

single day and they pay taxes, usually more in payroll taxes than in income taxes, and more in payroll taxes, I would imagine, than the wealthiest one 1 or 2 percent that our Republican colleagues would like to reward.

Democrats believe these are the parents who deserve the tax relief. Remember, my friends, the contract that you signed.

SUPPORT THE REPUBLICAN TAX CUT PROPOSAL

(Mr. HERGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HERGER. Mr. Speaker, 2 million low- and middle-income Americans are waiting to see if this Congress will eliminate their tax burden. That is right, Mr. Speaker. According to the nonpartisan Joint Committee on Taxation, 2 million Americans will no longer pay income taxes at all if the Republican House-passed tax cut proposal becomes law; not 2 million rich Americans, as my Democrat friends from the other side of the aisle would have us believe, but 2 million struggling low- and middle-income Americans who barely make enough to support their families but still are forced to pay income taxes. Our tax cuts help 2 million Americans that most need it by taking them off the income tax rolls completely.

Mr. Speaker, I encourage my colleagues to support the Republican House tax cut proposal that will truly benefit all Americans.

OUR QUEST FOR TAX RELIEF

(Mr. TIAHRT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TIAHRT. Mr. Speaker, I feel like our quest for tax relief is like a few lines from the song by the Lord of La Mancha: To dream the impossible dream, to right the unrightable wrong, to bear with unbearable sorrow.

It has been 16 years since we have had tax relief, and still we hear so many reasons why we have to vote against the tax relief plan.

When you do not want to do something like vote for tax relief, any excuse is a good excuse: too much for the rich, even though the rich are considered a family of four where each parent is making \$32,000 a year; not enough income tax relief for those who are considered poor, even though they pay no income tax.

There will be only one tax relief package to vote for, it will be the agreement between the Congress, the President, and the American people. There will be no excuse for voting against tax relief.

Mr. Speaker, let us dream the impossible dream. Let us give tax relief to working Americans.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 2003

Mr. EDWARDS. Mr. Speaker, I ask unanimous consent that I be removed as a cosponsor of H.R. 2003.

The SPEAKER pro tempore (Mr. LATOURETTE). Is there objection to the request of the gentleman from Texas?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 2003

Mr. ENGLISH. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 2003.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

BUDGET ENFORCEMENT ACT OF 1997

Mr. GOSS. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 192 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 192

Resolved, That upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 2003) to reform the budget process and enforce the bipartisan balanced budget agreement of 1997. The bill shall be considered as read for amendment. The previous question shall be considered as ordered on the bill to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by Representative Barton of Texas or his designee and a Member opposed to the bill; and (2) one motion to recommit.

The SPEAKER pro tempore. The gentleman from Florida [Mr. GOSS] is recognized for 1 hour.

Mr. GOSS. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Texas [Mr. FROST], my colleague and friend, pending which I yield myself such time as I may consume. During consideration of this resolution all time yielded is for the purpose of debate only.

(Mr. GOSS asked and was given permission to revise and extend his remarks and to include extraneous material.)

Mr. GOSS. Mr. Speaker, this rule and today's debate reflect the essence of an agreement reached on June 25 as the House moved to pass legislation implementing the historic budget agreement. That agreement was to allow an up or down vote prior to July 24 on H.R. 2003, which had been offered as an amendment to reconciliation by the gentleman from Texas [Mr. BARTON], the gentleman from Minnesota [Mr. MINGE], and some of our other colleagues. This rule fulfills that agreement. Promises made; promises kept.

Today this House will vote on H.R. 2003, a budget process reform proposal advocated by a bipartisan group of Members. This rule is limited just to

provide for the agreement and it does not allow amendment. Not only is this customary for legislation that deals with entitlement and tax legislation within the jurisdiction of the Committee on Ways and Means, but it also captures the moment at which the actual agreement was made to bring this forward to allow the House to consider H.R. 2003 as presented on June 25.

The rule provides for 1 hour of debate in the House to be equally divided by the gentleman from Texas [Mr. BARTON] and an opponent. We have discussed in the Committee on Rules that the time will be divided in such a way as to accommodate Members from both sides of the aisle on both sides of the issue and for all of the committees with an interest. Managers will yield floor time appropriately. In addition the rule provides for the customary motion to recommit.

Mr. Speaker, as I have outlined, Members understand that we have gone through an unusual process here to get to this point. All three of the primary committees with jurisdiction over this legislation, that is, the Committee on the Budget, the Committee on Ways and Means, and the Committee on Rules, have agreed to waive their right to weigh in on this proposal in the interest of granting H.R. 2003 its unfettered vote as promised.

For something of this magnitude and complexity, that in itself is rather extraordinary under Republican leadership. In addition, in doing this Members should be aware of a process that has been under way for some time in the Committee on the Budget, the Committee on Rules, in the policy committee and among various groups of individual Members to reach deliberative and consensus solutions on how best to reform our budget process. In other words, we are focusing on this anyway, and we are now taking this extra step because of this arrangement with the gentleman from Texas [Mr. BARTON] and the gentleman from Minnesota [Mr. MINGE].

I think we all agree that there is a very real need for review and reform of the process of our budget. But that effort should be done, in my view, in a deliberate and inclusive way that takes full advantage of the expertise that can be found within our committee system which has served this institution and this country so well over the years. I have always argued that changing the budget process must lead to an improvement in the process, not just a different, equally flawed approach. Change for change's sake is not going to get us anywhere.

As chairman of the Subcommittee on Legislative and Budget Process, I am a little bit familiar with the problems of our current budget framework. Not only is it complicated and hard to understand, but it frankly does not work very well and it does not hold elected officials accountable enough, of course. Moreover, I agree with the proponents of the legislation before us today that

our current budget process does not adequately confront the challenge of imposing discipline on entitlement spending, which is a very tough subject.

In the Committee on Rules we held three hearings in the last Congress on the subject of budget reform. We have been working closely with the Committee on the Budget this year to develop proposals for reform. The gentleman from New York [Mr. SOLOMON] and the gentleman from Ohio [Mr. KASICH] have committed to developing a comprehensive budget process reform package in this Congress. So we are on our way to doing this anyway.

In the short-term I have been very pleased with the cooperative effort we have had with the Committee on the Budget on a bipartisan basis vetting what I will call cleanup provisions in reconciliation to streamline existing procedures. This is an important first step in budget process reform but obviously it is not comprehensive or complete.

The bill before us today has a different parentage. It is not the business as usual approach of the committee system. It is a product of an evolution from Member to Member, and outside group to outside group over several years. It has not been properly vetted through the committee system, and its authors have admitted as much by saying that further changes are needed.

In the Committee on Rules last night we heard discussion of the need for "technical amendments and revisions in this bill."

□ 1045

So it is not quite right even yet.

In my view, the problems with this bill go beyond drafting errors into substance. For instance, I do not think we will be improving the transparency and the credibility of our budget process by grafting 15 new very complicated sections onto the already complicated Budget Act.

In addition, I am troubled by the authority this bill cedes to the President to define the parameters of budget enforcement.

I also have concerns that this bill represents a first step down the very dangerous road toward automatic tax increases. That is what I said. Automatic tax increases. I do not think we are ready for that yet. It threatens to undo all the agreements and commitments that have been made to provide genuine tax relief to America's taxpayers.

I cannot support an approach that gives the President the authority to set in motion indefinite delay in the child tax credit that we are working so hard for, or delay of the capital gains tax we are working so hard for, or delay of the estate tax reduction we are working so hard for, or a host of the indexing provisions we are talking about.

Our budget problems are not the result of too little revenue. They are the

problem of too much spending and too much government and we all know it. In this regard, this bill operates under a basic flawed assumption.

With respect to entitlements, this bill is also troubling. I served on the Kerrey Commission on entitlement and tax reform, and I learned a great deal in the process. I well understand the problem we have with entitlements. We are on an unsustainable trend and we have to make some tough decisions, but this bill raises almost as many questions as it answers in terms of the process by which the very important decisions about handling entitlement spending would be made. It puts Social Security COLA's at risk of automatic spending cuts.

Now, I cannot imagine anybody who really would stand up for that proposition to say we are going to put Social Security COLA's into an automatic spending cut process. That is not going to hack it with the people that we represent and it should not.

Also, this approach that we are going to consider today provides for the possibility of automatic increases in Medicare premiums. Again, I do not think the constituency we represent, certainly not mine in southwest Florida, is going to jump up and applaud very loudly automatic increases in Medicare premiums.

Mr. Speaker, the proponents of this legislation are sincere in their effort and I congratulate them on it. They are striving to get enforcement teeth into the budget process, and we need it and I agree. It is just a question of how and when, and I do not think their approach today is how or when.

I admire their persistence in getting today's debate. It shows good leadership and good commitment, and I welcome them into our process through the committee process of budget reform, particularly focusing on enforcement with teeth.

I find the product we are working with today seriously flawed. I hope the House will defeat it so we can get back to work in developing the budget process reform that we have been working on.

Mr. Speaker, I submit for the RECORD the following section-by-section summary of H.R. 2003 and several letters concerning this issue:

SECTION-BY-SECTION SUMMARY OF H.R. 2003, THE "BUDGET ENFORCEMENT ACT OF 1997" PREPARED BY THE MAJORITY STAFF OF THE COMMITTEE ON RULES, JULY 22, 1997

GENERAL SUMMARY

H.R. 2003 establishes a new set of budget enforcement procedures specifically for the purpose of enforcing the direct spending levels and the deficit and revenue targets assumed in the Bipartisan Balanced Budget Agreement of 1997. This Act would be a free-standing set of procedures, another layer of budget rules and requirements laid over top of the existing Budget Act. The President and Congress would now be required to follow the rules and procedures of three different, yet comprehensive statutes (the Congressional Budget and Impoundment Control Act of 1974, the Balanced Budget and Emer-

gency Deficit Control Act of 1985 and the Budget Enforcement Act of 1997), all designed to dictate the actions of the budget process.

This Act contains two titles. The first outlines how the goals of the budget agreement will be measured and monitored and what the distinct roles of the President and the Congress would be in this monitoring process. The second title provides the methods by which the spending levels and the revenue and deficit targets will be enforced through sequestration and/or a delay of tax reductions.

Section 1: Short Title and Table of Contents

This section grants this Act the title of the "Budget Enforcement Act of 1997". This section also lays out the table of contents for the Act's 15 new free standing budget process provisions.

Section 2: Definitions

This section provides the definitions for various budgetary terms as they are to be understood in implementing the provisions of this Act including the following: "eligible population," "sequester and sequestration," "breach," "baseline," "budgetary resources," "discretionary appropriations," "direct spending," "entitlement authority," "current," "account," "budget year," "current year," "outyear," "OMB," "CBO," "budget outlays and outlays," "budget authority and new budget authority," "appropriation act," "consolidated deficit," "surplus," and "direct spending caps."

Many of these terms and definitions are similar to those currently used and defined in the Congressional Budget Act of 1974 and the Balanced Budget and Emergency Deficit Control Act of 1985 (the Gramm-Rudman-Hollings Act). However, there are some new terms and some old terms with new definitions. For example, the definition of "sequester and sequestration" is the same as that used in Gramm-Rudman-Hollings while the definition of what constitutes a "breach" is different than that contained in current law. Under current law "the term 'breach' means, for any fiscal year, the amount (if any) by which new budget authority or outlays for that year (within a category of discretionary appropriations) is above that category's discretionary spending limit for new budget authority or outlays for that year, as the case may be."¹ Under H.R. 2003 "the term 'breach' means, for any fiscal year, the amount (if any) by which outlays for that year (within a category of direct spending) is above that category's direct sending cap for that fiscal year." For the purposes of this Act a "breach" is defined as first only applying to direct spending and secondly as only applying to budget outlays as opposed to budget authority or outlays. Since the Act does not repeal any of the current Budget Act, this bill adds a second definition to what constitutes a "breach". Other new terms include "direct spending caps" and "consolidated deficit". Other older terms with new definitions include "discretionary appropriations" and "baseline".

Title I—Ensure that the Bipartisan Balanced Budget Agreement of 1997 Achieves Its Goal

Section 101: Timetable

This section establishes a new timetable for completion of the new requirements placed on the President and Congress under this Act. This timetable would be an addition to the current timetable relating to the submission of the President's budget, congressional consideration of a budget resolution and any required reconciliation legislation and any sequestration or budget reports required of OMB or CBO.²

*Footnotes at end of article.

Due to the fact that these new procedures would be an addition to the current rules, certain difficulties and complications arise. For example, the Congressional Budget Office would now be required to submit two reports to Congress, one by January 15³ and another by February 15.⁴ There is no explanation as to who the two required reports differ or are similar. They are simply required.

Also, under current law, the President is required to submit his budget proposal by the first Monday in February. H.R. 2003 also requires the President to submit a "budget update based on new assumptions" by this same deadline. What this actually requires is unclear. Would this require the President to submit two budget proposals based on two different assumptions? Section 103 of the Act actually establishes a new point of order against Congressional consideration of any budget proposal that is not based on the "new assumptions" or that is consistent with the levels of this Act. Furthermore, having two timetables for the budget process, each with different requirements for both the President and Congress, in two different statutes, further complicates the budget process.

Section 102: Procedures to Avoid Sequestration or Delay of New Revenue Reductions

Under this section the President is required to submit to Congress a legislative remedy if the required report by November 1 (and as soon as practical after the end of the fiscal year) of the Office of Management and Budget indicates any of the following:

1. deficits in the most recently completed year exceeded or in the budget year are projected to exceed the deficit targets established in this Act; or
2. revenues in the most recently completed year were less than or in the budget year are projected to be less than the revenue targets in this Act; or
3. outlays in the most recently completed fiscal year exceeded or in the budget year are projected to exceed the spending caps established in this Act.

The President's legislative remedy may take any one or a combination of three forms:

1. a reduction in outlays;
2. an increase in revenues, or
3. an increase in the deficit targets or spending caps or a reduction in the revenue targets.

However, the Act is unclear whether the President may propose a remedy that seeks to adjust the caps or targets for only a part of the breach or violation or whether the President must adjust the caps or targets to cover the entire breach. While one subsection of the bill lists it as an option for the President's package that same subsection also contains language preventing the President from using such an option. The President may also submit in writing, that because of economic or programmatic reasons none of the variances from the balanced budget plan should be offset. There is no definition as to what constitutes a programmatic reason for not offsetting the variance.⁵

Upon receipt of this report, with its proposed legislative remedy, Congress is required by November 15 to introduce the President's package as a joint resolution by the Chairmen of the Budget Committees of the House and the Senate. If the chairmen do not introduce the bill, any Member of the House or Senate may introduce the joint resolution after November 15. Also, by November 15, the Budget Committees are required to report the joint resolution with or without amendment. The timeline set out these expedited procedures is inconsistent as both

the introduction and committee action must be completed by the same date.

Specifically, the Committee may either recommend the President's proposal or may recommend changes similar to those recommended by the President. However, if the President had recommended to adjust the caps or targets, the Committees could not recommend doing so by any amount greater than that originally recommended by the President. In this way the President solely determines the scope of the actions permissible by Congress.

If the Committees do not report by November 20, the committee is automatically discharged from consideration of the joint resolution reflecting the President's recommendation. (There is no explanation as to why the committee has until November 15 to report the joint resolution when the committee is not automatically discharged from further consideration until November 20.) Furthermore, the Act sets up that, upon this discharge, any Member may move to consider the resolution. There is no notice or time layover requirement stated. (Although, the next subsection says that the joint resolution would be considered pursuant to Section 305 of the Budget Act, which states that it is not in order to consider a resolution and its report—at which this point there would not be one—that has not laid over for five days.⁶) The joint resolution would be considered under the same procedures as that required for consideration of a concurrent resolution on the budget. Special procedures for consideration by the Senate and a conference are established. Most notable is the automatic discharge of the Committee on the Budget of the Senate by December 1 of any joint resolution passed by the House and transmitted to the House after a one day layover. Also, the Senate may initially consider a joint resolution which may propose to offset all or part of any reported breach. However, when the joint resolution reaches the stage of a conference, the conference committee may only report a resolution that proposes to offset the entire breach. The most glaring error of these procedures is that they fail to take into consideration the possibility that Congress may have adjourned sine die prior to this report having even been received by Congress. This may actually necessitate Congress coming into a special session after an election. In non-election years, Congress may actually be forced to stay in session until November 1 when the OMB report is due. These procedures are fatally flawed in many areas.

Section 103: Effect on President's Budget Submissions; Point of Order

The President is prohibited by this section from submitting a budget pursuant to Title 31 of the United States Code that is inconsistent with the spending, revenue and deficit levels established by this Act unless it recommends changes to those levels. This section also establishes a new point of order against the consideration of any concurrent resolution on the budget that is inconsistent with the levels established in this Act.

First of all, while the President is able to get around the prohibition placed on the Administration's budget submission by proposing to change the levels, Congress is not granted any exception to the point of order against consideration of a budget resolution that is different. In other words, in order for Congress to consider a budget resolution that calls for changes in the levels, it would have to waive the provisions of this section in order to even consider the President's recommendations. Congress is prohibited from considering the President's recommended changes. Furthermore, the actual legislative vehicle for consideration of changes in caps

and/or targets is a reconciliation bill rather than a budget resolution since the latter is not signed into law.

Secondly, while the requirements of the President apply only to the budget submissions for fiscal years 1998 through 2002, the point of order in the House and Senate is indefinite.

Section 104: Deficit and Revenue Targets

This Act places in law the actual dollar levels of the Consolidated Deficit (or Surplus) targets called for in the Bipartisan Budget Agreement for fiscal years 1998 through 2002. It also establishes the consolidated revenue targets assumed in the Agreement for fiscal years 1998 through 2002.

Section 1 of H.R. 2003 defines the "consolidated deficit target" to mean "with respect to a fiscal year, the amount by which total outlays exceed total receipts during that year." The term "consolidated revenue target" is not defined.

Section 105: Direct Spending Caps

This section establishes direct spending caps on the following major entitlements: the Earned Income Tax Credit, Family Support programs, Federal Retirement (Civilian and Military), Medicaid, Medicare, Social Security, Supplemental Security Income, Unemployment Compensation, and Veterans' Benefits. All other entitlements and mandatory spending programs not included in these major categories are to be lumped together under one account. Furthermore, one overall aggregate cap is to be placed over all of these individual direct spending caps.

Within thirty days of the enactment of this Act, the House and Senate Budget Committees are required to file identical reports containing the account numbers and spending levels for each specific category. Also, within thirty days of the enactment of this Act, OMB is required to submit to the President and Congress a report containing account numbers and spending levels for each category. The specific amounts for each category contained in these reports is deemed to have been adopted as part of H.R. 2003.

While the specific category spending limits established under this section are to be used for the purposes of measurement, monitoring and eventually enforcement, certain complications could arise. First, the reports filed by the House and Senate Budget Committees are nothing more than a statement of the priorities of these committees. The levels in the OMB report are the levels that actually are utilized. While the House and the Senate reports are required to be identical, there is nothing requiring the OMB report to be similar to that issued by these committees. The sole responsibility for determining these individual direct spending caps rests with the executive branch. Consequently, OMB will most probably use their account numbers and category spending limits for the reports they must file. Furthermore, the CBO has no role in these determinations.

Section 106: Economic Assumptions

The entire budget process established under this Act is to be monitored under common economic assumptions as set forth in the joint explanatory statement of managers accompanying H.Con.Res. 84, the budget resolution for fiscal year 1998. Any changes to the caps or targets must be computed using these same assumptions. There is no explanation as to who will be the final arbiter between the CBO and the OMB if any disagreements over economic assumptions arise over the next five fiscal years.

Section 107: Revisions to Deficit and Revenue Targets and to the Caps for Entitlements and Other Mandatory Spending

This section establishes procedures for the implementation and consideration and/or

consultation by Congress of any changes to the spending caps or revenue and deficit targets. Upon the submission of the President's budget proposal in February, the OMB is required to include adjustments to the revenue levels for changes in revenue growth and inflation; adjustments to the direct spending caps for changes in concepts and definitions, net outlays, inflation, eligible populations and intra-budgetary payments; and adjustments to deficit targets as necessitated by adjustments in the other levels. These adjustments would be automatic and would not necessarily need Congressional approval. This type of adjustment is somewhat consistent with current law as applied to the discretionary spending limits.⁷

However, the Act establishes various obstacles in the path of adjusting the caps for any other reason. First, to amend the direct spending caps would require a recorded vote in the House and the Senate. It is also deemed to be a "matter of highest privilege" for any Member to insist on a recorded vote. This is required even though Congress did not originally have a recorded vote on establishing each direct spending cap in the first place. Also, there is no current understanding as to what a matter of "highest privilege" is. Presumably, such a motion as intended by the sponsors would preclude a motion to rise if in the Committee of the Whole or to adjourn if in the House.

Finally, this section places an unprecedented prohibition on the ability of the Rules Committee to waive any of the provisions of this subsection. (However, the Senate can do so by a three-fifth vote). The rules and procedures relating to the congressional budget process are exclusively within the jurisdiction of the Rules Committee and every legislative initiative enacted with respect to the budget process is done within the Constitutional rule-making authority of the House of Representatives. The Rules Committee still could waive the provisions of this section because it would merely have to report a resolution, which waives this section with respect to another resolution that "violates" this section. This is the so called two-step rule.

Title II: Enforcement Provisions

Section 201: Reporting Excess Spending

At the end of each fiscal year, OMB is required to compile a statement of actual deficits, revenues and direct spending for the fiscal year just completed. Specifically, the direct spending levels would be identified by the categories contained in section 105.

Based on this statement, OMB is required to issue a report to the President and Congress by December 15 for any year in which there is a breach, by more than 1% of the applicable total revenues or direct spending, of the targets or caps establish under this Act. The report will include the following:

1. each instance in which a direct spending cap has been breached;
2. the difference between the amount of spending under the direct spending caps for the current year and the estimated actual spending for the categories associated with such caps;
3. the amounts by which direct spending would need to be reduced so that the total amount of direct spending, both actual and estimated, for all of the categories would not exceed the amounts available under the direct caps for the applicable fiscal years; and,
4. the amount of excess spending attributable to changes in inflation or eligible populations.

This report is triggered only if the total violation of the revenue targets or spending caps exceeds 1% of the applicable total revenues or direct spending for that year. A lower percentage violation is deemed to be all right.

Section 202: Enforcing Direct Spending Caps

In any year in which direct spending exceeds the applicable direct spending cap—the individual or the aggregate—the breach would be eliminated pursuant to a sequester. This sequester would apply a uniform percentage reduction to all non-exempt accounts within that category in which the breach occurred. Sequestration in accounts for which obligations are indefinite would occur in a manner to ensure that obligations in the fiscal year in which the sequester occurred and succeeding fiscal years, are reduced. Furthermore, any "budgetary resources" sequestered from an account are permanently canceled. This sequester mechanism is similar in many respects to that under current law.⁸

Section 203: Sequestration Rules

In applying the sequester mechanism to the direct spending caps, this section establishes certain general rules to apply to all categories and certain special rules to apply to some categories. In general, a sequester is triggered if total direct spending subject to the caps exceeds or is projected to exceed the aggregate cap for the current or immediately preceding fiscal year. Also, a sequester will reduce spending under each separate direct spending cap by the proportion of the amounts each category breached its applicable spending cap.

Special rules are included with respect to the application of a sequester to certain entitlements involving indexed benefit payments, loan programs, insurance programs, and programs with state grant formulas.

Section 203 also provides that if a law is enacted prior to July 1 of a fiscal year that provides direct spending that would result in a breach of any direct spending cap during the current year, a within-session sequester should occur to eliminate the breach. Again this is similar to the within-session sequester under current law with respect to the enforcement of the discretionary spending limits.⁹

Section 204: Enforcing Revenue Targets

In any fiscal year in which actual revenues are less than the applicable revenue target in the preceding fiscal year or projected to be less than the applicable revenue target in the current year, the mechanism in this section takes effect. Based upon the statement of OMB pursuant to section 201(a), OMB shall issue a report to the President and the Congress by December 15 of any year in which revenues were less than the revenue target established under this Act for the preceding fiscal year or are projected to be less than the revenue target established for the current fiscal year if such a violation is more than 1 percent of the applicable total revenue target for such year. This report shall include the following:

1. all existing laws and policies enacted as part of any reconciliation legislation in calendar year 1997 which would cause revenues to decline in the calendar year which begins January 1, compared to those laws and policies in effect as of December 15 (i.e. any tax cuts scheduled to be phased in during the upcoming fiscal year under current law);
2. the amounts by which revenues would be reduced by the provisions of this section compared to policies in effect on December 15; and,
3. whether delaying the implementation of the provisions called for under current law would cause the total revenues in the current fiscal year and actual revenues in the immediately preceding fiscal year to equal or exceed the total of the applicable targets.

If a revenue target was not met in the preceding fiscal year or is not projected to be met in the current fiscal year, this section

requires that no provision of the Revenue Reconciliation Act of 1997 establishing or increasing any credit, deduction, exclusion, or eligibility limit or reducing any rate shall take effect. It also requires the suspension of any new adjustments for inflation scheduled to be made to any credit, deduction or exclusion.

In the event a revenue target is not met this section would require that any remaining tax reductions already enacted into law be suspended indefinitely. There is no provision allowing these scheduled tax cuts to be reinstated should a projection be inaccurate or for Congress to substitute further spending reductions for the loss in revenue. If fact, the various procedural obstacles contained in section 102, section 103, and section 107 of this Act virtually assure that the only option available to remedy the target violation will be a suspension of the tax relief. The President is required to remedy the violation unless Congress and the President can write a new law between November 1 and December 15 of the applicable calendar year resolving the issue in another manner. Allowing the process to proceed by itself will result in an automatic tax increase with respect to current law. Furthermore, there is no discretion given to the President to delay some while implementing others. In any affected year all of the scheduled tax relief for that fiscal year must be suspended permanently.

Section 205: Exempt Programs and Activities

This section outlines those programs which would be exempt from the sequestration mechanism established under this Act. As compared to current law,¹⁰ this section removes from the list of exempted programs the following major programs: Social Security and Tier I Railroad Retirement Benefits, Veterans programs, the Earned Income Tax Credit, Child Nutrition, the Food Stamp Program, Medicaid, Supplemental Security Income, and Women, Infants and Children. The Act retains the current law optional exemption of military personnel from the uniform percentage reductions taken under this Act.¹¹

It should be noted that these modifications to the list of programs exempt from sequestration only apply to the implementation of the sequester mechanism established under this Act and not to that under current law. Different rules apply to the application of the two sequester mechanisms.

Section 206: Special Rules

Section 206 establishes further special rules for the application of the sequester mechanism to certain programs such as the Child Support Enforcement Program, the Commodity Credit Corporation, the Dairy Program, the Earned Income Tax Credit, Unemployment Compensation, the Federal Employees Health Benefits Fund, the Federal Housing Finance Board, Federal Pay, Medicare, the Postal Service Fund, Power Marketing Administrations and the T.V.A. and to business-like transactions of the Federal government.

However, each of these special rules do not provide exemptions for these programs but rather spell out in advance how a sequester is to be applied in each respective case. For example, under any program that provides a business-like service in exchange for a fee, sequestration would be accomplished through a uniform increase in the fees paid for the service whatever it may be. In the case of Medicare, sequestration would be instituted under complex procedures which would result in, among other things, increases in Part B premiums for beneficiaries.

Furthermore, in each of the cases, this budget process reform bill establishes how programmatic changes would occur in each of these direct spending programs in order to

produce the required levels of savings in the applicable program. In many of these cases, the proposed method of programmatic change actually conflicts with the stated intent of the underlying policy of the Bipartisan Balanced Budget Agreement which this entire Act is supposed to enforce.

Section 207: The Current Law Baseline

By January 15 of each year, OMB and CBO are required to submit to Congress and the President reports which set forth the budget baselines for the budget year and the next nine fiscal years. These budget baselines are to be based on the common economic assumptions set forth in section 106 of this Act.¹² This new budget baseline would apply to the budget projections of revenues, deficits and spending into the budget year and the relevant outyears based on current enacted laws as of the date of the projection. The baseline for discretionary spending items would remain those for the discretionary spending caps in effect under current law at the time.¹³ Revisions to the baseline would occur through adjustments for economic assumptions when CBO issues its Economic and Budget Update and when OMB submits its budget update. Further adjustments could occur as needed by August 1 of each year when CBO and OMB submit their midyear reviews.

The dilemma facing this construct of the budget baseline is the assumption that the baseline and any revisions thereto will remain common economic assumptions throughout the period of FY 1998 through 2002. There is no explanation as to what must occur if CBO and OMB cannot agree on common economic assumptions pursuant to section 106 of this Act.

Section 208: Limitations on Emergency Spending

In an attempt to enable Congress to respond more effectively to natural disasters and other emergencies, this section requires that 1 percent of the total budget authority and outlays available to be allocated, be withheld from allocation to the appropriate committees as reserves to pay for disasters and emergencies. These reserved amounts may be made available for allocation to committees only if three things occur:

1. the President has made a request for these funds,
2. the programs to be funded are included in such a request, and
3. "the projected obligations for unforeseen emergency needs exceed the 10-year rolling average annual expenditures for existing programs included in the Presidential request for the applicable fiscal year."

This grants the President an enormous advantage over the congressional prerogative to allocate and spend the reserved amounts. Congress cannot allocate these funds without the prior approval of the President. Therefore, it cannot, without violating these provisions, act unilaterally to respond to any emergency prior to a Presidential declaration of one.

This Act also prohibits states or localities from using any disaster reserve funds to offset state or locality matching requirements. Furthermore, it forbids the President from taking administrative action to waive these matching requirements. Waiving these matching requirements via legislation would require a two-thirds vote of both Houses. These prohibitions seem to go beyond the stated intent of this section.

Furthermore, there seems to be different types of disasters and emergencies (including natural disasters and national security emergencies) referred to in various subsections of this section. It is not clear whether the prohibitions on the availability of these funds would be applicable to both.

Some subsections appear to allow its use while others do not.

This final section is the only section of H.R. 2003 that actually amends the Congressional Budget Act of 1974. Section 208 would add a new point of order under Title IV of the Budget Act to prevent the consideration in the House and Senate of any bill, joint resolution or amendment thereto or conference report thereon that is designated as an emergency, if it also contains a non-emergency appropriation or direct spending provision.¹⁴ This is similar to the House rule XXI(2)(e) adopted at the beginning of the 104th Congress. The language is almost identical to that contained in the House rule. The effect of amending the Budget Act would apply the provisions of this rule to both the House and the Senate.

FOOTNOTES

¹Section 250(c)(3) of the Deficit Control Act of 1985.

²Section 300 of the Congressional Budget Act of 1974.

³Section 101 of H.R. 2003, as introduced by Rep. Barton on June 20, 1997.

⁴Section 300 of the Congressional Budget Act of 1974.

⁵Section 102(a)(3)(C)(iii) of H.R. 2003 as introduced by Rep. Barton on June 20, 1997.

⁶Section 305(a)(1) of the Congressional Budget Act of 1974.

⁷Section 251(b) of the Deficit Control Act of 1985.

⁸Section 251 and Section 254 of the Deficit Control Act of 1985.

⁹Section 251(a)(6) of the Deficit Control Act of 1985.

¹⁰Section 255 of the Deficit Control Act of 1985.

¹¹Section 255(h) of the Deficit Control Act of 1985. Note the correct cite should be designated as subsection (j).

¹²This is summarized in the joint explanatory statement of managers accompanying H. Con. Res. 84, the budget resolution for fiscal year 1998.

¹³Section 601(a)(2) of the Congressional Budget Act of 1974.

¹⁴Emergency designations are made pursuant to section 251(b)(2)(D) or section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 or of section 208 of the Balanced Budget Enforcement Act of 1997. The bill actually refers to the latter Act as section 207 of the Balanced Budget Assurance Act of 1997. The correct cite is section 208 of the Balanced Budget Enforcement Act of 1997.

COMMITTEE ON WAYS AND MEANS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, July 18, 1997.

Hon. NEWT GINGRICH,
The Speaker, The Capitol,
Washington, DC.

DEAR MR. SPEAKER: I am writing regarding consideration of H.R. 2003, the "Budget Enforcement Act of 1997," which was introduced on June 20, 1997, by Representative Joe Barton, et. al. The bill, as introduced, was referred to the Committee on Budget, and in addition, to the Committees on Ways and Means and Rules.

Among other things, the bill would separate direct spending caps of the Earned Income Tax Credit, Family Support, Medicare, Social Security, SSI, and Unemployment Compensation programs which are within the jurisdiction of the Committee on Ways and Means. The caps would be enforced through targeted sequestrations of these programs. This could include automatic delays in cost of living adjustments and premium increases. In addition, the bill would provide, if certain revenue targets are not met, for the suspension of the phase-in of any tax reductions provided in the 1997 Taxpayer Relief Act, and suspension of inflation-based adjustments to any credit, deduction, or exclusion enacted as part of the tax bill.

During the recent floor debate on the reconciliation legislation, Representative Barton stated his understanding that the Leadership and the committees of jurisdiction would work in an expeditious fashion to allow H.R. 2003 to receive floor consideration

prior to July 24. I now understand that the bill may be scheduled for floor action as early as the week of July 21.

