

Hensarling Myrick  
 Herger Neugebauer  
 Hoekstra Norwood  
 Hostettler Nunes  
 Hulshof Nussle  
 Isakson Ose  
 Issa Otter  
 Johnson, Sam Paul  
 Keller Pence  
 Kennedy (MN) Pitts  
 King (IA) Pombo  
 Kline Radanovich  
 Linder Ramstad  
 Manzullo Reynolds  
 McCreery Rohrabacher  
 McInnis Royce  
 McKeon Ryan (WI)  
 Mica Ryun (KS)  
 Miller (FL) Schrock  
 Moran (KS) Sensenbrenner  
 Musgrave Sessions

NOES—304

Abercrombie Edwards  
 Ackerman Ehlers  
 Aderholt Emanuel  
 Alexander Emerson  
 Allen Engel  
 Andrews Eshoo  
 Baca Etheridge  
 Bachus Everett  
 Baird Farr  
 Baldwin Fattah  
 Becerra Ferguson  
 Bell Filner  
 Berkley Ford  
 Berry Frank (MA)  
 Biggert Frelinghuysen  
 Bishop (GA) Frost  
 Bishop (NY) Gallegly  
 Blumenauer Gerlach  
 Blunt Gilchrest  
 Boehlert Gonzalez  
 Bonilla Gordon  
 Bonner Goss  
 Bono Graves  
 Boozman Green (TX)  
 Boswell Grijalva  
 Boucher Gutierrez  
 Boyd Hall  
 Bradley (NH) Harman  
 Brady (PA) Hayes  
 Brown (OH) Herseth  
 Brown (SC) Hill  
 Brown, Corrine Hinchey  
 Burgess Hinojosa  
 Burns Hobson  
 Burton (IN) Hoeffel  
 Buyer Holden  
 Calvert Holt  
 Camp Honda  
 Capito Hooley (OR)  
 Capps Houghton  
 Capuano Hoyer  
 Cardin Hunter  
 Cardoza Hyde  
 Carson (OK) Inslee  
 Carter Israel  
 Case Istook  
 Castle Jackson (IL)  
 Chandler Jackson-Lee  
 Clay (TX)  
 Clyburn Jefferson  
 Conyers Jenkins  
 Cooper John  
 Costello Johnson (CT)  
 Cramer Johnson (IL)  
 Crenshaw Johnson, E. B.  
 Crowley Jones (NC)  
 Culbertson Kanjorski  
 Cummings Kaptur  
 Cunningham Kelly  
 Davis (AL) Kennedy (RI)  
 Davis (CA) Kildee  
 Davis (FL) Kilpatrick  
 Davis (IL) Kind  
 Davis (TN) King (NY)  
 DeFazio Kingston  
 DeGette Kirk  
 Delahunt Kleczka  
 DeLauro Knollenberg  
 DeLay Kolbe  
 Dicks Kucinich  
 Dingell LaHood  
 Doggett Lampson  
 Dooley (CA) Langevin  
 Doolittle Lantos  
 Doyle Larsen (WA)  
 Dreier Larson (CT)

Shadegg  
 Shays  
 Shimkus  
 Shuster  
 Smith (MI)  
 Smith (TX)  
 Souder  
 Stearns  
 Rogers (AL)  
 Rogers (KY)  
 Rogers (MI)  
 Ros-Lehtinen  
 Ross  
 Roybal-Allard  
 Ruppersberger  
 Rush  
 Ryan (OH)  
 Sabo  
 Sanchez, Linda  
 T.  
 Sanchez, Loretta  
 Sanders  
 Sandlin  
 Saxton  
 Schakowsky  
 Schiff  
 Scott (GA)  
 Scott (VA)  
 Serrano  
 Shaw  
 Sherman  
 Sherwood  
 Simmons  
 Simpson  
 Skelton  
 Slaughter  
 Smith (NJ)  
 Smith (WA)  
 Snyder  
 Solis  
 Spratt  
 Stark  
 Stenholm  
 Strickland  
 Stupak  
 Sweeney  
 Tanner  
 Tauscher  
 Taylor (MS)  
 Taylor (NC)  
 Thompson (CA)  
 Thompson (MS)  
 Thornberry  
 Tiahrt  
 Tierney  
 Towns  
 Turner (OH)  
 Turner (TX)  
 Udall (CO)  
 Udall (NM)  
 Van Hollen  
 Velázquez  
 Visclosky  
 Walsh  
 Wamp  
 Watson  
 Watt  
 Waxman  
 Weiner  
 Weldon (FL)  
 Weldon (PA)  
 Weller  
 Wexler  
 Whitfield  
 Wicker  
 Wolf  
 Woolsey  
 Wu  
 Wynn  
 Young (AK)  
 Young (FL)

NOT VOTING—18

Barton (TX)  
 Bereuter  
 Berman  
 Carson (IN)  
 Collins  
 Davis, Tom  
 Deutsch  
 Evans  
 Gephardt  
 Granger  
 Hastings (FL)  
 Hastings (WA)  
 Jones (OH)  
 McDermott  
 Mollohan  
 Rothman  
 Tauzin  
 Waters

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN (during the vote). There are 2 minutes remaining in this vote.

□ 1906

Mr. NUNES changed his vote from “no” to “aye.”

So the amendment was rejected. The result of the vote was announced as above recorded.

Mr. NUSSLE. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. TERRY) having assumed the chair, Mr. LATOURETTE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4663) to amend part C of the Balanced Budget and Emergency Deficit Control Act of 1985 to establish discretionary spending limits and a pay-as-you-go requirement for mandatory spending, had come to no resolution thereon.

PERMISSION FOR AMENDMENT NO. 18 TO BE CONSIDERED OUT OF SEQUENCE AND WITHDRAWN AFTER DEBATE DURING FURTHER CONSIDERATION OF H.R. 4663, SPENDING CONTROL ACT OF 2004

Mr. DREIER. Mr. Speaker, I ask unanimous consent that during further consideration of H.R. 4663 pursuant to House Resolution 692, amendment No. 18 in House Report 108-566 may be considered out of sequence in the Committee of the Whole, and that the amendment may be withdrawn by its proponent after debate thereon.

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

There was no objection.

SPENDING CONTROL ACT OF 2004

The SPEAKER pro tempore. Pursuant to House Resolution 692 and rule XVIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4663.

□ 1905

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4663) to amend part C of the Balanced Budget and Emergency Deficit Control Act of 1985 to establish discretionary spending limits and a pay-as-you-go requirement for mandatory spending, with Mr. BASS (Chairman pro tempore) in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose earlier today, amendment No. 5 printed in House Report 108-566 offered by the gentleman from Texas (Mr. HENSARLING) had been disposed of.

Pursuant to the order of the House of today, amendment No. 18 printed in the report may be considered out of sequence and may be withdrawn by its proponent after debate thereon.

AMENDMENT NO. 18 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. YOUNG OF FLORIDA

Mr. YOUNG of Florida. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment No. 18 in the nature of a substitute No. 18 offered by Mr. YOUNG of Florida:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Spending Control Act of 2004”.

SEC. 2. EXTENSION OF DIRECT SPENDING CONTROLS.

(a) PURPOSE.—Section 252(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(a) PURPOSE.—The purpose of this section is to assure that any legislation that causes a net increase in direct spending will trigger an offsetting sequestration.”

(b) TIMING.—Section 252(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking “any net deficit increase” and all that follows through “2002,” and by inserting “any net increase in direct spending.”

(c) CALCULATION OF DIRECT SPENDING INCREASE.—(1) Section 252(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(2) CALCULATION OF DIRECT SPENDING INCREASE.—OMB shall calculate the amount of increase or decrease in direct spending. If, in the President’s budget submission pursuant to section 1105(a) of title 31, United States Code, baseline estimates for direct spending for the current year exceed the direct spending baseline estimates for the current year assumed in the previous year’s budget as a result of legislation enacted since the previous budget, that shall be treated as an increase in direct spending for purposes of this section.

(2) CONFORMING AMENDMENT.—Section 1105(a) of title 31, United States Code, is amended by adding at the end the following new paragraph:

“(35) a separate statement identifying the changes in direct spending baseline estimates for the current year resulting from economic factors, technical factors, or enacted legislation.”.

(d) CONFORMING AMENDMENTS.—(1) The heading of section 252(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows: “ELIMINATING A DIRECT SPENDING INCREASE.—”.

(2) Paragraphs (1), (2), and (4) of section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended by striking “or receipts” each place it appears.

(3) Section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking “or receipts” and by striking “, outlays, and receipts” and inserting “and outlays”.

(4) Section 254(c)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(A) in subparagraph (A) by striking “net deficit increase or decrease” and by inserting “net increase or decrease in direct spending”;

(B) in subparagraph (B) by striking “amount of deficit increase or decrease” and by inserting “increase or decrease in direct spending”; and

(C) in subparagraph (C) by striking “a deficit increase” and by inserting “an increase in direct spending”.

### SEC. 3. PROJECTIONS UNDER SECTION 257.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting after paragraph (6) the following new paragraph:

“(7) EMERGENCIES.—New budgetary resources designated under section 251(b)(2)(A) or 251(b)(2)(I) shall not be assumed beyond the fiscal year for which they have been enacted.”.

### SEC. 4. EXCEPTION FOR OUTLAY COMPONENTS OF EXPIRING RECEIPTS LEGISLATION.

Section 252(d)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking “and” at the end of subparagraph (A), by striking the period and inserting “; and” at the end of subparagraph (B), and by adding at the end the following new subparagraph:

“(C) extending provisions in the Economic Growth and Tax Relief Reconciliation Act of 2001 or provisions in sections 101 through 104, section 202, or sections 301 and 302 of the Jobs and Growth Tax Relief Reconciliation Act of 2003.”.

### SEC. 5. TECHNICAL CORRECTIONS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

Part C of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In section 250(a), strike “SEC. 256. GENERAL AND SPECIAL SEQUESTRATION RULES” and insert “Sec. 256. General and special sequestration rules” in the item relating to section 256.

(2) In subparagraphs (F), (G), (H), (I), (J), and (K) of section 250(c)(4), insert “subparagraph” after “described in” each place it appears.

(3) In section 250(c)(18), insert “of” after “expenses”.

(4) In section 251(b)(1)(A), strike “committees” the first place it appears and insert “Committees”.

(5) In section 251(b)(1)(C)(i), strike “fiscal years” and insert “fiscal year”.

(6) In section 251(b)(1)(D)(ii), strike “fiscal years” and insert “fiscal year”.

(7) In section 252(b)(2)(B), insert “the” before “budget year”.

(8) In section 252(c)(1)(C)(i), strike “paragraph (1)” and insert “subsection (b)”.

(9) In section 254(c)(3)(A), strike “subsection” and insert “section”.

(10) In section 254(f)(4), strike “subsection” and insert “section” and strike “sequesterable” and insert “sequestrable”.

(11) In section 255(g)(1)(B), move the fourteenth undesignated clause 2 ems to the right.

(12) In section 255(g)(2), insert “and” after the semicolon at the end of the next-to-last undesignated clause.

(13) In section 255(h)—

(A) strike “and” after the semicolon in the ninth undesignated clause;

(B) insert “and” after the semicolon at the end of the tenth undesignated clause; and

(C) strike the semicolon at the end and insert a period.

(14) In section 256(k)(1), strike “paragraph (5)” and insert “paragraph (6)”.

(15) In section 257(b)(2)(A)(i), strike “differences” and insert “differencess”.

### SEC. 6. CHANGE OF FISCAL YEAR.

(a) FISCAL YEAR TO BEGIN NOVEMBER 1.—Section 1102 of title 31, United States Code, is amended by striking “October 1” and inserting “November 1” and by striking “September 30” and inserting “October 31”.

(b) TITLE OF APPROPRIATION ACTS.—Section 105 of title 1, United States Code, is amended by striking “September 30” and inserting “October 31”.

(c) TRANSITION TO NEW FISCAL YEAR.—(1) As soon as practicable, the President shall prepare and submit to the Congress—

(A) after consultation with the Committees on Appropriations of the House of Representatives and the Senate, budget estimates for the United States Government for the period commencing October 1, 2005, and ending October 31, 2005, in such form and detail as he may determine; and

(B) propose legislation he considers appropriate with respect to changes in law necessary to provide authorizations of appropriations for that period.

(2) The Director of the Office of Management and Budget shall provide, by regulation or otherwise, for the orderly transition of all departments, agencies, and instrumentalities of the United States Government and the government of the District of Columbia from the use of the fiscal year in effect on the date of enactment of this Act to the use of the new fiscal year prescribed by section 1102 of title 31, United States Code, (as amended by subsection (a)). The Director shall prepare and submit to the Congress such additional proposed legislation as he considers necessary to accomplish this objective.

(d) EFFECTIVE DATE.—This section and the amendments made by it (except for subsection (c)) apply to fiscal year 2006 and subsequent fiscal years.

### SEC. 7. SUNSETTING OF DISCRETIONARY PROGRAMS AND UNEARNED ENTITLEMENTS.

(a) FISCAL YEAR 2007.—Effective October 1, 2006, authorizations for all programs (except earned entitlements) shall terminate unless such programs are reauthorized after the date of enactment of this Act and before October 1, 2006.

(b) DEFINITIONS.—For purposes of subsection (a), the term “earned entitlement” means an entitlement earned by service or paid for in total or in part by assessments or contributions such as social security, veterans’ benefits, retirement programs, and medicare.

### SEC. 8. SPECIAL RULE FOR FISCAL YEAR 2005.

For purposes of ensuring the full funding of the transportation guarantees in fiscal year

2005, the amounts provided for fiscal year 2005 for discretionary new budget authority and outlays allocated to the House Committee on Appropriations as though under section 302(a) of the Congressional Budget Act of 1974 shall be increased by not less than \$2,057,000,000 in budget authority and \$634,000,000 in outlays.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Florida (Mr. YOUNG) and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I offer this substitute, which includes many similar amendments to those we have already considered and others we will consider, as a total substitute for the bill. However, the primary reason I offer this substitute is because my friends on the Committee on Rules did not give appropriators any time at all under the rule to have a serious debate on our position relative to this bill. So we are taking this approach.

Now, I want to announce to the Members that I agree that the budget process needs to be changed and needs to be improved. And I am not suggesting that my chairman, the gentleman from Iowa (Mr. NUSSLE), has done anything wrong. It is just the fact that the current process is not working, especially at the other end of the Capitol. But what I intended to do in one of the amendments I submitted and the Committee on Rules rejected, was to create a commission, a bicameral, bipartisan group of Members of the House and the Senate, to sit down and study this problem from all perspectives not just that of the Committee on the Budget, or the Committee on Appropriations, or the Committee on Ways and Means, or the authorizing committees—but from all perspectives. Everybody has something good to offer if they are given an opportunity.

But my amendment was not made in order, so we are not going to do that here today. So what I intend to do, Mr. Chairman, is to develop a bill on my own. And I intend to seek and solicit the ideas and information from all of those committees that I have mentioned and then I will propose, what I would consider to be, a very realistic budget reform proposal. That is the way I intend to proceed.

Now, although I am going to withdraw this amendment, I think as appropriators who are affected by this bill more than anyone else in the Congress, that we do have a right to have some additional time to state our views. So I will use this amendment to obtain that time.

Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky (Mr. ROGERS), the chairman of the Subcommittee on Homeland Security.

Mr. ROGERS of Kentucky. Mr. Chairman, I thank the chairman for yielding me this time.

I think we all share the zeal to reform the budget process. It is broken.

But in that zeal, I want us to be sure we do not step on the Constitution. One of the hallmarks of that great Constitution that has sustained us so far is the separation of powers between the executive, the legislative, and the judicial. It is the Congress, by the Constitution, that has the prerogative and, in fact, the duty to allocate the spending for the executive branch.

Nowhere in the Constitution does it allow the executive to tell the Congress how the money should be spent, how much money should be spent. The Congress enacts appropriation bills, spending bills, and the executive executes those bills.

The budget resolution that is before us calls for statutory spending limits. Now, I understand the motivation behind that is to try to get something that will cap spending. We all want that. But the President would have to sign such a budget resolution. That brings the executive branch, OMB, into the process of negotiating a figure, a cap, for those years. To me, that violates the separation of powers.

We would not be able to enact a budget resolution, a statutory cap, independent of the White House because the President must sign the bill; and, therefore, he will exact his impressions on that.

So I would hope that the chairman of my committee will follow through on his promise just now to work on a process of bringing spending under control. In the meantime, let us do not step on the U.S. Constitution by requiring a statutory Presidentially signed spending cap.

The CHAIRMAN pro tempore. Who claims time in opposition to the amendment?

Mr. NUSSLE. Mr. Chairman, I claim time in opposition, and I reserve the balance of my time.

Mr. SPRATT. Mr. Chairman, I certainly have no objection to the gentleman's withdrawing the amendment.

Mr. NUSSLE. Mr. Chairman, if the gentleman wishes to debate, I would be happy to yield half the time in opposition to the gentleman from South Carolina (Mr. SPRATT).

The CHAIRMAN pro tempore. Without objection, the gentleman from South Carolina (Mr. SPRATT) will control half of the time claimed by the gentleman from Iowa (Mr. NUSSLE).

There was no objection.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

As I was just informing the House, Mr. Chairman, I have, obviously, no objection to what the gentleman wishes to do. I understand all of his sentiments. This process needs to be fixed.

If the gentleman from Florida (Mr. YOUNG) will remember, we had a conference in 1997 when we did the balanced budget agreement of 1997. Most of the budget principles, when they were affected, the subcommittee chairmen of the Committee on Appropriations came. It would be good if we could get together again, something

like that, where you do have interest from all of the House, and we could sit down and I would hope in a nonpartisan way try to come up with a better process than we have right now, because the process we have now is in the ditch.

I would still have problems with the gentleman's amendment because it does not provide for the full double-edged PAYGO. It has now a provision in it that changes the fiscal year to November 1. I do not quite understand why the gentleman would want to do that.

But, nevertheless, it is a moot point now. We appreciate the gentleman's removing it from consideration. There are some ideas in there I do agree with. For example, the gentleman would tell CBO not to assume that expiring tax provisions are not going to be renewed. They are most likely going to be renewed, and that is the way the projection ought to be carried out, I think. And so I agree with a number of those provisions like that in the gentleman's proposal.

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

Mr. YOUNG of Florida. Mr. Chairman, I yield myself such time as I may consume to tell the gentleman that I appreciate his comments. This is a way for me to get time and for Members of my committee to get time, but we are not going to pursue this amendment.

Mr. Chairman, I yield 2 minutes to the distinguished gentleman from California (Mr. LEWIS), chairman of the Subcommittee on Defense of the Committee on Appropriations, who successfully passed his bill a couple of days ago with 403 votes, and he reports to me just now that the Senate has now passed it on a vote of 98 to 0.

□ 1915

Mr. LEWIS of California. Mr. Chairman, I thank the gentleman from Florida (Mr. YOUNG) for yielding me this time.

Mr. Chairman, it is interesting for me to note that throughout the history of the country, there was that kind of constant understanding that the President in the arena of spending proposes and the Congress disposes.

The President, the executive makes a decision about spending in a specific area, and over time, the committees that affect that area make a decision as to exactly what our policy should be and what direction we should take by way of finally spending. Eventually that became the President's budget proposing, and then us disposing.

Over the years, it seems the Congress finds itself spending a lot more money than they had. A deficit began to accumulate over time. People were frustrated with one another about who had the right kind of priorities, et cetera. That led to specially a budget committee to help provide advice and counsel to the big committees, the Committee on Appropriations, the Subcommittee on Defense, the Committee on Ways and Means, et cetera.

That was going to solve all of our problems, and indeed, about the time I arrived, it was presumed that maybe that advice and counsel might work. And, yet, the deficit continued to expand.

Not so shortly thereafter, the majority changed, and in the budget process the whole committee made the decision to try to make sense out of an annual budget balance. And, indeed, that led to our putting voluntary limitations within the process using the budget to do that, and pretty well the Committee on Appropriations has stuck to those limits. And it has worked reasonably well, even though at times of war, like currently, we have great difficulty with that. Nonetheless, overall, it worked pretty well.

There seems to be a bit of stumble here in recent years, people not being happy with the way that process has worked for them in terms of priority, maybe not cutting spending as much as some like versus others, but as of this moment, we are at war. As of this moment, this bill includes statutory caps, which not only affects the President's budget, but has the President in a position to renegotiate again, essentially giving the administration a second bite at the apple. That concerns me; and, therefore, the chairman is absolutely correct. We need to go at this one more time. And I appreciate my colleague yielding.

Mr. YOUNG of Florida. Mr. Chairman, I would like to inquire of the gentleman from Iowa (Mr. NUSSLE), the chairman of the Committee on the Budget, if he intends to use any time, and if so, maybe we could alternate.

Mr. NUSSLE. Mr. Chairman, I only have one speaker, and that is to close.

Mr. YOUNG of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from New York (Mr. WALSH), the chairman of the Subcommittee on VA, HUD and Independent Agencies.

Mr. WALSH. Mr. Chairman, we all know from our study of history that the Founding Fathers provided the executive, legislative and judicial branch with powers, separating powers. Within the Legislature, they gave the House the power of the purse. We all know in our dealings with the Senate that they have certain powers and abilities that we do not have, but we have the purse.

Now, we already tried once to give part of that power to the Executive Branch. We passed a line-item veto, and the Supreme Court saved us from ourselves. I suspect that if any legislation that passed this Congress that allowed us to submit to mandatory or statutory caps on spending, the Supreme Court would do the same thing again. We have got to stop trying to hand off our responsibilities to someone else to save ourselves from ourselves. What we are seeing is Band-Aids laid over an elegant but simple process, statutory budget caps, line-item vetos, automatic continuing resolutions.

My goodness, New York State, my State, passed automatic continuing

resolutions. They have not passed a budget on time in 20 years. They even went so far as to say we will not pay ourselves until we pass a budget, and even that did not work. We have to have some discipline. We have the responsibility and have had it for 150 years to deal with these priorities.

In 1974, when we passed a budget resolution, the Budget Reform Act, the deficits have gone through the roof since that occurred. I would submit, with all due respect to the Committee on the Budget, the simplest and most elegant solution is to eliminate the Committee on the Budget and take the discretionary spending and get control of it by making mandatory spending discretionary. We cannot continue on allowing mandatory spending to go through the roof.

I appreciate the difficulty the job the Committee on the Budget has. I appreciate the effort that they have made, but we cannot continue to overlay Band-Aids on a system that does not work.

So I would urge to reject the underlying bill and support the chairman's amendment if he retains it.

Mr. YOUNG of Florida. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. HOBSON), the distinguished chairman of the Subcommittee on Energy and Water Development, whose bill will be on the floor tomorrow.

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

Mr. HOBSON. Mr. Chairman, I have been a member of the Committee on the Budget when we balanced the budget. I was the Speaker's delegate to the budget, so I know the difficult problems that can go on in the Committee on the Budget, but I think this so-called budget reform does harm to our process. We have a process that we need to follow and maintain. We cannot abrogate our responsibilities to make those hard choices here on the floor by giving the President, or whoever the administration is, three bites at the apple.

Recently I have had experience with this. We passed a bill in the House that solved the problem for two Members that had been going on for 14 years. The bill was signed by the President of the United States. OMB decided they were not going to follow it. They just were not going to do it. So we have had to go back and do it again. I do not think we should give up our process to people like that when we are dealing with this.

There are reforms to discretionary spending enforcements that should be considered in the broader reforms, such as meaningful controls on the growth of mandatory programs and putting the Congressional authorization process back on track. I would urge the defeat of the underlying bill.

Mr. YOUNG of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio (Mr. REGULA), chair-

man of the Subcommittee on Labor, Health and Human Services, Education and Related Agencies.

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

Mr. REGULA. Mr. Chairman, the gentleman from Florida and I were probably the only two Members who were here when the Budget Committee was created and the budget process that we are talking about today. We had at that time great hopes that this would accomplish the goals of achieving fiscal responsibility. I think it is time that we take a look at this process to see if there are changes that can be made. I, for one, think that we might take a look at a 2-year budget as a possibility so that we can bring more certainty to the process. Because what we are doing is setting the parameters for those who execute the decisions that we make in terms of policy. But keep in mind, we always say this is the people's House. This is not the Office of Management and Budget's House. That is what we are talking about here, whether we would give OMB the ability to establish the priorities for the people. That is our job. That is why we get elected.

That is why Daniel Webster, if you read the statement above the Speaker's chair said, "Let us develop the resources of our land, call forth its powers, built up its institutions, promote all its great interests and see whether we also in our day and generation may not perform things worthy to be remembered." Daniel Webster was a Member of the House. He was speaking in terms of the people's House. I think we have a responsibility to make these priority decisions. The subcommittee I chair is second only to defense in terms of funding levels and it is the one that touches the lives of 280 million Americans, providing funding for education, health research, and labor. We have dozens of hearings to give the people a chance to tell us what their priorities are and what is important in their lives. That is why it is essential that we have the responsibility for establishing through the budget process the broad parameters of spending, but more precisely the specific appropriations that reflect the priorities of the people should remain in the people's House.

If we truly want to make this the people's House and keep it that way, I think we should retain control of setting those priorities.

Mr. YOUNG of Florida. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey (Mr. FRELINGHUYSEN), chairman of the Subcommittee on the District of Columbia.

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

Mr. Chairman, I also rise in support of the Young amendment, but recognize, like others before me, that the underlying bill violates the separation of powers devised by the Framers of the Constitution, and our system of

shared power that we know from our history books as checks and balances, and that even the Young amendment cannot salvage the Budget Enforcement Act from its fatal flaws.

Mr. Chairman, we are a Nation at war fighting a global war on terror. We are a country with a growing, yet evolving economy and changing national priorities. This Congress, this Appropriations Committee, this Budget Committee, needs the flexibility to address priorities on an annual basis. We need the ability to deal with the challenges and opportunities as they arise on a State-by-State, district-by-district, month-by-month, year-to-year basis. This Budget Enforcement Act makes it almost impossible to do it.

Mr. YOUNG of Florida. Mr. Chairman, I yield 1 minute to the distinguished gentleman from Kansas (Mr. TIAHRT), a very important member of the Committee on Appropriations.

Mr. TIAHRT. I thank the gentleman from Florida for yielding me this time.

Mr. Chairman, the problem that we are facing tonight is the control of spending, how do we control spending and reduce the Federal deficit. The easy target is the appropriations process because that is where we spend most of our time. We develop 13 bills for discretionary spending and we focus on all 13. But the real culprit is mandatory spending and off-budget items.

If we look at Medicare which is mandatory spending, for example, it grew 14 percent last year, much faster than the rate of inflation. Yet we do not have nearly the time focused on Medicare that we do on these 13 appropriations bills. We also have the highway bill coming up, TEA-LU, which is moving towards \$318 billion over the next 6 years. That is going to exceed what the trust fund provides. Where will that excess money come from? It will come out of the appropriations process for discretionary spending and once again, this burden will be there and the blame once again will be placed on the appropriations process.

If we are going to control spending, we are going to have to learn how to focus on mandatory spending as well as off-budget items, because the appropriations process has all 13 appropriation bills submitted within budget. It is mandatory where the real problem is, and we are failing to deal with it.

Mr. YOUNG of Florida. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, let me say that this appropriations committee is made up of very good Members of both parties. They work hard. They are here whether the House is in session or whether the House is not in session. This committee passes 13 appropriations bills every year, and two to three supplementals. Then we go to conference with the other body, and despite the suggestion that the appropriations process is broken, since I have had the privilege of chairing this committee, we have gotten all of those

bills done eventually, some sooner and some later. And we have to work with real numbers. We cannot assume numbers. We cannot pick a number out of the air. We have to work with real numbers and with real laws.

The chairman of the Committee on the Budget should understand the problems we have in moving 15 bills through conference because he has one budget resolution to move and he has trouble getting that done, not by any fault of his, but the fault of the other body.

I know I am not supposed to say that, but nevertheless it is the fact. That information is not classified.

The Appropriations Committee is a very good committee. It works hard and it produces good legislation. I would say that just in the last fiscal year, your Appropriations Committee defeated amendments that would have increased spending by \$18 billion. Most of those amendments sounded really good. They would have been nice to vote for. But we did not have the money. We were committed to staying within the budget and we did. I would also say that it is the mandatory spending programs that we have no control over. We do not deal with them and it is mandatory spending that is causing this deficit to rise higher and higher and higher.

I would suggest that just one example: we had a colloquy today between the chairman of the Committee on Transportation and Infrastructure and the chairman of the Committee on the Budget on firewalls for the transportation bill, TEA-LU. I support that bill. We need to improve our infrastructure and our bridges and our highways in our communities. The problem, and what they never really admit and concede, is that there are guarantees in that bill. If the trust funds do not make up the guarantees, the appropriations committee has to swallow the guarantees. That means we have to take it away from education or health benefits or something else. The 302(a)s should be adjusted if we are saddled with a mandatory spending of this kind.

Mr. Chairman, I yield back the balance of my time.

□ 1930

Mr. NUSSLE. Mr. Chairman, I yield myself such time as I may consume.

First of all, let me say this has been a fascinating thing to listen to. Let me start by saying "methinks thou doth protest" just a little bit too much.

It is fascinating to me that in the middle of the appropriations process, all of these very good friends of mine, who are every one from the Committee on Appropriations chairman himself to the, what are often time around here called cardinals, subcommittee Chairs, who have the job of managing these appropriation bills, seem to find the time to come to the floor for this somewhat innocuous debate today. It is kind of interesting they spent their entire

afternoon on the floor concerned about this process.

And I would suggest that it is not because the Committee on the Budget is where everyone is pointing the fingers. The Committee on the Budget did not cause the deficits that we are faced with here today any more than the Committee on Appropriations did, any more than the Committee on Ways and Means did, any more than the Republicans or the Democrats or the President or the Congress did. We spend so much time blaming other people and pointing fingers around here that we forget sometimes to look in the mirror as to how this all happened. And everyone is going to have their own version. I am not going to bore everyone with mine. But if they do not remember a couple of things that are important over the last few years, they are really missing the point.

We created a budget in 2001, and we had a surplus on September 10 of 2001. And then we all know what happened the next day. And thank goodness we had a budget, and thank goodness we had the flexibility in the budget to go into a room and say guess what, guys, the jig is up. We had to create a new Department of Homeland Security. I was in the room when the bidding began on how much money to send to New York. Do my colleagues know what the opening bid was? I will never forget it. I will never forget the way the meeting went. It started by someone mentioning that we might have to send \$6 billion up to New York. Does the gentleman from Florida (Chairman YOUNG) remember that? And by the end of a half hour meeting, the number was \$40 billion. We went from 6 to 40 in one half hour.

Was it the right thing to do? Yes. Did the budget allow it to happen? Yes. Did the Committee on Appropriations cause it to happen? Yes. Did the American people support it? Yes. Did it add to the deficit? Yes. And thank goodness we have got the full faith and credit and the great economy that can bounce back from something like that so that we can do it.

So do not come here today, please, I beg of my colleagues, and blame the Committee on Appropriations for the deficit, or as I heard a gentleman actually suggest not too long ago that maybe it was because of the Budget Committee that we had a deficit. I mean, my goodness, let us be real about this.

The next thing I would like to say is that there was a gentleman who mentioned a moment ago about a perceived spending problem. Okay. If that is how he would like to refer to it as a perceived spending problem, that is fine. But would he please go home and talk to his constituents, because if they are like the constituents I represent in Iowa, there is no perception about it. They are telling me there is a spending problem in Washington that we have got to get a handle on. And, yes, Mr. Chairman, it is on the appropriations

side, and 60 percent of it is also on the mandatory side. And I have said that until I am blue in the face. Unfortunately, a lot of the people who spoke have now left, and they never get the benefit of hearing me say that I do not blame the Committee on Appropriations for everything.

Last but not least, let me just mention the offer that the very distinguished gentleman from Florida, who is an excellent friend of mine, and I am honored to have the opportunity to even stand next to him on the floor and debate, the gentleman from Florida does an amazing job under extremely difficult circumstances, and he is right; I only have it to do this once. I have only got to pass one budget. He has to do it 13 times. Yes, that is heavy lifting. No question about that, and I respect that.

But having said that, to suggest we can come together and come to an agreement on a new process and leave out the Committee on Appropriations and to suggest this does not have at least one small part to do with how the Committee on Appropriations operates or how Committee on Appropriations' bills come to the floor, that is where we break down. It is when the Committee on Ways and Means says, You can do that, but just do not include me; or the Committee on Transportation and Infrastructure says, as the gentleman said, Do for everything but what we firewall off; or the Committee on Appropriations says, Blame it on the Budget Committee, our appropriations process should not be part of this discussion.

If we are going to have this discussion, we all have to have the discussion, and we have got to put all our rules on the table. We cannot say, just say separation of powers say that we have the right to do this. And let me end with that.

There was a gentleman who came to the floor who said that this Committee on the Budget and the budget process was created to provide advice. No, it was not. It was created because back in the 1960s, there was absolutely no coordination during the 5 months Congress was in session. That is it. During the 5 months Congress was in session, the Committee on Appropriations and the Committee on Ways and Means, who managed revenues and appropriations, never talked to each other. And at the end of the year, maybe miraculously in a good year, there might be a surplus, but most of the time there were deficits. There was never a coordination.

And so the main reason why this was established was to reconcile those two processes, and that is why we have something now called the reconciliation process. And I overheard the gentleman and he is right. When was the last time we did that? We do not do it anymore. And that is why the process is broken. Because Members have been taken out of the process. The political part of this, small "p," has been taken

out, and we are trusting that a process can get us to a result. And at the end of the day, I have got to tell the Members we can monkey with this process all day long until we are blue in the face. It still comes back to how I opened the debate. It is still about how we as individual Members want to operate in here.

If the gentleman from South Carolina (Mr. SPRATT) and I want to argue for the next 10 years and have differences of opinion, we will never come together. If for some miraculous reason we could sit down one day and come up with a joint list of priorities, it would work. That is what it comes down to, Members working together. The process cannot supplant that. It still has to be Members making political, small "p," decisions about how to represent their districts in this Congress.

So I respect everything that my friends from the Committee on Appropriations have said, but I would just remind them that "methinks thou doth protest" just a little bit too much. This is not about them. This is about us.

The CHAIRMAN pro tempore (Mr. BASS). The time of the gentleman from Iowa (Mr. NUSSLE) has expired.

Mr. SPRATT. Mr. Chairman, I yield the balance of my time to the gentleman from Florida (Mr. YOUNG) and ask unanimous consent that he be allowed to control that time.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

The CHAIRMAN pro tempore. The gentleman from Florida (Mr. YOUNG) has 6 minutes remaining.

Mr. YOUNG of Florida. Mr. Chairman, I thank the gentleman for yielding me this time. We were rather rushed in trying to get some of our speakers to the floor.

Mr. Chairman, I yield 3 minutes to the distinguished gentleman from Georgia (Mr. KINGSTON), chairman of the Legislative Subcommittee of the Committee on Appropriations.

Mr. KINGSTON. Mr. Chairman, I thank the gentleman for yielding me this time.

I rise in opposition to the Nussle budget reform proposal, but I do so with great respect for the Committee on the Budget and his leadership on that, and I want to say that this is the proper discussion and a discussion which we should be having.

As a member of the Committee on Appropriations, I see it a little bit differently. I think that we are both going towards the same goal, the Committee on the Budget and the Committee on Appropriations; yet we are taking a different course. What our concern is about is the so-called statutory caps in the Nussle proposal give the executive branch, the President, three different bites of the apple: one when he submits the budget, the next using his veto pen, and then another one forcing his will on Congress. He will very much be at

the table. And as our Founding Fathers established the separation of powers, I believe that there should be a little more than a philosophical firewall between the executive and the legislative branches. That is our view on it.

I believe, as an alternative, what the Committee on Appropriations would like to see is a little more cross-pollination between the Committee on the Budget and the Committee on Appropriations and perhaps the Committee on Ways and Means.

I come from the State legislature. I was a member of the Ways and Means Committee of the Georgia legislature for 8 years, and it seemed ridiculous to me when I got here that we split up our budget process into three dynamic committees all with a point of view and yet none of them with the franchise and the final responsibility of getting the job done at the end of the day.

I would like to see us work not just more closely with the Committee on the Budget but actually have some voting influence on each other, and I think there are some things that we can discuss in that vein.

I am also a supporter of a bill by the gentleman from Kansas (Mr. TIAHRT) that would set up a BRAC-type Base Realignment and Closure Commission for spending that would sort of pick up some pieces of some of the Grace Commission thoughts, but something of that nature where we could take a step outside the process and say, okay, how do we get this together?

Another alternative is the Istook Balanced Budget Amendment, which I have supported. We need to get that on the floor. We need to get the other body to pass it and the President to put it into law.

We also need to have good old-fashioned fiscal discipline. As the chairman of the Legislative Subcommittee, I am proud I have worked with the gentleman from Virginia (Mr. MORAN). We brought in a level funding bill this year; and in addition to that, we had a lot of other reforms, some outsourcing, some privatization, some reduction of committee spending and agency spending, some cuts, real cuts. Not just reductions in the projected increase, but less money than last year. We did that after a lot of debate back and forth. We want the other body to hold the spending on this. I believe that we as a legislative body could have even more cuts. We offered other amendments for cuts, and they were not approved by the committee. But perhaps on the floor we can get those done.

We are in the same church. We are only in a different pew when it comes to controlling spending.

Mr. YOUNG of Florida. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. CULBERSON), who is one of the newer, but one of the dynamic, members of the Committee on Appropriations.

Mr. CULBERSON. Mr. Chairman, I want to focus in this 2 minutes on the

merits of the gentleman from Florida's (Chairman YOUNG) proposal which he is withdrawing tonight so that he can work with the members of the Committee on the Budget, Members of this House, and listen to all of the best advice that he can gather to come up with some substantive and meaningful reform of our appropriations process and the budget process.

We all recognize the Committee on Appropriations only controls about 20 percent of Federal spending. The gentleman from Florida's (Chairman YOUNG) proposal, which really merits our support, has laid out a system to shut down or sequester mandatory spending in the event the Office of Management and Budget baseline estimates are exceeded because Congress has passed more mandatory spending programs. And that is where the bulk of the problem lies, because Congress continues to pass programs that require us to spend more money.

The gentleman from Florida's (Chairman YOUNG) bill would also establish baseline estimates that do not include emergency spending. Obviously, in time of war emergency, we need to move bills through. We are going to spend money that we did not contemplate. The chairman's bill would also set out a change of start date of the fiscal year to November 1.

But the part that I am particularly pleased about and excited to see, the chairman has proposed sunseting of all Federal programs, except earned entitlements, effective October 1 of 2006 unless reauthorized. And I know the chairman, coming out of the State legislature in Florida, is interested in listening to and hearing advice from our State legislators. The American Legislative Exchange Council is meeting in Seattle this summer, a very good organization made up of State legislators whom we need to listen to and talk to about how we can help them balance their State budgets and how they can help us with their best ideas on balancing the Federal budget.

I believe the gentleman from Florida's (Chairman YOUNG) amendment, which he will turn into a bill, merits our support. I look forward to working with him, as I know he will work with the Committee on the Budget and all Members of this Congress to bring together the best ideas so we can truly bring spending under control.

Mr. YOUNG of Florida. Mr. Chairman, I yield myself the balance of my time.

□ 1945

Mr. Chairman, again I want to thank the gentleman from South Carolina (Mr. SPRATT) for giving me the advantage of the additional time he had allocated to him. We have tried to use it in a constructive way.

I also want to thank the gentleman from Iowa (Chairman NUSSLE) for the good debate and for the understanding, that he has exhibited, of our concerns. He said this is not about the appropriators or the Committee on the Budget.

He said it is about us, and he is right. It is about the entire Congress, and that is what we are concerned about today: the prerogatives, the privileges and the constitutional responsibilities of the Congress of the United States.

So I want everybody to know that the gentleman from Iowa (Chairman NUSSLE) and I are still very good friends. We were before this started; we will be after the final vote. We just tend to have some honest differences; and that is what this place is all about—to air the differences. If we did not do that, then I would like to be in charge and we would do everything my way.

But that is not the way it happens. That is why we have this great debating society in the United States House of Representatives.

I would say to the gentleman from Iowa (Chairman NUSSLE), while he was walking down the aisle, that I complimented him for the conduct of this debate, which I appreciate very much.

Mr. Chairman, under the previously agreed to unanimous consent request, I withdraw this amendment.

The CHAIRMAN pro tempore (Mr. BASS). The amendment is withdrawn.

It is now in order to consider amendment No. 6, printed in House Report 108-566.

AMENDMENT NO. 6 OFFERED BY MR. KIRK

Mr. KIRK. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 6 offered by Mr. KIRK:

At the end, add the following new section:  
**SEC. . ANNUAL CBO REPORTS ON ENTITLEMENT SPENDING.**

Section 202(e) of the Congressional Budget Act of 1974 is amended by adding at the end the following new paragraph:

“(4) On or before February 15 of each year, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate, a report for the fiscal year ending on September 30 of the preceding year, with respect to entitlement spending, including (A) a comparison of actual spending for entitlements, on an account by account basis, with projected spending for such entitlements assumed in the concurrent resolution of the budget for that fiscal year and (B) an identification of those entitlements for which the actual spending exceeded the projected spending.”.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Illinois (Mr. KIRK) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Illinois (Mr. KIRK).

Mr. KIRK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we have all heard of forecasting to estimate future spending by our government. Our experience with forecasting the cost of entitlement spending shows wild inaccuracies.

A classic example comes from forecasts we used on the spending under a new entitlement program to care for patients suffering from kidney failure.

Under estimates before our Congress, Representatives were told 90,000 patients would enroll for taxpayer-funded dialysis by 1995. 90,000 patients enrolled in this new Federal entitlement program by 1985, 10 years earlier than expected. By 1995, there were 239,000 patients in the program, not the 90,000 estimated. Today, in fact, there are 400,000 patients in this program, so spending is wildly above that which was estimated when the program was voted on before this House.

My point with the amendment before us is simple: we need better forecasts before we change or improve entitlement spending programs. We would do that if we started a process which every budget analyst fears, and that is called backcasting. Backcasting by the Congressional Budget Office would require analysts to look at the actual spending over the previous year, with an eye to reviewing the actual errors they made in the estimates used the previous year.

Backcasting would give our budget analysts a grade. It would show the Congress clearly where actual spending of a program differed from the assumptions used in the previous forecast.

Backcasting is now a standard procedure used in nearly every investment house on Wall Street, and every American family with an IRA reviews the estimates of promised performance by their mutual funds and then compares it to what actually happened with their retirement nest egg.

I think it is about time we use this time-tested procedure to improve estimates used to prepare our budget using a rigorous analysis, comparing our previous estimates and the errors made compared to our actual budget experience.

This amendment comes just in time for the budget history of the United States. Right now, over 60 percent of our budget is spent through entitlement spending. Soon 70 percent of the budget will be spent in entitlement spending. This means that the estimates we use to set benefits and beneficiaries are not just important; they are crucial to the long-term financial strength of the United States.

We make vital promises to America's seniors. We must use advanced forecasting and backcasting to make sure that the promises we make to America's seniors are promises that taxpayers can afford to keep.

I appreciate the support of the gentleman from Iowa (Chairman NUSSLE) on this amendment and the lack of opposition from our senior, very distinguished ranking Democratic member on this.

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

The CHAIRMAN pro tempore. Who seeks time in opposition?

Mr. SPRATT. Mr. Chairman, I claim the time in opposition. I should claim it before the gentleman completely commits me to the support of his amendment.

The CHAIRMAN pro tempore. The gentleman from South Carolina (Mr. SPRATT) is recognized for 5 minutes.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I have no great objection to it, it is true, simply because I think CBO already does this. You get every year the economic forecast and budget outlook. You get one in January. You get the President's budget again. There will be one coming up in August. The levels of entitlement spending are there. It may not be in quite the format you anticipate here, but if you want to go back to the previous year's volume and lay out what spending was that year, you can find projected levels in the baseline. It can be done.

Mr. Chairman, I will not object to this. I will accept it. But I honestly think it is redundant to what CBO is already doing and already providing.

Mr. KIRK. Mr. Chairman, I yield such time as he may consume to the gentleman from Iowa (Mr. NUSSLE), my distinguished chairman.

Mr. NUSSLE. Mr. Chairman, my only purpose for asking for the time, like the gentleman from South Carolina (Mr. SPRATT), I have no objection to this at all. It sounds not only like a good idea, but something I think we do already, but maybe not in the detail the gentleman from Illinois is looking for.

What I would certainly offer to do with the gentleman is to approach CBO in a bipartisan way and see if we cannot work out some way to achieve what the gentleman is asking for, possibly even without the necessity of having an amendment to the budget to do that. But the gentleman can proceed how he would like. If the gentleman wants more detail so that we can have more information about the accuracy, I am all for that. That may be something that the gentleman from South Carolina and I can do.

Mr. SPRATT. Mr. Chairman, will the gentleman yield?

Mr. NUSSLE. I yield to the gentleman from South Carolina.

Mr. SPRATT. Mr. Chairman, that is an excellent idea. The three of us can sit down with CBO and our staff and come up with the information the gentleman wants, and we will not be bound by statutory language, but by a good-faith commitment to get it done.

Mr. KIRK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would urge adoption of the amendment. You can imagine CBO analysts do not exactly want to be forced to go back and compare exactly how actual performance deviated from the estimate that they provided.

Mr. NUSSLE. Mr. Chairman, if the gentleman would yield further, since it is possible this bill may not become law, if that is possible, and I have heard that, why do we not work on this anyway as a project. I think it would be important to get that information.

Mr. KIRK. Mr. Chairman, reclaiming my time, absolutely. You can imagine

CBO analysts are somewhat reticent for us to formally go back and see how their estimates varied.

I urge adoption of the amendment.

The CHAIRMAN pro tempore. The time of the gentleman from Illinois (Mr. KIRK) has expired.

Mr. SPRATT. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois (Mr. KIRK).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. KIRK. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Illinois (Mr. KIRK) will be postponed.

The CHAIRMAN pro tempore. It is now in order to consider amendment No. 7 printed in House Report 108-566.

AMENDMENT NO. 7 OFFERED BY MR. RYAN OF WISCONSIN

Mr. RYAN of Wisconsin. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 7 offered by Mr. RYAN of Wisconsin:

At the end, add the following new sections:  
**SEC. . JOINT BUDGET RESOLUTIONS.**

(a) DEFINITIONS.—Paragraph (4) of section 3 of the Congressional Budget Act of 1974 is amended to read as follows:

“(4) the term ‘joint resolution on the budget’ means—

“(A) a joint resolution setting forth the congressional budget for the United States Government for a fiscal year as provided in section 301; and

“(B) any other joint resolution revising the congressional budget for the United States Government for a fiscal year as described in section 304.”

(b) JOINT RESOLUTION ON THE BUDGET.—(1) Section 301(a) of the Congressional Budget Act of 1974 is amended by striking “concurrent resolution” each place it appears including in the caption and inserting “joint resolution”.

(2) Section 301(b) of such Act is amended by striking “concurrent resolution” each place it appears including in the caption and inserting “joint resolution”.

(3) Section 301(c) of such Act is amended by striking “concurrent resolution” each place it appears and inserting “joint resolution”.

(4) Section 301(e) of such Act is amended by striking “concurrent resolution” each place it appears and inserting “joint resolution”.

(5) Section 301(f) of such Act is amended by striking “concurrent resolution” each place it appears and inserting “joint resolution”.

(6) Section 301(g) of such Act is amended by striking “concurrent resolution” each place it appears and inserting “joint resolution”.

(7) Section 301(h) of such Act is amended by striking “concurrent resolution” and inserting “joint resolution”.

(8) Section 301(i) of such Act is amended by striking “concurrent resolution” each place it appears and inserting “joint resolution”.

(9) The section heading of section 301 of such Act is amended by striking “ANNUAL ADOPTION OF CONCURRENT” and inserting “ANNUAL ADOPTION OF JOINT”.

(10) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “Annual adoption of the concurrent” in the item relating to section 301 and inserting “Annual adoption of the joint”.

(11) Section 302 of such Act is amended by striking “concurrent resolution” each place it appears and inserting “joint resolution”.

(12) Section 303 of such Act, including the heading, is amended by striking “concurrent resolution” each place it appears and inserting “joint resolution”.

(13) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “Concurrent” in the item relating to section 303 and inserting “Joint”.

(14) Section 304 of such Act is amended by striking “concurrent resolution”, including in the heading, each place it appears and inserting “joint resolution”.

(15) The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “Concurrent” in the item relating to section 304 and inserting “Joint”.

(16) Section 305 of such Act is amended by striking “concurrent resolution”, including in the heading, each place it appears and inserting “joint resolution”.

(17) Section 308 of such Act is amended by striking “concurrent resolution” each place it appears and inserting “joint resolution”.

(18) Section 310 of such Act is amended by striking “concurrent resolution” each place it appears and inserting “joint resolution”.

(19) Section 311 of such Act is amended by striking “concurrent resolution” each place it appears and inserting “joint resolution”.

**SEC. . BUDGET REQUIRED BEFORE SPENDING BILLS MAY BE CONSIDERED; FALL-BACK PROCEDURES IF PRESIDENT VETOES JOINT BUDGET RESOLUTION.**

(a) AMENDMENTS TO SECTION 302.—Section 302(a) of the Congressional Budget Act of 1974 is amended by striking paragraph (5).

(b) AMENDMENTS TO SECTION 303 AND CONFORMING AMENDMENTS.—(1) Section 303 of the Congressional Budget Act of 1974 is amended—

(A) in subsection (b), by striking paragraph (2), by inserting “or” at the end of paragraph (1), and by redesignating paragraph (3) as paragraph (2); and

(B) by striking its section heading and inserting the following new section heading: “CONSIDERATION OF BUDGET-RELATED LEGISLATION BEFORE BUDGET BECOMES LAW”.

(2) Section 302(g)(1) of the Congressional Budget Act of 1974 is amended by striking “and, after April 15, section 303(a)”.

(3)(A) Section 904(c)(1) of the Congressional Budget Act of 1974 is amended by inserting “303(a),” before “305(b)(2).”

(B) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting “303(a),” before “305(b)(2).”

(C) Subsection (e) of section 904 of the Congressional Budget Act of 1974 is repealed.

(c) EXPEDITED PROCEDURES UPON VETO OF JOINT RESOLUTION ON THE BUDGET.—(1) Title III of the Congressional Budget Act of 1974 is amended by adding after section 315 the following new section:

“EXPEDITED PROCEDURES UPON VETO OF JOINT RESOLUTION ON THE BUDGET

“SEC. 316. (a) SPECIAL RULE.—If the President vetoes a joint resolution on the budget for a fiscal year, the majority leader of the House of Representatives or Senate (or his designee) may introduce a concurrent resolution on the budget or joint resolution on the budget for such fiscal year. If the Committee on the Budget of either House fails to report such concurrent or joint resolution referred

to it within five calendar days (excluding Saturdays, Sundays, or legal holidays except when that House of Congress is in session) after the date of such referral, the committee shall be automatically discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar.

“(b) PROCEDURE IN THE HOUSE OF REPRESENTATIVES AND THE SENATE.—

“(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the House of Representatives and in the Senate of joint resolutions on the budget and conference reports thereon shall also apply to the consideration of concurrent resolutions on the budget introduced under subsection (a) and conference reports thereon.

“(2) Debate in the Senate on any concurrent resolution on the budget or joint resolution on the budget introduced under subsection (a), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours and in the House such debate shall be limited to not more than 3 hours.

“(c) CONTENTS OF CONCURRENT RESOLUTIONS.—Any concurrent resolution on the budget introduced under subsection (a) shall be in compliance with section 301.

“(d) EFFECT OF CONCURRENT RESOLUTION ON THE BUDGET.—Notwithstanding any other provision of this title, whenever a concurrent resolution on the budget described in subsection (a) is agreed to, then the aggregates, allocations, and reconciliation directives (if any) contained in the report accompanying such concurrent resolution or in such concurrent resolution shall be considered to be the aggregates, allocations, and reconciliation directives for all purposes of sections 302, 303, and 311 for the applicable fiscal years and such concurrent resolution shall be deemed to be a joint resolution for all purposes of this title and the Rules of the House of Representatives and any reference to the date of enactment of a joint resolution on the budget shall be deemed to be a reference to the date agreed to when applied to such concurrent resolution.”

(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 315 the following new item:

“Sec. 316. Expedited procedures upon veto of joint resolution on the budget.”

(e) LIMITATION ON CONTENTS OF BUDGET RESOLUTIONS.—Section 305 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

“(e) LIMITATION ON CONTENTS.—(1) It shall not be in order in the House of Representatives or in the Senate to consider any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter referred to in paragraph (2).

“(2) Any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter not permitted in section 301(a) or (b) shall not be treated in the House of Representatives or the Senate as a budget resolution under subsection (a) or (b) or as a conference report on a budget resolution under subsection (c) of this section.”

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Wisconsin (Mr. RYAN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, let me just briefly explain what this amendment does. What this does is this elevates the budget resolution to a level of a law.

Specifically, this would change the current nonbinding concurrent budget resolution into a joint resolution, which would give the force of law when signed by the President. This would encourage the President to get involved early in the process, instead of having this typical annual brinksmanship that we have in the budget process at the end of the year, so that we can settle on the numbers between the other body, this body, and the White House and move on to good legislation.

A joint resolution would be binding and have the force of law so that both the Congress and the White House would work these issues out in the beginning of the annual year.

The simplicity of this budget resolution makes agreements easier to reach because negotiations will be forced early on in the process.

I would like to go through how this would work. I have a chart that makes it easier for me to explain this.

First, like we have anytime, the President submits his budget. Then Congress would pass a joint budget resolution. Then the question is whether the President would sign it or not. If with those negotiations the President then signs that joint budget resolution, then Congress passes its appropriations, its reconciliation, its tax and entitlement bills and its conference reports, and the President signs those bills into law. Very easy, very clear process.

If, for example, the President does not sign that joint budget resolution, there is a fallback provision similar to what we have today, where it would go back to Congress and Congress would adopt a concurrent resolution, much like we have right now.

For example, this year, where we actually do not have a concurrent resolution in place because we could not get one through the other body, we would end up deeming it.

The point is this, Mr. Chairman: we have to front-load this system so we can get these agreements reached at the beginning of the year so we can move forward on the same page. Most importantly, we need to make this budget have the force of law so that it can be enforced. That is the problem. Our budget resolutions ends up becoming mere guidelines and do not actually have the force of law. Therefore, they are not enforceable. We always break our budgets.

If we make this have the force of law, it becomes enforceable. Therefore, we can actually stick to the budgets we have.

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

The CHAIRMAN pro tempore. Who seeks time in opposition?

