed the 10-year rolling average

1 annual expenditures for existing programs included
2 in the Presidential request for the applicable fiscal
3 year.

4 (5) Notwithstanding any other provision of law—

5 (A) States and localities shall be required to
6 maintain effort and ensure that Federal assistance
7 payments do not replace, subvert or otherwise have
8 the effect of reducing regularly budgeted State and
9 local expenditures for law enforcement, firefighting,
10 road construction and maintenance, building con-
11 struction and maintenance or any other category of
12 regular government expenditure (to ensure that Fed-
13 eral disaster payments are made only for incre-
14 mental costs directly attributable to unforeseen dis-
15 asters, and do not replace or reduce regular State
16 and local expenditures for the same purposes);

17 (B) the President may not take administrative
18 action to waive any requirement for States or local-
19 ities to make minimum matching payments as a con-
20 dition or receiving Federal disaster assistance or
21 take administrative action to waive all or part of any
22 repayment of Federal loans for the State or local
23 matching share required as a condition of receiving
24 Federal disaster assistance. This clause shall apply
25 to all matching share requirements and loans to

1 meet matching share requirements under the Robert
2 T. Stafford Disaster Relief and Emergency Assist-
3 ance Act (42 U.S.C. 5121 et seq.) and any other
4 Acts pursuant to which the President may declare
5 a disaster or disasters and States and localities oth-
6 erwise qualify for Federal disaster assistance; and

7 (C) a two-thirds vote in each House of Congress
8 shall be required for each emergency to reduce or
9 waive the State matching requirement or to forgive
10 all or part of loans for the State matching share as
11 required under the Robert T. Stafford Disaster Re-
12 lief and Emergency Assistance Act.

13 (b) EFFECT ON BUDGET RESOLUTIONS.—(1) All
14 concurrent resolutions on the budget (including revisions)
15 shall specify the amount of new budget authority and out-
16 lays within the discretionary spending cap that shall be
17 withheld from allocation to the committees and reserved
18 for natural disasters, and a procedure for releasing such
19 funds for allocation to the appropriate committee. The
20 amount withheld shall be equal to 1 percent of the total
21 discretionary spending cap for fiscal year covered by the
22 resolution, unless additional amounts are specified.

23 (2) The procedure for allocation of the amounts pur-
24 suant to paragraph (1) shall ensure that the funds are

1 released for allocation only pursuant to the conditions con-
2 tained in subsection (a)(3)(A) through (C).

3 (c) RESTRICTION ON USE OF FUNDS.—Notwith-
4 standing any other provision of law, the amount reserved
5 pursuant to subsection (a) shall not be available for other
6 than emergency funding requirements for particular nat-
7 ural disasters or national security emergencies so des-
8 ignated by Acts of Congress.

9 (d) NEW POINT OF ORDER.—(1) Title IV of the Con-
10 gressional Budget Act of 1974 is amended by adding at
11 the end the following new section:

12 “POINT OF ORDER REGARDING EMERGENCIES

13 “SEC. 408. It shall not be in order in the House of
14 Representatives or the Senate to consider any bill or joint
15 resolution, or amendment thereto or conference report
16 thereon, containing an emergency designation for purposes
17 of section 251(b)(2)(A) or 252(e) of the Balanced Budget
18 and Emergency Deficit Control Act of 1985 or of section
19 207 of the Budget Enforcement Act of 1999 if it also pro-
20 vides an appropriation or direct spending for any other
21 item or contains any other matter, but that bill or joint
22 resolution, amendment, or conference report may contain
23 rescissions of budget authority or reductions of direct
24 spending, or that amendment may reduce amounts for
25 that emergency.”.

1 (2) The table of contents set forth in section 1(b) of
 2 the Congressional Budget and Impoundment Control Act
 3 of 1974 is amended by inserting after the item relating
 4 to section 407 the following new item:

“Sec. 408. Point of order regarding emergencies.”.

5 **SEC. 208. TEN-YEAR CONGRESSIONAL REVIEW REQUIRE-**
 6 **MENT OF PERMANENT BUDGET AUTHORITY.**

7 (a) TIMETABLE FOR REVIEW.—Clause 2(d)(1) of
 8 rule X of the Rules of the House of Representatives is
 9 amended by striking subdivisions (B) and (C) and insert-
 10 ing the following new subdivision:

11 “(B) provide in its plans a specific timetable for
 12 its review of those laws, programs, or agencies with-
 13 in its jurisdiction, including those that operate under
 14 permanent budget authority or permanent statutory
 15 authority.”.

16 (b) REVIEW OF PERMANENT BUDGET AUTHORITY
 17 BY THE COMMITTEE ON APPROPRIATIONS.—Clause 4(a)
 18 of rule X of the Rules of the House of Representatives
 19 is amended—

20 (1) by striking subparagraph (2); and

21 (2) by redesignating subparagraph (3) as sub-
 22 paragraph (2) and by striking “from time to time”
 23 and inserting “at least once each Congress” in sub-
 24 paragraph (2) (as redesignated).

1 (c) CONFORMING AMENDMENT.—Clause 4(e)(2) of
2 rule X of the Rules of the House of Representatives is
3 amended by striking “from time to time” and inserting
4 “at least once every ten years”.

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