Therefore, in order to expedite consideration of this legislation by the full House, the Committee on Ways and Means will not be marking up H.R. 2003. However, this is only with the understanding that it does not in any way prejudice the Committee's jurisdictional prerogatives in the future with respect to this measure or any similar legislation, and it should not be considered as precedent for consideration of matters of jurisdictional interest to the Committee on Ways and Means in the future.

Thank you for consideration of this matter. With best personal regards.

Sincerely,

BILL ARCHER, *Chairman.*

COMMITTEE ON RULES,
U.S. HOUSE OF REPRESENTATIVES,
Washington, DC, July 21, 1997.

Hon. NEWT GINGRICH,
Speaker of the House,
Washington, DC.

DEAR MR. SPEAKER: I respectfully ask that the Committee on Rules be discharged from the further consideration of H.R. 2003, the Budget Enforcement Act of 1997.

H.R. 2003 was introduced on June 20, 1997 by Representatives Barton and Minge, and others, and was referred to the Committees on the Budget, Rules, and Ways and Means. During the consideration of a rule for H.R. 2015, the Balanced Budget Act and H.R. 2014, the Taxpayer Relief Act, Representatives Barton and Minge filed an amendment with the Committee on Rules relating to budget enforcement procedures and consisting of the text of H.R. 2003.

In the furtherance of an agreement reached between Representative Barton and the Republican Leadership on June 25, 1997, the Committee on Rules has agreed to waive its original jurisdiction over H.R. 2003 and allow it to be considered by the House of Representatives without committee action. However, I believe the legislation is seriously flawed and I intend to oppose it.

To facilitate the orderly consideration of H.R. 2003 and to uphold the terms of the agreement, it is my intention to report a closed rule for this measure this week.

Sincerely,

GERALD B. SOLOMON, *Chairman.*

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET
Washington, DC, July 22, 1997.

Hon. NEWT GINGRICH,
Speaker of the House,
Washington, DC.

DEAR MR. SPEAKER: I respectfully request that the Committee on the Budget be discharged from the further consideration of H.R. 2003, the Budget Enforcement Act of 1997.

Consistent with an agreement reached between Representative Barton and the Republican Leadership on June 25, 1997, the Committee on the Budget has agreed to waive its original jurisdiction over H.R. 2003 and allow it to be considered by the House without committee action. Nevertheless, this legislation is seriously flawed and I will oppose this bill. Among various other problems, this bill would jeopardize the tax relief we have worked so hard to secure for America's families.

H.R. 2003 was introduced on June 20, 1997 by Representatives Barton, Minge, and others, and was referred to the Committees on the Budget, Rules, and Ways and Means. During the consideration of the rule for H.R. 2015, the Balanced Budget Act, and H.R. 2014, the Taxpayer Relief Act, Representatives Barton and Minge filed an amendment with

the Committee on Rules relating to budget enforcement procedures and consisting of the text of H.R. 2003. It was at this point that the sponsors agreed to drop their proposed amendment to H.R. 2014, and the Committee on the Budget agreed, in return, to waive its jurisdiction.

Sincerely,

JOHN R. KASICH, *Chairman.*

Mr. GOSS. Mr. Speaker, I reserve the balance of my time.

Mr. FROST. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, when the Committee on Rules met in June to consider a rule for the reconciliation bill, our colleagues, the gentleman from Texas [Mr. BARTON] and the gentleman from Minnesota [Mr. MINGE], appealed to the committee to make in order as an amendment to the reconciliation package the text of their bill, H.R. 2003. At that time the gentleman from New York [Mr. SOLOMON] opposed including H.R. 2003 as an amendment in the rule, but he did assure supporters of H.R. 2003 that the rule would have an opportunity to consider budget process reform legislation during the 105th Congress.

The next day, during the debate on the rule on reconciliation, the gentleman from Texas [Mr. BARTON], announced that he had reached an understanding with the gentleman from New York [Mr. SOLOMON] that H.R. 2003 or an amended version of the bill would be brought to the floor for an up or down vote no later than July 24. It is because of that agreement, Mr. Speaker, that we are here today considering the rule.

I should point out that the gentleman from New York, in acknowledging that agreement, said that the consideration of H.R. 2003 in no way prejudices the ability of those committees with jurisdiction over the budget process to consider other budget reform proposals at a later date.

As the ranking minority member of the Subcommittee on Legislative and Budget Process of the Committee on Rules, I would like to appeal to the Republican majority to take advantage of the committee process if the House is to consider significant changes in the congressional budget process. I would hope that in the future that significant proposals such as H.R. 2003 would be considered under regular order.

That being said, Mr. Speaker, the sponsors of H.R. 2003 were guaranteed a vote on their proposal, and I am happy to see that the commitment is being fulfilled. I do have a reservation about the rule reported from the Committee on Rules, since it is a closed rule providing only for an up or down vote on H.R. 2003 as introduced and not in the improved form that its supporters proposed to bring to the floor.

The gentleman from Texas and the other Members of the group pushing this legislation have had an opportunity to review and make changes to their bill since June, and I think, at the very least, if the House is to consider significant changes to the way our budget process works, the House

might at least have the opportunity to consider the best work product possible.

It seems that the Committee on Rules is now embarking on making in order bills and amendments which are not what the authors of their proposals bring to the committee, and I would caution my Republican colleagues that to continue to operate in this manner might prove disruptive to the regular order of the House.

Finally, Mr. Speaker, the rule divides the general debate time between the gentleman from Texas [Mr. BARTON] and an opponent of H.R. 2003. I want to make clear the understanding that the Democratic members of the Committee on Rules have about the division of the time, and if this is not what is intended, I would greatly appreciate my colleague, the gentleman from Florida [Mr. GOSS], clarifying that understanding.

I am given to understand that the gentleman from Texas intends to yield one-half of his time to the gentleman from Minnesota [Mr. MINGE].

Mr. BARTON of Texas. Mr. Speaker, will the gentleman yield?

Mr. FROST. I yield to the gentleman from Texas.

Mr. BARTON of Texas. Mr. Speaker, I have given the gentleman from Minnesota, DAVID MINGE, and the gentleman from Massachusetts, Mr. MOAKLEY, my word that half of the time that I will control, that I will ask unanimous consent to yield it to the gentleman from Minnesota so that he may control that time as he sees fit.

Mr. FROST. Mr. Speaker, reclaiming my time, I appreciate the assurance of the gentleman.

It is also my understanding that the manager of the opposition to the bill will be the gentleman from Ohio, the chairman of the Committee on the Budget [Mr. KASICH], who will yield half of his allotted time to the ranking minority member, the gentleman from South Carolina [Mr. SPRATT].

I think such a division of time is equitable to all sides and I would ask my colleague, the gentleman from Florida [Mr. GOSS], if that division of the debate time regarding the time in opposition is indeed what will happen once we get to general debate?

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. FROST. I yield to the gentleman from Florida.

Mr. GOSS. Mr. Speaker, my understanding permits me to answer in the affirmative, and that these arrangements have been made and the gentleman from Iowa [Mr. NUSSLE], has also assured me that the potential person who will rise in opposition, that he is prepared to yield 7½ minutes to that side also.

Mr. FROST. Mr. Speaker, once again reclaiming my time, I thank the gentleman for that assurance and for his clarification.

Mr. Speaker, I reserve the balance of my time.

Mr. GOSS. Mr. Speaker, I yield such time as he may consume to the gentleman from Glens Falls, NY [Mr. SOLOMON], the distinguished chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, I thank the gentleman for yielding me this time.

Let me say to my good friend from Texas that if it were not for a special agreement that was made with the sponsors of this legislation, we would, without question, be following regular order. And let me say that when this is over, we will go back to regular order and our committees will reclaim our jurisdiction with the help of the gentleman from Texas.

Mr. Speaker, I want to speak to three aspects of the debate: the rule, the budget process reform efforts in the House, and the bill itself.

First, the rule before the House today represents the fulfillment of a commitment of the House Republican leadership. Earlier this year, on June 25, during the consideration of this rule on the two reconciliation bills for fiscal year 1998, a public commitment was made by the Republican leadership to the gentleman from Texas [Mr. BARTON], the gentleman from Delaware [Mr. CASTLE], the gentleman from Tennessee [Mr. WAMP], the gentleman from Minnesota [Mr. MINGE], and others to consider H.R. 2003 on the House floor before July 24. Today is July 23 and we are doing just that.

Furthermore, as part of the agreement, the three committees of jurisdiction over this bill, namely the Committee on the Budget, the Committee on Rules, and the Committee on Ways and Means, agreed to be discharged from further consideration of the bill as introduced on June 20 by Mr. BARTON and others.

Now, in response to those Members who have claimed that the rule did not allow the sponsors of the bill to make further substantive changes to the bill, I would make five observations:

First, the agreement between the Republican leadership, the chairmen of the committees of jurisdiction, and the gentlemen from Texas and Delaware involved the bill as pending before the Committee on Rules as an amendment to the budget reconciliation bill.

Second, the text of that amendment was identical to that introduced on June 20 by the gentleman from Texas [Mr. BARTON].

Third, each of the three committees of jurisdiction; namely, the Committee on the Budget, the Committee on Ways and Means, and the Committee on Rules, all agreed as part of those discussions to be discharged from further consideration of the bill, with the expectation that that version of the bill would be the version considered on this House floor.

Fourth, at the point at which the agreement was made, the only text before the Members was that of H.R. 2003, as introduced; and any additional

changes, whether technical or substantive, are outside the scope of this agreement. Think about that.

Finally, no other Member of the House, whether Republican or Democrat, and no committees of jurisdiction are able to offer amendments or make changes to this bill.

The Committee on Rules' action was fair to all Members of the House and it was consistent with the original agreement, which went outside regular order, which I objected to in the very beginning.

The second important aspect of this debate involves the overall budget process. During the 104th Congress, the Committee on Rules held three original jurisdictional hearings under the leadership of our colleague, the gentleman from Florida [Mr. GOSS] over here on budget process reform. During these hearings we heard testimony from dozens of witnesses on the need for further budget process reform, which we all agree is needed badly.

Also, during the 104th Congress the Committee on the Budget held a hearing on budget process reform. Both committees have been proactive in the drive to determine just how we can best reform the budget process.

It also must be recognized that there are over a dozen different budget process reform bills that have been introduced during this Congress that are now pending before both the Committee on Rules and the Committee on the Budget. Some have many sponsors, some only a few. Many of the ideas that have been proposed I agree with and many I do not agree with.

H.R. 2003, the bill before us today, is not the only option pending before this House. The gentleman from California [Mr. COX] has introduced a comprehensive bill and has been working on this for 11 years now. The gentleman from Indiana [Mr. VISCLOSKEY] also has a complex package.

The point is that we have a committee system through which to comprehensively consider this issue and all the bills seeking to reform it, and we do not need piecemeal legislation on this floor superseding the regular committee process. In addition, we already have the two chairmen of the committees of jurisdiction publicly committed to working with Members on both sides of the aisle and with other interested committees, including the Republican Policy Committee, to devise a budget process reform bill that strengthens those parts of the Budget Act that work and reform those parts that do not work.

The committees have, over the last 2 years, compiled research on which they have begun to work with all interested Members in building reform.

Mr. Speaker, finally, while all three chairmen of the committees of jurisdiction applaud the efforts of our good friends who have worked on this bill, the gentleman from Ohio [Mr. KASICH], myself, the gentleman from Texas [Mr. ARCHER], all stated our opposition to this bill, strong opposition.

It is unfortunate that we have to take this position, but H.R. 2003 is a seriously flawed bill. The substantive flaws of this bill can be summed up under three headings, and I think Members back in their offices had better listen because this affects them politically and it affects the operations and the workings of this House.

No. 1, an increase in procedural complexity; No. 2, a diminishment of Congress' role in the budget process; and No. 3, an incentive toward increased taxes. And that will happen over my dead body.

First, H.R. 2003 greatly increases the complexity of the budget process. Without any hearings at all, the bill adds 15 new sections of law to the budget process. The President and Congress would now be required to follow the rules and procedures of three different, yet comprehensive statutes, the Congressional Budget Act of 1974, the Balanced Budget and Emergency Deficit Control Act of 1985, and now the Budget Enforcement Act of 1997, all designed to dictate the budget process.

Not one section of the current budget rules are repealed or reformed in this legislation before us, despite the fact that many of the bill's new provisions actually conflict with or further complicate the understanding of how the whole process works.

Furthermore, the bill creates a series of new points of order designed to address serious concerns, but they may actually hinder the ability of this House to effectively govern this institution. The bill places unconstitutional prohibitions on the ability of the Committee on Rules to craft rules by actually prohibiting the Committee on Rules from ever waiving certain provisions of this act.

□ 1100

In addition, the timetable established in the expedited procedures created to provide for consideration of any needed legislation to remedy a breach of the direct spending caps are unworkable, confusing, and do not meet their stated objectives.

The bill also diminishes the role of Congress in the budget process. And my colleagues ought to listen to this back in their offices: The executive branch's authority in the process is greatly enhanced at the expense of this Congress, by an expansion of the role and authority of Office of Management and Budget and the Congressional Budget Office. Is that what Members want; by a permanent reliance on common economic assumptions, whatever that might be, for the creation of budget baselines; by a delegation to OMB of the responsibility to determine the actual dollar amounts for each direct spending cap; by granting the President the authority to adjust the direct spending caps, but actually prohibiting we, the Congress, from considering his recommendations; and by establishing a requirement that only the President can determine what constitutes an emergency spending item?

Finally, and my colleagues better listen to this, perhaps the most fatal flaw of this bill is its impact on the ability of this representative body to provide tax relief to the American people.

Since Ronald Reagan delivered the historic tax relief package on the floor of this Congress in 1981, the American people have demanded further tax relief from Washington, because they are taxed too much. Sixteen years later, this Congress now stands on the threshold of delivering America's families and businesses a long-awaited second tax relief package. That is what we are doing here this week.

However, this bill will jeopardize the ability of those families to actually receive this tax relief by allowing the implementation of these tax cuts to be permanently suspended if revenue projections do not hold true. Think about that. Under this bill, if revenues fall below estimated levels, then any tax cut that we might enact this week not fully phased in, such as the capital gains tax cut, the child tax credit and estate tax relief provisions, would be suspended indefinitely.

In other words, planned tax cuts already enacted into current law could be withheld, listen to this, if the President and the Office of Management and Budget say that Washington is not receiving what it is projected to receive in tax revenues. There goes the tax cuts out the window. Not only would this mechanism suspend tax relief if the previous year's revenue levels fall short, but it also would revoke, listen to this, it would revoke these tax cuts if the next fiscal year's revenue levels are projected to fall short. In other words, without any action by this Congress, the tax cuts are null and void.

Furthermore, under this bill there are no provisions for the scheduled tax cuts to be reinstated should a budget projection be inaccurate, or for Congress to substitute further spending reductions for the loss in revenues so that we can keep those taxes in place. In fact, the various procedural obstacles contained in this bill virtually assure that the only option available to remedy a revenue target violation will be a suspension of the tax relief. That is what we are going to be voting on here today.

I would like to just close my remarks with a brief story that back in the Middle Ages, in medieval England, a debate raged between the Parliament and the King of England over who possessed the power to tax the people to raise the funds needed to defend the country. Both sides claimed an exclusive right to this power. Out of that 13th century struggle emerged the Cornwall rebellion in my ancestral home of Scotland, which settled the debate. The people were the final judges over taxation, and their opinions could not be ignored. This historical struggle is partly credited as genesis of the concept we now refer to as parliamentary government, which is what we have here today, which in turn the American

colonies transformed into our representative Government.

The debate and bargain over taxes between the king and Parliament and now between the President and Congress lies at the very essence of our political system. No enforcement policy or budget process should take away the ability of the American people to express their opinions on the level of their taxes through their representative Government.

Mr. Speaker, this bill's automatic revocation of enacted tax relief, if Washington spends more than they raise, chips away at the very heart of this representative process. Again, I am disappointed that I have to oppose this legislation.

Finally, let me just say, if any of the sponsors of this bill, and that includes the gentleman from Texas [Mr. BARTON], the gentleman from Delaware [Mr. CASTLE], and the gentleman from Tennessee [Mr. WAMP] that are Republicans, or the gentleman from Minnesota [Mr. MINGE] or the gentleman from Texas [Mr. STENHOLM] or the gentlewoman from California [Mrs. TAUSCHER] decide to vote against this rule, for whatever reason, then I would argue that we all ought to vote against this rule. But if they are going to come here and vote for the rule, then I am going to urge support for that rule to bring the agreement we made with these sponsors to bring this bill to the floor so that we can have an up-or-down vote, and then I would urge the defeat of the bill.

I appreciate the gentleman yielding me the time.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Minnesota [Mr. MINGE].

Mr. MINGE. Mr. Speaker, this morning we are debating both the rule and, shortly, legislation that deals with the process that this institution feels would be the correct process for this Nation to follow in attempting to ensure that we actually keep our commitment to balance the budget.

Many may say "process" and yawn. "What is its significance?" "Where does it take us?" The fact of the matter is that if we attempt to actually follow through and balance the budget as we have promised, we must make sure that we have discipline to do that; and if we are to have the discipline to do that, we must have a process to impose that discipline. That is what this bill is about.

The debate that we are having at this moment centers around what is the best way to ensure that this process will be workable. One of the tragedies of the rule that has been presented for the consideration of the legislation is that we have been denied the opportunity to improve the legislation, to improve that process.

To be sure, the gentleman from Texas [Mr. BARTON], my cosponsor, and I are pleased that the legislation is up for consideration. But we would like to have it be the best legislation. We have

worked to improve that legislation. We appeared before the Committee on Rules last night with a substitute bill. It is a common occurrence that the proponents of legislation, the chairs of committees, say at the point of consideration in the Committee on Rules that this proposal ought to be adjusted, it ought to be improved. And as a routine matter of courtesy, the Committee on Rules allows the chairman of the committee, the proponent of the legislation, to improve that bill.

We were denied that opportunity. I submit we were denied that opportunity because the leadership in this institution wanted to see the weakest possible bill before the body for a vote, hoping that this bill could be defeated.

What we need to do, I submit, is all of us stand tall and say to the leadership in this institution and of the Committee on Rules, we demand fair treatment for legislation when it comes to the floor. We will not accept second-class treatment of legislation.

If we do not have the opportunity to vote on the best possible bill, then, unfortunately, we have to count on the conference committee or the Senate to improve the product. And altogether too often, that is what happens in this institution, as well.

I urge my colleagues to join with me in supporting this legislation today to bring it to a successful conclusion.

Mr. GOSS. Mr. Speaker, may I have a status report on the time, please?

The SPEAKER pro tempore (Mr. LATOURETTE). The gentleman from Florida [Mr. GOSS] has 10 minutes remaining. The gentleman from Texas [Mr. FROST] has 22½ minutes remaining.

Mr. GOSS. Mr. Speaker, I yield 4 minutes to the gentleman from Texas [Mr. BARTON], the distinguished sponsor of the bill.

(Mr. BARTON of Texas asked and was given permission to revise and extend his remarks.)

Mr. BARTON of Texas. Mr. Speaker, I thank the gentleman from Florida [Mr. GOSS], the distinguished subcommittee chairman of the Committee on Rules for yielding me the time.

Mr. Speaker, I rise in support of the rule to bring H.R. 2003 to the House floor as one of the chief sponsors, along with the gentleman from Delaware [Mr. CASTLE] and the gentleman from Tennessee [Mr. WAMP]. I think it is long overdue that we attempt to enforce the budget agreement that we are currently negotiating with the President and with the Senate of the United States of America.

If we go back to 1975 or 1972, my colleagues will see that most of the spending in the Federal budget at that time was discretionary spending. We could control it so that the Congress could work its will. In the budget year that we are in now, we can see that that has been reversed. Fifty-two percent of the budget is entitlement spending. It is uncontrollable. And if we combine that with the red part of the pie chart,

which is interest on the debt, two-thirds of the total Federal budget is off budget, it is uncontrollable. That is a problem. We need to do something about it.

The budget agreement that is before us, in general, by the year 2002, which is the last year of the budget agreement, 58 percent of the budget agreement is going to be entitlements. Another 14 or 15 percent is going to be interest on the debt. That is, three-fourths of the total Federal budget is uncontrollable.

My colleagues, if we do not do something to really enforce this agreement, we are not going to have a balanced budget in the year 2002. If we look at the components of entitlement spending, these are the top 11. The Federal budget, in their annual rate of growth by program over the last several years, we can see that the Medicaid Program has been growing at 16 percent a year. That is unsustainable over time.

The budget agreement that is currently in negotiations with the President reins in the overall rate of growth in entitlement spending to approximately 7 percent on an annual basis. But there are higher rates of growth for Medicare and Medicaid and lower rates of growth for some of the others.

What we have done, in a bipartisan fashion, with the gentleman from Minnesota [Mr. MINGE], the gentleman from Texas [Mr. STENHOLM], the gentleman from Tennessee [Mr. TANNER], and others on the Democratic side is come up with a simple concept: If we are going to enforce the budget agreement, we have got to enforce everything. What makes up an agreement? Spending and revenues.

So we take on the revenue side and say that \$85 billion tax cut package over 5 years is on the table. On the spending side, we say all spending, including entitlement spending, is on the table. This chart right here shows entitlement spending, first year of the budget agreement, \$900 billion; tax cuts about \$5 billion. Over the life of the agreement, \$85 billion in tax cuts, \$5 trillion in entitlement spending. That is 50-to-1 spending versus revenue.

How does our enforcement mechanism work? If any target is broached on the revenue side, the President and the Congress can vote to change the package so that the targets are met. The President and the Congress can vote to waive the cap, saying we are not going to force that part of the agreement this year. But if the Congress and the President consciously decide to do nothing, the deficit does not go up. The deficit does not go up. If the Congress and the President decide to do nothing, there is an automatic enforcement that reins in the tax cuts that have not yet been put into place until the revenues are met.

The same thing happens on the spending side. Every program has a

cap. Every program that spends \$20 billion or more has its own cap. If a program is within its budget, nothing happens. If the program goes over the budget, the President and the Congress can fix that program, they can decide to waive the cap on that program. But if they do nothing, a procedure called sequestration goes into effect that brings that program back under the cap.

My colleagues, we need to pass this amendment. Vote for the rule. Vote for the bill.

Mr. FROST. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. STENHOLM].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, I come to the floor in opposition to a rule that is a tremendous disappointment to those of us who are serious about budget enforcement. This rule does not provide the type of debate that an issue of this importance deserves. We want the legislative process to work to produce the best possible bill. This rule does not let the legislative process work. We wanted the committee process to work.

We were greatly disappointed when the committees of jurisdiction failed to consider this bill. It is disingenuous for committees to now criticize the process that has brought this bill to the floor and argue that the committee process has been thwarted because they chose not to consider the bill. We have listened to the criticisms that have been raised by the Committee on Ways and Means and the Committee on the Budget and Members on both sides of the bill, both sides of the aisle, as well as the administration, an outside organization.

□ 1115

The bill's sponsors have agreed to several technical changes and other improvements to the bill in response to those concerns that were raised. This rule does not allow us to make those improvements. We wanted this bill to be considered under an open rule so that Members who had additional concerns or criticisms could offer constructive improvements to the bill. We wanted Members who have different ideas on budget process reform to have an opportunity to raise those ideas. This rule prevents the House from working its will on this issue.

Mr. Speaker, I was very disturbed by the threat from the chairman of the Committee on Rules a moment ago to people like me if we have the audacity to oppose this rule, he might just take this bill down and not in fact consider it. It should not be any surprise, ladies and gentlemen. That is what this House has been doing for the last week. Now we have got a threat of a gag rule on the agricultural appropriation bill later today. Why? Not because the agricultural appropriation bill is any problem, but because this same committee that has

been gagging the House from allowing Members to have their ideas voted in a responsible way have refused to allow that to happen.

The gentleman from Texas [Mr. FROST] stated a moment ago that if rules like this one continue, the House might find itself disrupted from its regular order of business. I suggest that we are going to have that to happen. It would be extremely unfair for Members to support a rule that prevents us from making improvements to the bill and then criticize this bill for technical improvements, bringing up Social Security as was heard a moment ago. The gentleman who made that knows there is no possible way Social Security is going to be affected by this bill. But he raises that in order to raise the temperature around here. And Congress being taken out of the process? They have not even read the bill. Listen to what the gentleman from Texas [Mr. BARTON] said a moment ago. Look at the bill before criticizing it. All Members who care about the integrity of the legislative process and believe that we should strive to pass the best possible legislation should vote against this rule.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. EVANS].

Mr. EVANS. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong opposition to this rule. Last night I testified before the Committee on Rules on behalf of an amendment I would like to offer to H.R. 2003, the Budget Enforcement Act of 1997. The Committee on Rules did not choose to make in order my amendment, and our Nation's veterans and their families may suffer as a result. If entitlement program costs are underestimated or if revenue collections fail to meet projected targets, enactment of the Budget Enforcement Act could be no less than catastrophic for many of our Nation's veterans and their dependents. That is why I am asking Members to vote against the proposed rule. By voting no on the rule, Members have the chance to say yes to our Nation's veterans and their families. My amendment exempts veterans benefits and programs from potentially devastating effects of this legislation if cost savings and revenue projections are miscalculated. If enacted without amendment, the Budget Enforcement Act would continue the Congress on a troubling path of neglect toward our Nation's veterans. Adoption of my amendment would be one important way to show that we in Congress are not willing to abandon the obligations we have to the men and women who have faithfully served our country. I urge my colleagues to vote no on the rule and vote yes for our Nation's veterans.

Mr. FROST. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. FILNER].

Mr. FILNER. Mr. Speaker, I rise in strong opposition to the rule, also.

Like the gentleman from Texas [Mr. STENHOLM], I believe that this rule prevents real debate on the real issues. The gentleman from Illinois [Mr. EVANS] who just spoke offered an amendment last night that would protect the benefits earned by America's veterans from permanent reduction. Remarkably, this amendment was defeated on a party line vote by the Committee on Rules last night. As written, H.R. 2003 would decimate the benefit programs our grateful Nation has provided for America's heroes, our veterans. It does not protect them. It does not protect service-disabled veterans. It does not protect those who suffered in the Persian Gulf War and who are now sick as a result of that service. I urge my colleagues to defeat the rule so that we can all have the opportunity to vote on the important amendment of the gentleman from Illinois [Mr. EVANS] and tell our veterans that we support them.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Ms. JACKSON-LEE].

Ms. JACKSON-LEE of Texas. I thank the gentleman very much for yielding me this time.

Mr. Speaker, I rise today to ask for opposition to this rule. I rise in particular as someone who supported the initial budget agreement in a bipartisan manner to emphasize that we can work on the effort of deficit reduction and treating people fairly together. But I would call this rule the hatchet job on the most vulnerable rule. The hatchet job on the most vulnerable. For without any notice whatsoever, this rule would kick in an absolute cut, an automatic cut on those needing Social Security, Medicare, Medicaid, veterans benefits.

I applaud the work of the gentleman from Texas [Mr. STENHOLM] and others who worked to ensure that we might have a protected budget agreement. But this is not the agreement. This is not even the discussion. This is simply a rule that says those who cannot speak for themselves, those who are outside the circle of power, we will make sure that if there is any problem with this budget down the road, we will make sure that we take from those most vulnerable. It ensures that we will take from those who need food stamps, from those who are on SSI. Particularly Medicaid when we are trying now to establish health care for our children, we would cut Medicaid that treats the most vulnerable in this community, those who are most poor and our children.

Mr. Speaker, this is not a fair enforcement rule. This is an enforcement act that takes the enforcement part of it to the very extreme. I would ask my colleagues to recognize, let us not do a hatchet job on those in particular who have given to this Nation, our senior citizens who have worked hard all of their lives and our veterans who have given very much their service to this Nation to protect our freedoms. I

would argue that it is important now to stand up for those who count, those who have already taken a measure of hit from this budget who have come to the table and wanted a fair budget. This is a bad rule. I ask everyone to vote against it.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. DOGGETT].

Mr. DOGGETT. Mr. Speaker, there are a number of rules that people say apply here in Washington that we do not think a lot of down in Texas. The first of these is that in Washington apparently a promise is never a guarantee. We have the promise of a balanced budget, but those who have taken the grandstand the greatest portion of the time to talk about how wonderful this balanced budget agreement is, they are unwilling to give us the guarantee of a balanced budget, and that is why this piece of legislation is necessary.

A second rule said to apply here in Washington is that the fact that it did not work the first time does not mean we will not try it again. This is not the first time we have had the promise of a balanced budget. It has happened over and over again. We keep trying the same old thing without having a real guarantee, an enforcement mechanism to be sure we in fact get a balanced budget. There is one gimmick after another in this proposed agreement, as proposed by both sides. If we are to achieve a true balanced budget, it will take an enforcement mechanism like this.

I would suggest that there is a third rule that applies here in Washington, that we are seeing worked out here on the floor today. It is that treachery knows no limits. We saw during this balanced budget agreement a Member stand here on the floor, one Republican promising to another that if we would all just vote for this balanced budget agreement that they would in a matter of weeks have an enforcement mechanism here on the floor. They have honored their agreement in word, but certainly not in spirit, because they have come before us today and they have presented a proposal in a way that they are sure it will be defeated. If they had any confidence in the notion that we will really get a balanced budget by 2002, indeed we could really have it next year. If we would effectively enforce this agreement, they would be here cheering us on and working to develop this agreement.

Mr. Speaker, I am not for this bill in the form that it is here this morning. I am not sure I am for it as it is proposed to be changed. But I know we have to have an enforcement mechanism, and this is the only way to get it.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentlewoman from California [Mrs. TAUSCHER].

(Mrs. TAUSCHER asked and was given permission to revise and extend her remarks.)

Mrs. TAUSCHER. Mr. Speaker, I rise today to support this rule because I

frankly have no other choice. As a strong advocate of a balanced budget and a supporter of the balanced budget agreement agreed to by Congress and the President, I am very pleased that we are on the path toward eliminating the deficit. But without strong enforcement language in the reconciliation bills, there is no guarantee that the goal will be met.

When the House considered the budget reconciliation spending and revenue bills, a bipartisan group of Members, including myself, attempted to offer enforcement language as an amendment. The House leadership back in June refused to make our amendment in order and instead promised that our amendment would be brought to the floor as a freestanding bill. What were we thinking about a month ago when we allowed that promise to be given with no guarantee that we would ever see this bill on the floor?

In the intervening 3 weeks, we have responded to some of the criticisms of the bill and made changes to improve it. The Committee on Rules, however, last night decided not to allow us to bring forward that amended bill and has reported a rule that forbids any amendments. This is in direct violation of an agreement by the gentleman from New York [Mr. SOLOMON] chairman of the Committee on Rules, reported in the CONGRESSIONAL RECORD of June 25 to make in order an amended version of our bill by no later than July 24.

Mr. Speaker, this is one more example of the duplicitous manner in which the House leadership treats its Members. I am forced to vote for this rule, and I encourage my colleagues to do the same, because it is the only way we can consider budget enforcement legislation. But this is not the way the House business should be done.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Tennessee [Mr. TANNER].

Mr. TANNER. Mr. Speaker, I, too, would like to echo what the gentlewoman from California [Mrs. TAUSCHER] said about this. This is unfortunate. It is sad. We are here and elected by our constituencies to come and try to do the best job we can regardless of party affiliation.

Three weeks ago we were told that if certain things happened in relation to a rule vote at that time, we would be allowed the opportunity to offer a budget enforcement mechanism before July 24. It was pointed out, and there may be some disagreement, but regardless of that, this is the vehicle that translates the idea of financial integrity in this country and in the Nation's books being balanced from an idea to reality for all of these young children that are here today and around the country. And for the Committee on Rules to not allow that to happen last night is just simply sad. I have been here 9 years and I will be the first to vote and did vote against my leadership when they abused the Committee on Rules and did not allow things to

come forward for the will of the House to work itself. I would ask the Republican rank and file to do the same today, because without regard of who said what and when, this is a better piece of legislation that we were denied the opportunity to vote on today.

Mr. Speaker, I have been here 9 years. If there was ever a day that Members ought to put their country ahead of their political party, the time is now on this budget enforcement bill. I just hope that the rank and file Members of both sides of the aisle will do that today.

Mr. GOSS. Mr. Speaker, I yield 30 seconds to the distinguished gentleman from Michigan [Mr. SMITH].

Mr. SMITH of Michigan. Mr. Speaker, I am very disappointed that we are not going to engage in real, hard debate having aggressive committee consideration of this kind of bill. I have introduced a budget reform bill for the last 4 years. I would like that debate on a budget reform bill include consideration of provisions I think are important. I have also introduced a different budget enforcement bill, H.R. 2037, that was made part of the budget reconciliation language. The bill before us needs more consideration and debate than simply the brief 1 hour debate on the floor. I am disappointed that the rule does not have the options for amendments and debate. I am disappointed that this bill is before us today without being considered by committee or at the very least, requiring a two-third majority like any other suspension bill that has not gone through the committee process.