Mr. SPRATT. Mr. Chairman, I claim the time in opposition.

The CHAIRMAN pro tempore. The gentleman from South Carolina (Mr. SPRATT) is recognized for 5 minutes.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we have heard some eloquent statements from members of the Committee on Appropriations, largely Republican members of the Committee on Appropriations, to the effect that the President already has, as they put it, three bites at the apple. This gives the President a fourth bite, and, believe me, a big bite.

This clearly is a shift of leverage from the House and the Senate, the Congress, to the Presidency. The President would emerge from this kind of deal with much, much greater authority in dictating what the budget is going to be. You have heard it more eloquently from members of the Committee on Appropriations, what the results would be in determining priorities. This definitely would be a big shift.

Now, would it make the budget process any stronger, any more effective? My concern is, contrary to the belief that it might streamline the process by elevating the status of the budget resolution, I think it would probably prolong the process, protract the process. As a result, we would find ourselves with less time to do appropriation bills because it would take a much longer time to get the budget resolution done, because not only would we have to agree among ourselves, from party to party, we would have to agree with the White House.

There is some advantage to that, trying to bring us together; but I think there is a lot of disadvantage, and there is a lot of room for chicanery. There is a lot of room for manipulating the process if we do it, and it could result in a protracted budget process, such that every year we will be, as we are now, in the heart of the summer, trying to pass appropriation bills before the fiscal year ends.

This has been around the track a number of times. It has a certain appeal to it, until you begin considering all the ramifications and the transfer of power that it would effect, a very subtle transfer, but a real one.

I would suggest this is an idea that we should not adopt.

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

Mr. RYAN of Wisconsin. Mr. Chairman, before yielding to my cosponsor of this amendment, I yield myself 10 seconds.

Number one, the President already has the power to sign these bills into law. He signs appropriation bills, he signs tax bills, he signs entitlement bills. So this does not give him new power he does not already have.

Number two, the gentleman from South Carolina, who is a leader in this area, has been a leader in this area for a long time, sponsored a bill in 1991 that did just this. So I think this is a good idea.

Mr. SPRATT. Mr. Chairman, I yield myself 15 seconds to respond to that.

Mr. Chairman, I do not know what bill the gentleman is referring to, but

the gentleman from Iowa (Mr. NUSSLE) proposed this idea some time ago. I never did support this idea. I never have.

Mr. RYAN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Mr. Chairman, it is my understanding the gentleman supported this in the past. Either way, good people can disagree on these things.

Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. GUTKNECHT).

Mr. GUTKNECHT. Mr. Chairman, one of my favorite Rodney Dangerfield routines is when he comes home one night and his wife is packing, and he asked her, "Are you leaving?" She said, "Yes." He looked at her and said, "Is there another man?" She said, "There must be."

When you look at the system we have today, and I have listened to the debate so far, people are in a sense saying the system is broken, but we cannot fix it.

The system is broken, and if you look at the way the system works, it guarantees that we will overspend.

Now, earlier today I went through the numbers, and I have done this several times, what we passed in our budget resolution and what we ended up spending. And a lot of people are walking around saying, gee, I do not know how that happened. Well, here is how it happens. Here is the dirty little secret.

□ 2000

What happens is, we over here in the House might low-ball certain things and high-ball other things, and the folks over in the Senate will low-ball certain things and high-ball other things, and what we wind up doing with a lot of these things, and we all know this happens, is we go to conference at one level and the Senate is at another level and we end up compromising at another level beyond the other 2, and the reason is we are all working off different blueprints. We have what the President proposes and what he ultimately will agree to, and then what the House proposes and what the Senate proposes.

What we are saying with this amendment is, and I think it is pretty simple: let us get all of the players on the same page early in the process.

Some people say, well, that will take away the constitutional powers of the House. If you stop and think about it, I say to my colleagues, that is ludicrous. The House will still maintain the power of the purse, and the President will still have that one arrow in his quiver called the veto. But we are going to try to bring everybody to the table early so that we are all using the same blueprint, so that at the end of the day, we build a house we can all be proud of.

Is there a better way? There must be.

Now, maybe this is not perfect, but I think this would be a giant step in the

right direction. Let me remind my colleagues, I think most of our constituents think that is the way the system is today. When we explain to them that the budget resolution does not have the power of law, they look at us with a blank look.

We ought to pass this amendment 300 to nothing.

Let me begin with an analogy that might explain the purpose of this amendment—If you're constructing a building and the steel workers, architects and masons are all working with a different blueprint, you're bound to build one ugly building. But, that's exactly what's happening with the budget process. The House, Senate and Administration are all using a different blueprint, and the result is a pretty ugly budget.

The Joint Budget Resolution is very basic but does one extremely important thing—forces both Congress and President to stay within the budget resolution levels. The budget would be signed by the President into law.

Another vital aspect of this amendment is that Congress and the Administration would be engaged and working on the same priorities from day one. This amendment would go a long way to eliminating the practice of waiving budget points of order and large omnibus spending bills. A law cannot be waived or broken.

When Congress allowed our spending caps and PAYGO expire, spending rose. Numbers are stubborn things and let me provide some history . . .

Discretionary Spending in FY 2002 Budget Resolution was \$661.3 billion. Congress spent \$734.6 billion. Discretionary Spending in FY 2003 Budget Resolution was \$759 billion. Congress spent \$849.1 billion. Discretionary Spending FY 2004 Budget Resolution was \$784.5 billion. Congress spent \$873.1 billion. The Joint Budget Resolution is not a radical idea—it's common sense. That is why grassroots organizations like Americans for Tax Reform, American Conservative Union, Citizens Against Government Waste, Citizens for a Sound Economy and the National Taxpayers Union have endorsed this amendment.

We need a budget that will be enforced and that is why I have offered this amendment to restore fiscal sanity back to the federal budget process. We need to protect the taxpayers from Congress' bad spending habits. If you believe that we need to control spending and put common sense back into the budget process—I urge your support on the Ryan/Gutknecht Amendment.

From 1995—2000, overall spending has increased by an average of 3.2% (House Budget Committee).

Since 2001, overall spending has increased by an average of 6.4% (House Budget Committee).

Since 2001, discretionary spending has increased on average of 9.7% (House Budget Committee).

Sine 9–11 the weak economy has been the #1 factor contributing to our deficits. As our economy recovered, spending increased substantially, becoming the #2 factor contributing to our deficits (Joint Economic Committee).

Post 9–11, spending grew by 11% (2001–2003), which represents the largest two-year increase in nearly a decade. This does not include defense and 9–11 costs (Heritage Foundation).

Mandatory spending now represents 55% of the entire federal budget—this does not include the recently enacted medicare bill (House Budget Committee).

The federal budget now totals more than \$20,000 per household—the first time since WWII (Heritage Foundation).

"The progress in the 1990s in reducing budget deficits might have been elusive were it not for the budget rules that worked far better than many skeptics, myself included, had expected." (Alan Greenspan, House Budget Committee, September 2002).

"Now is not the time to abandon the discipline and structure that worked so well for so long. The framework enacted in the Budget Enforcement Act of 1990 . . . must be preserved." (Alan Greenspan, House Budget Committee, September 2002).

"I would like to see the restoration of PAYGO and discretionary caps which essentially will restrain the expansion of the deficit and indeed, ultimately contain it. It did that back in the early '90s and I thought it was quite and surprisingly successful in restraining what had been a budget which had gotten out of kilter." (Alan Greenspan, House Budget Committee, July 2003).

"I do believe that tax cuts, if properly constructed, can be a significant factor in long-term economic growth, but it obviously requires that if you cut taxes and maintain a viable long-term budget deficit, or surplus policy, you have to address spending as well." (Alan Greenspan, House Budget Committee, July 2003).

"We don't have a trillion-dollar debt because we haven't taxed enough—we have a trillion dollar debt because we spend too much." (President Ronald Reagan, 1982).

Mr. SPRATT. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota (Mr. POMEROY).

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

I think it is useful to put this debate into perspective: enthusiastic ideas about how the budget process can work; talking about building a new house for the construction of the Nation's budget. It reminds me of a contractor that you might hire that has left the house in utter shambles, the project nowhere done, no hope of completion, yet he wants to talk to you about the next house, the next project.

We do not have a budget. We have a Republican President, we have a Republican Senate, we have a Republican House, and they cannot pass a budget.

So what is the amendment before us? It says we have to have a concurrent law for a budget. That will make it all right.

Mr. Chairman, if we just took all of this time and put it to work in trying to get a budget; after all, it should not be so hard: Republican controlled, Republican controlled, Republican controlled. If they just did the task in front of them, that would be a really good place to start. And in the absence of getting the budget done, all of the rest of this does not mean anything.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself such time as I may consume.

The current system we have is dysfunctional. It has games built into the system so that the House can do one thing; the other body, the Senate, but I am not supposed to say that word, can do another; and the President can do a third thing. What happens in the current budget system is we go into a stalemate and to get out of that stalemate at the end of the year, we end up spending more money than the budget ever planned on spending.

What we simply want to do is to bring this budget up to the level of the law so that we are all on the same page at the beginning of the budget process so that we can enforce that budget because it is in law.

The budgets we pass here are not really binding, they are guidelines. They are not legally protected. We cannot protect and enforce our budget if it does not rise to the level of the law. We cannot be on the same page at the beginning of the year, if we are not on the same page at the beginning of the year. That is why we are trying to pass this very common sense idea, so that we are all on the same page and so that this can be law and, therefore, our budgets can be enforced.

I urge adoption of this amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I honestly fail to see what we will accomplish, except protracting the process; what we will accomplish positively by making this concurrent resolution a joint resolution that has the effect of law. I really do not know what will be different from what we have right now, except we would have to come to some agreement with the White House much, much sooner in the year than we otherwise have to.

What is going to be different? The statutory? What would be different about it?

Mr. RYAN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Mr. Chairman, this is part of our larger effort, which is in our substitute. But what this will do is allow to have a sequester to kick in if Congress exceeds its spending items. Just like the sequesters we have talked about before in the old Committee on the Budget days, if Congress overspends, because we have this in law, a sequester kicks in and brings spending back into conformity with the budget.

Mr. SPRATT. But that is done already under existing law.

Mr. RYAN of Wisconsin. But we waive our budget caps all of the time under the current system.

Mr. SPRATT. Sure. We would waive them again, put it in a bill, send it to the White House, the President would sign it.

Mr. RYAN of Wisconsin. This way the President could veto breaking the

budget caps early in the process and we could keep to these numbers.

Mr. SPRATT. Well, I am convinced it will prolong the process, complicate the process, and lead to less results rather than better results. It is something we can long argue about.

Mr. NUSSLE. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Iowa.

Mr. NUSSLE. Mr. Chairman, I am not going to change the gentleman's mind, I understand that. But we have heard a lot today about bringing everybody together. There is nothing like bringing everybody together by the need to pass a law as opposed to just passing a resolution. By doing it by resolution, the House can have a version, the other body can have a version, the President has a version. You can go through the entire year with three versions.

I understand we are not going to change the gentleman's mind or probably a lot of people's minds, but what the gentleman is suggesting is by doing it this way, everyone has to come together at least once. That is the reason.

The CHAIRMAN pro tempore (Mr. BASS). The time of the gentleman from South Carolina (Mr. SPRATT) has expired. All time has expired.

The question is on the amendment offered by the gentleman from Wisconsin (Mr. RYAN).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. SPRATT. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) will be postponed.

It is now in order to consider Amendment No. 8 printed in House report 108-566.

AMENDMENT NO. 8 OFFERED BY MR. RYAN OF WISCONSIN

Mr. RYAN of Wisconsin. Mr. Chairman, I offer an amendment.

The Chairman pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 8 offered by Mr. RYAN of Wisconsin:

At the end, add the following new sections:  
**SEC. . ESTABLISHMENT OF BUDGET PROTECTION MANDATORY ACCOUNT.**

(a) BUDGET PROTECTION MANDATORY ACCOUNT.—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new sections:

“BUDGET PROTECTION MANDATORY ACCOUNT

“SEC. 316. (a) ESTABLISHMENT OF ACCOUNT.—The chairman of the Committee on the Budget of the House of Representatives and of the Senate shall each maintain an account to be known as the ‘Budget Protection Mandatory Account’. The Account shall be divided into entries corresponding to the House or Senate committees, as applicable, that received allocations under section 302(a) in the most recently adopted concurrent res-

olution on the budget, except that it shall not include the Committee on Appropriations of that House and each entry shall consist of the ‘First Year Budget Protection Balance’ and the ‘Five Year Budget Protection Balance’.

“(b) COMPONENTS.—Each entry shall consist only of amounts credited to it under subsection (c). No entry of a negative amount shall be made.

“(c) CREDITING OF AMOUNTS TO ACCOUNT.—(1) Whenever a Member or Senator, as the case may be, offers an amendment to a bill that reduces the amount of mandatory budget authority provided either under current law or proposed to be provided by the bill under consideration, that Member or Senator may state the portion of such reduction achieved in the first year covered by the most recently adopted concurrent resolution on the budget and in addition the portion of such reduction achieved in the first five years covered by the most recently adopted concurrent resolution on the budget that shall be—

“(A) credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance in the House or Senate, as applicable;

“(B) used to offset an increase in other new budget authority;

“(C) allowed to remain within the applicable section 302(a) allocation; or

“(D) used to offset a decrease in receipts.

If no such statement is made, the amount of reduction in new budget authority resulting from the amendment shall be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, as applicable, if the amendment is agreed to.

“(2) Except as provided by paragraph (3), the chairman of the Committee on the Budget of the House or Senate, as applicable, shall, upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, credit to the applicable entry balances amounts of new budget authority and outlays equal to the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by that House to that bill.

“(3) When computing the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by the House or Senate, as applicable, to a bill, the chairman of the Committee on the Budget of that House shall only count those portions of such amendments agreed to that were so designated by the Members or Senators offering such amendments as amounts to be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, or that fall within the last sentence of paragraph (1).

“(4) The chairman of the Committee on the Budget of the House and of the Senate shall each maintain a running tally of the amendments adopted reflecting increases and decreases of budget authority in the bill as reported to its House. This tally shall be available to Members or Senators during consideration of any bill by that House.

“(d) CALCULATION OF LOCK-BOX SAVINGS IN HOUSE AND SENATE.—For the purposes of enforcing section 302(a), upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, the amount of budget authority and outlays calculated pursuant to subsection (c)(3) shall be counted against the 302(a) allocation provided to the applicable committee or committees of that House which reported the bill as if the amount calculated pursuant to subsection (c)(3) was included in the bill just engrossed.

“(e) DEFINITION.—As used in this section, the term ‘appropriation bill’ means any gen-

eral or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of fiscal year 2005 or any subsequent fiscal year, as the case may be.”.

**SEC. . ESTABLISHMENT OF BUDGET PROTECTION DISCRETIONARY ACCOUNT.**

“BUDGET PROTECTION DISCRETIONARY ACCOUNT

“SEC. 317. (a) ESTABLISHMENT OF ACCOUNT.—The chairman of the Committee on the Budget of the House of Representatives and of the Senate shall each maintain an account to be known as the ‘Budget Protection Discretionary Account’. The Account shall be divided into entries corresponding to the subcommittees of the Committee on Appropriations of that House and each entry shall consist of the ‘Budget Protection Balance’.

“(b) COMPONENTS.—Each entry shall consist only of amounts credited to it under subsection (c). No entry of a negative amount shall be made.

“(c) CREDITING OF AMOUNTS TO ACCOUNT.—(1) Whenever a Member or Senator, as the case may be, offers an amendment to an appropriation bill to reduce new budget authority in any account, that Member or Senator may state the portion of such reduction that shall be—

“(A) credited to the Budget Protection Balance;

“(B) used to offset an increase in new budget authority in any other account;

“(C) allowed to remain within the applicable section 302(b) suballocation or

“(D) used to offset a decrease in receipts.

If no such statement is made, the amount of reduction in new budget authority resulting from the amendment shall be credited to the Budget Protection Balance, as applicable, if the amendment is agreed to.

“(2) Except as provided by paragraph (3), the chairman of the Committee on the Budget of the House or Senate, as applicable, shall, upon the engrossment of any appropriation bill by the House or Senate, as applicable, credit to the applicable entry balances amounts of new budget authority and outlays equal to the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by that House to that bill.

“(3) When computing the net amounts of reductions in new budget authority and in outlays resulting from amendments agreed to by the House or Senate, as applicable, to an appropriation bill, the chairman of the Committee on the Budget of that House shall only count those portions of such amendments agreed to that were so designated by the Members offering such amendments as amounts to be credited to the Budget Protection Balance, or that fall within the last sentence of paragraph (1).

“(4) The chairman of the Committee on the Budget of the House and of the Senate shall each maintain a running tally of the amendments adopted reflecting increases and decreases of budget authority in the bill as reported to its House. This tally shall be available to Members or Senators during consideration of any bill by that House.

“(d) CALCULATION OF LOCK-BOX SAVINGS IN HOUSE AND SENATE.—(1) For the purposes of enforcing section 302(a), upon the engrossment of any appropriation bill by the House or Senate, as applicable, the amount of budget authority and outlays calculated pursuant to subsection (c)(3) shall be counted against the 302(a) allocation provided to the Committee on Appropriations as if the amount calculated pursuant to subsection (c)(3) was included in the bill just engrossed.

“(2) For purposes of enforcing section 302(b), upon the engrossment of any appropriation bill by the House or Senate, as applicable, the 302(b) allocation provided to the

subcommittee for the bill just engrossed shall be deemed to have been reduced by the amount of budget authority and outlays calculated, pursuant to subsection (c)(3).

“(e) DEFINITION.—As used in this section, the term ‘appropriation bill’ means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of fiscal year 2005 or any subsequent fiscal year, as the case may be.”.

(b) CONFORMING AMENDMENT.—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 315 the following new items:

“Sec. 316. Budget protection mandatory account.

“Sec. 317. Budget protection discretionary account.”.

#### SEC. . REVENUE ADJUSTMENT.

If an amendment is designated to be used to offset a decrease in receipts for a fiscal year pursuant to section 316(c)(1)(D) or section 317(c)(1)(D) of the Congressional Budget Act of 1974, then the applicable level of revenues for such fiscal year for purposes of section 311(a) of such Act shall be reduced by the amount of such amendment.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Wisconsin (Mr. RYAN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself such time as I may consume.

I bring this amendment to the desk with my cosponsor, the gentleman from Texas (Mr. NEUGEBAUER). Let me briefly explain it.

This is what we call budget protection accounts. Here is how the current appropriations process works. If we have a piece of spending in the budget that we think is wasteful, let me take two examples here; the \$200,000 for the Rock and Roll Hall of Fame in Cleveland, Ohio, or the \$500,000 for the Anaheim Resort Transit to fund buses at Disneyland, or the \$50 million to fund the Coralville Rain Forest Museum in Coralville, Iowa.

Let us take, for example, if we want to get rid of that spending, we can bring an amendment to the floor, pass it, make sure that spending does not go to those projects, but by the rules of this institution, that money has to be spent somewhere else in the Federal government. That is ridiculous, Mr. Chairman.

All we are proposing is this: if Members can come to the floor with amendments to eliminate or reduce wasteful spending, they ought to be able to save that money. That is all we are proposing.

So what we do here is when a cutting amendment comes to the floor to reduce spending, the entire 302(a) allocation, the entire discretionary allocation goes down by the amount of that amendment. So that at the end of the year, that money either goes to reducing the deficit or that money goes to reduce taxes. We have a mechanism

that makes sure that this reconciles with the other body appropriately.

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

Mr. SPRATT. Mr. Chairman, I claim the time in opposition, and I yield myself such time as I may consume.

Mr. Chairman, like many of the amendments that were offered to this base bill, I have only had the chance to peruse quickly this one. This is an idea that has been around the track before. In the late 1980s, early 1990s, we were searching for ways to get our hands around the problem. This is one of the things that was proposed by several different people in several different variations.

Anyone who tried to implement this and have legislative counsel draw it in a form that would be truly enforceable ran into multiple complications. It is maddeningly complicated, as the gentleman can tell from reading the bill. The bill takes it a step further than any version of this idea I have ever read before, and it taxed all my concentration here on the House Floor to make it from the first page to the last page, and I am in a maze. I do not really know how it works.

Mr. RYAN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. SPRATT. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Mr. Chairman, I can explain it. Basically, it works like this. A Member brings an amendment to the House Floor to cut spending. The 302(a) allocation goes down by that amount. At the end of the day, the conference report for the appropriation bills goes down by the lower of the two different amounts between the House amendments and the Senate amendments. At the end of the year, because the 302(a) will have gone down by that amount, the Committee on Ways and Means can use the savings for tax relief. If it does not do that by the end of the fiscal year, the savings, the lower of the amendments between the House or the Senate, is going toward deficit reduction.

That is essentially how it works. I know it is complicated.

Mr. SPRATT. Mr. Chairman, reclaiming my time, keep in mind that other body called the Senate moves in a separate orbit from this body, and somebody over there is going to have a different idea, and there is going to be an entry under a different program. When we go to conference, the conferees are going to have a different idea, and the bookkeepers around here are going to be switching credits from account to account, taking back credits as the money that was saved is now spent. The project that was going to be killed or cut is now restored, and it becomes a nightmare.

That is why this idea has had all of the longevity of a lead balloon. It has never gotten off the ground.

Mr. RYAN of Wisconsin. Mr. Chairman, will the gentleman briefly yield again?

Mr. SPRATT. I yield to the gentleman from Wisconsin.

Mr. RYAN of Wisconsin. Mr. Chairman, I appreciate the gentleman's indulgence. First of all, it is true that you could eliminate a piece of pork here on the House Floor and it could get placed back in on the Senate floor. But by these rules, at least that amount of money would have to be saved, because the 302(a) allocation will go down by that amount. It would be up to the Committee on Appropriations to decide where that money comes from. But the point is, that money would have to be saved.

Mr. SPRATT. Mr. Chairman, if one could keep the trail of it, and that is the problem.

Mr. RYAN of Wisconsin. Mr. Chairman, that is up to the Committee on the Budget.

Mr. SPRATT. Mr. Chairman, reclaiming my time, the core idea is basically an appealing idea and lots of Members around here have had the experience where they have found something that they thought could be a legitimate saving, they have offered the amendment and prevailed, only to see the money is spent somewhere else. I disagree with the gentleman when he said a little while ago, and I think it was in a moment of zealotry, that if the savings were taken out of, say, the Cleveland Rock and Roll Museum, it would have to be spent somewhere else. It does not have to be spent somewhere else; it can be saved, and this mechanism was a way on to sort of lock box money, so that it could not be used again.

But there are so many moving pieces. We have an authorization bill, an appropriation bill; a House and a Senate conference committee, and any time anybody makes any kind of change or different entry, there has to be an adjustment. This is a \$2.2 trillion budget, and I think the bookkeepers, their minds would be boggled trying to keep account of this, as mine was when I was trying to read the gentleman's bill.

So I do not discredit the idea, it is just the mechanism for enforcing it and truly making it work is so complicated, I think it collapses upon itself.

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

The CHAIRMAN pro tempore. The gentleman from South Carolina (Mr. SPRATT) has 1 minute remaining; the gentleman from Wisconsin (Mr. RYAN) has 3½ minutes remaining.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield 2 minutes to the cosponsor of this amendment, the gentleman from Texas (Mr. NEUGEBAUER).

Mr. NEUGEBAUER. Mr. Chairman, I rise today in support of the Budget Accounts amendment. I appreciate having the chance to work with the gentleman from Wisconsin (Mr. RYAN) on this amendment which enhances the budget legislation we are considering today.

In this and other debates today, we have heard a lot of talk about a provision called PAYGO. Well, I think this

amendment creates something that I call save-go.

Budget Protection Accounts allow us to actually save money for the taxpayers as we go through the appropriations and other spending bills; money that is set aside for the taxpayers, either in the form of tax relief or debt reduction.

When Members offer amendments on appropriations bills today that reduce spending, any money reduced automatically becomes available to be spent on another program or a project in that bill or in another bill. If the Budget Projection Accounts are created, Members would be able to direct savings resulting from their amendments to the debt reduction or tax relief. Members are not required to do so, but they are simply given that option. Imagine being able to go home back to your district and actually tell your constituents that you saved them some money.

This is an important option to have if we are serious about doing something about reducing spending. Members have little incentive to offer amendments that reduce spending when they know that the money the amendment claims to save is automatically given to other projects. If Members have the option to direct savings to relief of deficit reduction or incentive to go after other waste and fraud, they will actually do so.

Budget Protection Accounts allow Members to be for savings and fiscally responsible, rather than always against projects or programs.

Let us give the House the opportunity to save the taxpayers some money when we are going through spending bills and the opportunity to use those savings for the benefit of the taxpayers. As many have said today, and I continue to say, Mr. Chairman, we do not have an income problem, we have a spending problem, and I believe that the Budget Protection Accounts help us with that problem.

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Mr. SPRATT. Mr. Chairman, I reserve the balance of my time.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield the remaining time to the gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Chairman, this is really a simple idea. And I think I am understanding the gentleman from South Carolina to say that he agrees with the concept, the concept being that if you identify a specific item that appears to one of the Members here as wasteful and he prevails in his vote on the floor, that that money should not be spent somewhere else. It is not that complicated. And, God knows, we got a lot of items that fit this description. The last omnibus spending bill we allocated \$4 million to study fruit flies in France, \$2 million to teach kids to play golf in Florida, and, yes, \$50 million to build an indoor tropical rain forest in Iowa.

The gentleman from South Carolina, if I understand correctly, seems to be objecting to the amendment on the grounds that it is difficult to draft this in a way that really works. And I am the first to say it is tricky. But we got a lot of very bright people in this town. If this is not the absolute perfect way to draft it, although it might be, I appreciate my colleague conceding that the gentleman from Wisconsin (Mr. RYAN) has done an excellent job, maybe the best job yet on this, I would say let us support the amendment and let us work on refining it and improving it and let us dedicate both sides' staffs to figuring out how to get this done.

But the concept of saying if a certain amount of spending is going to be withheld on this floor, that that money is not available to be spent anywhere else, that is not that hard. I am convinced we can do it.

So I would urge my colleagues to reconsider and to support this amendment and work together to find the language that achieves the objective that apparently we all agree with.

Mr. SPRATT. Mr. Chairman, to close I yield the remaining time to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, this proposal would allow a vote on the Senate to reduce the House 302(b) allocation. A vote on the Senate reduces our allocation. This is an absurd idea on its face. But it perverts the name "lockbox." Previously we all agreed on lockbox. Lockbox meant we did not spend Social Security, we did not spend Medicare revenues on anything but Social Security and Medicare.

The deficit policies of the majority now spend every nickel of the surplus of Social Security and Medicare, every nickel; \$500 billion this year alone. They want to get up on the floor of the House and talk about creating this Mickey Mouse lockbox of theirs to capture fruit fly spending. It is ridiculous.

Let us talk about the real issue: blowing all the revenues of Social Security, all the revenues of Medicare, all of the surplus intended to strengthen these programs, gone because of runaway deficit spending, the absolute core result of Republican fiscal policies.

Rather than pass a budget to deal responsibly with beginning to get us out of this hole, they put us through this charade tonight. Shame on my colleagues. Defeat this amendment.

The CHAIRMAN pro tempore (Mr. BASS). The question is on the amendment offered by the gentleman from Wisconsin (Mr. RYAN).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. SPRATT. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) will be postponed.

It is now in order to consider amendment No. 9 printed in House Report 108-566.

AMENDMENT NO. 9 OFFERED BY MR. RYAN OF WISCONSIN

Mr. RYAN of Wisconsin. Mr. Chairman, I offer an amendment.

The CHAIRMAN pro tempore. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 9 offered by Mr. RYAN of Wisconsin:

At the end, add the following new section:  
**SEC. . ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS.**

(a) IN GENERAL.—Part B of title X of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 681 et seq.) is amended by redesignating sections 1013 through 1017 as sections 1014 through 1018, respectively, and by inserting after section 1012 the following new section:

“ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS

“SEC. 1013. (a) PROPOSED RESCISSION OF BUDGET AUTHORITY IDENTIFIED AS WASTEFUL SPENDING.—The President may propose, at the time and in the manner provided in subsection (b), the rescission of any budget authority provided in an appropriation Act that he identifies as wasteful spending. If the President proposes a rescission of budget authority, he may also propose to reduce the appropriate discretionary spending limits for new budget authority and outlays flowing therefrom set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 by an amount that does not exceed the amount of the proposed rescission. Funds made available for obligation under this procedure may not be proposed for rescission again under this section.

“(b) TRANSMITTAL OF SPECIAL MESSAGE.—

“(1) The President may transmit to Congress a special message proposing to rescind amounts of budget authority and include with that special message a draft bill that, if enacted, would only rescind that budget authority unless the President also proposes a reduction in the appropriate discretionary spending limits set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985. That bill shall clearly identify the amount of budget authority that is proposed to be rescinded for each program, project, or activity to which that budget authority relates.

“(2) In the case of an appropriation Act that includes accounts within the jurisdiction of more than one subcommittee of the Committee on Appropriations, the President in proposing to rescind budget authority under this section shall send a separate special message and accompanying draft bill for accounts within the jurisdiction of each subcommittee.

“(3) Each special message shall specify, with respect to the budget authority proposed to be rescinded, the following:

“(A) The amount of budget authority which he proposes to be rescinded.

“(B) Any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific project or governmental functions involved.

“(C) The reasons why the budget authority should be rescinded, including why he considers it to be wasteful spending.

“(D) To the maximum extent practicable, the estimated fiscal, economic, and budgetary effect (including the effect on outlays and receipts in each fiscal year) of the proposed rescission.

“(E) All facts, circumstances, and considerations relating to or bearing upon the proposed rescission and the decision to effect the proposed rescission, and to the maximum extent practicable, the estimated effect of the proposed rescission upon the objects, purposes, and programs for which the budget authority is provided.

“(F) A reduction in the appropriate discretionary spending limits set forth in section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985, if proposed by the President.

“(C) PROCEDURES FOR EXPEDITED CONSIDERATION.—

“(1)(A) Before the close of the second legislative day of the House of Representatives after the date of receipt of a special message transmitted to Congress under subsection (b), the majority leader or minority leader of the House of Representatives shall introduce (by request) the draft bill accompanying that special message. If the bill is not introduced as provided in the preceding sentence, then, on the third legislative day of the House of Representatives after the date of receipt of that special message, any Member of that House may introduce the bill.

“(B) The bill shall be referred to the Committee on Appropriations. The committee shall report the bill without substantive revision and with or without recommendation. The bill shall be reported not later than the seventh legislative day of that House after the date of receipt of that special message. If that committee fails to report the bill within that period, that committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

“(C) A vote on final passage of the bill shall be taken in the House of Representatives on or before the close of the 10th legislative day of that House after the date of the introduction of the bill in that House. If the bill is passed, the Clerk of the House of Representatives shall cause the bill to be engrossed, certified, and transmitted to the Senate within one calendar day of the day on which the bill is passed.

“(2)(A) A motion in the House of Representatives to proceed to the consideration of a bill under this section shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

“(B) Debate in the House of Representatives on a bill under this section shall not exceed 4 hours, which shall be divided equally between those favoring and those opposing the bill. A motion to further limit debate shall not be debatable. It shall not be in order to move to recommit a bill under this section or to move to reconsider the vote by which the bill is agreed to or disagreed to.

“(C) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a bill under this section shall be decided without debate.

“(D) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a bill under this section shall be governed by the Rules of the House of Representatives. It shall not be in order in the House of Representatives to consider any rescission bill introduced pursuant to the provisions of this section under a suspension of the rules or under a special rule.

“(3) A bill transmitted to the Senate pursuant to paragraph (1)(D) shall be referred to its Committee on Appropriations. That committee shall report the bill without substantive revision and with or without recommendation. The bill shall be reported not later than the seventh legislative day of the

Senate after it receives the bill. A committee failing to report the bill within such period shall be automatically discharged from consideration of the bill, and the bill shall be placed upon the appropriate calendar.

“(4)(A) A motion in the Senate to proceed to the consideration of a bill under this section shall be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

“(B) Debate in the Senate on a bill under this section, and all debatable motions and appeals in connection therewith (including debate pursuant to subparagraph (C)), shall not exceed 10 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

“(C) Debate in the Senate or any debatable motion or appeal in connection with a bill under this section shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control of the passage of a bill, allot additional time to any Senator during the consideration of any debatable motion or appeal.

“(D) A motion in the Senate to further limit debate on a bill under this section is not debatable. A motion to recommit a bill under this section is not in order.

“(d) AMENDMENT AND DIVISIONS PROHIBITED.—No amendment to a bill considered under this section shall be in order in either the House of Representatives or the Senate. It shall not be in order to demand a division of the question in the House of Representatives (or in a Committee of the Whole) or in the Senate. No motion to suspend the application of this subsection shall be in order in either House, nor shall it be in order in either House to suspend the application of this subsection by unanimous consent.

“(e) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority proposed to be rescinded in a special message transmitted to Congress under subsection (b) shall be made available for obligation on the day after the date on which either House rejects the bill transmitted with that special message.

“(f) DEFINITIONS.—For purposes of this section:

“(1) The term ‘appropriation Act’ means any general or special appropriation Act, and any Act or joint resolution making supplemental, deficiency, or continuing appropriations.

“(2) The term ‘legislative day’ means, with respect to either House of Congress, any day of session.

“(3) The term ‘rescind’ means, with respect to an appropriation Act, to reduce the amount of budget authority appropriated in that Act, and reducing budget authority shall include reducing obligation limitations set forth in that Act.”

(b) EXERCISE OF RULEMAKING POWERS.—Section 904 of the Congressional Budget Act of 1974 (2 U.S.C. 621 note) is amended—

(1) in subsection (a), by striking “and 1017” and inserting “1012, and 1017”; and

(2) in subsection (d), by striking “section 1017” and inserting “sections 1012 and 1017”.

(c) CONFORMING AMENDMENTS.—

(1) Section 1011 of the Congressional Budget Act of 1974 (2 U.S.C. 682(5)) is amended by repealing paragraphs (3) and (5) and by redesignating paragraph (4) as paragraph (3).

(2) Section 1014 of such Act (2 U.S.C. 685) is amended—

(A) in subsection (b)(1), by striking “or the reservation”; and

(B) in subsection (e)(1), by striking “or a reservation” and by striking “or each such reservation”.

(3) Section 1015(a) of such Act (2 U.S.C. 686) is amended by striking “is to establish a reserve or”, by striking “the establishment of such a reserve or”, and by striking “reserve or” each other place it appears.

(4) Section 1017 of such Act (2 U.S.C. 687) is amended—

(A) in subsection (a), by striking “rescission bill introduced with respect to a special message or”; and

(B) in subsection (b)(1), by striking “rescission bill or”, by striking “bill or” the second place it appears, by striking “rescission bill with respect to the same special message or”, and by striking “, and the case may be,”;

(C) in subsection (b)(2), by striking “bill or” each place it appears;

(D) in subsection (c), by striking “rescission” each place it appears and by striking “bill or” each place it appears;

(E) in subsection (d)(1), by striking “rescission bill or” and by striking “, and all amendments thereto (in the case of a rescission bill)”;

(F) in subsection (d)(2)—

(i) by striking the first sentence;

(ii) by amending the second sentence to read as follows: “Debate on any debatable motion or appeal in connection with an impoundment resolution shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event that the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee.”;

(iii) by striking the third sentence; and

(iv) in the fourth sentence, by striking “rescission bill or” and by striking “amendment, debatable motion,” and by inserting “debatable motion”;

(G) in paragraph (d)(3), by striking the second and third sentences; and

(H) by striking paragraphs (4), (5), (6), and (7) of paragraph (d).

(d) CLERICAL AMENDMENTS.—The table of sections for subpart B of title X of the Congressional Budget and Impoundment Control Act of 1974 is amended by redesignating the item relating to sections 1014 through 1018 as items 1015 through 1019, respectively, and by inserting after the item relating to section 1012 the following new item:

“Sec. 1013. Enhanced consideration of certain proposed rescissions.”

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Wisconsin (Mr. RYAN) and a Member opposed each will control 5 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I will explain this. We are going to go after wasteful spending in another direction with this amendment. This is a bipartisan amendment with the gentleman from Texas (Mr. STENHOLM), also with the gentleman from Delaware (Mr. CASTLE), who is not here with us on the floor this moment, supporting this amendment. This is what we call enhanced rescissions.

The way this amendment works is that the President, after signing a bill into law, an appropriations bill into law, has the ability to pull out a wasteful spending measure or a number of wasteful spending measures that he or she deems wasteful.

Now, this makes sure that we retain the power of the purse so that that bill comes back to the House and the Senate among expedited procedures where we vote up or down on that rescission package.

Now, if my colleagues will recall, during the line item veto debate of a number of years ago, the Supreme Court ended up striking down the line item veto. The reason the Supreme Court struck down the line item veto is a reason I agree with, which was it is unconstitutional for the legislative branch to delegate its lawmaking power to the executive branch the power of the purse.

So what we are doing in place of that is this. As a consequence to those who oppose the line item veto at the same time, they were the folks who were actually proposing this legislation, what happens is the President pulls out spending from a spending bill, sends it back to Congress on an expedited procedural basis, Congress votes up or down on those spending cuts. And we have the final say as to whether or not that spending occurs.

Now, the great point of all of this is we end up having to vote on these huge appropriation bills. Last year's omnibus appropriation bill had seven different appropriation bills bundled into one. So we had one vote on the conference report up or down. So we had to vote on veterans health care, on Labor Department spending, on Health and Human Services; but we also had to vote for the \$50 million rain forest museum in Coralville, Iowa.

This gives the President the ability to say we probably should not be spending money on that rain forest museum in Coralville, Iowa, and a few other things. I am pulling those out of this bill and sending it back to Congress for a revote, and then Congress has the final decision as to whether or not that spending takes place.

We retain the power of the purse, but we have a tool to go after wasteful spending.

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

The CHAIRMAN pro tempore. Who claims time in opposition to the amendment?

Mr. SPRATT. Mr. Chairman, I claim the time in opposition, but I may not oppose the bill. I simply claim the time.

The CHAIRMAN pro tempore. Without objection, the gentleman from South Carolina will control the time.

There was no objection.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, I am very happy to join with the gentleman

from Wisconsin (Mr. RYAN) and the gentleman from Delaware (Mr. CASTLE) to offer this amendment tonight.

Expedited rescission has been around a long time. Dan Quayle first introduced it in 1975. Senator CARPER, Dick Armeley did yeoman's work in passing this legislation. I have been working in support of expedited rescission legislation since 1992. And I worked with many Members on my side of the aisle, including the gentleman from South Carolina (Mr. SPRATT), the gentleman from Michigan (Mr. CONYERS), and others on similar proposals.

There is a fundamental question that we need to ask. Line item veto was unconstitutional, and I was never comfortable giving any President one-third-plus-one minority override over a decision of Congress, and the Supreme Court upheld that as being unconstitutional, but imperfectly willing to give any President line item veto over any pork spending, if that is what you want to call it, by me or the gentleman from Wisconsin (Mr. RYAN) or anyone else, provided I have an opportunity to have a majority of the House agree with me or to agree with the President. That is what expedited rescission is all about.

I respect the concern of Members on my side of the aisle that that amendment will give too much power to the President, but it matters not to me who is President. I am perfectly willing to give any President that opportunity because it will have a very cleansing effect because anyone that sticks in as many add-ons as we have been adding on to the appropriation process, and I found it rather amusing listening to the appropriators a moment ago, when you look at what has happened with all of the add-ons, all of the add-ons that have been added in the appropriations process, I would love to see a President come in and line item veto that, even if it is mine or anyone else's, because it would have a cleansing effect.

If one cannot stand up on the floor and defend that which he has asked appropriators to put in the bill, he should not do it. And that is what this amendment is all about.

This amendment will not make a significant dent in our deficit, and I do not claim that it will. But it will have a very real cleansing effect on the legislative process. And it will take a step towards reducing the public cynicism about the political process.

The time has come for to us support this additional tool for accountability and fiscal responsibility.

Mr. RYAN of Wisconsin. Mr. Chairman, I yield 2 minutes to gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Chairman, we have talked about a number of individual items that we have found questionable in past omnibus bills, including, in particular, a tropical rain forest that, by the way, was not in the district of the Committee on the Budget chairman.

One of the points that I want to make about the beauties of this par-

ticular amendment is that often, this is going to be shocking to people listening to this debate, but often we have an appropriation bill, especially when it is an omnibus appropriation bill, that can be thousands and thousands of pages long, and who knows how many tens of thousands of lines in this. And sometimes we have had all of several hours to go through every single line in these thousands and thousands of pages. The stack is usually here somewhere, set up here. If one can get here and they are the first person there, then they can get it and they can look through and they can discover the \$4 million for fruit flies in France or whatever else it might be. And they could raise their objection and deal with that. But sometimes you might not get the opportunity to go through this whole thing. In fact, as a practical matter, none of us do. We discover later on what all has been inserted in this bill.

What this mechanism does is it provides an opportunity after the bill, and many of us do not want to vote against veterans funding or important programs that are also in these bills, ends up passing; but what this amendment does, it gives the President an opportunity to say, okay, hold on a second here, we got a little out of hand, let us take the following handful of items and let us rethink that on an up-or-down vote just these items.

This is just common sense, responsible budgeting and appropriating. So I would urge my colleagues to support this amendment.

Mr. SPRATT. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I have actually sponsored legislation like this in the past. I have voted for it and argued for it on the House floor. When we had the vote on the line item veto, I came over here and tried to offer an alternate amendment to it and argued to the House, the other side principally, that if they would adopt this, and the Supreme Court did what I predicted they would do and held it unconstitutional, then this would be in place as the alternative. We would have it by now if that had been attempted, the bill passed. And that was not put in it.

There was a strong suspicion on my colleagues' side that if we put that in, the Senate would take out the line item veto and pass the rescission provisions. In truth, there are certain Senators who are probably laying in wait for this rescission provision already.

We did add some features to it that I would recommend for your consideration. One is when it came through the Committee on Government Reform we added a provision that would not only allow spending to be treated this way, but also targeted tax cuts. Because these targeted tax cuts are often tax expenditures and they were defined as tax cuts which had a beneficiary class, a few of them. I thought it was a good idea and a good improvement on the bill.

We bring these tax bills over here to the floor, they are not amendable. We vote on them up or down. At least on the appropriations bill, if one wants to, they have an opportunity to go after individual items. Instead, the tax bills have all kinds of provisions.

We also had some provisions in it about how you could break out for separate treatment all or certain parts of the package if one could get a petition with so many Members. This is an idea that has been around and around the track, and it is actually an idea that has been embellished and improved as it went around the track. I am not quite sure how many of those ideas there are in this particular version of it, but I recommend those for my colleagues' consideration.

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

Mr. RYAN of Wisconsin. Mr. Chairman, I yield myself the remainder of the time.

Mr. Chairman, I want to answer the points the gentleman from South Carolina made. We did look at the issue of whether there are tax expenditures included in the enhanced rescission power, and some raised the constitutional question. Because in article I, section 7, the U.S. Constitution clearly states that bills for raising revenue shall originate only in the House of Representatives.

There are some who have a constitutional concern, and this is a debated point, that it would be unconstitutional for the President to alter tax legislation because this would be an originating bill even after this other bill would be passed into law.

So there is a constitutional question about the tax expenditure side. But, more importantly, we want to focus on spending. We wanted to focus this tool to go after wasteful spending.

Let me just conclude with showing a few things that we have done around here. Both parties are to blame for this; 13.4 million for community resilience project in Virginia.

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Mr. Chairman, \$916,000 for a study about what makes a meaningful day, \$500,000 for the Anaheim Resort Transit to fund buses for Disneyland, \$270,000 for wool research in Montana and Wyoming, \$72,000 for the study by the National Institute of Health on dorm room wall decorations and Web pages.

These are ridiculous expenditures that I believe are an embarrassment to this body, and it is a good thing, and I think we all agree, to have the President have the ability to bring those things out and send it back and have us vote on those things in the light of day instead of tucking them in big appropriations bill.

Mr. SPRATT. Mr. Chairman, I yield 1 minute to the gentleman from Texas (Mr. STENHOLM).

Mr. STENHOLM. Mr. Chairman, sometimes it is rather amusing if you have been around for a few years, as I

have. The last time this was seriously discussed, my friends on this side of the aisle opposed it. They believe the expedited rescission was a bad idea and that we ought to go with line-item veto. The person that interjected taxes into this was Bob Michel, the minority leader, in suggesting that if you really want to do this in a way in which it will work, you put everything on the table.

The gentleman from South Carolina (Mr. SPRATT) supported that, and today it is why it is so difficult. The gentleman from Iowa (Chairman NUSSLE) was talking about, it is us. It is we. It is pretty difficult for "we" to work on things when we keep changing what we think because of the current political environment that we have.

Mr. Chairman, I am happy to yield to the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, a couple of us were not in Congress back then when you guys decided that, so we have been consistent.

Mr. STENHOLM. I know, but it is great. You can come in here and get 85 votes, and it does not get things done. We can get 300 votes.

Mr. CASTLE. Mr. Chairman, I rise today in support of the Ryan/Castle/Stenholm amendment. I have supported this executive power in many forms, but I see this amendment as a version that all of us can stand behind.

Under this power, the President, regardless of party, may submit to Congress, provisions from a spending bill that he deems wasteful. The difference between our approach, and the Line-Item Veto which was overturned by the Supreme Court in 1998, is that Congress remains the deciding factor. The power of the purse remains in the hands of Congress.

This "expedited" rescission is intended to ensure a vote on those rescission requests sent from the President. Under expedited rescission, Congressional approval would still be necessary to cancel the funding by an up-or-down vote on an individual spending provision.

I believe that Congressional power is actually increased under this amendment—because Members are able to exercise more discretion over wasteful spending. Additionally, I believe that under this provision, Members will hesitate to abuse the practice of earmarking funds when they are held accountable to the full House.

The Line Item Veto Act of 1996 amended the Congressional Budget and Impoundment Control Act of 1974, to give the President "enhanced rescission authority" to cancel certain items. The President was only to exercise the cancellation authority if he determined that such cancellation would reduce the federal budget deficit and would not impair essential government functions or harm the national interest; and then notified the Congress. The act provided 30 days for the expedited congressional consideration of disapproval bills to reverse the cancellations from the President.

When the Supreme Court overturned the Line item Veto in 1998, the subsequent policy discussions produced alternative versions that would address issues of Constitutionality. This enhanced rescission would give lawmakers the ability to clean up waste in spending bills while protecting the priorities of the bill.

We believe that this amendment has the opportunity to eliminate wasteful and abusive spending, while maintaining Congressional power of the purse and I encourage my colleagues to support Ryan/Castle/Stenholm.

The CHAIRMAN pro tempore (Mr. BASS). The question is on the amendment offered by the gentleman from Wisconsin (Mr. RYAN).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. RYAN of Wisconsin. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) will be postponed.

It is now in order to consider in sequence amendments numbered 10 through 14 printed in House Report 108-566. The Chair has been advised that the amendments will not be offered.

AMENDMENT NO. 15 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. SPRATT

Mr. SPRATT. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment No. 15 in the Nature of a Substitute Offered by Mr. SPRATT

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Budget Enforcement Act of 2004".

**SEC. 2. EXTENSION OF DISCRETIONARY SPENDING LIMITS.**

(a) DISCRETIONARY SPENDING LIMITS.—(1) Section 251(c)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (relating to fiscal year 2004) is amended—

(A) in subparagraph (A), by striking "\$31,834,000,000" and inserting "\$28,052,000,000"; and

(B) in subparagraph (B), by striking "\$1,462,000,000" and inserting "\$1,436,000,000" and by striking "\$6,629,000,000" and inserting "\$6,271,000,000".

(2) Section 251(c)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting a dash after "2005", by redesignating the remaining portion of such paragraph as subparagraph (D) and by moving it two ems to the right, and by inserting after the dash the following new subparagraphs:

"(A) for the general purpose discretionary category: \$832,474,000,000 in new budget authority and \$870,895,000,000 in outlays;

"(B) for the highway category: \$30,585,000,000 in outlays; and

"(C) for the mass transit category: \$1,554,000,000 in new budget authority and \$6,787,000,000 in outlays; and".

(3) Section 251(c)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by inserting a dash after "2006", by redesignating the remaining portion of such paragraph as subparagraph (D) and by moving it two ems to the right, and by inserting after the dash the following new subparagraphs:

"(A) for the general purpose discretionary category: \$856,879,000,000 in new budget authority and \$865,993,000,000 in outlays;

"(B) for the highway category: \$33,271,000,000 in outlays; and

“(C) for the mass transit category: \$1,671,000,000 in new budget authority and \$7,585,000,000 in outlays; and”.

(4) Section 251(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by redesignating paragraphs (4) through (9) as paragraphs (7) through (12) and inserting after paragraph (3) the following new paragraphs:

“(4) with respect to fiscal year 2007—

“(A) for the highway category: \$35,248,000,000 in outlays; and

“(B) for the mass transit category: \$1,785,000,000 in new budget authority and \$8,110,000,000 in outlays;

“(5) with respect to fiscal year 2008—

“(A) for the highway category: \$36,587,000,000 in outlays; and

“(B) for the mass transit category: \$1,890,000,000 in new budget authority and \$8,517,000,000 in outlays; and

“(6) with respect to fiscal year 2009—

“(A) for the highway category: \$37,682,000,000 in outlays; and

“(B) for the mass transit category: \$2,017,000,000 in new budget authority and \$8,968,000,000 in outlays;”.

(b) DEFINITIONS.—Section 250(c)(4) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in subparagraph (B), by—

(A) striking “the Transportation Equity Act for the 21st Century and the Surface Transportation Extension Act of 2003” and inserting “the Transportation Equity Act: A Legacy for Users”; and

(B) inserting before the period at the end the following new clauses:

“(v) 69-8158-0-7-401 (Motor Carrier Safety Grants).

“(vi) 69-8159-0-7-401 (Motor Carrier Safety Operations and Programs).”;

(2) in subparagraph (C), by—

(A) inserting “(and successor accounts)” after “budget accounts”; and

(B) striking “the Transportation Equity Act for the 21st Century and the Surface Transportation Extension Act of 2003 or for which appropriations are provided pursuant to authorizations contained in those Acts (except that appropriations provided pursuant to section 5338(h) of title 49, United States Code, as amended by the Transportation Equity Act for the 21st Century, shall not be included in this category)” and inserting “the Transportation Equity Act: A Legacy for Users or for which appropriations are provided pursuant to authorizations contained in that Act”; and

(3) in subparagraph (D)(ii), by striking “section 8103 of the Transportation Equity Act for the 21st Century” and inserting “section 8103 of the Transportation Equity Act: A Legacy for Users”.

### SEC. 3. ADJUSTMENTS TO ALIGN HIGHWAY SPENDING WITH REVENUES.

Subparagraphs (B) through (E) of section 251(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended to read as follows:

“(B) ADJUSTMENT TO ALIGN HIGHWAY SPENDING WITH REVENUES.—(i) When the President submits the budget under section 1105 of title 31, United States Code, OMB shall calculate and the budget shall make adjustments to the highway category for the budget year and each outyear as provided in clause (ii)(I)(cc).

“(ii)(I)(aa) OMB shall take the actual level of highway receipts for the year before the current year and subtract the sum of the estimated level of highway receipts in subsection (II) plus any amount previously calculated under item (bb) for that year.

“(bb) OMB shall take the current estimate of highway receipts for the current year and subtract the estimated level of receipts for that year.

“(cc) OMB shall add one-half of the sum of the amount calculated under items (aa) and (bb) to the obligation limitations set forth in the section 8103 of the Transportation Equity Act: A Legacy for Users and, using current estimates, calculate the outlay change resulting from the change in obligations for the budget year and the first outyear and the outlays flowing therefrom through subsequent fiscal years. After making the calculations under the preceding sentence, OMB shall adjust the amount of obligations set forth in that section for the budget year and the first outyear by adding one-half of the sum of the amount calculated under items (aa) and (bb) to each such year.

“(II) The estimated level of highway receipts for the purposes of this clause are—

“(aa) for fiscal year 2004, \$30,572,000,000;

“(bb) for fiscal year 2005, \$34,260,000,000;

“(cc) for fiscal year 2006, \$35,586,000,000;

“(dd) for fiscal year 2007, \$36,570,000,000;

“(ee) for fiscal year 2008, \$37,603,000,000; and

“(ff) for fiscal year 2009, \$38,651,000,000.

“(III) In this clause, the term ‘highway receipts’ means the governmental receipts credited to the highway account of the Highway Trust Fund.

“(C) In addition to the adjustment required by subparagraph (B), when the President submits the budget under section 1105 of title 31, United States Code, for fiscal year 2006, 2007, 2008, or 2009, OMB shall calculate and the budget shall include for the budget year and each outyear an adjustment to the limits on outlays for the highway category and the mass transit category equal to—

“(i) the outlays for the applicable category calculated assuming obligation levels consistent with the estimates prepared pursuant to subparagraph (D), as adjusted, using current technical assumptions; minus

“(ii) the outlays for the applicable category set forth in the subparagraph (D) estimates, as adjusted.

“(D)(i) When OMB and CBO submit their final sequester report for fiscal year 2004, that report shall include an estimate of the outlays for each of the categories that would result in fiscal years 2005 through 2009 from obligations at the levels specified in section 8103 of the Transportation Equity Act: A Legacy for Users using current assumptions.

“(ii) When the President submits the budget under section 1105 of title 31, United States Code, for fiscal year 2006, 2007, 2008, or 2009, OMB shall adjust the estimates made in clause (i) by the adjustments by subparagraphs (B) and (C).

“(E) OMB shall consult with the Committees on the Budget and include a report on adjustments under subparagraphs (B) and (C) in the preview report.”.

### SEC. 4. LEVEL OF OBLIGATION LIMITATIONS.

(a) HIGHWAY CATEGORY.—For the purposes of section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, the level of obligation limitations for the highway category is—

(1) for fiscal year 2004, \$34,309,000,000;

(2) for fiscal year 2005, \$35,671,000,000;

(3) for fiscal year 2006, \$36,719,000,000;

(4) for fiscal year 2007, \$37,800,000,000;

(5) for fiscal year 2008, \$38,913,000,000; and

(6) for fiscal year 2009, \$40,061,000,000.

(b) MASS TRANSIT CATEGORY.—For the purposes of section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, the level of obligation limitations for the mass transit category is—

(1) for fiscal year 2004, \$7,266,000,000;

(2) for fiscal year 2005, \$7,750,000,000;

(3) for fiscal year 2006, \$8,266,000,000;

(4) for fiscal year 2007, \$8,816,000,000;

(5) for fiscal year 2008, \$9,403,000,000; and

(6) for fiscal year 2009, \$10,029,000,000.