□ 1130

Mr. FROST. Mr. Speaker, I yield 1 minute to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Speaker, I take the well to protest the unfair rule before us. Legislation is a work in progress. We all know that. No one gets it perfect the first time. And so there is give and take as we listen to concerns and move to change the bill to address those concerns.

Mr. Speaker, that is precisely what has been taking place with this enforcement act.

Now I do not think the act is there yet. I think there are still some changes that need to be made, and I am going to oppose it. But for this rule to bar from consideration the improvements that have been negotiated over the last several days I just think is unconscionable.

Why in the world would they give this House only the flawed first version to consider? It is, I think, really a diabolical, empty gesture to say, "Okay, you've got your vote, now leave us alone," when indeed they owed them much more than that. They owed them a straight-up vote on the best budget enforcement package that the sponsors care to offer, and it is a pity the rule did not allow that.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin [Mr. KIND].

Mr. KIND. Mr. Speaker, I thank the gentleman for yielding this time to me.

I rise today in strong opposition to the rule today, and as a new Member of Congress, we soon realize that a good piece of legislation is not drafted, is not submitted and drafted with just one crack at it. This has been an ongoing process. There have been concerns raised about the Budget Enforcement Act, considerations that have been taken and drafted into the recent piece of legislation. But we are not going to have an opportunity to present the best piece of policy, the best piece of legislation that we can offer to the American people, because of the way that the rule has been set up.

Now I am not familiar with the politics of the Committee on Rules, but I am learning some lessons awfully fast here, and it is disappointing that our best piece of legislation to enforce a budget agreement is not going to be given a fair consideration or hearing or debate on the House floor today, and that is unfortunate.

But I do not understand what is going on here. What is the message we are seeing? What is everyone so concerned about in regard to the Budget Enforcement Act? All this says is that if the targets are not reached, if they are not able to practice fiscal responsibility year after year after year, then it is time to go back and change some policies.

That is all that we are asking here.

Is it any wonder that over 80 percent of the American people in a recent poll have no confidence at all that this institution is capable of balancing the books?

I mean sure, if my colleagues worship at the idol of tax cuts and tax relief or if they worship at the idol of more spending and unrestrained spending growths, then, yes, oppose the Balanced Budget Enforcement Act. But that does not make any sense.

I have a son who is almost 1 year old, and I want to be able to go home every day after work, look him in the eyes and tell him that I am working in his best interests, that I am working in the best interests of all the children in this country and future generations, and that if we do pull up short, if the economy does slow down, we do not have the projected revenue growth or the corresponding spending reductions to meet our balanced budget guidelines, that we as an institution have a capability of addressing it again; but if we do not, that there is a hammer held over our heads, this Budget Enforcement Act, which will do the job that we should have the courage to do on our own.

Mr. GOSS. Mr. Speaker, I yield 30 seconds to the gentleman from New York [Mr. SOLOMON], the distinguished chairman of the Committee on Rules.

Mr. SOLOMON. Mr. Speaker, the previous speaker wants to know what the problem is. Let me tell him what the problem is, my colleagues. We pass tax cuts here in this body today, and then

next week, next month, next year this Congress fails to bite the bullet, they fail to vote for the cuts on the bills that come on this floor every day, and this happens time and time again, and the Tax Code cuts go out the window.

That is the problem, my colleagues. The American people are overtaxed. We are going to cut their taxes. That is why we need to defeat this bill today. Think about that, my colleagues.

Mr. FROST. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. BOYD].

Mr. BOYD. Mr. Speaker, I want to tell my colleagues that this is not about whether the tax cuts will be enforced or not. All this means, this relates to the tax side. It just means that one will meet those projections, revenue projections, that are in place.

Mr. Speaker, as my colleagues know, we learn a lot about a body after we are in it after a short period of time, and there are 71 other freshman Members along with myself in this body, and we learn something about how that body operates.

Now we read every day about the problems the leadership is having in this body, and it is no wonder after what has happened here the last couple of days in reference to this Budget Enforcement Act.

There has been a brilliant strategy move pull by the leadership of this House in getting people who support a budget enforcement and have been working on that for months and months and month, even years, together now are up here speaking for, some for the rule and some against the rule. It is a brilliant strategy move, and it is going to mean that this piece of legislation will go down.

But I must tell my colleagues, just think about that when they read about the problems that exist in the leadership of this House, and there will be more as a result of this particular piece of legislation. The people who support this legislation have been tricked just like the people of the United States of America have been tricked in the previous balanced budget agreements in 1981, 1985, and 1990 when they were told there was going to be a balanced budget, and we did not have one.

Do my colleagues know why? Because we did not have enforcement in place. So, my colleagues, we will get enforcement at some period of time, but I think we have a little ways to go, and the American people have to understand a little bit more about what is happening here in this U.S. House of Representatives.

Mr. GOSS. Mr. Speaker, I am delighted to hear that we have a brilliant strategy over here.

I yield 2 minutes to the distinguished gentleman from Delaware [Mr. CASTLE], my friend, who has been a sponsor and has a strong commitment to this particular piece of legislation.

Mr. CASTLE. Mr. Speaker, I thank the gentleman for yielding this time to me, and I do not have any brilliant

strategy to come forward with, but I feel very strongly about this piece of legislation, and I, too, would have liked to have seen it amended, and I too am concerned that the rules process did not allow that to happen. I have heard the explanations.

But having said that, I regretfully support the rule, regretfully because I think there could have been changes to improve this legislation, and that is what we should have done in the best interests of the American people. But we did not do that.

However having said that, I think we also need to move forward with the legislation; and to not support it I think would be a great mistake.

Why should we move forward with this legislation?

I heard some of the reservations, and I have tremendous support for the Hall of Fame Members of this Congress who have united in opposition to this; but we, the foot soldiers, I think, need to be heard on this as well. And in my judgment, this piece of legislation is a vital cog to the balancing of the budget of the United States in the future. We are going to pass a 5-year balanced budget plan this year, but we are not going to have enforcement mechanisms.

And everybody can cite back over 20 years when we have done something similar to that in Congress and we have not been able to balance the budget out in the different years that come up in the 5-year period, and I am afraid it is going to happen again this year.

There is a great deal of flexibility in this plan. It is not afraid to address any parts of the budget, be they discretionary or entitlements or the tax cuts. But it basically says that somehow the revenue picture changes or spending number changes, we are going to go back and look at it.

And that is all the Congress is requested to do; we have to look at it, and we should do that. That is an absolute responsibility.

How can we vote for a balanced budget amendment, how can we vote for a balanced budget but not be willing to enforce it? And that is what Alan Greenspan essentially agrees, it is what Tim Penny and Bill Frenzel have written today in the Washington Post, it is what almost all budget economic experts across this country have stated, and this is not something that a few of us can come up with in a back room. This was something that was put together by experts who believe in this as well.

Support this outstanding legislation. Mr. FROST. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. ANDREWS].

Mr. ANDREWS. Mr. Speaker, I thank the gentleman from Texas [Mr. FROST] for yielding this time to me.

Mr. Speaker, there is some brilliant strategy at work here. This legislation which I strongly support has managed to perform the miracle of bringing all different kinds of people together. People who love to see the Government

spend more money oppose this legislation because it would stop the spending from going on. People who love to pay for tax cuts by borrowing money and increasing the deficit oppose this legislation because they hold the tax cuts sacrosanct. Those who worship the committee process do not like this legislation because it did not pass through their portals. I with some sorrow predict that we will not get many votes for this legislation when it comes to the floor because all the interests are offended by it.

People who like this legislation are those that are in the huge majority of taxpaying Americans who really want to see us do what we purport to be doing here, which is to adopt a balanced budget plan and make it work year in and year out, whether the revenues fall or drop, whether the entitlements rise or fall.

This is an idea which will in all likelihood not succeed today, but we will succeed in bringing it back to the floor and succeed in enacting it in the future.

Mr. FROST. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. TURNER].

Mr. TURNER. Mr. Speaker, I rise today in opposition to the rule because I am greatly disturbed that the most important element of the balanced budget, the budget enforcement provisions, have been compromised by failure of the Committee on Rules to allow full amendments that were brought before the committee.

As my colleagues know, we passed a budget resolution here in this Congress a few weeks ago. The problem is a budget resolution is a whole lot like a New Years resolution. It is easy to make but hard to keep. This Congress has been in a long courtship with the balanced budget. We finally got to the point where we adopted a budget resolution, we have made great steps toward achieving the goal of a balanced budget, and yet we are not able to assure the American people that the courtship that we have had and the marriage that will take place when we pass the reconciliation bill is to carry out this budget agreement. We cannot assure the American people that this marriage will last.

I think that we have made a terrible mistake not dealing with the budget enforcement provisions in a serious manner in the Committee on Rules, and for that reason I will oppose the rule.

Mr. GOSS. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from Iowa [Mr. NUSSLE].

Mr. NUSSLE. Mr. Speaker, I thank the gentleman for yielding this time to me.

First of all, I do not question anybody. There has been some question about motivation for why people have done what they have done here today, and I do not question the motivation of any Member up here who has spoken in favor or against this particular piece of

legislation. In fact, if my colleagues just look around the Chamber at the people who have spoken here today, these are the Hall of Famers. I would say to my friend from Delaware, these are the Hall of Famers in balancing the budget and making sure that we enforce it, and I would start with that.

We have enforcement mechanisms within this budget, within the budget process currently. Are they perfect? No. We all agree that we want to improve the current budget process.

Now the question that we are posed with here today is, is this the time and is this the bill? This is not the time because we are currently in the middle of the negotiations. We are currently in the middle of the process to get to a balanced budget. We do not change the rules in the middle of the game. As much as I would love to at different times during legislation, we do not make that kind of judgment right now during the heat of the battle. We have tried that in the past. Those mechanisms have never worked.

This is also not the bill, and in fact it is interesting to hear all of these folks come forward and say, "Boy, I love this bill. It isn't quite perfect, and I'd love to see this amendment or that amendment," or "Hey, I know, I've got an idea. Hey, I know, let's put this amendment in. Let's put this mechanism in. Hey, I know."

We should not legislate by "Hey, I know."

Mr. FROST. Mr. Speaker, we have no further speakers at this time, and I yield back the balance of my time.

Mr. GOSS. Mr. Speaker, I yield myself such time as I may consume.

I think we are going to have a multiple choice test for Members after the conclusion of this debate to see if anybody understands what actually has been discussed.

□ 1145

As the gentlewoman from Texas alleged, this is a rule that cuts something. This rule does not cut anything. Rules do not cut anything. Anybody who believes that has not quite read the rule.

Mr. Speaker, we have had a lot of comment about somehow or other this was a perfect product back on June 25 when it was offered, but somehow or other it is not a perfect product now, and somehow or other the Committee on Rules has failed to do its job on that. We need more deliberations, the gentleman from Texas [Mr. STENHOLM] says. Others say no, we need to pass this right away.

The point is we have a committee system here that works. We have had commitments to proceed with a budget reform process and budget enforcement. That is going to happen. We today are looking at an up-or-down vote that was promised in a deal with the leadership on a 25 of June package to have that vote before July 24. Promises made, promises kept. That is what is going on here today.

Some have said the Committee on Rules did not do its job, did not consider waivers or exceptions last night. That is a little disingenuous. We heard the gentleman from Illinois [Mr. EVANS] speak today about a request for exemptions for one class of people. If we opened this up to exemptions to the enforcement of budget, everybody will come forward with an exemption, and we will have a hollow process of enforcement. We all know that. That is why we promised an up-or-down vote.

This is an up-or-down vote on the package of June 25, put together by the gentleman from Texas [Mr. BARTON] and the gentleman from Minnesota [Mr. MINGE]. That is what we promised. That is what is on the floor.

Mr. Speaker, I move the previous question on resolution.

The previous question was ordered. The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. CASTLE. Mr. Speaker, pursuant to the rule, I call up the bill (H.R. 2003) to reform the budget process and enforce the bipartisan balanced budget agreement of 1997, and ask for its immediate consideration.

The SPEAKER pro tempore (Mr. LATOURETTE). Is the gentleman from Delaware [Mr. CASTLE] the designee of the gentleman from Texas [Mr. BARTON]?

Mr. CASTLE. Yes, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the title of the bill.

The Clerk read the title of the bill.

The text of H.R. 2003 is as follows:

H.R. 2003

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

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Budget Enforcement Act of 1997".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.

Sec. 2. Definitions.

TITLE I—ENSURE THAT THE BIPARTISAN BALANCED BUDGET AGREEMENT OF 1997 ACHIEVES ITS GOAL

Sec. 101. Timetable.

Sec. 102. Procedures to avoid sequestration or delay of new revenue reductions.

Sec. 103. Effect on Presidents' budget submissions; point of order.

Sec. 104. Deficit and revenue targets.

Sec. 105. Direct spending caps.

Sec. 106. Economic assumptions.

Sec. 107. Revisions to the caps for entitlements and other spending and to the revenue and deficit targets in this Act.

TITLE II—ENFORCEMENT PROVISIONS

Sec. 201. Reporting excess spending.

Sec. 202. Enforcing direct spending caps.

Sec. 203. Sequestration rules.

Sec. 204. Revenue enforcement.

Sec. 205. Exempt programs and activities.

Sec. 206. Special rules.

Sec. 207. The current law baseline.

Sec. 208. Limitations on emergency spending.

SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) ELIGIBLE POPULATION.—The term “eligible population” shall mean those individuals to whom the United States is obligated to make a payment under the provisions of a law creating entitlement authority. Such term shall not include States, localities, corporations or other nonliving entities.

(2) SEQUESTER AND SEQUESTRATION.—The terms “sequester” and “sequestration” refer to or mean the cancellation of budgetary resources provided by discretionary appropriations or direct spending law.

(3) BREACH.—The term “breach” means, for any fiscal year, the amount (if any) by which outlays for that year (within a category of direct spending) is above that category’s direct spending cap for that year.

(4) BASELINE.—The term “baseline” means the projection (described in section 207) of current levels of new budget authority, outlays, receipts, and the surplus or deficit into the budget year and the outyears.

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

(6) DISCRETIONARY APPROPRIATIONS.—The term “discretionary appropriations” means budgetary resources (except to fund direct spending programs) provided in appropriation Acts. If an appropriation Act alters the level of direct spending or offsetting collections, that effect shall be treated as direct spending. Classifications of new accounts or activities and changes in classifications shall be made in consultation with the Committees on Appropriations and the Budget of the House of Representatives and the Senate and with CBO and OMB.

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

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

(B) entitlement authority; and

(C) the food stamp program.

If a law other than an appropriation Act alters the level of discretionary appropriations or offsetting collections, that effect shall be treated as direct spending.

(8) ENTITLEMENT AUTHORITY.—The term “entitlement authority” means authority (whether temporary or permanent) to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law.

(9) CURRENT.—The term “current” means, with respect to OMB estimates included with a budget submission under section 1105(a) of title 31 U.S.C., the estimates consistent with the economic and technical assumptions underlying that budget.

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

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

(12) CURRENT YEAR.—The term “current year” means, with respect to a budget year, the fiscal year that immediately precedes that budget year.

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

(14) OMB.—The term “OMB” means the Director of the Office of Management and Budget.

(15) CBO.—The term “CBO” means the Director of the Congressional Budget Office.

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

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

(18) APPROPRIATION ACT.—The term “appropriation Act” means an Act referred to in section 105 of title 1 of the United States Code.

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

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

(21) DIRECT SPENDING CAPS.—The term “direct spending caps” means the nominal dollar limits for entitlements and other mandatory spending pursuant to section 105 (as modified by any revisions provided for in this Act).

TITLE I—ENSURE THAT THE BIPARTISAN BALANCED BUDGET AGREEMENT OF 1997 ACHIEVES ITS GOAL

SEC. 101. 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.
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).	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 delaying new/additional revenues reductions scheduled to take effect pursuant to reconciliation legislation enacted in calendar year 1997.

SEC. 102. PROCEDURES TO AVOID SEQUESTRATION OR DELAY OF NEW REVENUE REDUCTIONS.

(a) SPECIAL MESSAGE.—If the OMB Analysis of Actual Spending Levels and Projections for the Upcoming Year indicates that—

(1) deficits in the most recently completed fiscal year exceeded, or the deficits in the budget year are projected to exceed, the deficit targets in section 104;

(2) revenues in the most recently completed fiscal year were less than, or revenues in the current year are projected to be less than, the revenue targets in section 104; or

(3) outlays in the most recently completed fiscal year exceeded, or outlays in the current year are projected to exceed, the caps in section 104;

the President shall submit to Congress with the OMB Analysis of Actual Spending Levels and Projections for the Upcoming Year a special message that includes proposed legislative changes to—

(A) offset the net deficit or outlay excess;

(B) offset any revenue shortfall; or

(C) revise the deficit or revenue targets or the outlay caps contained in this Act;

through any combination of—

(i) reductions in outlays;

(ii) increases in revenues; or

(iii) increases in the deficit targets or expenditure caps, or reductions in the revenue targets, if the President submits a written determination that, because of economic or programmatic reasons, none of the variances from the balanced budget plan should be offset.

(b) INTRODUCTION OF THE PRESIDENT’S PACKAGE.—Not later than November 15, the message from the President required pursuant to subsection (a) shall be introduced as a joint resolution in the House of Representatives or the Senate by the chairman of its Committee on the Budget. If the chairman fails to do so, after November 15, the joint resolution may be introduced by any Member of that House of Congress and shall be referred to the Committee on the Budget of that House.

(c) HOUSE BUDGET COMMITTEE ACTION.—The Committee on the Budget of the House of Representatives shall, by November 15, report a joint resolution containing—

(1) the recommendations in the President’s message, or different policies and proposed legislative changes than those contained in the message of the President, to ameliorate or eliminate any excess deficits or expenditures or any revenue shortfalls, or

(2) any changes to the deficit or revenue targets or expenditure caps contained in this Act, except that any changes to the deficit or revenue targets or expenditure caps cannot be greater than the changes recommended in the message submitted by the President.

(d) PROCEDURE IF THE COMMITTEES ON THE BUDGET OF THE HOUSE OF REPRESENTATIVES OR SENATE FAILS TO REPORT REQUIRED RESOLUTION.—

(1) AUTOMATIC DISCHARGE OF COMMITTEES ON THE BUDGET OF THE HOUSE.—If the Committee on the Budget of the House of Representatives fails, by November 20, to report a resolution meeting the requirements of subsection (c), the committee shall be automatically discharged from further consideration of the joint resolution reflecting the President’s recommendations introduced pursuant to subsection (a), and the joint resolution shall be placed on the appropriate calendar.

(2) CONSIDERATION OF DISCHARGE RESOLUTION IN THE HOUSE.—If the Committee has been discharged under paragraph (1) above, any Member may move that the House of Representatives consider the resolution. Such motion shall be highly privileged and not debatable. It shall not be in order to consider any amendment to the resolution except amendments which are germane and which do not change the net deficit impact of the resolution.

(e) CONSIDERATION OF JOINT RESOLUTION IN THE HOUSE.—Consideration of resolution reported pursuant to subsection (c) or (d) shall be pursuant to the procedures set forth in section 305 of the Congressional Budget Act of 1974 and subsection (d).

(f) TRANSMITTAL TO SENATE.—If a joint resolution passes the House of Representatives pursuant to subsection (e), the Clerk of the House of Representatives shall cause the resolution to be engrossed, certified, and transmitted to the Senate within 1 calendar day of the day on which the resolution is passed. The resolution shall be referred to the Senate Committee on the Budget.

(g) REQUIREMENTS FOR SPECIAL JOINT RESOLUTION IN THE SENATE.—The Committee on the Budget of the Senate shall report not later than December 1—

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

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

(3) a joint resolution containing different policies and proposed legislative changes

than those contained in either the message of the President or the resolution passed by the House of Representatives, to eliminate all or part of any excess deficits or expenditures or any revenue shortfalls, or

(4) any changes to the deficit or revenue targets, or to the expenditure caps, contained in this Act, except that any changes to the deficit or revenue targets or expenditure caps cannot be greater than the changes recommended in the message submitted by the President.

(h) PROCEDURE IF THE SENATE BUDGET COMMITTEE FAILS TO REPORT REQUIRED RESOLUTION.—

(1) AUTOMATIC DISCHARGE OF SENATE BUDGET COMMITTEE.—In the event that the Committee on the Budget of the Senate fails, by December 1, to report a resolution meeting the requirements of subsection (g), the committee shall be automatically discharged from further consideration of the joint resolution reflecting the President's recommendations introduced pursuant to subsection (a) and of the resolution passed by the House of Representatives, and both joint resolutions shall be placed on the appropriate calendar.

(2) CONSIDERATION OF DISCHARGE RESOLUTION IN THE SENATE.—(A) If the Committee has been discharged under paragraph (1), any member may move that the Senate consider the resolution. Such motion shall be highly privileged and not debatable. It shall not be in order to consider any amendment to the resolution except amendments which are germane and which do not change the net deficit impact of the resolution.

(B) Consideration of resolutions reported pursuant to subsections (c) or (d) shall be pursuant to the procedures set forth in section 305 of the Congressional Budget Act of 1974 and subsection (d).

(C) If the joint resolution reported by the Committees on the Budget pursuant to subsection (c) or (g) or a joint resolution discharged in the House of Representatives or the Senate pursuant to subsection (d)(1) or (h)(1) would eliminate less than—

(i) the entire amount by which actual or projected deficits exceed, or revenues fall short of, the targets in this Act; or

(ii) the entire amount by which actual or projected outlays exceed the caps contained in this Act;

then the Committee on the Budget of the Senate shall report a joint resolution, raising the deficit targets or outlay caps, or reducing the revenue targets for any year in which actual or projected spending, revenues or deficits would not conform to the deficit and revenue targets or expenditure caps in this Act.

(k) CONFERENCE REPORTS SHALL FULLY ADDRESS DEFICIT EXCESS.—It shall not be in order in the House of Representatives or the Senate to consider a conference report on a joint resolution to eliminate all or part of any excess deficits or outlays or to eliminate all or part of any revenue shortfall compared to the deficit and revenue targets and the expenditure caps contained in this Act, unless—

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

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

The vote on any resolution reported pursuant to subsection (j)(2) shall be solely on the subject of changing the deficit or revenue targets or the expenditure limits in this Act.

SEC. 103. EFFECT ON PRESIDENTS' BUDGET SUBMISSIONS; POINT OF ORDER.

(a) BUDGET SUBMISSION.—Any budget submitted by the President pursuant to section 1105(a) of title 31, United States Code, for

each of fiscal years 1998 through 2007 shall be consistent with the spending, revenue, and deficit levels established in sections 104 and 105 or it shall recommend changes to those levels.

(b) POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any concurrent resolution on the budget unless it is consistent with the spending, revenue, and deficit levels established in sections 104 and 105.

SEC. 104. DEFICIT AND REVENUE TARGETS.

(a) CONSOLIDATED DEFICIT (OR SURPLUS) TARGETS.—For purposes of sections 102 and 107, the consolidated deficit targets shall be—

(1) for fiscal year 1998, \$90,500,000,000;

(2) for fiscal year 1999, \$89,700,000,000;

(3) for fiscal year 2000, \$83,000,000,000;

(4) for fiscal year 2001, \$53,300,000,000; and

(5) for fiscal year 2002, there shall be a surplus of not less than \$1,400,000,000.

(b) CONSOLIDATED REVENUE TARGETS.—For purposes of sections 102, 107, 201, and 204, the consolidated revenue targets shall be—

(1) for fiscal year 1998, \$1,601,800,000,000;

(2) for fiscal year 1999, \$1,664,200,000,000;

(3) for fiscal year 2000, \$1,728,100,000,000;

(4) for fiscal year 2001, \$1,805,100,000,000; and

(5) for fiscal year 2002, \$1,890,400,000,000.

SEC. 105. DIRECT SPENDING CAPS.

(a) IN GENERAL.—Effective upon submission of the report by OMB pursuant to subsection (c), direct spending caps shall apply to all entitlement authority except for undistributed offsetting receipts and net interest outlays. For purposes of enforcing direct spending caps under this Act, each separate program shown in the table set forth in subsection (d) shall be deemed to be a category.

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

(c) REPORT BY OMB.—Within 30 days after enactment of this Act, OMB shall submit to the President and each House of Congress a report containing account numbers and spending limits for each specific category.

(d) CONTENTS OF REPORTS.—All direct spending accounts not included in these reports under separate categories shall be included under the heading "Other Entitlements and Mandatory Spending". These reports may include adjustments among the caps set forth in this Act as required below, however the aggregate amount available under the "Total Entitlements and Other Mandatory Spending" cap shall be identical in each such report and in this Act and shall be deemed to have been adopted as part of this Act. Each such report shall include the actual amounts of the caps for each year of fiscal years 1998 through 2002 consistent with the concurrent resolution on the budget for FY 1998 for each of the following categories:

Earned Income Tax Credit,

Family Support,

Federal retirement:

Civilian/other,

Military,

Medicaid,

Medicare,

Social security,

Supplemental security income,

Unemployment compensation,

Veterans' benefits,

Medicare,

Other entitlements and mandatory spending, and

Aggregate entitlements and other mandatory spending.

(e) ADDITIONAL SPENDING LIMITS.—Legislation enacted subsequent to this Act may in-

clude additional caps to limit spending for specific programs, activities, or accounts with these categories. Those additional caps (if any) shall be enforced in the same manner as the limits set forth in such joint explanatory statement.

SEC. 106. ECONOMIC ASSUMPTIONS.

Subject to periodic reestimation based on changed economic conditions or changes in eligible population, determinations of the direct spending caps under section 105, any breaches of such caps, and actions necessary to remedy such breaches shall be based upon the economic assumptions set forth in the joint explanatory statement of managers accompanying the concurrent resolution on the budget for fiscal year 1998 (House Concurrent Resolution 84, 105th Congress).

SEC. 107. REVISIONS TO DEFICIT AND REVENUE TARGETS AND TO THE CAPS FOR ENTITLEMENTS AND OTHER MANDATORY SPENDING.

(a) AUTOMATIC ADJUSTMENTS TO DEFICIT AND REVENUE TARGETS AND TO CAPS FOR ENTITLEMENTS AND OTHER MANDATORY SPENDING.—When the President submits the budget under section 1105(a) of title 31, United States Code, for any year, OMB shall calculate (in the order set forth below), and the budget and reports shall include, adjustments to the deficit and revenue targets, and to the direct spending caps (and those limits as cumulatively adjusted) for the current year, the budget year, and each outyear, to reflect the following:

(1) CHANGES TO REVENUE TARGETS.—

(A) CHANGES IN GROWTH.—For Federal revenues and deficits under laws and policies enacted or effective before July 1, 1997, growth adjustment factors shall equal the ratio between the level of year-over-year growth measured for the fiscal year most recently completed and the applicable estimated level for that year as described in section 105.

(B) CHANGES IN INFLATION.—For Federal revenues and deficits under laws and policies enacted or effective before July 1, 1997, inflation adjustment factors shall equal the ratio between the level of year-over-year growth measured for the fiscal year most recently completed and the applicable estimated level for that year as described in section 105.

(2) ADJUSTMENTS TO DIRECT SPENDING CAPS.—

(A) CHANGES IN CONCEPTS AND DEFINITIONS.—The adjustments produced by changes in concepts and definitions shall equal the baseline levels of new budget authority and outlays using up-to-date concepts and definitions minus those levels using the concepts and definitions in effect before such changes. Such changes in concepts and definitions may only be made in consultation with the Committees on Appropriations, the Budget, and Government Reform and Oversight and Governmental Affairs of the House of Representatives and the Senate.

(B) CHANGES IN NET OUTLAYS.—Changes in net outlays for all programs and activities exempt from sequestration under section 204.

(C) CHANGES IN INFLATION.—For direct spending under laws and policies enacted or effective on or before July 1, 1997, inflation adjustment factors shall equal the ratio between the level of year-over-year inflation measured for the fiscal year most recently completed and the applicable estimated level for that year as described in section 105 (relating to economic assumptions). For direct spending under laws and policies enacted or effective after July 1, 1997, there shall be no adjustment to the direct spending caps (for changes in economic conditions including inflation, nor for changes in numbers of eligible beneficiaries) unless—

(i) the Act or the joint explanatory statement of managers accompanying such Act

providing new direct spending includes economic projections and projections of numbers of beneficiaries; and

(ii) such Act specifically provides for automatic adjustments to the direct spending caps in section 105 based on those projections.

(D) CHANGES IN ELIGIBLE POPULATIONS.—For direct spending under laws and policies enacted or effective on or before July 1, 1997, the basis for adjustments under this section shall be the same as the projections underlying Table A-4, CBO Baseline Projections of Mandatory Spending, Including Deposit Insurance (by fiscal year, in billions of dollars), published in An Analysis of the President's Budgetary Proposals for Fiscal Year 1998, March 1997, page 53. For direct spending under laws and policies enacted or effective after July 1, 1997, there shall be no adjustment to the direct spending caps for changes in numbers of eligible beneficiaries unless—

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

(ii) such Act specifically provides for automatic adjustments to the direct spending caps in section 105 based on those projections.

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

(c) CHANGES TO DEFICIT TARGETS.—The deficit targets in section 104 shall be adjusted to reflect changes to the revenue targets or changes to the caps for entitlements and other mandatory spending pursuant to subsection (a).

(d) PERMISSIBLE REVISIONS TO DEFICIT AND REVENUE TARGETS AND DIRECT SPENDING CAPS.—Deficit and revenue targets and direct spending caps as enacted pursuant to sections 104 and 105 may be revised as follows: Except as required pursuant to section 105(a), direct spending caps may only be amended by recorded vote. It shall be a matter of highest privilege in the House of Representatives and the Senate for a Member of the House of Representatives or the Senate to insist on a recorded vote solely on the question of amending such caps. It shall not be in order for the Committee on Rules of the House of Representatives to report a resolution waiving the provisions of this subsection. This subsection may be waived in the Senate only by an affirmative vote of three-fifths of the Members duly chosen and sworn.

TITLE II—ENFORCEMENT PROVISIONS

SEC. 201. REPORTING EXCESS SPENDING.

(a) ANALYSIS OF ACTUAL DEFICIT, REVENUE, AND SPENDING LEVELS.—As soon as practicable after any fiscal year, OMB shall compile a statement of actual deficits, revenues, and direct spending for that year. The statement shall identify such spending by categories contained in section 105.

(b) ESTIMATE OF NECESSARY SPENDING REDUCTION.—Based on the statement provided under subsection (a), the OMB shall issue a report to the President and the Congress on December 15 of any year in which such statement identifies actual or projected deficits, revenues, or spending in the current or immediately preceding fiscal years in violation of the revenue targets or direct spending caps in section 104 or 105, by more than one percent of the applicable total revenues or direct spending for such year. The report shall include:

(1) All instances in which actual direct spending has exceeded the applicable direct spending cap.

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

(3) The amounts by which direct spending shall be reduced in the current fiscal year so that total actual and estimated direct spending for all cap categories for the current and immediately preceding fiscal years shall not exceed the amounts available under the direct spending caps for such fiscal years.

(4) The amount of excess spending attributable solely to changes in inflation or eligible populations.

SEC. 202. ENFORCING DIRECT SPENDING CAPS.

(a) PURPOSE.—This title provides enforcement of the direct spending caps on categories of spending established pursuant to section 105. This section shall apply for any fiscal year in which direct spending exceeds the applicable direct spending cap.

(b) GENERAL RULES.—

(1) ELIMINATING A BREACH.—Each non-exempt account within a category shall be reduced by a dollar amount calculated by multiplying the baseline level of sequestrable budgetary resources in that account at that time by the uniform percentage necessary to eliminate a breach within that category.

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

(3) INDEFINITE AUTHORITY.—Except as otherwise provided, sequestration in accounts for which obligations are indefinite shall be taken in a manner to ensure that obligations in the fiscal year of a sequestration and succeeding fiscal years are reduced, from the level that would actually have occurred, by the applicable sequestration percentage or percentages.

(4) CANCELLATION OF BUDGETARY RESOURCES.—Budgetary resources sequestered from any account other than an trust, special or revolving fund shall revert to the Treasury and be permanently canceled.

(5) IMPLEMENTING REGULATIONS.—Notwithstanding any other provision of law, administrative rules or similar actions implementing any sequestration shall take effect within 30 days after that sequestration.

SEC. 203. SEQUESTRATION RULES.

(a) GENERAL RULES.—For programs subject to direct spending caps:

(1) TRIGGERING OF SEQUESTRATION.—Sequestration is triggered if total direct spending subject to the caps exceeds or is projected to exceed the aggregate cap for direct spending for the current or immediately preceding fiscal year.

(2) CALCULATION OF REDUCTIONS.—Sequestration shall reduce spending under each separate direct spending cap in proportion to the amounts each category of direct spending exceeded the applicable cap.

(3) UNIFORM PERCENTAGES.—In calculating the uniform percentage applicable to the sequestration of all spending programs or activities within each category, or the uniform percentage applicable to the sequestration of nonexempt direct spending programs or activities, the sequestrable base for direct spending programs and activities is the total level of outlays for the fiscal year for those programs or activities in the current law baseline.

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

ing by an amount in addition to, rather than in lieu of, the reduction in direct spending in place under the existing sequestration or sequestrations.

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

(A) outlays pay for entitlement benefits;

(B) a current-year sequestration takes effect after the 1st day of the budget year;

(C) that delay reduces the amount of entitlement authority that is subject to sequestration in the budget; and

(D) the uniform percentage otherwise applicable to the budget-year sequestration of a program or activity is increased due to the delay;

then the uniform percentage shall revert to the uniform percentage calculated under paragraph (3) when the budget year is completed.

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

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

(B) the amount of entitlement authority is periodically adjusted under existing law to reflect changes in a price index (commonly called "cost of living adjustments");

sequestration shall first be applied to the cost of living adjustment before reductions are made to the base benefit. For the first fiscal year to which a sequestration applies, the benefit payment reductions in such programs accomplished by the order shall take effect starting with the payment made at the beginning of January following a final sequester. For the purposes of this subsection, veterans' compensation shall be considered a program that meets the conditions of the preceding sentence.

(7) LOAN PROGRAMS.—For all loans made, extended, or otherwise modified on or after any sequestration under loan programs subject to direct spending caps—

(A) the sequestrable base shall be total fees associated with all loans made extended or otherwise modified on or after the date of sequestration; and

(B) the fees paid by borrowers shall be increased by a uniform percentage sufficient to produce the dollar savings in such loan programs for the fiscal year or years of the sequestrations required by this section.

Notwithstanding any other provision of law, in any year in which a sequestration is in effect, all subsequent fees shall be increased by the uniform percentage and all proceeds from such fees shall be paid into the general fund of the Treasury.

(8) INSURANCE PROGRAMS.—Any sequestration of a Federal program that sells insurance contracts to the public (including the Federal Crop Insurance Fund, the National Insurance Development Fund, the National Flood Insurance fund, insurance activities of the Overseas Private Insurance Corporation, and Veterans' Life insurance programs) shall be accomplished by increasing premiums on contracts entered into extended or otherwise modified, after the date a sequestration order takes effect by the uniform sequestration percentage. Notwithstanding any other provision of law, for any year in which a sequestration affecting such programs is in effect, subsequent premiums shall be increased by the uniform percentage and all proceeds from the premium increase shall be paid from the insurance fund or account to the general fund of the Treasury.

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

(A) the total amount of funds available for all States shall be reduced by the amount required to be sequestered; and

(B) if States are projected to receive increased funding in the budget year compared to the immediately preceding fiscal year, sequestration shall first be applied to the estimated increases before reductions are made compared to actual payments to States in the previous year—

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

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

(iii) the uniform reduction shall apply to the base funding levels available to states in the immediately preceding fiscal year only to the extent necessary to eliminate any remaining excess over the applicable direct spending cap.

(10) **SPECIAL RULE FOR CERTAIN PROGRAMS.**—Except matters exempted under section 204 and programs subject to special rules set forth under section 205 and notwithstanding any other provisions of law, any sequestration required under this Act shall reduce benefit levels by an amount sufficient to eliminate all excess spending identified in the report issued pursuant to section 201, while maintaining the same uniform percentage reduction in the monetary value of benefits subject to reduction under this subsection.

(b) **WITHIN-SESSION SEQUESTER.**—If a bill or resolution providing direct spending for the current year is enacted before July 1 of that fiscal year and causes a breach within any direct spending cap for that fiscal year, 15 days later there shall be a sequestration to eliminate that breach within that cap.

SEC. 204. ENFORCING REVENUE TARGETS.

(a) **PURPOSE.**—This section enforces the revenue targets established pursuant to section 104. This section shall apply for any year in which actual revenues were less than the applicable revenue target in the preceding fiscal year or are projected to be less than the applicable revenue target in the current year.

(b) **ESTIMATE OF NECESSITY TO SUSPEND NEW REVENUE REDUCTIONS.**—Based on the statement provided under section 201(a), OMB shall issue a report to the President and the Congress on December 15 of any year in which such statement identifies actual or projected revenues in the current or immediately preceding fiscal years lower than the applicable revenue target in section 104, as adjusted pursuant to section 106, by more than 1 percent of the applicable total revenue target for such year. The report shall include—

(1) all existing laws and policies enacted as part of any reconciliation legislation in calendar 1997 which would cause revenues to decline in the calendar year which begins January 1, compared to laws and policies in effect on December 15;

(2) the amounts by which revenues would be reduced by implementation of the provisions of law described in paragraph (1) compared to provisions of law in effect on December 15; and

(3) whether delaying implementation of the provisions of law described in paragraph (1) would cause the total for revenues in the projected revenues in the current fiscal year and actual revenues in the immediately preceding fiscal year to equal or exceed the total of the targets for the applicable years.

(c) **GENERAL RULES.**—

(1) **DELAYED PHASE-IN OF NEW TAX CUTS.**—No provision of the Revenue Reconciliation Act of 1997—

(A) establishing or increasing any credit, deduction, exclusion or eligibility limit; or

(B) reducing any rate

shall first take effect in the calendar year following a year in which actual revenues

were less than the applicable revenue target or revenues in the current year are projected to be less than the applicable target.

(2) **SUSPENSION OF INDEXATION.**—No new adjustment for inflation shall be made to any credit, deduction, or exclusion enacted as part of the Revenue Reconciliation Act of 1997 if revenues in the preceding year were below the applicable revenue target or revenues in the current year are projected to be less than the applicable target.

(d) **SPECIAL RULES.**—(1) All provisions of law included in the report pursuant to subsection (b)(1) shall be suspended until such time as the total of projected revenues in the current fiscal year and actual revenues in the immediately preceding fiscal year is equal to or greater than the relevant revenue targets in section 104; and

(2) If subsection (c) would cause the total of projected revenues in the current year and actual revenues in the preceding fiscal year to exceed the relevant revenue targets in section 104, new policies to reduce revenues shall be modified sufficiently to raise revenues to the level of the targets for the relevant years.

SEC. 205. EXEMPT PROGRAMS AND ACTIVITIES.

The following budget accounts, activities within accounts, or income shall be exempt from sequestration—

- (1) net interest;
- (2) all payments to trust funds from excise taxes or other receipts or collections properly creditable to those trust funds;
- (3) offsetting receipts and collections;
- (4) all payments from one Federal direct spending budget account to another Federal budget account;
- (5) all intragovernmental funds including those from which funding is derived primarily from other Government accounts;
- (6) expenses to the extent they result from private donations, bequests, or voluntary contributions to the Government;
- (7) nonbudgetary activities, including but not limited to—

(A) credit liquidating and financing accounts;

(B) the Pension Benefit Guarantee Corporation Trust Funds;

(C) the Thrift Savings Fund;

(D) the Federal Reserve System; and

(E) appropriations for the District of Columbia to the extent they are appropriations of locally raised funds;

(8) payments resulting from Government insurance, Government guarantees, or any other form of contingent liability, to the extent those payments result from contractual or other legally binding commitments of the Government at the time of any sequestration;

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

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

Claims, defense;

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

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

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

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

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

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

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

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

Payments to copyright owners (03-5175-0-2-376);

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

Soldier's and Airman's Home, payment of claims (84-8930-0-7-705);

Washington Metropolitan Area Transit Authority, interest payments (46-0300-0-1-401);

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

Exchange Stabilization Fund (20-4444-0-3-155); and

Foreign Military Sales trust fund (11-82232-0-7-155).

(j) **OPTIONAL EXEMPTION OF MILITARY PERSONNEL.**—

(1) The President may, with respect to any military personnel account, exempt that account from sequestration or provide for a lower uniform percentage reduction that would otherwise apply.

(2) The President may not use the authority provided by paragraph (1) unless he notifies the Congress of the manner in which such authority will be exercised on or before the initial snapshot date for the budget year.

SEC. 206. SPECIAL RULES.

(a) **CHILD SUPPORT ENFORCEMENT PROGRAM.**—Any sequestration order shall accomplish the full amount of any required reduction in payments under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under the program, as specified (for the fiscal year involved) in section 455(a) of such Act, to the extent necessary to reduce such expenditures by that amount.

(b) **COMMODITY CREDIT CORPORATION.**—

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

(2) **DAIRY PROGRAM.**—

(A) As the sole means of achieving any reduction in outlays under the milk price-support program, the Secretary of Agriculture shall provide for a reduction to be made in the price received by producers for all milk in the United States and marketed by producers for commercial use.

(B) That price reduction (measured in cents per hundred-weight of milk marketed) shall occur under subparagraph (A) of section 201(d)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the day any sequestration order is issued, and shall not exceed the aggregate amount of the reduction in outlays under the milk price-support program, that otherwise would have been achieved by reducing payments made for the purchase of milk or the products of milk under this subsection during that fiscal year.

(3) **EFFECT OF DELAY.**—For purposes of subsection (b)(1), the sequestrable base for Commodity Credit Corporation is the current-year level of gross outlays resulting from new budget authority that is subject to reduction under paragraphs (1) and (2).

(4) **CERTAIN AUTHORITY NOT TO BE LIMITED.**—Nothing in this Act shall restrict the Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, or limit or reduce in any way any appropriation that provides the Corporation with funds to cover its realized losses.

(c) EARNED INCOME TAX CREDIT.—

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

(2) In the event sequestration is triggered to reduce earned income tax credits, all earned income tax credits shall be reduced, whether or not such credits otherwise would result in cash payments to beneficiaries, by a uniform percentage sufficient to produce the dollar savings required by the sequestration.

(d) REGULAR AND EXTENDED UNEMPLOYMENT COMPENSATION.—

(1) A State may reduce each weekly benefit payment made under the regular and extended unemployment benefit programs for any week of unemployment occurring during any period with respect to which payments are reduced under any sequestration order by a percentage not to exceed the percentage by which the Federal payment to the State is to be reduced for such week as a result of such order.

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

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

(f) FEDERAL HOUSING FINANCE BOARD.—Any sequestration of the Federal Housing Board shall be accomplished by annual payments (by the end of each fiscal year) from that Board to the general fund of the Treasury, in amounts equal to the uniform sequestration percentage for that year times the gross obligations of the Board in that year.

(g) FEDERAL PAY.—

(1) IN GENERAL.—New budget authority to pay Federal personnel from direct spending accounts shall be reduced by the uniform percentage calculated under section 203(c)(3), as applicable, but no sequestration order may reduce or have the effect of reducing the rate of pay to which any individual is entitled under any statutory pay system (as increased by any amount payable under section 5304 of title 5, United States Code, or any increase in rates of pay which is scheduled to take effect under section 5303 of title 5, United States Code, section 1109 of title 37, United States Code, or any other provision of law.

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

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

(B) the term "elements of military pay" means—

(i) the elements of compensation of members of the uniformed services specified in section 1009 of title 37, United States Code;

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

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

(C) the term "uniformed services" shall have the same meaning given that term in section 101(3) of title 37, United States Code.

(h) MEDICARE.—

(1) TIMING OF APPLICATION OF REDUCTIONS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), if a reduction is made in

payment amounts pursuant to sequestration order, the reduction shall be applied to payment for services furnished after the effective date of the order. For purposes of the previous sentence, in the case of inpatient services furnished for an individual, the services shall be considered to be furnished on the date of the individual's discharge from the inpatient facility.

(B) PAYMENT ON THE BASIS OF COST REPORTING PERIODS.—In the case in which payment for services of a provider of services is made under title XVIII of the Social Security Act on a basis relating to the reasonable cost incurred for the services during a cost reporting period of the provider, if a reduction is made in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for costs for such services incurred at any time during each cost reporting period of the provider any part of which occurs after the effective date of order, but only (for each such cost reporting period) in the same proportion as the fraction of the cost reporting period that occurs after the effective date of the order.

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

(3) PART B PREMIUMS.—In computing the amount and method of sequestration from part B of title XVIII of the Social Security Act—

(A) the amount of sequestration shall be calculated by multiplying the total amount by which Medicare spending exceeds the appropriate spending cap by a percentage that reflects the ratio of total spending under Part B to total Medicare spending; and

(B) sequestration in the Part B program shall be accomplished by increasing premiums to beneficiaries.

(4) NO EFFECT ON COMPUTATION OF AAPCC.—In computing the adjusted average per capita cost for purposes of section 1876(a)(4) of the Social Security Act, the Secretary of Health and Human Services shall not take into account any reductions in payment amounts which have been or may be effected under this part.

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

(1) the uniform sequestration percentage, times

(2) the estimated gross obligations of the Postal Service Fund in that year other than those obligations financed with an appropriation for revenue forgone that year.

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Within 30 days after the sequestration order is issued, the Postmaster General shall submit to the Postal Rate Commission a plan for financing the annual payment for

that fiscal year and publish that plan in the Federal Register. The plan may assume efficiencies in the operation of the Postal Service, reductions in capital expenditures, increases in the prices of services, or any combination, but may not assume a lower Fund surplus or higher Fund deficit and shall follow the requirements of existing law governing the Postal Service in all other respects. Within 30 days of the receipt of that plan, the Postal Rate Commission shall approve the plan or modify it in the manner that modifications are allowed under current law. If the Postal Rate Commission does not respond to the plan within 30 days, the plan submitted by the Postmaster General shall go into effect. Any plan may be later revised by the submission of a new plan to the Postal Rate Commission, which may approve or modify it.

(j) POWER MARKETING ADMINISTRATIONS AND T.V.A.—Any sequestration of the Department of Energy power marketing administration funds or the Tennessee Valley Authority fund shall be accomplished by annual payments from those funds to the General Fund of the Treasury, and the administrators of those funds shall have the duty to make those payments during the fiscal year to which the sequestration order applies and each succeeding fiscal year. The amount of each payment by a fund shall be—

(1) the direct spending uniform sequestration percentage, times

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

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Annual payments by a fund may be financed by reductions in costs required to produce the pre-sequester amount of power (but those reductions shall not include reductions in the amount of power supplied by the fund), by reductions in capital expenditures, by increases in tax rates, or by any combination, but may not be financed by a lower fund surplus, a higher fund deficit, additional borrowing, delay in repayment of principal on outstanding debt and shall follow the requirements of existing law governing the fund in all other respects. The administrator of a fund or the TVA Board is authorized to take the actions specified in this subsection in order to make the annual payments to the Treasury.

(k) BUSINESS-LIKE TRANSACTIONS.—Notwithstanding any other provision of law, for programs which provide a business-like service in exchange for a fee, sequestration shall be accomplished through a uniform increase in fees (sufficient to produce the dollar savings in such programs for the fiscal year of the sequestration required by section 201(a)(2)), all subsequent fees shall be increased by the same percentage, and all proceeds from such fees shall be paid into the general fund of the Treasury, in any year for which a sequester affecting such programs are in effect.

SEC. 207. THE CURRENT LAW BASELINE.

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

(b) DETERMINATION OF THE BUDGET BASELINE.—(1) The budget baseline shall be based on the common economic assumptions set forth in section 106, adjusted to reflect revisions pursuant to subsection (c).

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

(3) For discretionary spending items, the baseline shall be the spending caps in effect pursuant to section 601(a)(2) of the Congressional Budget Act of 1974. For years for which there are no caps, the baseline for discretionary spending shall be the same as the last year for which there were statutory caps.

(4) For all other expenditures and for revenues, the baseline shall be adjusted by comparing unemployment, inflation, interest rates, growth and other economic indicators and changes in eligible population for the most recent period for which actual data are available, compared to the assumptions contained in section 106.

(c) REVISIONS TO THE BASELINE.—The baseline shall be adjusted for up-to-date economic assumptions when CBO submits its Economic and Budget Update and when OMB submits its budget update, and by August 1 each year, when CBO and OMB submit their midyear reviews.

SEC. 208. LIMITATIONS ON EMERGENCY SPENDING.

(a) IN GENERAL.—(1) Within the discretionary caps for each fiscal year contained in this Act, an amount shall be withheld from allocation to the appropriate committees of the House of Representatives and of the Senate and reserved for natural disasters and other emergency purposes.

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

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

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

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

(C) the projected obligations for unforeseen emergency needs exceed the 10-year rolling average annual expenditures for existing programs included in the Presidential request for the applicable fiscal year.

(4) Notwithstanding any other provision of law—

(A) States and localities shall be required to maintain effort and ensure that Federal assistance payments do not replace, subvert or otherwise have the effect of reducing regularly budgeted State and local expenditures for law enforcement, refighting, road construction and maintenance, building construction and maintenance or any other category of regular government expenditure (to ensure that Federal disaster payments are made only for incremental costs directly attributable to unforeseen disasters, and do not replace or reduce regular State and local expenditures for the same purposes);

(B) the President may not take administrative action to waive any requirement for States or localities to make minimum matching payments as a condition or receiving Federal disaster assistance and prohibit the President from taking administrative action to waive all or part of any repayment of Federal loans for the State or local matching share required as a condition of receiving Federal disaster assistance, and this clause shall apply to all matching share requirements and loans to meet matching share requirements under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) and any other Acts pursuant to which the President may declare a disaster or disasters and States and local-

ities otherwise qualify for Federal disaster assistance; and

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

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

(2) The procedure for allocation of the amounts pursuant to paragraph (1) shall ensure that the funds are released for allocation only pursuant to the conditions contained in subsection (a)(3)(A) through (C).

(c) RESTRICTION ON USE OF FUNDS.—Notwithstanding any other provision of law, the amount reserved pursuant to subsection (a) shall not be available for other than emergency funding requirements for particular natural disasters or national security emergencies so designated by Acts of Congress.

(d) NEW POINT OF ORDER.—(1) Title IV of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

“POINT OF ORDER REGARDING EMERGENCIES

“SEC. 408. It shall not be in order in the House of Representatives or the Senate to consider any bill or joint resolution, or amendment thereto or conference report thereon, containing an emergency designation for purposes of section 251(b)(2)(D) or 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 or of section 207 of the Balanced Budget Assurance Act of 1997 if it also provides an appropriation or direct spending for any other item or contains any other matter, but that bill or joint resolution, amendment, or conference report may contain rescissions of budget authority or reductions of direct spending, or that amendment may reduce amounts for that emergency.”

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

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

The SPEAKER pro tempore. Pursuant to House Resolution 192, the gentleman from Delaware [Mr. CASTLE] and a Member opposed each will control 30 minutes.

Is there a Member opposed to the bill?

Mr. NUSSLE. Mr. Speaker, I am opposed to the bill, and request the time in opposition.

The SPEAKER pro tempore. The gentleman from Iowa [Mr. NUSSLE] will be recognized for 30 minutes.

Mr. NUSSLE. Mr. Speaker, I ask unanimous consent that 15 minutes of the time in opposition be shared with the distinguished gentleman from South Carolina [Mr. SPRATT].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. CASTLE. Mr. Speaker, I ask unanimous consent that 15 minutes of the time in support of the legislation be yielded to the gentleman from Minnesota [Mr. MINGE].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Delaware?

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Delaware [Mr. CASTLE].

Mr. CASTLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we have had some discussion of this legislation already in the rule discussion, and we will have additional discussion here. But there are those of us in this Congress, and I hope it is a large majority of the Congress, who feel very strongly that if we are indeed ever going to balance the budget of the United States of America, we have to do more than just pass something which is going to balance the budget in 5 years. Remember, there will be two elections to Congress in the interim period, as well as an election of the President of the United States during that time. There will have been changes, economic variables that will come into play. It is very possible we will never get to a balanced budget.

We believe strongly that we should have a budget enforcement mechanism. We have worked extremely hard in order to put together a piece of legislation which would do that. I should say this is not something that was drafted by those of us who will speak to it today. This was worked on and drafted by budget experts across the United States of America. It has been reviewed by a lot of people.

It simply has several provisions in it which we will be expanding on, but it says that we have to look forward and look back each year to ascertain where we are with respect to the different aspects of the budget itself, the different components that make up our budget in mandatory and discretionary spending, as well as in the tax cuts which are going into place. And if indeed they fall out of line and do not add up to the numbers, as in the budget reconciliation which we will have this year, then we, the Congress, can either do nothing, in which case there will be self-enacting mechanisms to bring it back into line, or we can step forward and act.

I think the stepping forward and acting is a more likely consequence of this, and it is a reason that those who might say this could impact future tax cuts or Social Security in my judgment just completely overlook the fact that Congress is not going to allow that to happen. The bottom line is that this would be, I think, the ultimate way it would be worked out. We would come back as a Congress and look at it.

We simply have to do this. We have to have a method. We have to have a mechanism. It is like buying a car. We need a guarantee or warranty on that

car. It is what we expect in this day and age. What is going to happen to the engine and the tires and the body of the car, down the line? We feel the same way about the budget.

This is bipartisan. It has been worked on by Members who care a great deal about it. In my judgment, anyone who believes in a balanced budget in this body, of the 435 Members of us, those of us who voted for those balanced budgets in the past, those who voted for constitutional guarantees of a balanced budget, should be supportive of this legislation.

So it is for all of these reasons that I would encourage each and every one of us to follow this argument carefully, to not go for the scare tactics that may be put forward, and to make sure we cast an affirmative vote when it is all said and done.

Mr. Speaker, I reserve the balance of my time.

Mr. NUSSLE. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. SMITH], a member of the Committee on the Budget.

Mr. SMITH of Michigan. Mr. Speaker, I think part of the problem is that we have not debated this bill. There are a lot of good things in this budget enforcement proposal before us. However, we do have enforcement within the reconciliation bill that is going to be put before this body in the next few weeks.

My bill, H.R. 2037, included the enforcement provision that is going to be in reconciliation. It says, put caps and limits on discretionary spending, have sequesters, maintain the pay-go provisions for entitlement and tax changes.

So the question before us is: are we prepared to pass this kind of legislation implementing dramatic budget reform and the budget process without undergoing more through examination and consideration of the Committee on the Budget? Legislation such as this, should also be considered by the Committee on Ways and Means and other committees, to bring a studied bill before this body rather than a mostly unread and unconsidered bill with no chance of amendments.

I introduced for the last 4 years budget reform legislation. I am convinced that some of those items that are not in this bill should be considered by this House when we finally pass a budget bill that is going to dramatically change the way this Congress does budget business.

Mr. MINGE. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. DOYLE].

(Mr. DOYLE asked and was given permission to revise and extend his remarks.)

Mr. DOYLE. Mr. Speaker, I rise in support of the Budget Enforcement Act of 1997. If history is any kind of lesson, it is obvious that the strong targeted enforcement mechanisms provided by this bill are needed to ensure the budget is balanced by 2002.

Some 229 Members of this House cosponsored the balanced budget amend-

ment. I cannot understand why any of these Members would not support H.R. 2003. However, we are now hearing from Members who cosponsored the BBA, voted for the budget agreement and voted for both reconciliation bills, that the most serious problem with the Budget Enforcement Act is the fact that it may postpone tax cuts for their supporters.

In a sense, they are right. If we enact this bill, tax cuts will indeed be delayed if the country is short of the money needed to balance the budget. But once we are on track, cuts can be enacted. I see nothing wrong with this approach. If we can afford certain tax cuts, let them go through. If we cannot, then we are just going to have to wait. In fact, if Members think it is more important to eliminate the deficit than it is to give away tax breaks that we cannot afford, this should be an easy vote.

Let me close by saying I am disappointed that the Committee on Rules has decided to play politics with this issue, rather than debate it on its merits. The sponsors of this bill have discovered some needed changes. However, the Committee on Rules would not allow these corrections to be added to the bill, and it is my understanding they may be included in a motion to recommit. Consequently, anyone who is serious about deficit reduction should support the motion to recommit.

In addition, even if this motion is not agreed to, I believe it is still crucial we enact this bill. The underlying principles are too important to ignore, and modification can always be made in conference. I urge my colleagues to vote for responsibility. Support the motion to recommit and support the underlying bill.

Mr. Speaker, I rise in support of the Budget Enforcement Act of 1997. If history is any kind of lesson, it is obvious that the strong, targeted enforcement mechanisms provided by this bill are needed to ensure the budget is balanced in 2002.

During the 1980's and early 1990's, public officials said time and time again that the budget would be balanced in a number of years. But, time and time again, the Government lacked the discipline to follow through on these promises.

Attempts were made to hold lawmakers to their word. No one should forget the noble failures of Gramm-Rudman. Unfortunately, these well-intentioned efforts contained a number of loopholes and shortcomings which allowed past Congresses and administrations to tear through the paper ceilings they established. Clearly, something stronger is needed.

A balanced budget amendment would be a strong device, but it is obviously not available at this time. While we did not even have the opportunity to vote on a balanced budget amendment this year, we do have the chance to enact the next best thing—the bipartisan Budget Enforcement Act.

Some 229 Members of this House cosponsored the balanced budget amendment, and I cannot understand why any of these Members would not support H.R. 2003. However, we

are now hearing from Members who cosponsored the BBA, voted for the budget agreement, and voted for both reconciliation bills that the most serious problem with the Budget Enforcement Act is that fact that it may postpone tax cuts for their supporters. In a sense, they are right. If we enact this bill, tax cuts will, indeed, be delayed if the country is short of the money needed to balance the budget. But, once we are on track, cuts can be enacted. I see nothing wrong with this approach. If we can afford certain tax cuts, let them go through. If not, we may just have to wait. In fact, if you think it is more important to eliminate the deficit than it is to give away tax breaks we cannot afford, this should be an easy vote.

I know there are those concerned that H.R. 2003 will lead to reductions in important programs. I would like to ease these concerns by pointing out that this bill does not demand cuts. Instead, it demands that we adhere to our objectives. Congress and the President will be provided with ample time to avert automatic corrections. Similarly, reductions will not be triggered by extra spending that results from inflation or some increased demand for services. To avoid cuts, Congress and the President will have to put more careful consideration into crafting budgets. We will have to work within responsible guidelines, adopt a more long-term outlook, and employ highly accurate economic forecasts. Mr. Speaker, we should have been working this way all along.

Now, thanks to a thriving economy and a handful of tough votes, a balanced budget is within our grasp. This time we cannot allow it to slip away. If all parties involved can show more discipline and tenacity than they have in the past, we will achieve this elusive goal. The bipartisan Budget Enforcement Act will provide the incentives to ensure that we do.

Let me close by saying I am disappointed that the Rules Committee has decided to play politics with this issue, rather than debate it on its merits. The sponsors of this bill have discovered some needed technical changes. However, because the Rules Committee would not allow these corrections to be added to the bill, they have been included in the motion to recommit. Consequently, anyone who is serious about deficit reduction should support the motion to recommit. In addition, even if this motion is not agreed to, I believe it is still crucial that we enact this bill. The underlying principles are too important to ignore, and modifications can always be made in conference. I urge my colleagues to vote for responsibility—support the motion to recommit and support the underlying bill.

Mr. SPRATT. Mr. Speaker, I yield myself 3½ minutes.

Mr. Speaker, this debate is not about ends, it is about means, because I emphatically share the same ends as the sponsor of this bill, which is to balance the budget and balance it for good by no later than 2002.

I will be the first to admit that their bill springs from a valid concern. It is concern that the budget we may soon pass could fall short of its goal. That concerns us because it has happened before. It happened with Gramm-Rudman-Hollings in 1986, for which I voted, and it happened with the budget summit in 1990. In each case the spending cuts we passed did not cut spending in

fact by as much as we figured. As a result, the deficit did not drop as much as we hoped.

This bill is to ensure that that will not happen again. That is a valid concern, but for one very basic fact: We have a solution. It is in place and it is working. When we adopted the Deficit Reduction Act back in 1993, we carried forth the discretionary spending caps and the pay-as-you-go rules that were first adopted in the Budget Enforcement Act of 1990. In a word, they work. Since 1993, discretionary spending has been held at or below the statutory caps and new entitlement spending has been checked by the pay-as-you-go rule.

In addition, we included in that Deficit Reduction Act back in 1993 an enforcement procedure which I recall well because it was my amendment. That procedure was dropped from the bill in the other body because of the Byrd rule, but the President imposed it by Executive order and the House has adopted it as a rule of procedure.

Basically, this rule says that whenever entitlement spending exceeds a given year's baseline, the President with his budget has to report that variance to the Congress, and also recommend to the Congress how the overrun should be rectified. Congress has to take a record vote on the President's recommended action or our alternative before we can take the first step in the budget process. We can vote to do nothing, but we have to vote. We cannot duck the problem. That is a rule of the House. That is an Executive order of the Government.

This procedure has never been invoked because it has never been needed. That is the irony of our situation today. This bill deals with a problem that has not presented itself for the last 5 years, because unlike Gramm-Rudman in 1986 and the budget summit in 1990, the deficit since 1993 has followed the downward, declining path that was plotted in the 1993 budget. In fact, it is running well below that path and headed to a deficit this year of less than \$40 billion. So all of this concern about the need for enforcement because we may not attain our balanced budget flies in the face of the facts of the last 5 years.

What is more, what this bill offers is a solution or solutions that are unwieldy and extremely cumbersome and extremely complex. Let me give a few of the problems that I have with the complex processes that this bill would impose.

First of all, it does not address what in my opinion is the largest problem. The largest problem of risk, looking down the next 5 to 10 years, if we adopt the budget bill and the tax reconciliation bill that we have under consideration, is exploding outyear revenues.

□ 1200

While this bill comes down hard on spending, it says, as to tax cuts, we will defer or postpone only those that

have not been implemented for 1 year. There is a disparity of treatment here that means that we will come down a lot harder on spending than on tax cuts, and it leaves an imbalance in this bill.

I will return to this subject again as the debate goes on and deal with other practical problems that I have with this bill. It is well-intentioned but we do not need it at this particular time.

The SPEAKER pro tempore [Mr. BONILLA]. Does the gentleman from Texas [Mr. BARTON] seek to control the time originally designated to the gentleman from Delaware [Mr. CASTLE]?

Mr. BARTON of Texas. Yes, Mr. Speaker, I do.

The SPEAKER pro tempore. The gentleman from Texas [Mr. BARTON] is recognized to yield time.

Mr. BARTON of Texas. Mr. Speaker, could I inquire as to how much time I have remaining?

The SPEAKER pro tempore. The gentleman from Texas [Mr. BARTON] has 12 minutes remaining.

Mr. BARTON of Texas. Mr. Speaker, I yield 1 minute to the gentleman from Michigan [Mr. UPTON].

Mr. UPTON. Mr. Speaker, I thank my good friend from Texas, Mr. BARTON, and the gentleman from Delaware, Mr. CASTLE, as well for their fine work to get this bill on the floor today for a vote.

For my colleagues I have to say that this bill is much along the lines of the Castle-Upton-Martini approach that was adopted in the last Congress and was supported in fact by the chairman of the Committee on the Budget as well as the chairman of the Committee on Ways and Means. I am proud to be labeled as the deficit hawk because I know that deficits are harmful to our economic growth and our future prosperity. All of us in this body are heartened by the recent news that the deficit in fact is coming down. Who would have guessed the deficit this year could have been as low perhaps as \$50 billion?

I once worked at the Office of Management and Budget. I watched a Congress that back in the 1980's promised to cut taxes and cut spending. They only did one: cut taxes, did not cut spending. We saw the deficit balloon by trillions of dollars, of which we are paying almost some \$300 billion in interest just this year.

Our country has always been based on checks and balances. That is what this bill does. If we do not hit the deficit target, we will not see the tax cuts come into play. We need this. We need this measure as some version of an accountability so that we can reach a balanced budget. We will not see our deficits increasing the debt. I would urge all of my colleagues to vote for this.

Mr. NUSSLE. Mr. Speaker, I yield 2 minutes to the gentlewoman from Kentucky [Mrs. NORTHUP].

Mrs. NORTHUP. Mr. Speaker, I would like to speak against the Budget Enforcement Act. I really have great

appreciation for what the authors are trying to achieve. I believe it is important that we focus on achieving those goals. However, I do not think this is the way to go about it.

I want to emphasize the importance of creative solutions. I believe in 1994 that there was a revolution. It was not just a revolution of who served. It was not just a revolution about where we were trying to go. It was a revolution of we are going to start to think out of the box. We are going to stop doing things that we have always done and get what we have always gotten.

So Congress and the people that were involved in public policy began to think of new ways to fashion new solutions. It is very important that we deal with each one of our spending challenges and each one of our challenges that we face and look for creative solutions. Think about 20 years ago when so many of us were concerned in this country that we would never be internationally competitive. We wondered if our ability to trade competitively, as we saw other countries buying up American industries, would ever return. It was the creative solutions of business, it was the ability to find new ways of doing things, a new way to handle inventory, a new way to downsize businesses that gave us back our competitive edge and made us so internationally competitive. That is true with government.

As we look at Medicaid, as we look at Medicare, as we look at Social Security, I am absolutely convinced that we can make those programs strong. We can make them solvent. We can keep them from absorbing all of our children's income in creative ways instead of putting this government on automatic pilot and letting it happen for us in ways that we do not believe are the best.

Mr. MINGE. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana [Mr. VISCLOSKEY].

Mr. VISCLOSKEY. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, I rise in strong support of the bipartisan Budget Enforcement Act, and I want to thank my colleagues, the gentleman from Texas [Mr. BARTON] and the gentleman from Minnesota [Mr. MINGE] for their hard work in bringing this bill to a vote today.