For purposes of this subsection, the term “obligation limitations” means the sum of budget authority and obligation limitations.

### SEC. 5. EXTENSION OF PAY-AS-YOU-GO REQUIREMENT.

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended “2002” both places it appears and inserting “2009”.

### SEC. 6. REPORTS.

Subsections (c)(2) and (f)(2)(A) of section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended by striking “2002” and inserting “2006 (or 2009 solely for purposes of enforcing the discretionary spending limits for the highway and mass transit categories)”.

### SEC. 7. EXPIRATION.

Section 275(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking “2002” and inserting “2006 (or 2009 solely for purposes of enforcing the discretionary spending limits for the highway and mass transit categories)” and by striking “2006” and inserting “2013”.

### SEC. 8. TECHNICAL CORRECTIONS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.

Part C of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) In section 250(a), strike “SEC. 256. GENERAL AND SPECIAL SEQUESTRATION RULES” and insert “Sec. 256. General and special sequestration rules” in the item relating to section 256.

(2) In subparagraphs (F), (G), (H), (I), (J), and (K) of section 250(c)(4), insert “subparagraph” after “described in” each place it appears.

(3) In section 250(c)(18), insert “of” after “expenses”.

(4) In section 251(b)(1)(A), strike “committees” the first place it appears and insert “Committees”.

(5) In section 251(b)(1)(C)(i), strike “fiscal years” and insert “fiscal year”.

(6) In section 251(b)(1)(D)(ii), strike “fiscal years” and insert “fiscal year”.

(7) In section 252(b)(2)(B), insert “the” before “budget year”.

(8) In section 252(c)(1)(C)(i), strike “paragraph (1)” and insert “subsection (b)”.

(9) In section 254(c)(3)(A), strike “subsection” and insert “section”.

(10) In section 254(f)(4), strike “subsection” and insert “section” and strike “sequesterable” and insert “sequestrable”.

(11) In section 255(g)(1)(B), move the fourteenth undesignated clause 2 ems to the right.

(12) In section 255(g)(2), insert “and” after the semicolon at the end of the next-to-last undesignated clause.

(13) In section 255(h)—

(A) strike “and” after the semicolon in the ninth undesignated clause;

(B) insert “and” after the semicolon at the end of the tenth undesignated clause; and

(C) strike the semicolon at the end and insert a period.

(14) In section 256(k)(1), strike “paragraph (5)” and insert “paragraph (6)”.

(15) In section 257(b)(2)(A)(i), strike “differenes” and insert “differences”.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from South Carolina (Mr. SPRATT) and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman from South Carolina (Mr. SPRATT).

Mr. SPRATT. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, this substitute would extend the so-called PAYGO rule

through September 30, 2009, to require that both the cost of all net direct, mandatory or entitlement spending increases and all tax cuts both, this is two-edged, double-edged PAYGO, enacted during a session be fully offset. In other words, this amendment would reinstate the rules that expired two years ago, the rule that is applicable to entitlement increases, the rule that is applicable to tax cuts known as the PAYGO rule.

In addition, this amendment would set total discretionary spending limits for 2005 and 2006 equal to the levels in the Democratic budget resolution which we offered on the House floor a few months ago. There are no total funding caps for other years.

Like H.R. 4663, it specifies that annual mass transit and highway funding for each year through 2009 will be set at the levels also included in the House-passed transportation reauthorization bill, known as TEA-LU.

Mr. Chairman, in the 1980s and 1990s, as we have struggled with deficits and as the effects of Gramm-Rudman-Hollings fizzled out, various rules, some of which have been surfaced on the House floor tonight, were proposed and tried. Two, however, emerged as meritorious and were included in what became the Budget Enforcement Act of 1991. It was a spin-off from the Bush Budget Summit in the year 1990. These were the disciplinary tools to implement the Bush Budget Summit Agreement, which really has not gotten the credit it is due for laying the foundation for what we accomplished in the 1990s. Neither have these rules gotten the full credit of their due, but they got a nice accolade from a source who admitted that he was a cynic, if not a skeptic, at that time, Chairman Alan Greenspan of the Federal Reserve.

He told our committee, the Committee on the Budget, just a few weeks ago when we asked him about the renewal of these rules, if he thought from his observation as an outside observer of the budget that these were worthwhile tools. He said, you know, I was a skeptic. I did not think they would work. I thought they were diversionary tactic, but I have been proven wrong. They were remarkably effective.

And when we questioned him and asked him, he said, I would reinstate both rules, both the discretionary spending caps, and I would reinstate the pay-as-you-go rule, which provides that if you want to have a tax cut when you have got a deficit, then you have to make it deficit neutral; you have to have an offset. You either cut entitlement spending one place in the budget, or you increase revenues as an offset in another place.

And by the same token, if you want to enhance an entitlement, you have got to identify a revenue stream to pay for it, or you have to have a commensurate cut and another entitlement program elsewhere in the budget so that in all respects, they are deficit neutral at the end of the session.

These two rules, the PAYGO rule, the double-edged PAYGO rule and the statutory spending caps on discretionary spending, are the heart and soul of this particular substitute that I am offering here. This cuts to the very core.

Rather than go through all of these convoluted rules, let us go back to two rules that work. Let us be pragmatic. Let us pick from the past experience that we have had those rules that contributed the most to our success in the 1990s, and after all, we moved the budget from a \$290 deficit to a \$236 surplus in six fiscal years, and these two rules helped us do it.

They have both expired now. We could do a world of good for the budget process, for the budget, for the deficit, by reinstating these two rules, and really, it is all we need to do that and fixing realistically discretionary spending caps.

Let me say, we proposed 5 years of spending caps. The chairman has reduced his effort to just 2 years. In an effort to get something that he could possibly pass over there, he went with two years. I really do not think we have effective discretionary spending limits unless we have longer terms than that. So we have a 5-year spending limitation on discretionary spending, and I should acknowledge that we have set this a bit above current service, a bit above the CBO baseline. Why did we do that? Because we fully accommodated the President's defense request, nondefense discretionary, and our cap is pretty close to baseline, pretty close to current services, just a bit over.

Total discretionary is somewhat more in excess of the CBO baseline because we followed the President's defense members. We put in the \$50 billion this year for the Iraq and Afghanistan and supplemental expenses. That is realistic, and there is one rule that we learned in the 1990s we should apply here, too. It applies to the 1997 budget which was uniquely successful when we set the statutory caps on discretionary spending at a very, very tight and unrealistic level.

When we got to the ideas, we fudged on them substantially and that is primarily because partly because we set them too tight to start with. Here, we have set them realistically. We have got two rules that work. They have proved their worth.

The chairman of the Federal Reserve says I do not see why you would not reinstate them and make the PAYGO rule in particular applicable to tax cuts as well as entitlement increases. I submit to the House, if we want to do something tonight, if we want some concrete, valuable outcome for all of our efforts, these two things would do a world of good, and we could leave here feeling that we had done something good for the budget and something successful tonight.

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

Mr. NUSSLE. Mr. Chairman, I claim the time in opposition, and I yield 2

minutes to the gentleman from Pennsylvania (Mr. TOOMEY).

Mr. TOOMEY. Mr. Chairman, I thank the chairman for the time, and I would like to stress there are two big problems with this approach and reasons that I oppose this amendment.

First of all, with respect to the discretionary spending caps, I commend the gentleman from South Carolina for extending them longer than we have in our bill. I think it is a constructive idea. Unfortunately, he starts off with caps at higher levels so we end up spending considerably more money, not only in the first couple of years, but thereafter as well, and so I have to strongly disagree with that approach on the discretionary spending caps side.

I also want to talk about the change that the gentleman from South Carolina proposes with regards to the PAYGO provisions and specifically the idea that we ought to apply this PAYGO provision to the tax cuts, as well as to the mandatory spending increases, which is what we have in the majority bill.

Now, obviously the superficial appeal of this idea is that both an increase in mandatory spending or a decrease in taxes appear to have the same directional effect on the size of the deficit in the short run. With respect to the government's budget, that is, of course, true, but there is something I think much more important here. The fact is that increasing spending and cutting taxes are not equivalent to the American people because the former, increasing mandatory spending, which we try to control, that slows down economic growth, and it reduces personal freedom, but the latter, cutting taxes, that accelerates economic growth and it expands personal freedom. The difference is just night and day.

In addition to that, the former, which is to say increasing mandatory spending, which we control in our bill, in the absence of that constraint which we impose, then we definitely increase the size of the structural deficit. That is clearly a problem that we are trying to rein in.

On the other hand, as we have seen time and time again, when you lower the tax burden, essentially you do it right by lowering marginal tax rates. You, in fact, improve the deficit picture over the long run as accelerating economic growth and enhancing revenue.

So I would urge my colleagues to reject this amendment and support the underlying bill.

Mr. NUSSLE. Mr. Chairman, I yield myself such time as I may consume.

Let me just make a couple of comments, and then we have no other speakers, and I would be ready to yield back the balance of our time.

Let me just say, first of all, the gentleman from Pennsylvania said it very well. Let me just underscore a couple of things.

We have had number of votes on the floor, and I understand we may have

yet another one tonight as a motion to recommit with regard to PAYGO for taxes, as it has been called here on the floor, and every time this year we rejected that, and we basically said, look, the only people who pay for taxes are taxpayers. The government does not have to pay for taxes because the government is not the one that pays taxes. It is taxpayers that pay for taxes.

So we have made it very clear that tonight we want to discuss spending, mandatory spending, discretionary spending. That is the reason we apply the PAYGO provisions to mandatory spending, and it is the reason why we set discretionary caps.

What the gentleman from South Carolina (Mr. SPRATT) has done follows that exact rubric. He has a PAYGO provision, but he extends it to revenue; therefore, I would oppose that.

On the discretionary side, he increases spending above the caps where we are now or above the budget resolution by \$12.5 billion. In my estimation, that is unnecessary spending at this time. Certainly, as we all know, during the appropriation process many people will come to the floor and suggest that we could spend more money on this or we could increase over here or we could increase over there, but again, so many of our colleagues on both sides have talked about restraining spending. I do not believe an increase in the cap is what we need to do.

So I would oppose the amendment. The discretionary cap does not need to be lifted an additional \$12.5 billion, number one; and number two, we do not believe that anyone in this country pays for taxes except taxpayers. Therefore, I would oppose the amendment as a substitute.

As I said to the gentleman from South Carolina (Mr. SPRATT), we have no other speakers.

Mr. Chairman, I reserve the balance of our time.

□ 2045

Mr. SPRATT. Could the Chair please advise me how much time I have?

The CHAIRMAN pro tempore (Mr. BASS). The gentleman from South Carolina has 8½ minutes remaining.

Mr. SPRATT. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, once again what we are trying to do here is to cut through all the rhetoric, go through all of these complicated rules, sometimes convoluted rules, and come up with two basic rules, two pragmatic rules that have proven themselves over a period of 10 years to work and work well. Indeed, they were part of the success we enjoyed in the 1990s when we moved the budget from a deficit of \$290 billion in 1992 to a surplus of \$236 billion in the year 2000.

First of all, we would impose a statutory cap on discretionary spending at a level that we think is realistic. And what do we mean by that? We take current services, basically treading water,

with inflationary adjustment, and we add to it the Bush defense budget. But we want to make a point here, and that is this is the totality of domestic non-homeland discretionary spending in the budget. This is one-sixth of the budget. Wipe it all out, you do not have an FBI, you do not have a court system, you do not have a Park Service, you do not have highways; but you still have a deficit, notwithstanding the fact you have wiped the whole thing out.

If you look back over the last 4 years, what is the source of this spending that everybody is decrying tonight? What you find is it certainly is not domestic nonhomeland security; 383, 382, 383. Now, Mr. Bush said he would like to cut it down to \$376 billion. Well and good. This is one of the reasons the appropriators are out here tonight. They are struggling with the attainment of that goal. That saves \$7 billion on a deficit that is estimated at over \$400 billion next year. That is how much blood you can squeeze out of this turnip.

Where then have the cost increases come from? This chart tells it all. These bar charts show 2001, 2002, 2003, 2004, and they show that 90 to 95 percent of the increase in spending in those four fiscal years occurred in defense, homeland security, and the response to 9/11, not in what we call domestic nondefense discretionary spending. Therefore, the cap will have an effect, but not a great effect.

Basically, what we have done is we have capped nondefense discretionary spending at a current services level. We provided, as I said, realistically for the Bush defense budget for the other half of discretionary spending in the cap we have set.

Complicated chart. It says one thing in particular. When Bush came to office, when the President came to office several years ago, the Bush defense budget, the defense budget for the next 10 years was \$3.6 trillion. Today, by our calculation, it is more like \$5 trillion. We have seen defense spending go up over that time frame by \$1.4 trillion.

And what about revenues? This is where the Bush administration told us revenues would go if we had tax cuts as we did in 2001, 2002 and 2003; that they would follow this blue dotted line. They have not followed the blue dotted line. They have taken a precipitous decline downward over this period of time from over \$1 trillion to less than \$800 billion in a period of about 3 or 4 fiscal years.

So if you want to solve the problem, you have to get to the source of the problem. You have to go to the budget and look at where the problem exists, and you cannot rule out revenues and expect to resolve a \$521 billion estimate. That was the last official estimate we got from OMB of a deficit for this year.

That is why we have, number one, spending caps on discretionary spending at realistic levels that accommodate for defense. Get real. We are not

going to be reining in those accounts by any substantial amount in the near future, given our obligations that are still being worked out.

And, secondly, we have acknowledged that revenues are a significant part of the problem. Indeed, when we resolved the problem of the deficit in the 1990s, and CBO looked back on it, they said 48 percent of your success was due to the fact that you were able to enhance revenues, 52 percent was due to the fact you curbed spending. Those two together produced the phenomenal results we enjoyed in the 1990s.

Here it is right here. It can be done. The Clinton administration came to office and outlays were 22 percent of GDP. When he left office, outlays had been reduced to about 18 percent of GDP. Revenues were about 17 to 18 percent of GDP. They were taken up over 20 percent of GDP. And there is the measure of the success in the Clinton administration right there, the \$200 billion surplus we have been talking about.

And here is what happened with the Bush administration. Revenues have plummeted and spending outlays have gone up. But outlays are still below historic norms. Revenues, however, are pretty close to historic levels. Income taxes, as a percent of GDP, are about where they were in 1950.

So you have to do all these things to have a successful budget process package, and that is why we suggest to you we have got before you now in this substitute a package of two simple and basic rules which we say to you pragmatically worked, worked phenomenally well, and ought to be reinstated so we can tackle this difficult problem and approach it and try to begin working down the deficit.

I would suggest to the House that this would be the simplest way and the best way to resolve this whole debate. Adopt this substitute and wrap it up by reinstating the PAYGO rule with a double edge applicable to tax cuts and spending increases alike.

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

Mr. NUSSLE. Mr. Chairman, I reserve the balance of my time, and I am prepared to yield back.

Mr. SPRATT. Mr. Chairman, I yield 1 minute to the gentleman from North Dakota (Mr. POMEROY).

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

We would have liked the opportunity to present an amendment to this bill that teed up cleanly the prospects of pay-as-you-go, including both the revenue and spending sides. Remember, pay-as-you-go on spending. That does not mean anything, because a budget is revenue and a budget is outflow. If you only do outflow without revenue, you will never get to balance. Never get to balance. It is not even a serious effort.

What did they do to the request we had to have a clean vote on it, the request by the Blue Dogs? They did not

make it in order in the Committee on Rules. We have been working the last several hours through 19 amendments. They have made every cockamamie idea under the sun in order. But when we wanted to have a straight pay-as-you-go to address this budget deficit, it was not made in order. It again shows why I believe the underlying bill is not a serious effort in budgeting whatsoever, and the effort put forward by my friend and colleague, the gentleman from South Carolina (Mr. SPRATT), represents an alternative in a bad situation. That is a situation we should support.

Mr. SPRATT. Mr. Chairman, I yield the balance of my time to the gentleman from California (Ms. PELOSI), the minority leader.

Ms. PELOSI. Mr. Chairman, I thank the gentleman from South Carolina (Mr. SPRATT) for yielding me this time, but more especially for the excellent leadership that he has provided as the ranking member on the Committee on the Budget, and I thank him for bringing this substitute to the floor.

I think it would be really very important for the American people to understand the standing that the gentleman from South Carolina (Mr. SPRATT) has on this issue. He has, without any inking of partisanship, addressed the issues of a fiscal soundness for our country and a budget that reflects our values in a way that has been, again, nonpartisan, professional, and responsible. He knows the facts and the figures. He takes responsibility for what he puts forth and will answer and defend the conclusions that he advances. So when he speaks about his own substitute that will lead to reducing the deficit, you can take him at his word. When he introduces this substitute for pay-as-you-go, it is as responsible as it sounds.

Earlier in the debate, on the Obey amendment, one of our Republican colleagues said there is no such thing as a free lunch. This pay-as-you-go budget really validates that statement, because it says in order for us to provide for the needs and the aspirations of the American people, we must do so in a fiscally sound way, and we must not fool ourselves about the consequences of our actions.

You can talk all day about the dynamic, as our Republican colleagues would say, about the dynamic impact of their tax cuts. They have been cutting taxes and cutting taxes and cutting taxes. Democrats like tax cuts too. We wanted to cut the taxes for the middle class. We want to cut the taxes for Americans who will then spend the money and put it back into the economy, injecting demand into the economy, creating jobs, growing the economy to create jobs.

We want to use our investments in our budget to invest in education. There is no better investment that we can make in terms of helping and meeting the needs and aspirations of the American people in terms of edu-

cating them, early childhood, K through 12, higher ed, post-graduate and life-time learning. And nothing does more to grow the economy and bring money into the Federal Treasury than to educate the American people.

So the investments that we talk about with pay-as-you-go are investments that bring money into the Treasury, that put tax cuts where they belong, where they will generate jobs and, again, inject demand. The gentleman from South Carolina (Mr. SPRATT) very, very carefully presented to us how the pay-as-you-go, when it was in effect, created a situation where we had zero deficit in 1999. This was not an accident. It was not a fluke. It was part of a plan. It was not a situation where we kept trying one thing and another. It was part of a plan. When the pay-as-you-go expired, we now have returned to these growing deficits; this year, \$5 trillion, a historically large deficit.

So, Mr. Chairman, when the Republicans say that we should subscribe to their reckless economic plan because it is going to create jobs, the success of their economic plan has not hit home for middle-class Americans. Yes, some jobs have been created, but they have been lower-paying jobs than the ones that were lost. The purchasing power of Americans has not increased. In fact, the increase in wages since this spring, since March, has been about a nickel. About a nickel. So that is not an economic policy that has been successful for middle-class Americans.

Their policy about tax cuts has been to go to those who need them least. Most of those people know they do not need the tax cuts and would rather they be investments into our society for educating our children. They do not want to, on top of it all, grow the deficit. We keep feeling the effects of that policy in lost jobs, wages that do not keep pace with inflation, and most dramatically, again, in record budget deficits.

When President Bush took office, as was indicated by the charts the gentleman from South Carolina (Mr. SPRATT) showed, we were on a path to a \$5.6 trillion surplus. A \$5.6 trillion surplus. Today, the budget deficit is projected to be over \$3 trillion over the next 10 years, a \$9 trillion fiscal collapse. We now have a deficit again for this year that is more than \$5 trillion for 1 year alone. That is an astounding burden on our children.

□ 2100

We should be giving our children opportunity, not fiscal obligations because of the Republicans' reckless economic policies.

These deficits matter. Federal Reserve Chairman Alan Greenspan has said, "History suggests that an abandonment of fiscal discipline will eventually push up interest rates, crowd out capital spending, lower productivity growth, and force harder choices upon us in the future."

Economists agree, deficits are a drag on the economy. Higher deficits mean higher interest rates, which mean families pay more for homes, cars and college tuition. Higher deficits mean lower incomes. And higher deficits mean fewer good-paying jobs.

Our country is at a crossroads on this issue, Mr. Chairman, and today we can choose between two distinct paths. One, as the gentleman from South Carolina suggests, is the road back to fiscal responsibility. The other is the road to fiscal ruin. The road to fiscal responsibility runs right through the Democratic substitute offered by the gentleman from South Carolina, which would put the budget on a pay-as-you-go system in which both tax cuts and spending increases must be paid for, a real pay-as-you-go system.

Alan Greenspan agrees. He recently testified before the Senate Banking Committee that pay-as-you-go should apply to both taxes and spending. These rules were in effect throughout the 1990s, as was mentioned, and they were effective. As a result of these rules, we turned record deficits that we had received into the 1990s into record surpluses as we left the 1990s. We could do it again today. The road to fiscal ruin runs through the unrestrained deficits of the Republican proposal. The Republican bill on the floor today is a sham. It steals the mantle of pay-as-you-go without requiring the discipline that real pay-as-you-go would require. By failing to offset tax cuts, the Republican bill will make the deficit even worse.

The issue is simple: The Democratic pay-as-you-go proposal has a record of success. The Republican approach has a record of deficits. If you want to return to fiscal responsibility, vote for the Democratic substitute on pay-as-you-go.

Mr. Chairman, I again want to salute the gentleman from South Carolina and again commend what he has to say to the American people because he speaks truth about the budget and about the deficit. He knows of what he speaks. He knows the discipline that is needed to reduce the deficit. We are all blessed by his leadership.

Mr. NUSSLE. Mr. Chairman, I yield myself the balance of my time.

First of all I would say to the very distinguished minority leader that the gentleman from South Carolina is a lot of things. He is a professional. She has hit the nail on the head. I would just quarrel with one comment she made and that is that he is nonpartisan. He is a very effective partisan, I would just say. We get along very well. He does it in a spirit that may appear to be nonpartisan at times, but he is a very effective Democrat and I would never take that away from him. He is a very effective spokesman for their philosophy, for their priorities and while we sometimes disagree, it is okay that he can do it in a partisan way and not a mean way at all, or a disagreeable way.

There are a couple of things I would just like to point out. First of all, the reason we came to balance in 1999 was, as the minority leader said, because we had a plan. That was a plan that was passed by this Congress, this Republican Congress. Second, she said that there were some jobs being created. Well, yes, some 1.4 million jobs since last August alone. If you want to create more of them or if you want to make sure that they get paid better salaries or if you want to make sure that they have more job security, I would just suggest to you that appropriating more money than we have in these huge increases for education, that is not going to increase their salaries.

For our kids, it may help them out and that is why we are increasing education, but that does not create more jobs. It does not increase their salaries. Taxing small business like the proposal that the gentleman from Wisconsin (Mr. OBEY) brought to the floor earlier today that we had the wisdom to defeat does not create jobs. In fact, most of those people that were being taxed under his proposal were those small businesses that are creating those jobs. Last but not least, you do not create jobs by driving businesses overseas with our tax policy in this country and many of the challenges that we have with our economy continuing to drive those businesses overseas to look for opportunities as opposed to allowing them to stay here and be competitive.

Reforming our trade laws and by voting to give the President the ability to go in and negotiate those agreements is something that we need to do.

We do have a plan. We have a budget. It has worked in the past. You do not need a pay-as-you-go rule for taxes for the government to worry about because the people who pay taxes in this country and pay for taxes, who pay as they go with regard to taxes, are taxpayers. Every time you increase taxes, they are the ones that pay. They pay as you go. As you go for more taxes, they pay. That is what we do not need. That is why we oppose the Spratt substitute, even though I can agree with the gentleman that he is, by far, someone who is not only very professional, but someone I am very pleased to work with.

I do it as gently as possible, but with obviously a note of partisanship that we often have to have in order to support our different sides of these issues.

Ms. JACKSON-LEE of Texas. Mr. Chairman, I rise in opposition to the base bill, H.R. 4663, the Spending Control Act of 2004 and in support of the amendment as proposed by the gentleman from South Carolina. The underlying bill proposes cuts before we even have a budget resolution passed in Congress and is therefore premature.

The bill caps non-emergency discretionary funding for 2005 at \$821.5 billion, essentially the same level as in the conference agreement on the budget resolution. The conference agreement contains an additional \$50 billion in emergency funding for military oper-

ations in Afghanistan and Iraq where we truly need it.

The conference report for this proposal provides \$1.3 billion less than what the House Veterans' Affairs Committee says is needed for veterans health care programs for 2005. The allocation to the Appropriations Subcommittee on Veterans-HUD-Independent Agencies is \$4.6 billion (4.7 percent) below the amount needed to maintain services at the 2004 level, which could cause deep cuts to veterans' health care.

This Administration must not continue to run up deficits because they cause the government to use the surpluses of the Social Security Trust Fund for other government purposes rather than to pay down the debt and help our Nation prepare for the coming retirement of the Baby Boomers. In essence, every dollar that we add to the Federal debt is a dollar that our children will have to pay back in higher taxes or fewer government benefits in the future.

The GOP PAYGO proposal would increase the Federal debt instead of chip away at it. PAYGO will fail to help our deficit because it exempts tax cuts from the enforcement rules, thereby precipitating the introduction of more tax cuts that will bring us even deeper into the red.

The Spratt Amendment is smart and will undo the mess that our friends on the other side of the aisle have created. It would restore the budget rules that aim to decrease the deficit. Reestablishing the effective PAYGO rules for spending as well as for tax cuts, the philosophy behind this amendment helped to turn record deficits into record surpluses in the 1990's.

Mr. Chairman, we must stop using Social Security surpluses to fund other government programs. We must stop creating more debt for our children to pay off. We must continue the discipline of the budget process.

Since President Bush took office, a projected ten-year surplus of \$5.6 trillion has turned into a projected deficit of \$2.9 trillion—which is a wrong turn worth \$8.5 trillion. The substitutes offered by Rep. MARK KIRK and by Rep. BILL YOUNG include a similar PAYGO provision. The substitute offered by Rep. JEB HENSARLING establishes an equivalent point of order that applies only to mandatory spending, not tax cuts.

The original PAYGO rule that applied to tax cuts as well as spending was instrumental during the 1990s in bringing us from record deficits to record surpluses. The original PAYGO rule was renewed in July 1997 on a bipartisan basis, with a large majority of the House Republicans—including most of the Republican leadership—joining a large majority of House Democrats in voting to extend the PAYGO requirement applying to both tax cuts and mandatory spending.

Tax cuts have played a central role in producing the staggering deficits we now face. The Congressional Budget Office reports that, measured over the 2002–2011 budget window, \$2.3 trillion of the fiscal reversal that has occurred since January 2001 has been caused by tax cuts and the debt service that come with them. Extending PAYGO to cover only mandatory spending—as the Republican bill proposes—takes our focus away from the deficit problem.

Mr. Chairman, I would urge my colleagues to support the Spratt Amendment, and I oppose the base bill, H.R. 4663.

Mr. NUSSLE. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. BASS). The question is on the amendment in the nature of a substitute offered by the gentleman from South Carolina (Mr. SPRATT).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. SPRATT. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from South Carolina (Mr. SPRATT) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order: amendment No. 6 offered by the gentleman from Illinois (Mr. KIRK), amendment No. 7 offered by the gentleman from Wisconsin (Mr. RYAN), amendment No. 8 offered by the gentleman from Wisconsin (Mr. RYAN), amendment No. 9 offered by the gentleman from Wisconsin (Mr. RYAN), and amendment in the nature of a substitute No. 15 offered by the gentleman from South Carolina (Mr. SPRATT).

The Chair will reduce to 5 minutes the time for any electronic vote after the first vote in this series.

AMENDMENT NO. 6 OFFERED BY MR. KIRK

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Illinois (Mr. KIRK) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 289, noes 121, not voting 23, as follows:

[Roll No. 310]

AYES—289

Akin	Bradley (NH)	Chabot
Alexander	Brady (TX)	Chandler
Bachus	Brown (SC)	Chocola
Baird	Brown-Waite,	Coble
Ballenger	Ginny	Cole
Barrett (SC)	Burgess	Cooper
Bartlett (MD)	Burns	Costello
Bass	Burr	Cox
Beauprez	Burton (IN)	Cramer
Berry	Buyer	Crane
Biggart	Calvert	Crenshaw
Bilirakis	Camp	Cubin
Bishop (UT)	Cannon	Culberson
Blackburn	Cantor	Cunningham
Blumenauer	Capito	Davis (CA)
Blunt	Capps	Davis (FL)
Boehlert	Capuano	Davis (TN)
Bonner	Cardoza	Davis, Jo Ann
Bono	Carson (OK)	Deal (GA)
Boozman	Carter	DeFazio
Boswell	Case	Delahunt
Boyd	Castle	DeLa



Price (NC)	Scott (GA)	Tiahrt	Davis (TN)	Hostettler	Peterson (MN)	Pelosi	Sanders	Thompson (MS)
Pryce (OH)	Scott (VA)	Tiberi	Deal (GA)	Hulshof	Pitts	Peterson (PA)	Sandlin	Tiahrt
Putnam	Serrano	Tierney	DeMint	Isakson	Putnam	Petri	Saxton	Tiberi
Quinn	Shaw	Towns	Diaz-Balart, L.	John	Radanovich	Pickering	Schakowsky	Tierney
Radanovich	Sherman	Turner (OH)	Diaz-Balart, M.	Johnson (IL)	Ramstad	Platts	Schiff	Towns
Rahall	Sherwood	Turner (TX)	Doggett	Johnson, Sam	Renzi	Pombo	Scott (GA)	Turner (OH)
Rangel	Shuster	Udall (CO)	Duncan	Jones (NC)	Reynolds	Pomeroy	Scott (VA)	Udall (CO)
Regula	Simmons	Udall (NM)	Dunn	Keller	Rohrabacher	Porter	Serrano	Udall (NM)
Rehberg	Simpson	Van Hollen	Feehey	Kelly	Ros-Lehtinen	Portman	Shaw	Van Hollen
Renzi	Skelton	Velázquez	Ferguson	Kennedy (MN)	Royce	Price (NC)	Sherman	Velázquez
Reyes	Slaughter	Visclosky	Flake	King (IA)	Ryan (WI)	Pryce (OH)	Sherwood	Visclosky
Reynolds	Smith (MI)	Walsh	Foley	Kline	Ryun (KS)	Quinn	Shuster	Walsh
Rodriguez	Smith (NJ)	Wamp	Forbes	Langevin	Schrock	Rahall	Simmons	Wamp
Rogers (AL)	Smith (TX)	Waters	Franks (AZ)	Linder	Sensenbrenner	Rangel	Simpson	Waters
Rogers (KY)	Smith (WA)	Watson	Gallegly	LoBiondo	Sessions	Regula	Skelton	Watson
Rogers (MI)	Snyder	Waxman	Garrett (NJ)	Lucas (KY)	Shadegg	Rehberg	Slaughter	Waxman
Ros-Lehtinen	Solis	Weiner	Gibbons	Manullo	Shays	Reyes	Smith (NJ)	Weiner
Ross	Spratt	Weldon (FL)	Gillmor	Matheson	Shimkus	Rodriguez	Snyder	Weldon (FL)
Roybal-Allard	Stark	Weldon (PA)	Gingrey	McCrery	Smith (MI)	Rogers (AL)	Solis	Weldon (PA)
Ruppersberger	Strickland	Weller	Goode	McInnis	Smith (TX)	Rogers (KY)	Spratt	Weller
Rush	Stupak	Wexler	Goodlatte	McIntyre	Smith (WA)	Rogers (MI)	Stark	Wexler
Ryan (OH)	Sullivan	Whitfield	Green (WI)	McKeon	Souder	Ross	Strickland	Whitfield
Sabo	Sweeney	Wicker	Greenwood	Miller (FL)	Stearns	Roybal-Allard	Stupak	Wicker
Sánchez, Linda T.	Tanner	Wilson (NM)	Gutknecht	Miller, Gary	Stenholm	Ruppersberger	Sullivan	Wicker
Sánchez, Loretta	Tauscher	Wolf	Hall	Moran (KS)	Tancredo	Rush	Sweeney	Wolf
Sanders	Taylor (MS)	Woolsey	Harman	Murphy	Tanner	Ryan (OH)	Tauscher	Woolsey
Sandlin	Taylor (NC)	Wu	Harris	Musgrave	Terry	Sabo	Taylor (MS)	Wu
Saxton	Thomas	Wynn	Hart	Myrick	Thornberry	Sánchez, Linda T.	Taylor (NC)	Wynn
Schiff	Thompson (CA)	Young (AK)	Hayworth	Neugebauer	Toomey	Sanchez, Loretta T.	Thomas	Young (AK)
	Thompson (MS)	Young (FL)	Hefley	Norwood	Turner (TX)		Thompson (CA)	Young (FL)

NOT VOTING—24

Barton (TX)	Doyle	Kanjorski
Bereuter	Fossella	Kleccka
Berman	Gephardt	McDermott
Carson (IN)	Goss	Mollohan
Collins	Granger	Rothman
Cox	Hastings (FL)	Schakowsky
Davis, Tom	Hastings (WA)	Tauzin
Deutsch	Jones (OH)	Watt

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (during the vote). Two minutes remain in this vote.

□ 2141

Mr. PETRI changed his vote from “aye” to “no.”

So the amendment was rejected.

The result of the vote was announced as above recorded.

AMENDMENT NO. 8 OFFERED BY MR. RYAN OF WISCONSIN

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 137, noes 272, not voting 24, as follows:

[Roll No. 312]

AYES—137

Akin	Boswell	Carson (OK)
Ballenger	Bradley (NH)	Carter
Barrett (SC)	Brady (TX)	Case
Bartlett (MD)	Brown-Waite,	Castle
Bass	Ginny	Chabot
Beauprez	Burgess	Chocola
Biggert	Burns	Coble
Bishop (UT)	Burr	Cole
Blackburn	Camp	Crane
Boehlert	Cannon	Cubin
Boehner	Capito	Davis (FL)

Herseth
Hill
Hoekstra

NOES—272

Abercrombie	Doolittle	LaHood
Ackerman	Dreier	Lampson
Aderholt	Edwards	Lantos
Alexander	Ehlers	Larsen (WA)
Allen	Emanuel	Larson (CT)
Andrews	Emerson	Latham
Baca	Engel	LaTourette
Bachus	English	Leach
Baird	Eshoo	Lee
Baker	Etheridge	Levin
Baldwin	Evans	Lewis (GA)
Becerra	Everett	Lewis (KY)
Bell	Farr	Lipinski
Berkley	Fattah	Lofgren
Berry	Filner	Lowey
Bilirakis	Ford	Lucas (OK)
Bishop (GA)	Frank (MA)	Lynch
Bishop (NY)	Frelinghuysen	Majette
Blumenauer	Frost	Maloney
Blunt	Gerlach	Markey
Bonilla	Gilchrest	Marshall
Bonner	Gonzalez	Matsui
Bono	Gordon	McCarthy (MO)
Boozman	Graves	McCarthy (NY)
Boucher	Green (TX)	McCollum
Boyd	Grijalva	McCotter
Brady (PA)	Gutierrez	McGovern
Brown (OH)	Hayes	McHugh
Brown (SC)	Hinchev	McNulty
Brown, Corrine	Hinojosa	Meehan
Burton (IN)	Hobson	Meek (FL)
Buyer	Hoeffel	Meeks (NY)
Calvert	Holden	Menendez
Cantor	Holt	Mica
Capps	Honda	Michaud
Capuano	Hooley (OR)	Millender-
Cardin	Houghton	McDonald
Cardoza	Hoyer	Miller (MI)
Chandler	Hunter	Miller (NC)
Clay	Hyde	Miller, George
Clyburn	Inslee	Moore
Conyers	Israel	Moran (VA)
Cooper	Issa	Murtha
Costello	Istook	Nadler
Cramer	Jackson (IL)	Napolitano
Crenshaw	Jackson-Lee	Neal (MA)
Crowley	(TX)	Nethercutt
Culberson	Jefferson	Ney
Cummings	Jenkins	Northup
Cunningham	Johnson (CT)	Nunes
Davis (AL)	Johnson, E. B.	Nussle
Davis (CA)	Kaptur	Oberstar
Davis (IL)	Kennedy (RI)	Obey
Davis, Jo Ann	Kildee	Olver
DeFazio	Kilpatrick	Ortiz
DeGette	Kind	Osborne
DeLauro	King (NY)	Owens
DeLay	Kingston	Pallone
Dicks	Kirk	Pascarell
DeLata	Knollenberg	Pastor
Dingell	Kolbe	Payne
Dooley (CA)	Kucinich	Pearce

Oxley
Paul
Pence

LaHood
Lampson
Lantos

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. BASS) (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2148

So the amendment was rejected. The result of the vote was announced as above recorded.

AMENDMENT NO. 9 OFFERED BY MR. RYAN OF WISCONSIN

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Wisconsin (Mr. RYAN) on which further proceedings were postponed and on which the ayes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 174, noes 237, not voting 22, as follows:

[Roll No. 313]

AYES—174

Akin	Boehlert	Cannon
Alexander	Boehner	Cantor
Andrews	Bonner	Capito
Ballenger	Boozman	Cardin
Barrett (SC)	Boswell	Cardoza
Bartlett (MD)	Boyd	Case
Bass	Bradley (NH)	Castle
Beauprez	Brady (TX)	Chabot
Biggert	Brown-Waite,	Chocola
Bilirakis	Ginny	Coble
Bishop (UT)	Burns	Cole
Blackburn	Burr	Cooper
Blunt	Camp	Cox

Crane	Hostettler	Platts	Oberstar	Ryan (OH)	Taylor (NC)	DeFazio	Kind	Rangel
Cubin	Hoyer	Pombo	Obey	Sabo	Thomas	DeGette	Kucinich	Reyes
Davis (FL)	Hulshof	Porter	Oliver	Sánchez, Linda	Thompson (CA)	Delahunt	Lampson	Rodriguez
Davis (TN)	Isakson	Portman	Ortiz	T.	Thompson (MS)	DeLauro	Langevin	Ross
Deal (GA)	Issa	Price (NC)	Owens	Sanchez, Loretta	Tiahrt	Dicks	Lantos	Roybal-Allard
DeFazio	John	Pryce (OH)	Oxley	Sanders	Tiberi	Dingell	Larsen (WA)	Ruppersberger
DeMint	Johnson (CT)	Putnam	Pallone	Saxton	Tierney	Doggett	Larson (CT)	Rush
Diaz-Balart, L.	Johnson, E. B.	Radanovich	Pascrell	Schakowsky	Towns	Dooley (CA)	Leach	Ryan (OH)
Diaz-Balart, M.	Keller	Ramstad	Pastor	Scott (GA)	Van Hollen	Doyle	Lee	Sabo
Doggett	Kelly	Rehberg	Paul	Scott (VA)	Velázquez	Edwards	Levin	Sánchez, Linda
Dooley (CA)	Kennedy (MN)	Rohrabacher	Payne	Serrano	Visclosky	Emanuel	Lewis (GA)	T.
Duncan	Kind	Ros-Lehtinen	Pearce	Shaw	Walsh	Engel	Lofgren	Sanchez, Loretta
Dunn	King (IA)	Ros-Lehtinen	Pelosi	Sherman	Wamp	Eshoo	Lowey	Sanders
Ehlers	Kirk	Royce	Peterson (PA)	Sherwood	Waters	Etheridge	Lynch	Sandlin
English	Kline	Ruppersberger	Pickering	Shuster	Watson	Evans	Majette	Schakowsky
Etheridge	Lampson	Ryan (WI)	Pomeroy	Simmons	Waxman	Farr	Maloney	Schiff
Feeney	Langevin	Ryun (KS)	Quinn	Simpson	Weiner	Fattah	Markey	Scott (GA)
Ferguson	Linder	Sandlin	Rahall	Skelton	Weldon (FL)	Filner	Matsui	Scott (VA)
Flake	LoBiondo	Schrock	Regula	Slaughter	Weldon (PA)	Ford	McCarthy (MO)	Serrano
Foley	Lofgren	Sensenbrenner	Renzi	Smith (NJ)	Weller	Frank (MA)	McCarthy (NY)	Sherman
Forbes	Lucas (KY)	Sessions	Reyes	Solis	Wexler	Frost	McCollum	Skelton
Franks (AZ)	Majette	Shadegg	Reynolds	Souder	Whitfield	Gonzalez	McGovern	Slaughter
Frost	Manzullo	Shays	Rodriguez	Stark	Wicker	Gordon	McIntyre	Smith (WA)
Gallely	Marshall	Shimkus	Rogers (AL)	Strickland	Wolf	Green (TX)	McNulty	Snyder
Garrett (NJ)	Matheson	Smith (MI)	Rogers (KY)	Stupak	Woolsey	Grijalva	Meehan	Spratt
Gibbons	McCrery	Smith (TX)	Rogers (MI)	Sullivan	Wu	Gutierrez	Meek (FL)	Stark
Gilchrest	McInnis	Smith (WA)	Ross	Sweeney	Wynn	Harman	Meeks (NY)	Strickland
Gillmor	McIntyre	Snyder	Roybal-Allard	Tancredo	Young (AK)	Hersteth	Menendez	Stupak
Gingrey	McKeon	Spratt	Rush	Tauscher	Young (FL)	Hinchev	Michaud	Tauscher
Goode	Miller (FL)	Stearns				Hinojosa	Millender-	Thompson (MS)
Goodlatte	Miller, Gary	Stenholm				Hoefel	McDonald	Tierney
Gordon	Moran (KS)	Tanner	Barton (TX)	Gephardt	Mollohan	Holden	Miller (NC)	Tom
Green (WI)	Murphy	Taylor (MS)	Bereuter	Goss	Rangel	Holt	Miller, George	Towns
Greenwood	Musgrave	Terry	Berman	Granger	Rothman	Honda	Moore	Turner (TX)
Gutknecht	Myrick	Thornberry	Carson (IN)	Hastings (FL)	Schiff	Hooley (OR)	Moran (VA)	Udall (CO)
Harman	Neugebauer	Toomey	Collins	Hastings (WA)	Tauzin	Hoyer	Nadler	Udall (NM)
Harris	Norwood	Turner (OH)	Davis, Tom	Jones (OH)	Watt	Inslee	Napolitano	Van Hollen
Hart	Nunes	Turner (TX)	Deutsch	Kleccka		Israel	Neal (MA)	Velazquez
Hayworth	Nussle	Udall (CO)	Fossella	McDermott		Jackson (IL)	Oberstar	Visclosky
Hefley	Osborne	Udall (NM)				Jackson-Lee	Olver	Waters
Hensarling	Ose	Upton				(TX)	Ortiz	Watson
Herger	Otter	Vitter				Jefferson	Owens	Waxman
Hersteth	Pence	Walden (OR)				Johnson, E. B.	Pallone	Weiner
Hoefel	Peterson (MN)	Wilson (NM)				Jones (NC)	Pascrell	Wexler
Hoekstra	Petri	Wilson (SC)				Kanjorski	Pastor	Wilson (NM)
Hooley (OR)	Pitts					Kaptur	Payne	Woolsey
						Kennedy (RI)	Pelosi	Wu
						Kildee	Pomeroy	Wynn
						Kilpatrick	Price (NC)	

## NOT VOTING—22

## ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2155

So the amendment was rejected.

The result of the vote was announced as above recorded.

## AMENDMENT NO. 15 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. SPRATT

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment in the nature of a substitute offered by the gentleman from South Carolina (Mr. SPRATT) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment in the nature of a substitute.

The Clerk redesignated the amendment in the nature of a substitute.

## RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 179, noes 233, not voting 21, as follows:

[Roll No. 314]

AYES—179

Abercrombie	Dingell	King (NY)	Abercrombie	Blumenauer	Clay
Ackerman	Doolittle	Kingston	Ackerman	Boswell	Clyburn
Aderholt	Doyle	Knollenberg	Allen	Boucher	Conyers
Allen	Dreier	Kolbe	Andrews	Brady (PA)	Cooper
Baca	Edwards	Kucinich	Baca	Brown (OH)	Costello
Bachus	Emanuel	LaHood	Baird	Brown, Corrine	Crowley
Baird	Emerson	Lantos	Baldwin	Capps	Cummings
Baker	Engel	Larsen (WA)	Becerra	Capuano	Davis (AL)
Baldwin	Eshoo	Larson (CT)	Brown (OH)	Carson (OK)	Davis (CA)
Becerra	Evans	Latham	Brown (SC)	Carter	Davis (IL)
Bell	Everett	LaTourette	Brown, Corrine	Castle	Davis, Jo Ann
Berkley	Farr	Leach	Burgess	Chabot	DeGette
Berry	Fattah	Lee	Burton (IN)	Choccola	Delahunt
Bishop (GA)	Filner	Levin	Buyer	Coble	DeLauro
Bishop (NY)	Ford	Lewis (CA)	Calvert	Cole	Doyle
Blumenauer	Frank (MA)	Lewis (GA)	Camp	Cox	Edwards
Bonilla	Frelinghuysen	Lewis (KY)	Cantor	Cramer	Emanuel
Bono	Gerlach	Lipinski	Capito	Crane	Engel
Boucher	Gonzalez	Lowey	Carson (OK)	Crenshaw	Eshoo
Brady (PA)	Graves	Lucas (OK)	Carter		Etheridge
Brown (OH)	Green (TX)	Lynch	Castle		Evans
Brown (SC)	Grijalva	Maloney	Chabot		Farr
Brown, Corrine	Gutierrez	Markley	Choccola		Fattah
Burgess	Hall	Matsui	Coble		Filner
Burton (IN)	Hayes	McCarthy (MO)	Congress		Ford
Buyer	Hill	McCarthy (NY)	Cranston		Frank (MA)
Calvert	Hinchev	McCollum	Crowley		Frost
Capps	Hinojosa	McCotter	Clyburn		Gonzalez
Capuano	Hobson	McGovern	Clyburn		Gordon
Carson (OK)	Holden	McHugh	Conyers		Green (TX)
Carter	Holt	McNulty	Cooper		Grijalva
Chandler	Honda	Meehan	Costello		Gutierrez
Clay	Houghton	Meek (FL)	Crowley		Gillmor
Clyburn	Hunter	Meeks (NY)	Cummings		Gingrey
Conyers	Hyde	Menendez	Davis (AL)		Goode
Costello	Inslee	Mica	Davis (CA)		Goodlatte
Cramer	Israel	Michaud	Davis (FL)		Goss
Crenshaw	Istook	Millender-	Davis (IL)		Graves
Crowley	Jackson (IL)	McDonald	Davis (TN)		Green (WI)
Culberson	Jackson-Lee	Miller (MI)			Greenwood
Cummings	(TX)	Miller (NC)			Gutknecht
Cunningham	Jefferson	Miller, George			Hall
Davis (AL)	Jenkins	Moore			Harris
Davis (CA)	Johnson (IL)	Moran (VA)			Hart
Davis (IL)	Johnson, Sam	Murtha			Hayes
Davis, Jo Ann	Jones (NC)	Nadler			Hayworth
DeGette	Kanjorski	Napolitano			Hefley
Delahunt	Kaptur	Neal (MA)			Hensarling
DeLauro	Kennedy (RI)	Nethercutt			Herger
DeLay	Kildee	Ney			Hill
Dicks	Kilpatrick	Northup			Hobson

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Aderholt	Cubin	Hoekstra
Akin	Culberson	Hostettler
Alexander	Cunningham	Houghton
Bachus	Davis, Jo Ann	Hulshof
Baker	Deal (GA)	Hunter
Ballenger	DeLay	Hyde
Barrett (SC)	DeMint	Isakson
Bartlett (MD)	Diaz-Balart, L.	Issa
Bass	Diaz-Balart, M.	Istook
Beauprez	Doolittle	Jenkins
Berry	Dreier	John
Biggart	Duncan	Johnson (CT)
Bilirakis	Dunn	Johnson (IL)
Bishop (UT)	Ehlers	Johnson, Sam
Blackburn	Emerson	Keller
Blunt	English	Kelly
Boehlert	Everett	Kennedy (MN)
Boehner	Feeney	King (IA)
Bonilla	Ferguson	King (NY)
Bonner	Flake	Kingston
Bono	Foley	Kirk
Boozman	Forbes	Kline
Boyd	Franks (AZ)	Knollenberg
Bradley (NH)	Frelinghuysen	Kolbe
Brady (TX)	Gallely	LaHood
Brown (SC)	Garrett (NJ)	Latham
Brown-Waite,	Gerlach	LaTourette
Ginny	Gibbons	Lewis (CA)
Burgess	Gilchrest	Lewis (KY)
Burns	Gillmor	Linder
Burr	Gingrey	Lipinski
Burton (IN)	Goode	LoBiondo
Buyer	Goodlatte	Lucas (KY)
Calvert	Goss	Lucas (OK)
Camp	Graves	Manzullo
Cantor	Green (WI)	Marshall
Capito	Greenwood	Matheson
Carson (OK)	Gutknecht	McCotter
Carter	Hall	McCrery
Castle	Harris	McHugh
Chabot	Hart	McInnis
Choccola	Hayes	McKeon
Coble	Hayworth	Mica
Cole	Hefley	Miller (FL)
Cox	Hensarling	Miller (MI)
Cramer	Herger	Miller, Gary
Crane	Hill	Moran (KS)
Crenshaw	Hobson	Murphy

Murtha	Radanovich	Souder
Musgrave	Rahall	Stearns
Myrick	Ramstad	Stenholm
Nethercutt	Regula	Sweeney
Neugebauer	Rehberg	Tancredo
Ney	Renzi	Tanner
Northrup	Reynolds	Taylor (MS)
Norwood	Rogers (AL)	Taylor (NC)
Nunes	Rogers (KY)	Terry
Nussle	Rogers (MI)	Thomas
Obey	Rohrabacher	Thompson (CA)
Osborne	Ros-Lehtinen	Thornberry
Ose	Royce	Tiahrt
Otter	Ryan (WI)	Tiberi
Oxley	Ryun (KS)	Toomey
Paul	Saxton	Turner (OH)
Pearce	Schrock	Upton
Pence	Sensenbrenner	Vitter
Peterson (MN)	Sessions	Walden (OR)
Peterson (PA)	Shadegg	Walsh
Petri	Shaw	Wamp
Pickering	Shays	Weldon (FL)
Pitts	Sherwood	Weldon (PA)
Platts	Shimkus	Weller
Pombo	Shuster	Whitfield
Porter	Simmons	Wicker
Portman	Simpson	Wilson (SC)
Pryce (OH)	Smith (MI)	Wolf
Putnam	Smith (NJ)	Young (AK)
Quinn	Smith (TX)	Young (FL)

## NOT VOTING—21

Barton (TX)	Deutsch	Klecza
Bereuter	Fossella	McDermott
Berman	Gephardt	Mollohan
Cannon	Granger	Rothman
Carson (IN)	Hastings (FL)	Sullivan
Collins	Hastings (WA)	Tauzin
Davis, Tom	Jones (OH)	Watt

## ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. BASS) (during the vote). Members are advised 2 minutes remain in this vote.

□ 2202

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

## PERSONAL EXPLANATION

Mr. KLECZKA. Mr. Chairman, on rollcall Nos. 310, 311, 312, 313 and 314, had I been present, I would have voted "no" on 310, "no" on 311, "no" on 312, "no" on 313 and "aye" on rollcall 314.

## AMENDMENT NO. 16 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. HENSARLING

Mr. HENSARLING. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment No. 16 in the nature of a substitute offered by Mr. HENSARLING:

Strike all after the enacting clause and insert the following:

## SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Family Budget Protection Act of 2004".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.

Sec. 2. Effective date.

## TITLE I—A SIMPLE AND BINDING BUDGET

## Subtitle A—Joint Budget Resolutions

Sec. 101. Declaration of purposes for the Budget Act.

Sec. 102. The timetable.

Sec. 103. Annual joint resolutions on the budget.

Sec. 104. Budget required before spending bills may be considered

Sec. 105. Amendments to effectuate joint resolutions on the budget.

## Subtitle B—Budgeting for Emergencies

Sec. 111. Purpose.

Sec. 112. Repeal of adjustments for emergencies.

Sec. 113. OMB emergency criteria.

Sec. 114. Development of guidelines for application of emergency definition.

Sec. 115. Reserve fund for emergencies in President's budget.

Sec. 116. Adjustments and reserve fund for emergencies in joint budget resolutions.

Sec. 117. Application of section 306 to emergencies in excess of amounts in reserve fund.

Sec. 118. Up-to-date tabulations.

Sec. 119. Prohibition on amendments to emergency reserve fund.

## Subtitle C—Biennial Budget Option

Sec. 121. Effective date.

Sec. 122. Revision of timetable.

Sec. 123. Amendments to the Congressional Budget and Impoundment Control Act of 1974.

Sec. 124. Amendments to Rules of House of Representatives.

Sec. 125. Amendments to title 31, United States Code.

Sec. 126. Two-year appropriations; title and style of appropriation Acts.

Sec. 127. Multiyear authorizations.

Sec. 128. Government strategic and performance plans on a biennial basis.

Sec. 129. Biennial appropriation bills.

Sec. 130. Assistance by Federal agencies to standing committees of the Senate and the House of Representatives.

## Subtitle D—Prevention of Government Shutdown

Sec. 141. Amendment to title 31.

## Subtitle E—The Baseline

Sec. 151. Elimination of inflation adjustment.

Sec. 152. The President's budget.

Sec. 153. The congressional budget.

Sec. 154. Congressional Budget Office reports to committees.

Sec. 155. Treatment of emergencies.

## TITLE II—PUTTING A LID ON THE FEDERAL BUDGET

## Subtitle A—Spending Safeguards on the Growth of Entitlements and Mandatories

Sec. 201. Spending caps on growth of entitlements and mandatories.

Sec. 202. Exempt programs and activities.

Sec. 203. Exceptions, limitations, and special rules.

Sec. 204. Point of order.

Sec. 205. Technical and conforming amendments.

Sec. 206. Establishment of Family Budget Protection Mandatory Account.

## Subtitle B—Discretionary Spending Limits

Sec. 211. Enforcing discretionary spending limits.

Sec. 212. Establishment of Family Budget Protection Discretionary Account.

Sec. 213. Revenue adjustment.

## Subtitle C—Long-term Unfunded Obligations

Sec. 221. Long-term unfunded obligations.

Sec. 222. Points of order.

Sec. 223. Social security.

## TITLE III—COMBATING WASTE, FRAUD, AND ABUSE.

## Subtitle A—Sunsetting

Sec. 301. Reauthorization of discretionary programs and unearned entitlements.

Sec. 302. Point of order.

Sec. 303. Decennial sunseting.

## Subtitle B—Enhanced Rescissions of Budget Authority Identified by the President as Wasteful Spending

Sec. 311. Enhanced consideration of certain proposed rescissions.

## Subtitle C—Commission to Eliminate Waste, Fraud, and Abuse

Sec. 331. Establishment of Commission.

Sec. 332. Duties of the Commission.