The lessons of the previous budget plans are that agreeing to balance the budget is not going to provide a solution. For example, in 1982 the budget resolution called for a balanced budget by 1984. We did not. In 1985, under Gramm-Rudman I, we were told we were going to balance the budget by 1991; we did not. In 1987, under Gramm-Rudman II, we were told that the budget would be balanced by 1993; and it was not. During the 1990 budget agreement, we were told that finally the budget would be balanced. It was not.

There was a common thread in all of these agreements. There were no enforcement provisions included.

Critics today have said that the proposal before us is not perfect. I would respond that neither is the budget agreement we are attempting to enforce. We should not let the perfect be the enemy of the good we want to do today.

Critics have charged that our enforcement provisions are unpalatable. I could not agree more. I remind our colleagues that this is an enforcement bill. It should not feel good if we do not keep our agreement with the American people.

Critics charge that the legislation is too soft on the revenue side. Guilty. But look at the letter that the Republican leadership has sent out. I am convinced that what started out as a budget agreement to balance the budget this year is simply a facade to hide a tax cut. Please support this imperfect legislation. It is an imperfect world but we want to do good today. We do want to enforce an agreement to balance the budget by the year 2002. I congratulate my colleagues, the gentleman from Minnesota [Mr. MINGE] and the gentleman from Texas [Mr. BARTON] and all of the Members who have participated in a bipartisan fashion in this endeavor.

Mr. Speaker, I rise in strong support of the Bipartisan Budget Enforcement Act, and I want to thank my colleagues, JOE BARTON and DAVID MINGE, for their hard work in bringing this bill to a vote today.

There is hardly a Member of this institution who does not believe that balancing the Federal budget is important to the future of this country. For 35 years, the U.S. Government has failed to balance its budget, running deficits of up to \$290 billion per year. Since 1980, runaway deficit spending has caused the national debt to more than quintuple in size. The debt is now more than \$5.3 trillion, or about 70 percent of the country's gross domestic product [GDP]. Compare this figure to 1979, when the national debt stood at \$829 billion, or 33 percent of GDP.

The size and scope of the current Federal debt have a terrible negative impact on the lives of working American families. By consuming nearly 15 percent of all Federal spending, interest on the debt acts to crowd out funding for programs that could be used to invest in our country's infrastructure, hire more police officers, and sustain a healthy economy. The debt also contributes to higher interest rates for everyday expenses, such as home mortgages and car loans. In the end, balancing the budget will reduce interest rates, spur economic growth, and put more money in the pockets of American families.

The failure of past efforts to balance the Federal budget shows how important it is to enforce balanced budget plans like the one Congress and the President agreed to in June.

The lessons of previous budget plans prove that agreeing to balance the budget does not guarantee that the budget will actually be balanced. No fewer than four times over the past 15 years, Congress has approved agreements that were supposed to get us to a balanced budget, but failed to actually do so.

For example, in 1982, the budget resolution called for a balanced budget in 1984. Yet, the

budget was not balanced by that date. In 1985, under Gramm-Rudman I, we were told that the budget would be balanced in 1991. It was not.

In 1987, under Gramm-Rudman II, we were told that the budget would be balanced in 1993, but it was not. During the 1990 budget agreement, we were told that, finally, the budget would be balanced in 1994. Again, it was not.

The common thread in each of these failed attempts to balance the budget was the lack of a meaningful enforcement mechanism.

Over the years, many of us have come to realize that the only way to achieve a balanced budget is to pass legislation that would add meaningful enforcement procedures to the budget process. That is why for the past two Congresses, I, along with Congressman STENHOLM and Congressman MINGE, have introduced the Balanced Budget Enforcement Act. Originally sponsored by then-chairman of the Budget Committee Leon Panetta and, after that, our former colleague from Minnesota, Tim Penny, this legislation was one of the first comprehensive efforts to address the issue of budget enforcement.

The Budget Enforcement Act before us today is the next logical step in the fight to enact meaningful enforcement legislation.

Forged by a bipartisan group of Members from across the ideological spectrum, this legislation takes a commonsense approach to enforcing the budget process. It acknowledges that our best hope of actually balancing the budget is to put every section of the budget on the table—accountable for actually balancing the budget by the year 2002.

Put in simple terms, this bill puts in place critical enforcement procedures by establishing caps on the mandatory spending and a floor on revenue at the levels set by this year's budget resolution. If spending goes above the targets, or the tax cuts explode beyond what is projected, comprehensive enforcement procedures will be triggered to make sure that the budget remains on track to balance and the deficit stays under control.

I would like to warn Members against complacency. Though the economy is doing well now and the deficit has been reduced over the past several years, there is no guarantee that these rosy economic times will continue. One of the major failings of past balanced budget agreements is that they failed to anticipate downturns in the economy, and were thrown off track by these changes. Passing this enforcement legislation is the best way to ensure that the balanced budget stays on track, even in the event of an economic downturn.

In many ways, the vote on this bill will be a measure of the Congress's willingness to make the tough decisions needed to balance the budget—this vote is a test of our resolve.

Critics have said that its not perfect. I would respond that neither is the budget agreement we are attempting to enforce, and we should not let the perfect be the enemy of the good we can do today.

Critics charge that our enforcement provisions are unpalatable. I couldn't agree more. I remind my colleagues that this is an "enforcement" bill. It's not supposed to feel good if you fail to keep your promise.

Critics charge that the legislation is too soft on the revenue side. Well, given the letter that the Republican leadership has sent out in opposition to this bill, it's clear to me that they

are using the balanced budget agreement as a facade for a tax cut and this was the strongest provision we were going to be allowed in a bipartisan measure.

We have tried many times to reach a balanced budget, but failed in each case because the Congress lacked the political will to follow through on its promises. Passage of this legislation will ensure that the Congress does not walk away from the promise it has made to the American people to balance the budget by 2002. It will restore the faith of the American people that the Congress has the will to balance the budget, and show that we are not afraid of making the difficult choices needed to get us there.

Mr. Speaker, I urge my colleagues to vote in favor of the Bipartisan Budget Enforcement Act.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. SABO], distinguished former chairman of the Committee on the Budget.

(Mr. SABO asked and was given permission to revise and extend his remarks.)

Mr. SABO. Mr. Speaker, I thank the ranking member for yielding me the time.

Sometimes I think we keep fighting old fights. We are fighting the problems of Gramm-Rudman. That is long passed. The reality is that the budget enforcement mechanisms of 1990, extended to 1993 and extended this year, work. Discretionary spending caps, with some flexibility for emergencies, worked. The pay-as-you-go provisions that are current law as they relate to new entitlements have worked.

What cannot work under our current law unfortunately and is not solved by the Minge-Barton bill are the structures of tax cuts that explode beyond the 5-year limit. Those games are being played with backloaded IRA's and capital gains that explode in the outyears. Current provisions cannot prevent it. Unfortunately the current proposal before us solves none of that problem.

The only way we can deal with that problem, where we have backloaded tax cuts that explode in the future, is to say no to those kinds of proposals when they come before the House. The proposed bill does not solve that problem because it is a 5-year bill. And if we extend it beyond 5 years, we then have new baselines from which we are operating.

I urge defeat of this bill. Do not undo a system that is working with ration and reason today.

Mr. BARTON of Texas. Mr. Speaker, I yield 3 minutes to the gentleman from Tennessee [Mr. WAMP], the father of Weston Wamp, one of the chief sponsors of our legislation.

Mr. WAMP. Mr. Speaker, I thank the gentleman for yielding me the time.

I quit using the word revolution because it implies bloodshed, maybe even chaos. Started using the word correction where all of us, Democrats, Republicans, Independents could follow through on our word, just be consistent, clean this place up together.

I do not want to start on a negative here but, if we lose this bill and lose this vote, it will be basically for three reasons: First, it is a true bipartisan effort. Unfortunately, that is not the way things are done in this city. Actually, we have got Members from all over the place here. We have got Liberals, Conservatives, Democrats, Republicans, we cannot tell who is controlling the time from which side of the aisle because it is a true bipartisan effort and some folks do not like that.

Second, fear is an easy mechanism to use. We are going to hear all kinds of fears. I have heard caps. I have heard delays. I have heard even the word cuts used here today in Social Security, Medicare, that the tax cuts would be delayed or postponed. That is all a what-if scenario.

Theoretically, if Congress and the administration absolutely do nothing, heck, if we did not come back here between now and October 1, the Government would shut down again, but the Congress is not going to let that happen. We should not let this decision be driven by fear of what if. We are responsible Members. We will do what is right for the American folks and they know it.

The third thing is a technicality. There are a couple of technical flaws in this bill that we tried to get corrected, and the Committee on Rules said no. I think that is unfortunate. The Committee on Rules should allow us to improve the bill, and I understand that there was an agreement reached, and in the letter of the law we were going to submit the bill that was on the floor a month ago; but we tried to improve the bill, and we can still improve this bill, and it is not a reason to vote against it.

I am down here in support of this effort because from 1965 to now, the portion of the Federal budget that the Congress actually appropriates has gone from two-thirds of the total budget to one-third. Entitlements are on automatic pilot, and they are running away with the American taxpayers' dollars, and we must rein it in, not cut anybody's benefits, not reduce anybody's benefits, just slow down the growth and be responsible.

As a member of the Committee on Appropriations, I can tell my colleagues that, if the economy hiccups or belches a few times along the road in the next 5 years, all of the offsets, all of the reductions are going to have to come from the Committee on Appropriations. That is going to put pressure on student loans, on cancer research, on the investment dollars in the next generation. We cannot let that happen.

We are going to hear folks from one side of the aisle say, whoa to tax cuts, tax cuts are ok if we are still meeting the discipline and the fiscal restraint on the other side of the ledger. You are going to hear Members on one side of the aisle say, you cannot slow down entitlements.

We must come together and do it all and be serious with the American peo-

ple. That is what this is about. All of my colleagues should vote "yes."

Mr. NUSSLE. Mr. Speaker, I reserve the balance of my time.

Mr. MINGE. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Mrs. TAUSCHER].

Mrs. TAUSCHER. Mr. Speaker, I thank the gentleman for yielding me the time.

Mr. Speaker, four times in the last 15 years Congress and the President have told the American people that they had reached an agreement to balance the budget. In each case however, the deficit continued to grow. We now have the opportunity once again to make good on our word. Congress and the President have agreed on the outlines of a deficit reduction plan that will restore fiscal responsibility to our Nation's budget.

Unfortunately the success of this effort hinges on key enforcement provisions that are not yet part of this agreement. The bipartisan Budget Enforcement Act would put in place a mechanism to force Congress and the President to actively address spending that is higher than expected or where revenues have fallen short of expectations. Instead of ignoring excessive spending or revenue shortfalls, we would be forced to confront the causes of the problem and make adjustments accordingly.

We have made historic steps toward placing our economy on a sound footing for the first time in a generation. But without a strong budget enforcement mechanism, there is no guarantee that we will reach the goal of eliminating the deficit and living up to our agreement. I encourage my colleagues to support the motion to recommit on H.R. 2003.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentleman from New York [Mr. RANGEL], ranking member of the Committee on Ways and Means.

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

□ 1215

Mr. RANGEL. Mr. Speaker, I rise in opposition to H.R. 2003. Although I agree with the principles in which we should have some way of enforcing the budget agreement and reducing the deficit, the way this does that, it actually shatters the integrity of the entire House system as we know it, and it jeopardizes the jurisdiction of the authorizing committees as well as the appropriating committees.

Those of us that serve on committee, we take great pride, at least we did before the contract violated that, in the ability that allowed us to legislate, allowed us to get the bills passed to the House, and allowed the conferees to decide what to do.

In this, we will have some separate body outside of the ordinary legislative process making decisions, so that even if we found that the Medicare provisions were out of whack with what we

had perceived, the first thing that is attacked is not the cost that the doctors would cause us, but we go straight to the premiums. Some of us would like to believe that there might be a more equitable way to do it.

The same thing applies to Social Security, if that falls short. Instead of trying to see whether we can make it even to enforce the budget, the first thing we go after is the cost-of-living increases and not really trying to see whether we can do something to resolve it.

It requires more cuts in the individual entitlement programs, even if overall there is a surplus in the entitlement programs. Of course, if one were to suspect that entitlement programs is the subject or the target to wipe out, then I would suggest this is the way to do it. But knowing that we are merely trying to enforce the budget agreement, it would seem to me that entitlement programs and spending generally should be what we are looking at and not just waiting for one program to fall behind.

This bill also would require spending cuts, but the tax increases would not be subjected to this even if the deficit is on the right track. So I really think that it hurts the House of Representatives as well as the Senate in years to come.

Mr. BARTON of Texas. Mr. Speaker, I yield 1 minute to the gentlewoman from Maryland [Mrs. MORELLA].

(Mrs. MORELLA asked and was given permission to revise and extend her remarks.)

Mrs. MORELLA. Mr. Speaker, I thank the gentleman for yielding this time to me, and I rise in support of H.R. 2003, the bipartisan Budget Enforcement Act.

Without this legislation, the balanced budget agreement will be devoid of any enforcement mechanism, and it runs the danger of joining the many past well-intentioned and long since forgotten efforts to balance the budget.

The truth is that once a balanced budget agreement is approved, history has demonstrated that it unravels as time passes and economic conditions change. Budget enforcement provisions are necessary to avoid this outcome and to ensure that we will follow-through on this agreement.

The bill has been drafted to prevent problems that developed with past budget enforcement proposals. It is important to remember that we are proposing enforcement of an already existing budget agreement. We are not trying to bypass difficult future decisions.

The act also applies evenly to all parts of the budget agreement, both spending and revenue provisions. And the bill provides flexibility in the case of changing economic circumstances.

Mr. Speaker, these enforcement provisions should serve as a deterrent for any failure to meet the provisions of the balanced budget agreement. Let us translate the rhetoric into action.

Mr. Speaker, these enforcement provisions should serve as a deterrent for any failure to

meet the provisions of the balanced budget agreement. Because every program is included, there will be strong pressure to adhere to the decisions made in the agreement—advocates for every Federal program and advocates for tax cuts will have an equal stake in reaching a balanced budget. Let me repeat: these enforcement provisions are intended to ensure that we keep to our agreement. It is interesting to note that so many Members seem to assume that we will be unable to do so. It is precisely because of this fear that H.R. 2003 is so critical.

Mr. Speaker, a number of Members who oppose this enforcement bill cite their concerns for the potential impact on various elements of the budget agreement—but that is exactly why this legislation is so effective and important. It treats both spending and revenues alike. If revenue projections fall short of the budget agreement, then further tax cuts would be delayed until revenues meet the targets. If entitlement programs grow beyond projected rates, corrective action would be necessary to avoid sequestration. Congress would have the power and adequate time to make alternative policy changes if they are necessary.

Why do some Members find this threatening? I strongly believe that we should delay tax cuts if we find that revenues are inadequate in the later years of the agreement. I also believe that we must control the growth of our entitlement programs—which are still allowed to grow under this bipartisan budget agreement, but which must be reined in if we are to maintain their future stability.

If we say we are committed to a balanced budget and agree that we must avoid the failures of the past, then there is no choice but to vote for H.R. 2003.

Mr. NUSSLE. Mr. Speaker, I yield 4 minutes to the gentleman from Kentucky [Mr. BUNNING], a true Hall of Famer.

We have been talking about Hall of Famers today, but we have a true Hall of Famer, the very distinguished chairman of the Subcommittee on Social Security from the Committee on Ways and Means.

(Mr. BUNNING asked and was given permission to revise and extend his remarks.)

Mr. BUNNING. Mr. Speaker, ever since I came to Congress in 1987, I have worked hard for a balanced budget. A balanced budget is the finest guarantee that Government will be able to honor its commitments, and I believe we will keep our promise to balance the budget.

As chairman of the Subcommittee on Social Security under the Committee on Ways and Means, I have made it my job to protect Social Security and make sure benefits will be there for our senior citizens.

Over 43 million people, 43 million, receive Social Security benefits overall. Social Security makes up 40 percent of all the retirement income in this country—40 percent. We cannot desert the people who have worked for 20, 30, 40, 50 years and will soon retire. We must keep our promises. We must not jeopardize their benefits.

That is why I am not going to vote for the Budget Enforcement Act. The

fact is the bill caps entitlements, including Social Security. If the Social Security cap is breached, the bill specifies that any cost-of-living adjustment be reduced or eliminated as a first step toward eliminating that breach. This just is not right and it is not fair.

As we all know, Social Security has the largest, best organized, most vocal constituency of any program. Americans are not looking for any nifty fixes to ensure the future of Social Security. Americans want real reform based on informed, thorough, and deliberative debate.

Such a debate is happening now in the Subcommittee on Social Security through an ongoing hearing series on the future of Social Security for this generation and the next. We have already held five hearings.

Social Security must not be the subject of an arbitrary cap. We must step up to the challenge and to our responsibility to protect the future of all Americans through real Social Security reform.

Mr. Speaker, I urge my colleagues to vote “no” on this Budget Enforcement Act.

Mr. BARTON of Texas. Mr. Speaker, I yield myself 2 minutes.

Mr. Speaker, I think we need to address directly what the gentleman from Kentucky [Mr. BUNNING] has just talked about.

First of all, he is absolutely correct that Social Security is a very important program and a very special program. I want to point out that it is a Federal entitlement program. It is an earned entitlement program, but it is a Federal program, so it should be a part of any comprehensive enforcement mechanism.

I would also point out that the caps on Social Security in our bill are not arbitrary caps. They are the estimates of spending on Social Security over the next 5 years that have been put into the bill by the President and the congressional leadership. There is nothing arbitrary about them at all. They are based on the very best estimates of a very well run program.

I would also point out that under our procedure on Social Security, the President and the Congress have three options: They can vote to waive the cap on Social Security, if they want to; they can vote to make some programmatic changes in Social Security, if they want to; and only as a last resort would sequestration go into effect.

Last, I would point out that because of the special nature of the Social Security Program, and the concerns that the gentleman from Kentucky and others have raised, we did offer to the Committee on Rules an amendment yesterday that would have taken the first \$100 billion of any budget surpluses and put that towards the Social Security trust fund, to actually put real dollars in the trust fund. The Committee on Rules decided not to make that in order.

So I ask my colleagues not to be scared off by a diatribe or at least an

attack on our overall bill because of Social Security. It is a Federal program. We know it is a special Federal program. We want to protect it. We have a lot of flexibilities in our bill to protect Social Security. But we cannot assume that just because it is Social Security, that it should be totally off limits.

Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. Does the gentleman from Texas [Mr. STENHOLM] seek to control the time previously controlled by the gentleman from Minnesota [Mr. MINGE]?

Mr. STENHOLM. I do, Mr. Speaker.

The SPEAKER pro tempore. The gentleman from Texas [Mr. STENHOLM] is recognized.

Mr. STENHOLM. Mr. Speaker, I yield 1½ minutes to the gentleman from Florida [Mr. BOYD].

(Mr. BOYD asked and was given permission to revise and extend his remarks.)

Mr. BOYD. Mr. Speaker, I rise today in very strong support of the bipartisan Budget Enforcement Act. I want to thank the gentleman from Texas [Mr. BARTON], the gentleman from Delaware [Mr. CASTLE], and the gentleman from Tennessee [Mr. WAMP] for their work; and also the gentleman from Minnesota [Mr. MINGE] and the gentleman from Texas [Mr. STENHOLM] for getting us to this point where we can now address this issue on the floor.

I have heard Members who claim they support the balanced budget agreement and they support the balanced budget resolution; yet if asked to set their promises into law and make them enforceable, according to many of them, then every program will be cut and tax cuts will not take place.

Either we believe the economic assumptions are correct and the budget will be balanced in 2002 or we do not. Many of my colleagues are trying to have it both ways. They voted for H.R. 2014 and H.R. 2015 and sent out press releases trumpeting their support for a balanced budget agreement. Yet when they are asked to place these promises into law and make them enforceable, they talk about how programs will exceed the caps and revenue will not equal the projections.

This is incredible to me, because it becomes painfully obvious that they do not think the balanced budget agreement will truly balance the budget.

While I am new to Congress, this issue is not new. In 1982 we had a balanced budget agreement. In 1985 we had another balanced budget agreement, followed by another one in 1987, and yet another agreement in 1990. None of them succeeded because they were not enforced.

One of the things that is supposed to define intelligence is the ability to learn from our mistakes, and we must learn from those mistakes that we made previously. I ask my colleagues to support the Balanced Budget Enforcement Act.

The SPEAKER pro tempore. The Chair would advise Members that the gentleman from Texas [Mr. BARTON] has 5 minutes remaining; the gentleman from Iowa [Mr. NUSSLE] has 9½ minutes remaining; the gentleman from South Carolina [Mr. SPRATT] has 7½ minutes; and the gentleman from Texas [Mr. STENHOLM] has 8½ minutes remaining.

Mr. BARTON of Texas. Mr. Speaker, who has the right to close debate?

The SPEAKER pro tempore. The gentleman from Texas [Mr. BARTON] has the right to close.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentleman from North Dakota [Mr. POMEROY].

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, while in concept adding budget safeguards that ensure we stay on track to balance the budget makes all the sense in the world, the measure before us fails to advance that goal in an acceptable fashion.

Now, we all know that the devil is in the details, and the shortcomings in the details before us are very significant. They are much too significant to overlook or to brush aside because we like the notion of budget enforcement.

I want to focus on three of the most glaring deficiencies.

Looking at the budget deal presently being negotiated, this historic effort to balance the budget, I believe that the most significant threats are exploding tax cuts, specifically indexing capital gains, or backloaded IRA's, these that have very dynamic revenue losses in the outyears but not in the early years.

Those tax cuts would not in any way be touched by this measure. This measure is a toothless tiger relative to addressing exploding tax cuts.

Second, it places an exceptionally convoluted process in place that totally tips on its head the standing jurisdictions of this House. Between November and December 15 the Committee on the Budget is given sole discretion over reconciling the accounts. That means jurisdiction over all standing authorizing committees, over the Committee on Appropriations, and over the Committee on Ways and Means. It is as though those committees have no expertise whatsoever. The Committee on the Budget is the where-all and the end-all of the decision-making if this bill would kick in.

Finally, if Congress would not act, it would just be the automatic sequester blade coming down and cutting, and that would include cuts on Social Security, Medicare, Medicaid, veterans' benefits, military retirement.

My goodness, these programs are much too vital to put on automatic pilot heading on down the slicing machine. We can do better than that. We must do better than that.

Budget enforcement, yes, but not this budget enforcement. Vote "no."

Mr. NUSSLE. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, we heard earlier someone say something close to this. I will put it a little differently: "If you always do what you always did, you will always get what you always got." And that is pretty much what we have always learned here in the U.S. Congress.

Whenever we try to come in here in a rush to try to change the rules in the middle of the game in order to affect a particular outcome, what invariably happens is that we have an outcome which is not exactly what we intended. In fact, we heard here earlier about the deals and enforcements of 1984 and 1988 and 1989 and 1990 and all sorts of other enforcement provisions in the past. And the question was asked, well, was there a single thread? And the thread was, yes, it was done in a rush.

□ 1230

I would suggest to my colleagues that that is the thread that runs through much of this, is that we try to craft a little gimmick at the end in order to get the job done and get the ball over the goal line to score what we all want to do. And that is make sure that we have a balanced budget that it is enforceable, that we give to the American people tax relief, that we provide for spending reductions, and we do this in a way that we can all be proud of. And, so, we try to figure out little ways to do that.

But what we have done here, I believe, is a rush job, which I do not question as far as motivation, but I do question as far as whether or not it has been thought out to enough of a degree that it will, in fact, work. In fact, I believe this is much akin to "hey, I know" kind of legislation. We rush in here and we say, "hey, I know; I have got an idea."

In fact, we are going to hear a "hey, I know" idea at the very end of this on the motion to recommit. Someone is going to run in here and say, "hey, I know; I know there is a problem with Social Security. Let us exempt that from this particular enforcement mechanism," or say, "hey, I know; the veterans have a problem with it. Let us exempt them from this motion to recommit," or, "hey, I know; we want to protect these tax cuts, so let us exempt that," or, "hey, I know; let us come up with something else to make sure that we do not do damage to one particular constituency or allay the concerns of one particular part of the membership so that we can get this bill passed."

We should not legislate by "hey, I know." We should send this to committee. We should go through the process which has been promised by the chairman of Committee on Rules, the chairman of the Committee on the Budget, the chairman of the Committee on Ways and Means so that we can bring back to the floor before the end of the Congress, which has been the goal and commitment of both sides of the aisle, an enforcement mechanism within an overall process reform for this budget. We should do it under the auspices of

the committee system with hearings which are ongoing. We should not do it when we know, in fact, that there are problems with this bill.

The chairman of the Subcommittee on Social Security was just down in the well explaining exactly how this might, in fact, affect Social Security. I am not suggesting that it does. We do not know. Part of this whole debate here today is the lack of clarity.

So what I would suggest to Members that are unsure about their vote on this particular bill, because I rise in opposition even though I want an enforcement mechanism, I want budget process reform; and so I know the angst that Members are going through right now saying, "Gosh, I wish this was the one. It is really imperfect. It does not quite meet the standards of budget process reform. But I just want to do something."

I would ask my colleagues to consider this: If they are crystal clear about what this is going to do to Social Security, come down here and vote yes. If they are not quite sure, though, they better consider voting no. If they are clear about what this will do to tax increases in the future, come down here and vote yes. But if they think this could, in fact, raise taxes, they better come down here and vote no.

Mr. MINGE. Mr. Speaker, I yield 1 minute to the gentlewoman from California [Ms. SANCHEZ].

Ms. SANCHEZ. Mr. Speaker, today we are opening the doors of Congress to the public. Twenty years ago, sunshine laws brought the light of public scrutiny to the once-secret committee rooms, but those laws did nothing to stop the secret dealings in smoke-filled rooms when it came time to write our Nation's budget.

The public wants a true balanced budget. They want an end to the trillion-dollar debt. They want real middle-class tax relief. Well, my friends, the only way the public is going to get what they want is to know that we have truly kept our promises, and that is through the Budget Enforcement Act.

This bill locks into law the goals of the balanced budget agreement. If Congress and the President want to change the terms of the deal, then they must pass a law to do so. This means that public hearings must be held and Congress can no longer rig the books in the dead of the night.

I am a businesswoman, and in business the marketplace is a gun to the head of any CEO to produce a bottom line and to make a profit. In government, that gun is the balanced budget. We must open up Congress to the public.

Mr. SPRATT. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. EVANS], the ranking member of the Committee on Veterans' Affairs.

Mr. EVANS. Mr. Speaker, I thank the gentleman from South Carolina [Mr. SPRATT] for yielding me the time.

I oppose the Budget Enforcement Act because I believe our Nation's veterans

and their families may suffer if this bill is passed. If sequestration procedures were triggered, the Budget Enforcement Act could permanently reduce VA compensation benefits for more than 2.5 million service-connected disabled veterans and their surviving spouses next year. At the same time, needs-based pension programs for 710,000 low-income wartime veterans could be reduced, insurance premiums for more than 1.5 million veterans could be increased, and 30,000 veterans could be denied health care from the VA in 1998.

The Budget Enforcement Act would continue Congress' role in neglect toward our Nation's veterans. According to a recent Congressional Research Service report on Federal social spending, veterans benefits programs are the only Federal social programs in the recently adopted budget to suffer a real reduction in purchasing power over the next 5 fiscal years.

We in Congress are not willing to abandon our obligations to men and women who have served in this country. I urge my colleagues to defeat this bill and protect our Nation's veterans.

Mr. MINGE. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM].

(Mr. STENHOLM asked and was given permission to revise and extend his remarks.)

Mr. STENHOLM. Mr. Speaker, listening to this debate, I am reminded of the wisdom of Will Rogers when he observed, "It ain't people's ignorance that bothers me so much. It's them knowing so much that ain't so which is the problem."

This bill does not cut Social Security, does not cut veterans' benefits, does not raise taxes, does not put the Government on autopilot. It takes us off autopilot. It simply requires the Congress to act if we do not meet our promise to the people of 2002.

Last fall, many of us ran on a platform of fiscal responsibility. They made countless speeches about balancing the budget, and that plank helped in their election to the House. In March, after voting for the successful balanced budget constitutional amendment, they sent out the press release claiming their portion of that success. In May, my colleagues joined in the press conference hailing the balanced budget agreement between the President and Congress, and they endorsed the plan by voting for the House-passed reconciliation bills in June.

In every townhall meeting this year, my colleagues have insisted to skeptical constituents that, at long last, Congress can be trusted to balance the budget. Just like the national polls say, about four out of every five of their constituents say they do not think the Government can really do that. But my colleagues reassure them, after years of broken promises, this time we really are going to balance the Federal budget and keep it balanced.

That scenario really does not require much imagination, does it? For the vast majority of this body, it is our story. Now imagine this: It is the first week of August and you are addressing the first of two dozen townhall meetings that you will face over the next month. The first person up to the microphone, the one your opponent always plants in these meetings, asks, "Congressman, how are you going to keep your promises to us? How did you vote on that bill which makes sure we really get a balanced budget, the one that enforces the spending and revenue targets laid out in the budget?"

I do not know about my colleagues, but there is only one answer I can imagine giving to that question: Seal that answer today. Vote "yes" on the bipartisan enforcement bill. Take us off autopilot. And force the Congress to act if we do not do that which we say we are doing.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. FILNER].

Mr. FILNER. Mr. Speaker, I thank the gentleman from South Carolina [Mr. SPRATT] for yielding me the time.

Mr. Speaker, I rise in strong opposition to the so-called Budget Enforcement Act. H.R. 2003 will lead to permanent reductions in veterans' benefits. Although its supporters describe this bill as a neutral and benign enforcement mechanism, in reality it would decimate the benefit programs our grateful Nation has provided for America's heroes, our veterans.

If this bill passes, education benefits for veterans would be cut. More than 345,000 men and women who served in our Nation's Armed Forces would be affected. Compensation provided for the men and women disabled as a result of their military service would be permanently reduced. More than 2.5 million veterans and their widows would be affected. The safety net we provide for our aging war veterans would be torn. More than 700,000 old and sick wartime veterans would be affected.

Let us not support a bill that would endanger the benefits earned by America's veterans. Let us tell our veterans that we support them. Vote "no" on H.R. 2003.

Mr. BARTON of Texas. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Delaware [Mr. CASTLE], the chief cosponsor and former Governor of Delaware.

Mr. CASTLE. Mr. Speaker, we have heard the scare tactics they talked about earlier. We heard about Social Security and maybe there will not be increases in Social Security. We heard about possible cuts in the veterans' programs. We heard that tax reductions will not go into place.

What has happened because of what Congress has done over many decades now? We have had this tremendous deficit adding to the debt of the United States. About 16 percent of the cost of the budget goes to pay the interest on the debt of the United States of Amer-

ica. We have had tax increases because of that.

We have to make changes. We need the budget enforcement. The budget enforcement bill provides that if there is a problem in terms of getting to where we need to be over those 5 years that we, the Congress, can waive the caps, that we, the Congress, can make programmatic changes, all of which we would do to protect Social Security or the veterans or the tax reductions; or we could do nothing and by sequestration it would be resolved.

I do not think that is going to happen. I think these are scare tactics. I believe that, if we believe that we should balance the budget of the United States of America, that we have to do more than just say that, we have to have a budget enforcement mechanism; and that is what this legislation is. Vote "yes" today.

Mr. NUSSLE. Mr. Speaker, I yield myself 3 minutes to ask a question of the distinguished gentleman from Delaware [Mr. CASTLE].

He mentioned that there has been some scare tactics today. I do not think there has been scare tactics as much as there has been uncertainty. And that is really what I was trying to bring out. Is the gentleman from Delaware [Mr. CASTLE] clear on the fact that Social Security, under his provision, would never be cut or veterans' benefits?

That is what we are suggesting, is that we are unclear. I think Members that are coming here to vote are not necessarily persuaded that there are definite sequestrations because they did build into this some mechanisms. But the concern is that it is unclear, and that is what I think raises so much concern from those of us that oppose this particular enforcement mechanism.

Mr. CASTLE. Mr. Speaker, will the gentleman yield?

Mr. NUSSLE. I yield to the gentleman from Delaware.

Mr. CASTLE. Mr. Speaker, I thank the gentleman from Iowa [Mr. NUSSLE] for yielding. I am clear that if we pass the budget enforcement mechanisms here that we are going to have better protection of the programs, such as Social Security, than if we do not. We are facing crises in Social Security sometime in the near future. In this way, we can look at it and we can make corrections if the money is not there.

I think this is an improved mechanism in terms of dealing with not just Social Security but all of the entitlement programs, the concerns that have been expressed here today.

Mr. NUSSLE. Mr. Speaker, reclaiming my time, my concern, however, is this: It is easy to suggest that my colleagues are clear about this, but then my understanding is that what we are hearing is that there is going to be a motion to recommit that is going to be rushed in here that says, "because we are real concerned about Social Security, and since my colleagues seem to

be so concerned about Social Security, we will exempt it," or veterans, "we will exempt that," or tax cuts, "we will exempt that." Something is going to be exempted because of all of this concern.

So either we are concerned and unclear or we are clear and not concerned. And that is why I think Members out there, while they want to support reform and enforcement, are concerned that this may not be the exact bill that we want to support to get that job done.

I yield to the gentleman.

Mr. CASTLE. Mr. Speaker, I thank the gentleman from Iowa [Mr. NUSSLE] for yielding.

With respect to Social Security, it will not be exempted in the bill that we actually presented to the Committee on Rules yesterday. I do not know if it will be in the motion to recommit or if there will be one here today. What it will do, essentially, is start to deal with the debt of Social Security, which is something I think we need to do. We are building a deficit there. We are having a problem not having the trust fund. That is why we are going to have economic problems with Social Security in the future.

This will be a great mechanism if we could add it to our bill. We probably will not be able to, but I would love to do that. But it does not exempt it per se.

Mr. NUSSLE. Mr. Speaker, reclaiming my time further, I understand that there may be some certainty on the part of the authors based on their careful work on their particular provision. But the rest of us have not had an opportunity to have the hearings, to think through the legislation, to consider all of its ramifications within a total process reform measure. And that is what concerns us.

□ 1245

I think the proof will be in the motion to recommit. If in fact we think this is such a good bill, the motion to recommit will be just some easy motion to recommit. But my feeling is that there is going to be a motion to recommit that comes down here that is going to say, "Hey, wait a minute, we've got problems. We better move to recommit this and exempt Social Security." Or move to recommit this and exempt veterans. Or all of them.

I would suggest to my colleagues on both sides of the aisle that in fact if we believe this is such good legislation and if we believe the enforcement in this legislation is so perfect, then why do we on the one hand say it is not tough enough to take care of Social Security and on the other hand rush in here with a motion to recommit to try and fix it? We need to perfect this legislation in committee.

Mr. MINGE. Mr. Speaker, I yield 1 minute to the gentleman from California [Mr. DOOLEY].

(Mr. DOOLEY of California asked and was given permission to revise and extend his remarks.)

Mr. DOOLEY of California. Mr. Speaker, I rise in strong support of the bipartisan Budget Enforcement Act. For the vast majority of Republicans and Democrats who stood up and voted for the balanced budget agreement, we were in fact making a promise, a commitment to the American people that we are ensuring that we will balance our budget while protecting the priorities of our American families and also by providing a responsible level of tax reduction.

What this bipartisan Budget Enforcement Act does is it basically provides the American people with an insurance policy, to ensure that Congress will not renege on the promises that are a part of the balanced budget agreement. It is a responsible measure that has the protections for entitlement programs in times of recession. For those people who contend that it is going to cut veterans benefits, it is going to cut Social Security, that it is going to cut entitlement programs, that will only happen if Congress and the President fail to live up to their elected responsibilities of providing some leadership to address some of the problems that emerge when we find that our spending is no longer in line with our revenues, by coming forth to the American people and telling them that we have to make some modifications in order to ensure that we can continue to provide the veterans with the benefits that they need.

Also, it gives us the opportunity to tell the American people that we do not have the ability. This is the enforcement mechanism for us to provide the leadership that the American people deserve.

Mr. SPRATT. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts [Mr. OLVER].

Mr. OLVER. I thank the gentleman for yielding me this time.

Mr. Speaker, I oppose the Budget Enforcement Act because it would widen the divide between the wealthy and the poor in America. The legislation enforces spending and revenue targets agreed to in the budget agreement by a combination of entitlement caps and deferred tax breaks. But the bill treats entitlements that benefit the poor differently from tax cuts that benefit the wealthy. This act would permanently cut entitlement spending if it exceeds its cap while it places only a temporary delay on tax cuts if revenues fall short. The bill protects the capital gains cuts for the wealthy, but leaves basic assistance to families, children and the elderly on the chopping block.

Mr. Speaker, this Congress does not need another scheme to widen the gap between the rich and families struggling to get by. I urge that we vote against the Budget Enforcement Act today.

Mr. MINGE. Mr. Speaker, I yield 1 minute to the gentleman from California [Ms. HARMAN].

(Ms. HARMAN asked and was given permission to revise and extend her remarks.)

Ms. HARMAN. Mr. Speaker, I thank the gentleman for yielding me this time and commend him above all others in this body for his perseverance on behalf of this important issue. I am pleased to cosponsor this legislation, but also urge support for the motion to recommit, which contains an even more perfected version of it.

As the mother of the deficit lock box, I have seen that mechanism work to reduce the deficit. Some of us insisted as a condition to supporting the 1993 budget agreement that the lock box be attached in Executive order. The result has been unprecedented growth.

Similarly, for those who support the balanced budget agreement, we need an enforcement mechanism, and this is the best we can come up with on a bipartisan basis. If we are going to lengths to balance the budget, why are we not going to lengths to enforce that budget?

I urge support for the motion to recommit. Failing that, I urge support for the legislation. A cut must be a cut and a balanced budget must be enforced.

Mr. MINGE. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey [Mr. ANDREWS].

Mr. ANDREWS. I thank the gentleman for yielding me this time.

Mr. Speaker, over the last number of years, we have all heard the voices of alarm that we are hearing again today. Those voices are wrong. As the gentleman from Delaware [Mr. CASTLE] said earlier, this bill will not cut Social Security. It will not cut veterans benefits. It will not take well-earned tax reductions away from taxpayers. If Members choose to listen to those voices, I assume that they will have a short-term political gain because they will not be criticized for voting for those things. But we have done enough around here for the last 30 years of making short-term political gains at the expense of the long-term health of the economy of this country.

If my colleagues believe in the terms of the balanced budget agreement, then put it into the law. If my colleagues believe it can and will work the way it has been planned by the President and the congressional leadership, then make sure it works by putting it into the law. Our motto around here for the last 30 years has been, "The check is in the mail." Let us do something real this time. Let us make this agreement enforceable and real for the American people. Vote "yes" on this legislation.

Mr. NUSSLE. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, if it does not cut Social Security and if it does not cut veterans benefits and if it does not affect the taxes and if it does not affect any other sacred cow in the Federal Government, how is it an enforcement mechanism? Everybody is rushing down here and we are

going to get a motion to recommit saying, "Oh, don't worry about Social Security; don't worry about veterans benefits; don't worry about this. This really isn't as tough as everybody out there is saying it is." Then what does this do?

I have been patient about this and I am not going to question anybody's motive. But if in fact this does not do any of those things which it is advertised to do, then we better send this back and find out what it does do, because if it does not do all of those things, then it does not work. And if it does not work, why are we passing it here today in a big rush to say, "Yeah, we're tough on budgets and, yeah, we're going to balance it and, yeah, we're going to put some teeth into this process"?

Come on. It is either going to be tough or it is not going to be tough. The groups out there that have studied this say it is pretty tough. Let us advertise it that way.

Mr. MINGE. Mr. Speaker, I yield myself 15 seconds.

Mr. Speaker, this bill is tough because it requires us in Congress to be responsible. That is something that is tough news for all of us, and I hope that we can accept it.

Mr. Speaker, I yield 1 minute to the gentleman from Tennessee [Mr. TANNER].

Mr. TANNER. Mr. Speaker, the gentleman from Minnesota [Mr. MINGE] is right. It requires Congress to act. That is why it is tough and that is why it is so necessary.

Mr. Speaker, a nation that is bankrupt is a nation that is vulnerable. It is no more complicated than that. By 2003 if we do not do anything, over 70 percent of the money that comes to Washington will be obligated. We will be on a collision course with debt and deficit. We got here together, Democrats and Republicans, equally responsible for the situation we find ourselves in. We are going to solve it together. This is a bipartisan bill from the rank and file Members of this House. This, make no mistake about it, is the only vehicle to translate the idea of balancing our Nation's budget today from an idea to reality. There is nothing else on the floor that will do it. Today is the time, and I hope that people in this House will have the opportunity to put their country ahead of partisan politics for once. Today is the day to do it.

Mr. MINGE. Mr. Speaker, I yield such time as he may consume to the gentleman from Iowa [Mr. BOSWELL].

(Mr. BOSWELL asked and was given permission to revise and extend his remarks.)

Mr. BOSWELL. Mr. Speaker, I have some difficulties with the bill.

Mr. MINGE. Mr. Speaker, I yield myself the balance of my time.

The SPEAKER pro tempore (Mr. BONILLA). The gentleman from Minnesota is recognized for 1¼ minutes.

Mr. MINGE. Mr. Speaker, we have been journeying on a noble course here.

It is a bipartisan course. It is a rank and file course. The leadership on both sides of the aisle has been either lukewarm or opposed to what we are doing. The White House has declined to provide us with any support. But instead Members of this body from around the country, from both parties, from all ends of the political spectrum, have seen that if we are not willing to stand up and take responsibility for what we do, hold ourselves accountable, introduce some discipline to the budget process, that we do not deserve to serve in this institution.

We feel that strong bipartisan budget enforcement is long overdue. It should not just apply to discretionary spending. It should apply to the entitlement programs. We ought to hold our tax cuts to the same standards. For those on my side of the aisle, indeed I would have written this bill differently if I had the opportunity to do it just for myself. I am sure that on the other side of the aisle, the feeling is mutual. But we attempted to come together and craft a bill that would have bipartisan support. It is ironic that the Democrats feel it does not deal harshly enough with the tax cuts. The Republicans feel it deals too harshly. Let us come together and get the job done.

Mr. SPRATT. Mr. Speaker, I yield myself the balance of my time.

The SPEAKER pro tempore. The gentleman from South Carolina is recognized for 2 minutes.

Mr. SPRATT. Mr. Speaker, as we close this debate, I think it is well to remember that deficits have come down. The promises we made in 1993 have been kept. We adopted that budget in a year when the deficit the prior year had been \$290 billion. The Bush administration projected the deficit that year would be \$332 billion. It was not. It was \$255 billion. The next year it was \$203 billion. In 1995, it was \$164 billion. In 1996, last year, it was \$107.8, and this year in a few weeks we will find that it is less than \$40 billion.

So in the face of those facts, we are now looking at a hugely complex process to deal with a problem that has not presented itself for the last 5 years. We are imposing enormous complexity on the process. Let me give just one practical problem. This bill dictates that the President and OMB within 30 days of the close of the fiscal year, when the numbers are just coming in, must analyze every entitlement program and propose spending cuts that will not only rectify any past year overrun but also eliminate any excess in the year to come. Then it requires Congress to act on this hastily submitted proposal within less than 45 days, and that 45 days falls in a period when Congress is rarely in session. Indeed, every other year the House will be in a lame duck session.

So the Congress can act within this tight time frame, this bill dispenses with the jurisdiction of the authorizing committees and the appropriations committees and vests extraordinary ju-

risdiction in the Committee on the Budget. When the Committee on the Budget bring its bill to the floor, it dispenses with the Committee on Rules and allows any Member under the 5-minute rule to present any amendment that is germane to tax or spending measures in the bill before us.

□ 1300

Added to these extraordinary procedures is something else buried in the bill, one other example which deals with disaster relief. It sets up a reserve fund for disaster relief each year and pulls \$5.5 billion out of discretionary spending.

Now in the budget agreement, we have cut discretionary spending to the bone. This would take it down another \$27 billion over the next 5 years.

It is too much, it is not needed, it is well intentioned, but it should not be passed and is not required.

The SPEAKER pro tempore (Mr. BONILLA). The gentleman from Iowa [Mr. NUSSLE] is recognized for his remaining 1½ minutes.

Mr. NUSSLE. Mr. Speaker, look, there is nobody who really wants to come down here and oppose reform because, quite honestly, I think there is major bipartisan support for reform. In fact, we have seen it here today. I commend, even though I have some concerns with this bill and I oppose it, I commend my friends and colleagues on the committee on which I serve and the conference in which I am proud to be a member and the Congress of which I enjoy the kind of bipartisanship on this particular issue and others. I commend them for the work that they have done.

We have bipartisan opposition, however, as well. I mean I want my colleagues to understand that, yes, there is bipartisan support, but that also means there is bipartisan opposition, and quite strong I would suggest. The committee chairs, the ranking members of the different committees of jurisdiction who want to move forward with legislation and reform are all standing foursquare in opposition to this here today.

I am worried about the advertising, quite honestly. And I do not question the motives of the Members that have written this particular bill, but I am worried about the advertising. This is either advertised as tough enforcement with teeth that is going to do the job once and for all, that is going to hold our feet to the fire, that is going to be automatic, that is going to have tough caps, or it is not. It either is going to go after some of these programs that we have been concerned about on the floor here today by various Members, such as Social Security, Medicare, veterans, all assorted programs that have obvious constituencies within the House and the country, or it does not.

We are not sure, and I think the proof is in the uncertainty. Send us back to committee. Vote against the bill and the motion to recommit.

Mr. BARTON of Texas. Mr. Speaker, I yield 1 minute to the gentleman from

Wisconsin [Mr. NEUMANN], one of the most passionate balanced budgeters in the Congress.

Mr. NEUMANN. Mr. Speaker, I would like to specifically address my good friend from Iowa [Mr. NUSSLE] and his most recent comments about Social Security. This bill is very important. It does not go after Social Security in any way, shape, or form. In fact, the people in Washington, DC, are already going after Social Security because Social Security collects more money than it pays back out to our senior citizens in benefits every year.

That money is supposed to be sitting out here in Washington in a savings account. There is no savings account. Washington puts that money in the general fund, it spends all the money out of the general fund and then some; that is the deficit, and there is no money left to put in the Social Security trust fund so they simply put IOU's in there.

Let me finish; I only got 1 minute. To my good friend, I would normally be happy to yield. The bottom line is this: that money that is supposed to be in the Social Security trust fund is not there, and what we had proposed last night in amendment to this bill is that we take the first money from surpluses, the first hundred billion dollars, and set it aside to start preserving Social Security for our senior citizens. By the year 2012 not 2029, 2012, there is not enough money coming into the Social Security system to make good on our promises to seniors.

This bill does not go after Social Security. As a matter of fact it does not go far enough on stopping the people in Washington from going after Social Security.

Mr. BARTON of Texas. Mr. Speaker, I yield myself the balance of the time.

The SPEAKER pro tempore. The gentleman from Texas is recognized for 3 minutes.

Mr. NUSSLE. Mr. Speaker, will the gentleman yield for a question very briefly?

Mr. BARTON of Texas. If it does not come out of my time.

The SPEAKER pro tempore. It does come out of the time of the gentleman from Texas.

Mr. BARTON of Texas. Mr. Speaker, I will yield to the gentleman very briefly.

Mr. NUSSLE. Mr. Speaker, why is there a cap if this does not affect Social Security?

Mr. BARTON of Texas. Mr. Speaker, last Saturday I took my daughter Kristin and my wife Janet to Philadelphia, the birthplace of freedom in this Nation. I stood in the room where Thomas Jefferson wrote the Declaration of Independence. In the beginning of that declaration it says:

We hold these truths to be self-evident, that all men are created equal, they are endowed by their Creator with certain unalienable rights, and among those rights are the right to life, liberty, and the pursuit of happiness.

Those are very famous words that continue to echo down through the centuries.

I stand on the floor of the House of Representatives today to issue the following declaration of budget accountability: We hold these truths to be self-evident, that all items in the budget should be on the table, that enforcement mechanisms are necessary and that to implement those mechanisms we should have a bipartisan approach to budget enforcement.

The bill before us today does that.

I would like to point out that the caps and the targets in our bill are not something that the gentleman from Minnesota [Mr. MINGE] and the gentleman from Texas [Mr. BARTON] and the gentleman from Delaware [Mr. CASTLE] and the gentleman from Tennessee [Mr. WAMP] and the gentleman from Texas [Mr. STENHOLM] came up with, they are numbers that President Clinton and the gentleman from Ohio [Mr. KASICH] and the gentleman from Georgia [Mr. GINGRICH] and the gentleman from Missouri [Mr. GEPHARDT] and Mr. DASCHLE and Mr. LOTT came up with. They are not our numbers; they are the agreed-upon numbers.

I would point out that this is a budget accountability bill. It forces us to address the problems.

When the gentleman from Iowa [Mr. NUSSLE] asked is it hard or is it soft, the truth is that as a last resort it is a hard enforcement bill. But the first resort is to give the President and the Congress the opportunity to waive any part of the cap or any part of the revenue target that we consciously vote on the floor to do so. The second option is to reform any program or any contingent tax cut that we consciously vote to do so, but as a last resort.

If we stick our head in the sand and do nothing, under this bill the deficit is not going to go up, it is going to stay within the caps. That is what sequestration is all about or the delayed tax cut is all about.

I would like to point out what the options are. If the spending does not come within the cap, Congress and the President can vote to waive the cap, Congress and the President can change the program, and as a last resort we can do this sequestration.

Everything in our budget under our bill is on the table. Everything. It has to be, my colleagues. Look at this chart. If we do nothing, the uncontrollable part of the budget with interest on the debt is going to be 70 percent in the year 2002, 70 percent. That is a complete reversal of what it was 25 years ago.

Our opponents have said we have to have budget enforcement; they just do not want to do it today or they do not want to do it like this.

I will urge my colleagues to vote for the bill. Let us do the right thing and let us do it now.

Mr. BOSWELL. Mr. Speaker, during the initial stages of the drafting of the Budget Enforcement Act I was supportive of the concept.

Unfortunately, today I cannot support the final version of the act. I do however continue my strong support to the concept of enforcing the parameters agreed to in the budget reconciliation. I regret that I cannot support this legislation I had signed as a cosponsor. Sometimes in the legislative process the devil is in the details. Careful examination of the bill's language revealed the potential of severe reductions to vital programs for lowans. Tax reductions and spending cuts to programs such as veterans benefits, Social Security, Medicare, and Medicaid could be mandated without the matter being brought to a vote in Congress. In this case as the details of the bill came to the surface and were not allowed to be corrected, it became apparent I could not support this legislation in its final form.

The people of Iowa sent me here to Washington to bring our Nation's fiscal house in order and I am working toward that end everyday. One of my first acts in Congress was to cosponsor the balanced budget amendment. I have also supported the reconciliation bill and both the spending and tax reduction bills. However I cannot support today's enforcement bill.

The Rules Committee passed a rule barring any amendments to the bill, forcing a vote on a bill which even many of its supporters including myself desired to amend when we discovered the need to improve the bill. Under the current version of the bill, if spending reduction and tax revenue targets are not met, any necessary revisions would be either mandatorily and arbitrarily imposed without a vote by Congress, or the Budget Committee would have jurisdiction over legislation designed to make any corrections to reach these targets. Neither of these processes are appropriate.

Months of hearings were held by the appropriate committees in an effort to fine tune the intricate details of the spending and taxation provisions of the budget. To throw out the knowledge and expertise of these committee members and place the entire burden on the Budget Committee or arbitrary across the board cuts is an abrogation of our legislative responsibility and squanders this knowledge base. The House's committee system exists for a purpose, to allow for thoughtful debate over policy considerations by members who know the most about that particular area. To subordinate these policy decision to the rushed, politically charged judgment of one committee is a misguided approach.

Additionally, the final version of the bill lacked sufficient incentives to force Congress to make the appropriate charges if spending and revenue targets are not met. The targets could be adjusted by a simple majority vote and therefore avoid the difficult decisions required to reach the end result of a balance budget in 2002.

Although I strongly support efforts to help ensure we do reach a balanced budget in 2002, I cannot support this enforcement bill in its current form.

Mr. STUMP. Mr. Speaker, I rise in opposition to H.R. 2003.

The VA Committee was able to meet our reconciliation targets in the traditional manner as envisioned by the bipartisan budget agreement.

We have a long tradition of complying with reconciliation directives. However, despite our record of responsible stewardship of veterans'

programs, H.R. 2003 would strip authority from the VA Committee and other authorizing committees. Its enforcement mechanism could create unfair results.

If an estimate of projected spending for Social Security or Medicaid turns out to be wrong, why should veterans pay the price?

Under H.R. 2003, that is exactly what could happen if an entitlement program exceeds its target in a given year.

In our budget process, the VA Committee relied on CBO budget estimates and then used our expertise in veterans affairs to meet our reconciliation targets.

H.R. 2003 would take away the VA Committee's ability to provide veterans benefits in an equitable manner.

For example, if the cost of veterans' disability compensation grew past its target because the department ruled that new or additional ailments were service-connected, the caps on allowable expenditures for veterans' entitlements would not be adjusted upward.

Although H.R. 2003 provides for alternatives to automatic cuts, it provides no assurance that benefits will continue to be paid as they are authorized.

Our Nation's veterans are willing to play their part in balancing the budget as long as it is done in a fair way.

The current paygo procedures have contained most increases in entitlement spending in the past and should continue to do so.

Let's move forward with the bipartisan budget agreement and the reconciliation bills and balance the budget.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise this morning to voice my opposition to H.R. 2003, the Budget Enforcement Act. I share with the authors of this legislation commitment to a balanced Federal budget and while I respect the principle underlying this legislation, I cannot support H.R. 2003.

H.R. 2003 is often described by its proponents as a straightforward piece of legislation that is neutral with respect to benefit programs and tax cuts and seeks simply to enforce the bipartisan budget agreement. Such a cursory descriptions of H.R. 2003 fails to provide a full picture of how it would work or the effects it would have. H.R. 2003 is neither simple nor neutral in its impact on benefit programs and tax cuts. In fact, it would have disturbing consequences.

H.R. 2003 would not treat revenue shortfalls and entitlement programs which exceed their target spending figures in the same manner. Under the bill's enforcement provisions, entitlement spending excesses are permanently canceled if spending levels exceeds target levels. These cuts would be triggered, even if the Government was running a surplus. Thus, if expenditures for programs like Medicare and veterans' pensions were slightly higher than forecast, they could be subject to across-the-board cuts although the budget was running a surplus.

Tax cuts, however, are simply delayed until revenue increases to target levels. Therefore, while the bill's provisions to avert revenue shortfalls are weak, on the entitlement side they are like a blunt instrument inflicting permanent loss.

Additionally, while some of the biggest tax cuts for the well-to-do would be shielded from the revenue control mechanisms of the bill, regardless of how much these tax cuts ultimately cost, none of the entitlement programs

would be, not even programs providing basic benefits to the poorest children or the elderly and disabled. As a consequence, the bill could easily cause the gaps between the wealthy and other Americans to widen further.

Finally, H.R. 2003 would have no impact whatsoever in preventing an explosion of the costs of the tax cuts after 2002.

I urge my colleagues to join me in opposing H.R. 2003 and in so doing vote to protect programs for our Nation's most vulnerable citizens.

Mr. DAVIS of Florida. Mr. Speaker, today I rise in strong support of H.R. 2003, the Budget Enforcement Act. This legislation represents a commitment by this Congress not only to pass a plan to balance the budget, but to follow up with tough enforcement to ensure that this goal is met.

During the past 5 years, the budget deficit has been reduced dramatically from an all-time high of over \$290 billion in 1992, to a level estimated to be well under \$50 billion this year. Among the reasons we have been able to bring the deficit down are the statutory budget enforcement provisions covering discretionary spending which were put in place in 1990 and extended in the budget agreement of 1993. This bill builds on the success of those statutory enforcement provisions and for the first time applies similar restraints, with clearly defined safeguards, to mandatory spending and revenues.

For too long, Congress and the President have promised the American people a balanced budget with the result being continued deficits and an escalating national debt. Even after passage of the historic bipartisan agreement earlier this year and strong commitments by both sides of the aisle to this important goal, the American people do not sufficiently believe that the budget will actually be balanced. This skepticism is the result of broken promises of the past and the stark reality that no matter how carefully crafted the plan there are no guarantees of a balanced budget unless strong enforcement language is included. This bill represents a commitment to the American people that we, in Congress, will follow up our rhetoric with tough actions.

Opponents of the bill have argued that the enforceable caps will cause automatic cuts in Social Security and other important entitlement programs. These caps, however, will be adjusted for inflation, economic downturns, and growths in the eligible populations. Therefore, Social Security will not be put at risk. Furthermore, the enforcement provisions simply say that if we are spending much more than we intended on any particular program, then Congress and the President will have to make changes to bring that spending in line with previous estimates. There is also the option of Congress to agree to raising the caps if no agreement can be reached on the necessary changes. Only as a last resort would automatic cuts in any programs be triggered. Unfortunately, history has proven that without an unappealing hammer such as sequestration, Congress will always favor inaction over action.

Furthermore, this legislation for the first time attempts to put some controls on the revenue side of the budget. I believe the greatest threats to maintaining balance over the course of this budget agreement are some of the proposed tax cuts, many of which could explode in the outyears. This enforcement mechanism,

although not as tough as I would like, at least prevents a bad situation from getting worse by delaying the phase-in of any of the tax provisions if our established deficit targets are not met.

H.R. 2003 is far from perfect and my support for it today does not mean that I am in agreement with all the provisions included in the bill. It is truly unfortunate that improvements to the bill were not made in order by the Rules Committee or that the committees of jurisdiction, including the Budget Committee on which I serve, did not consider the bill. Specifically, there remain valid questions over the timeline established for action, the impact on automatic economic stabilizers, and the effectiveness in controlling exploding tax cuts. But I do not believe that we should make the perfect the enemy of the good. This bill is a strong step in the right direction and I believe these and other questions undoubtedly will be addressed as the bill moves forward.

Mr. Chairman, I urge all of my colleagues to support this legislation and commit to backing up the balanced budget agreement with a strong enforcement mechanism, guaranteeing that the budget will, in fact, be balanced no later than 2002.

Mr. BALLENGER. Mr. Speaker, I am proud to report that I am a cosponsor of the Budget Enforcement Act, a bill to reform the Federal budget process. If enacted, this bill will establish in law the budgetary outcomes projected to result from the 1997 balanced budget agreement, as well as provide for their enforcement. In addition, it includes long-overdue changes to emergency spending rules.

I wish to commend the bipartisan group of House Members who put this bill together. They have worked hard for years to craft this enforcement mechanism. They forced the leadership to allow a floor vote and sought to address everyone's concerns over the impact of this important legislation.

While I do not believe this legislation is perfect, I believe it represents an honest, bipartisan effort to ensure spending and revenue targets, agreed to by the Congress and the President, will actually be adhered to. We are working together to achieve the best alternative to address our Nation's deficit problems and respond to our constituents' concerns over our inability to live within the budgets we adopt.

My interest in the Budget Enforcement Act was sparked, in part, by a constituent letter which I received some months ago. My constituent challenged me to explain how the 5-year budget agreement of 1997 differed from other budget balancing plans which have gone by the wayside. He remembered well the grand promises Congress made to the American people following the Gramm-Rudman-Hollings budget deal in 1985 and three subsequent efforts to balance the budget.

Despite the good intentions of the authors of these budget balancing plans, we have yet to reach balance. Perhaps most disturbing is the fact that the national debt quintupled, to \$5.3 trillion, during this sustained period of deficit spending.

For the record, I favor tax cuts every bit as much as my conservative colleagues who argue that the Budget Enforcement Act will result in a suspension of the budget's tax relief—or worse, will permit new tax increases and user fees to pay for deficits. In fact, passage of the Budget Enforcement Act will not

force any rollback of any tax cut that will already have taken effect. Among the respected groups making this analysis of the bill's impact on taxes is the National Taxpayers Union, which considers a "yes" vote to be a key vote for its rating of Members in the 105th Congress.

Some opponents of the Budget Enforcement Act argue that the most serious problem with this bill is that it would jeopardize the tax relief in the budget reconciliation bill. However, I do not view this as a major problem. Any unlikely delay in promised tax relief can be addressed immediately after we balance the budget and secure a budget surplus to enable us to take the Social Security trust funds off-budget.

The Budget Enforcement Act provides a separate cap for Social Security which would be adjusted for changes in numbers of beneficiaries and inflation. Since there are no other factors which can cause Social Security costs to rise, Social Security would not be affected. While the Budget Enforcement Act would not cut Social Security, we want to reassure seniors who will be the target of politically motivated distortion campaigns engineered by advocates of higher Federal spending. As such, the bill's supporters had prepared an amendment specifically to protect the Social Security trust funds.

We received a commitment from the House leadership that this amendment to reassure our Nation's seniors would be made in order during floor debate. Since the Rules Committee violated this pledge with its passage of a closed rule, I intend to vote against the rule on the Budget Enforcement Act. I strongly urge my colleagues to do the same.

Mr. PITTS. Mr. Speaker, Republicans have always maintained that fiscal restraint is the key to balancing our budget and generating economic growth. While liberals have attempted to balance the budget on the backs of taxpaying families, Republicans have continuously worked to get to balance by limiting our Government's size, scope, and spending.

I believe the only way we can balance our Federal budget is with increased tax relief and decreased Government. That is why I am introducing the Tax Relief Guarantee Act today.

The Tax Relief Guarantee Act accomplishes three important goals as we try to ensure tax relief and a balanced budget by the year 2002. First, my bill allows any Member of Congress to stop consideration of a bill which raises taxes to enforce the balanced budget agreement. Second, the Tax Relief Guarantee Act prohibits the suspension or revocation of any tax relief given over the next 5 years. And finally, this legislation requires that the budget be in balance by the year 2002.

The Tax Relief Guarantee Act essentially ensures that any revenue shortfall in the balanced budget agreement be mitigated by decreases in spending, not an increase in taxes or a suspension of tax relief. Liberal still contend that we must balance the budget through tax increases in the event of revenue shortfalls. But I think it's about time that we promise the American people that we will not take their money away if difficulties arise in balancing our budget.

Since the beginning of the 105th Congress, my top priorities have been to provide American families permanent tax relief and to balance the budget by 2002. Members of Congress must prove that we have the courage to put money back into the pockets of hard-work-

ing Americans, and take it out of the hands of the Washington bureaucrats. I believe that the Tax Relief Guarantee Act will ensure permanent tax relief, and will require Washington to scale back its frivolous spending. Mr. Speaker, I urge my colleagues to join me in supporting this bill and locking in tax relief for all Americans.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 192, the bill is considered read for amendment, and the previous question is ordered.

The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MRS. THURMAN

Mrs. THURMAN. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentlewoman opposed to the bill?

Mrs. THURMAN. Yes, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mrs. THURMAN moves to recommit the bill to the Committee on the Budget with instructions to report the bill back to the House forthwith, with the following amendment:

Strike all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Balanced Budget Assurance Act of 1997".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title and table of contents.

Sec. 2. Definitions.

Title I—Ensure That the Bipartisan Balanced Budget Agreement of 1997 Achieves Its Goal

Sec. 101. Timetable.

Sec. 102. Procedures to avoid sequestration or delay of new revenue reductions.

Sec. 103. Effect on Presidents' budget submissions; point of order.

Sec. 104. Deficit and revenue targets.

Sec. 105. Direct spending caps.

Sec. 106. Economic assumptions.

Sec. 107. Revisions to deficit and revenue targets and 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. Enforcing revenue targets.

Sec. 205. Exempt programs and activities.

Sec. 206. Special rules.

Sec. 207. The current law baseline.

Sec. 208. Limitations on emergency spending.

Title III—Use of Budget Surplus to Preserve Social Security Trust Fund

Sec. 301. Ending Use of Receipts of Social Security Trust Fund for Other Programs and Activities.

SEC. 2. DEFINITIONS.

For purposes of this Act:

(1) ELIGIBLE POPULATION.—The term "eligible population" shall mean those individuals to whom the United States is obligated to

make a payment under the provisions of a law creating entitlement authority. Such term shall not include States, localities, corporations or other nonliving entities.

(2) SEQUESTER AND SEQUESTRATION.—The terms "sequester" and "sequestration" refer to or mean the cancellation of budgetary resources provided by discretionary appropriations or direct spending law.

(3) BREACH.—The term "breach" means, for any fiscal year, the amount (if any) by which outlays for that year (within a category of direct spending) is above that category's direct spending cap for that year.

(4) BASELINE.—The term "baseline" means the projection (described in section 207) of current levels of new budget authority, outlays, receipts, and the surplus or deficit into the budget year and the outyears.

(5) BUDGETARY RESOURCES.—The term "budgetary resources" means new budget authority, unobligated balances, direct spending authority, and obligation limitations.

(6) DISCRETIONARY APPROPRIATIONS.—The term "discretionary appropriations" means budgetary resources (except to fund direct spending programs) provided in appropriation Acts. If an appropriation Act alters the level of direct spending or offsetting collections, that effect shall be treated as direct spending. Classifications of new accounts or activities and changes in classifications shall be made in consultation with the Committees on Appropriations and the Budget of the House of Representatives and the Senate and with CBO and OMB.

(7) DIRECT SPENDING.—The term "direct spending" means—

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

(B) entitlement authority; and

(C) the food stamp program.

If a law other than an appropriation Act alters the level of discretionary appropriations or offsetting collections, that effect shall be treated as direct spending.

(8) ENTITLEMENT AUTHORITY.—The term "entitlement authority" means authority (whether temporary or permanent) to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law.

(9) CURRENT.—The term "current" means, with respect to OMB estimates included with a budget submission under section 1105(a) of title 31 U.S.C., the estimates consistent with the economic and technical assumptions underlying that budget.