Sec. 333. Powers of the Commission.

Sec. 334. Commission personnel matters.

Sec. 335. Termination of the Commission.

Sec. 336. Congressional consideration of reform proposals.

Sec. 337. Authorization of appropriations.

## TITLE IV—TRUTH IN ACCOUNTING

## Subtitle A—Accrual Funding of Pensions and Retirement Pay for Federal Employees and Uniformed Services Personnel

Sec. 401. Civil Service Retirement System.

Sec. 402. Central Intelligence Agency Retirement and Disability System.

Sec. 403. Foreign Service Retirement and Disability System.

Sec. 404. Public Health Service Commissioned Corps Retirement System.

Sec. 405. National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement System.

Sec. 406. Coast Guard Military Retirement System.

## Subtitle B—Accrual Funding of Post-Retirement Health Benefits Costs for Federal Employees

Sec. 411. Federal employees health benefits fund.

Sec. 412. Funding uniformed services health benefits for all retirees.

Sec. 413. Effective date.

## Subtitle C—Limit on the Public Debt

Sec. 421. Findings.

Sec. 422. Purpose.

Sec. 423. Limit on public debt.

## Subtitle D—Risk-Assumed Budgeting

Sec. 431. Federal insurance programs.

## TITLE V—MAINTAINING A COMMITMENT TO THE FAMILY BUDGET

## Subtitle A—Further Enforcement Amendments

Sec. 501. Super-majority points of order in the House of Representatives and the Senate.

Sec. 502. Budget resolution enforcement point of order.

Sec. 503. Point of order waiver protection.

## Subtitle B—The Byrd Rule

Sec. 511. Limitation on Byrd Rule.

## Subtitle C—Treatment of Extraneous Appropriations in Omnibus Appropriation Measures

Sec. 521. Treatment of extraneous appropriations.

## SEC. 2. EFFECTIVE DATE.

Except as otherwise specifically provided, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act and shall apply with respect to fiscal years beginning after September 30, 2004.

## TITLE I—A SIMPLE AND BINDING BUDGET Subtitle A—Joint Budget Resolutions

## SEC. 101. DECLARATION OF PURPOSES FOR THE BUDGET ACT.

Paragraphs (1) and (2) of section 2 of the Congressional Budget and Impoundment Control Act of 1974 are amended to read as follows:

"(1) to assure effective control over the budgetary process;

"(2) to facilitate the determination each year of the appropriate level of Federal revenues and expenditures by the Congress and the President;"

**SEC. 102. THE TIMETABLE.**

Section 300 of the Congressional Budget Act of 1974 is amended to read as follows:

**“TIMETABLE**

“SEC. 300. The timetable with respect to the congressional budget process for any fiscal year is as follows:

<b>“On or before:</b>	<b>Action to be completed:</b>
First Monday in February.	President submits his budget.
February 15 .....	Congressional Budget Office submits report to Budget Committees.
Not later than 6 weeks after President submits budget.	Committees submit views and estimates to Budget Committees.
April 1 .....	Senate Budget Committee reports joint resolution on the budget.
April 15 .....	Congress completes action on joint resolution on the budget.
June 10 .....	House Appropriations Committee reports last annual appropriation bill.
June 15 .....	Congress completes action on reconciliation legislation.
June 30 .....	House completes action on annual appropriation bills.
October 1 .....	Fiscal year begins.”

**SEC. 103. ANNUAL JOINT RESOLUTIONS ON THE BUDGET.**

(a) **CONTENT OF ANNUAL JOINT RESOLUTIONS ON THE BUDGET.**—Section 301(a)(4) of the Congressional Budget Act of 1974 is amended to read as follows:

“(4) subtotals of new budget authority and outlays for nondefense discretionary spending, defense discretionary spending, direct spending (excluding interest), and interest; and for emergencies (for the reserve fund in section 316(b) and for military operations in section 316(c));”

(b) **ADDITIONAL MATTERS IN JOINT RESOLUTION.**—Section 301(b) of the Congressional Budget Act of 1974 is amended as follows:

(1) Strike paragraphs (2), (4), and (6) through (9).

(2) After paragraph (3), insert “and” and redesignate paragraph (5) as paragraph (4) and in such paragraph strike the semicolon and insert a period.

(c) **REQUIRED CONTENTS OF REPORT.**—Section 301(e)(2) of the Congressional Budget Act of 1974 is amended as follows:

(1) Redesignate subparagraphs (A), (B), (C), (D), (E), and (F) as subparagraphs (B), (C), (E), (F), (H), and (I), respectively.

(2) Before subparagraph (B) (as redesignated), insert the following new subparagraph:

“(A) new budget authority and outlays for each major functional category, based on allocations of the total levels set forth pursuant to subsection (a)(1);”

(3) In subparagraph (C) (as redesignated), strike “mandatory” and insert “direct spending”.

(4) After subparagraph (C) (as redesignated), insert the following new subparagraph:

“(D) a measure, as a percentage of gross domestic product, of total outlays, total Federal revenues, the surplus or deficit, and new outlays for nondefense discretionary spending, defense spending, and direct spending as set forth in such resolution;”

(5) After subparagraph (F) (as redesignated), insert the following new subparagraph:

“(G) if the joint resolution on the budget includes any allocation to a committee other than the Committee on Appropriations of levels in excess of current law levels, a justification for not subjecting any program, project, or activity (for which the allocation

is made) to annual discretionary appropriations;”

(d) **ADDITIONAL CONTENTS OF REPORT.**—Section 301(e)(3) of the Congressional Budget Act of 1974 is amended as follows:

(1) Redesignate subparagraphs (A) and (B) as subparagraphs (B) and (C), respectively, strike subparagraphs (C) and (D), and redesignate subparagraph (E) as subparagraph (D).

(2) Before subparagraph (B), insert the following new subparagraph:

“(A) reconciliation directives described in section 310;”

(e) **PRESIDENT’S BUDGET SUBMISSION TO THE CONGRESS.**—(1) The first two sentences of section 1105(a) of title 31, United States Code, are amended to read as follows:

“On or after the first Monday in January but not later than the first Monday in February of each year the President shall submit a budget of the United States Government for the following fiscal year which shall set forth the following levels:

“(A) totals of new budget authority and outlays;

“(B) total Federal revenues and the amount, if any, by which the aggregate level of Federal revenues should be increased or decreased by bills and resolutions to be reported by the appropriate committees;

“(C) the surplus or deficit in the budget;

“(D) subtotals of new budget authority and outlays for nondefense discretionary spending, defense discretionary spending, direct spending (excluding interest), and interest, and for emergencies (for the reserve fund in section 316(b) and for military operations in section 316(c)); and

“(E) the public debt.

Each budget submission shall include a budget message and summary and supporting information and, as a separately delineated statement, the levels required in the preceding sentence for at least each of the 9 ensuing fiscal years.”

(2) The third sentence of section 1105(a) of title 31, United States Code, is amended by inserting “submission” after “budget”.

(f) **LIMITATION ON CONTENTS OF BUDGET RESOLUTIONS.**—Section 305 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

“(e) **LIMITATION ON CONTENTS.**—(1) It shall not be in order in the House of Representatives or in the Senate to consider any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter referred to in paragraph (2).

“(2) Any joint resolution on the budget or any amendment thereto or conference report thereon that contains any matter not permitted in section 301(a) or (b) shall not be treated in the House of Representatives or the Senate as a budget resolution under subsection (a) or (b) or as a conference report on a budget resolution under subsection (c) of this section.”

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

(a) **AMENDMENTS TO SECTION 302.**—Section 302(a) of the Congressional Budget Act of 1974 is amended by striking paragraph (5).

(b) **AMENDMENTS TO SECTION 303 AND CONFORMING AMENDMENTS.**—(1) Section 303 of the Congressional Budget Act of 1974 is amended by striking “(a) IN GENERAL.—”, by striking “as reported to the House or Senate”, by striking “to become effective” in paragraph (1), and by striking subsections (b) and (c); and

(2) by striking its section heading and inserting the following new section heading: “CONSIDERATION OF BUDGET-RELATED LEGISLATION BEFORE BUDGET BECOMES LAW”.

(c) **ADDITIONAL AMENDMENTS.**—(1) Section 302(g)(1) of the Congressional Budget Act of

1974 is amended by striking “and, after April 15, section 303”.

(2)(A) Section 904(c)(1) of the Congressional Budget Act of 1974 is amended by inserting “303,” before “305(b)(2),”.

(B) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting “303,” before “305(b)(2),”.

(d) **EXPEDITED PROCEDURES UPON VETO OF JOINT RESOLUTION ON THE BUDGET.**—(1) Title III of the Congressional Budget Act of 1974 (as amended by section 116) is further amended by adding after section 316 the following new section:

**“EXPEDITED PROCEDURES UPON VETO OF JOINT RESOLUTION ON THE BUDGET**

“SEC. 317. (a) **SPECIAL RULE.**—If the President vetoes a joint resolution on the budget for a fiscal year, the majority leader of the House of Representatives or Senate (or his designee) may introduce a concurrent resolution on the budget or joint resolution on the budget for such fiscal year. If the Committee on the Budget of either House fails to report such concurrent or joint resolution referred to it within five calendar days (excluding Saturdays, Sundays, or legal holidays except when that House of Congress is in session) after the date of such referral, the committee shall be automatically discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar.

“(b) **PROCEDURE IN THE HOUSE OF REPRESENTATIVES AND THE SENATE.**—

“(1) Except as provided in paragraph (2), the provisions of section 305 for the consideration in the House of Representatives and in the Senate of joint resolutions on the budget and conference reports thereon shall also apply to the consideration of concurrent resolutions on the budget introduced under subsection (a) and conference reports thereon.

“(2) Debate in the Senate on any concurrent resolution on the budget or joint resolution on the budget introduced under subsection (a), and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours and in the House such debate shall be limited to not more than 3 hours.

“(c) **CONTENTS OF CONCURRENT RESOLUTIONS.**—Any concurrent resolution on the budget introduced under subsection (a) shall be in compliance with section 301.

“(d) **EFFECT OF CONCURRENT RESOLUTION ON THE BUDGET.**—Notwithstanding any other provision of this title, whenever a concurrent resolution on the budget described in subsection (a) is agreed to, then the aggregates, allocations, and reconciliation directives (if any) contained in the report accompanying such concurrent resolution or in such concurrent resolution shall be considered to be the aggregates, allocations, and reconciliation directives for all purposes of sections 302, 303, and 311 for the applicable fiscal years and such concurrent resolution shall be deemed to be a joint resolution for all purposes of this title and the Rules of the House of Representatives and any reference to the date of enactment of a joint resolution on the budget shall be deemed to be a reference to the date agreed to when applied to such concurrent resolution.”

(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 316 the following new item:

“Sec. 317. Expedited procedures upon veto of joint resolution on the budget.”

**SEC. 105. AMENDMENTS TO EFFECTUATE JOINT RESOLUTIONS ON THE BUDGET.**

(a) **DEFINITION.**—Paragraph (4) of section 3 of the Congressional Budget Act of 1974 is amended to read as follows:

“(4) the term ‘joint resolution on the budget’ means—

“(A) a joint resolution setting forth the budget for the United States Government for a fiscal year as provided in section 301; and  
 “(B) any other joint resolution revising the budget for the United States Government for a fiscal year as described in section 304.”

(b) ADDITIONAL AMENDMENTS TO THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.—(1)(A) Sections 301, 302, 303, 305, 308, 310, 311, 312, 314, 405, and 904 of the Congressional Budget Act of 1974 (2 U.S.C. 621 et seq.) are amended by striking “concurrent” each place it appears and inserting “joint”.

(B)(i) Sections 302(d), 302(g), 308(a)(1)(A), and 310(d)(1) of the Congressional Budget Act of 1974 are amended by striking “most recently agreed to concurrent resolution on the budget” each place it occurs and inserting “most recently enacted joint resolution on the budget or agreed to concurrent resolution on the budget (as applicable)”.

(ii) The section heading of section 301 is amended by striking “adoption of concurrent resolution” and inserting “joint resolutions”; and

(iii) Section 304 of such Act is amended to read as follows:

**“PERMISSIBLE REVISIONS OF BUDGET RESOLUTIONS**

“SEC. 304. At any time after the joint resolution on the budget for a fiscal year has been enacted pursuant to section 301, and before the end of such fiscal year, the two Houses and the President may enact a joint resolution on the budget which revises or reaffirms the joint resolution on the budget for such fiscal year most recently enacted.”

(C) Sections 302, 303, 310, and 311, of such Act are amended by striking “agreed to” each place it appears and by inserting “enacted”.

(2)(A) Paragraph (4) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by striking “concurrent” each place it appears and by inserting “joint”.

(B) The table of contents set forth in section 1(b) of such Act is amended—

(i) in the item relating to section 301, by striking “adoption of concurrent resolution” and inserting “joint resolutions”;

(ii) by striking the item relating to section 303 and inserting the following:

“Sec. 303. Consideration of budget-related legislation before budget becomes law.”;

(iii) by striking “concurrent” and inserting “joint” in the item relating to section 305.

(c) CONFORMING AMENDMENTS TO THE RULES OF THE HOUSE OF REPRESENTATIVES.—Clauses 1(e)(1), 4(a)(4), 4(b)(2), 4(f)(1)(A), and 4(f)(2) of rule X, clause 10 of rule XVIII, and clause 10 of rule XX of the Rules of the House of Representatives are amended by striking “concurrent” each place it appears and inserting “joint”.

(d) CONFORMING AMENDMENTS TO THE BALANCED BUDGET AND EMERGENCY DEFICIT CONTROL ACT OF 1985.—Section 258C(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 907d(b)(1)) is amended by striking “concurrent” and inserting “joint”.

(e) CONFORMING AMENDMENTS TO SECTION 310 REGARDING RECONCILIATION DIRECTIVES.—(1) The side heading of section 310(a) of the Congressional Budget Act of 1974 (as amended by section 105(b)) is further amended by inserting “JOINT EXPLANATORY STATEMENT ACCOMPANYING CONFERENCE REPORT ON” before “JOINT”.

(2) Section 310(a) of such Act is amended by striking “A” and inserting “The joint ex-

planatory statement accompanying the conference report on a”.

(3) The first sentence of section 310(b) of such Act is amended by striking “If” and inserting “If the joint explanatory statement accompanying the conference report on”.

(4) Section 310(c)(1) of such Act is amended by inserting “the joint explanatory statement accompanying the conference report on” after “pursuant to”.

(f) CONFORMING AMENDMENTS TO SECTION 3 REGARDING DIRECT SPENDING.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end the following new paragraph:

“(11) The term ‘direct spending’ has the meaning given to such term in section 250(c)(8) of the Balanced Budget and Emergency Deficit Control Act of 1985.”

**Subtitle B—Budgeting for Emergencies**

**SEC. 111. PURPOSE.**

The purposes of this subtitle are to—

(1) develop budgetary and fiscal procedures for emergencies;

(2) subject spending for emergencies to budgetary procedures and controls; and

(3) establish criteria for determining compliance with emergency requirements.

**SEC. 112. REPEAL OF ADJUSTMENTS FOR EMERGENCIES.**

(a) ELIMINATION OF EMERGENCY DESIGNATION.—Sections 251(b)(2)(A), 252(e), and 252(d)(4)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 are repealed.

(b) ELIMINATION OF EMERGENCY ADJUSTMENTS.—Section 314(b) of the Congressional Budget Act of 1974 is amended by striking paragraph (1) and by redesignating paragraphs (2) through (5) as paragraphs (1) through (4), respectively.

(c) CONFORMING AMENDMENT.—Clause 2 of rule XXI of the Rules of the House of Representatives is amended by repealing paragraph (e) and by redesignating paragraph (f) as paragraph (e).

**SEC. 113. OMB EMERGENCY CRITERIA.**

DEFINITION OF EMERGENCY.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 (as amended by section 105(e)) is further amended by adding at the end the following new paragraph:

“(12)(A) The term ‘emergency’ means a situation that—

“(i) requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security; and

“(ii) is unanticipated.

“(B) As used in subparagraph (A), the term ‘unanticipated’ means that the situation is—

“(i) sudden, which means quickly coming into being or not building up over time;

“(ii) urgent, which means a pressing and compelling need requiring immediate action;

“(iii) unforeseen, which means not predicted or anticipated as an emerging need; and

“(iv) temporary, which means not of a permanent duration.”

(b) CONFORMING AMENDMENT.—The term ‘emergency’ has the meaning given to such term in section 3 of the Congressional Budget and Impoundment Control Act of 1974.”

**SEC. 114. DEVELOPMENT OF GUIDELINES FOR APPLICATION OF EMERGENCY DEFINITION.**

Not later than 5 months after the date of enactment of this Act, the chairmen of the Committees on the Budget (in consultation with the President) shall, after consulting with the chairmen of the Committees on Appropriations and applicable authorizing committees of their respective Houses and the Directors of the Congressional Budget Office

and the Office of Management and Budget, jointly publish in the Congressional Record guidelines for application of the definition of emergency set forth in section 3(12) of the Congressional Budget and Impoundment Control Act of 1974.

**SEC. 115. RESERVE FUND FOR EMERGENCIES IN PRESIDENT'S BUDGET.**

Section 1105(f) of title 31, United States Code is amended by adding at the end the following new sentences: “Such budget submission shall also comply with the requirements of subsections (b) and (c) of section 316 of the Congressional Budget Act of 1974 and, in the case of any budget authority requested for an emergency, such submission shall include a detailed justification of why such emergency is an emergency within the meaning of section 3(12) of the Congressional Budget Act of 1974.”

**SEC. 116. ADJUSTMENTS AND RESERVE FUND FOR EMERGENCIES IN JOINT BUDGET RESOLUTIONS.**

(a) EMERGENCIES.—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

**“EMERGENCIES**

“SEC. 316. (a) ADJUSTMENTS.—

“(1) IN GENERAL.—After the reporting of a bill or joint resolution or the submission of a conference report thereon that provides budget authority for any emergency as identified pursuant to subsection (d) that is not covered by subsection (c)—

“(A) the chairman of the Committee on the Budget of the House of Representatives or the Senate shall determine and certify, pursuant to the guidelines referred to in section 114 of the Family Budget Protection Act of 2004, the portion (if any) of the amount so specified that is for an emergency within the meaning of section 3(12); and

“(B) such chairman shall make the adjustment set forth in paragraph (2) for the amount of new budget authority (or outlays) in that measure and the outlays flowing from that budget authority.

“(2) MATTERS TO BE ADJUSTED.—The adjustments referred to in paragraph (1) are to be made to the allocations made pursuant to the appropriate joint resolution on the budget pursuant to section 302(a) and shall be in an amount not to exceed the amount reserved for emergencies pursuant to the requirements of subsection (b).

“(b) RESERVE FUND FOR NONMILITARY EMERGENCIES.—The amount set forth in the reserve fund for emergencies for budget authority and outlays for a fiscal year pursuant to section 301(a)(4) shall equal—

“(1) the average of the enacted levels of budget authority for emergencies (other than those covered by subsection (c)) in the 5 fiscal years preceding the current year; and

“(2) the average of the levels of outlays for emergencies in the 5 fiscal years preceding the current year flowing from the budget authority referred to in paragraph (1), but only in the fiscal year for which such budget authority first becomes available for obligation.

“(c) TREATMENT OF EMERGENCIES TO FUND CERTAIN MILITARY OPERATIONS.—Whenever the Committee on Appropriations reports any bill or joint resolution that provides budget authority for any emergency that is a threat to national security and the funding of which carries out a military operation authorized by a declaration of war or a joint resolution authorizing the use of military force (or economic assistance funding in furtherance of such operation) and the report accompanying that bill or joint resolution, pursuant to subsection (d), identifies any provision that increases outlays or provides budget authority (and the outlays flowing therefrom) for such emergency, the enactment of which would cause the total amount

of budget authority or outlays provided for emergencies for the budget year in the joint resolution on the budget (pursuant to section 301(a)(4)) to be exceeded:

“(A) Such bill or joint resolution shall be referred to the Committee on the Budget of the House or the Senate, as the case may be, with instructions to report it without amendment, other than that specified in subparagraph (B), within 5 legislative days of the day in which it is reported from the originating committee. If the Committee on the Budget of either House fails to report a bill or joint resolution referred to it under this subparagraph within such 5-day period, the committee shall be automatically discharged from further consideration of such bill or joint resolution and such bill or joint resolution shall be placed on the appropriate calendar.”

“(B) An amendment to such a bill or joint resolution referred to in this subsection shall only consist of an exemption from section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985 of all or any part of the provisions that provide budget authority (and the outlays flowing therefrom) for such emergency if the committee determines, pursuant to the guidelines referred to in section 114 of the Family Budget Protection Act of 2004, that such budget authority is for an emergency within the meaning of section 3(12).

“(C) If such a bill or joint resolution is reported with an amendment specified in subparagraph (B) by the Committee on the Budget of the House of Representatives or the Senate, then the budget authority and resulting outlays that are the subject of such amendment shall not be included in any determinations under section 302(f) or 311(a) for any bill, joint resolution, amendment, motion, or conference report.

“(d) COMMITTEE NOTIFICATION OF EMERGENCY LEGISLATION.—Whenever the Committee on Appropriations or any other committee of either House (including a committee of conference) reports any bill or joint resolution that provides budget authority for any emergency, the report accompanying that bill or joint resolution (or the joint explanatory statement of managers in the case of a conference report on any such bill or joint resolution) shall identify all provisions that provide budget authority and the outlays flowing therefrom for such emergency and include a statement of the reasons why such budget authority meets the definition of an emergency pursuant to the guidelines referred to in section 114 of the Family Budget Protection Act of 2004.”

(b) CONFORMING AMENDMENT.—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 315 the following new item:

“Sec. 316. Emergencies.”.

**SEC. 117. APPLICATION OF SECTION 306 TO EMERGENCIES IN EXCESS OF AMOUNTS IN RESERVE FUND.**

Section 306 of the Congressional Budget Act of 1974 is amended by inserting at the end the following new sentence: “No amendment reported by the Committee on the Budget (or from the consideration of which such committee has been discharged) pursuant to section 316(c) may be amended.”.

**SEC. 118. UP-TO-DATE TABULATIONS.**

Section 308(b)(2) of the Congressional Budget Act of 1974 is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting “; and”, and by adding at the end the following new subparagraph:

“(D) shall include an up-to-date tabulation of amounts remaining in the reserve fund for emergencies.”.

**SEC. 119. PROHIBITION ON AMENDMENTS TO EMERGENCY RESERVE FUND.**

(a) POINT OF ORDER.—Section 305 of the Congressional Budget Act of 1974 (as amended by section 103(f)) is further amended by adding at the end the following new subsection:

“(f) POINT OF ORDER REGARDING EMERGENCY RESERVE FUND.—It shall not be in order in the House of Representatives or in the Senate to consider an amendment to a joint resolution on the budget which changes the amount of budget authority and outlays set forth in section 301(a)(4) for emergency reserve fund.”.

(b) TECHNICAL AMENDMENT.—(1) Section 904(c)(1) of the Congressional Budget Act of 1974 is amended by inserting “305(e), 305(f),” after “305(c)(4).”.

(2) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting “305(e), 305(f),” after “305(c)(4).”.

**Subtitle C—Biennial Budget Option**

**SEC. 121. EFFECTIVE DATE.**

If—

(1) as part of the President’s budget submission under section 1105(a) of title 31, United States Code, during the first session of any Congress, the President includes a request that the joint resolution on the budget that will be considered during the first session of the next Congress be for a biennium consisting of two consecutive fiscal years; and

(2) the joint resolution on the budget for the fiscal year to which the President’s submission relates contains a provision stating that the joint resolution on the budget that will be considered during the first session of the next Congress shall be for a biennium consisting of two consecutive fiscal years; then the provisions of this subtitle shall take effect on January 1 of the calendar year in which that next Congress commences and apply to that Congress and each Congress thereafter.

**SEC. 122. REVISION OF TIMETABLE.**

Section 300 of the Congressional Budget Act of 1974 (2 U.S.C. 631) is amended to read as follows:

**“TIMETABLE**

“SEC. 300. (a) IN GENERAL.—Except as provided by subsection (b), the timetable with respect to the congressional budget process for any Congress (beginning with the One Hundred Tenth Congress or a subsequent Congress, as applicable) is as follows:

<b>“On or before:</b>	<b>“First Session Action to be completed:</b>
First Monday in February.	President submits budget recommendations.
February 15 .....	Congressional Budget Office submits report to Budget Committees.
Not later than 6 weeks after budget submission.	Committees submit views and estimates to Budget Committees.
April 1 .....	Budget Committees report joint resolution on the biennial budget.
May 15 .....	Congress completes action on joint resolution on the biennial budget.
May 15 .....	Biennial appropriation bills may be considered in the House.
June 10 .....	House Appropriations Committee reports last biennial appropriation bill.
June 30 .....	House completes action on biennial appropriation bills.
October 1 .....	Biennium begins.

**“On or before:**  
February 15 .....

Not later than 6 weeks after President submits budget review. The last day of the session.

**“Second Session  
Action to be completed:**  
President submits budget review.  
Congressional Budget Office submits report to Budget Committees.  
Congress completes action on bills and resolutions authorizing new budget authority for the succeeding biennium.

“(b) SPECIAL RULE.—In the case of any first session of Congress that begins in any year during which the term of a President (except a President who succeeds himself) begins, the following dates shall supersede those set forth in subsection (a):

**“On or before:**

First Monday in April ....  
April 20 .....

May 15 .....

June 1 .....

June 1 .....

July 1 .....

July 20 .....

October 1 .....

**“First Session  
Action to be completed:**  
President submits budget recommendations.  
Committees submit views and estimates to Budget Committees.  
Budget Committees report joint resolution on the biennial budget.  
Congress completes action on joint resolution on the biennial budget.  
Biennial appropriation bills may be considered in the House.  
House Appropriations Committee reports last biennial appropriation bill.  
House completes action on biennial appropriation bills.  
Biennium begins.”.

**SEC. 123. AMENDMENTS TO THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974.**

(a) DECLARATION OF PURPOSE.—Section 2(2) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 621(2)) is amended by striking “each year” and inserting “biennially”.

(b) DEFINITIONS.—

(1) BUDGET RESOLUTION.—Section 3(4) of such Act (2 U.S.C. 622(4)) is amended by striking “fiscal year” each place it appears and inserting “biennium”.

(2) BIENNIUM.—Section 3 of such Act (2 U.S.C. 622) (as amended by section 111(a)) is further amended by adding at the end the following new paragraph:

“(13) The term ‘biennium’ means the period of 2 consecutive fiscal years beginning on October 1 of any odd-numbered year.”.

(c) BIENNIAL JOINT RESOLUTION ON THE BUDGET.—

(1) CONTENTS OF RESOLUTION.—Section 301(a) of such Act (2 U.S.C. 632(a)) is amended—

(A) in the matter preceding paragraph (1) by—

(i) striking “April 15 of each year” and inserting “May 15 of each odd-numbered year”;

(ii) striking “the fiscal year beginning on October 1 of such year” the first place it appears and inserting “the biennium beginning on October 1 of such year”;

(iii) striking “the fiscal year beginning on October 1 of such year” the second place it appears and inserting “each fiscal year in such period”; and

(iv) striking “each of the four ensuing fiscal years” and inserting “each fiscal year in the next 2 bienniums”;

(B) in paragraph (6), by striking “for the fiscal year” and inserting “for each fiscal year in the biennium”; and

(C) in paragraph (7), by striking “for the fiscal year” and inserting “for each fiscal year in the biennium”.

(2) ADDITIONAL MATTERS.—Section 301(b) of such Act (2 U.S.C. 632(b)) is amended—

(A) in paragraph (3), by striking “for such fiscal year” and inserting “for either fiscal year in such biennium”; and

(B) in paragraph (7), by striking “for the first fiscal year” and inserting “for each fiscal year in the biennium”.

(3) VIEWS OF OTHER COMMITTEES.—Section 301(d) of such Act (2 U.S.C. 632(d)) is amended by inserting “(or, if applicable, as provided by section 300(b))” after “United States Code”.

(4) HEARINGS.—Section 301(e)(1) of such Act (2 U.S.C. 632(e)) is amended by—

(A) striking “fiscal year” and inserting “biennium”; and

(B) inserting after the second sentence the following: “On or before April 1 of each odd-numbered year (or, if applicable, as provided by section 300(b)), the Committee on the Budget of each House shall report to its House the joint resolution on the budget referred to in subsection (a) for the biennium beginning on October 1 of that year.”

(5) GOALS FOR REDUCING UNEMPLOYMENT.—Section 301(f) of such Act (2 U.S.C. 632(f)) is amended by striking “fiscal year” each place it appears and inserting “biennium”.

(6) ECONOMIC ASSUMPTIONS.—Section 301(g)(1) of such Act (2 U.S.C. 632(g)(1)) is amended by striking “for a fiscal year” and inserting “for a biennium”.

(7) SECTION HEADING.—The section heading of section 301 of such Act is amended by striking “ANNUAL” and inserting “BIENNIAL”.

(8) TABLE OF CONTENTS.—The item relating to section 301 in the table of contents set forth in section 1(b) of such Act is amended by striking “Annual” and inserting “Biennial”.

(d) COMMITTEE ALLOCATIONS.—Section 302 of such Act (2 U.S.C. 633) is amended—

(1) in subsection (a)(1) by—

(A) striking “for the first fiscal year of the resolution,” and inserting “for each fiscal year in the biennium,”;

(B) striking “for that period of fiscal years” and inserting “for all fiscal years covered by the resolution”; and

(C) striking “for the fiscal year of that resolution” and inserting “for each fiscal year in the biennium”;

(2) in subsection (f)(1), by striking “for a fiscal year” and inserting “for a biennium”;

(3) in subsection (f)(1), by striking “first fiscal year” and inserting “either fiscal year of the biennium”;

(4) in subsection (f)(2)(A), by—

(A) striking “first fiscal year” and inserting “each fiscal year of the biennium”; and

(B) striking “the total of fiscal years” and inserting “the total of all fiscal years covered by the resolution”; and

(5) in subsection (g)(1)(A), by striking “April” and inserting “May”.

(e) SECTION 303 POINT OF ORDER.—Section 303 of such Act (2 U.S.C. 634(a)) is amended by striking “for a fiscal year” and inserting “for a biennium” and by striking “the first fiscal year” and inserting “each fiscal year of the biennium”.

(f) PERMISSIBLE REVISIONS OF JOINT RESOLUTIONS ON THE BUDGET.—Section 304 of such Act (2 U.S.C. 635) is amended—

(1) by striking “fiscal year” the first two places it appears and inserting “biennium”;

(2) by striking “for such fiscal year”; and

(3) by inserting before the period “for such biennium”.

(g) PROCEDURES FOR CONSIDERATION OF BUDGET RESOLUTIONS.—Section 305(a)(3) of such Act (2 U.S.C. 636(b)(3)) is amended by striking “fiscal year” and inserting “biennium”.

(h) COMPLETION OF HOUSE COMMITTEE ACTION ON APPROPRIATION BILLS.—Section 307 of such Act (2 U.S.C. 638) is amended—

(1) by striking “each year” and inserting “each odd-numbered year (or, if applicable, as provided by section 300(b), July 1)”;

(2) by striking “annual” and inserting “biennial”;

(3) by striking “fiscal year” and inserting “biennium”; and

(4) by striking “that year” and inserting “each odd-numbered year”.

(i) QUARTERLY BUDGET REPORTS.—Section 308 of such Act (2 U.S.C. 639) is amended by adding at the end the following new subsection:

“(d) QUARTERLY BUDGET REPORTS.—The Director of the Congressional Budget Office shall, as soon as practicable after the completion of each quarter of the fiscal year, prepare an analysis comparing revenues, spending, and the deficit or surplus for the current fiscal year to assumptions included in the congressional budget resolution. In preparing this report, the Director of the Congressional Budget Office shall combine actual budget figures to date with projected revenue and spending for the balance of the fiscal year. The Director of the Congressional Budget Office shall include any other information in this report that it deems useful for a full understanding of the current fiscal position of the Government. The reports mandated by this subsection shall be transmitted by the Director to the Senate and House Committees on the Budget, and the Congressional Budget Office shall make such reports available to any interested party upon request.”

(j) COMPLETION OF HOUSE ACTION ON REGULAR APPROPRIATION BILLS.—Section 309 of such Act (2 U.S.C. 640) is amended—

(1) by striking “It” and inserting “Except whenever section 300(b) is applicable, it”;

(2) by inserting “of any odd-numbered calendar year” after “July”;

(3) by striking “annual” and inserting “biennial”; and

(4) by striking “fiscal year” and inserting “biennium”.

(k) RECONCILIATION PROCESS.—Section 310 of such Act (2 U.S.C. 641) is amended—

(1) in subsection (a), in the matter preceding paragraph (1), by striking “any fiscal year” and inserting “any biennium”;

(2) in subsection (a)(1), by striking “such fiscal year” each place it appears and inserting “any fiscal year covered by such resolution”; and

(3) by striking subsection (f) and redesignating subsection (g) as subsection (f).

(l) SECTION 311 POINT OF ORDER.—

(1) IN THE HOUSE.—Section 311(a)(1) of such Act (2 U.S.C. 642(a)) is amended—

(A) by striking “for a fiscal year” and inserting “for a biennium”;

(B) by striking “the first fiscal year” each place it appears and inserting “either fiscal year of the biennium”; and

(C) by striking “that first fiscal year” and inserting “each fiscal year in the biennium”.

(2) IN THE SENATE.—Section 311(a)(2) of such Act is amended—

(A) in subparagraph (A), by striking “for the first fiscal year” and inserting “for either fiscal year of the biennium”; and

(B) in subparagraph (B)—

(i) by striking “that first fiscal year” the first place it appears and inserting “each fiscal year in the biennium”; and

(ii) by striking “that first fiscal year and the ensuing fiscal years” and inserting “all fiscal years”.

(3) SOCIAL SECURITY LEVELS.—Section 311(a)(3) of such Act is amended by—

(A) striking “for the first fiscal year” and inserting “each fiscal year in the biennium”; and

(B) striking “that fiscal year and the ensuing fiscal years” and inserting “all fiscal years”.

(m) MAXIMUM DEFICIT AMOUNT POINT OF ORDER.—Section 312(c) of the Congressional Budget Act of 1974 (2 U.S.C. 643) is amended—

(1) by striking “for a fiscal year” and inserting “for a biennium”;

(2) in paragraph (1), by striking “first fiscal year” and inserting “either fiscal year in the biennium”;

(3) in paragraph (2), by striking “that fiscal year” and inserting “either fiscal year in the biennium”; and

(4) in the matter following paragraph (2), by striking “that fiscal year” and inserting “the applicable fiscal year”.

#### SEC. 124. AMENDMENTS TO RULES OF HOUSE OF REPRESENTATIVES.

(a) Clause 4(a)(1)(A) of rule X of the Rules of the House of Representatives is amended by inserting “odd-numbered” after “each”.

(b) Clause 4(a)(4) of rule X of the Rules of the House of Representatives is amended by striking “fiscal year” and inserting “biennium”.

(c) Clause 4(b)(2) of rule X of the Rules of the House of Representatives is amended by striking “each fiscal year” and inserting “the biennium”.

(d) Clause 4(b) of rule X of the Rules of the House of Representatives is amended by striking “and” at the end of subparagraph (5), by striking the period and inserting “; and” at the end of subparagraph (6), and by adding at the end the following new subparagraph:

“(7) use the second session of each Congress to study issues with long-term budgetary and economic implications, which would include—

“(A) hold hearings to receive testimony from committees of jurisdiction to identify problem areas and to report on the results of oversight; and

“(B) by January 1 of each odd-number year, issuing a report to the Speaker which identifies the key issues facing the Congress in the next biennium.”

(e) Clause 4(e) of rule X of the Rules of the House of Representatives is amended by striking “annually” each place it appears and inserting “biennially” and by striking “annual” and inserting “biennial”.

(f) Clause 4(f) of rule X of the Rules of the House of Representatives is amended—

(1) by inserting “during each odd-numbered year” after “submits his budget”;

(2) by striking “fiscal year” the first place it appears and inserting “biennium”; and

(3) by striking “that fiscal year” and inserting “each fiscal year in such ensuing biennium”.

(g) Clause 11(i) of rule X of the Rules of the House of Representatives is amended by striking “during the same or preceding fiscal year”.

(h) Clause 3(d)(2)(A) of rule XIII of the Rules of the House of Representatives is amended by striking “five” both places it appears and inserting “six”.

(i) Clause 5(a)(1) of rule XIII of the Rules of the House of Representatives is amended by striking “fiscal year after September 15 in the preceding fiscal year” and inserting “biennium after September 15 of the calendar year in which such biennium begins”.

#### SEC. 125. AMENDMENTS TO TITLE 31, UNITED STATES CODE.

(a) DEFINITION.—Section 1101 of title 31, United States Code, is amended by adding at the end the following new paragraph:

“(3) ‘biennium’ has the meaning given to such term in paragraph (13) of section 3 of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(13)).”

(b) BUDGET CONTENTS AND SUBMISSION TO THE CONGRESS.—

(1) SCHEDULE.—The matter preceding paragraph (1) in section 1105(a) of title 31, United States Code, is amended to read as follows:

“(a) On or before the first Monday in February of each odd-numbered year (or, if applicable, as provided by section 300(b) of the Congressional Budget Act of 1974), beginning with the One Hundred Tenth Congress or a subsequent Congress (as applicable), the President shall submit to the Congress the budget for the biennium beginning on October 1 of such calendar year. The budget transmitted under this subsection shall include a budget message and summary and supporting information. The President shall include in each budget the following:”.

(2) EXPENDITURES.—Section 1105(a)(5) of title 31, United States Code, is amended by striking “the fiscal year for which the budget is submitted and the 4 fiscal years after that year” and inserting “each fiscal year in the biennium for which the budget is submitted and in the succeeding 4 years”.

(3) RECEIPTS.—Section 1105(a)(6) of title 31, United States Code, is amended by striking “the fiscal year for which the budget is submitted and the 4 fiscal years after that year” and inserting “each fiscal year in the biennium for which the budget is submitted and in the succeeding 4 years”.

(4) BALANCE STATEMENTS.—Section 1105(a)(9)(C) of title 31, United States Code, is amended by striking “the fiscal year” and inserting “each fiscal year in the biennium”.

(5) GOVERNMENT FUNCTIONS AND ACTIVITIES.—Section 1105(a)(12) of title 31, United States Code, is amended in subparagraph (A), by striking “the fiscal year” and inserting “each fiscal year in the biennium”.

(6) ALLOWANCES.—Section 1105(a)(13) of title 31, United States Code, is amended by striking “the fiscal year” and inserting “each fiscal year in the biennium”.

(7) ALLOWANCES FOR UNANTICIPATED AND UNCONTROLLABLE EXPENDITURES.—Section 1105(a)(14) of title 31, United States Code, is amended by striking “that year” and inserting “each fiscal year in the biennium for which the budget is submitted”.

(8) TAX EXPENDITURES.—Section 1105(a)(16) of title 31, United States Code, is amended by striking “the fiscal year” and inserting “each fiscal year in the biennium”.

(9) ESTIMATES FOR FUTURE YEARS.—Section 1105(a)(17) of title 31, United States Code, is amended—

(A) by striking “the fiscal year following the fiscal year” and inserting “each fiscal year in the biennium following the biennium”;

(B) by striking “that following fiscal year” and inserting “each such fiscal year”;

(C) by striking “fiscal year before the fiscal year” and inserting “biennium before the biennium”.

(10) PRIOR YEAR OUTLAYS.—Section 1105(a)(18) of title 31, United States Code, is amended—

(A) by striking “the prior fiscal year,” and inserting “each of the 2 most recently completed fiscal years.”;

(B) by striking “for that year” and inserting “with respect to those fiscal years”;

(C) by striking “in that year” and inserting “in those fiscal years”.

(11) PRIOR YEAR RECEIPTS.—Section 1105(a)(19) of title 31, United States Code, is amended—

(A) by striking “the prior fiscal year” and inserting “each of the 2 most recently completed fiscal years”;

(B) by striking “for that year” and inserting “with respect to those fiscal years”;

(C) by striking “in that year” each place it appears and inserting “in those fiscal years”.

(c) ESTIMATED EXPENDITURES OF LEGISLATIVE AND JUDICIAL BRANCHES.—Section 1105(b) of title 31, United States Code, is amended by striking “each year” and inserting “each even-numbered year”.

(d) RECOMMENDATIONS TO MEET ESTIMATED DEFICIENCIES.—Section 1105(c) of title 31, United States Code, is amended—

(1) by striking “the fiscal year for” the first place it appears and inserting “each fiscal year in the biennium for”;

(2) by striking “the fiscal year for” the second place it appears and inserting “each fiscal year of the biennium, as the case may be,”; and

(3) by striking “that year” and inserting “for each year of the biennium”.

(e) CAPITAL INVESTMENT ANALYSIS.—Section 1105(e)(1) of title 31, United States Code, is amended by striking “ensuing fiscal year” and inserting “biennium to which such budget relates”.

(f) SUPPLEMENTAL BUDGET ESTIMATES AND CHANGES.—

(1) IN GENERAL.—Section 1106(a) of title 31, United States Code, is amended—

(A) in the matter preceding paragraph (1), by—

(i) inserting “and before February 15 of each even-numbered year” after “Before July 16 of each year”; and

(ii) striking “fiscal year” and inserting “biennium”;

(B) in paragraph (1), by striking “that fiscal year” and inserting “each fiscal year in such biennium”;

(C) in paragraph (2), by striking “4 fiscal years following the fiscal year” and inserting “4 fiscal years following the biennium”; and

(D) in paragraph (3), by striking “fiscal year” and inserting “biennium”.

(2) CHANGES.—Section 1106(b) of title 31, United States Code, is amended by—

(A) striking “the fiscal year” and inserting “each fiscal year in the biennium”; and

(B) inserting “and before February 15 of each even-numbered year” after “Before July 16 of each year”.

(g) CURRENT PROGRAMS AND ACTIVITIES ESTIMATES.—

(1) THE PRESIDENT.—Section 1109(a) of title 31, United States Code, is amended—

(A) by striking “On or before the first Monday after January 3 of each year (or before February 5 in 1986)” and inserting “At the same time the budget required by section 1105 is submitted for a biennium”; and

(B) by striking “the following fiscal year” and inserting “each fiscal year of such period”.

(2) JOINT ECONOMIC COMMITTEE.—Section 1109(b) of title 31, United States Code, is amended by striking “March 1 of each year” and inserting “within 6 weeks of the President’s budget submission for each odd-numbered year (or, if applicable, as provided by section 300(b) of the Congressional Budget Act of 1974)”.

(h) YEAR-AHEAD REQUESTS FOR AUTHORIZING LEGISLATION.—Section 1110 of title 31, United States Code, is amended by—

(1) striking “May 16” and inserting “March 31”; and

(2) striking “year before the year in which the fiscal year begins” and inserting “calendar year preceding the calendar year in which the biennium begins”.

**SEC. 126. TWO-YEAR APPROPRIATIONS; TITLE AND STYLE OF APPROPRIATION ACTS.**

Section 105 of title 1, United States Code, is amended to read as follows:

**“§ 105. Title and style of appropriations Acts**

“(a) The style and title of all Acts making appropriations for the support of the Government shall be as follows: ‘An Act making appropriations (here insert the object) for each fiscal year in the biennium of fiscal years (here insert the fiscal years of the biennium).’

“(b) All Acts making regular appropriations for the support of the Government

shall be enacted for a biennium and shall specify the amount of appropriations provided for each fiscal year in such period.

“(c) For purposes of this section, the term ‘biennium’ has the same meaning as in section 3(13) of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 622(13)).”.

**SEC. 127. MULTIYEAR AUTHORIZATIONS.**

(a) IN GENERAL.—Title III of the Congressional Budget Act of 1974 (as amended by section 116(a)) is further amended by adding at the end the following new section:

“MULTIYEAR AUTHORIZATIONS OF APPROPRIATIONS

“SEC. 318. (a) It shall not be in order in the House of Representatives or the Senate to consider any measure that contains a specific authorization of appropriations for any purpose unless the measure includes such a specific authorization of appropriations for that purpose for not less than each fiscal year in one or more bienniums.

“(b)(1) For purposes of this section, a specific authorization of appropriations is an authorization for the enactment of an amount of appropriations or amounts not to exceed an amount of appropriations (whether stated as a sum certain, as a limit, or as such sums as may be necessary) for any purpose for a fiscal year.

“(2) Subsection (a) does not apply with respect to an authorization of appropriations for a single fiscal year for any program, project, or activity if the measure containing that authorization includes a provision expressly stating the following: ‘Congress finds that no authorization of appropriation will be required for [Insert name of applicable program, project, or activity] for any subsequent fiscal year.’

“(c) For purposes of this section, the term ‘measure’ means a bill, joint resolution, amendment, motion, or conference report.”.

(b) AMENDMENT TO TABLE OF CONTENTS.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 317 the following new item:

“Sec. 318. Multiyear authorizations of appropriations.”.

**SEC. 128. GOVERNMENT STRATEGIC AND PERFORMANCE PLANS ON A BIENNIAL BASIS.**

(a) STRATEGIC PLANS.—Section 306 of title 5, United States Code, is amended—

(1) in subsection (a), by striking “September 30, 1997” and inserting “September 30, 2007”;

(2) in subsection (b)—

(A) by striking “at least every three years” and all that follows thereafter and inserting “at least every 4 years, except that strategic plans submitted by September 30, 2007, shall be updated and revised by September 30, 2010”; and

(B) by striking “five years forward” and inserting “six years forward”; and

(3) in subsection (c), by inserting a comma after “section” the second place it appears and adding “including a strategic plan submitted by September 30, 2007, meeting the requirements of subsection (a)”.

(b) BUDGET CONTENTS AND SUBMISSION TO CONGRESS.—Paragraph (28) of section 1105(a) of title 31, United States Code, is amended by striking “beginning with fiscal year 1999, a” and inserting “beginning with fiscal year 2010, a biennial”.

(c) PERFORMANCE PLANS.—Section 1115 of title 31, United States Code, is amended—

(1) in subsection (a)—

(A) in the matter before paragraph (1)—

(i) by striking “section 1105(a)(29)” and inserting “section 1105(a)(28)”;

(ii) by striking “an annual” and inserting “a biennial”;

(B) in paragraph (1) by inserting after “program activity” the following: “for both years 1 and 2 of the biennial plan”;

(C) in paragraph (5) by striking “and” after the semicolon;

(D) in paragraph (6) by striking the period and inserting a semicolon; and inserting “and” after the inserted semicolon; and

(E) by adding after paragraph (6) the following:

“(7) cover each fiscal year of the biennium beginning with the first fiscal year of the next biennial budget cycle.”;

(2) in subsection (d) by striking “annual” and inserting “biennial”; and

(3) in paragraph (6) of subsection (f) by striking “annual” and inserting “biennial”.

(d) **MANAGERIAL ACCOUNTABILITY AND FLEXIBILITY.**—Section 9703 of title 31, United States Code, relating to managerial accountability, is amended—

(1) in subsection (a)—

(A) in the first sentence by striking “annual”; and

(B) by striking “section 1105(a)(29)” and inserting “section 1105(a)(28)”;

(2) in subsection (e)—

(A) in the first sentence by striking “one or” before “two years”;

(B) in the second sentence by striking “a subsequent year” and inserting “for a subsequent 2-year period”; and

(C) in the third sentence by striking “three” and inserting “four”.

(e) **STRATEGIC PLANS.**—Section 2802 of title 39, United States Code, is amended—

(1) in subsection (a), by striking “September 30, 1997” and inserting “September 30, 2007”;

(2) in subsection (b), by striking “at least every three years” and inserting “at least every 4 years except that strategic plans submitted by September 30, 2007, shall be updated and revised by September 30, 2010”;

(3) in subsection (b), by striking “five years forward” and inserting “six years forward”; and

(4) in subsection (c), by inserting a comma after “section” the second place it appears and inserting “including a strategic plan submitted by September 30, 2007, meeting the requirements of subsection (a)”.

(f) **PERFORMANCE PLANS.**—Section 2803(a) of title 39, United States Code, is amended—

(1) in the matter before paragraph (1), by striking “an annual” and inserting “a biennial”;

(2) in paragraph (1), by inserting after “program activity” the following: “for both years 1 and 2 of the biennial plan”;

(3) in paragraph (5), by striking “and” after the semicolon;

(4) in paragraph (6), by striking the period and inserting “; and”; and

(5) by adding after paragraph (6) the following:

“(7) cover each fiscal year of the biennium beginning with the first fiscal year of the next biennial budget cycle.”.

(g) **COMMITTEE VIEWS OF PLANS AND REPORTS.**—Section 301(d) of the Congressional Budget Act (2 U.S.C. 632(d)) is amended by adding at the end “Each committee of the Senate or the House of Representatives shall review the strategic plans, performance plans, and performance reports, required under section 306 of title 5, United States Code, and sections 1115 and 1116 of title 31, United States Code, of all agencies under the jurisdiction of the committee. Each committee may provide its views on such plans or reports to the Committee on the Budget of the applicable House.”.

#### SEC. 129. BIENNIAL APPROPRIATION BILLS.

(a) IN THE HOUSE OF REPRESENTATIVES.—Clause 2(a) of rule XXI of the Rules of the House of Representatives is amended by add-

ing at the end the following new subparagraph:

“(3)(A) Except as provided by subdivision (B), an appropriation may not be reported in a general appropriation bill (other than a supplemental appropriation bill), and may not be in order as an amendment thereto, unless it provides new budget authority or establishes a level of obligations under contract authority for each fiscal year of a biennium.

“(B) Subdivision (A) does not apply with respect to an appropriation for a single fiscal year for any program, project, or activity if the bill or amendment thereto containing that appropriation includes a provision expressly stating the following: ‘Congress finds that no additional funding beyond one fiscal year will be required and the [Insert name of applicable program, project, or activity] will be completed or terminated after the amount provided has been expended.’.

“(C) For purposes of paragraph (b), the statement set forth in subdivision (B) with respect to an appropriation for a single fiscal year for any program, project, or activity may be included in a general appropriation bill or amendment thereto.”.

(b) **CONFORMING AMENDMENT.**—Clause 5(b)(1) of rule XXII of the House of Representatives is amended by striking “or (c)” and inserting “or (3) or 2(c)”.

#### SEC. 130. ASSISTANCE BY FEDERAL AGENCIES TO STANDING COMMITTEES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES.

(a) **INFORMATION REGARDING AGENCY APPROPRIATIONS REQUESTS.**—To assist each standing committee of the House of Representatives and the Senate in carrying out its responsibilities, the head of each Federal agency which administers the laws or parts of laws under the jurisdiction of such committee shall provide to such committee such studies, information, analyses, reports, and assistance as may be requested by the chairman and ranking minority member of the committee.

(b) **INFORMATION REGARDING AGENCY PROGRAM ADMINISTRATION.**—To assist each standing committee of the House of Representatives and the Senate in carrying out its responsibilities, the head of any agency shall furnish to such committee documentation, containing information received, compiled, or maintained by the agency as part of the operation or administration of a program, or specifically compiled pursuant to a request in support of a review of a program, as may be requested by the chairman and ranking minority member of such committee.

(c) **SUMMARIES BY COMPTROLLER GENERAL.**—Within thirty days after the receipt of a request from a chairman and ranking minority member of a standing committee having jurisdiction over a program being reviewed and studied by such committee under this section, the Comptroller General of the United States shall furnish to such committee summaries of any audits or reviews of such program which the Comptroller General has completed during the preceding six years.

(d) **CONGRESSIONAL ASSISTANCE.**—Consistent with their duties and functions under law, the Comptroller General of the United States, the Director of the Congressional Budget Office, and the Director of the Congressional Research Service shall continue to furnish (consistent with established protocols) to each standing committee of the House of Representatives or the Senate such information, studies, analyses, and reports as the chairman and ranking minority member may request to assist the committee in conducting reviews and studies of programs under this section.

#### Subtitle D—Prevention of Government Shutdown

##### SEC. 141. AMENDMENT TO TITLE 31.

(a) IN GENERAL.—Chapter 13 of title 31, United States Code, is amended by inserting after section 1310 the following new section:

#### “§ 1311. Continuing appropriations

“(a)(1) If any regular appropriation bill for a fiscal year (or, if applicable, for each fiscal year in a biennium) does not become law before the beginning of such fiscal year or a joint resolution making continuing appropriations is not in effect, there are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, such sums as may be necessary to continue any project or activity for which funds were provided in the preceding fiscal year—

“(A) in the corresponding regular appropriation Act for such preceding fiscal year; or

“(B) if the corresponding regular appropriation bill for such preceding fiscal year did not become law, then in a joint resolution making continuing appropriations for such preceding fiscal year.

“(2) Appropriations and funds made available, and authority granted, for a project or activity for any fiscal year pursuant to this section shall be at a rate of operations not in excess of the lower of—

“(A) the rate of operations provided for in the regular appropriation Act providing for such project or activity for the preceding fiscal year;

“(B) in the absence of such an Act, the rate of operations provided for such project or activity pursuant to a joint resolution making continuing appropriations for such preceding fiscal year;

“(C) the rate of operations provided for in the regular appropriation bill as passed by the House of Representatives or the Senate for the fiscal year in question, except that the lower of these two versions shall be ignored for any project or activity for which there is a budget request if no funding is provided for that project or activity in either version; or

“(D) the annualized rate of operations provided for in the most recently enacted joint resolution making continuing appropriations for part of that fiscal year or any funding levels established under the provisions of this Act.

“(3) Appropriations and funds made available, and authority granted, for any fiscal year pursuant to this section for a project or activity shall be available for the period beginning with the first day of a lapse in appropriations and ending with the earlier of—

“(A) the date on which the applicable regular appropriation bill for such fiscal year becomes law (whether or not such law provides for such project or activity) or a continuing resolution making appropriations becomes law, as the case may be; or

“(B) the last day of such fiscal year.

“(b) An appropriation or funds made available, or authority granted, for a project or activity for any fiscal year pursuant to this section shall be subject to the terms and conditions imposed with respect to the appropriation made or funds made available for the preceding fiscal year, or authority granted for such project or activity under current law.

“(c) Appropriations and funds made available, and authority granted, for any project or activity for any fiscal year pursuant to this section shall cover all obligations or expenditures incurred for such project or activity during the portion of such fiscal year for which this section applies to such project or activity.

“(d) Expenditures made for a project or activity for any fiscal year pursuant to this section shall be charged to the applicable appropriation, fund, or authorization whenever a regular appropriation bill or a joint resolution making continuing appropriations until the end of a fiscal year providing for such project or activity for such period becomes law.