(10) ACCOUNT.—The term "account" means an item for which there is a designated budget account designation number in the President's budget.

(11) BUDGET YEAR.—The term "budget year" means the fiscal year of the Government that starts on the next October 1.

(12) CURRENT YEAR.—The term "current year" means, with respect to a budget year, the fiscal year that immediately precedes that budget year.

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

(14) OMB.—The term "OMB" means the Director of the Office of Management and Budget.

(15) CBO.—The term "CBO" means the Director of the Congressional Budget Office.

(16) BUDGET OUTLAYS AND OUTLAYS.—The terms "budget outlays" and "outlays" mean, with respect to any fiscal year, expenditures

of funds under budget authority during such year.

(17) BUDGET AUTHORITY AND NEW BUDGET AUTHORITY.—The terms "budget authority" and "new budget authority" have the meanings given to them in section 3 of the Congressional Budget and Impoundment Control Act of 1974.

(18) APPROPRIATION ACT.—The term "appropriation Act" means an Act referred to in section 105 of title 1 of the United States Code.

(19) CONSOLIDATED DEFICIT.—The term "consolidated deficit" means, with respect to a fiscal year, the amount by which total outlays exceed total receipts during that year.

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

(21) DIRECT SPENDING CAPS.—The term "direct spending caps" means the nominal dollar limits for entitlements and other mandatory spending pursuant to section 105 (as modified by any revisions provided for in this Act).

TITLE I—ENSURE THAT THE BIPARTISAN BALANCED BUDGET AGREEMENT OF 1997 ACHIEVES ITS GOAL

SEC. 101. 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.
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).	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 delaying new/additional revenues reductions scheduled to take effect pursuant to reconciliation legislation enacted in calendar year 1997.

SEC. 102. PROCEDURES TO AVOID SEQUESTRATION OR DELAY OF NEW REVENUE REDUCTIONS.

(a) SPECIAL MESSAGE.—If the OMB Analysis of Actual Spending Levels and Projections for the Upcoming Year indicates that—

(1) deficits in the most recently completed fiscal year exceeded, or the deficits in the budget year are projected to exceed, the deficit targets in section 104, as adjusted pursuant to section 107;

(2) revenues in the most recently completed fiscal year were less than, or revenues in the current year are projected to be less than, the revenue targets in section 104, as adjusted pursuant to section 107; or

(3) outlays in the most recently completed fiscal year exceeded, or outlays in the current year are projected to exceed, the caps in section 104, as adjusted pursuant to section 107;

the President shall submit to Congress with the OMB Analysis of Actual Spending Levels and Projections for the Upcoming Year a special message that includes proposed legislative changes to—

(A) offset all or part of net deficit or outlay excess;

(B) offset all or part of any revenue shortfall; or

(C) revise the deficit or revenue targets or the outlay caps contained in this Act;

through any combination of—

(i) reductions in outlays;

(ii) increases in revenues; or

(iii) increases in the deficit targets or expenditure caps, or reductions in the revenue targets, if the President submits a written determination that, because of economic or programmatic reasons, less than the entire amount of the variances from the balanced budget plan should be offset.

(b) INTRODUCTION OF THE PRESIDENT'S PACKAGE.—Not later than November 15, the message from the President required pursuant to subsection (a) shall be introduced as a joint resolution in the House of Representatives or the Senate by the chairman of its Committee on the Budget. If the chairman fails to do so, after November 15, the joint resolution may be introduced by any Member of that House of Congress and shall be referred to the Committee on the Budget of that House.

(c) HOUSE COMMITTEE ACTION.—The Committee on the Budget, in consultation with the committees of jurisdiction, or, in the case of revenue shortfalls, the Committee on Ways and Means of the House of Representatives shall, by November 15, report a joint resolution containing—

(1) the recommendations in the President's message, or different policies and proposed legislative changes than those contained in the message of the President, to ameliorate or eliminate any excess deficits or expenditures or any revenue shortfalls, or

(2) any changes to the deficit or revenue targets or expenditure caps contained in this Act, except that any changes to the deficit or revenue targets or expenditure caps cannot be greater than the changes recommended in the message submitted by the President.

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

(1) AUTOMATIC DISCHARGE OF COMMITTEES ON THE BUDGET OF THE HOUSE.—If the Committee on the Budget of the House of Representatives fails, by November 20, to report a resolution meeting the requirements of subsection (c), the committee shall be automatically discharged from further consideration of the joint resolution reflecting the President's recommendations introduced pursuant to subsection (a), and the joint resolution shall be placed on the appropriate calendar.

(2) CONSIDERATION OF DISCHARGE RESOLUTION IN THE HOUSE.—If the Committee has been discharged under paragraph (1) above, any Member may move that the House of Representatives consider the resolution. Such motion shall be highly privileged and not debatable. It shall not be in order to consider any amendment to the resolution except amendments which are germane and which do not change the net deficit impact of the resolution.

(e) CONSIDERATION OF JOINT RESOLUTIONS IN THE HOUSE.—Consideration of resolutions reported pursuant to subsection (c) or (d) shall be pursuant to the procedures set forth in section 305 of the Congressional Budget Act of 1974 and subsection (d). Notwithstanding subsection (d) and any other rule or order of the House of Representatives or the Senate, it shall be in order to consider amendments to ameliorate any excess spending or revenue shortfalls through different policies and proposed legislation and which do not change the net deficit impact of the resolution.

(f) TRANSMITTAL TO SENATE.—If a joint resolution passes the House of Representatives pursuant to subsection (e), the Clerk of the House of Representatives shall cause the resolution to be engrossed, certified, and transmitted to the Senate within 1 calendar day of the day on which the resolution is passed. The resolution shall be referred to the Senate Committee on the Budget.

(g) REQUIREMENTS FOR SPECIAL JOINT RESOLUTION IN THE SENATE.—The Committee on the Budget, in consultation with the committees of jurisdiction, or, in the case of revenue shortfalls, the Committee on Finance of the Senate shall report not later than December 1—

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

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

(3) a joint resolution containing different policies and proposed legislative changes than those contained in either the message of the President or the resolution passed by the House of Representatives, to eliminate all or part of any excess deficits or expenditures or any revenue shortfalls, or

(4) any changes to the deficit or revenue targets, or to the expenditure caps, contained in this Act, except that any changes to the deficit or revenue targets or expenditure caps cannot be greater than the changes recommended in the message submitted by the President.

(h) PROCEDURE IF THE APPROPRIATE COMMITTEE OF THE SENATE FAILS TO REPORT REQUIRED RESOLUTION.—(1) In the event that the Committee on the Budget of the Senate fails, by December 1, to report a resolution meeting the requirements of subsection (g), the committee shall be automatically discharged from further consideration of the joint resolution reflecting the President's recommendations introduced pursuant to subsection (a) and of the resolution passed by the House of Representatives, and both joint resolutions shall be placed on the appropriate calendar.

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

(i) CONSIDERATION OF JOINT RESOLUTION IN THE SENATE.—Consideration of resolutions reported pursuant to subsections (c) or (d) shall be pursuant to the procedures set forth in section 305 of the Congressional Budget Act of 1974 and subsection (d).

(j) PROCEDURE IF JOINT RESOLUTION DOES NOT ELIMINATE DEFICIT EXCESS.—If the joint resolution reported by the Committee on the Budget, Way and Means, or Finance pursuant to subsection (c) or (g) or a joint resolution discharged in the House of Representatives or the Senate pursuant to subsection (d)(1) or (h) would eliminate less than—

(1) the entire amount by which actual or projected deficits exceed, or revenues fall short of, the targets in this Act; or

(2) the entire amount by which actual or projected outlays exceed the caps contained in this Act;

then the Committee on the Budget of the Senate shall report a joint resolution, raising the deficit targets or outlay caps, or reducing the revenue targets for any year in which actual or projected spending, revenues or deficits would not conform to the deficit and revenue targets or expenditure caps in this Act.

(k) CONFERENCE REPORTS SHALL FULLY ADDRESS DEFICIT EXCESS.—It shall not be in order in the House of Representatives or the Senate to consider a conference report on a joint resolution to eliminate all or part of any excess deficits or outlays or to eliminate all or part of any revenue shortfall compared to the deficit and revenue targets and the expenditure caps contained in this Act, unless—

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

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

The vote on any resolution reported pursuant to subsection (j)(2) shall be solely on the subject of changing the deficit or revenue targets or the expenditure limits in this Act.

SEC. 103. EFFECT ON PRESIDENTS' BUDGET SUBMISSIONS; POINT OF ORDER.

(a) BUDGET SUBMISSION.—Any budget submitted by the President pursuant to section 1105(a) of title 31, United States Code, for each of fiscal years 1998 through 2002 shall be consistent with the spending, revenue, and deficit levels established in sections 104 and 105, as adjusted pursuant to section 107, or it shall recommend changes to those levels.

(b) POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any concurrent resolution on the budget unless it is consistent with the spending, revenue, and deficit levels established in sections 104 and 105, as adjusted pursuant to section 107.

SEC. 104. DEFICIT AND REVENUE TARGETS.

(a) CONSOLIDATED DEFICIT (OR SURPLUS) TARGETS.—For purposes of sections 102 and 107, the consolidated deficit targets shall be—

- (1) for fiscal year 1998, \$90,500,000,000;
- (2) for fiscal year 1999, \$89,700,000,000;
- (3) for fiscal year 2000, \$83,000,000,000;
- (4) for fiscal year 2001, \$53,300,000,000; and
- (5) for fiscal year 2002, there shall be a surplus of not less than \$1,400,000,000.

(b) CONSOLIDATED REVENUE TARGETS.—For purposes of sections 102, 107, 201, and 204, the consolidated revenue targets shall be—

- (1) for fiscal year 1998, \$1,601,800,000,000;
- (2) for fiscal year 1999, \$1,664,200,000,000;
- (3) for fiscal year 2000, \$1,728,100,000,000;
- (4) for fiscal year 2001, \$1,805,100,000,000; and
- (5) for fiscal year 2002, \$1,890,400,000,000.

SEC. 105. DIRECT SPENDING CAPS.

(a) IN GENERAL.—Effective upon submission of the report by OMB pursuant to subsection (c), direct spending caps shall apply to all entitlement authority except for undistributed offsetting receipts and net interest outlays, subject to adjustments for changes in eligible populations and inflation pursuant to section 107. For purposes of enforcing direct spending caps under this Act, each separate program shown in the table set forth in subsection (d) shall be deemed to be a category.

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

(c) REPORT BY OMB.—Within 30 days after enactment of this Act, OMB shall submit to the President and each House of Congress a report containing account numbers and spending limits for each specific category.

(d) CONTENTS OF REPORTS.—All direct spending accounts not included in these reports under separate categories shall be included under the heading "Other Entitlements and Mandatory Spending". These reports may include adjustments among the caps set forth in this Act as required below, however the aggregate amount available under the "Total Entitlements and Other Mandatory Spending" cap shall be identical in each such report and in this Act and shall be deemed to have been adopted as part of this Act. Each such report shall include the actual amounts of the caps for each year of fiscal years 1998 through 2002 consistent with the concurrent resolution on the budget for FY 1998 for each of the following categories:

- Earned Income Tax Credit,
- Family Support,
- Civilian and other Federal retirement:
- Military retirement,
- Food stamps,

- Medicaid,
- Medicare,
- Social security,
- Supplemental security income,
- Unemployment compensation,
- Veterans' benefits,
- Other entitlements and mandatory spending, and

Aggregate entitlements and other mandatory spending.

(e) ADDITIONAL SPENDING LIMITS.—Legislation enacted subsequent to this Act may include additional caps to limit spending for specific programs, activities, or accounts with these categories. Those additional caps (if any) shall be enforced in the same manner as the limits set forth in such joint explanatory statement.

SEC. 106. ECONOMIC ASSUMPTIONS.

Subject to periodic reestimation based on changed economic conditions or changes in eligible population, determinations of the direct spending caps under section 105, any breaches of such caps, and actions necessary to remedy such breaches shall be based upon the economic assumptions set forth in the joint explanatory statement of managers accompanying the concurrent resolution on the budget for fiscal year 1998 (House Concurrent Resolution 84, 105th Congress). At the same time as the submission of the report by OMB pursuant to section 104(c), OMB shall submit to the President and Congress a report setting forth the economic assumptions in the joint explanatory statement of managers accompanying the concurrent resolution on the budget for fiscal year 1998 and the assumptions regarding eligible populations used in preparing the report submitted pursuant to section 104(c).

SEC. 107. REVISIONS TO DEFICIT AND REVENUE TARGETS AND TO THE CAPS FOR ENTITLEMENTS AND OTHER MANDATORY SPENDING.

(a) AUTOMATIC ADJUSTMENTS TO DEFICIT AND REVENUE TARGETS AND TO CAPS FOR ENTITLEMENTS AND OTHER MANDATORY SPENDING.—When the President submits the budget under section 1105(a) of title 31, United States Code, and upon submission of the OMB report pursuant to section 201(a) for any year, OMB shall calculate (in the order set forth below), and the budget and reports shall include, adjustments to the deficit and revenue targets, and to the direct spending caps (and those limits as cumulatively adjusted) for the current year, the budget year, and each outyear, to reflect the following:

(1) CHANGES TO REVENUE TARGETS.—

(A) CHANGES IN GROWTH.—For Federal revenues and deficits under laws and policies enacted or effective before July 1, 1997, growth adjustment factors shall equal the ratio between the level of year-over-year Gross Domestic Product, as adjusted by the chain-weighted GDP deflator measured for the fiscal year most recently completed and the applicable estimated level for that year as described in section 106.

(B) CHANGES IN INFLATION.—For Federal revenues and deficits under laws and policies enacted or effective before July 1, 1997, inflation adjustment factors shall equal the ratio between the level of year-over-year change in the Consumer Price Index measured for the fiscal year most recently completed and the applicable estimated level for that year as described in section 106.

(2) ADJUSTMENTS TO DIRECT SPENDING CAPS.—

(A) CHANGES IN CONCEPTS AND DEFINITIONS.—The adjustments produced by changes in concepts and definitions shall equal the baseline levels of new budget authority and outlays using up-to-date concepts and definitions minus those levels using the concepts and definitions in effect before such changes. Such changes in con-

cepts and definitions may only be made in consultation with the Committees on Appropriations, the Budget, and Government Reform and Oversight and Governmental Affairs of the House of Representatives and the Senate.

(B) CHANGES IN NET OUTLAYS.—Changes in net outlays for all programs and activities exempt from sequestration under section 204.

(C) CHANGES IN INFLATION.—For direct spending under laws and policies enacted or effective on or before July 1, 1997, inflation adjustment factors shall equal the ratio between the level of year-over-year change in the Consumer Price Index measured for the fiscal year most recently completed and the applicable estimated level for that year as described in section 106 (relating to economic assumptions). For direct spending under laws and policies enacted or effective after July 1, 1997, there shall be no adjustment to the direct spending caps (for changes in economic conditions including inflation, nor for changes in numbers of eligible beneficiaries) unless—

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

(ii) such Act specifically provides for automatic adjustments to the direct spending caps in section 105 based on those projections.

(D) CHANGES IN ELIGIBLE POPULATIONS.—For direct spending under laws and policies enacted or effective on or before July 1, 1997, the direct spending caps shall be adjusted to reflect changes in eligible populations, based on the assumptions set forth in the OMB report submitted pursuant to section 106. In making such adjustments, OMB shall estimate the changes in spending resulting from the change in eligible populations. For direct spending under laws and policies enacted or effective after July 1, 1997, there shall be no adjustment to the direct spending caps for changes in numbers of eligible beneficiaries unless—

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

(ii) such Act specifically provides for automatic adjustments to the direct spending caps in section 105 based on those projections.

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

(b) CHANGES TO DEFICIT TARGETS.—The deficit targets in section 104 shall be adjusted to reflect changes to the revenue targets or changes to the caps for entitlements and other mandatory spending pursuant to subsection (a).

(c) PERMISSIBLE REVISIONS TO DEFICIT AND REVENUE TARGETS AND DIRECT SPENDING CAPS.—Deficit and revenue targets and direct spending caps as enacted pursuant to sections 104 and 105 may be revised as follows: Except as required pursuant to subsection (a) and (b), deficit, revenue, and direct spending caps may only be adjusted by recorded vote. It shall be a matter of highest privilege in the House of Representatives and the Senate for a Member of the House of Representatives or the Senate to insist on a recorded vote solely on the question of amending such caps. It shall not be in order for the Committee on Rules of the House of Representatives to report a resolution waiving the provisions of this subsection. This subsection may be waived in the Senate

only by an affirmative vote of three-fifths of the Members duly chosen and sworn.

TITLE II—ENFORCEMENT PROVISIONS

SEC. 201. REPORTING EXCESS SPENDING.

(a) ANALYSIS OF ACTUAL DEFICIT, REVENUE, AND SPENDING LEVELS.—As soon as practicable after any fiscal year, OMB shall compile a statement of actual and projected deficits, revenues, and direct spending for that year and the current fiscal year. The statement shall identify such spending by categories contained in section 105.

(b) ESTIMATE OF NECESSARY SPENDING REDUCTION.—Based on the statement provided under subsection (a), the OMB shall issue a report to the President and the Congress on December 15 of any year in which such statement identifies actual or projected deficits, revenues, or spending in the current or immediately preceding fiscal years in violation of the revenue targets or direct spending caps in section 104 or 105, as adjusted pursuant to section 107, by more than one-tenth of one percent of the applicable total revenues or direct spending for such year. The report shall include:

(1) The amount, if any, that total direct spending exceeded, or is projected to exceed, the aggregate direct spending cap in section 105, as adjusted pursuant to section 107.

(2) All instances in which actual direct spending has exceeded the applicable direct spending cap.

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

(4) The amounts by which direct spending shall be reduced in the current fiscal year to offset the net amount that actual direct spending in the preceding fiscal year and projected direct spending in the current fiscal year exceeds the amounts available for each cap category.

SEC. 202. ENFORCING DIRECT SPENDING CAPS.

(a) PURPOSE.—This subtitle provides enforcement of the direct spending caps on categories of spending established pursuant to section 105. This section shall apply for any fiscal year in which the statement provided under section 201 identifies actual direct spending in the preceding fiscal year or projected direct spending in the current year in excess of the aggregate direct spending cap, as adjusted pursuant to section 107.

(b) GENERAL RULES.—

(1) ELIMINATING A BREACH.—Each non-exempt account within a category shall be reduced by a dollar amount calculated by multiplying the baseline level of sequestrable budgetary resources in that account at that time by the uniform percentage necessary to eliminate a breach within that category.

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

(3) INDEFINITE AUTHORITY.—Except as otherwise provided, sequestration in accounts for which obligations are indefinite shall be taken in a manner to ensure that obligations in the fiscal year of a sequestration and succeeding fiscal years are reduced, from the level that would actually have occurred, by the applicable sequestration percentage or percentages.

(4) CANCELLATION OF BUDGETARY RESOURCES.—Budgetary resources sequestered from any account other than an trust, special or revolving fund shall revert to the Treasury and be permanently canceled.

(5) IMPLEMENTING REGULATIONS.—Notwithstanding any other provision of law, administrative rules or similar actions implementing any sequestration shall take effect within 30 days after that sequestration.

SEC. 203. SEQUESTRATION RULES.

(a) GENERAL RULES.—For programs subject to direct spending caps:

(1) TRIGGERING OF SEQUESTRATION.—Sequestration is triggered if total direct spending subject to the caps in the preceding fiscal year and projected direct spending subject to the caps in the current fiscal year exceeds the total of aggregate caps for direct spending for the current and immediately preceding fiscal year.

(2) CALCULATION OF REDUCTIONS.—The amount to be sequestered from direct spending programs under each separate cap shall be determined by multiplying the total amount that direct spending in that category exceeded or is projected to exceed the direct spending cap for that category by—

(A) the net amount that total direct spending exceeded, or is projected to exceed, the aggregate spending caps, as identified pursuant to paragraph 201(b)(1); multiplied by

(B) the net amount that direct spending by which the category exceeded and is projected to exceed the direct spending cap for that category, divided by the net amount that total spending exceeded and is projected to exceed the applicable direct spending cap for all categories in which spending exceeds the applicable direct spending caps.

(3) UNIFORM PERCENTAGES.—In calculating the uniform percentage applicable to the sequestration of all spending programs or activities within each category, or the uniform percentage applicable to the sequestration of nonexempt direct spending programs or activities, the sequestrable base for direct spending programs and activities is the total level of outlays for the fiscal year for those programs or activities in the current law baseline.

(4) PERMANENT SEQUESTRATION OF DIRECT SPENDING.—Obligations in sequestered direct spending accounts shall be reduced in the fiscal year in which a sequestration occurs and in all succeeding fiscal years. Notwithstanding any other provision of this section, after the first direct spending sequestration, any later sequestration shall reduce direct spending by an amount in addition to, rather than in lieu of, the reduction in direct spending in place under the existing sequestration or sequestrations.

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

(A) outlays pay for entitlement benefits;

(B) a current-year sequestration takes effect after the 1st day of the budget year;

(C) that delay reduces the amount of entitlement authority that is subject to sequestration in the budget; and

(D) the uniform percentage otherwise applicable to the budget-year sequestration of a program or activity is increased due to the delay;

then the uniform percentage shall revert to the uniform percentage calculated under paragraph (3) when the budget year is completed.

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

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

(B) the amount of entitlement authority is periodically adjusted under existing law to reflect changes in a price index (commonly called "cost of living adjustments");

sequestration shall first be applied to the cost of living adjustment before reductions are made to the base benefit. For the first fiscal year to which a sequestration applies, the benefit payment reductions in such programs accomplished by the order shall take effect starting with the payment made at the beginning of January following a final sequester. For the purposes of this subsection,

veterans' compensation shall be considered a program that meets the conditions of the preceding sentence.

(7) LOAN PROGRAMS.—For all loans made, extended, or otherwise modified on or after any sequestration under loan programs subject to direct spending caps—

(A) the sequestrable base shall be total fees associated with all loans made extended or otherwise modified on or after the date of sequestration; and

(B) the fees paid by borrowers shall be increased by a uniform percentage sufficient to produce the dollar savings in such loan programs for the fiscal year or years of the sequestrations required by this section.

Notwithstanding any other provision of law, in any year in which a sequestration is in effect, all subsequent fees shall be increased by the uniform percentage and all proceeds from such fees shall be paid into the general fund of the Treasury.

(8) INSURANCE PROGRAMS.—Any sequestration of a Federal program that sells insurance contracts to the public (including the Federal Crop Insurance Fund, the National Insurance Development Fund, the National Flood Insurance fund, insurance activities of the Overseas Private Insurance Corporation, and Veterans' Life insurance programs) shall be accomplished by increasing premiums on contracts entered into extended or otherwise modified, after the date a sequestration order takes effect by the uniform sequestration percentage. Notwithstanding any other provision of law, for any year in which a sequestration affecting such programs is in effect, subsequent premiums shall be increased by the uniform percentage and all proceeds from the premium increase shall be paid from the insurance fund or account to the general fund of the Treasury.

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

(A) the total amount of funds available for all States shall be reduced by the amount required to be sequestered; and

(B) if States are projected to receive increased funding in the budget year compared to the immediately preceding fiscal year, sequestration shall first be applied to the estimated increases before reductions are made compared to actual payments to States in the previous year—

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

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

(iii) the uniform reduction shall apply to the base funding levels available to states in the immediately preceding fiscal year only to the extent necessary to eliminate any remaining excess over the applicable direct spending cap.

(10) SPECIAL RULE FOR CERTAIN PROGRAMS.—Except matters exempted under section 205 and programs subject to special rules set forth under section 206 and notwithstanding any other provisions of law, any sequestration required under this Act shall reduce benefit levels by an amount sufficient to eliminate all excess spending identified in the report issued pursuant to section 201, while maintaining the same uniform percentage reduction in the monetary value of benefits subject to reduction under this subsection.

(b) WITHIN-SESSION SEQUESTER.—If a bill or resolution providing direct spending for the current year is enacted before July 1 of that fiscal year and causes a breach within any direct spending cap for that fiscal year, 15 days later there shall be a sequestration to eliminate that breach within that cap.

SEC. 204. ENFORCING REVENUE TARGETS.

(a) **PURPOSE.**—This section enforces the revenue targets established pursuant to section 104. This section shall apply for any year in which actual revenues in the preceding fiscal year or projected revenues in the current year are less than the applicable revenue target, as adjusted pursuant to section 107.

(b) **ESTIMATE OF NECESSITY TO SUSPEND NEW REVENUE REDUCTIONS.**—Based on the statement provided under section 201(a), OMB shall issue a report to the President and the Congress on December 15 of any year in which such statement identifies actual or projected revenues in the current or immediately preceding fiscal years lower than the applicable revenue target in section 104, as adjusted pursuant to section 107, by more than 0.1 percent of the applicable total revenue target for such year. The report shall include—

(1) all laws and policies described in subsection (c) which would cause revenues to decline in the calendar year which begins January 1 compared to the provisions of law in effect on December 15;

(2) the amounts by which revenues would be reduced by implementation of the provisions of law described in paragraph (1) compared to provisions of law in effect on December 15; and

(3) whether delaying implementation of the provisions of law described in paragraph (1) would cause the total for revenues in the current fiscal year and actual revenues in the immediately preceding fiscal year to equal or exceed the total of the targets for the applicable years.

(c) **NO CREDITS, DEDUCTIONS, EXCLUSIONS, PREFERENTIAL RATE OF TAX, ETC.**—(1) If any provision of the Internal Revenue Code of 1986 added by the Revenue Reconciliation Act of 1997 establishing or increasing any credit, deduction, exclusion, or eligibility limit or reducing any rate would (but for this section) first take effect in a tax benefit suspension year, and would reduce revenues over the 5-year period beginning with the tax benefit suspension year, such provision shall not take effect until the first calendar year which is not a tax benefit suspension year.

(2) **SUSPENSION OF INDEXATION.**—No new adjustment for inflation shall be made to any credit, deduction, or exclusion enacted as part of the Revenue Reconciliation Act of 1997 in a tax benefit suspension year.

(d) **END OF SESSION.**—If the OMB report issued under subsection (a) indicates that the total revenues projected in the current year and actual revenues in the immediately preceding year will equal or exceed the applicable targets, the President shall sign an order ending the delayed phase-in of new tax cuts effective January 1. Such order shall provide that the new tax cuts and adjustments for inflation shall take effect as if the provisions of this section had not taken effect.

(e) **SUSPENSION OF NEW BENEFITS BEING PHASED IN.**—If, under any provision of the Internal Revenue Code of 1986 added by the Revenue Reconciliation Act of 1997, there is an increase in any benefit which would (but for this section) take effect with respect to a tax benefit suspension year, in lieu of applying subsection (c)—

(1) any increase in the benefit under such section with respect to such year and each subsequent calendar year shall be delayed 1 calendar year, and

(2) the level of benefit under such section with respect to the prior calendar year shall apply to such tax benefit suspension year.

(f) **PERCENTAGE SUSPENSION WHERE FULL SUSPENSION UNNECESSARY TO ACHIEVE REVENUE TARGET.**—If the application of subsections (c), (d), and (e) to any tax benefit suspension year would result in total reve-

nuces in the current year to equal or exceed the targets described in section 104 such that the amount of each benefit which is denied is only the percentage of such benefit which is necessary to result in revenues equal to such target. Such percentage shall be determined by OMB, and the same percentage shall apply to such benefits.

(g) **TAX BENEFIT SUSPENSION YEAR.**—For purposes of this section, the term "tax benefit suspension year" means any calendar year if the statement issued under subsection (b) during the preceding calendar year indicates that—

(1) for the fiscal year ending in such preceding calendar year, actual revenues were lower than the applicable revenue target in section 104, as adjusted pursuant to section 106, for such fiscal year by more than 1 percent of such target, or

(2) for the fiscal year beginning in such preceding calendar year, projected revenues (determined without regard to this section) are estimated to be lower than the applicable revenue target in section 104, as adjusted pursuant to section 106, for such fiscal year by more than 0.1 percent of such target.

SEC. 205. EXEMPT PROGRAMS AND ACTIVITIES.

The following budget accounts, activities within accounts, or income shall be exempt from sequestration—

(1) net interest;

(2) all payments to trust funds from excise taxes or other receipts or collections properly creditable to those trust funds;

(3) offsetting receipts and collections;

(4) all payments from one Federal direct spending budget account to another Federal budget account;

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

(6) expenses to the extent they result from private donations, bequests, or voluntary contributions to the Government;

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

(A) credit liquidating and financing accounts;

(B) the Pension Benefit Guarantee Corporation Trust Funds;

(C) the Thrift Savings Fund;

(D) the Federal Reserve System; and

(E) appropriations for the District of Columbia to the extent they are appropriations of locally raised funds;

(8) payments resulting from Government insurance, Government guarantees, or any other form of contingent liability, to the extent those payments result from contractual or other legally binding commitments of the Government at the time of any sequestration;

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

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

Claims, defense;

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

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

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

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

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

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

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

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

Payments to copyright owners (03-5175-0-2-376);

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

Soldier's and Airman's Home, payment of claims (84-8930-0-7-705);

Washington Metropolitan Area Transit Authority, interest payments (46-0300-0-1-401);

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

Exchange Stabilization Fund (20-4444-0-3-155); and

Foreign Military Sales trust fund (11-82232-0-7-155).

SEC. 206. SPECIAL RULES.

(a) **CHILD SUPPORT ENFORCEMENT PROGRAM.**—Any sequestration order shall accomplish the full amount of any required reduction in payments under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under the program, as specified (for the fiscal year involved) in section 455(a) of such Act, to the extent necessary to reduce such expenditures by that amount.

(b) **COMMODITY CREDIT CORPORATION.**—

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

(2) **DAIRY PROGRAM.**—

(A) As the sole means of achieving any reduction in outlays under the milk price-support program, the Secretary of Agriculture shall provide for a reduction to be made in the price received by producers for all milk in the United States and marketed by producers for commercial use.

(B) That price reduction (measured in cents per hundred-weight of milk marketed) shall occur under subparagraph (A) of section 201(d)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)), shall begin on the day any sequestration order is issued, and shall not exceed the aggregate amount of the reduction in outlays under the milk price-support program, that otherwise would have been achieved by reducing payments made for the purchase of milk or the products of milk under this subsection during that fiscal year.

(3) **CERTAIN AUTHORITY NOT TO BE LIMITED.**—Nothing in this Act shall restrict the Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in international trade, or limit or reduce in any way any appropriation that provides the Corporation with funds to cover its realized losses.

(c) **EARNED INCOME TAX CREDIT.**—

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

(2) In the event sequestration is triggered to reduce earned income tax credits, all earned income tax credits shall be reduced, whether or not such credits otherwise would result in cash payments to beneficiaries, by a uniform percentage sufficient to produce the dollar savings required by the sequestration.

(d) **REGULAR AND EXTENDED UNEMPLOYMENT COMPENSATION.**—

(1) A State may reduce each weekly benefit payment made under the regular and extended unemployment benefit programs for

any week of unemployment occurring during any period with respect to which payments are reduced under any sequestration order by a percentage not to exceed the percentage by which the Federal payment to the State is to be reduced for such week as a result of such order.

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

(e) **FEDERAL EMPLOYEES HEALTH BENEFITS FUND.**—For the Federal Employees Health Benefits Fund, a sequestration order shall take effect with the next open season. The sequestration shall be accomplished by annual payments from that Fund to the General Fund of the Treasury. Those annual payments shall be financed solely by charging higher premiums. The sequestrable base for the Fund is the current-year level of gross outlays resulting from claims paid after the sequestration order takes effect.

(f) **FEDERAL HOUSING FINANCE BOARD.**—Any sequestration of the Federal Housing Board shall be accomplished by annual payments (by the end of each fiscal year) from that Board to the general fund of the Treasury, in amounts equal to the uniform sequestration percentage for that year times the gross obligations of the Board in that year.

(g) **FEDERAL PAY.**—

(1) **IN GENERAL.**—New budget authority to pay Federal personnel from direct spending accounts shall be reduced by the uniform percentage calculated under section 203(c)(3), as applicable, but no sequestration order may reduce or have the effect of reducing the rate of pay to which any individual is entitled under any statutory pay system as increased by any amount payable under section 5304 of title 5, United States Code, or any increase in rates of pay which is scheduled to take effect under section 5303 of title 5, United States Code, section 1109 of title 37, United States Code, or any other provision of law.

(2) **DEFINITIONS.**—For purposes of this subsection—

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

term "elements of military pay" means—

(i) the elements of compensation of members of the uniformed services specified in section 1009 of title 37, United States Code;

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

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

(C) the term "uniformed services" shall have the same meaning given that term in section 101(3) of title 37, United States Code.

(h) **MEDICARE.**—

(1) **IN GENERAL.**—Any sequestration shall accomplish 90% of the required reduction by reductions in payments for services under title XVIII of the Social Security Act and +10% of the required reduction through increases in beneficiary premiums under part B of title XVIII of the Social Security Act.