“(e) This section shall not apply to a project or activity during a fiscal year if any other provision of law (other than an authorization of appropriations)—

“(1) makes an appropriation, makes funds available, or grants authority for such project or activity to continue for such period; or

“(2) specifically provides that no appropriation shall be made, no funds shall be made available, or no authority shall be granted for such project or activity to continue for such period.

“(f) For purposes of this section, the term ‘regular appropriation bill’ means any annual appropriation bill making appropriations, otherwise making funds available, or granting authority, for any of the following categories of projects and activities:

“(1) Agriculture, rural development, Food and Drug Administration, and related agencies programs.

“(2) The Departments of Commerce, Justice, and State, the Judiciary, and related agencies.

“(3) The Department of Defense.

“(4) The government of the District of Columbia and other activities chargeable in whole or in part against the revenues of the District.

“(5) Energy and water development.

“(6) Foreign operations, export financing, and related programs.

“(7) The Department of Homeland Security.

“(8) The Department of the Interior and related agencies.

“(9) The Departments of Labor, Health and Human Services, and Education, and related agencies.

“(10) The Legislative Branch.

“(11) Military construction, family housing, and base realignment and closure for the Department of Defense.

“(12) The Departments of Transportation and Treasury, and independent agencies.

“(13) The Departments of Veterans Affairs and Housing and Urban Development, and sundry independent agencies, boards, commissions, corporations, and offices.”.

(b) CLERICAL AMENDMENT.—The analysis of chapter 13 of title 31, United States Code, is amended by inserting after the item relating to section 1310 the following new item:

“1311. Continuing appropriations.”.

#### Subtitle E—The Baseline

#### SEC. 151. ELIMINATION OF INFLATION ADJUSTMENT.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in paragraph (1) by striking “for inflation as specified in paragraph (5),”; and

(2) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5).

#### SEC. 152. THE PRESIDENT'S BUDGET.

(a) Paragraph (5) of section 1105(a) of title 31, United States Code, is amended to read as follows:

“(5) except as provided in subsection (b) of this section, estimated expenditures and appropriations for the current year and estimated expenditures and proposed appropriations the President decides are necessary to support the Government in the fiscal year for which the budget is submitted and the 4 fiscal years following that year, and, except for detailed budget estimates, the percentage

change from the current year to the fiscal year for which the budget is submitted for estimated expenditures and for appropriations.”.

(b) Section 1105(a)(6) of title 31, United States Code, is amended to read as follows:

“(6) estimated receipts of the Government in the current year and the fiscal year for which the budget is submitted and the 4 fiscal years after that year under—

“(A) laws in effect when the budget is submitted; and

“(B) proposals in the budget to increase revenues,

and the percentage change (in the case of each category referred to in subparagraphs (A) and (B)) between the current year and the fiscal year for which the budget is submitted and between the current year and each of the 9 fiscal years after the fiscal year for which the budget is submitted.”.

(c) Section 1105(a)(12) of title 31, United States Code, is amended to read as follows:

“(12) for each proposal in the budget for legislation that would establish or expand a Government activity or function, a table showing—

“(A) the amount proposed in the budget for appropriation and for expenditure because of the proposal in the fiscal year for which the budget is submitted;

“(B) the estimated appropriation required because of the proposal for each of the 4 fiscal years after that year that the proposal will be in effect; and

“(C) the estimated amount for the same activity or function, if any, in the current fiscal year,

and, except for detailed budget estimates, the percentage change (in the case of each category referred to in subparagraphs (A), (B), and (C)) between the current year and the fiscal year for which the budget is submitted.”.

(d) Section 1105(a)(18) of title 31, United States Code, is amended by inserting “new budget authority and” before “budget outlays”.

(e) Section 1105(a) of title 31, United States Code, is amended by adding at the end the following new paragraphs:

“(35) a comparison of levels of estimated expenditures and proposed appropriations for each function and subfunction in the current fiscal year and the fiscal year for which the budget is submitted, along with the proposed increase or decrease of spending in percentage terms for each function and subfunction.

“(36) a table on sources of growth in total direct spending under current law and as proposed in this budget submission for the budget year and the ensuing 9 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.”.

(f) Section 1109(a) of title 31, United States Code, is amended by inserting after the first sentence the following new sentence: “For discretionary spending, these estimates shall assume the levels set forth in the discretionary spending limits under section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, as adjusted, for the appropriate fiscal years (and if no such limits are in effect, these estimates shall assume the adjusted levels for the most recent fiscal year for which such levels were in effect).”.

#### SEC. 153. THE CONGRESSIONAL BUDGET.

Section 301(e) of the Congressional Budget Act of 1974 (as amended by section 103) is further amended—

(1) in paragraph (1), by inserting at the end the following: “The basis of deliberations in

developing such joint resolution shall be the estimated budgetary levels for the preceding fiscal year. Any budgetary levels pending before the committee and the text of the joint resolution shall be accompanied by a document comparing such levels or such text to the estimated levels of the prior fiscal year. Any amendment offered in the committee that changes a budgetary level and is based upon a specific policy assumption for a program, project, or activity shall be accompanied by a document indicating the estimated amount for such program, project, or activity in the current year.”; and

(2) in paragraph (2), by striking “and” at the end of subparagraph (H) (as redesignated), by striking the period and inserting “; and” at the end of subparagraph (I) (as redesignated), and by adding at the end the following new subparagraph:

“(J) a comparison of levels for the current fiscal year with proposed spending and revenue levels for the subsequent fiscal years along with the proposed increase or decrease of spending in percentage terms for each function.”.

#### SEC. 154. CONGRESSIONAL BUDGET OFFICE REPORTS TO COMMITTEES.

(a) The first sentence of section 202(e)(1) of the Congressional Budget Act of 1974 is amended by inserting “compared to comparable levels for the current year” before the comma at the end of subparagraph (A) and before the comma at the end of subparagraph (B).

(b) Section 202(e)(1) of the Congressional Budget Act of 1974 is amended by inserting after the first sentence the following new sentence: “Such report shall also include a table on sources of spending growth in total direct spending for the budget year and the ensuing 4 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.”.

(c) Section 308(a)(1)(B) of the Congressional Budget Act of 1974 is amended by inserting “and shall include a comparison of those levels to comparable levels for the current fiscal year” before “if timely submitted”.

#### SEC. 155. TREATMENT OF EMERGENCIES.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by section 151) is further amended by adding at the end the following new paragraph:

“(7) EMERGENCIES.—Budgetary resources for emergencies shall be at the level provided in the reserve fund for emergencies for that fiscal year pursuant to section 301(a)(4) of the Congressional Budget Act of 1974.”.

### TITLE II—PUTTING A LID ON THE FEDERAL BUDGET

#### Subtitle A—Spending Safeguards on the Growth of Entitlements and Mandatories

#### SEC. 201. SPENDING CAPS ON GROWTH OF ENTITLEMENTS AND MANDATORIES.

(a) CONTROL OF ENTITLEMENTS AND MANDATORIES.—The Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding after section 252 the following new section:

#### “SEC. 252A. ENFORCING CONTROLS ON DIRECT SPENDING.

“(a) CAP ON GROWTH OF ENTITLEMENTS.—Effective for fiscal year 2005 and for each ensuing fiscal year, the total level of direct spending for all direct spending programs, projects, and activities (excluding social security) for any such fiscal year shall not exceed the total level of spending for all such programs, projects, and activities for the previous fiscal year after the direct spending

for each such program, project, or activity is increased by the higher of the change in the Consumer Price Index for All Urban Consumers or the inflator (if any) applicable to that program, project, or activity and the growth in eligible population for such project, or activity.

“(b) SEQUESTRATION.—Within 15 days after Congress adjourns to end a session (other than of the second session of the One Hundred Eighth Congress), and on the same day as a sequestration (if any) under section 251, there shall be a sequestration to reduce the amount of direct spending for the fiscal year beginning in the year the Congress adjourns by any amount necessary to reduce such spending to the level set forth in subsection (a) unless that amount is less than \$250,000,000.

“(c) UNIFORM REDUCTIONS; LIMITATIONS.—The amount required to be sequestered for the fiscal year under subsection (a) shall be obtained from nonexempt direct spending accounts by actions taken in the following order:

“(1) FIRST.—The reductions in the programs specified in section 256(a) (National Wool Act and special milk), section 256(b) (student loans), and section 256(c) (foster care and adoption assistance) shall be made.

“(2) SECOND.—Any additional reductions that may be required shall be achieved by reducing each remaining nonexempt direct spending account by the uniform percentage necessary to achieve those additional reductions, except that—

“(A) the low-income programs specified in section 256(d) shall not be reduced by more than 2 percent;

“(B) the retirement and veterans benefits specified in sections 256(f), (g), and (h) shall not be reduced by more than 2 percent in the manner specified in that section; and

“(C) the medicare programs shall not be reduced by more than 2 percent in the manner specified in section 256(i).

The limitations set forth in subparagraphs (A), (B), and (C) shall be applied iteratively, and after each iteration the uniform percentage applicable to all other programs under this paragraph shall be increased (if necessary) to a level sufficient to achieve the reductions required by this paragraph.

“(d) EXCLUSION OF MEDICARE PRESCRIPTION DRUG PROGRAM UNTIL FULLY OPERATIONAL.—For purposes of this section with respect to the limitation under subsection (a) for a fiscal year before fiscal year 2008, direct spending programs and direct spending shall not be construed to include part D of title XVIII of the Social Security Act (or spending under part C of such title that is attributable to such part D).”

(b) TABLE OF CONTENTS AMENDMENT.—The table of contents set forth in 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding after the item relating to section 252 the following new item:

“Sec. 252A. Enforcing controls on direct spending.”

#### SEC. 202. EXEMPT PROGRAMS AND ACTIVITIES.

Section 255 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

#### “SEC. 255. EXEMPT PROGRAMS AND ACTIVITIES.

“(a) SOCIAL SECURITY BENEFITS; TIER I RAILROAD RETIREMENT BENEFITS; AND CERTAIN MEDICARE BENEFITS.—(1) Benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act, and benefits payable under section 3(a), 3(f)(3), 4(a), or 4(f) of the Railroad Retirement Act of 1974, shall be exempt from reduction under any order issued under this part.

“(2) Payments made under part A of title XVIII (relating to part A medicare hospital

insurance benefits) of the Social Security Act and payments made under part C of such title (relating to the Medicare Advantage program) insofar as they are attributable to part A of such title shall be exempt from reduction under any order issued under this part.

“(b) DESCRIPTIONS AND LISTS.—The following budget accounts or activities 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) all payments from one Federal direct spending budget account to another Federal budget account; and all intragovernmental funds including those from which funding is derived primarily from other Government accounts, except to the extent that such funds are augmented by direct appropriations for the fiscal year for which the order is in effect;

“(4) activities resulting from private donations, bequests, or voluntary contributions to the Government;

“(5) payments from any revolving fund or trust-revolving fund (or similar activity) that provides deposit insurance or other 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;

“(6) credit liquidating and financing accounts;

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

“Administration of Territories, Northern Mariana Islands Covenant grants (14-0412-0-1-806);

“Armed Forces Retirement Home Trust Fund, payment of claims (84-8930-0-7-705);

“Bureau of Indian Affairs, miscellaneous payments to Indians (14-2303-0-1-452);

“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 Administration, Limitation on Administration Expenses (78-4131-0-3-351);

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

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

“Panama Canal Commission, operating expenses and capital outlay (95-5190-0-2-403);

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

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

“Payments to health care trust funds (75-0580-0-1-571);

“Payments to social security trust funds (75-0404-0-1-651);

“Payments to the United States territories, fiscal assistance (14-0418-0-1-801);

“Payments to widows and heirs of deceased Members of Congress (00-0215-0-1-801);

“Pension Benefit Guaranty Corporation Fund (16-4204-0-3-601);

“Salaries of Article III judges;

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

“(8) the following noncredit special, revolving, or trust-revolving funds:

“Coinage profit fund (20-5811-0-2-803);

“Comptroller of the Currency;

“Director of the Office of Thrift Supervision;

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

“Federal Housing Finance Board;

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

“National Credit Union Administration, central liquidating facility (25-4470-0-3-373);

“National Credit Union Administration, credit union insurance fund (25-4468-0-3-373);

“National Credit Union Administration operating fund (25-4056-0-3-373); and

“Resolution Trust Corporation Revolving Fund (22-4055-0-3-373);

“(9) Thrift Savings Fund;

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

“(11)(A) any amount paid as regular unemployment compensation by a State from its account in the Unemployment Trust Fund (established by section 904(a) of the Social Security Act);

“(B) any advance made to a State from the Federal unemployment account (established by section 904(g) of such Act) under title XII of such Act and any advance appropriated to the Federal unemployment account pursuant to section 1203 of such Act; and

“(C) any payment made from the Federal Employees Compensation Account (as established under section 909 of such Act) for the purpose of carrying out chapter 85 of title 5, United States Code, and funds appropriated or transferred to or otherwise deposited in such Account; and

“(12)(A) FDIC, Bank Insurance Fund (51-4064-0-3-373);

“(B) FDIC, FSLIC Resolution Fund (51-4065-0-3-373); and

“(C) FDIC, Savings Association Insurance Fund (51-4066-0-3-373).

“(c) FEDERAL RETIREMENT AND DISABILITY ACCOUNTS.—The following Federal retirement and disability accounts shall be exempt from reduction under any order issued under this part:

“Civil service retirement and disability fund (24-8135-0-7-602).

“Black Lung Disability Trust Fund (20-8144-0-7-601).

“Foreign Service Retirement and Disability Fund (19-8186-0-7-602).

“District of Columbia Judicial Retirement and Survivors Annuity Fund (20-8212-0-7-602).

“Judicial Survivors’ Annuities Fund (10-8110-0-7-602).

“Payments to the Railroad Retirement Accounts (60-0113-0-1-601).

“Tax Court Judges Survivors Annuity Fund (23-8115-0-7-602).

“Employees Life Insurance Fund (24-8424-0-8-602).

“(d) FEDERAL ADMINISTRATIVE EXPENSES.—

“(1) Notwithstanding any provision of law other than paragraph (3), administrative expenses incurred by the departments and agencies, including independent agencies, of the Government in connection with any program, project, activity, or account shall be subject to reduction pursuant to any sequestration order, without regard to any exemption, exception, limitation, or special rule otherwise applicable with respect to such program, project, activity, or account, and regardless of whether the program, project, activity, or account is self-supporting and does not receive appropriations.

“(2) Payments made by the Government to reimburse or match administrative costs incurred by a State or political subdivision under or in connection with any program, project, activity, or account shall not be considered administrative expenses of the Government for purposes of this section, and shall be subject to sequestration to the extent (and only to the extent) that other payments made by the Government under or in connection with that program, project, activity, or account are subject to that reduction or sequestration; except that Federal payments made to a State as reimbursement of administrative costs incurred by that State under or in connection with the unemployment compensation programs specified in subsection (a)(11) shall be subject to reduction or sequestration under this part notwithstanding the exemption otherwise granted to such programs under that subsection.

“(3) Notwithstanding any other provision of law, the administrative expenses of the following programs shall be exempt from sequestration:

- “(A) Comptroller of the Currency.
- “(B) Federal Deposit Insurance Corporation.
- “(C) Office of Thrift Supervision.
- “(D) National Credit Union Administration.
- “(E) National Credit Union Administration, central liquidity facility.
- “(F) Federal Retirement Thrift Investment Board.
- “(G) Resolution Funding Corporation.
- “(H) Resolution Trust Corporation.
- “(I) Board of Governors of the Federal Reserve System.

“(e) VETERANS’ PROGRAMS.—The following programs shall be exempt from reduction under any order issued under this part:

- “General Post Funds (36-8180-0-7-705).
- “Veterans Insurance and Indemnities (36-0120-0-1-701).
- “Service-Disabled Veterans Insurance Funds (36-4012-0-3-701).
- “Veterans Reopened Insurance Fund (36-4010-0-3-701).
- “Servicemembers’ Group Life Insurance Fund (36-4009-0-3-701).
- “Post-Vietnam Era Veterans Education Account (36-8133-0-7-702).
- “National Service Life Insurance Fund (36-8132-0-7-701).
- “United States Government Life Insurance Fund (36-8150-0-7-701).
- “Veterans Special Life Insurance Fund (36-8455-0-8-701).

“(f) OPTIONAL EXEMPTION OF DEFENSE AND HOMELAND SECURITY ACCOUNTS.—

“(1) IN GENERAL.—The President may, with respect to any defense or homeland security account, exempt that account from sequestration or provide for a lower uniform percentage reduction than would otherwise apply.

“(2) LIMITATION.—The President may not use the authority provided by paragraph (1) unless the President notifies the Congress of the manner in which such authority will be exercised on or before the date specified in section 254(a) for the budget year.”

**SEC. 203. EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.**

(a) IN GENERAL.—Section 256 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

**“SEC. 256. EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.**

“(a) NATIONAL WOOL ACT AND THE SPECIAL MILK PROGRAM.—Automatic spending increases are increases in outlays due to changes in indexes in the following programs:

- “(1) National Wool Act; and
- “(2) Special milk program.

In those programs all amounts other than the automatic spending increases shall be exempt from reduction under any sequestration order.

“(b) STUDENT LOANS.—For all student loans under part B or D of title IV of the Higher Education Act of 1965 made during the period when a sequestration order under section 254 is in effect as required by section 252 or 253, origination fees under sections 438(c)(2) and 455(c) of that Act shall each be increased by 0.50 percentage point.

“(c) FOSTER CARE AND ADOPTION ASSISTANCE PROGRAMS.—Any sequestration order shall make the reduction otherwise required under the foster care and adoption assistance programs (established by part E of title IV of the Social Security Act) only with respect to payments and expenditures made by States in which increases in foster care maintenance payment rates or adoption assistance payment rates (or both) are to take effect during the fiscal year involved, and only to the extent that the required reduction can be accomplished by applying a uniform percentage reduction to the Federal matching payments that each such State would otherwise receive under section 474 of that Act (for such fiscal year) for that portion of the State’s payments attributable to the increases taking effect during that year. No State’s matching payments from the Government for foster care maintenance payments or for adoption assistance maintenance payments may be reduced by a percentage exceeding the applicable domestic sequestration percentage. No State may, after the date of the enactment of this Act, make any change in the timetable for making payments under a State plan approved under part E of title IV of the Social Security Act which has the effect of changing the fiscal year in which expenditures under such part are made.

“(d) LOW-INCOME PROGRAMS.—(1) Benefit payments or payments to States or other entities for the programs listed in paragraph (2) shall not be reduced by more than 2 percent under any sequestration order. When reduced under an end-of-session sequestration order, those benefit reductions shall occur starting with the payment made at the start of January. When reduced under a within-session sequestration order, those benefit reductions shall occur starting with the next periodic payment.

“(2) The programs referred to in paragraph (1) are the following:

- “Child Nutrition (12-3539-0-1-605).
- “Food Stamp Programs (12-3505-0-1-605).
- “Grants to States for Medicaid (75-0512-0-1-551).
- “State Children’s Health Insurance Fund (75-0515-0-1-551).
- “Supplemental Security Income Program (75-0406-0-1-609).
- “Temporary Assistance for Needy Families (75-1552-0-1-609).
- “Special supplemental nutrition program for women, infants, and children (WIC) (12-3510-0-1-605).

“(e) VETERANS’ MEDICAL CARE.—The maximum permissible reduction in budget authority for Veterans’ medical care (36-0160-0-1-703) for any fiscal year, pursuant to an order issued under section 254, shall be 2 percent.

“(f) FEDERAL RETIREMENT PROGRAMS.—

“(1) For each of the programs listed in paragraph (2) and except as provided in paragraph (3), monthly (or other periodic) benefit payments shall be reduced by the uniform percentage applicable to direct spending sequestrations for such programs, which shall in no case exceed 2 percent under any sequestration order. When reduced under an end-of-session sequestration order, those benefit reductions shall occur starting with the pay-

ment made at the start of January or 7 weeks after the order is issued, whichever is later. When reduced under a within-session sequestration order, those benefit reductions shall occur starting with the next periodic payment.

“(2) The programs subject to paragraph (1) are:

- “Central Intelligence Agency Retirement and Disability Fund (56-3400-0-1-054).
- “Comptrollers General Retirement System (05-0107-0-1-801)
- Payments to the Foreign Service Retirement and Disability Fund (72-1036-0-1-153).
- “Judicial Officers’ Retirement Fund (10-8122-0-7-602).
- “Claims Judges’ Retirement Fund (10-8124-0-7-602).
- “Pensions for former Presidents (47-0105-0-1-802).
- “National Oceanic and Atmospheric Administration Retirement (13-1450-0-1-306).
- “Railroad Industry Pension Fund (60-8011-0-7-601).
- “Retired pay, Coast Guard (70-0602-0-1-403).
- “Retirement pay and medical benefits for commissioned officers, Public Health Service (75-0379-0-1-551).
- “Payments to Civil Service Retirement and Disability Fund (24-0200-0-1-805).
- “Payments to the Foreign Service Retirement and Disability Fund (72-1036-0-1-153).
- “Payments to Judiciary Trust Funds (10-0941-0-1-752).

“(g) VETERANS PROGRAMS.—To achieve the total percentage reduction required by any order issued under this part, the percentage reduction that shall apply to payments under the following programs shall in no event exceed 2 percent:

- “Canteen Service Revolving Fund (36-4014-0-3-705).
- “Medical Center Research Organizations (36-4026-0-3-703).
- “Disability Compensation Benefits (36-0102-0-1-701).
- “Education Benefits (36-0137-0-1-702).
- “Vocational Rehabilitation and Employment Benefits (36-0135-0-1-702).
- “Pensions Benefits (36-0154-0-1-701).
- “Burial Benefits (36-0139-0-1-701).
- “Guaranteed Transitional Housing Loans For Homeless Veterans Program Account (36-1119-0-1-704).
- “Housing Direct Loan Financing Account (36-4127-0-1-704).
- “Housing Guaranteed Loan Financing Account (36-4129-0-3-704).
- “Vocational Rehabilitation and Education Direct Loan Financing Account (36-4259-0-3-702).

“(h) MILITARY HEALTH AND RETIREMENT.—To achieve the total percentage reduction in military retirement required by any order issued under this part, the percentage reduction that shall apply to payments under the Military retirement fund (97-8097-0-7-602), payments to the military retirement fund (97-0040-0-1-054), and the Defense Health Program (97-0130-0-1-051) shall in no event exceed 2 percent.

“(i) MEDICARE PROGRAM.—

“(1) CALCULATION OF REDUCTION IN INDIVIDUAL PAYMENT AMOUNTS.—To achieve the total percentage reduction in those programs required by any order issued under this part, the percentage reduction that shall apply to payments under the health insurance programs under title XVIII of the Social Security Act (other than payments described in section 255(a)(2)) that are subject to such order for services furnished after any sequestration order is issued shall be such that the reduction made in payments under that order shall achieve the required total percentage reduction in those payments for that fiscal year as determined on a 12-month basis. However, the percentage reduction

under any such program shall in no case exceed 2 percent under any sequestration order.

“(2) TIMING OF APPLICATION OF REDUCTIONS.—If a reduction is made under paragraph (1) in payment amounts pursuant to a sequestration order, the reduction shall be applied to payment for services furnished 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 under paragraph (1) 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) APPLICATION TO PARTS C AND D.—The reductions otherwise required under parts C and D of title XVIII of the Social Security Act with respect to a fiscal year shall be applied to the calendar year that begins after the end of the fiscal year to which the applicable sequestration order applies.

“(j) FEDERAL PAY.—

“(1) IN GENERAL.—For purposes of any order issued under section 254, new budget authority to pay Federal personnel shall be reduced by the applicable uniform percentage, 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 section 302 of the Federal Employees Pay Comparability Act of 1990) or the rate of any element of military pay to which any individual is entitled under title 37, 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 1009 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 403a and 405 of such title, and

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

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

“(k) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any sequestration order shall accomplish the full amount of any required reduction in expenditures under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under such 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.

“(l) EXTENDED UNEMPLOYMENT COMPENSATION.—(1) A State may reduce each weekly benefit payment made under the Federal-State Extended Unemployment Compensation Act of 1970 for any week of unemployment occurring during any period with respect to which payments are reduced under an order issued under this title by a percentage not to exceed the percentage by which the Federal payment to the State under sec-

tion 204 of such Act is to be reduced for such week as a result of such order.

“(2) A reduction by a State in accordance with subparagraph (A) shall not be considered as a failure to fulfill the requirements of section 3304(a)(11) of the Internal Revenue Code of 1954.

“(m) COMMODITY CREDIT CORPORATION.—

“(1) POWERS AND AUTHORITIES OF THE COMMODITY CREDIT CORPORATION.—This title shall not restrict the Commodity Credit Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, to use the proceeds as a revolving fund to meet other obligations and otherwise operate as a corporation, the purpose for which it was created.

“(2) REDUCTION IN PAYMENTS MADE UNDER CONTRACTS.—(A) Payments and loan eligibility under any contract entered into with a person by the Commodity Credit Corporation prior to the time any sequestration order has been issued shall not be reduced by an order subsequently issued. Subject to subparagraph (B), after any sequestration order is issued for a fiscal year, any cash payments made by the Commodity Credit Corporation—

“(i) under the terms of any one-year contract entered into in or after such fiscal year and after the issuance of the order; and

“(ii) out of an entitlement account, to any person (including any producer, lender, or guarantee entity) shall be subject to reduction under the order.

“(B) Each contract entered into with producers or producer cooperatives with respect to a particular crop of a commodity and subject to reduction under subparagraph (A) shall be reduced in accordance with the same terms and conditions. If some, but not all, contracts applicable to a crop of a commodity have been entered into prior to the issuance of any sequestration order, the order shall provide that the necessary reduction in payments under contracts applicable to the commodity be uniformly applied to all contracts for succeeding crops of the commodity, under the authority provided in paragraph (3).

“(3) DELAYED REDUCTION IN OUTLAYS PERMISSIBLE.—Notwithstanding any other provision of this title, if any sequestration order is issued with respect to a fiscal year, any reduction under the order applicable to contracts described in paragraph (2) may provide for reductions in outlays for the account involved to occur in the fiscal years following the fiscal year to which the order applies.

“(4) UNIFORM PERCENTAGE RATE OF REDUCTION AND OTHER LIMITATIONS.—All reductions described in paragraph (2) that are required to be made in connection with any sequestration order with respect to a fiscal year—

“(A) shall be made so as to ensure that outlays for each program, project, activity, or account involved are reduced by a percentage rate that is uniform for all such programs, projects, activities, and accounts, and may not be made so as to achieve a percentage rate of reduction in any such item exceeding the rate specified in the order; and

“(B) with respect to commodity price support and income protection programs, shall be made in such manner and under such procedures as will attempt to ensure that—

“(i) uncertainty as to the scope of benefits under any such program is minimized;

“(ii) any instability in market prices for agricultural commodities resulting from the reduction is minimized; and

“(iii) normal production and marketing relationships among agricultural commodities (including both contract and non-contract commodities) are not distorted.

In meeting the criterion set out in clause (iii) of subparagraph (B) of the preceding sen-

tence, the President shall take into consideration that reductions under an order may apply to programs for two or more agricultural commodities that use the same type of production or marketing resources or that are alternative commodities among which a producer could choose in making annual production decisions.

“(5) CERTAIN AUTHORITY NOT TO BE LIMITED.—Nothing in this title shall limit or reduce in any way any appropriation that provides the Commodity Credit Corporation with funds to cover the Corporation’s net realized losses.

“(n) POSTAL SERVICE FUND.—Notwithstanding any other provision of law, any sequestration of the Postal Service Fund shall be accomplished by a payment from that Fund to the General Fund of the Treasury, and the Postmaster General of the United States shall make the full amount of that payment during the fiscal year to which the presidential sequestration order applies.

“(o) EFFECTS OF SEQUESTRATION.—The effects of sequestration shall be as follows:

“(1) Budgetary resources sequestered from any account other than an entitlement trust, special, or revolving fund account shall revert to the Treasury and be permanently canceled.

“(2) Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President’s budget).

“(3) Administrative regulations or similar actions implementing a sequestration shall be made within 120 days of the sequestration order. To the extent that formula allocations differ at different levels of budgetary resources within an account, program, project, or activity, the sequestration shall be interpreted as producing a lower total appropriation, with that lower appropriation being obligated as though it had been the pre-sequestration appropriation and no sequestration had occurred.

“(4) Except as otherwise provided, obligations in sequestered direct spending accounts shall be reduced in the fiscal year in which a sequestration occurs and in all succeeding fiscal years.

“(5) If an automatic spending increase is sequestered, the increase (in the applicable index) that was disregarded as a result of that sequestration shall not be taken into account in any subsequent fiscal year.

“(6) 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.’’

(b) CONFORMING AMENDMENT.—The table of contents set forth in 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by amending the item relating to section 256 to read as follows:

“Sec. 256. Exceptions, limitations, and special rules.”

**SEC. 204. POINT OF ORDER.**

(a) ENTITLEMENT POINT OF ORDER.—Section 312 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

“(g) ENTITLEMENT POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that—

“(1) increases aggregate level of direct spending for any ensuing fiscal year or

“(2) includes any provision that has the effect of modifying the application of section 252A of the Balanced Budget and Emergency Deficit Control Act of 1985 to any entitlement program subject to sequestration or exempt from sequestration under such Act.”

**SEC. 205. TECHNICAL AND CONFORMING AMENDMENTS.**

The Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) Section 251(a)(1) is amended by inserting “, section 252A,” after “section 252”.

(2) Section 254(c)(4)(B) is amended by inserting “or section 252A” after “section 252”.

(3) Section 254(c) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

“(5) DIRECT SPENDING CONTROL SEQUESTRATION REPORTS.—The preview reports shall set forth, for the current year and the budget year, estimates for each of the following:

“(A) The total level of direct spending for all programs, projects, and activities (excluding social security).

“(B) The sequestration percentage or (if the required sequestration percentage is greater than the maximum allowable percentage for medicare) percentages necessary to comply with section 252A.”

(4) Section 254(f) is amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6) and by inserting after paragraph (3) the following new paragraph:

“(4) DIRECT SPENDING CONTROL SEQUESTRATION REPORTS.—The final reports shall contain all the information required in the direct spending control sequestration preview reports. In addition, these reports shall contain, for the budget year, for each account to be sequestered, estimates of the baseline level of sequesterable budgetary resources and resulting outlays and the amount of budgetary resources to be sequestered and resulting outlay reductions. The reports shall also contain estimates of the effects on outlays of the sequestration in each outyear for direct spending programs.”

(5) Section 258C(a)(1) is amended by inserting “, 252A,” after “section 252”.

**SEC. 206. ESTABLISHMENT OF FAMILY BUDGET PROTECTION MANDATORY ACCOUNT.**

(a) BUDGET PROTECTION MANDATORY ACCOUNT.—Title III of the Congressional Budget Act of 1974 (as amended by section 521) is further amended by adding at the end the following new sections:

“BUDGET PROTECTION MANDATORY ACCOUNT

“SEC. 320. (a) ESTABLISHMENT OF ACCOUNT.—The chairman of the Committee on the Budget of the House of Representatives and of the Senate shall each maintain an account to be known as the ‘Budget Protection Mandatory Account’. The Account shall be divided into entries corresponding to the House or Senate committees, as applicable, that received allocations under section 302(a) in the most recently adopted concurrent resolution on the budget, except that it shall not include the Committee on Appropriations of that House and each entry shall consist of the ‘First Year Budget Protection Balance’ and the ‘Five Year Budget Protection Balance’.

“(b) COMPONENTS.—Each entry shall consist only of amounts credited to it under subsection (c). No entry of a negative amount shall be made.

“(c) CREDITING OF AMOUNTS TO ACCOUNT.—(1) Whenever a Member or Senator, as the case may be, offers an amendment to a bill that reduces the amount of mandatory budget authority provided either under current

law or proposed to be provided by the bill under consideration, that Member or Senator may state the portion of such reduction achieved in the first year covered by the most recently adopted concurrent resolution on the budget and in addition the portion of such reduction achieved in the first five years covered by the most recently adopted concurrent resolution on the budget that shall be—

“(A) credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance in the House or Senate, as applicable;

“(B) used to offset an increase in other new budget authority;

“(C) allowed to remain within the applicable section 302(a) allocation; or

“(D) used to offset a decrease in receipts. If no such statement is made, the amount of reduction in new budget authority resulting from the amendment shall be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, as applicable, if the amendment is agreed to.

“(2) Except as provided by paragraph (3), the chairman of the Committee on the Budget of the House or Senate, as applicable, shall, upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, credit to the applicable entry balances amounts of new budget authority and outlays equal to the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by that House to that bill.

“(3) When computing the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by the House or Senate, as applicable, to a bill, the chairman of the Committee on the Budget of that House shall only count those portions of such amendments agreed to that were so designated by the Members or Senators offering such amendments as amounts to be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, or that fall within the last sentence of paragraph (1).

“(4) The chairman of the Committee on the Budget of the House and of the Senate shall each maintain a running tally of the amendments adopted reflecting increases and decreases of budget authority in the bill as reported to its House. This tally shall be available to Members or Senators during consideration of any bill by that House.

“(d) CALCULATION OF LOCK-BOX SAVINGS IN HOUSE AND SENATE.—For the purposes of enforcing section 302(a), upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, the amount of budget authority and outlays calculated pursuant to subsection (c)(3) shall be counted against the 302(a) allocation provided to the applicable committee or committees of that House which reported the bill as if the amount calculated pursuant to subsection (c)(3) was included in the bill just engrossed.

“(e) DEFINITION.—As used in this section, the term ‘appropriation bill’ means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of fiscal year 2005 or any subsequent fiscal year, as the case may be.”

**Subtitle B—Discretionary Spending Limits**

**SEC. 211. ENFORCING DISCRETIONARY SPENDING LIMITS.**

(a) DISCRETIONARY SPENDING LIMITS.—Sections 251(b) and (c) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended to read as follows:

“(b) DISCRETIONARY SPENDING LIMIT.—As used in this part, the term ‘discretionary spending limit’ means—

“(1) with respect to fiscal year 2005—

“(A) \$864,261,000,000 in new budget authority of which no more than \$400,625,000,000 shall be for the nondefense category; and

“(B) \$850,495,800,000 in outlays of which no more than \$433,158,400,000 shall be for the nondefense category;

“(2) with respect to fiscal year 2006—

“(A) \$838,669,000,000 in new budget authority of which no more than \$409,038,100,000 shall be for the nondefense category; and

“(B) \$872,471,400,000 in outlays of which no more than \$448,440,900,000 shall be for the nondefense category;

“(3) with respect to fiscal year 2007—

“(A) \$856,281,000,000 in new budget authority of which no more than \$417,627,900,000 shall be for the nondefense category; and

“(B) \$886,373,800,000 in outlays of which no more than \$458,828,900,000 shall be for the nondefense category;

“(4) with respect to fiscal year 2008—

“(A) \$874,263,000,000 in new budget authority of which no more than \$426,398,100,000 shall be for the nondefense category; and

“(B) \$907,923,200,000 in outlays of which no more than \$466,518,700,000 shall be for the nondefense category;

“(5) with respect to fiscal year 2009—

“(A) \$892,622,000,000 in new budget authority of which no more than \$435,352,500,000 shall be for the nondefense category; and

“(B) \$922,436,600,000 in outlays of which no more than \$472,403,700,000 shall be for the nondefense category;

“(6) with respect to fiscal year 2010—

“(A) \$911,367,000,000 in new budget authority of which no more than \$444,494,900,000 shall be for the nondefense category; and

“(B) \$942,949,400,000 in outlays of which no more than \$483,388,200,000 shall be for the nondefense category;

“(7) with respect to fiscal year 2011—

“(A) \$930,506,000,000 in new budget authority of which no more than \$453,829,300,000 shall be for the nondefense category; and

“(B) \$966,467,600,000 in outlays of which no more than \$492,649,700,000 shall be for the nondefense category;

“(8) with respect to fiscal year 2012—

“(A) \$950,047,000,000 in new budget authority of which no more than \$463,359,700,000 shall be for the nondefense category; and

“(B) \$977,831,100,000 in outlays of which no more than \$502,049,800,000 shall be for the nondefense category;

“(9) with respect to fiscal year 2013—

“(A) \$969,998,000,000 in new budget authority of which no more than \$473,090,200,000 shall be for the nondefense category; and

“(B) \$1,001,230,000,000 in outlays of which no more than \$511,597,600,000 shall be for the nondefense category;

“(10) with respect to fiscal year 2014—

“(A) \$990,368,000,000 in new budget authority of which no more than \$483,025,100,000 shall be for the nondefense category; and

“(B) \$1,020,567,000,000 in outlays of which no more than \$521,375,000,000 shall be for the nondefense category.”

(b) DISCRETIONARY SPENDING LIMIT POINT OF ORDER.—Section 312 of the Congressional Budget Act of 1974 (as amended by section 214(a)) is further amended by adding at the end the following new subsection:

“(h) DISCRETIONARY SPENDING LIMIT POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that—

“(1) increases the discretionary spending limits for any ensuing fiscal year after the budget year; or

“(2) would cause the discretionary spending limits for the budget year to be breached.”

(c) ADVANCE APPROPRIATION POINT OF ORDER.—Section 312 of the Congressional

Budget Act of 1974 (as amended by this section) is further amended by adding at the end the following new subsection:

“(i) **ADVANCE APPROPRIATION POINT OF ORDER.**—It shall not be in order in the House of Representatives or in the Senate to consider any appropriation bill or joint resolution, or amendment thereto or conference report thereon, that provides advance discretionary new budget authority that first becomes available for any fiscal year after the budget year at an amount for any program, project, or activity above the amount of appropriations for fiscal year 2004 for such program, project, or activity.”.

**SEC. 212. ESTABLISHMENT OF FAMILY BUDGET PROTECTION DISCRETIONARY ACCOUNT.**

(a) **BUDGET PROTECTION MANDATORY ACCOUNT.**—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

“**BUDGET PROTECTION MANDATORY ACCOUNT**

“**SEC. 321. (a) ESTABLISHMENT OF ACCOUNT.**—The chairman of the Committee on the Budget of the House of Representatives and of the Senate shall each maintain an account to be known as the ‘Budget Protection Mandatory Account’. The Account shall be divided into entries corresponding to the House or Senate committees, as applicable, that received allocations under section 302(a) in the most recently adopted concurrent resolution on the budget, except that it shall not include the Committee on Appropriations of that House and each entry shall consist of the ‘First Year Budget Protection Balance’ and the ‘Five Year Budget Protection Balance’.

“(b) **COMPONENTS.**—Each entry shall consist only of amounts credited to it under subsection (c). No entry of a negative amount shall be made.

“(c) **CREDITING OF AMOUNTS TO ACCOUNT.**—(1) Whenever a Member or Senator, as the case may be, offers an amendment to a bill that reduces the amount of mandatory budget authority provided either under current law or proposed to be provided by the bill under consideration, that Member or Senator may state the portion of such reduction achieved in the first year covered by the most recently adopted concurrent resolution on the budget and in addition the portion of such reduction achieved in the first five years covered by the most recently adopted concurrent resolution on the budget that shall be—

“(A) credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance in the House or Senate, as applicable;

“(B) used to offset an increase in other new budget authority;

“(C) allowed to remain within the applicable section 302(a) allocation; or

“(D) used to offset a decrease in receipts. If no such statement is made, the amount of reduction in new budget authority resulting from the amendment shall be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, as applicable, if the amendment is agreed to.

“(2) Except as provided by paragraph (3), the chairman of the Committee on the Budget of the House or Senate, as applicable, shall, upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, credit to the applicable entry balances amounts of new budget authority and outlays equal to the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to by that House to that bill.

“(3) When computing the net amounts of reductions in budget authority and in outlays resulting from amendments agreed to

by the House or Senate, as applicable, to a bill, the chairman of the Committee on the Budget of that House shall only count those portions of such amendments agreed to that were so designated by the Members or Senators offering such amendments as amounts to be credited to the First Year Budget Protection Balance and the Five Year Budget Protection Balance, or that fall within the last sentence of paragraph (1).

“(4) The chairman of the Committee on the Budget of the House and of the Senate shall each maintain a running tally of the amendments adopted reflecting increases and decreases of budget authority in the bill as reported to its House. This tally shall be available to Members or Senators during consideration of any bill by that House.

“(d) **CALCULATION OF LOCK-BOX SAVINGS IN HOUSE AND SENATE.**—For the purposes of enforcing section 302(a), upon the engrossment of any bill, other than an appropriation bill, by the House or Senate, as applicable, the amount of budget authority and outlays calculated pursuant to subsection (c)(3) shall be counted against the 302(a) allocation provided to the applicable committee or committees of that House which reported the bill as if the amount calculated pursuant to subsection (c)(3) was included in the bill just engrossed.

“(e) **DEFINITION.**—As used in this section, the term ‘appropriation bill’ means any general or special appropriation bill, and any bill or joint resolution making supplemental, deficiency, or continuing appropriations through the end of fiscal year 2005 or any subsequent fiscal year, as the case may be.”.

(b) **CONFORMING AMENDMENT.**—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 319 the following new items:

“Sec. 320. Family budget protection mandatory account.

“Sec. 321. Family budget protection discretionary account.”.

**SEC. 213. REVENUE ADJUSTMENT.**

If an amendment is designated to be used to offset a decrease in receipts for a fiscal year pursuant to section 320(c)(1)(D) or section 321(c)(1)(D) of the Congressional Budget Act of 1974, then the applicable level of revenues for such fiscal year for purposes of section 311(a) of such Act shall be reduced by the amount of such amendment.

**Subtitle C—Long-term Unfunded Obligations**

**SEC. 221. LONG-TERM UNFUNDED OBLIGATIONS.**

(a) **IN GENERAL.**—Title IV of the Congressional Budget Act of 1974 is amended by adding at the end the following:

**PART C—LONG-TERM UNFUNDED OBLIGATIONS**

**“SEC. 441. ANALYSIS OF LONG-TERM UNFUNDED OBLIGATIONS.**

“Beginning in fiscal year 2006, the President’s budget shall include an analysis of long-term unfunded obligations. This analysis shall include:

“(1) An analysis of the impact of long-term unfunded obligations in applicable entitlement programs on the long-term level of unified budget outlays and the unified budget surplus or deficit, in relation to the projected level of the Gross Domestic Product.

“(2) A report on the impact of legislation enacted during the previous session of Congress that increases the long-term unfunded obligation in any applicable group of entitlement program.

“(3) An analysis of the impact of legislation proposed in the President’s budget on the long-term unfunded obligation in any applicable entitlement program.

**“SEC. 442. POINT OF ORDER AGAINST LEGISLATION INCREASING LONG-TERM UNFUNDED OBLIGATIONS.**

“It shall not be in order in the House of Representatives or in the Senate to consider any bill, joint resolution, motion, amendment, or conference report that would increase the long-term unfunded obligation in any applicable group of entitlement programs.

**“SEC. 443. STANDARD FOR DETERMINING INCREASE IN LONG-TERM UNFUNDED OBLIGATION.**

“For the purpose of this part, legislation shall be considered to increase the long-term unfunded obligation of an applicable group of entitlement programs if it either—

“(1) increases the excess of the discounted present value of the expenditures of programs in the group above the discounted present value of the dedicated receipts of programs in the group over a long-term estimating period by more than an applicable threshold; or

“(2) increases the dollar level of the expenditures of programs in the group above the dedicated receipts of programs in the group in the last year of the estimating period by more than the applicable threshold.

**“SEC. 444. LONG-TERM UNFUNDED OBLIGATION ANALYSES BY CONGRESSIONAL BUDGET OFFICE.**

The Director of the Congressional Budget Office shall, to the extent practicable, prepare for each bill or resolution of a public character reported by any committee of the House of Representatives or the Senate (except the Committee on Appropriations of each House), and submit to such committee—

“(1) an estimate of any increase of the long-term unfunded obligation of any applicable entitlement program which would be incurred in carrying out such bill or resolution as measured by the increase of the excess of the discounted present value of the expenditures of such program above the discounted present value of the dedicated receipts of such program over a long-term estimating period by more than an applicable threshold; and

“(2) an estimate of any increase in the dollar level of the expenditures of such program above the dedicated receipts of such program in the last year of the estimating period by more than the applicable threshold.

The estimates and description so submitted shall be included in the report accompanying such bill or resolution if timely submitted to such committee before such report is filed.

**“SEC. 445. DEFINITIONS.**

“As used in this part—

“(1) the term ‘applicable entitlement program’ shall be defined as any one of the following programs:

“(A) Old Age, Survivors, and Disability Insurance.

“(B) Medicare (combined hospital insurance and supplemental medical insurance).

“(C) Civilian retirement and disability (combined Civil Service Retirement System and Federal Employees Retirement System).

“(D) Foreign Service Retirement and Disability (combined Foreign Service Retirement and Disability System and Foreign Service Pension System).

“(E) Retired Employees Health Benefits.

“(F) Military Retirement System.

“(G) Uniformed Services Retiree Health Care System.

“(H) Railroad Retirement System (combined Rail Industry Pension Fund, Social Security Equivalent Benefit Account, and National Railroad Retirement Investment Trust).

“(I) Supplemental Security Income (SSI).

“(J) For estimates made on or after January 1, 2006, veterans disability compensation.

“(K) Any other entitlement program with regularly available long-term estimates.

“(2) The term ‘entitlement program with regularly available long-term estimates’ means a program for which the Director of the Congressional Budget Office, in consultation with the Committees on the Budget of the House of Representatives and the Senate and the Director of the Office of Management and Budget, has determined that it is feasible to make long-term estimates of expenditures and dedicated receipts based on explicit demographic, economic, and other estimating assumptions. The Director shall notify the House and Senate Committees on the Budget in writing, whenever he or she makes such a determination.

“(3) The term ‘applicable group of entitlement programs’ shall be defined as any of the following:

“(A) Old Age, Survivors, and Disability Insurance.

“(B) All applicable entitlement programs except Old Age, Survivors, and Disability Insurance.

“(4) The term ‘long-term estimating period’ shall be defined as 75 years, starting with the current year, for all applicable entitlement programs except for Old Age, Survivors, and Disability Insurance. For Old Age, Survivors, and Disability Insurance, the term shall be defined as the infinite period of years utilized in the most recent annual report of the Board of Trustees provided pursuant to section 201(c)(2) of the Social Security Act.

“(5) The term ‘last year of the estimating period’ shall be defined as the 75th year of the long-term estimating period.

“(6) The term ‘dedicated receipts’ shall be defined, for all applicable entitlement programs other than Medicare, as taxes and fees received from the public, payments received from Federal agencies on behalf of Federal agency employees who are participants in the program, transfers received by the program under section 7(c)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(c)(2)), and transfers from the general fund of amounts equivalent to income tax receipts under section 86 of the Internal Revenue Code. Dedicated receipts shall not include payments from the general fund to amortize a program’s unfunded liability or payments of interest on a program’s trust fund holdings. For Medicare, ‘dedicated receipts’ shall be defined according to section 801(c)(3) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

“(7) The term ‘expenditures’ shall be defined, for all applicable entitlement programs other than Medicare, to include benefit payments, administrative expenses to the extent paid from a dedicated fund, and transfers to other programs made under section 7(c)(2) of the Railroad Retirement Act of 1974 (45 U.S.C. 231f(c)(2)). For Medicare, ‘expenditures’ shall be defined according to section 801(c)(4) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.

“(8) The term ‘applicable threshold’ shall be defined as:

“(A) For a group of applicable entitlement programs over a long-term estimating period—

“(i) 0.02 percent of the present value of the taxable payroll of the group of programs over the estimating period, for legislation affecting Old Age, Survivors, and Disability Insurance or Medicare; and

“(ii) 1 percent of the present value of the expenditures over the estimating period of the programs in the group that are affected by the legislation.

“(B) For a group of applicable entitlement programs in the last year of the estimating period—

“(i) 0.02 percent of the taxable payroll of the group of programs in that year, for legislation affecting Old Age, Survivors, and Disability Insurance or Medicare;

“(ii) 0.01 percent of Gross Domestic Product in that year; or

“(iii) 1 percent of the expenditures in that year of the programs in the group that are affected by the legislation.”

(b) CONFORMING AMENDMENT.—The table of contents set forth in section 1(b) of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding after the item relating to section 428 the following:

‘PART C—LONG-TERM UNFUNDED OBLIGATIONS  
‘Sec. 441. Analysis of long-term unfunded obligations.

‘Sec. 442. Point of order against legislation increasing long-term unfunded obligations.

‘Sec. 443. Standard for determining increase in long-term unfunded obligation.

‘Sec. 444. Long-term unfunded obligation analyses by congressional budget office.

‘Sec. 445. Definitions.

#### SEC. 222. POINTS OF ORDER.

Section 904 of the Congressional Budget Act of 1974 is amended as follows:

(1) Subsection (c)(1) is amended by adding “442,” after “310(d)(2), 313.”

(2) Subsection (d)(2) is amended by adding “442,” after “310(d)(2), 313.”

#### SEC. 223. SOCIAL SECURITY.

Section 13302(a) of subtitle C of the Budget Enforcement Act of 1990 is amended to read as follows:

“(a) IN GENERAL.—It shall be not be in order in the House of Representatives to consider any bill, or joint resolution, as reported, or any amendment thereto or conference report thereon, if, upon enactment, such legislation under consideration would increase the long-term unfunded obligation of the OASDI program, as defined in section 443 of the Congressional Budget Act of 1974.”

### TITLE III—COMBATING WASTE, FRAUD, AND ABUSE.

#### Subtitle A—Sunsetting

#### SEC. 301. REAUTHORIZATION OF DISCRETIONARY PROGRAMS AND UNEARNED ENTITLEMENTS.

(a) FISCAL YEAR 2008.—Effective October 1, 2007, spending authority for each unearned entitlement and high-cost discretionary spending program is frozen at then current levels unless such spending authority is reauthorized after the date of enactment of this Act.

(b) FISCAL YEAR 2009.—Effective October 1, 2008, spending authority for each discretionary spending program (not including high-cost discretionary spending programs) is frozen at then current levels unless such spending authority is reauthorized after the date of enactment of this Act.

(c) DEFINITIONS.—For purposes of this title—

(1) the term “unearned entitlement” means an entitlement not earned by service or paid for in total or in part by assessments or contributions such as Social Security, veterans’ benefits, retirement programs, and medicare; and

(2) the term “high-cost discretionary program” means the most expensive one-third of discretionary program within each budget function account.

#### SEC. 302. POINT OF ORDER.

(a) IN GENERAL.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amend-

ment, or conference report that includes any provision that appropriates funds above current levels unless such appropriation has been previously authorized by law.

(b) WAIVER OR SUSPENSION.—This section may be waived or suspended in the House of Representatives or the Senate only by the affirmative vote of two-thirds of the Members, duly chosen and sworn.

#### SEC. 303. DECENNIAL SUNSETTING.

(a) FIRST DECENNIAL CENSUS YEAR.—Effective on the first day of the fiscal year beginning in the first decennial census year after the year 2010 and each 10 years thereafter, the spending authority described in section 301(a) is terminated unless such spending authority is reauthorized after the last date the spending authority was required to be reauthorized under this title.

(b) FIRST DECENNIAL CENSUS YEAR.—Effective on the first day of the fiscal year beginning in the year after the first decennial census year after the year 2010 and each 10 years thereafter, the spending authority described in section 301(b) is terminated unless such spending authority is reauthorized after the last date the spending authority was required to be reauthorized under this title.

#### Subtitle B—Enhanced Rescissions of Budget Authority Identified by the President as Wasteful Spending

#### SEC. 311. ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS.

(a) IN GENERAL.—Part B of title X of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 681 et seq.) is amended by redesignating sections 1013 through 1017 as sections 1014 through 1018, respectively, and by inserting after section 1012 the following new section:

#### “ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS

“SEC. 1013. (a) PROPOSED RESCISSION OF BUDGET AUTHORITY IDENTIFIED AS WASTEFUL SPENDING.—The President may propose, at the time and in the manner provided in subsection (b), the rescission of any budget authority provided in an appropriation Act that he identifies as wasteful spending. If the President proposes a rescission of budget authority, he may also propose to reduce the appropriate discretionary spending limits for new budget authority and outlays flowing therefrom set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 by an amount that does not exceed the amount of the proposed rescission. Funds made available for obligation under this procedure may not be proposed for rescission again under this section.

“(b) TRANSMITTAL OF SPECIAL MESSAGE.—

“(1) The President may transmit to Congress a special message proposing to rescind amounts of budget authority and include with that special message a draft bill that, if enacted, would only rescind that budget authority unless the President also proposes a reduction in the appropriate discretionary spending limits set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985. That bill shall clearly identify the amount of budget authority that is proposed to be rescinded for each program, project, or activity to which that budget authority relates.

“(2) In the case of an appropriation Act that includes accounts within the jurisdiction of more than one subcommittee of the Committee on Appropriations, the President in proposing to rescind budget authority under this section shall send a separate special message and accompanying draft bill for accounts within the jurisdiction of each subcommittee.

“(3) Each special message shall specify, with respect to the budget authority proposed to be rescinded, the following:

“(A) The amount of budget authority which he proposes to be rescinded.

“(B) Any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific project or governmental functions involved.

“(C) The reasons why the budget authority should be rescinded, including why he considers it to be wasteful spending.

“(D) To the maximum extent practicable, the estimated fiscal, economic, and budgetary effect (including the effect on outlays and receipts in each fiscal year) of the proposed rescission.

“(E) All facts, circumstances, and considerations relating to or bearing upon the proposed rescission and the decision to effect the proposed rescission, and to the maximum extent practicable, the estimated effect of the proposed rescission upon the objects, purposes, and programs for which the budget authority is provided.

“(F) A reduction in the appropriate discretionary spending limits set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, if proposed by the President.

“(c) PROCEDURES FOR EXPEDITED CONSIDERATION.—

“(1)(A) Before the close of the second legislative day of the House of Representatives after the date of receipt of a special message transmitted to Congress under subsection (b), the majority leader or minority leader of the House of Representatives shall introduce (by request) the draft bill accompanying that special message. If the bill is not introduced as provided in the preceding sentence, then, on the third legislative day of the House of Representatives after the date of receipt of that special message, any Member of that House may introduce the bill.

“(B) The bill shall be referred to the Committee on Appropriations. The committee shall report the bill without substantive revision and with or without recommendation. The bill shall be reported not later than the seventh legislative day of that House after the date of receipt of that special message. If that committee fails to report the bill within that period, that committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

“(C) A vote on final passage of the bill shall be taken in the House of Representatives on or before the close of the 10th legislative day of that House after the date of the introduction of the bill in that House. If the bill is passed, the Clerk of the House of Representatives shall cause the bill to be engrossed, certified, and transmitted to the Senate within one calendar day of the day on which the bill is passed.

“(2)(A) A motion in the House of Representatives to proceed to the consideration of a bill under this section shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

“(B) Debate in the House of Representatives on a bill under this section shall not exceed 4 hours, which shall be divided equally between those favoring and those opposing the bill. A motion to further limit debate shall not be debatable. It shall not be in order to move to recommit a bill under this section or to move to reconsider the vote by which the bill is agreed to or disagreed to.

“(C) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a bill under this section shall be decided without debate.

“(D) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a bill under this section shall be governed by the Rules of the House of Representatives. It shall not be in order in the House of Representatives to consider any rescission bill introduced pursuant to the provisions of this section under a suspension of the rules or under a special rule.

“(3) A bill transmitted to the Senate pursuant to paragraph (1)(D) shall be referred to its Committee on Appropriations. That committee shall report the bill without substantive revision and with or without recommendation. The bill shall be reported not later than the seventh legislative day of the Senate after it receives the bill. A committee failing to report the bill within such period shall be automatically discharged from consideration of the bill, and the bill shall be placed upon the appropriate calendar.

“(4)(A) A motion in the Senate to proceed to the consideration of a bill under this section shall be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

“(B) Debate in the Senate on a bill under this section, and all debatable motions and appeals in connection therewith (including debate pursuant to subparagraph (C)), shall not exceed 10 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

“(C) Debate in the Senate or any debatable motion or appeal in connection with a bill under this section shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control of the passage of a bill, allot additional time to any Senator during the consideration of any debatable motion or appeal.

“(D) A motion in the Senate to further limit debate on a bill under this section is not debatable. A motion to recommit a bill under this section is not in order.

“(d) AMENDMENT AND DIVISIONS PROHIBITED.—No amendment to a bill considered under this section shall be in order in either the House of Representatives or the Senate. It shall not be in order to demand a division of the question in the House of Representatives (or in a Committee of the Whole) or in the Senate. No motion to suspend the application of this subsection shall be in order in either House, nor shall it be in order in either House to suspend the application of this subsection by unanimous consent.

“(e) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority proposed to be rescinded in a special message transmitted to Congress under subsection (b) shall be made available for obligation on the day after the date on which either House rejects the bill transmitted with that special message.

“(f) DEFINITIONS.—For purposes of this section:

“(1) The term ‘appropriation Act’ means any general or special appropriation Act, and any Act or joint resolution making supplemental, deficiency, or continuing appropriations.

“(2) The term ‘legislative day’ means, with respect to either House of Congress, any day of session.

“(3) The term ‘rescind’ means, with respect to an appropriation Act, to reduce the

amount of budget authority appropriated in that Act, and reducing budget authority shall include reducing obligation limitations set forth in that Act.”.

(b) EXERCISE OF RULEMAKING POWERS.—Section 904 of the Congressional Budget Act of 1974 (2 U.S.C. 621 note) is amended—

(1) in subsection (a), by striking “and 1017” and inserting “1012, and 1017”; and

(2) in subsection (d), by striking “section 1017” and inserting “sections 1012 and 1017”.

(c) CONFORMING AMENDMENTS.—

(1) Section 1011 of the Congressional Budget Act of 1974 (2 U.S.C. 682(5)) is amended by repealing paragraphs (3) and (5) and by redesignating paragraph (4) as paragraph (3).

(2) Section 1014 of such Act (2 U.S.C. 685) is amended—

(A) in subsection (b)(1), by striking “or the reservation”; and

(B) in subsection (e)(1), by striking “or a reservation” and by striking “or each such reservation”.

(3) Section 1015(a) of such Act (2 U.S.C. 686) is amended by striking “is to establish a reserve or”, by striking “the establishment of such a reserve or”, and by striking “reserve or” each other place it appears.

(4) Section 1017 of such Act (2 U.S.C. 687) is amended—

(A) in subsection (a), by striking “rescission bill introduced with respect to a special message or”; and

(B) in subsection (b)(1), by striking “rescission bill or”, by striking “bill or” the second place it appears, by striking “rescission bill with respect to the same special message or”, and by striking “, and the case may be,”;

(C) in subsection (b)(2), by striking “bill or” each place it appears;

(D) in subsection (c), by striking “rescission” each place it appears and by striking “bill or” each place it appears;

(E) in subsection (d)(1), by striking “rescission bill or” and by striking “, and all amendments thereto (in the case of a rescission bill)”;

(F) in subsection (d)(2)—

(i) by striking the first sentence;

(ii) by amending the second sentence to read as follows: “Debate on any debatable motion or appeal in connection with an impoundment resolution shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event that the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee.”;

(iii) by striking the third sentence; and

(iv) in the fourth sentence, by striking “rescission bill or” and by striking “amendment, debatable motion,” and by inserting “debatable motion”;

(G) in paragraph (d)(3), by striking the second and third sentences; and

(H) by striking paragraphs (4), (5), (6), and (7) of paragraph (d).

(d) CLERICAL AMENDMENTS.—The table of sections for subpart B of title X of the Congressional Budget and Impoundment Control Act of 1974 is amended by redesignating the item relating to sections 1014 through 1018 as items 1015 through 1019, respectively, and by inserting after the item relating to section 1012 the following new item:

“Sec. 1013. Enhanced consideration of certain proposed rescissions.”.

#### **Subtitle C—Commission to Eliminate Waste, Fraud, and Abuse**

##### **SEC. 331. ESTABLISHMENT OF COMMISSION.**

(a) ESTABLISHMENT.—There is established the Commission to Eliminate Waste, Fraud, and Abuse (hereafter in this subtitle referred to as the “Commission”).

## (b) MEMBERSHIP.—

(1) IN GENERAL.—The Commission shall consist of 12 members, all of whom shall be appointed by the President not later than 90 days after the date of enactment of this Act.

(2) CHAIRPERSON AND VICE CHAIRPERSON.—The President shall designate a chairperson and vice chairperson from among the members of the Commission.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

## (d) MEETINGS.—

(1) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(2) SUBSEQUENT MEETINGS.—The Commission shall meet at the call of the chairperson.

(e) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

**SEC. 332. DUTIES OF THE COMMISSION.**

(a) DEFINITIONS.—In this section, the following definitions shall apply:

(1) AGENCY.—The term “agency” has the meaning given the term “Executive agency” under section 105 of title 5, United States Code.

(2) PROGRAM.—The term “program” means any activity or function of an agency.

(b) IN GENERAL.—The Commission shall—

(1) evaluate all agencies and programs within those agencies, using the criteria under subsection (c); and

(2) submit to Congress—

(A) a plan with recommendations of the agencies and programs that should be realigned or eliminated; and

(B) proposed legislation to implement the plan described under subparagraph (A).

(c) CRITERIA.—

(1) DUPLICATIVE.—If 2 or more agencies or programs are performing the same essential function and the function can be consolidated or streamlined into a single agency or program, the Commission shall recommend that the agency or program be realigned.

(2) WASTEFUL OR INEFFICIENT.—The Commission shall recommend the realignment or elimination of any agency or program that has wasted Federal funds by—

(A) egregious spending;

(B) mismanagement of resources and personnel; or

(C) use of such funds for personal benefit or the benefit of a special interest group.

(3) OUTDATED, IRRELEVANT, OR FAILED.—The Commission shall recommend the elimination of any agency or program that—

(A) has completed its intended purpose;

(B) has become irrelevant; or

(C) has failed to meet its objectives.

(d) SYSTEMATIC ASSESSMENT OF PROGRAMS.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the President shall—

(A) establish a systematic method for assessing the effectiveness and accountability of agency programs; and

(B) submit, to the Commission, assessments of not less than ½ of all programs covered under subsection (b)(1) that use the method established under subparagraph (A).

(2) METHOD OBJECTIVES.—The method established under paragraph (1) shall—

(A) recognize different types of federal programs;

(B) assess programs based primarily on the achievement of performance goals (as defined under section 1115(f)(4) of title 31, United States Code); and

(C) assess programs based in part on the adequacy of the program’s performance measures, financial management, and other factors determined by the President.

(3) DEVELOPMENT.—The method established under paragraph (1) shall not be implemented until it has been reviewed and accepted by the Commission.

(4) CONSIDERATION OF ASSESSMENTS.—The Commission shall consider assessments submitted under this subsection when evaluating programs under subsection (b)(1).

(e) COMMON PERFORMANCE MEASURES.—Not later than 1 year after the date of enactment of this Act, the President shall identify common performance measures for programs covered in subsection (b)(1) that have similar functions and, to the extent feasible, provide the Commission with data on such performance measures.

(f) REPORT.—

(1) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Commission shall submit to the President and Congress a report that includes—

(A) the plan described under subsection (b)(2)(A), with supporting documentation for all recommendations; and

(B) the proposed legislation described under subsection (b)(2)(B).

(2) RELOCATION OF FEDERAL EMPLOYEES.—The proposed legislation under paragraph (1)(B) shall provide that if the position of an employee of an agency is eliminated as a result of the implementation of the plan under paragraph (1)(A), the affected agency shall make reasonable efforts to relocate such employee to another position within the agency or within another Federal agency.

**SEC. 333. POWERS OF THE COMMISSION.**

(a) HEARINGS.—The Commission or, at its direction, any subcommittee or member of the Commission, may, for the purpose of carrying out this subtitle—

(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and administer such oaths as any member of the Commission considers advisable;

(2) require, by subpoena or otherwise, the attendance and testimony of such witnesses as any member of the Commission considers advisable; and

(3) require, by subpoena or otherwise, the production of such books, records, correspondence, memoranda, papers, documents, tapes, and other evidentiary materials relating to any matter under investigation by the Commission.

(b) SUBPOENAS.—

(1) ISSUANCE.—Subpoenas issued under subsection (a) shall bear the signature of the chairperson of the Commission and shall be served by any person or class of persons designated by the chairperson for that purpose.

(2) ENFORCEMENT.—In the case of contumacy or failure to obey a subpoena issued under subsection (a), the United States district court for the judicial district in which the subpoenaed person resides, is served, or may be found, may issue an order requiring such person to appear at any designated place to testify or to produce documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt of that court.

(c) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out this Act. Upon request of the chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(d) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as

other departments and agencies of the Government.

(e) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

**SEC. 334. COMMISSION PERSONNEL MATTERS.**

(a) COMPENSATION OF MEMBERS.—

(1) NON-FEDERAL MEMBERS.—Except as provided under subsection (b), each member of the Commission who is not an officer or employee of the Government shall not be compensated.

(2) FEDERAL OFFICERS OR EMPLOYEES.—All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) TRAVEL EXPENSES.—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

(c) STAFF.—

(1) IN GENERAL.—The chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) COMPENSATION.—Upon the approval of the chairperson, the executive director may fix the compensation of the executive director and other personnel without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the maximum rate payable for a position at GS-15 of the General Schedule under section 5332 of such title.

(3) PERSONNEL AS FEDERAL EMPLOYEES.—

(A) IN GENERAL.—The executive director and any personnel of the Commission who are employees shall be employees under section 2105 of title 5, United States Code, for purposes of chapters 63, 81, 83, 84, 85, 87, 89, and 90 of that title.

(B) MEMBERS OF COMMISSION.—Subparagraph (A) shall not be construed to apply to members of the Commission.

(d) DETAIL OF GOVERNMENT EMPLOYEES.—Any Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

**SEC. 335. TERMINATION OF THE COMMISSION.**

The Commission shall terminate 90 days after the date on which the Commission submits the report under section 232(f).

**SEC. 336. CONGRESSIONAL CONSIDERATION OF REFORM PROPOSALS.**

(a) DEFINITIONS.—In this section:

(1) IMPLEMENTATION BILL.—The term “implementation bill” means only a bill which is introduced as provided under subsection (b), and contains the proposed legislation included in the report submitted to Congress under section 232, without modification.

(2) CALENDAR DAY.—The term “calendar day” means a calendar day other than 1 on

which either House is not in session because of an adjournment of more than 3 days to a date certain.

(b) INTRODUCTION; REFERRAL; AND REPORT OR DISCHARGE.—

(1) INTRODUCTION.—On the first calendar day on which both Houses are in session, on or immediately following the date on which the report is submitted to Congress under section 232, a single implementation bill shall be introduced (by request)—

(A) in the Senate by the Majority Leader of the Senate, for himself and the Minority Leader of the Senate, or by Members of the Senate designated by the Majority Leader and Minority Leader of the Senate; and

(B) in the House of Representatives by the Speaker of the House of Representatives, for himself and the Minority Leader of the House of Representatives, or by Members of the House of Representatives designated by the Speaker and Minority Leader of the House of Representatives.

(2) REFERRAL.—The implementation bills introduced under paragraph (1) shall be referred to any appropriate committee of jurisdiction in the Senate and any appropriate committee of jurisdiction in the House of Representatives. A committee to which an implementation bill is referred under this paragraph may report such bill to the respective House without amendment.

(3) REPORT OR DISCHARGE.—If a committee to which an implementation bill is referred has not reported such bill by the end of the 15th calendar day after the date of the introduction of such bill, such committee shall be immediately discharged from further consideration of such bill, and upon being reported or discharged from the committee, such bill shall be placed on the appropriate calendar.

(c) FLOOR CONSIDERATION.—

(1) IN GENERAL.—When the committee to which an implementation bill is referred has reported, or has been discharged under subsection (b)(3), it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the implementation bill, and all points of order against the implementation bill (and against consideration of the implementation bill) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the implementation bill is agreed to, the implementation bill shall remain the unfinished business of the respective House until disposed of.

(2) AMENDMENTS.—An implementation bill may not be amended in the Senate or the House of Representatives.

(3) DEBATE.—Debate on the implementation bill, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 10 hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the implementation bill is not in order. A motion to reconsider the vote by which the implementation bill is agreed to or disagreed to is not in order.

(4) VOTE ON FINAL PASSAGE.—Immediately following the conclusion of the debate on an implementation bill, and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the

appropriate House, the vote on final passage of the implementation bill shall occur.

(5) RULINGS OF THE CHAIR ON PROCEDURE.—Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to an implementation bill shall be decided without debate.

(d) COORDINATION WITH ACTION BY OTHER HOUSE.—If, before the passage by 1 House of an implementation bill of that House, that House receives from the other House an implementation bill, then the following procedures shall apply:

(1) NONREFERRAL.—The implementation bill of the other House shall not be referred to a committee.

(2) VOTE ON BILL OF OTHER HOUSE.—With respect to an implementation bill of the House receiving the implementation bill—

(A) the procedure in that House shall be the same as if no implementation bill had been received from the other House; but

(B) the vote on final passage shall be on the implementation bill of the other House.

(e) RULES OF SENATE AND HOUSE OF REPRESENTATIVES.—This section is enacted by Congress—

(1) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of an implementation bill described in subsection (a), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

#### SEC. 337. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary for carrying out this subtitle for each of the fiscal years 2006 through 2008.

### TITLE IV—TRUTH IN ACCOUNTING

#### Subtitle A—Accrual Funding of Pensions and Retirement Pay for Federal Employees and Uniformed Services Personnel

##### SEC. 401. CIVIL SERVICE RETIREMENT SYSTEM.

(a) CIVIL SERVICE RETIREMENT AND DISABILITY FUND.—Chapter 83 of title 5, United States Code, is amended—

(1) in section 8331—

(A) in paragraph (17)—

(i) by striking “normal cost” and inserting “normal cost percentage”; and

(ii) by inserting “and standards (using dynamic assumptions)” after “practice”;

(B) by amending paragraph (18) to read as follows:

“(18) ‘Fund balance’ means the current net assets of the Fund available for payment of benefits, as determined by the Office in accordance with appropriate accounting standards, but does not include any amount attributable to—

“(A) the Federal Employees’ Retirement System; or

“(B) contributions made under the Federal Employees’ Retirement Contribution Temporary Adjustment Act of 1983 by or on behalf of any individual who became subject to the Federal Employees’ Retirement System;”

(C) by amending paragraph (19) to read as follows:

“(19) ‘accrued liability’ means the estimated excess of the present value of all benefits payable from the Fund to employees and Members, and former employees and Mem-

bers, subject to this subchapter, and their survivors, over the present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this subchapter and of future agency contributions to be made in their behalf;”

(D) in paragraph (27) by striking “and” at the end;

(E) in paragraph (28) by striking the period at the end and inserting a semicolon; and

(F) by adding at the end the following paragraphs:

“(29) ‘dynamic assumptions’ means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

“(A) investment yields;

“(B) increases in rates of basic pay; and

“(C) rates of price inflation; and

“(30) ‘unfunded liability’ means the estimated excess of—

“(A) the actuarial present value of all future benefits payable from the Fund under this subchapter based on the service of current or former employees or Members, over

“(B) the sum of—

“(i) the actuarial present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this chapter pursuant to section 8334;

“(ii) the actuarial present value of the future contributions to be made pursuant to section 8334 with respect to employees and Members currently subject to this subchapter;

“(iii) the Fund balance, as defined in paragraph (18), as of the date the unfunded liability is determined; and

“(iv) any other appropriate amount, as determined by the Office of Personnel Management in accordance with generally accepted actuarial practices and principles.”;

(2) in section 8334—

(A) in subsection (a)(1)—

(i) by striking the last two sentences;

(ii) by redesignating that subsection, as so amended, as (a)(1)(A); and

(iii) by adding at the end the following new subparagraphs:

“(B) Except as provided in subparagraph (E), each employing agency having any employees or Members subject to subparagraph (A) shall contribute from amounts available for salaries and expenses an amount equal to the sum of—

“(i) the product of—

“(I) the normal cost percentage, as determined for employees (other than employees covered by clause (ii)), multiplied by

“(II) the aggregate amount of basic pay payable by the agency, for the period involved, to employees (under subclause (I)) who are within such agency; and

“(ii) the product of—

“(I) the normal cost percentage, as determined for Members, Congressional employees, law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Capitol Police, nuclear materials couriers, and members of the Supreme Court Police, multiplied by

“(II) the aggregate amount of basic pay payable by the agency for the period involved, to employees and Members (under subclause (I)) who are within such agency.

“(C) In determining the normal cost percentage to be applied under subparagraph (B), amounts provided for under subparagraph (A) shall be taken into account.

“(D) Contributions under this paragraph shall be paid—

“(i) in the case of law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Supreme Court Police, nuclear materials couriers and other employees, from the appropriations or fund used to pay such law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Supreme Court Police, nuclear materials couriers and other employees, respectively;

“(ii) in the case of elected officials, from an appropriation or fund available for payment of other salaries of the same office or establishment; and

“(iii) in the case of employees of the legislative branch paid by the Clerk of the House of Representatives, from the contingent fund of the House.

“(E) In the case of the United States Postal Service, the Metropolitan Washington Airports Authority, and the government of the District of Columbia, an amount equal to that withheld under subparagraph (A) shall be contributed from the appropriation or fund used to pay the employee.”; and

(B) in subsection (k)—

(i) in paragraph (1)—

(I) in subparagraph (A) by striking “the first sentence of subsection (a)(1) of this section” and inserting “subsection (a)(1)(A)”;

(II) by amending subparagraph (B) to read as follows:

“(B) the amount of the contribution under subsection (a)(1)(B) shall be the amount which would have been contributed under such subsection if this subsection had not been enacted.”; and

(ii) in paragraph (2)(C)(iii) by striking “the first sentence of subsection (a)(1)” and inserting “subsection (a)(1)(A)”;

(3) in section 8348—

(A) by repealing subsection (f);

(B) by amending subsection (g) to read as follows:

“(g)(1)(A) Not later than June 30, 2005, the Office of the Actuary shall determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this chapter and make recommendations regarding its liquidation. After considering such recommendations, the Office shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

“(B) The Office shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(C) The Office shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

“(D) Amortization schedules established under this paragraph shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement System.

“(2) At the beginning of each fiscal year, beginning on October 1, 2005, the Office shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under paragraph (1). The Secretary shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.

“(3) For the purpose of carrying out paragraph (1) with respect to any fiscal year, the Office may—

“(A) require the Board of Actuaries of the Civil Service Retirement System to make actuarial determinations and valuations, make recommendations, and maintain records in accordance with section 8347(f); and

“(B) use the latest actuarial determinations and valuations made by such Board of Actuaries.”;

(C) in subsections (h), (i), and (m) by striking “unfunded” and inserting “accrued” each place it appears; and

(D) by adding at the end the following new subsection:

“(n) Under regulations prescribed by the Office, the head of an agency may request reconsideration of any amount determined to be payable with respect to such agency under section 8334(a)(1)(B)–(D). Any such request shall be referred to the Board of Actuaries of the Civil Service Retirement System. The Board of Actuaries shall review the computations of the Office and may make any adjustment with respect to any such amount which the Board determines appropriate. A determination by the Board of Actuaries under this subsection shall be final.”.

(b) GOVERNMENT CONTRIBUTIONS.—Section 8423 of title 5, United States Code, is amended—

(1) in subsection (a)(2) by striking “section 8422” and inserting “section 8422(a)”;

(2) in subsection (b)(2) by striking “equal annual installments” and inserting “annual installments set in accordance with generally accepted actuarial practices and principles”.

**SEC. 402. CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM.**

(a) Section 101 of the Central Intelligence Agency Retirement Act (50 U.S.C. 2001) is amended—

(1) in paragraph (5), to read as follows:

“(5) UNFUNDED LIABILITY.—The term ‘unfunded liability’ means the estimated excess of—

“(A) the actuarial present value of all future benefits payable from the Fund under title II of this Act based on the service of current or former participants, over

“(B) the sum of—

“(i) the actuarial present value of deductions to be withheld from the future basic pay of participants currently subject to title II of this Act pursuant to section 211;

“(ii) the actuarial present value of the future contributions to be made pursuant to section 211 with respect to participants currently subject to title II of this Act;

“(iii) the Fund balance, as defined in paragraph (4), as of the date the unfunded liability is determined; and

“(iv) any other appropriate amount, as determined by the Director in accordance with generally accepted actuarial practices and principles.”;

(2) in paragraph (6)—

(A) by striking “‘normal cost’” and inserting “‘normal cost percentage’”;

(B) by inserting “and standards (using dynamic assumptions)” after “practice”;

(3) by adding at the end the following paragraph:

“(10) DYNAMIC ASSUMPTIONS.—The term ‘dynamic assumptions’ means economic as-

sumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

“(A) investment yields;

“(B) increases in rates of basic pay; and

“(C) rates of price inflation.”;

(b) Section 202 of such Act (50 U.S.C. 2012) is amended by adding at the end the following: “The Fund is appropriated for the payment of benefits as provided by this title.”.

(c) Section 211(a)(2) of such Act (50 U.S.C. 2021(a)(2)) is amended to read as follows:

“(2) AGENCY CONTRIBUTIONS.—The Agency shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Central Intelligence Agency Retirement and Disability System by the Director. Contributions under this paragraph shall be paid from amounts available for salaries and expenses.”; and

(d) Section 261 of such Act (50 U.S.C. 2091) is amended—

(1) by striking subsections (c), (d), and (e); and

(2) by inserting after subsection (b) the following new subsections:

“(c)(1) Not later than June 30, 2005, the Director shall cause to be made actuarial valuations of the Fund that determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this title and make recommendations regarding its liquidation. After considering such recommendations, the Director shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

“(2) The Director shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(3) The Director shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

“(4) Amortization schedules established under this subsection shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement and Disability System.

“(d) At the beginning of each fiscal year, beginning on October 1, 2005, the Director shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under subsection (c). The Secretary shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated. For the purposes of Section 504 of the National Security Act of 1947, this amount shall be considered authorized.”.

(e)(1) Title III of such Act (50 U.S.C. 2151 et seq.) is amended by adding at the end the following new section:

**“SEC. 308. FULL FUNDING OF RETIREE COSTS FOR EMPLOYEES DESIGNATED UNDER SECTION 302.**

“(a) In addition to other government contributions required by law, the Agency shall

contribute to the Civil Service Retirement and Disability fund (hereinafter in this section referred to as the 'Fund') amounts calculated in accordance with section 8423 of title 5, United States Code, based on the projected number of employees to be designated pursuant to section 302 of this Act. In addition, the Agency, in a manner similar to that established for employee contributions to the Fund by section 8422 of title 5, United States Code, will contribute an amount equal to the difference between that which would be contributed by the number of employees projected to be designated under section 302 and the amounts that are actually being deducted and contributed from the basic pay of an equal number of employees pursuant to section 8422. The amounts of the Agency's contributions under this subsection shall be determined by the Director of the Office of Personnel Management, in consultation with the Director, and shall be paid by the Agency from funds available for salaries and expenses. Agency employees designated pursuant to section 302 of this Act shall, commencing with such designation, have deducted from their basic pay the full amount required by section 8422 of title 5, United States Code, and such deductions shall be contributed to the Fund.

"(b)(1) The Director of the Office of Personnel Management, in consultation with the Director, shall determine the total amount of unpaid contributions (government and employee contributions) and interest attributable to the number of individuals employed with the Agency on September 30, 2005, who are projected to be designated under section 302 of this Act, but are not yet designated under that section as of that date. The amount shall be referred to as the section 302 unfunded liability.

"(2) Not later than June 30, 2006, the Director of the Office of Personnel Management, in consultation with the Director, shall establish an amortization schedule, setting forth a series of annual installments commencing September 30, 2006, which provides for the liquidation of the section 302 unfunded liability by September 30, 2013.

"(3) At the end of each fiscal year, beginning on September 30, 2006, the Director shall notify the Secretary of the Treasury of the amount of the annual installment under the amortization schedule established under paragraph (2) of this subsection. Before closing the accounts for that fiscal year, the Secretary shall credit that amount to the Fund, out of any money in the Treasury of the United States not otherwise appropriated.

"(c) Amounts paid by the Agency pursuant to this section are deemed to be specifically authorized by the Congress for the purposes of section 504 of the National Security Act of 1947."

(2) The table of contents of such Act is amended by inserting after the item relating to section 307 the following new item:

"Sec. 308. Full funding of retiree costs for employees designated under section 302."

#### SEC. 403. FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.

(a) Chapter 8 of Title I of the Foreign Service Act of 1980, Public Law 96-465, (22 U.S.C. 4041 et seq.) 94 Stat. 2071, as amended, is further amended in section 804 (22 U.S.C. 4044)—

(1) by amending paragraph (5) to read as follows:

"(5) 'normal cost percentage' means the entry-age normal cost computed in accordance with generally accepted actuarial practice and standards (using dynamic assumptions) and expressed as a level percentage of aggregate basic pay;"

(2) by amending paragraph (14) to read as follows:

"(14) 'unfunded liability' means the estimated excess of—

"(A) the actuarial present value of all future benefits payable from the Fund under this part based on the service of current or former participants, over

"(B) the sum of—

"(i) the actuarial present value of deductions to be withheld from the future basic pay of participants currently subject to this part pursuant to section 805;

"(ii) the actuarial present value of the future contributions to be made pursuant to section 805 with respect to participants currently subject to this part;

"(iii) the Fund balance, as defined in paragraph (7), as of the date the unfunded liability is determined, excluding any amount attributable to the Foreign Service Pension System, or contributions made under the Federal Employees' Retirement Contribution Temporary Adjustment Act of 1983 by or on behalf of any individual who became subject to the Foreign Service Pension System; and

"(iv) any other appropriate amount, as determined by the Secretary of the Treasury in accordance with generally accepted actuarial practices and principles.;"

(3)(A) by striking the period at the end of paragraph (15) and inserting "; and"; and

(B) by adding at the end the following new paragraph:

"(16) 'dynamic assumptions' means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

"(A) investment yields;

"(B) increases in rates of basic pay; and

"(C) rates of price inflation.;"

(b) in section 852 (22 U.S.C. 4071a)—

(1) in paragraph (4)—

(A) by striking "normal cost" and inserting "normal cost percentage"; and

(B) by striking "by the Secretary of State";

(2) in paragraph (7)—

(A) by striking "supplemental" and inserting "unfunded";

(B) in subparagraph (B)(i) by striking "(I)" and "and (II) contributions for past civilian and military service"; and

(C) in subparagraph (B)(ii) by inserting before the semicolon "with respect to participants currently subject to this part"; and

(3)(A) at the end of paragraph (8) by striking "and";

(B) at the end of paragraph (9) by striking the period and inserting "; and"; and

(C) by adding at the end the following new paragraph:

"(10) 'dynamic assumptions' means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

"(A) investment yields;

"(B) increases in rates of basic pay; and

"(C) rates of price inflation.;"

(c) in section 805(a)(1) (22 U.S.C. 4045(a)(1))—

(1) by striking the second sentence;

(2) by redesignating that subsection, as so amended, as (a)(1)(A);

(3) by redesignating the last sentence of that subsection, as so amended as (a)(1)(C);

(4) by inserting after subparagraph (A) the following new subparagraph:

"(B) Each employing agency having participants shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System. Contributions under this subparagraph shall be paid from the appropriations

or fund used for payment of the salary of the participant.;"

(5) in subsection (a)(2)(A) by striking "An equal amount shall be contributed by the Department" and inserting in its place "Each employing agency having participants shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System"; and

(6) in subsection (a)(2)(B) by striking "An equal amount shall be contributed by the Department" and inserting in its place "Each employing agency having participants shall contribute to the Fund from amounts available for salaries and expenses the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System";

(d) by repealing sections 821 and 822 (22 U.S.C. 4061 and 4062) and by adding the following new section:

"SEC. 821. UNFUNDED LIABILITY.—(a)(1) Not later than June 30, 2005, the Secretary of State shall cause to be made actuarial valuations of the Fund that determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this subchapter and make recommendations regarding its liquidation. After considering such recommendations, the Secretary of State shall establish an amortization schedule, including a series of annual installments commencing October 1, 2004, which provides for the liquidation of such liability by October 1, 2044.

"(2) The Secretary of State shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

"(3) The Secretary of State shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

"(4) Amortization schedules established under this subsection shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Foreign Service Retirement and Disability System.

"(b) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary of State shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under paragraph (1). The Secretary of the Treasury shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.;"

(e) in section 857(b)(1) (22 U.S.C. 4071f(b)(1)) by striking "equal annual installments" and inserting "annual installments set in accordance with generally accepted actuarial practices and principles";

(f) in section 859 (22 U.S.C. 4071h) by adding "percentage" after "normal cost";

(g) in section 802 (22 U.S.C. 4042) by adding at the end the following: "The Fund is appropriated for the payment of benefits as provided by this subchapter.;" and

(h) in section 818 (22 U.S.C. 4058) by striking “System” and inserting “Systems under this subchapter”.

**SEC. 404. PUBLIC HEALTH SERVICE COMMISSIONED CORPS RETIREMENT SYSTEM.**

(a) IN GENERAL.—Title II of the Public Health Service Act (42 U.S.C. 202 et seq.) is amended by adding at the end the following new part:

**“PART C—PUBLIC HEALTH SERVICE COMMISSIONED CORPS RETIREMENT SYSTEM**

**“ESTABLISHMENT AND PURPOSE OF FUND**

“SEC. 251. There is established on the books of the Treasury a fund to be known as the Public Health Service Commissioned Corps Retirement Fund (hereinafter in this part referred to as the ‘Fund’), which shall be administered by the Secretary. The Fund shall be used for the accumulation of funds in order to finance on an actuarially sound basis liabilities of the Department of Health and Human Services for benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title.

**“ASSETS OF THE FUND**

“SEC. 252. There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

“(1) Amounts paid into the Fund under section 255.

“(2) Any return on investment of the assets of the Fund.

“(3) Amounts transferred into the Fund pursuant to section 404(c) of the Family Budget Protection Act of 2004.

**“PAYMENT FROM THE FUND**

“SEC. 253. There shall be paid from the Fund benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title.

**“DETERMINATION OF CONTRIBUTIONS TO THE FUND**

“SEC. 254. (a)(1) Not later than June 30, 2005, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is ‘active service’ for the purpose of section 212. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

“(2) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(3) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over 5 years.

“(b) The Secretary shall determine each fiscal year, in sufficient time for inclusion in the budget request for the following fiscal year, the total amount of Department of Health and Human Services contributions to be made to the Fund during the fiscal year under section 255(a). That amount shall be the sum of—

“(1) the product of—

“(A) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (c)(1) at the time of the most recent actuarial valuation under subsection (c); and

“(B) the total amount of basic pay expected to be paid during that fiscal year to commissioned officers of the Public Health Service on active duty (other than active duty for training); and

“(2) the product of—

“(A) the current estimate of the value of the single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) to be determined under subsection (c)(2) at the time of the most recent actuarial valuation under subsection (c); and

“(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) expected to be paid during the fiscal year to commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full-time duty other than for training) who are not otherwise described in subparagraph (A).

“(c) Not less often than every four years thereafter (or by the fiscal year end prior to the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors), the Secretary shall carry out an actuarial valuation of benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title. Each such actuarial valuation shall be signed by an enrolled Actuary and shall include—

“(1) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for commissioned officers of the Public Health Service on active duty (other than active duty for training); and

“(2) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) of commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full time duty other than for training) who are not otherwise described in paragraph (1).

“(d) All determinations under this section shall be in accordance with generally accepted actuarial principles and practices and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

“(e) The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

**“PAYMENTS INTO THE FUND**

“SEC. 255. (a) From amounts available to the Department of Health and Human Services for salaries and expenses, the Secretary shall pay into the Fund at the end of each month the amount that is the sum of—

“(1) the product of—

“(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under sections 254(c)(1) (except that any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

“(B) the total amount of basic pay accrued for that month by commissioned officers of

the Public Health Service on active duty (other than active duty for training); and

“(2) the product of—

“(A) the level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 254(c)(2) (except that any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determinations); and

“(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) accrued for that month by commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full-time duty other than for training).

“(b) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary shall certify to the Secretary of the Treasury the amount of the first installment under the most recent amortization schedule established under section 254(a). The Secretary of the Treasury shall pay into the Fund from the General Fund of the Treasury the amount so certified. Such payment shall be the contribution to the Fund for that fiscal year.

**“INVESTMENTS OF ASSETS OF FUND**

“SEC. 256. The Secretary may request the Secretary of the Treasury to invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to and form a part of the Fund.

**“IMPLEMENTATION YEAR EXCEPTIONS**

“SEC. 257. (a) To avoid funding shortfalls in the first year should formal actuarial determinations not be available in time for budget preparation, the amounts used in the first year in sections 255(a)(1)(A) and 255(a)(2)(A) shall be set equal to those estimates in sections 254(b)(1)(A) and 254(b)(2)(A) if final determinations are not available. The original unfunded liability as defined in section 254(a) shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in sections 254(b)(1)(A) and 254(b)(2)(A).”.

(b) CONFORMING AMENDMENTS.—

(1) CONDITION OF DETAIL.—Section 214 of the Public Health Service Act (42 U.S.C. 215) is amended by adding at the end the following new subsection:

“(e) The Secretary shall condition any detail under subsection (a), (b), or (c) upon the agreement of the executive department, State, subdivision, Committee of the Congress, or institution concerned to pay to the Department of Health and Human Services, in advance or by way of reimbursement, for the full cost of the detail including that portion of the contributions under section 255(a) that is attributable to the detailed personnel.”.

(2) SEQUESTRATION RULE.—Section 256(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 906(f)) is amended—

(A) by inserting after the item relating to “payment to the foreign service retirement

and disability fund" the following item: "Payment to the Public Health Service Commissioned Corps Retirement Fund (75-0380-0-1-551);"; and

(B) by inserting after the item relating to the "Pensions for former Presidents" the following item: "Public Health Service Commissioned Corps Retirement Fund (75-8274-0-7-602);";

(C) TRANSFER OF APPROPRIATIONS.—There shall be transferred on October 1, 2006, into the fund established under section 251 of the Public Health Service Act, as added by subsection (a), any obligated or unobligated balances of appropriations made to the Department of Health and Human Services that are currently available for benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of title II of the Public Health Service Act, and amounts so transferred shall be part of the assets of the Fund.

**SEC. 405. NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION COMMISSIONED OFFICER CORPS RETIREMENT SYSTEM.**

(a) IN GENERAL.—The National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 (title II of Public Law 107-372) is amended by inserting after section 246 (33 U.S.C. 3046) the following new section:

"SEC. 246A. (a) ESTABLISHMENT AND PURPOSE OF NOAA COMMISSIONED OFFICER CORPS RETIREMENT FUND.—(1) There is established on the books of the Treasury a fund to be known as the National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement Fund (hereinafter in this section referred to as the 'Fund'), which shall be administered by the Secretary. The Fund shall be used for the accumulation of funds in order to finance on an actuarially sound basis liabilities of the Department of Commerce under military retirement and survivor benefit programs for the commissioned officers corps.

"(2) The term 'military retirement and survivor benefit program' means—

"(A) the provisions of this title and title 10, United States Code, creating entitlement to, or determining, the amount of retired pay;

"(B) the programs under the jurisdiction of the Department of Defense providing annuities for survivors and members and former members of the Armed Forces, including chapter 73 of title 10, section 4 of Public Law 92-425, and section 5 of Public Law 96-202, as made applicable to the commissioned officer corps by section 261.

"(b) ASSETS OF THE FUND.—There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

"(1) Amounts paid into the Fund under subsection (e).

"(2) Any return on investment of the assets of the Fund.

"(3) Amounts transferred into the Fund pursuant to section 405(c) of the Family Budget Protection Act of 2004.

"(c) PAYMENTS FROM THE FUND.—There shall be paid from the Fund benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the commissioned officer corps and their survivors.

"(d) DETERMINATION OF CONTRIBUTIONS TO THE FUND.—(1)(A) Not later than June 30, 2004, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is 'active service' for the purpose of this title. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

"(B) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on September 30 of the subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

"(C) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new authorization schedule, including series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over 5 years.

"(2) The Secretary shall determine each fiscal year, in sufficient time for inclusion in the budget request for the following fiscal year, the total amount of Department of Commerce contributions to be made to the Fund during that fiscal year under (e). The amount shall be the product of—

"(A) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (e) at the time of the most recent actuarial valuation under paragraph (3); and

"(B) the total amount of basic pay expected to be paid during that fiscal year to commissioned officers of NOAA on active duty.

"(3) Not less often than every four years (or by the fiscal year end before the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors), the Secretary shall carry out an actuarial valuation of benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the Administration and to their survivors. Each such actuarial valuation shall be signed by an enrolled Actuary and shall include a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for commissioned officers on active duty.

"(4) All determinations under this section shall be in accordance with generally accepted actuarial principles and practices, and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

"(5) The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

"(e) PAYMENTS INTO THE FUND.—(1) From amounts appropriated to the National Oceanic and Atmospheric Administration for salaries and expenses, the Secretary shall pay into the Fund at the end of each month the amount that is the product of—

"(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under subsection (d) (except that any statutory change affecting benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the Administration and to their survivors that is effective date after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

"(B) the total amount of basic pay accrued for that month by commissioned officers on active duty.

"(2)(A) At the beginning of each fiscal year, the Secretary shall determine the sum of—

"(i) the amount of the payment for that year under the amortization of the original unfunded liability of the Fund;

"(ii) the amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary for the amortization of any cumulative actuarial gain or loss to the Fund, resulting from changes in benefits; and

"(iii) the amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary for the amortization or any cumulative actuarial gain or loss to the Fund resulting from changes in actuarial assumptions and from experience different from the assumed since the last valuation.

The Secretary shall promptly certify the amount of the sum to the Secretary of the Treasury.

"(B) Upon receiving the certification pursuant to paragraph (1), the Secretary of the Treasury shall promptly pay into the Fund from the General Fund of the Treasury the amount so certified. Such payment shall be the contribution to the Fund for that fiscal year.

"(f) INVESTMENT OF ASSETS OF THE FUND.—The Secretary may request the Secretary of the Treasury to invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income of such investments shall be credited to and form a part of the Fund.

"(g) IMPLEMENTATION YEAR EXCEPTIONS.—(1) To avoid funding shortfalls in the first year should formal actuarial determinations not be available in time for budget preparation, the amounts used in the first year in subsection (e)(1)(A) shall be set equal to the estimate in subsection (d)(2)(A) if final determinations are not available. The original unfunded liability as determined in subsection (d)(1) shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in subsection (d)(2)(A)."

(b) SEQUESTERATION RULE.—Section 256(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 906(f)) is amended by striking "National Oceanic and Atmospheric Administration retirement (13-1450-0-1-306);" and inserting "National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement Fund;"

(c) TRANSFER OF APPROPRIATIONS.—There shall be transferred on October 1, 2006, into the fund established under section 246A(a) of the National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 (title II of Public Law 107-372, as added by subsection (a)), any obligated and unobligated balance of appropriations made to the Department of Commerce that are available as of the date of the enactment of this Act for benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the NOAA Commissioned Officer Corps and to their survivors, and amounts so transferred shall be part of the assets of the Fund, effective October 1, 2006.

(d) EFFECTIVE DATE.—Subsection (c) (relating to payments from the Fund) and (e) (relating to payments into the Fund) of section 246A of the National Oceanic and Atmospheric Administration Commissioned Officer

Corps Act of 2002 (title II of Public Law 107-372, as added by subsection (a)), shall take effect on October 1, 2006.

**SEC. 406. COAST GUARD MILITARY RETIREMENT SYSTEM.**

(a) ACCRUAL FUNDING FOR COAST GUARD RETIREMENT.—

(1) IN GENERAL.—Chapter 11 of title 14, United States Code, is amended by adding at the end the following new subchapter:

**“SUBCHAPTER V—COAST GUARD MILITARY RETIREMENT FUND**

**“§ 441. Establishment and purpose of Fund; definitions**

“(a) ESTABLISHMENT OF FUND; PURPOSE.—There is established on the books of the Treasury a fund to be known as the Coast Guard Military Retirement Fund (hereinafter in this subchapter referred to as the ‘Fund’), which shall be administered by the Secretary. The Fund shall be used for the accumulations of funds in order to finance on an actuarially sound basis liabilities of the Coast Guard under military retirement and survivor benefit programs.

“(b) MILITARY RETIREMENT AND SURVIVOR BENEFIT PROGRAMS DEFINED.—In this subchapter, the term ‘military retirement and survivor benefit programs’ means—

“(1) the provisions of this title and title 10 creating entitlement to, or determining the amount of, retired pay;

“(2) the programs providing annuities for survivors of members and former members of the armed forces, including chapter 73 of title 10, section 4 of Public Law 92-425, and section 5 of Public Law 96-402; and

“(3) the authority provided in section 1048(h) of title 10.

“(c) SECRETARY DEFINED.—In this subchapter, the term ‘Secretary’ means the Secretary of Homeland Security when the Coast Guard is not operating as a service in the Navy and the Secretary of Defense when the Coast Guard is operating as a service in the Navy.

**“§ 442. Assets of the Fund**

“There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

“(1) Amounts paid into the Fund under section 445 of this title.

“(2) Any return on investment of the assets of the Fund.

“(3) Amounts transferred into the Fund pursuant to section 406(d) of the Family Budget Protection Act of 2004.

**“§ 443. Payments from the Fund**

“(a) IN GENERAL.—There shall be paid from the Fund the following:

“(1) Retired pay payable to persons on the retired list of the Coast Guard.

“(2) Retired pay payable under chapter 1223 of title 10 to former members of the Coast Guard and the former United States Lighthouse Service.

“(3) Benefits payable under programs that provide annuities for survivors of members and former members of the armed forces, including chapter 73 of title 10, section 4 of Public Law 92-425, and section 5 of Public Law 96-402.

“(4) Amounts payable under section 1048(h) of title 10.

“(b) AVAILABILITY OF ASSETS OF THE FUND.—The assets of the Fund are hereby made available for payments under subsection (a).

**“§ 444. Determination of contributions to the Fund**

“(a) INITIAL UNFUNDED LIABILITY.—(1) Not later than June 30, 2005, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is ‘active service’ for

the purposes of section 212. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

“(2) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(3) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

“(b) ANNUAL CONTRIBUTIONS FOR CURRENT SERVICES.—(1) The Secretary shall determine each fiscal year, in sufficient time for inclusion in the budget request for the following fiscal year, the total amount of Department of Homeland Security, or Department of Defense, contributions to be made to the Fund during that fiscal year under section 445(a) of this title. That amount shall be the sum of the following:

“(A) The product of—

“(i) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (c)(1)(A) at the time of the most recent actuarial valuation under subsection (c); and

“(ii) the total amount of basic pay expected to be paid during that fiscal year to members of the Coast Guard on active duty (other than active duty for training).

“(B) The product of—

“(i) the current estimate of the value of the single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) to be determined under subsection (c)(1)(B) at the time of the most recent actuarial valuation under subsection (c); and

“(ii) the total amount of basic pay and compensation (paid pursuant to section 206 of title 37) expected to be paid during that fiscal year to members of the Coast Guard Ready Reserve (other than members on full-time Reserve duty other than for training) who are not otherwise described in subparagraph (A)(ii).

“(2) The amount determined under paragraph (1) for any fiscal year is the amount needed to be appropriated to the Department of Homeland Security for that fiscal year for payments to be made to the Fund during that year under section 445(a) of this title. The President shall include not less than the full amount so determined in the budget transmitted to Congress for that fiscal year under section 1105 of title 31. The President may comment and make recommendations concerning any such amount.

“(c) PERIODIC ACTUARIAL VALUATIONS.—(1) Not less often than every four years (or before the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to members of the Coast Guard or their survivors), the Secretary shall carry out an actuarial valuation of the Coast Guard military retirement and survivor benefit programs. Each actuarial valuation of such programs shall be signed by an enrolled actuary and shall include—

“(A) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for members of

the Coast Guard on active duty (other than active duty for training); and

“(B) a determination (using the aggregate entry-age normal cost method) of single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) for members of the Ready Reserve of the Coast Guard (other than members on full-time Reserve duty other than for training) who are not otherwise described in subparagraph (A).

“(2) Such single level percentages shall be used for the purposes of subsection (b) and section 445(a) of this title.

“(d) USE OF GENERALLY ACCEPTED ACTUARIAL PRINCIPLES AND PRACTICES.—All determinations under this section shall be in accordance with generally accepted actuarial principles and practices and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

“(e) RECORDS.—The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

**“§ 445. Payments into the Fund**

“(a) MONTHLY ACCRUAL CHARGE FOR CURRENT SERVICES.—From amounts appropriated to the Coast Guard for salaries and expenses, the Secretary shall pay into the Fund at the end of each month as the Department of Homeland Security, or Department of Defense, contribution to the Fund for that month the amount that is the sum of the following:

“(1) The product of—

“(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 444(c)(1)(A) of this title (except that any statutory change in the military retirement and survivor benefit systems that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

“(B) the total amount of basic pay accrued for that month by members of the Coast Guard on active duty (other than active duty for training).

“(2) The product of—

“(A) the level percentage of basic pay and compensation (accrued pursuant to section 206 of title 37) determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 444(c)(1)(B) of this title (except that any statutory change in the military retirement and survivor benefit systems that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

“(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37) accrued for that month by members of the Ready Reserve (other than members of full-time Reserve duty other than for training) who are not otherwise described in paragraph (1)(B).

“(b) ANNUAL PAYMENT FOR UNFUNDED LIABILITIES.—(1) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary shall certify to the Secretary of the Treasury the amount of the first installment under the most recent amortization schedule established under section 254(a). The Secretary of the Treasury shall promptly pay into the Fund from the General Fund of the Treasury the amount so certified. Such payment shall be the contribution to the Fund for that fiscal year.

**“§ 446. Investment of assets of the Fund**

“The Secretary may request the Secretary of the Treasury to invest such portion of the

Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to and form a part of the Fund.”

(2) **TECHNICAL AMENDMENTS.**—Such chapter is further amended—

(A) by amending the center heading after the table of sections to read as follows:

“SUBCHAPTER I—OFFICERS”;

(B) by amending the center heading after section 336 to read as follows:

“SUBCHAPTER II—ENLISTED MEMBERS”;

(C) by amending the center heading after section 373 to read as follows:

“SUBCHAPTER III—GENERAL PROVISIONS”;

and

(D) by amending the center heading after section 425 to read as follows:

“SUBCHAPTER IV—SPECIAL PROVISIONS”.

(3) **CLERICAL AMENDMENTS.**—The table of sections at the beginning of such chapter is amended—

(A) by striking “OFFICERS” at the beginning of the table and inserting “SUBCHAPTER I—OFFICERS”;

(B) by striking “ENLISTED MEMBERS” after the item relating to section 336 and inserting “SUBCHAPTER II—ENLISTED MEMBERS”;

(C) by striking “GENERAL PROVISIONS” after the item relating to section 373 and inserting “SUBCHAPTER III—GENERAL PROVISIONS”;

(D) by striking “SPECIAL PROVISIONS” after the item relating to section 425 and inserting “SUBCHAPTER IV—SPECIAL PROVISIONS”;

and

(E) by adding at the end the following:

“SUBCHAPTER V—COAST GUARD MILITARY RETIREMENT FUND

“441. Establishment and purpose of Fund; definitions.

“442. Assets of the Fund.

“443. Payments from the Fund.

“444. Determination of contributions to the Fund.

“445. Payments into the Fund.

“446. Investment of assets of the Fund.”.

(b) **IMPLEMENTATION YEAR EXCEPTIONS.**—To avoid funding shortfalls in the first year of implementation of subchapter V of chapter 11 of title 14, United States Code, as added by subsection (a), if formal actuarial determinations are not available in time for budget preparation, the amounts used in the first year under sections 445(a)(1)(A) and 445(a)(2)(A) of such title shall be set equal to those estimates in sections 444(b)(1)(A)(i) and 444(b)(1)(B)(i), respectively, of such title if final determinations are not available. The original unfunded liability, as defined in section 444(a) of such title, shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in sections 444(b)(1)(A)(i) and 444(b)(1)(B)(i) of such title.

(c) **CONFORMING AMENDMENT.**—Section 256(f) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 906(f)) is amended by striking “Retired Pay, Coast Guard (69-0241-0-1-403)” and inserting “Coast Guard Military Retirement Fund (69-0241-01-403)”.

(d) **TRANSFER OF EXISTING BALANCES.**—

(1) **TRANSFER.**—There shall be transferred into the Fund on October 1, 2005, any obli-

gated and unobligated balances of appropriations made to the Department of Homeland Security that are currently available for retired pay, and amounts so transferred shall be part of the assets of the Fund.

(2) **FUND DEFINED.**—For purposes of paragraph (1), the term “Fund” means the Coast Guard Military Retirement Fund established under section 441 of title 14, United States Code, as added by subsection (a).

(e) **EFFECTIVE DATE.**—Sections 443 (relating to payments from the Fund) and 445 (relating to payments into the Fund) of title 14, United States Code, as added by subsection (a), shall take effect on October 1, 2005.

**Subtitle B—Accrual Funding of Post-Retirement Health Benefits Costs for Federal Employees**

**SEC. 411. FEDERAL EMPLOYEES HEALTH BENEFITS FUND.**

(a) Section 8906 of title 5, United States Code, is amended—

(1) by redesignating subsection (c) as subsection (c)(1) and by adding at the end the following new paragraphs:

“(2) In addition to Government contributions required by subsection (b) and paragraph (1), each employing agency shall contribute amounts as determined by the Office to be necessary to prefund the accruing actuarial cost of post-retirement health benefits for each of the agency’s current employees who are eligible for Government contributions under this section. Amounts under this paragraph shall be paid by the employing agency separate from other contributions under this section, from the appropriations or fund used for payment of the salary of the employee, on a schedule to be determined by the Office.

“(3) Paragraph (2) shall not apply to the United States Postal Service or the government of the District of Columbia.”;

(2) by amending subsection (g)(1) to read as follows:

“(g)(1) Except as provided in paragraphs (2) and (3), all Government contributions authorized by this section for health benefits for an annuitant shall be paid from the Employees Health Benefits Fund to the extent that funds are available in accordance with section 8909(h)(6) and, if necessary, from annual appropriations which are authorized to be made for that purpose and which may be made available until expended.”.

(b) Section 8909 of title 5, United States Code, is amended by adding at the end the following new subsection:

“(h)(1) Not later than June 30, 2006, the Office shall determine the existing liability of the Fund for post-retirement health benefits, excluding the liability of the United States Postal Service for service under section 8906(g)(2), under this chapter as of September 30, 2006. The Office shall establish an amortization schedule, including a series of annual installments commencing September 30, 2006, which provides for the liquidation of such liability by September 30, 2043.

(2) At the close of each fiscal year, for fiscal years beginning after September 30, 2005, the Office shall determine the supplemental liability of the Fund for post-retirement health benefits, excluding the liability attributable to the United States Postal Service for service subject to section 8906(g)(2), and shall establish an amortization schedule, including a series of annual installments commencing on September 30 of the subsequent fiscal year, which provides for liquidation of such supplemental liability over 30 years.

(3) Amortization schedules established under this paragraph shall be set in accordance with generally accepted actuarial practices and principles.

(4) At the end of each fiscal year on and after September 30, 2006, the Office shall no-

tify the Secretary of the Treasury of the amounts of the next installments under the most recent amortization schedules established under paragraphs (1) and (2). Before closing the accounts for the fiscal year, the Secretary shall credit the sum of these amounts (including in that sum any negative amount for the amortization of the supplemental liability) to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.

(5) For the purpose of carrying out paragraphs (1) and (2), the Office shall perform or arrange for actuarial determinations and valuations and shall prescribe retention of such records as it considers necessary for making periodic actuarial valuations of the Fund.

(6) Notwithstanding subsection (b), the amounts deposited into the Fund pursuant to this subsection and section 8906(c)(2) to prefund post-retirement health benefits costs shall be segregated within the Fund so that such amounts, as well as earnings and proceeds under subsection (c) attributable to them, may be used exclusively for the purpose of paying Government contributions for post-retirement health benefits costs. When such amounts are used in combination with amounts withheld from annuitants to pay for health benefits, a portion of the contributions shall then be set aside in the Fund as described in subsection (b).

(7) Under this subsection, ‘supplemental liability’ means—

(A) the actuarial present value for future post-retirement health benefits that are the liability of the Fund, less

(B) the sum of—

(i) the actuarial present value of all future contributions by agencies and annuitants to the Fund toward those benefits pursuant to section 8906;

(ii) the present value of all scheduled amortization payments to the Fund pursuant to paragraphs (1) and (2);

(iii) the Fund balance as of the date the supplemental liability is determined, to the extent that such balance is attributable to post-retirement benefits; and

(iv) any other appropriate amount, as determined by the Office in accordance with generally accepted actuarial practices and principles.”.