(2) **TIMING OF APPLICATION OF REDUCTIONS.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B), if a reduction is made in payment amounts pursuant to sequestration order, the reduction shall be applied to payment for services furnished after the effective date of the order. For purposes of the previous sentence, in the case of inpatient services furnished for an individual, the services shall be considered to be furnished on the date of the individual's discharge from the inpatient facility.

(B) **PAYMENT ON THE BASIS OF COST REPORTING PERIODS.**—In the case in which payment for services of a provider of services is made

under title XVIII of the Social Security Act on a basis relating to the reasonable cost incurred for the services during a cost reporting period of the provider, if a reduction is made in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for costs for such services incurred at any time during each cost reporting period of the provider any part of which occurs after the effective date of order, but only (for each such cost reporting period) in the same proportion as the fraction of the cost reporting period that occurs after the effective date of the order.

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

(4) **PART B PREMIUMS.**—In computing the amount and method, part B premiums shall be increased by a percentage to be determined by dividing 10% of the amount that medicare spending exceeds the applicable cap by the total amount of all premium collections. All beneficiary premiums shall be increased by the percentage calculated pursuant to the preceding sentence, except that no increase in the premium shall result in a reduction in social security benefit payments to any beneficiary.

(5) **NO EFFECT ON COMPUTATION OF AAPCC.**—In computing the adjusted average per capita cost for purposes of section 1876(a)(4) of the Social Security Act, the Secretary of Health and Human Services shall not take into account any reductions in payment amounts which have been or may be effected under this part.

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

(1) the uniform sequestration percentage, times

(2) the estimated gross obligations of the Postal Service Fund in that year other than those obligations financed with an appropriation for revenue forgone that year.

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Within 30 days after the sequestration order is issued, the Postmaster General shall submit to the Postal Rate Commission a plan for financing the annual payment for that fiscal year and publish that plan in the Federal Register. The plan may assume efficiencies in the operation of the Postal Service, reductions in capital expenditures, increases in the prices of services, or any combination, but may not assume a lower Fund surplus or higher Fund deficit and shall follow the requirements of existing law governing the Postal Service in all other respects. Within 30 days of the receipt of that plan, the Postal Rate Commission shall approve the plan or modify it in the manner that modifications are allowed under current law.

If the Postal Rate Commission does not respond to the plan within 30 days, the plan submitted by the Postmaster General shall go into effect. Any plan may be later revised by the submission of a new plan to the Postal Rate Commission, which may approve or modify it.

(j) **POWER MARKETING ADMINISTRATIONS AND T.V.A.**—Any sequestration of the Department of Energy power marketing administration funds or the Tennessee Valley Authority fund shall be accomplished by annual payments from those funds to the General Fund of the Treasury, and the administrators of those funds shall have the duty to make those payments during the fiscal year to which the sequestration order applies and each succeeding fiscal year. The amount of each payment by a fund shall be—

(1) the direct spending uniform sequestration percentage, times

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

Any such payment for a fiscal year shall be made as soon as possible during the fiscal year, except that it may be made in installments within that year if the payment schedule is approved by the Secretary of the Treasury. Annual payments by a fund may be financed by reductions in costs required to produce the pre-sequester amount of power (but those reductions shall not include reductions in the amount of power supplied by the fund), by reductions in capital expenditures, by increases in tax rates, or by any combination, but may not be financed by a lower fund surplus, a higher fund deficit, additional borrowing, delay in repayment of principal on outstanding debt and shall follow the requirements of existing law governing the fund in all other respects. The administrator of a fund or the TVA Board is authorized to take the actions specified in this subsection in order to make the annual payments to the Treasury.

(k) **BUSINESS-LIKE TRANSACTIONS.**—Notwithstanding any other provision of law, for programs which provide a business-like service in exchange for a fee, sequestration shall be accomplished through a uniform increase in fees (sufficient to produce the dollar savings in such programs for the fiscal year of the sequestration required by section 201(a)(2)), all subsequent fees shall be increased by the same percentage, and all proceeds from such fees shall be paid into the general fund of the Treasury, in any year for which a sequester affecting such programs are in effect.

SEC. 207. THE CURRENT LAW BASELINE.

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

(b) **DETERMINATION OF THE BUDGET BASELINE.**—(1) The budget baseline shall be based on the common economic assumptions set forth in section 106, adjusted to reflect revisions pursuant to subsection (c).

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

(3) For discretionary spending items, the baseline shall be the spending caps in effect pursuant to section 601(a)(2) of the Congressional Budget Act of 1974. For years for which there are no caps, the baseline for discretionary spending shall be the same as the last year for which there were statutory caps.

(4) For all other expenditures and for revenues, the baseline shall be adjusted by comparing unemployment, inflation, interest rates, growth and eligible population for the most recent period for which actual data are available, compared to the assumptions contained in section 107.

(c) REVISIONS TO THE BASELINE.—The baseline shall be adjusted for up-to-date economic assumptions for all reports issued pursuant to section 107 of this Act and section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985.

SEC. 208. LIMITATIONS ON EMERGENCY SPENDING.

(a) IN GENERAL.—(1) Within the discretionary caps for each fiscal year contained in this Act, an amount shall be withheld from allocation to the appropriate committees of the House of Representatives and of the Senate and reserved for natural disasters and other emergency purposes.

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

(3) No adjustments shall be made to the discretionary spending limits under section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985 unless the amount appropriated for discretionary accounts that have been designated as emergency requirements exceed the amount reserved pursuant to paragraph (1). Any adjustment shall be limited to the amount that total appropriations designated as emergency requirements for the fiscal year exceeds the amount reserved pursuant to paragraph (1).

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

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

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

(C) the projected obligations for unforeseen emergency needs exceed the 10-year rolling average annual expenditures for existing programs included in the Presidential request for the applicable fiscal year.

(5) Notwithstanding any other provision of law—

(A) States and localities shall be required to maintain effort and ensure that Federal assistance payments do not replace, subvert or otherwise have the effect of reducing regularly budgeted State and local expenditures for law enforcement, firefighting, road construction and maintenance, building construction and maintenance or any other category of regular government expenditure (to ensure that Federal disaster payments are made only for incremental costs directly attributable to unforeseen disasters, and do not replace or reduce regular State and local expenditures for the same purposes);

(B) the President may not take administrative action to waive any requirement for States or localities to make minimum matching payments as a condition or receiving Federal disaster assistance or take administrative action to waive all or part of any repayment of Federal loans for the State or local matching share required as a condition of receiving Federal disaster assistance. This clause shall apply to all matching share requirements and loans to meet matching share requirements under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) and any other Acts pursuant to which the President may declare a disaster or disasters and States and localities otherwise qualify for Federal disaster assistance; and

(C) a two-thirds vote in each House of Congress shall be required for each emergency to reduce or waive the State matching require-

ment or to forgive all or part of loans for the State matching share as required under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

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

(2) The procedure for allocation of the amounts pursuant to paragraph (1) shall ensure that the funds are released for allocation only pursuant to the conditions contained in subsection (a)(3)(A) through (C).

(c) RESTRICTION ON USE OF FUNDS.—Notwithstanding any other provision of law, the amount reserved pursuant to subsection (a) shall not be available for other than emergency funding requirements for particular natural disasters or national security emergencies so designated by Acts of Congress.

(d) NEW POINT OF ORDER.—(1) Title IV of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

“POINT OF ORDER REGARDING EMERGENCIES

“SEC. 408. It shall not be in order in the House of Representatives or the Senate to consider any bill or joint resolution, or amendment thereto or conference report thereon, containing an emergency designation for purposes of section 251(b)(2)(D) or 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 or of section 208 of the Budget Enforcement Act of 1997 if it also provides an appropriation or direct spending for any other item or contains any other matter, but that bill or joint resolution, amendment, or conference report may contain rescissions of budget authority or reductions of direct spending, or that amendment may reduce amounts for that emergency.”.

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

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

TITLE III—USE OF BUDGET SURPLUS TO PRESERVE SOCIAL SECURITY TRUST FUND

SEC. 301. ENDING USE OF RECEIPTS OF SOCIAL SECURITY TRUST FUND FOR OTHER PROGRAMS AND ACTIVITIES.

(a) If, in any year, revenues are higher than the targets in Section 104, as adjusted pursuant to Section 107, or spending is lower than the caps in Section 105, as adjusted, and the deficits are lower than the targets in Section 105, as adjusted pursuant to Section 107, those amounts shall be applied pursuant to subsection (b).

(b) All funds described in subsection (a) up to \$100 billion shall be used to reduce the consolidated budget deficit and, to the extent that funds are available to eliminate the consolidated budget deficit, to retire the outstanding debt of the United States Government held by the public.

(c) Any use of funds described in subsection (a) for any purpose other than provided in subsection (b) shall be subject to the requirements of Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985, and any reduction in the amounts described in subsection (a) shall be considered as an increase in the deficit.

(d) When the President submits the budget under section 1105(a) of Title 31, United

States Code for any year, OMB shall adjust the Social Security Trust Fund surpluses for each year under this Section, based on the most recent estimates of such surpluses to be provided to OMB by the Secretary of the Treasury.

Mrs. THURMAN (during the reading). Mr. Speaker, I ask unanimous consent that the motion be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Florida?

There was no objection.

The SPEAKER pro tempore. Pursuant to the rule, the gentlewoman from Florida [Mrs. THURMAN] is recognized for 5 minutes in support of her motion to recommit.

Mr. NUSSLE. Mr. Speaker, I reserve a point of order against the motion to recommit.

The SPEAKER pro tempore. The gentleman from Iowa [Mr. NUSSLE] reserves a point of order.

The Chair recognizes the gentlewoman from Florida [Mrs. THURMAN] for 5 minutes.

Mrs. THURMAN. Mr. Speaker, after the Republican leadership promised to bring this bill to the floor, it was reviewed, as many bills are, by many experts in the various committees and outside organizations who have pointed out several problems in the bill. As a firm supporter of the concept behind this legislation, I believe it is extremely important to correct these problems. I strongly support the principle behind this legislation. We should enforce the budget agreement to ensure that this budget agreement delivers on the promise of a balanced budget.

Everyone in this body agrees that the best thing we can do for working men and women is to ensure that we actually balance the budget. If we do not add legislation enforcing the budget agreement, we could repeat the history of past failed efforts to balance the budget. Because this issue is so important, we should correct these problems so that we can pass an enforcement bill that does not have these problems.

This motion to recommit would correct the unintended problems with the bill that have been pointed out by many of its critics. This motion makes several important improvements to the bill:

First, it begins the process of restoring the integrity of the Social Security trust fund by reserving the first hundred billion dollars of any surplus to take the Social Security trust fund off budget.

Second, it protects Medicare beneficiaries by addressing the concern that Medicare beneficiaries would bear an unreasonable burden of sequestration.

Third, it protects the jurisdiction of the Committee on Ways and Means over enforcement of the revenue provisions.

Finally, it makes several other technical corrections to correct unanticipated problems with this bill.

This motion is in an effort to ensure that the legislation that the House

votes on today is our best effort on this issue. We should not ever vote on legislation that we all know has problems. We should fix those problems with this legislation before we vote on it.

So I agree with the gentleman from Iowa [Mr. NUSSLE]. We should recommit this bill, we should take it back to the committees, we should look at the issues that have been raised here and issues of outside critics, and we should adopt this motion to recommit.

Mr. Speaker, I yield to the gentleman from Wisconsin [Mr. NEUMANN].

Mr. NEUMANN. Mr. Speaker, first off, I would like to also commend the Republican leadership for keeping their word and bringing this bill to the floor. The most important part, in my opinion, of this motion to recommit that is being made here is that we will start to address the Social Security issue. This has gone on since 1983 that this extra money that is being taken out of the paychecks of hardworking Americans that was supposed to be set aside to preserve and protect Social Security, it is going into the general fund, and it is being spent on other Government programs instead of being put aside to preserve and protect Social Security.

This motion to recommit would instruct the committee to take the first hundred billion dollars of surplus and actually start reserving it for Social Security so that when the time comes in the year 2012 that there is not enough money to make good on the promises to our senior citizens, the money would then be available if this motion to recommit were sent back and then the bill were passed and signed into law.

So in my opinion, the most important part of this is that we would start to address a very serious problem facing this Nation, and that is that the money that is supposed to be set aside for Social Security in this savings account, it is not there. It is IOU's. And under this movement we would force this Government to actually start setting aside money so that Social Security once again would be safe and secure for our senior citizens.

Mrs. THURMAN. Mr. Speaker, I yield to the gentleman from Minnesota [Mr. MINGE].

Mr. MINGE. Mr. Speaker, I would like to thank the gentlewoman for yielding this time to me.

We have had a great deal of discussion today about the inadequacy of the rule, and I am pleased to be able to report that in this motion to recommit we address the problem with the rule and the bill that was offered as a substitute is now available for a vote.

This is a bill that was revised to take into account the criticisms that came from both sides of the aisle to try to make this a better bill. The critics are saying we are looking for the perfect bill. I have heard this over and over in this institution. But let us not make the perfect enemy of the good.

At the same time, let us recognize that if we want any type of enforce-

ment mechanism that deals with the revenue side and the entitlement programs, that we have to move this legislation through the House of Representatives to the conference committee.

This motion to recommit gives us the best shot at providing the conference committee on the reconciliation bills with our best product at this point in time. If it is important to us in the House of Representatives to see the budget balanced and kept in balance, let us move the process ahead.

The SPEAKER pro tempore. All time has expired for the gentlewoman from Florida [Mrs. THURMAN].

Does the gentleman from Iowa [Mr. NUSSLE] insist on his point of order?

Mr. NUSSLE. Mr. Speaker, I withdraw my reservation on the point of order, and I rise in opposition to the motion.

The SPEAKER pro tempore. The gentleman from Iowa [Mr. NUSSLE] is recognized for 5 minutes.

Mr. NUSSLE. Mr. Speaker, I rise in opposition to the motion to recommit.

Mr. Speaker, I told you so. There were problems with this bill, and what happened? Here at the last minute, in a rush, without any consideration, without any light of day, without any committee process, without any disclosure to the other side, without any chance for the committees of jurisdiction to look at it, in comes the rushed motion to recommit. Just like my dad used to when as a family we used to go in and raid the refrigerator. We used to call it "oosh-cum-noosht." This is "oosh-cum-noosht"; that is what this is.

□ 1315

That is what this is. People came out and they said, hey, I know, we can fix Social Security. Let us put in this little provision. We can fix veterans. Let us put in this provision. We can fix Medicare. Let us put in this provision. It does not have enough teeth here. It has too much teeth there. Let us rush in and let us do this, because we want to make sure that in fact we are able to improve this particular piece of legislation at the last minute in a way to save the reform process.

Mr. Speaker, we do not need to save the reform process in this particular motion to recommit. The reform process has a strong foundation, laid very carefully by my good friends and colleagues that have spoken here today. That reform process will go forward. It must. If we are going to save this country from rampant deficits and national debt and bankrupt Social Security and many other problems that face this Nation, we have to go through the entire process, not a rushed bill, not a quick fix, not a quick address of the problems we heard within the debate with a motion to recommit. We have to come in and we have to go through the careful consideration and hearings and processes in order to get this job done.

First we had it down here and we heard there was too much teeth. Then the advertising changed and it was, do

not worry about it, there are no teeth. Then we come in and find there are even less teeth. We find out that Social Security is not going to quite have as much teeth, Medicare will not have as much teeth, the spending sequestrations are not going to have as much teeth. Is this really reform?

Mr. Speaker, we need to have a careful process to go through in order to get this job done. This motion to recommit clearly does not even come close to that. I think the effort was admirable. The result missed the mark. This is only the first shot in an effort to reform the budget process. While it missed the mark, it will be heard throughout this Congress, throughout the committees. We will reform the budget process; not today.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. NUSSLE. I yield to the gentleman from Florida.

Mr. GOSS. Mr. Speaker, I appreciate the gentleman yielding to me.

Again, it seems to me like we ought to have some kind of a multiple choice test on this thing, based on the debate today, there is so much confusion about it.

I guess what I would say is this. This was advertised as a perfect product on June 25. We were going to bring this forward and we were going to vote on it as part of the deal then. The point was that a commitment was made for an up-or-down vote on that package, the June 25 package. The deal was an up-or-down vote on that. That is what we have brought to the floor today. It is what has been discussed.

As we said at the time, it was not ready. It is not ripe. This is too complex, it is too technical, there are too many people involved in it. We need to work it out through the normal process. We have a commitment from Chairman SOLOMON, we have a commitment from Chairman ARCHER, we have a commitment from Chairman KASICH to go forward in the regular process to do this the right way.

Trying to write budget reform and budget enforcement at this point in a motion to recommit on the floor is insanity. We all know it. Let the process work. The pledges are there, the commitments are there, the homework is there, the record is there, the good will and commitment and bright ideas of all the people who have brought this forward are there.

Not only that, we have a whole bunch of people, of organizations, that have suddenly woken up to this and said this is a very poor way to do this, because they have been listening to the debate and they have been understanding that, oh, my gosh, all of a sudden there may be a need for an exemption from the enforcement.

We have the American Legion, the Veterans of Foreign Wars, the Disabled American Veterans, the Paralyzed Veterans of America, AMVETS, Retired Enlisted Association, Blinded Veterans Association, Noncommissioned Officers

Association, Military Order of Purple Heart, Jewish War Veterans, Retired Officers, Fleet Reserve, the AARP, and a whole bunch of other people out there saying, hold on, there is a problem. This is not the way to do this.

Mr. Speaker, I would urge that we defeat the motion to recommit, we defeat H.R. 2003, and we simply go about the normal process of getting on with budget reform.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. NUSSLE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

Pursuant to the provisions of clause 5 of rule XV, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the question of passage.

The vote was taken by electronic device, and there were—yeas 148, nays 279, answered “present” 1, not voting 6, as follows:

[Roll No. 300]
YEAS—148

Abercrombie	Fox	McIntyre
Allen	Furse	McKinney
Andrews	Ganske	Meehan
Baesler	Gilcrest	Miller (CA)
Ballenger	Goode	Minge
Barcia	Gordon	Mink
Barrett (WI)	Green	Moran (VA)
Barton	Greenwood	Morella
Bass	Gutknecht	Murtha
Bentsen	Hall (TX)	Neumann
Bilirakis	Hamilton	Ney
Bishop	Harman	Norwood
Blumenauer	Hefner	Paxon
Boswell	Hill	Pease
Boyd	Hilliard	Peterson (MN)
Brady	Hinojosa	Pickett
Brown (CA)	Holden	Porter
Brown (FL)	Hoolley	Portman
Camp	Horn	Ramstad
Campbell	Houghton	Regula
Canady	Hunter	Riggs
Carson	Inglis	Roemer
Castle	Jefferson	Ros-Lehtinen
Chabot	John	Rush
Chenoweth	Johnson (WI)	Sanchez
Clement	Kanjorski	Sandlin
Clyburn	Kaptur	Sanford
Coburn	Kind (WI)	Schaefer, Dan
Combust	Kleczka	Schaffer, Bob
Condit	Klug	Scott
Cramer	Lampson	Sherman
Danner	Lantos	Shimkus
Davis (FL)	Largent	Sisisky
Deal	LaTourette	Skaggs
DeFazio	Lazio	Smith, Adam
Deutsch	Leach	Smith, Linda
Doggett	Luther	Stabenow
Dooley	Maloney (CT)	Stearns
Doyle	Maloney (NY)	Stenholm
Duncan	Manton	Stupak
Edwards	McCarthy (MO)	Talent
Eshoo	McCarthy (NY)	Tanner
Etheridge	McCollum	Tauscher
Farr	McHale	Tauzin
Forbes	McIntosh	Taylor (MS)

Taylor (NC)	Visclosky
Thompson	Wamp
Thurman	Weldon (PA)
Turner	Weller
Upton	Wexler

NAYS—279

Ackerman	Gekas
Aderholt	Gephardt
Archer	Gibbons
Armey	Gillmor
Bachus	Gilman
Baker	Goodlatte
Baldacci	Goodling
Barr	Goss
Barrett (NE)	Graham
Bartlett	Granger
Bateman	Gutierrez
Becerra	Hall (OH)
Bereuter	Hansen
Berman	Hastert
Berry	Hastings (FL)
Bilbray	Hastings (WA)
Blagojevich	Hayworth
Bliley	Hefley
Blunt	Herger
Boehlert	Hilleary
Boehner	Hinchev
Bonilla	Hobson
Bonior	Hoekstra
Bono	Hostettler
Borski	Hoyer
Boucher	Hulshof
Brown (OH)	Hyde
Bryant	Istook
Bunning	Jackson (IL)
Burr	Jackson-Lee
Burton	(TX)
Buyer	Jenkins
Callahan	Johnson (CT)
Calvert	Johnson, E. B.
Cannon	Johnson, Sam
Capps	Jones
Cardin	Kasich
Chambliss	Kelly
Christensen	Kennedy (MA)
Clay	Kennedy (RI)
Clayton	Kennelly
Coble	Kildee
Collins	Kilpatrick
Conyers	Kim
Cook	King (NY)
Cooksey	Kingston
Costello	Klink
Cox	Knollenberg
Coyne	Kolbe
Crane	Kucinich
Crapo	LaFalce
Cubin	LaHood
Cummings	Latham
Cunningham	Levin
Davis (IL)	Lewis (CA)
Davis (VA)	Lewis (GA)
DeGette	Lewis (KY)
DeLahunt	Linder
DeLauro	Lipinski
DeLay	Livingston
Dellums	LoBiondo
Diaz-Balart	Lofgren
Dickey	Lowey
Dicks	Lucas
Dingell	Manzullo
Dixon	Markey
Doolittle	Martinez
Dreier	Mascara
Dunn	Matsui
Ehlers	McCrery
Ehrlich	McDade
Emerson	McDermott
Engel	McGovern
English	McHugh
Evans	McInnis
Everett	McKeon
Ewing	McNulty
Fattah	Meeke
Fawell	Menendez
Fazio	Metcalfe
Filner	Mica
Flake	Millender-
Foglietta	McDonald
Foley	Miller (FL)
Ford	Moakley
Fowler	Molinari
Frank (MA)	Mollohan
Franks (NJ)	Moran (KS)
Frelinghuysen	Myrick
Frost	McCollum
Gallegly	Neal
Gejdenson	Nethercutt

Weygand	Whitfield
Woolsey	Wicker
Yates	Wise

Wymn	Wynne
Young (FL)	

ANSWERED “PRESENT”—1
Ensign

NOT VOTING—6

Gonzalez	Pallone	Stark
Hutchinson	Schiff	Young (AK)

Stark
Young (AK)

□ 1344

Mrs. LOWEY and Messrs. RAHALL, SMITH of Michigan, JACKSON of Illinois, NEAL of Massachusetts, OBERSTAR, GEPHARDT, KENNEDY of Massachusetts, MCNULTY, GEJDENSON, HASTINGS of Florida, KILDEE, BROWN of Ohio, WISE, BORSKI, VENTO, RODRIGUEZ, REYES, and ROTHMAN, Ms. ROYBAL-ALLARD, and Messrs. DIAZ-BALART, SCHUMER, ORTIZ, OWENS, MATSUI, TOWNS, and ENGEL, Ms. SLAUGHTER, Mr. PAYNE, Mr. HINCHEY, Ms. DEGETTE, and Messrs. RANGEL, DICKS, and ACKERMAN changed their vote from “yea” to “nay.”

Ms. WOOLSEY, Ms. FURSE, Mr. RIGGS, Mrs. CHENOWETH, Ms. KAPTUR, and Messrs. WELDON of Pennsylvania, SHIMKUS, BOB SCHAFFER of Colorado, LAMPSON, and SANDLIN changed their vote from “nay” to “yea.”

□ 1345

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore (Mr. BONILLA). The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. BARTON of Texas. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 81, noes 347, not voting 6, as follows:

[Roll No. 301]
AYES—81

Andrews	Gekas	Morella
Ballenger	Goode	Neumann
Barcia	Goodling	Norwood
Barrett (WI)	Graham	Peterson (MN)
Barton	Gutknecht	Petri
Bass	Hall (TX)	Porter
Bliley	Hamilton	Ramstad
Blumenauer	Harman	Regula
Blunt	Hefner	Roemer
Boyd	Hoekstra	Rohrabacher
Brady	Horn	Royce
Campbell	Houghton	Sanchez
Castle	Inglis	Sanford
Chambliss	John	Schaffer, Bob
Coburn	Kind (WI)	Sensenbrenner
Combust	Kingston	Sisisky
Condit	Klug	Smith (TX)
Davis (FL)	Kolbe	Stenholm
DeFazio	Largent	Tanner
Deutsch	Livingston	Tauscher
Doggett	Luther	Tauzin
Dooley	McHale	Taylor (MS)
Doyle	McInnis	Taylor (NC)
Duncan	McIntyre	Turner
Ehlers	McKinney	Upton
Fawell	Meehan	Visclosky
Forbes	Minge	Wamp

NOES—347

Abercrombie	Fazio	Martinez
Ackerman	Filner	Mascara
Aderholt	Flake	Matsui
Allen	Foglietta	McCarthy (MO)
Archer	Foley	McCarthy (NY)
Armey	Ford	McCollum
Bachus	Fowler	McCreery
Baesler	Fox	McDade
Baker	Frank (MA)	McDermott
Baldacci	Franks (NJ)	McGovern
Barr	Frelinghuysen	McHugh
Barrett (NE)	Frost	McIntosh
Bartlett	Furse	McKeon
Bateman	Gallely	McNulty
Becerra	Ganske	Meek
Bentsen	Gejdenson	Menendez
Bereuter	Gephardt	Metcalf
Berman	Gibbons	Mica
Berry	Gilchrist	Millender-
Bilbray	Gillmor	McDonald
Billrakis	Gilman	Miller (CA)
Bishop	Goodlatte	Miller (FL)
Blagojevich	Gordon	Mink
Boehlert	Goss	Moakley
Boehner	Granger	Molinari
Bonilla	Green	Mollohan
Bonior	Greenwood	Moran (KS)
Bono	Gutierrez	Moran (VA)
Borski	Hall (OH)	Murtha
Boswell	Hansen	Myrick
Boucher	Hastert	Nadler
Brown (CA)	Hastings (FL)	Neal
Brown (FL)	Hastings (WA)	Nethercutt
Brown (OH)	Hayworth	Ney
Bryant	Hefley	Northup
Bunning	Hergert	Nussle
Burr	Hill	Oberstar
Burton	Hilleary	Obey
Buyer	Hilliard	Olver
Callahan	Hinchee	Ortiz
Calvert	Hinojosa	Owens
Camp	Hobson	Oxley
Canady	Holden	Packard
Cannon	Hooley	Pappas
Capps	Hostettler	Parker
Cardin	Hoyer	Pascrell
Carson	Hulshof	Pastor
Chabot	Hunter	Paul
Chenoweth	Hyde	Paxon
Christensen	Istook	Payne
Clay	Jackson (IL)	Pease
Clayton	Jackson-Lee	Pelosi
Clement	(TX)	Peterson (PA)
Clyburn	Jefferson	Pickering
Coble	Jenkins	Pickett
Collins	Johnson (CT)	Pitts
Conyers	Johnson (WI)	Pombo
Cook	Johnson, E. B.	Pomeroy
Cooksey	Johnson, Sam	Portman
Costello	Jones	Poshard
Cox	Kanjorski	Price (NC)
Coyne	Kaptur	Pryce (OH)
Cramer	Kasich	Quinn
Crane	Kelly	Radanovich
Crapo	Kennedy (MA)	Rahall
Cubin	Kennedy (RI)	Rangel
Cummings	Kennelly	Redmond
Cunningham	Kildee	Reyes
Danner	Kilpatrick	Riggs
Davis (IL)	Kim	Riley
Davis (VA)	King (NY)	Rivers
Deal	Klecza	Rodriguez
DeGette	Klink	Rogan
Delahunt	Knollenberg	Rogers
DeLauro	Kucinich	Ros-Lehtinen
DeLay	LaFalce	Rothman
Dellums	LaHood	Roukema
Diaz-Balart	Lampson	Roybal-Allard
Dickey	Lantos	Rush
Dicks	Latham	Ryun
Dingell	LaTourette	Sabo
Dixon	Lazio	Salmon
Doolittle	Leach	Sanders
Dreier	Levin	Sandlin
Dunn	Lewis (CA)	Sawyer
Edwards	Lewis (GA)	Saxton
Ehrlich	Lewis (KY)	Scarborough
Emerson	Linder	Schaefer, Dan
Engel	Lipinski	Schumer
English	LoBiondo	Scott
Ensign	Lofgren	Serrano
Eshoo	Lowey	Sessions
Etheridge	Lucas	Shadegg
Evans	Maloney (CT)	Shaw
Everett	Maloney (NY)	Shays
Ewing	Manton	Sherman
Farr	Manzullo	Shimkus
Fattah	Markey	Shuster

Skaggs	Stump	Watt (NC)
Skeen	Stupak	Watts (OK)
Skelton	Sununu	Waxman
Slaughter	Talent	Weldon (FL)
Smith (MI)	Thomas	Weldon (PA)
Smith (NJ)	Thompson	Weller
Smith (OR)	Thornberry	Wexler
Smith, Adam	Thune	Weygand
Smith, Linda	Thurman	White
Snowbarger	Tiahrt	Whitfield
Snyder	Tierney	Wicker
Solomon	Torres	Wise
Souder	Towns	Wolf
Spence	Traficant	Woolsey
Spratt	Velazquez	Wynn
Stabenow	Vento	Yates
Stearns	Walsh	Young (FL)
Stokes	Waters	
Strickland	Watkins	

NOT VOTING—6

Gonzalez	Pallone	Stark
Hutchinson	Schiff	Young (AK)

□ 1354

Mrs. CHENOWETH, Mr. STUPAK, and Mr. CRAPO changed their vote from "aye" to "no."

So the bill was not passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 2169, DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

Mrs. MYRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 189 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 189

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the state of the Union for consideration of the bill (H.R. 2169) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1998, and for other purposes. The first reading of the bill shall be dispensed with. Points of order against consideration of the bill for failure to comply with clause 2(l)(6) of rule XI, clause 7 of rule XXI, or section 401(a) of the Congressional Budget Act of 1974 are waived. General debate shall be confined to the bill and shall not exceed one hour equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations. After general debate the bill shall be considered for amendment under the five-minute rule. Points of order against provisions in the bill for failure to comply with clause 2 or 6 of rule XXI are waived except as follows: on page 4, line 1, through line 6; beginning with ", of which" on page 10, line 20, through "Fund" on line 22; on page 52, line 8, through line 15; on page 53, line 3, through page 65, line 6. Where points of order are waived against part of a paragraph, points of order against a provision in another part of such paragraph may be made only against such provision and not against the entire paragraph. The amendments specified in section 2 of this resolution shall be considered as adopted in the House and in the Committee of the Whole. During consideration of the bill for further amendment, the Chairman of the Committee of the Whole may accord priority in recognition on the basis of whether

the Member offering an amendment has caused it to be printed in the portion of the Congressional Record designated for that purpose in clause 6 of rule XXIII. Amendments so printed shall be considered as read. The Chairman of the Committee of the Whole may: (1) postpone until a time during further consideration in the Committee of the Whole a request for a recorded vote on any amendment; and (2) reduce to five minutes the minimum time for electronic voting on any postponed question that follows another electronic vote without intervening business, provided that the minimum time for electronic voting on the first in any series of questions shall be fifteen minutes. At the conclusion of consideration of the bill for amendment the Committee shall rise and report the bill, as amended, to the House with such further amendments as may have been adopted. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommend with or without instructions.

SEC. 2. The amendments considered as adopted in the House and in the Committee of the Whole are as follows—

(1) page 31, line 24, strike "Staten Island-Midtown Ferry service project" and insert "St. George Ferry terminal project"; and

(2) page 60, strike line 13 and all that follows through page 65, line 3, and redesignate the following section accordingly.

□ 1400

The SPEAKER pro tempore (Mr. BONILLA). The gentlewoman from North Carolina [Mrs. MYRICK] is recognized for 1 hour.

Mrs. MYRICK. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentlewoman from New York [Mrs. SLAUGHTER], pending which I yield myself such time as I may consume. During consideration of this resolution, all time is yielded for the purpose of debate only.

On Thursday, July 17, the Committee on Rules met and granted an open rule by voice vote for the consideration of H.R. 2169, the Transportation and Related Agencies Appropriation Act for fiscal year 1998. The rule waives clause 2(L)(6) of rule XI relating to the 3-day availability of the report, clause 7 of rule XXI relating to the 3-day availability of preprinted hearings and section 401(a) prohibiting consideration of legislation containing contract authority not previously subject to appropriation of the Congressional Budget Act against consideration of the bill.

The rule provides for 1 hour of general debate equally divided between the chairman and ranking member of the Committee on Appropriations. It waives clause 6 of rule XXI prohibiting reappropriations in an appropriations bill against provisions in the bill and clause 2 of rule XXI prohibiting unauthorized provisions in an appropriations bill against provisions in the bill, except as otherwise specified in the rule.

An amendment related to the St. George Ferry Terminal project printed in section 2 of this resolution shall be considered as adopted upon passage of this resolution.

The rule also strikes from the bill expedited procedures related to the total