**SEC. 412. FUNDING UNIFORMED SERVICES HEALTH BENEFITS FOR ALL RETIREES.**

Title 10, United States Code, is amended—

(1) in the title of chapter 56, by striking “DEPARTMENT OF DEFENSE MEDICARE-ELIGIBLE” and inserting “UNIFORMED SERVICES”;

(2) in section 1111—

(A) in subsection (a)—

(i) by striking “Department of Defense Medicare-Eligible” and inserting “Uniformed Services”;

(ii) by striking “Department of Defense under”;

(iii) by striking “for medicare-eligible beneficiaries”;

(B) in subsection (c)—

(i) by striking “The Secretary of Defense may” and inserting “The Secretary of Defense shall”;

(ii) by striking “with any other” and inserting “with each”;

(iii) by striking “Any such agreement” and inserting “Such agreements”;

(iv) by striking “administering Secretary may” and inserting “administrative Secretary shall”;

(3) in section 1113—

(A) in subsection (a)—

(i) by striking “and are medicare eligible”;

(ii) by striking “who are medicare eligi-

ble”;

and

(iii) by adding at the end the following new sentence: "For the fiscal year starting October 1, 2004, only, the payments will be solely for the costs of members or former members of a uniformed service who are entitled to retired or retainer pay and are medicare-eligible, and eligible dependents or survivors who are medicare-eligible.";

(B) in subsection (c)(1), by striking "who are medicare-eligible";

(C) in subsection (d), by striking "who are medicare-eligible"; and

(D) in subsection (f), by striking "If" and inserting "When";

(4) in section 1114, in subsection (a)(1), by striking "Department of Defense Medicare-Eligible" and inserting "Uniformed Services";

(5) in section 1115—

(A) in subsection (b)(2), by striking "The amount determined under paragraph (1) for any fiscal year is the amount needed to be appropriated to the Department of Defense (or to the other executive department having jurisdiction over the participating uniformed service)" and inserting "The amount determined under paragraph (1), or the amount determined under section 1111(c) for a participating uniformed service, for any fiscal year, is the amount needed to be appropriated to the Department of Defense (or to any other executive department having jurisdiction over a participating uniformed service)";

(B) in subsection (c)(2), by striking "for medicare eligible beneficiaries"; and

(C) by adding at the end the following new subsection:

"(f) For the fiscal year starting October 1, 2004, only, the amounts in this section shall be based solely on the costs of medicare-eligible benefits of beneficiaries and the costs for their eligible dependents or survivors who are medicare-eligible, and shall be recalculated thereafter to reflect the cost of beneficiaries defined in section 1111.";

(6) in section 1116—

(A) in subsection (a)(1)(A), by striking "for medicare-eligible beneficiaries";

(B) in subsection (a)(2)(A), by striking "for medicare-eligible beneficiaries"; and

(C) in subsection (c), by striking "subsection (a) shall be paid from funds available for the health care programs" and inserting "subsection (a) and section 1111(c) shall be paid from funds available for the pay of members of the participating uniformed services under the jurisdiction of the respective administering secretaries".

#### SEC. 413. EFFECTIVE DATE.

Except as otherwise provided, this title shall take effect upon enactment with respect to fiscal years beginning after 2005.

#### Subtitle C—Limit on the Public Debt

#### SEC. 421. FINDINGS.

The Congress finds the following:

(1) Since 1997, Congress has paid down and retired approximately \$450,000,000,000 of the Government's debt which was previously held by the public.

(2) This reduction in the Government's debt to the public should permit a lowering of the statutory debt ceiling. However, the statutory definition mingles both the public debt and intragovernment liabilities, the latter of which do not represent resource withdrawals for the economy.

(3) Intragovernment accounts such as the social security trust funds, the Civil Service Retirement and Disability Fund, the Department of Defense Military Retirement Fund, and the Unemployment Trust Fund constitute accrued liabilities of the Government which will be paid from future receipts, taxes, or borrowing. If the Government issues debt to the public to fund such liabilities in the future, that debt will properly be subject to the debt ceiling.

(4) Properly defining the debt of the Government would permit lowering the debt ceiling to take account of, and lock in, the fiscal progress that has been made.

#### SEC. 422. PURPOSE.

It is the purpose of this subtitle to properly define the public debt to exclude intragovernment obligations.

#### SEC. 423. LIMIT ON PUBLIC DEBT.

Section 3101 of title 31, United States Code, is amended to read as follows:

#### "§3101. Public debt limit

"(a) In this section, the current redemption value of an obligation issued on a discount basis and redeemable before maturity at the option of its holder is deemed to be the face amount of the obligation.

"(b) The face amount of obligations issued under this chapter and the face amount of obligations whose principal and interest are guaranteed by the United States Government (except guaranteed obligations held by the Secretary of the Treasury and intragovernmental holdings) may not be more than \$4,393,000,000,000 outstanding at one time, subject to changes periodically made in that amount as provided by law.

"(c) For purposes of this section, the face amount, for any month, of any obligation issued on a discount basis that is not redeemable before maturity at the option of the holder of the obligation is an amount equal to the sum of—

"(1) the original issue price of the obligation, plus

"(2) the portion of the discount on the obligation attributable to periods before the beginning of such month (as determined under the principles of section 1272(a) of the Internal Revenue Code of 1986 without regard to any exceptions contained in paragraph (2) of such section).

"(d) For purposes of this section, the term 'intragovernment holding' is any obligation issued by the Secretary of the Treasury to any Federal trust fund or Government account, whether in respect of public money, money otherwise required to be deposited in the Treasury, or amounts appropriated."

#### Subtitle D—Risk-assumed Budgeting

#### SEC. 431. FEDERAL INSURANCE PROGRAMS.

(a) IN GENERAL.—The Congressional Budget Act of 1974 is amended by adding after title V the following new title:

#### "TITLE VI—BUDGETARY TREATMENT OF FEDERAL INSURANCE PROGRAMS

#### "SEC. 602. BUDGETARY TREATMENT.

"(a) PRESIDENT'S BUDGET.—Beginning with fiscal year 2011, the budget of the Government pursuant to section 1105(a) of title 31, United States Code, shall be based on the risk-assumed cost of Federal insurance programs.

"(b) BUDGET ACCOUNTING.—For any Federal insurance program—

"(1) the program account shall—

"(A) pay the risk-assumed cost borne by the taxpayer to the financing account, and

"(B) pay actual insurance program administrative costs;

"(2) the financing account shall—

"(A) receive premiums and other income,

"(B) pay all claims for insurance and receive all recoveries,

"(C) transfer to the program account on not less than an annual basis amounts necessary to pay insurance program administrative costs;

"(3) a negative risk-assumed cost shall be transferred from the financing account to the program account, and shall be transferred from the program account to the general fund; and

"(4) all payments by or receipts of the financing accounts shall be treated in the budget as a means of financing.

"(c) APPROPRIATIONS REQUIRED.—(1) Notwithstanding any other provision of law, insurance commitments may be made for fiscal year 2011 and thereafter only to the extent that new budget authority to cover their risk-assumed cost is provided in advance in an appropriation Act.

"(2) An outstanding insurance commitment shall not be modified in a manner that increases its risk-assumed cost unless budget authority for the additional cost has been provided in advance.

"(3) Paragraph (1) shall not apply to Federal insurance programs that constitute entitlements.

"(d) REESTIMATES.—The risk-assumed cost for a fiscal year shall be reestimated in each subsequent year. Such reestimate can equal zero. In the case of a positive reestimate, the amount of the reestimate shall be paid from the program account to the financing account. In the case of a negative reestimate, the amount of the reestimate shall be paid from the financing account to the program account, and shall be transferred from the program account to the general fund. Reestimates shall be displayed as a distinct and separately identified subaccount in the program account.

"(e) ADMINISTRATIVE EXPENSES.—All funding for an agency's administration of a Federal insurance program shall be displayed as a distinct and separately identified subaccount in the program account.

#### "SEC. 603. TIMETABLE FOR IMPLEMENTATION OF ACCRUAL BUDGETING FOR FEDERAL INSURANCE PROGRAMS.

"(a) AGENCY REQUIREMENTS.—Agencies with responsibility for Federal insurance programs shall develop models to estimate their risk-assumed cost by year through the budget horizon and shall submit those models, all relevant data, a justification for critical assumptions, and the annual projected risk-assumed costs to OMB with their budget requests each year starting with the request for fiscal year 2007. Agencies will likewise provide OMB with annual estimates of modifications, if any, and reestimates of program costs.

"(b) DISCLOSURE.—When the President submits a budget of the Government pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2007, OMB shall publish a notice in the Federal Register advising interested persons of the availability of information describing the models, data (including sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it or other executive branch entities would use to estimate the risk-assumed cost of Federal insurance programs and giving such persons an opportunity to submit comments. At the same time, the chairman of the Committee on the Budget shall publish a notice for CBO in the Federal Register advising interested persons of the availability of information describing the models, data (including sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it would use to estimate the risk-assumed cost of Federal insurance programs and giving such interested persons an opportunity to submit comments.

"(c) REVISION.—(1) After consideration of comments pursuant to subsection (b), and in consultation with the Committees on the Budget of the House of Representatives and the Senate, OMB and CBO shall revise the models, data, and major assumptions they would use to estimate the risk-assumed cost of Federal insurance programs.

"(2) When the President submits a budget of the Government pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2008, OMB shall publish a notice in the Federal Register advising interested persons of the availability of information describing the models, data (including

sources), and critical assumptions (including explicit or implicit discount rate assumptions) that it or other executive branch entities used to estimate the risk-assumed cost of Federal insurance programs.

“(d) DISPLAY.—

“(1) IN GENERAL.—For fiscal years 2008, 2009, and 2010 the budget submissions of the President pursuant to section 1105(a) of title 31, United States Code, and CBO’s reports on the economic and budget outlook pursuant to section 202(e)(1) and the President’s budgets, shall for display purposes only, estimate the risk-assumed cost of existing or proposed Federal insurance programs.

“(2) OMB.—The display in the budget submissions of the President for fiscal years 2008, 2009, and 2010 shall include—

“(A) a presentation for each Federal insurance program in budget-account level detail of estimates of risk-assumed cost;

“(B) a summary table of the risk-assumed costs of Federal insurance programs; and

“(C) an alternate summary table of budget functions and aggregates using risk-assumed rather than cash-based cost estimates for Federal insurance programs.

“(3) CBO.—In the second session of the 109th Congress and the 110th Congress, CBO shall include in its estimates under section 308, for display purposes only, the risk-assumed cost of existing Federal insurance programs, or legislation that CBO, in consultation with the Committees on the Budget of the House of Representatives and the Senate, determines would create a new Federal insurance program.

“(e) OMB, CBO, AND GAO EVALUATIONS.—(1) Not later than 6 months after the budget submission of the President pursuant to section 1105(a) of title 31, United States Code, for fiscal year 2010, OMB, CBO, and GAO shall each submit to the Committees on the Budget of the House of Representatives and the Senate a report that evaluates the advisability and appropriate implementation of this title.

“(2) Each report made pursuant to paragraph (1) shall address the following:

“(A) The adequacy of risk-assumed estimation models used and alternative modeling methods.

“(B) The availability and reliability of data or information necessary to carry out this title.

“(C) The appropriateness of the explicit or implicit discount rate used in the various risk-assumed estimation models.

“(D) The advisability of specifying a statutory discount rate (such as the Treasury rate) for use in risk-assumed estimation models.

“(E) The ability of OMB, CBO, or GAO, as applicable, to secure any data or information directly from any Federal agency necessary to enable it to carry out this title.

“(F) The relationship between risk-assumed accrual budgeting for Federal insurance programs and the specific requirements of the Balanced Budget and Emergency Deficit Control Act of 1985.

“(G) Whether Federal budgeting is improved by the inclusion of risk-assumed cost estimates for Federal insurance programs.

“(H) The advisability of including each of the programs currently estimated on a risk-assumed cost basis in the Federal budget on that basis.

#### “SEC. 604. DEFINITIONS.

“For purposes of this title:

“(1) The term ‘Federal insurance program’ means a program that makes insurance commitments and includes the list of such programs included in the joint explanatory statement of managers accompanying the conference report on the Comprehensive Budget Process Reform Act of 1999.

“(2) The term ‘insurance commitment’ means an agreement in advance by a Federal agency to indemnify a nonfederal entity against specified losses. This term does not include loan guarantees as defined in title V or benefit programs such as social security, medicare, and similar existing social insurance programs.

“(3)(A) The term ‘risk-assumed cost’ means the net present value of the estimated cash flows to and from the Government resulting from an insurance commitment or modification thereof.

“(B) The cash flows associated with an insurance commitment include—

“(i) expected claims payments inherent in the Government’s commitment;

“(ii) net premiums (expected premium collections received from or on behalf of the insured less expected administrative expenses);

“(iii) expected recoveries; and

“(iv) expected changes in claims, premiums, or recoveries resulting from the exercise by the insured of any option included in the insurance commitment.

“(C) The cost of a modification is the difference between the current estimate of the net present value of the remaining cash flows under the terms of the insurance commitment, and the current estimate of the net present value of the remaining cash flows under the terms of the insurance commitment as modified.

“(D) The cost of a reestimate is the difference between the net present value of the amount currently required by the financing account to pay estimated claims and other expenditures and the amount currently available in the financing account. The cost of a reestimate shall be accounted for in the current year in the budget of the Government pursuant to section 1105(a) of title 31, United States Code.

“(E) For purposes of this definition, expected administrative expenses shall be construed as the amount estimated to be necessary for the proper administration of the insurance program. This amount may differ from amounts actually appropriated or otherwise made available for the administration of the program.

“(4) The term ‘program account’ means the budget account for the risk-assumed cost, and for paying all costs of administering the insurance program, and is the account from which the risk-assumed cost is disbursed to the financing account.

“(5) The term ‘financing account’ means the nonbudget account that is associated with each program account which receives payments from or makes payments to the program account, receives premiums and other payments from the public, pays insurance claims, and holds balances.

“(6) The term ‘modification’ means any Government action that alters the risk-assumed cost of an existing insurance commitment from the current estimate of cash flows. This includes any action resulting from new legislation, or from the exercise of administrative discretion under existing law, that directly or indirectly alters the estimated cost of existing insurance commitments.

“(7) The term ‘model’ means any actuarial, financial, econometric, probabilistic, or other methodology used to estimate the expected frequency and magnitude of loss-producing events, expected premiums or collections from or on behalf of the insured, expected recoveries, and administrative expenses.

“(8) The term ‘current’ has the same meaning as in section 250(c)(9) of the Balanced Budget and Emergency Deficit Control Act of 1985.

“(9) The term ‘OMB’ means the Director of the Office of Management and Budget.

“(10) The term ‘CBO’ means the Director of the Congressional Budget Office.

“(11) The term ‘GAO’ means the Comptroller General of the United States.

#### “SEC. 605. AUTHORIZATIONS TO ENTER INTO CONTRACTS; ACTUARIAL COST ACCOUNT.

“(a) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated \$600,000 for each of fiscal years 2005 through 2010 to the Director of the Office of Management and Budget and each agency responsible for administering a Federal program to carry out this title.

“(b) TREASURY TRANSACTIONS WITH THE FINANCING ACCOUNTS.—The Secretary of the Treasury shall borrow from, receive from, lend to, or pay the insurance financing accounts such amounts as may be appropriate. The Secretary of the Treasury may prescribe forms and denominations, maturities, and terms and conditions for the transactions described above. The authorities described above shall not be construed to supersede or override the authority of the head of a Federal agency to administer and operate an insurance program. All the transactions provided in this subsection shall be subject to the provisions of subchapter II of chapter 15 of title 31, United States Code. Cash balances of the financing accounts in excess of current requirements shall be maintained in a form of uninvested funds, and the Secretary of the Treasury shall pay interest on these funds.

“(c) APPROPRIATION OF AMOUNT NECESSARY TO COVER RISK-ASSUMED COST OF INSURANCE COMMITMENTS AT TRANSITION DATE.—(1) A financing account is established on September 30, 2010, for each Federal insurance program.

“(2) There is appropriated to each financing account the amount of the risk-assumed cost of Federal insurance commitments outstanding for that program as of the close of September 30, 2010.

“(3) These financing accounts shall be used in implementing the budget accounting required by this title.

#### “SEC. 606. EFFECTIVE DATE.

“(a) IN GENERAL.—This title shall take effect immediately and shall expire on September 30, 2012.

“(b) SPECIAL RULE.—If this title is not reauthorized by September 30, 2012, then the accounting structure and budgetary treatment of Federal insurance programs shall revert to the accounting structure and budgetary treatment in effect immediately before the date of enactment of this title.”

(b) CONFORMING AMENDMENT.—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 507 the following new items:

#### “TITLE VI—BUDGETARY TREATMENT OF FEDERAL INSURANCE PROGRAMS

“Sec. 601. Short title.

“Sec. 602. Budgetary treatment.

“Sec. 603. Timetable for implementation of accrual budgeting for Federal insurance programs.

“Sec. 604. Definitions.

“Sec. 605. Authorizations to enter into contracts; actuarial cost account.

“Sec. 606. Effective date.”

#### TITLE V—MAINTAINING A COMMITMENT TO THE FAMILY BUDGET

##### Subtitle A—Further Enforcement Amendments

#### SEC. 501. SUPER-MAJORITY POINTS OF ORDER IN THE HOUSE OF REPRESENTATIVES AND THE SENATE.

(a) Section 904 of the Congressional Budget Act of 1974 is amended as follows:

(1) In subsection 904(c)(1), insert “312(g), (h), (i), and (j),” before “313,” and insert “316, 318,” before “904(c),”.

(2) In subsection (c) strike “three-fifths” each place it appears and insert “two-thirds”.

(3)(A) In subsection (d)(2), insert “312(g), (h), (i), and (j),” before “313,” and insert “316, 318,” before “904(c).”

(B) In subsection (d), strike “three-fifths” each place it appears and insert “two-thirds”.

(4)(A) In subsections (c)(2) and (d)(3), strike “311(a).”

(B) In subsections (c)(1) and (d)(2) insert “311(a),” after “310(d)(2).”

(5) In subsections (c)(1), (c)(2), (d)(2), and (d)(3) by inserting “or the House of Representatives” after “Senate” each place it appears.

(6) In subsection (e), strike “2002” and insert “2010”.

#### SEC. 502. BUDGET RESOLUTION ENFORCEMENT POINT OF ORDER.

(a) ENTITLEMENT POINT OF ORDER.—Section 312 of the Congressional Budget Act of 1974 (as amended by section 221(d)) is further amended by adding at the end the following new subsection:

“(j) BUDGET RESOLUTION ENFORCEMENT POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any joint resolution on the budget for a fiscal year, or amendment thereto or conference report thereon, that—

“(1) is not consistent with the discretionary spending limits set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985; or

“(2) provides for an increase in the aggregate level of direct spending for the fiscal year of the resolution or any ensuing fiscal year included in such resolution.”

#### SEC. 503. POINT OF ORDER WAIVER PROTECTION.

Rule XIII of the Rules of the House of Representatives is amended by adding at the end the following new clause:

“8. (a) It shall not be in order to consider a rule or order that would waive the provisions of any section of the Congressional Budget Act of 1974 referred to in section 904(c)(1) of such Act or of section 302 of the Family Budget Protection Act of 2004.

“(b) As disposition of a point of order under paragraph (a), the Chair shall put the question of consideration with respect to the proposition that is the subject of the point of order. A question of consideration under this clause shall be debatable for 10 minutes by the Member initiating the point of order and for 10 minutes by an opponent of the point of order, but shall otherwise be decided without intervening motion except one that the House adjourn or that the Committee of the Whole rise, as the case may be.

“(c) The disposition of the question of consideration under this clause with respect to a bill or joint resolution shall be considered also to determine the question of consideration under this clause with respect to an amendment made in order as original text.”

#### Subtitle B—The Byrd Rule

#### SEC. 511. LIMITATION ON BYRD RULE.

(a) PROTECTION OF CONFERENCE REPORTS.—Section 313 of the Congressional Budget Act of 1974 is amended—

(1) in subsection (b)(1), by striking subparagraph (E) through the semicolon at the end thereof and by redesignating subparagraph (F) as subparagraph (E);

(2) in subsection (c), by striking “and again upon the submission of a conference report on such a reconciliation bill or resolution,”;

(3) by striking subsection (d);

(4) by redesignating subsection (e) as subsection (d); and

(5) in subsection (e), as redesignated—

(A) by striking “, motion, or conference report” the first place it appears and inserting “, or motion”; and

(B) by striking “, motion, or conference report” the second and third places it appears and inserting “or motion”.

(b) CONFORMING AMENDMENT.—The first sentence of section 312(e) of the Congressional Budget Act of 1974 is amended by inserting “, except for section 313,” after “Act”.

#### Subtitle C—Treatment of Extraneous Appropriations in Omnibus Appropriation Measures

#### SEC. 521. TREATMENT OF EXTRANEOUS APPROPRIATIONS.

(a) IN GENERAL.—Title III of the Congressional Budget Act of 1974 (as amended by section 127(a)) is further amended by adding at the end the following new section:

#### “TREATMENT OF EXTRANEOUS APPROPRIATIONS IN OMNIBUS APPROPRIATION MEASURES

“SEC. 319. (a) POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider an omnibus appropriation measure, or any amendment thereto or conference report thereon, that appropriates funds for any program, project, or activity that is not within the subject-matter jurisdiction of any subcommittee of the Committee on Appropriations of the House of Representatives or Senate, as applicable, with jurisdiction over any regular appropriation bill contained in such measure.

“(b) DEFINITIONS.—As used in this section:

“(1) The term ‘omnibus appropriation measure’ means any bill or joint resolution making continuing appropriations for a fiscal year and that is comprised of more than one regular appropriation bills.

“(2) The term ‘regular appropriation bill’ means any annual appropriation bill making appropriations, otherwise making funds available, or granting authority, for any of the following categories of projects and activities:

“(A) Agriculture, rural development, Food and Drug Administration, and related agencies programs.

“(B) The Departments of Commerce, Justice, and State, the Judiciary, and related agencies.

“(C) The Department of Defense.

“(D) The government of the District of Columbia and other activities chargeable in whole or in part against the revenues of the District.

“(E) Energy and water development.

“(F) Foreign operations, export financing, and related programs.

“(G) The Department of Homeland Security.

“(H) The Department of the Interior and related agencies.

“(I) The Departments of Labor, Health and Human Services, and Education, and related agencies.

“(J) The Legislative Branch.

“(K) Military construction, family housing, and base realignment and closure for the Department of Defense.

“(L) The Departments of Transportation and Treasury, and independent agencies.

“(M) The Departments of Veterans Affairs and Housing and Urban Development, and sundry independent agencies, boards, commissions, corporations, and offices.”

(b) CONFORMING AMENDMENT.—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 318 the following new item:

“Sec. 319. Treatment of extraneous appropriations in omnibus appropriation measures.”

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Texas (Mr. HENSARLING)

and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Chairman, I yield myself as much time as I may consume.

Mr. Chairman, how much government is enough? Can we ever have enough? It seems many Members in this Chamber would say no. They seem to believe there should be no limit to the size, to the power, to the expense of the Federal Government.

Mr. Chairman, the Founding Fathers disagreed. They believed in limited government. They warned us of the pitfalls of allowing government to grow out of control. James Madison wrote in the Federalist Papers: “There will be little avail to the people that laws are made by men of their own choice if the laws be so voluminous that they cannot be read or so incoherent they cannot be understood.”

Thomas Jefferson wrote that the natural progress of things is for liberty to yield and for government to gain ground.

Well, Mr. Chairman, just how much ground has government gained? Since I was born, the Federal budget has grown seven times faster than the family budget, as you can see from the attached chart. For only the fourth time in the history of our Nation, the Federal Government is now spending over \$20,000 per household. This figure is up from \$16,000 per household just 5 years ago. This represents the largest expansion of the Federal Government in 50 years.

Last year what we call mandatory spending reached 11 percent of our economy for the first time ever. Non-defense discretionary spending is now almost 4 percent of the economy for the first time in 20 years.

In fact, almost every major department of the government has grown precipitously way beyond the rate of inflation. By any reasonable measure, spending is out of control. And when we get more government, we get less freedom, fewer opportunities, fewer opportunities for Americans to choose the best health care for their families, to choose the best educational opportunities for their children, or to find the best job in a competitive market economy. You cannot have unlimited government and unlimited opportunity.

What else do we get for all this government spending? Unfortunately, we get a lot of waste, fraud, abuse, and duplication.

Until recently, Medicare had routinely paid as much as five times for a wheelchair as the VA had, simply because one would bid competitively and the other did not. In the last year of the Clinton administration, HUD wasted over 10 percent of their budget, \$3 billion just lost making improper payments to people who did not qualify.

We have spent almost \$800,000 on an outhouse in one national park, and it did not even work. We have over 342

different economic development programs in the Federal Government, and by the way, what does the Federal Government know about economic development anyway?

We are just scratching the surface here. Example after example shows that many Federal programs routinely waste 5, 10, 15, even 20, percent of their taxpayer-funded budgets in the last 4 decades. Government is inherently wasteful. It does almost nothing as well as we the people; and until we limit it, we will never prioritize, much less root out, the waste, the fraud, the abuse, the duplication that permeates every corner of the Federal Government and robs every family.

Recently, many of us in this Chamber spoke very eloquently about the legacy of President Ronald Reagan. Well, Mr. Chairman, I would remind us that it was President Reagan who said the answer to a government that is too big is to stop feeding its growth.

It was President Reagan who said we can no longer afford things simply because we think of them, and it was President Reagan who stood in this Chamber and called on Congress to limit government and fix a broken-down budget process.

Now, there are many ways that we can honor the memory of President Reagan. Tonight, I can think of no better way than passing the bill that would accomplish his dream.

Mr. Chairman, the time to act is now. We have the opportunity to realize the vision of Ronald Reagan, or we can continue with the largest expansion of government in 50 years. We can protect the family budget from the Federal budget, or we can continue to operate under a budget process that only serves to grow bigger and bigger government.

That is why, along with my colleagues, the gentleman from California (Mr. COX), the gentleman from Wisconsin (Mr. RYAN), the gentleman from Indiana (Mr. CHOCOLA), I offer as a substitute the Family Budget Protection Act, along with more than a hundred cosponsors.

And our bill has two simple propositions. Number one, it says the Federal budget should not grow faster than the family budget. Quite simply, there should be some ceiling on the growth of government. At some point we say enough is enough. We will take no more money away from American families.

Secondly, it says if Congress passes a budget, it ought to abide by the budget. It ought to enforce the budget. It ought to live by the budget. It is really that simple.

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

Mr. NUSSLE. Mr. Chairman, I claim the time in opposition, and I ask unanimous consent that the gentleman from South Carolina (Mr. SPRATT) be yielded half of that time.

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

There was no objection.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from South Carolina (Mr. SPRATT).

Mr. SPRATT. Mr. Chairman, I yield myself 2 minutes.

For those who have voted against the previous amendments dealing with automatic extension of continuing resolutions, dealing with expedited rescission, for various other reasons they should be aware that this budget re-incorporates all of those other provisions which they found onerous and objectionable in the past and would instate them in a bigger bill.

The chief feature of this bill which is objectionable is the effort it makes to put a cap on entitlement spending. According to the Center on Budget and Policy Priorities, if enacted, this particular provision would trigger the most severe budget cuts in modern history, calculation by which it would require entitlement cuts of \$1.8 trillion over the next 10 years.

There are a couple of things to be aware of. When they say they are capping entitlement, they are capping not only entitlements like Medicare, Medicaid; they are also capping interest on the national debt. So one can have a result that certain Members would seek to have a large tax cut and succeed, which would increase the deficit and, therefore, increase the national debt and result in higher interest payments. And those interest payments would then have to be accommodated within the cap that will be imposed on entitlement spending.

Take also the level at which the cap is set and how it treats the Medicare program. The cost of the new Medicare drug benefit enacted last year to real spending occurs until the year 2006. The cap will be set at 2005 spending levels. So there will be a substantial amount of additional spending for Medicare which will have to be recouped from cuts in entitlements like Medicare.

This bill is full of anomalies that could have disastrous effect upon the programs in this country upon which people depend.

I will come back and explain further why this bill should be defeated soundly.

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

Mr. HENSARLING. Mr. Chairman, I yield 4 minutes to the gentleman from Wisconsin (Mr. RYAN).

Mr. RYAN of Wisconsin. Mr. Chairman, I would like to address a few of the things that the gentleman from South Carolina said. As far as the estimate on the \$1.8 trillion cut, that is not accurate for this bill. Number one, this bill addresses those issues that were raised in that estimate. Number two, entitlement spending will go up. It will go up by the number of beneficiaries coming to these programs, it will go up by inflation, and medical inflation in Medicare's instance. And we do take care of putting into the base-line the new prescription drug benefit.

I would like to just quickly go through the summary of what this legislation actually accomplishes in a very, very quick order. Number one, what this budget does is it raises the budget to the point of law by making a joint budget resolution so we do not have these stalemates at the end of Congress every year like we do.

It also has a one-page budget so it is easier for the Congress, the House, the Senate, and the President to agree on a budget at the beginning of the session. It also abolishes the practice of designating everything as emergencies. One of the problems we have is we can designate just about anything an emergency. The census was designated an emergency. We knew that one was coming.

So what we are trying to do is tighten up that definition so true emergencies are designated emergencies. We go to biennial budget so that we do our budgeting in the first year of our cycle, and then in the second year we conduct oversight. We think that Congress does not do nearly enough government oversight into how our taxpayers' dollars are being spent.

We also have government shut-down protection so that, if for some reason we have this brinksmanship which has been common around here, we do not hold hostage government workers and shut down the government. We keep things going with an automatic continuing resolution.

We also have very important spending caps which we have been talking about on discretionary and entitlement spending. It will take two-thirds of a vote in Congress to break those spending caps. This is the real heart of this bill so that we do not violate our spending caps. Because all too often, we will pass a budget, we will set spending caps, lo and behold, a couple months go by, we break the spending caps.

In this bill, it takes two-thirds of the vote in the House and Senate to break those spending caps. We also protect ourselves from the point of order so we here in this body, unlike those in the other body who can have this power, we can raise points of order if they try to waive points of the Budget Act so that House Members can also play a role in enforcing the budget act. We also make sure we amend the Byrd Rule so we do not have temporary tax cuts. That was an arcane rule that occurred that is now giving us the largest tax increase we will ever see if we fail to make these tax cuts permanent.

We also try and clean up this omnibus appropriation problem so we do not bundle all these big bills that we have at the end of the cycle. For instance, last year 7 appropriations bills bundled into one bill. Each of us on the floor had one vote up or down on half of the discretionary spending in the Federal Government.

We also have very important spending control provisions. We talked about some of these. Discretionary caps, having the ability to save money when you

bring amendments to the floor to stop wasteful spending. Having the ability to make sure that we can give the President the power to take bad, wasteful spending out of the budget.

We also have an amendment that did pass already which is a commission to look at all of our Federal programs with respect to our earned entitlements, but also have a sunset in law of our programs on a rotating basis so that Congress actually does its oversight to see if the programs we have in our Federal Government are really meeting the spirit of the original intent of the law or whether they are really serving our constituents and serving our taxpayers so that we can make sure that no wasteful spending continues in this government.

□ 2215

The problem we have basically is that our budget process is not a clean process. It is not a functional process. It is not honest. It is not transparent, and we want to make it so.

We want to pass a budget and stick to a budget. We want to make sure that the American people really see how their money is being spent, and we want to make sure that those of us who want to see wasteless spending go away have the tools in which we can do that. That is what we are trying to accomplish with this bill.

What we simply want is the ability to treat our constituents' money like it ought to be treated. It is their money. That is what we are trying to do. It is a very big bill and project. We have 102 cosponsors. I urge passage of this substitute amendment.

Mr. SPRATT. Mr. Chairman, I yield 1½ minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Chairman, I do not know what is happening to this institution. We work a couple of days a week. We cannot even get a budget resolution passed. It is overdue by months, and then we get these amendments that are really designed to eliminate the appropriations process, as though we have no capacity to apply judgment to the decisions that we have to make.

Would it not be nice if the world was as simple as this? Let us just impose entitlement caps. Let us give it all over to the President, for example. We cite waste, fraud and abuse as though that is the problem. The Republican party controls the White House. They control the Senate. They control the House. Eliminate waste, fraud and abuse if that is the problem.

The real problem is that we are not willing to make the tough decisions that have to be made, and now they are suggesting an entitlement cap.

We have done an analysis of this entitlement cap. Over the next decade it would take \$674 billion out of Medicare, \$332 billion out of Medicaid, \$100 billion out of Federal civilian retirement, \$60 billion out of unemployment comp, \$56 billion out of military retirement. I

could go on and on, \$45 billion out of veterans benefits, \$11 billion out of TRICARE For Life, and on and on.

This is not the way to run a government. These are important programs. Make the tough decisions. To put in an amendment like this that supposedly limits entitlement programs so that we are going to all of the sudden solve the budget crisis, we have a budget crisis because we are not willing to balance our responsibilities to limit tax cuts and to limit spending at the same time. We know that is what has to be done, but now we are in a budget crisis. We are going to have \$4.5 trillion of debt, and the answer is not to make it worse by putting in an entitlement cap.

This is one of the worst amendments that we have had presented all night in a long string of simplistic, irresponsible amendments that consumes our time. We will have another opportunity to take another shot at this.

Mr. HENSARLING. Mr. Chairman, I yield myself 15 seconds.

I am not sure which bill the gentleman was reading. He appears not to have read this one. Every single government program grows some by a factor of inflation. No government program is cut here, only the rate of growth. However, the gentleman and other gentlemen and ladies on that side of the aisle in the last budget resolution voted for an extra trillion dollars in spending.

Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. CHOCOLA), a coauthor.

Mr. CHOCOLA. Mr. Chairman, I thank the gentleman for yielding me time.

Mr. Chairman, I came to Congress from the business world, and my first impression when I got here is that Congress, as a whole, is a lot like 535 general managers with no CEO. With all due respect to the Speaker and our leadership, there is no individual who can set spending priorities in the face of limited resources. We do not have a leadership problem here. We have a process problem.

When we take the facts, combined together that our budget process does not contain any of the realities that every family and every business in America faces; combined with the fact that our process is not enforceable; combined with the fact that our process only measures success by how much money we spend, never by how well we spend it; combined with the fact that people in this Chamber will come down here with a straight face and say that smaller increases are actually cuts; if we combine those facts with human nature, what we have is a lack of fiscal discipline and runaway spending.

I used to be a chairman of a publicly traded company, and if I accounted for and budgeted for my business the way government accounts and budgets for its business, I would, at best, be bankrupt and fired. I would more than likely be in jail. I find it very ironic when Members of Congress lecture business

executives about truth in accounting and the importance of integrity in financial disclosure.

Mr. Chairman, what we need is a budget process that provides a framework of discipline. It simply fixes the process. It strengthens our enforcement tools. It requires truth in accounting, increases accountability and combats waste, fraud and abuse, and this is exactly what this amendment does. I encourage all of my colleagues to support it.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, we have a lot of energetic young legislators earnestly talking about budgets. I have got some advice for them. We do not have a budget this year. Their party, Republican party, controls the White House. They are part of the House majority. Their party controls the Senate. All these high-falutin ideas you bundled in this bill are not going to go anywhere. You ought to put your efforts where it might matter, getting a budget this year, getting a budget this year. The majority cannot produce a budget this year, and yet they run us out on a day-long adventure full of ill-founded ideas.

The gentleman from Texas speaks movingly about a budget, but in reality what he is proposing is very close scrutiny. I do not think I have seen a more irresponsible budget plan proposed in this House. He would propose excruciating cuts on essential programs while allowing any tax cut that might ever be passed irrespective of consequences to the deficit to go without check.

What are the spending cuts proposed? The Center For Budget Priorities analyzes that over 10 years, \$674 billion in Medicare reduction. At time when we are in the military conflict, they come after veterans with a vengeance: military retirement, \$56 billion in cuts; veterans benefits, \$45 billion in cuts; TRICARE For Life, \$11 billion for cuts. These are calculated on the proportional reductions that you have to make across mandatory spending programs that I know do not stop there. Nutrition programs for the little children of this country, reduced \$19 billion in the gentleman's proposal. Cutting food for children.

Beyond that, student loans. At a time when our college tuitions are soaring, as our families know all across the country, proportional reductions would be \$9 billion in student loan funding.

I believe this is a mean-spirited, ill-advised amendment. I urge my colleagues to vote "no."

Mr. NUSSLE. Mr. Chairman, I yield myself such time as I may consume.

Let me just take a minute to respond briefly to one of the comments from the gentleman, and we can have an honest disagreement about substitute amendments and all sorts of things on

the floor today, but we do have a conference report on the budget. That conference report on the budget was passed by the House of Representatives. That conference report on the budget was deemed to be the budget for the House of Representatives. The chairman of the Committee on Appropriations is operating under that budget that was passed by the House of Representatives. We have a budget.

What we are not sure we have is the other body. They have not acted. They have not even brought it to a vote. I do not know what they are doing. I can understand the gentleman's frustration. I share that frustration. We hear that a certain party may be in the majority over there, but from time to time that does not always manifest itself.

But we have a budget. We will operate under that budget. It is a budget that ensures that we can strengthen our economy and keep it growing; that we can protect our country; and that we can make sure that our important priorities are funded. We have a budget. Those who continue to say we do not have a budget, it is simply not correct.

The fact that the other body has not yet voted on a budget is for them to answer, not for us to answer here tonight, and be that as it may, let me just make one other point.

They are not arguing over the spending levels. The arguments are over technical amendments that the other body put on to control their own process because they were having a difficult time managing it, not anything that binds the House. We are not bound by that particular challenge that the other body is wrestling with.

We have a budget. It has been deemed the budget. We will operate under that budget, and so I just wanted to correct the record and remind all of us that we will continue to operate under the rules of that budget.

ANNOUNCEMENT BY THE CHAIRMAN PRO  
TEMPORE

The CHAIRMAN pro tempore (Mr. WALDEN of Oregon). Members are reminded to refrain from improper references to the Senate.

Mr. NUSSLE. Mr. Chairman, I need a refresher. I keep referring to it as the other body. What am I saying wrong? I want to know. When they do not pass the budget, I guess I have been trying to be as polite as possible.

The CHAIRMAN pro tempore. The gentleman is reminded not to refer to Senate action or inaction, whether he calls it the Senate or the other body.

Who yields time?

Mr. SPRATT. Mr. Chairman, I yield 15 seconds to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, I have no malice at my friends on the other side, but this is no laughing matter. They do not have a budget under the Budget Act without the House and the Senate passing versions, coming to agreement in conference committee and passing the final budget.

Mr. HENSARLING. Mr. Chairman, can I inquire as to the time I have remaining?

The CHAIRMAN pro tempore. The gentleman from Texas (Mr. HENSARLING) has 4 minutes remaining.

Mr. HENSARLING. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. COX), a coauthor of the amendment.

Mr. COX. Mr. Chairman, the House voted today to recognize and commemorate the 40th anniversary of the Civil Rights Act of 1964, a law that was approved with broad bipartisan support and that has proven its worth in enforcing the principles of freedom and individual rights that undergird our Nation.

We commemorate a much sadder anniversary today, the 30th anniversary of the Budget Act of 1974. Unlike the Civil Rights Act, which was a bipartisan achievement approved with over 80 percent of Republican support and 62 percent of Democrat support, the 1974 Budget Act was approved over the strong objections of Republicans. The results of the Budget Act have been precisely what Republicans predicted.

The House Policy Committee, which I chair, criticized the current budget process even before it took effect in 1973 and predicted precisely the runaway spending it would enable.

In 1973, policy chairman John Rhodes issued a statement of the official position of House Republicans that said, "Any limitation on expenditures should cover not only budgetary outlays handled through the Appropriations Committee, but also programs funded separately from the annual appropriations process." The 1974 Budget Act decided to ignore that advice, and in every year since, we have suffered from runaway Federal spending.

In 1975, after the first year, the Policy Committee issued another statement reflecting on what a miserable failure the new Budget Act had been in organizing the process. "Major legislative efforts are needed," the Policy Committee said at that time, "to rein in 'uncontrollable' items and to establish a new pattern of legislative authorizations and appropriations." The Congress has never yet fixed this problem, and in every year since 1974, we have suffered from runaway government spending.

This legislation is about protecting the right of Americans to see their tax dollars wisely spent. It is about getting rid of a legislative contraption that has proved over 30 years it is utterly incapable of producing the budget that the minority wishes we had between the House and Senate. It is about getting rid of a budget process that has grown our Federal Government from less than \$1 trillion when I first became a Member of Congress not many years ago to over \$2 trillion today.

Our economy has not doubled. Our population has not doubled, but what has happened is our government is growing at rates that far outstrip the economy which supports it.

This ongoing displacement of the private sector by government is driven inexorably by the one-way leftward ratchet we euphemistically refer to as the budget process.

It is time to junk this contraption which does not work. It is time to protect the family budget. It is time to make the tough choices between government and the people and bring fiscal sanity and honest accounting back to Washington.

□ 2230

It is time to vote "aye" on the Hensarling amendment.

Mr. SPRATT. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, I want to correct the record. Earlier I said that the Center on Budget and Policy Priorities had done an analysis of this proposal and found that it would cut entitlement programs like Medicare and Medicare and TRICARE for Life by \$1.8 trillion over the next 10 years. They have done a revised study. It was correct. They have revised that study and their revised study shows that the cut will only be \$1.551 trillion. That is in entitlement programs. It comes out of child nutrition, its comes out of TRICARE for Life, it comes out of veterans benefits. Across the board people will be hurt.

I did not mention earlier the discretionary spending. Discretionary spending in the Hensarling proposal would increase each year at 2.1 percent a year. At the end of the 10-year period of time, because they take it out of the full 10-year time frame, this substitute would limit discretionary spending to \$220 billion below what the President has recommended. And one of the reasons we do not have a budget right now is we are still struggling with the numbers the President has prepared, trying to bring it within the framework of what he has recommended.

So this would have severe consequences; and it would have severe consequences upon, in the words of the AARP, the health and economic security of millions of vulnerable Americans.

Finally, to remind everyone, if you voted against the automatic continuing resolution, if you voted against the joint budget resolution making the budget resolution a law signed by the President, if you are opposed to biennial budgeting, if you voted against expedited rescission, this bill reinstates all of those, and is an additional reason to oppose it.

Mr. NUSSLE. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona (Mr. SHADEGG), even though I claimed the time in opposition.

Mr. SHADEGG. Mr. Chairman, I thank the gentleman for yielding me this time so graciously, and I want to compliment him on his service as the Committee on the Budget chairman. I think he has done an exemplary job in a very, very difficult position.

I want to point out that in my tenure here in the Congress, and I am in my

ninth year, I have worked very, very hard to honor the budget and support the budget we adopt. Indeed, early in my tenure in Congress, I served on that Committee on the Budget under John Kasich, and the current chairman of the committee was on the committee at the time. We labored long and hard to produce a workable budget. But the sad truth is, and I doubt if all of our colleagues here in Congress, much less the people across America, understand that that budget, while it is always a product that entails a lot of work, is almost never honored.

In 1995 and 1996 we honored the budget that we adopted. But from 1996 to this year, we dishonor that budget. We outspend that budget year after year. And that is why I rise in strong support of the Family Budget Protection Act, because the reality is that the hard work that the gentleman from Iowa (Mr. NUSSLE) and the members of his committee put in to write a budget and to craft it and to have it work becomes meaningless, or at least near meaningless as we go through the process. Because, quite frankly, it is not law. It is only the resolution, hopefully, of the two bodies. And so its goes out the door.

That is why my colleague, the gentleman from Texas (Mr. HENSARLING), is proposing that we make the budget resolution not a resolution but a law, so that all the work that Chairman NUSSLE and members of his committee put in works, and so that we can tell the American people that we are going to live within a budget.

But how do we break that budget? We break that budget year after year after year after year by trick and game. One of those has been talked about here tonight, and that is emergency spending. We called the census, which is commanded by the U.S. Constitution, the decennial census; we called that emergency spending and we spent outside the budget.

The American people, I think, get it. They think we should have a budget that we live within, a budget that we honor and that we should not spend at two or three times the rate of growth of the family budget. So I rise in strong support of the Family Budget Protection Act.

Mr. HENSARLING. Mr. Chairman, I yield myself the balance of my time.

Mr. Chairman, if people will read this legislation, this puts a cap on the growth of the government. Every single government program will grow under this legislation.

After 6 hours of debate, we have heard much angst, anxiety, and grave concern over the deficit, over explosive spending, over a broken budget process. But, unfortunately, we have also heard that we just cannot do anything about it; there are committee jurisdiction issues, there are complexity issues, there are balance of power issues. When do we address family budget issues?

This debate before the House boils down to two simple questions. Number

one, does this body believe once a budget is passed it should be enforced? Yes or no. Number two, does this body believe that the Federal budget should not be allowed to grow faster than the family budget? In other words, should there be any limit whatsoever placed on the government?

For the sake of the family budget, for the sake of personal freedom, for the sake of America's future, I hope the answer is yes and people support the Family Budget Protection amendment.

Mr. NUSSLE. Mr. Chairman, I yield myself such time as I may consume to close, and I first want to commend the gentleman from Texas for his work, and all of the Members who have helped him and labored through so many of these provisions. They have done a good job. They have done an excellent job.

I heard someone refer to it as the gold standard of budget process reform. It may very well be. It is not perfect, there is no question. There is no such thing as perfect. My job tonight is to defend the committee product, which is the underlying bill; so I gently oppose the gentleman's amendment because so many of these things look very familiar to me. I voted for a few of them earlier tonight. And I think a couple of them I might even have had an opportunity to write at an earlier time. But I gently oppose them.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. WALDEN of Oregon).

The question is on the amendment in the nature of a substitute offered by the gentleman from Texas (Mr. HENSARLING).

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

Mr. HENSARLING. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment in the nature of a substitute offered by the gentleman from Texas (Mr. HENSARLING) will be postponed.

It is now in order to consider amendment No. 17 printed in House Report 108-566.

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
NO. 17 OFFERED BY MR. KIRK

Mr. KIRK. Mr. Chairman, I offer an amendment in the nature of a substitute.

The CHAIRMAN pro tempore. The Clerk will designate the amendment in the nature of a substitute.

The text of the amendment in the nature of a substitute is as follows:

Amendment in the nature of a substitute No. 17 offered by Mr. KIRK:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) SHORT TITLE.—This Act may be cited as the "Deficit Control Act of 2004".

(b) TABLE OF CONTENTS.—

Sec. 1. Short title; table of contents.  
Sec. 2. Effective date.

Sec. 3. Protection of social security and medicare benefits.

**TITLE I—A SIMPLIFIED BUDGET**  
Subtitle A—Rainy Day Fund for Emergencies

Sec. 101. Purpose.  
Sec. 102. Repeal of adjustments for emergencies.

Sec. 103. OMB emergency criteria.  
Sec. 104. Development of guidelines for application of emergency definition.

Sec. 105. Reserve fund for emergencies in President's budget.

Sec. 106. Adjustments and reserve fund for emergencies in concurrent budget resolutions.

Sec. 107. Up-to-date tabulations.

Sec. 108. Prohibition on amendments to emergency reserve fund.

Sec. 109. Content of budget resolutions.

Subtitle B—The Baseline  
Sec. 111. Elimination of inflation adjustment.

Sec. 112. The President's budget.

Sec. 113. The congressional budget.

Sec. 114. Congressional budget office reports to committees.

Sec. 115. Treatment of emergencies.

**TITLE II—IMPLEMENTING FEDERAL SPENDING DISCIPLINE**

Subtitle A—Spending Safeguards on the Growth of Entitlements and Mandatories

Sec. 201. Spending caps on growth of entitlements and mandatories.

Sec. 202. Exempt programs and activities.

Sec. 203. Exceptions, limitations, and special rules.

Sec. 204. Point of order.

Sec. 205. Technical and conforming amendments.

Subtitle B—Discretionary Spending Limits

Sec. 211. Enforcing discretionary spending limits.

Sec. 212. Annual joint resolution establishing discretionary spending limits.

**TITLE III—COMBATING WASTE, FRAUD, AND ABUSE.**

Subtitle A—Enhanced Rescissions of Budget Authority Identified by the President as Wasteful Spending

Sec. 301. Enhanced consideration of certain proposed rescissions.

Subtitle B—Commission to Eliminate Waste, Fraud, and Abuse

Sec. 311. Establishment of Commission.

Sec. 312. Duties of the Commission.

Sec. 313. Powers of the Commission.

Sec. 314. Commission personnel matters.

Sec. 315. Termination of the Commission.

Sec. 316. Authorization of appropriations.

**TITLE IV—TRUTH IN ACCOUNTING**

Subtitle A—Accrual Funding of Pensions and Retirement Pay for Federal Employees and Uniformed Services Personnel

Sec. 401. Civil Service Retirement System.

Sec. 402. Central Intelligence Agency Retirement and Disability System.

Sec. 403. Foreign Service Retirement and Disability System.

Sec. 404. Public Health Service Commissioned Corps Retirement System.

Sec. 405. National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement System.

Sec. 406. Coast Guard Military Retirement System.

Subtitle B—Accrual Funding of Post-Retirement Health Benefits Costs for Federal Employees

Sec. 411. Federal employees health benefits fund.

Sec. 412. Funding uniformed services health benefits for all retirees.

Sec. 413. Effective date.

Subtitle C—Limit on the Public Debt

Sec. 421. Limit on public debt.

#### TITLE V—PAYGO EXTENSION

Sec. 501. PAYGO extension.

#### SEC. 2. EFFECTIVE DATE.

Except as otherwise specifically provided, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act and shall apply with respect to fiscal years beginning after September 30, 2005.

#### SEC. 3. PROTECTION OF SOCIAL SECURITY AND MEDICARE BENEFITS.

Notwithstanding any other provision in law, nothing in titles I through V shall be construed to reduce benefits entitled to Americans through social security and medicare.

#### TITLE I—A SIMPLIFIED BUDGET

##### Subtitle A—Rainy Day Fund for Emergencies

#### SEC. 101. PURPOSE.

The purposes of this subtitle are to—

(1) develop budgetary and fiscal procedures for emergencies;

(2) subject spending for emergencies to budgetary procedures and controls; and

(3) establish criteria for determining compliance with emergency requirements.

#### SEC. 102. REPEAL OF ADJUSTMENTS FOR EMERGENCIES.

(a) ELIMINATION OF EMERGENCY DESIGNATION.—Sections 252(e) and 252(d)(4)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 are repealed.

(b) ELIMINATION OF ADJUSTMENTS.—Section 314 of the Congressional Budget Act of 1974 is repealed.

(c) CONFORMING AMENDMENT.—Clause 2 of rule XXI of the Rules of the House of Representatives is amended by repealing paragraph (e) and by redesignating paragraph (f) as paragraph (e).

#### SEC. 103. OMB EMERGENCY CRITERIA.

(a) DEFINITION OF EMERGENCY.—Section 3 of the Congressional Budget and Impoundment Control Act of 1974 is amended by adding at the end the following new paragraph:

“(1)(A) The term ‘emergency’ means a situation that—

“(i) requires new budget authority and outlays (or new budget authority and the outlays flowing therefrom) for the prevention or mitigation of, or response to, loss of life or property, or a threat to national security; and

“(ii) is unanticipated.

“(B) As used in subparagraph (A), the term ‘unanticipated’ means that the situation is—

“(i) sudden, which means quickly coming into being or not building up over time;

“(ii) urgent, which means a pressing and compelling need requiring immediate action;

“(iii) unforeseen, which means not predicted or anticipated as an emerging need; and

“(iv) temporary, which means not of a permanent duration.”.

(b) CONFORMING AMENDMENT.—Section 250(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding at the end the following new paragraph:

“(20) The term ‘emergency’ has the meaning given to such term in section 3 of the Congressional Budget and Impoundment Control Act of 1974.”.

#### SEC. 104. DEVELOPMENT OF GUIDELINES FOR APPLICATION OF EMERGENCY DEFINITION.

Not later than 5 months after the date of enactment of this Act, the chairmen of the Committees on the Budget (in consultation

with the President) shall, after consulting with the chairmen of the Committees on Appropriations and applicable authorizing committees of their respective Houses and the Directors of the Congressional Budget Office and the Office of Management and Budget, jointly publish in the Congressional Record guidelines for application of the definition of emergency set forth in section 3(1) of the Congressional Budget and Impoundment Control Act of 1974.

#### SEC. 105. RESERVE FUND FOR EMERGENCIES IN PRESIDENT'S BUDGET.

Section 1105(f) of title 31, United States Code is amended by adding at the end the following new sentences: “Such budget submission shall also comply with the requirements of section 316(b) of the Congressional Budget Act of 1974 and, in the case of any budget authority requested for an emergency, such submission shall include a detailed justification of why such emergency is an emergency within the meaning of section 3(1) of the Congressional Budget Act of 1974.”.

#### SEC. 106. ADJUSTMENTS AND RESERVE FUND FOR EMERGENCIES IN CONCURRENT BUDGET RESOLUTIONS.

(a) EMERGENCIES.—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

##### “EMERGENCIES

##### “SEC. 316. (a) ADJUSTMENTS.—

“(1) IN GENERAL.—After the reporting of a bill or joint resolution or the submission of a conference report thereon that provides budget authority for any emergency as identified pursuant to subsection (d) that is not covered by subsection (c)—

“(A) the chairman of the Committee on the Budget of the House of Representatives or the Senate shall determine and certify, pursuant to the guidelines referred to in section 104 of the Deficit Control Act of 2004, the portion (if any) of the amount so specified that is for an emergency within the meaning of section 3(1); and

“(B) such chairman shall make the adjustment set forth in paragraph (2) for the amount of new budget authority (or outlays) in that measure and the outlays flowing from that budget authority.

“(2) MATTERS TO BE ADJUSTED.—The adjustments referred to in paragraph (1) are to be made to the allocations made pursuant to the appropriate concurrent resolution on the budget pursuant to section 302(a) and shall be in an amount not to exceed the amount reserved for emergencies pursuant to the requirements of subsection (b).

##### “(b) RESERVE FUND FOR EMERGENCIES.—

“(1) AMOUNTS.—The amount set forth in the reserve fund for emergencies (other than those covered by subsection (c)) for budget authority and outlays for a fiscal year pursuant to section 301(a)(4) shall equal—

“(A) the average of the enacted levels of budget authority for emergencies (other than those covered by subsection (c)) in the 5 fiscal years preceding the current year; and

“(B) the average of the levels of outlays for emergencies in the 5 fiscal years preceding the current year flowing from the budget authority referred to in subparagraph (A), but only in the fiscal year for which such budget authority first becomes available for obligation.

“(2) AVERAGE LEVELS.—For purposes of paragraph (1), the amount used for a fiscal year to calculate the average of the enacted levels when one or more of such 5 preceding fiscal years is any of fiscal years 2000 through 2004 is as follows: the amount of enacted levels of budget authority and the amount of new outlays flowing therefrom for emergencies, but only in the fiscal year for which such budget authority first becomes

available for obligation for each of such 5 fiscal years, which shall be determined by the Committees on the Budget of the House of Representatives and the Senate after receipt of a report on such matter transmitted to such committees by the Director of the Congressional Budget Office 6 months after the date of enactment of this section and thereafter in February of each calendar year.

“(c) TREATMENT OF EMERGENCIES TO FUND CERTAIN MILITARY OPERATIONS AND OTHER EXTRAORDINARY AND CRITICAL NEEDS.—Whenever the Committee on Appropriations reports any bill or joint resolution that provides budget authority for any emergency that is a threat to national security and the funding of which carries out a military operation authorized by a declaration of war or a joint resolution authorizing the use of military force, or for any other emergency designated by the President and the Congress as relating to extraordinary and critical needs, and the report accompanying that bill or joint resolution, pursuant to subsection (d), identifies any provision that increases outlays or provides budget authority (and the outlays flowing therefrom) for such emergency, the enactment of which would cause the total amount of budget authority or outlays provided for emergencies for the budget year in the concurrent resolution on the budget (pursuant to section 301(a)(4)) to be exceeded, such bill or joint resolution may be considered in the House or the Senate, as the case may be.

“(d) COMMITTEE NOTIFICATION OF EMERGENCY LEGISLATION.—Whenever the Committee on Appropriations or any other committee of either House (including a committee of conference) reports any bill or joint resolution that provides budget authority for any emergency, the report accompanying that bill or joint resolution (or the joint explanatory statement of managers in the case of a conference report on any such bill or joint resolution) shall identify all provisions that provide budget authority and the outlays flowing therefrom for such emergency and include a statement of the reasons why such budget authority meets the definition of an emergency pursuant to the guidelines referred to in section 104 of the Deficit Control Act of 2004.”.

(b) CONFORMING AMENDMENT.—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 315 the following new item:

“Sec. 316. Emergencies.”.

#### SEC. 107. UP-TO-DATE TABULATIONS.

Section 308(b)(2) of the Congressional Budget Act of 1974 is amended by striking “and” at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting “; and”, and by adding at the end the following new subparagraph:

“(D) shall include an up-to-date tabulation of amounts remaining in the reserve fund for emergencies.”.

#### SEC. 108. PROHIBITION ON AMENDMENTS TO EMERGENCY RESERVE FUND.

(a) POINT OF ORDER.—Section 305 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

“(e) POINT OF ORDER REGARDING EMERGENCY RESERVE FUND.—It shall not be in order in the House of Representatives or in the Senate to consider an amendment to a concurrent resolution on the budget which changes the amount of budget authority and outlays set forth in section 301(a)(4) for emergency reserve fund.”.

(b) TECHNICAL AMENDMENT.—(1) Section 904(c)(1) of the Congressional Budget Act of

1974 is amended by inserting “305(e),” after “305(c)(4).”

(2) Section 904(d)(2) of the Congressional Budget Act of 1974 is amended by inserting “305(e),” after “305(c)(4).”

#### SEC. 109. CONTENT OF BUDGET RESOLUTIONS.

Section 301(a)(4) of the Congressional Budget Act of 1974 is amended by inserting before the semicolon at the end the following: “, and for emergencies (for the reserve fund in section 316(b) and for military operations in section 316(c))”.

#### Subtitle B—The Baseline

#### SEC. 111. ELIMINATION OF INFLATION ADJUSTMENT.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) in paragraph (1) by striking “for inflation as specified in paragraph (5),”; and

(2) by striking paragraph (5) and redesignating paragraph (6) as paragraph (5).

#### SEC. 112. THE PRESIDENT'S BUDGET.

(a) Paragraph (5) of section 1105(a) of title 31, United States Code, is amended to read as follows:

“(5) except as provided in subsection (b) of this section, estimated expenditures and appropriations for the current year and estimated expenditures and proposed appropriations the President decides are necessary to support the Government in the fiscal year for which the budget is submitted and the 4 fiscal years following that year, and, except for detailed budget estimates, the percentage change from the current year to the fiscal year for which the budget is submitted for estimated expenditures and for appropriations.”.

(b) Section 1105(a)(6) of title 31, United States Code, is amended to read as follows:

“(6) estimated receipts of the Government in the current year and the fiscal year for which the budget is submitted and the 4 fiscal years after that year under—

“(A) laws in effect when the budget is submitted; and

“(B) proposals in the budget to increase revenues,

and the percentage change (in the case of each category referred to in subparagraphs (A) and (B)) between the current year and the fiscal year for which the budget is submitted and between the current year and each of the 9 fiscal years after the fiscal year for which the budget is submitted.”.

(c) Section 1105(a)(12) of title 31, United States Code, is amended to read as follows:

“(12) for each proposal in the budget for legislation that would establish or expand a Government activity or function, a table showing—

“(A) the amount proposed in the budget for appropriation and for expenditure because of the proposal in the fiscal year for which the budget is submitted;

“(B) the estimated appropriation required because of the proposal for each of the 4 fiscal years after that year that the proposal will be in effect; and

“(C) the estimated amount for the same activity or function, if any, in the current fiscal year,

and, except for detailed budget estimates, the percentage change (in the case of each category referred to in subparagraphs (A), (B), and (C)) between the current year and the fiscal year for which the budget is submitted.”.

(d) Section 1105(a)(18) of title 31, United States Code, is amended by inserting “new budget authority and” before “budget outlays”.

(e) Section 1105(a) of title 31, United States Code, is amended by adding at the end the following new paragraphs:

“(35) a comparison of levels of estimated expenditures and proposed appropriations for each function and subfunction in the current fiscal year and the fiscal year for which the budget is submitted, along with the proposed increase or decrease of spending in percentage terms for each function and subfunction.

“(36) a table on sources of growth in total direct spending under current law and as proposed in this budget submission for the budget year and the ensuing 9 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.”.

(f) Section 1109(a) of title 31, United States Code, is amended by inserting after the first sentence the following new sentence: “For discretionary spending, these estimates shall assume the levels set forth in the discretionary spending limits under section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, as adjusted, for the appropriate fiscal years (and if no such limits are in effect, these estimates shall assume the adjusted levels for the most recent fiscal year for which such levels were in effect).”.

(g) Section 1109(a) of title 31, United States Code, is amended by inserting after the first sentence the following new sentence: “For discretionary spending, these estimates shall assume the levels set forth in the discretionary spending limits under section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, as adjusted, for the appropriate fiscal years (and if no such limits are in effect, these estimates shall assume the adjusted levels for the most recent fiscal year for which such levels were in effect).”.

#### SEC. 113. THE CONGRESSIONAL BUDGET.

Section 301(e) of the Congressional Budget Act of 1974 (as amended by section 103) is further amended—

(1) in paragraph (1), by inserting at the end the following: “The basis of deliberations in developing such concurrent resolution shall be the estimated budgetary levels for the preceding fiscal year. Any budgetary levels pending before the committee and the text of the concurrent resolution shall be accompanied by a document comparing such levels or such text to the estimated levels of the prior fiscal year. Any amendment offered in the committee that changes a budgetary level and is based upon a specific policy assumption for a program, project, or activity shall be accompanied by a document indicating the estimated amount for such program, project, or activity in the current year.”; and

(2) in paragraph (2), by striking “and” at the end of subparagraph (H) (as redesignated), by striking the period and inserting “; and” at the end of subparagraph (I) (as redesignated), and by adding at the end the following new subparagraph:

“(J) a comparison of levels for the current fiscal year with proposed spending and revenue levels for the subsequent fiscal years along with the proposed increase or decrease of spending in percentage terms for each function.”.

(3) in paragraph (3), by striking “and” at the end of subparagraph (H) (as redesignated), by striking the period and inserting “; and” at the end of subparagraph (I) (as redesignated), and by adding at the end the following new subparagraph:

“(J) a comparison of levels for the current fiscal year with proposed spending and revenue levels for the subsequent fiscal years along with the proposed increase or decrease of spending in percentage terms for each function.”.

(4) in paragraph (4), by striking “and” at the end of subparagraph (H) (as redesignated), by striking the period and inserting “; and” at the end of subparagraph (I) (as redesignated), and by adding at the end the following new subparagraph:

“(J) a comparison of levels for the current fiscal year with proposed spending and revenue levels for the subsequent fiscal years along with the proposed increase or decrease of spending in percentage terms for each function.”.

#### SEC. 114. CONGRESSIONAL BUDGET OFFICE REPORTS TO COMMITTEES.

(a) The first sentence of section 202(e)(1) of the Congressional Budget Act of 1974 is amended by inserting “compared to comparable levels for the current year” before the comma at the end of subparagraph (A) and before the comma at the end of subparagraph (B).

(b) Section 202(e)(1) of the Congressional Budget Act of 1974 is amended by inserting after the first sentence the following new sentence: “Such report shall also include a table on sources of spending growth in total direct spending for the budget year and the ensuing 4 fiscal years, which shall include changes in outlays attributable to the following: cost-of-living adjustments; changes in the number of program recipients; increases in medical care prices, utilization and intensity of medical care; and residual factors.”.

(c) Section 308(a)(1)(B) of the Congressional Budget Act of 1974 is amended by inserting

“and shall include a comparison of those levels to comparable levels for the current fiscal year” before “if timely submitted”.

(d) Section 202(e) of the Congressional Budget Act of 1974 is amended by adding at the end the following new paragraph:

“(4) On or before February 15 of each year, the Director shall submit to the Committees on the Budget of the House of Representatives and the Senate, a report for the fiscal year ending on September 30 of the preceding year, with respect to entitlement spending, including (A) a comparison of actual spending for entitlements, on an account by account basis, with projected spending for such entitlements assumed in the concurrent resolution of the budget for that fiscal year and (B) an identification of those entitlements for which the actual spending exceeded the projected spending.”.

#### SEC. 115. TREATMENT OF EMERGENCIES.

Section 257(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 (as amended by section 111) is further amended by adding at the end the following new paragraph:

“(6) EMERGENCIES.—Budgetary resources for emergencies shall be at the level provided in the reserve fund for emergencies for that fiscal year pursuant to section 301(a)(4) of the Congressional Budget Act of 1974.”.

### TITLE II—IMPLEMENTING FEDERAL SPENDING DISCIPLINE

#### Subtitle A—Spending Safeguards on the Growth of Entitlements and Mandatories

#### SEC. 201. SPENDING CAPS ON GROWTH OF ENTITLEMENTS AND MANDATORIES.

(a) CONTROL OF ENTITLEMENTS AND MANDATORIES.—The Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding after section 252 the following new section:

#### “SEC. 252A. ENFORCING CONTROLS ON DIRECT SPENDING.

“(a) CAP ON GROWTH OF ENTITLEMENTS.—Effective for fiscal year 2006 and for each ensuing fiscal year, the total level of direct spending for all direct spending programs, projects, and activities (excluding social security, medicare, and net interest spending) for any such fiscal year shall not exceed the total level of spending for all such programs, projects, and activities for the previous fiscal year after the direct spending for each such program, project, or activity is increased by—

“(1) the higher of the change in the Consumer Price Index for All Urban Consumers or the inflator (if any) applicable to that program, project, or activity; and

“(2) the growth in eligible population for such program, project, or activity.

“(b) SEQUESTRATION.—Within 15 days after Congress adjourns to end a session (other than of the second session of the One Hundred Eighth Congress), and on the same day as a sequestration (if any) under section 251, there shall be a sequestration to reduce the amount of direct spending for the fiscal year beginning in the year the Congress adjourns by any amount necessary to reduce such spending to the level set forth in subsection (a) unless that amount is less than \$250,000,000.

“(c) UNIFORM REDUCTIONS; LIMITATIONS.—The amount required to be sequestered for the fiscal year under subsection (a) shall be obtained from nonexempt direct spending accounts by actions taken in the following order:

“(1) FIRST.—The reductions in the programs specified in section 256(a) (National Wool Act and special milk), section 256(b) (guaranteed student loans), and section 256(c) (foster care and adoption assistance) shall be made.

“(a) CAP ON GROWTH OF ENTITLEMENTS.—Effective for fiscal year 2006 and for each ensuing fiscal year, the total level of direct spending for all direct spending programs, projects, and activities (excluding social security, medicare, and net interest spending) for any such fiscal year shall not exceed the total level of spending for all such programs, projects, and activities for the previous fiscal year after the direct spending for each such program, project, or activity is increased by—

“(1) the higher of the change in the Consumer Price Index for All Urban Consumers or the inflator (if any) applicable to that program, project, or activity; and

“(2) the growth in eligible population for such program, project, or activity.

“(b) SEQUESTRATION.—Within 15 days after Congress adjourns to end a session (other than of the second session of the One Hundred Eighth Congress), and on the same day as a sequestration (if any) under section 251, there shall be a sequestration to reduce the amount of direct spending for the fiscal year beginning in the year the Congress adjourns by any amount necessary to reduce such spending to the level set forth in subsection (a) unless that amount is less than \$250,000,000.

“(c) UNIFORM REDUCTIONS; LIMITATIONS.—The amount required to be sequestered for the fiscal year under subsection (a) shall be obtained from nonexempt direct spending accounts by actions taken in the following order:

“(1) FIRST.—The reductions in the programs specified in section 256(a) (National Wool Act and special milk), section 256(b) (guaranteed student loans), and section 256(c) (foster care and adoption assistance) shall be made.

“(2) SECOND.—Any additional reductions that may be required shall be achieved by reducing each remaining nonexempt direct spending account by the uniform percentage necessary to achieve those additional reductions, except that—

“(A) the low-income programs specified in section 256(d) shall not be reduced by more than 2 percent; and

“(B) the retirement and veterans benefits specified in sections 256(f), (g), and (h) shall not be reduced by more than 2 percent in the manner specified in that section.

The limitations set forth in subparagraphs (A) and (B) shall be applied iteratively, and after each iteration the uniform percentage applicable to all other programs under this paragraph shall be increased (if necessary) to a level sufficient to achieve the reductions required by this paragraph.”

(b) TABLE OF CONTENTS AMENDMENT.—The table of contents set forth in 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by adding after the item relating to section 252 the following new item:

“Sec. 252A. Enforcing controls on direct spending.”

#### SEC. 202. EXEMPT PROGRAMS AND ACTIVITIES.

Section 255 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

#### “SEC. 255. EXEMPT PROGRAMS AND ACTIVITIES.

“(a) SOCIAL SECURITY BENEFITS; TIER I RAILROAD RETIREMENT BENEFITS; AND MEDICARE BENEFITS.—(1) Benefits payable under the old-age, survivors, and disability insurance program established under title II of the Social Security Act, and benefits payable under section 3(a), 3(f)(3), 4(a), or 4(f) of the Railroad Retirement Act of 1974, shall be exempt from reduction under any order issued under this part.

“(2) Payments made under title XVIII (relating to medicare of the Social Security Act) shall be exempt from reduction under any order issued under this part.

“(b) DESCRIPTIONS AND LISTS.—The following budget accounts or activities 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) all payments from one Federal direct spending budget account to another Federal budget account; and all intragovernmental funds including those from which funding is derived primarily from other Government accounts, except to the extent that such funds are augmented by direct appropriations for the fiscal year for which the order is in effect;

“(4) activities resulting from private donations, bequests, or voluntary contributions to the Government;

“(5) payments from any revolving fund or trust-revolving fund (or similar activity) that provides deposit insurance or other 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;

“(6) credit liquidating and financing accounts;

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

“Administration of Territories, Northern Mariana Islands Covenant grants (14-0412-0-1-806);

“Armed Forces Retirement Home Trust Fund, payment of claims (84-8930-0-7-705);

“Bureau of Indian Affairs, miscellaneous payments to Indians (14-2303-0-1-452);

“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 Administration, Limitation on Administration Expenses (78-4131-0-3-351);

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

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

“Panama Canal Commission, operating expenses and capital outlay (95-5190-0-2-403);

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

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

“Payments to health care trust funds (75-0580-0-1-571);

“Payments to social security trust funds (75-0404-0-1-651);

“Payments to the United States territories, fiscal assistance (14-0418-0-1-801);

“Payments to widows and heirs of deceased Members of Congress (00-0215-0-1-801);

“Pension Benefit Guaranty Corporation Fund (16-4204-0-3-601);

“Salaries of Article III judges;

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

“(8) the following noncredit special, revolving, or trust-revolving funds:

“Coinage profit fund (20-5811-0-2-803);

“Comptroller of the Currency;

“Director of the Office of Thrift Supervision;

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

“Federal Housing Finance Board;

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

“National Credit Union Administration, central liquidating facility (25-4470-0-3-373);

“National Credit Union Administration, credit union insurance fund (25-4468-0-3-373);

“National Credit Union Administration operating fund (25-4056-0-3-373); and

“Resolution Trust Corporation Revolving Fund (22-4055-0-3-373);

“(9) Thrift Savings Fund;

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

“(11)(A) any amount paid as regular unemployment compensation by a State from its account in the Unemployment Trust Fund (established by section 904(a) of the Social Security Act);

“(B) any advance made to a State from the Federal unemployment account (established by section 904(g) of such Act) under title XII of such Act and any advance appropriated to the Federal unemployment account pursuant to section 1203 of such Act; and

“(C) any payment made from the Federal Employees Compensation Account (as established under section 909 of such Act) for the purpose of carrying out chapter 85 of title 5, United States Code, and funds appropriated or transferred to or otherwise deposited in such Account;

“(12)(A) FDIC, Bank Insurance Fund (51-4064-0-3-373);

“(B) FDIC, FSLIC Resolution Fund (51-4065-0-3-373); and

“(C) FDIC, Savings Association Insurance Fund (51-4066-0-3-373); and

“(13) Food Stamp Programs (12-3505-0-1-605).

“(c) FEDERAL RETIREMENT AND DISABILITY ACCOUNTS.—The following Federal retirement and disability accounts shall be exempt from reduction under any order issued under this part:

“Civil service retirement and disability fund (24-8135-0-7-602).

“Black Lung Disability Trust Fund (20-8144-0-7-601).

“Foreign Service Retirement and Disability Fund (19-8186-0-7-602).

“District of Columbia Judicial Retirement and Survivors Annuity Fund (20-8212-0-7-602).

“Judicial Survivors’ Annuities Fund (10-8110-0-7-602).

“Payments to the Railroad Retirement Accounts (60-0113-0-1-601).

“Tax Court Judges Survivors Annuity Fund (23-8115-0-7-602).

“Employees Life Insurance Fund (24-8424-0-8-602).

“(d) FEDERAL ADMINISTRATIVE EXPENSES.—

“(1) Notwithstanding any provision of law other than paragraph (3), administrative expenses incurred by the departments and agencies, including independent agencies, of the Government in connection with any program, project, activity, or account shall be subject to reduction pursuant to any sequestration order, without regard to any exemption, exception, limitation, or special rule otherwise applicable with respect to such program, project, activity, or account, and regardless of whether the program, project, activity, or account is self-supporting and does not receive appropriations.

“(2) Payments made by the Government to reimburse or match administrative costs incurred by a State or political subdivision under or in connection with any program, project, activity, or account shall not be considered administrative expenses of the Government for purposes of this section, and shall be subject to sequestration to the extent (and only to the extent) that other payments made by the Government under or in connection with that program, project, activity, or account are subject to that reduction or sequestration; except that Federal payments made to a State as reimbursement of administrative costs incurred by that State under or in connection with the unemployment compensation programs specified in subsection (a)(11) shall be subject to reduction or sequestration under this part notwithstanding the exemption otherwise granted to such programs under that subsection.

“(3) Notwithstanding any other provision of law, the administrative expenses of the following programs shall be exempt from sequestration:

“(A) Comptroller of the Currency.

“(B) Federal Deposit Insurance Corporation.

“(C) Office of Thrift Supervision.

“(D) National Credit Union Administration.

“(E) National Credit Union Administration, central liquidity facility.

“(F) Federal Retirement Thrift Investment Board.

“(G) Resolution Funding Corporation.

“(H) Resolution Trust Corporation.

“(I) Board of Governors of the Federal Reserve System.

“(e) VETERANS’ PROGRAMS.—The following programs shall be exempt from reduction under any order issued under this part:

“General Post Funds (36-8180-0-7-705).

“Veterans Insurance and Indemnities (36-0120-0-1-701).

“Service-Disabled Veterans Insurance Funds (36-4012-0-701).

“Veterans Reopened Insurance Fund (36-4010-0-3-701).

“‘Servicemembers’ Group Life Insurance Fund (36-4009-0-3-701).

“Post-Vietnam Era Veterans Education Account (36-8133-0-7-702).

“National Service Life Insurance Fund (36-8132-0-7-701).

“United States Government Life Insurance Fund (36-8150-0-7-701).

“Veterans Special Life Insurance Fund (36-8455-0-8-701).

“(f) OPTIONAL EXEMPTION OF DEFENSE AND HOMELAND SECURITY ACCOUNTS.—

“(1) IN GENERAL.—The President may, with respect to any defense or homeland security account, exempt that account from sequestration or provide for a lower uniform percentage reduction than would otherwise apply.

“(2) LIMITATION.—The President may not use the authority provided by paragraph (1) unless the President notifies the Congress of the manner in which such authority will be exercised on or before the date specified in section 254(a) for the budget year.”.

**SEC. 203. EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.**

(a) IN GENERAL.—Section 256 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

**“SEC. 256. EXCEPTIONS, LIMITATIONS, AND SPECIAL RULES.**

“(a) NATIONAL WOOL ACT AND THE SPECIAL MILK PROGRAM.—Automatic spending increases are increases in outlays due to changes in indexes in the following programs:

“(1) National Wool Act; and

“(2) Special milk program.

In those programs all amounts other than the automatic spending increases shall be exempt from reduction under any sequestration order.

“(b) THE GUARANTEED STUDENT LOAN PROGRAM.—(1) Any reductions which are required to be achieved from the student loan programs operated pursuant to part B of title IV of the Higher Education Act of 1965 under any sequestration order shall be achieved only from loans described in paragraphs (2) and (3) by the application of the measures described in such paragraphs.

“(2) For any loan made during the period beginning on the date that a sequestration order takes effect with respect to a fiscal year, the rate used in computing the special allowance payment pursuant to section 438(b)(2)(A)(iii) of such Act for each of the first four special allowance payments for such loan shall be adjusted by reducing such rate by the lesser of—

“(A) 0.40 percent, or

“(B) the percentage by which the rate specified in such section exceeds 3 percent.

“(3) For any loan made during the period beginning on the date that a sequestration order takes effect with respect to a fiscal year, the origination fee which is authorized to be collected pursuant to section 438(c)(2) of such Act shall be increased by 0.50 percent.

“(c) FOSTER CARE AND ADOPTION ASSISTANCE PROGRAMS.—Any sequestration order shall make the reduction otherwise required under the foster care and adoption assistance programs (established by part E of title IV of the Social Security Act) only with respect to payments and expenditures made by States in which increases in foster care maintenance payment rates or adoption assistance payment rates (or both) are to take effect during the fiscal year involved, and only to the extent that the required reduction can be accomplished by applying a uniform percentage reduction to the Federal matching payments that each such State would otherwise

receive under section 474 of that Act (for such fiscal year) for that portion of the State’s payments attributable to the increases taking effect during that year. No State’s matching payments from the Government for foster care maintenance payments or for adoption assistance maintenance payments may be reduced by a percentage exceeding the applicable domestic sequestration percentage. No State may, after the date of the enactment of this Act, make any change in the timetable for making payments under a State plan approved under part E of title IV of the Social Security Act which has the effect of changing the fiscal year in which expenditures under such part are made.

“(d) LOW-INCOME PROGRAMS.—(1) Benefit payments or payments to States or other entities for the programs listed in paragraph (2) shall not be reduced by more than 2 percent under any sequestration order. When reduced under an end-of-session sequestration order, those benefit reductions shall occur starting with the payment made at the start of January. When reduced under a within-session sequestration order, those benefit reductions shall occur starting with the next periodic payment.

“(2) The programs referred to in paragraph (1) are the following:

“Child Nutrition (12-3539-0-1-605).

“Grants to States for Medicaid (75-0512-0-1-551).

“State Children’s Health Insurance Fund (75-0515-0-1-551).

“Supplemental Security Income Program (75-0406-0-1-609).

“Temporary Assistance for Needy Families (75-1552-0-1-609).

“Special supplemental nutrition program for women, infants, and children (WIC) (12-3510-0-1-605).

“(e) VETERANS’ MEDICAL CARE.—The maximum permissible reduction in budget authority for Veterans’ medical care (36-0160-0-1-703) for any fiscal year, pursuant to an order issued under section 254, shall be 2 percent.

“(f) FEDERAL RETIREMENT PROGRAMS.—

“(1) For each of the programs listed in paragraph (2) and except as provided in paragraph (3), monthly (or other periodic) benefit payments shall be reduced by the uniform percentage applicable to direct spending sequestrations for such programs, which shall in no case exceed 2 percent under any sequestration order. When reduced under an end-of-session sequestration order, those benefit reductions shall occur starting with the payment made at the start of January or 7 weeks after the order is issued, whichever is later. When reduced under a within-session sequestration order, those benefit reductions shall occur starting with the next periodic payment.

“(2) The programs subject to paragraph (1) are:

“Central Intelligence Agency Retirement and Disability Fund (56-3400-0-1-054).

“Comptrollers General Retirement System (05-0107-0-1-801)

“Judicial Officers’ Retirement Fund (10-8122-0-7-602).

“Claims Judges’ Retirement Fund (10-8124-0-7-602).

“Pensions for former Presidents (47-0105-0-1-802).

“National Oceanic and Atmospheric Administration Retirement (13-1450-0-1-306).

“Railroad Industry Pension Fund (60-8011-0-7-601).

“Retired pay, Coast Guard (70-0602-0-1-403).

“Retirement pay and medical benefits for commissioned officers, Public Health Service (75-0379-0-1-551).

“Payments to Civil Service Retirement and Disability Fund (24-0200-0-1-805).

“Payments to the Foreign Service Retirement and Disability Fund (72-1036-0-1-153)

“Payments to Judiciary Trust Funds (10-0941-0-1-752).

“(g) VETERANS PROGRAMS.—To achieve the total percentage reduction required by any order issued under this part, the percentage reduction that shall apply to payments under the following programs shall in no event exceed 2 percent:

“Canteen Service Revolving Fund (36-4014-0-3-705).

“Medical Center Research Organizations (36-4026-0-3-703).

“Disability Compensation Benefits (36-0102-0-1-701).

“Education Benefits (36-0137-0-1-702).

“Vocational Rehabilitation and Employment Benefits (36-0135-0-1-702).

“Pensions Benefits (36-0154-0-1-701).

“Burial Benefits (36-0139-0-1-701).

“Guaranteed Transitional Housing Loans For Homeless Veterans Program Account (36-1119-0-1-704).

“Housing Direct Loan Financing Account (36-4127-0-1-704).

“Housing Guaranteed Loan Financing Account (36-4129-0-3-704).

“Vocational Rehabilitation and Education Direct Loan Financing Account (36-4259-0-3-702).

“(h) MILITARY RETIREMENT.—To achieve the total percentage reduction in military retirement required by any order issued under this part, the percentage reduction that shall apply to payments under the military retirement fund (97-8097-0-7-602) and payments to the military retirement fund (97-0040-0-1-054) shall in no event exceed 2 percent.

“(i) FEDERAL PAY.—

“(1) IN GENERAL.—For purposes of any order issued under section 254, new budget authority to pay Federal personnel shall be reduced by the applicable uniform percentage, 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 section 302 of the Federal Employees Pay Comparability Act of 1990) or the rate of any element of military pay to which any individual is entitled under title 37, 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 1009 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 403a and 405 of such title, and

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

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

“(j) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any sequestration order shall accomplish the full amount of any required reduction in expenditures under sections 455 and 458 of the Social Security Act by reducing the Federal matching rate for State administrative costs under such 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.

“(k) EXTENDED UNEMPLOYMENT COMPENSATION.—(1) A State may reduce each weekly

benefit payment made under the Federal-State Extended Unemployment Compensation Act of 1970 for any week of unemployment occurring during any period with respect to which payments are reduced under an order issued under this title by a percentage not to exceed the percentage by which the Federal payment to the State under section 204 of such Act is to be reduced for such week as a result of such order.

“(2) A reduction by a State in accordance with subparagraph (A) shall not be considered as a failure to fulfill the requirements of section 3304(a)(11) of the Internal Revenue Code of 1954.

“(1) COMMODITY CREDIT CORPORATION.—

“(1) POWERS AND AUTHORITIES OF THE COMMODITY CREDIT CORPORATION.—This title shall not restrict the Commodity Credit Corporation in the discharge of its authority and responsibility as a corporation to buy and sell commodities in world trade, to use the proceeds as a revolving fund to meet other obligations and otherwise operate as a corporation, the purpose for which it was created.

“(2) REDUCTION IN PAYMENTS MADE UNDER CONTRACTS.—(A) Payments and loan eligibility under any contract entered into with a person by the Commodity Credit Corporation prior to the time any sequestration order has been issued shall not be reduced by an order subsequently issued. Subject to subparagraph (B), after any sequestration order is issued for a fiscal year, any cash payments made by the Commodity Credit Corporation—

“(i) under the terms of any one-year contract entered into in or after such fiscal year and after the issuance of the order; and

“(ii) out of an entitlement account, to any person (including any producer, lender, or guarantee entity) shall be subject to reduction under the order.

“(B) Each contract entered into with producers or producer cooperatives with respect to a particular crop of a commodity and subject to reduction under subparagraph (A) shall be reduced in accordance with the same terms and conditions. If some, but not all, contracts applicable to a crop of a commodity have been entered into prior to the issuance of any sequestration order, the order shall provide that the necessary reduction in payments under contracts applicable to the commodity be uniformly applied to all contracts for succeeding crops of the commodity, under the authority provided in paragraph (3).

“(3) DELAYED REDUCTION IN OUTLAYS PERMISSIBLE.—Notwithstanding any other provision of this title, if any sequestration order is issued with respect to a fiscal year, any reduction under the order applicable to contracts described in paragraph (2) may provide for reductions in outlays for the account involved to occur in the fiscal years following the fiscal year to which the order applies.

“(4) UNIFORM PERCENTAGE RATE OF REDUCTION AND OTHER LIMITATIONS.—All reductions described in paragraph (2) that are required to be made in connection with any sequestration order with respect to a fiscal year—

“(A) shall be made so as to ensure that outlays for each program, project, activity, or account involved are reduced by a percentage rate that is uniform for all such programs, projects, activities, and accounts, and may not be made so as to achieve a percentage rate of reduction in any such item exceeding the rate specified in the order; and

“(B) with respect to commodity price support and income protection programs, shall be made in such manner and under such procedures as will attempt to ensure that—

“(i) uncertainty as to the scope of benefits under any such program is minimized;

“(ii) any instability in market prices for agricultural commodities resulting from the reduction is minimized; and

“(iii) normal production and marketing relationships among agricultural commodities (including both contract and non-contract commodities) are not distorted.

In meeting the criterion set out in clause (iii) of subparagraph (B) of the preceding sentence, the President shall take into consideration that reductions under an order may apply to programs for two or more agricultural commodities that use the same type of production or marketing resources or that are alternative commodities among which a producer could choose in making annual production decisions.

“(5) CERTAIN AUTHORITY NOT TO BE LIMITED.—Nothing in this title shall limit or reduce in any way any appropriation that provides the Commodity Credit Corporation with funds to cover the Corporation's net realized losses.

“(m) POSTAL SERVICE FUND.—Notwithstanding any other provision of law, any sequestration of the Postal Service Fund shall be accomplished by a payment from that Fund to the General Fund of the Treasury, and the Postmaster General of the United States shall make the full amount of that payment during the fiscal year to which the presidential sequestration order applies.

“(n) EFFECTS OF SEQUESTRATION.—The effects of sequestration shall be as follows:

“(1) Budgetary resources sequestered from any account other than an entitlement trust, special, or revolving fund account shall revert to the Treasury and be permanently canceled.

“(2) Except as otherwise provided, the same percentage sequestration shall apply to all programs, projects, and activities within a budget account (with programs, projects, and activities as delineated in the appropriation Act or accompanying report for the relevant fiscal year covering that account, or for accounts not included in appropriation Acts, as delineated in the most recently submitted President's budget).

“(3) Administrative regulations or similar actions implementing a sequestration shall be made within 120 days of the sequestration order. To the extent that formula allocations differ at different levels of budgetary resources within an account, program, project, or activity, the sequestration shall be interpreted as producing a lower total appropriation, with that lower appropriation being obligated as though it had been the pre-sequestration appropriation and no sequestration had occurred.

“(4) Except as otherwise provided, obligations in sequestered direct spending accounts shall be reduced in the fiscal year in which a sequestration occurs and in all succeeding fiscal years.

“(5) If an automatic spending increase is sequestered, the increase (in the applicable index) that was disregarded as a result of that sequestration shall not be taken into account in any subsequent fiscal year.

“(6) 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.”

(b) CONFORMING AMENDMENT.—The table of contents set forth in 250(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by amending the item relating to section 256 to read as follows:

“Sec. 256. Exceptions, limitations, and special rules.”

#### SEC. 204. POINT OF ORDER.

(a) ENTITLEMENT POINT OF ORDER.—Section 312 of the Congressional Budget Act of 1974 is amended by adding at the end the following new subsection:

“(g) ENTITLEMENT POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that—

“(1) increases aggregate level of direct spending for any ensuing fiscal year or

“(2) includes any provision that has the effect of modifying the application of section 252A of the Balanced Budget and Emergency Deficit Control Act of 1985 to any entitlement program subject to sequestration or exempt from sequestration under such Act.”

#### SEC. 205. TECHNICAL AND CONFORMING AMENDMENTS.

The Balanced Budget and Emergency Deficit Control Act of 1985 is amended as follows:

(1) Section 251(a)(1) is amended by inserting “, section 252A,” after “section 252”.

(2) Section 254(c)(4)(B) is amended by inserting “or section 252A” after “section 252”.

(3) Section 254(c) is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

“(5) DIRECT SPENDING CONTROL SEQUESTRATION REPORTS.—The preview reports shall set forth, for the current year and the budget year, estimates for each of the following:

“(A) The total level of direct spending for all programs, projects, and activities (excluding social security).

“(B) The sequestration percentage or (if the required sequestration percentage is greater than the maximum allowable percentage for medicare) percentages necessary to comply with section 252A.”

(4) Section 254(f) is amended by redesignating paragraphs (4) and (5) as paragraphs (5) and (6) and by inserting after paragraph (3) the following new paragraph:

“(4) DIRECT SPENDING CONTROL SEQUESTRATION REPORTS.—The final reports shall contain all the information required in the direct spending control sequestration preview reports. In addition, these reports shall contain, for the budget year, for each account to be sequestered, estimates of the baseline level of sequesterable budgetary resources and resulting outlays and the amount of budgetary resources to be sequestered and resulting outlay reductions. The reports shall also contain estimates of the effects on outlays of the sequestration in each outyear for direct spending programs.”

(5) Section 258(c)(1) is amended by inserting “, 252A,” after “section 252”.

#### Subtitle B—Discretionary Spending Limits

#### SEC. 211. ENFORCING DISCRETIONARY SPENDING LIMITS.

(a) DISCRETIONARY SPENDING LIMITS.—Sections 251(b) and (c) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended to read as follows:

“(b) DISCRETIONARY SPENDING LIMIT.—As used in this part, the term ‘discretionary spending limit’ means with respect to fiscal year 2005: \$818,736,000,000 in new budget authority and \$901,816,000,000 in outlays.”

(b) DISCRETIONARY SPENDING LIMIT POINT OF ORDER.—Section 312 of the Congressional Budget Act of 1974 (as amended by section 204(a)) is further amended by adding at the end the following new subsection:

“(h) DISCRETIONARY SPENDING LIMIT POINT OF ORDER.—It shall not be in order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, or conference report that—

“(1) increases the discretionary spending limits for any ensuing fiscal year after the budget year; or

“(2) would cause the discretionary spending limits for the budget year to be breached.”.

**SEC. 212. ANNUAL JOINT RESOLUTION ESTABLISHING DISCRETIONARY SPENDING LIMITS.**

(a) IN GENERAL.—Title III of the Congressional Budget Act of 1974 is amended by adding at the end the following new section:

“ANNUAL JOINT RESOLUTION ESTABLISHING DISCRETIONARY SPENDING LIMITS

“SEC. 317. (a) INTRODUCTION.—Before the close of the second legislative day of the House of Representatives after the date of House passage of a concurrent resolution on the budget, the chairman of the Committee on the Budget of the House shall introduce a joint resolution that amends section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 to establish a discretionary spending limit for the fiscal year of the concurrent resolution.

“(b) EXPEDITED CONSIDERATION.—For purposes of the consideration of a joint resolution introduced pursuant to subsection (a), the provisions of subsections (c) and (d) of section 1013 (other than subsection (c)(1)(A)) shall be applied by substituting ‘joint resolution’ and ‘Committee on the Budget’ for ‘bill’ and ‘Committee on Appropriations’, respectively.”.

(b) CONFORMING AMENDMENT.—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 316 the following new item:

“Sec. 317. Annual joint resolution establishing discretionary spending limits.”.

**TITLE III—COMBATING WASTE, FRAUD, AND ABUSE.**

**Subtitle A—Enhanced Rescissions of Budget Authority Identified by the President as Wasteful Spending**

**SEC. 301. ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS.**

(a) IN GENERAL.—Part B of title X of the Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. 681 et seq.) is amended by redesignating sections 1013 through 1017 as sections 1014 through 1018, respectively, and by inserting after section 1012 the following new section:

“ENHANCED CONSIDERATION OF CERTAIN PROPOSED RESCISSIONS

“SEC. 1013. (a) PROPOSED RESCISSION OF BUDGET AUTHORITY IDENTIFIED AS WASTEFUL SPENDING.—The President may propose, at the time and in the manner provided in subsection (b), the rescission of any budget authority provided in an appropriation Act that he identifies as wasteful spending. If the President proposes a rescission of budget authority, he may also propose to reduce the appropriate discretionary spending limits for new budget authority and outlays flowing therefrom set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985 by an amount that does not exceed the amount of the proposed rescission. Funds made available for obligation under this procedure may not be proposed for rescission again under this section.

“(b) TRANSMITTAL OF SPECIAL MESSAGE.—

“(1) The President may transmit to Congress a special message proposing to rescind amounts of budget authority and include with that special message a draft bill that, if enacted, would only rescind that budget authority unless the President also proposes a reduction in the appropriate discretionary spending limits set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985. That bill shall clearly identify the amount of budget authority that

is proposed to be rescinded for each program, project, or activity to which that budget authority relates.

“(2) In the case of an appropriation Act that includes accounts within the jurisdiction of more than one subcommittee of the Committee on Appropriations, the President in proposing to rescind budget authority under this section shall send a separate special message and accompanying draft bill for accounts within the jurisdiction of each subcommittee.

“(3) Each special message shall specify, with respect to the budget authority proposed to be rescinded, the following:

“(A) The amount of budget authority which he proposes to be rescinded.

“(B) Any account, department, or establishment of the Government to which such budget authority is available for obligation, and the specific project or governmental functions involved.

“(C) The reasons why the budget authority should be rescinded, including why he considers it to be wasteful spending.

“(D) To the maximum extent practicable, the estimated fiscal, economic, and budgetary effect (including the effect on outlays and receipts in each fiscal year) of the proposed rescission.

“(E) All facts, circumstances, and considerations relating to or bearing upon the proposed rescission and the decision to effect the proposed rescission, and to the maximum extent practicable, the estimated effect of the proposed rescission upon the objects, purposes, and programs for which the budget authority is provided.

“(F) A reduction in the appropriate discretionary spending limits set forth in section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985, if proposed by the President.

“(c) PROCEDURES FOR EXPEDITED CONSIDERATION.—

“(1)(A) Before the close of the second legislative day of the House of Representatives after the date of receipt of a special message transmitted to Congress under subsection (b), the majority leader or minority leader of the House of Representatives shall introduce (by request) the draft bill accompanying that special message. If the bill is not introduced as provided in the preceding sentence, then, on the third legislative day of the House of Representatives after the date of receipt of that special message, any Member of that House may introduce the bill.

“(B) The bill shall be referred to the Committee on Appropriations. The bill shall be reported not later than the seventh legislative day of that House after the date of receipt of that special message. If that committee fails to report the bill within that period, that committee shall be automatically discharged from consideration of the bill, and the bill shall be placed on the appropriate calendar.

“(C) A vote on final passage of the bill shall be taken in the House of Representatives on or before the close of the 10th legislative day of that House after the date of the introduction of the bill in that House. If the bill is passed, the Clerk of the House of Representatives shall cause the bill to be engrossed, certified, and transmitted to the Senate within one calendar day of the day on which the bill is passed.

“(2)(A) A motion in the House of Representatives to proceed to the consideration of a bill under this section shall be highly privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

“(B) Debate in the House of Representatives on a bill under this section shall not

exceed 4 hours, which shall be divided equally between those favoring and those opposing the bill. A motion to further limit debate shall not be debatable. It shall not be in order to move to recommit a bill under this section or to move to reconsider the vote by which the bill is agreed to or disagreed to.

“(C) Appeals from decisions of the Chair relating to the application of the Rules of the House of Representatives to the procedure relating to a bill under this section shall be decided without debate.

“(D) Except to the extent specifically provided in the preceding provisions of this subsection, consideration of a bill under this section shall be governed by the Rules of the House of Representatives. It shall not be in order in the House of Representatives to consider any rescission bill introduced pursuant to the provisions of this section under a suspension of the rules or under a special rule.

“(3) A bill transmitted to the Senate pursuant to paragraph (1)(D) shall be referred to its Committee on Appropriations. That committee shall report the bill without substantive revision and with or without recommendation. The bill shall be reported not later than the seventh legislative day of the Senate after it receives the bill. A committee failing to report the bill within such period shall be automatically discharged from consideration of the bill, and the bill shall be placed upon the appropriate calendar.

“(4)(A) A motion in the Senate to proceed to the consideration of a bill under this section shall be privileged and not debatable. An amendment to the motion shall not be in order, nor shall it be in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

“(B) Debate in the Senate on a bill under this section, and all debatable motions and appeals in connection therewith (including debate pursuant to subparagraph (C)), shall not exceed 10 hours. The time shall be equally divided between, and controlled by, the majority leader and the minority leader or their designees.

“(C) Debate in the Senate or any debatable motion or appeal in connection with a bill under this section shall be limited to not more than 1 hour, to be equally divided between, and controlled by, the mover and the manager of the bill, except that in the event the manager of the bill is in favor of any such motion or appeal, the time in opposition thereto, shall be controlled by the minority leader or his designee. Such leaders, or either of them, may, from time under their control of the passage of a bill, allot additional time to any Senator during the consideration of any debatable motion or appeal.

“(D) A motion in the Senate to further limit debate on a bill under this section is not debatable. A motion to recommit a bill under this section is not in order.

“(d) AMENDMENT AND DIVISIONS PROHIBITED.—No amendment to a bill considered under this section shall be in order in either the House of Representatives or the Senate. It shall not be in order to demand a division of the question in the House of Representatives (or in a Committee of the Whole) or in the Senate. No motion to suspend the application of this subsection shall be in order in either House, nor shall it be in order in either House to suspend the application of this subsection by unanimous consent.

“(e) REQUIREMENT TO MAKE AVAILABLE FOR OBLIGATION.—Any amount of budget authority proposed to be rescinded in a special message transmitted to Congress under subsection (b) shall be made available for obligation on the day after the date on which either House rejects the bill transmitted with that special message.

“(f) DEFINITIONS.—For purposes of this section:

“(1) The term ‘appropriation Act’ means any general or special appropriation Act, and any Act or joint resolution making supplemental, deficiency, or continuing appropriations.

“(2) The term ‘legislative day’ means, with respect to either House of Congress, any day of session.

“(3) The term ‘rescind’ means, with respect to an appropriation Act, to reduce the amount of budget authority appropriated in that Act, and reducing budget authority shall include reducing obligation limitations set forth in that Act.”.

(b) EXERCISE OF RULEMAKING POWERS.—Section 904 of the Congressional Budget Act of 1974 (2 U.S.C. 621 note) is amended—

(1) in subsection (a), by striking “and 1017” and inserting “1012, and 1017”; and

(2) in subsection (d), by striking “section 1017” and inserting “sections 1012 and 1017”.

(c) CONFORMING AMENDMENTS.—

(1) Section 1011 of the Congressional Budget Act of 1974 (2 U.S.C. 682(5)) is amended by repealing paragraphs (3) and (5) and by redesignating paragraph (4) as paragraph (3).

(2) Section 1014 of such Act (2 U.S.C. 685) is amended—

(A) in subsection (b)(1), by striking “or the reservation”; and

(B) in subsection (e)(1), by striking “or a reservation” and by striking “or each such reservation”.

(3) Section 1015(a) of such Act (2 U.S.C. 686) is amended by striking “is to establish a reserve or”, by striking “the establishment of such a reserve or”, and by striking “reserve or” each other place it appears.

(4) Section 1017 of such Act (2 U.S.C. 687) is amended—

(A) in subsection (a), by striking “rescission bill introduced with respect to a special message or”;

(B) in subsection (b)(1), by striking “rescission bill or”, by striking “bill or” the second place it appears, by striking “rescission bill with respect to the same special message or”, and by striking “, and the case may be.”;

(C) in subsection (b)(2), by striking “bill or” each place it appears;

(D) in subsection (c), by striking “rescission” each place it appears and by striking “bill or” each place it appears;

(E) in subsection (d)(1), by striking “rescission bill or” and by striking “, and all amendments thereto (in the case of a rescission bill)”;

(F) in subsection (d)(2)—

(i) by striking the first sentence;

(ii) by amending the second sentence to read as follows: “Debate on any debatable motion or appeal in connection with an impoundment resolution shall be limited to 1 hour, to be equally divided between, and controlled by, the mover and the manager of the resolution, except that in the event that the manager of the resolution is in favor of any such motion or appeal, the time in opposition thereto shall be controlled by the minority leader or his designee.”;

(iii) by striking the third sentence; and

(iv) in the fourth sentence, by striking “rescission bill or” and by striking “amendment, debatable motion,” and by inserting “debatable motion”;

(G) in paragraph (d)(3), by striking the second and third sentences; and

(H) by striking paragraphs (4), (5), (6), and (7) of paragraph (d).

(d) CLERICAL AMENDMENTS.—The table of sections for subpart B of title X of the Congressional Budget and Impoundment Control Act of 1974 is amended by redesignating the item relating to sections 1014 through 1018 as items 1015 through 1019, respectively, and by

inserting after the item relating to section 1012 the following new item:

“Sec. 1013. Enhanced consideration of certain proposed rescissions.”.

**Subtitle B—Commission to Eliminate Waste, Fraud, and Abuse**

**SEC. 311. ESTABLISHMENT OF COMMISSION.**

(a) ESTABLISHMENT.—There is established the Commission to Eliminate Waste, Fraud, and Abuse (hereafter in this subtitle referred to as the “Commission”).

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Commission shall consist of 12 members, all of whom shall be appointed by the President not later than 90 days after the date of enactment of this Act.

(2) CHAIRPERSON AND VICE CHAIRPERSON.—The President shall designate a chairperson and vice chairperson from among the members of the Commission.

(c) PERIOD OF APPOINTMENT; VACANCIES.—Members shall be appointed for the life of the Commission. Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment.

(d) MEETINGS.—

(1) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold its first meeting.

(2) SUBSEQUENT MEETINGS.—The Commission shall meet at the call of the chairperson.

(e) QUORUM.—A majority of the members of the Commission shall constitute a quorum, but a lesser number of members may hold hearings.

**SEC. 312. DUTIES OF THE COMMISSION.**

(a) DEFINITIONS.—In this section, the following definitions shall apply:

(1) AGENCY.—The term “agency” has the meaning given the term “Executive agency” under section 105 of title 5, United States Code.

(2) PROGRAM.—The term “program” means any activity or function of an agency.

(b) IN GENERAL.—The Commission shall—

(1) evaluate all agencies and programs within those agencies, using the criteria under subsection (c); and

(2) submit to Congress a plan with recommendations of the agencies and programs that should be realigned or eliminated.

(c) CRITERIA.—

(1) DUPLICATIVE.—If 2 or more agencies or programs are performing the same essential function and the function can be consolidated or streamlined into a single agency or program, the Commission shall recommend that the agency or program be realigned.

(2) WASTEFUL OR INEFFICIENT.—The Commission shall recommend the realignment or elimination of any agency or program that has wasted Federal funds by—

(A) egregious spending;

(B) mismanagement of resources and personnel; or

(C) use of such funds for personal benefit or the benefit of a special interest group.

(3) OUTDATED, IRRELEVANT, OR FAILED.—The Commission shall recommend the elimination of any agency or program that—

(A) has completed its intended purpose;

(B) has become irrelevant; or

(C) has failed to meet its objectives.

(d) SYSTEMATIC ASSESSMENT OF PROGRAMS.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the President shall—

(A) establish a systematic method for assessing the effectiveness and accountability of agency programs; and

(B) submit, to the Commission, assessments of not less than ½ of all programs covered under subsection (b)(1) that use the method established under subparagraph (A).

(2) METHOD OBJECTIVES.—The method established under paragraph (1) shall—

(A) recognize different types of federal programs;

(B) assess programs based primarily on the achievement of performance goals (as defined under section 1115(f)(4) of title 31, United States Code); and

(C) assess programs based in part on the adequacy of the program’s performance measures, financial management, and other factors determined by the President.

(3) DEVELOPMENT.—The method established under paragraph (1) shall not be implemented until it has been reviewed and accepted by the Commission.

(4) CONSIDERATION OF ASSESSMENTS.—The Commission shall consider assessments submitted under this subsection when evaluating programs under subsection (b)(1).

(e) COMMON PERFORMANCE MEASURES.—Not later than 1 year after the date of enactment of this Act, the President shall identify common performance measures for programs covered in subsection (b)(1) that have similar functions and, to the extent feasible, provide the Commission with data on such performance measures.

(f) REPORT.—Not later than 2 years after the date of enactment of this Act, the Commission shall submit to the President and Congress a report that includes the plan described under subsection (b)(2), with supporting documentation for all recommendations.

**SEC. 313. POWERS OF THE COMMISSION.**

(a) HEARINGS.—The Commission or, at its direction, any subcommittee or member of the Commission, may, for the purpose of carrying out this subtitle—

(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and administer such oaths as any member of the Commission considers advisable;

(2) require, by subpoena or otherwise, the attendance and testimony of such witnesses as any member of the Commission considers advisable; and

(3) require, by subpoena or otherwise, the production of such books, records, correspondence, memoranda, papers, documents, tapes, and other evidentiary materials relating to any matter under investigation by the Commission.

(b) SUBPOENAS.—

(1) ISSUANCE.—Subpoenas issued under subsection (a) shall bear the signature of the chairperson of the Commission and shall be served by any person or class of persons designated by the chairperson for that purpose.

(2) ENFORCEMENT.—In the case of contumacy or failure to obey a subpoena issued under subsection (a), the United States district court for the judicial district in which the subpoenaed person resides, is served, or may be found, may issue an order requiring such person to appear at any designated place to testify or to produce documentary or other evidence. Any failure to obey the order of the court may be punished by the court as a contempt of that court.

(c) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from any Federal department or agency such information as the Commission considers necessary to carry out this Act. Upon request of the chairperson of the Commission, the head of such department or agency shall furnish such information to the Commission.

(d) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Government.

(e) GIFTS.—The Commission may accept, use, and dispose of gifts or donations of services or property.

**SEC. 314. COMMISSION PERSONNEL MATTERS.****(a) COMPENSATION OF MEMBERS.—**

(1) **NON-FEDERAL MEMBERS.**—Except as provided under subsection (b), each member of the Commission who is not an officer or employee of the Government shall not be compensated.

(2) **FEDERAL OFFICERS OR EMPLOYEES.**—All members of the Commission who are officers or employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(b) **TRAVEL EXPENSES.**—The members of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under subchapter I of chapter 57 of title 5, United States Code, while away from their homes or regular places of business in the performance of services for the Commission.

**(c) STAFF.—**

(1) **IN GENERAL.**—The chairperson of the Commission may, without regard to the civil service laws and regulations, appoint and terminate an executive director and such other additional personnel as may be necessary to enable the Commission to perform its duties. The employment of an executive director shall be subject to confirmation by the Commission.

(2) **COMPENSATION.**—Upon the approval of the chairperson, the executive director may fix the compensation of the executive director and other personnel without regard to chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates, except that the rate of pay for the executive director and other personnel may not exceed the maximum rate payable for a position at GS-15 of the General Schedule under section 5332 of such title.

**(3) PERSONNEL AS FEDERAL EMPLOYEES.—**

(A) **IN GENERAL.**—The executive director and any personnel of the Commission who are employees shall be employees under section 2105 of title 5, United States Code, for purposes of chapters 63, 81, 83, 84, 85, 87, 89, and 90 of that title.

(B) **MEMBERS OF COMMISSION.**—Subparagraph (A) shall not be construed to apply to members of the Commission.

(d) **DETAIL OF GOVERNMENT EMPLOYEES.**—Any Government employee may be detailed to the Commission without reimbursement, and such detail shall be without interruption or loss of civil service status or privilege.

(e) **PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.**—The chairperson of the Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code, at rates for individuals which do not exceed the daily equivalent of the annual rate of basic pay prescribed for level V of the Executive Schedule under section 5316 of such title.

**SEC. 315. TERMINATION OF THE COMMISSION.**

The Commission shall terminate 90 days after the date on which the Commission submits its report.

**SEC. 316. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated such sums as may be necessary for carrying out this subtitle for each of the fiscal years 2006 through 2008.

**TITLE IV—TRUTH IN ACCOUNTING****Subtitle A—Accrual Funding of Pensions and Retirement Pay for Federal Employees and Uniformed Services Personnel****SEC. 401. CIVIL SERVICE RETIREMENT SYSTEM.**

(a) **CIVIL SERVICE RETIREMENT AND DISABILITY FUND.**—Chapter 83 of title 5, United States Code, is amended—

(1) in section 8331—

(A) in paragraph (17)—

(i) by striking “normal cost” and inserting “normal cost percentage”; and

(ii) by inserting “and standards (using dynamic assumptions)” after “practice”;

(B) by amending paragraph (18) to read as follows:

“(18) ‘Fund balance’ means the current net assets of the Fund available for payment of benefits, as determined by the Office in accordance with appropriate accounting standards, but does not include any amount attributable to—

“(A) the Federal Employees’ Retirement System; or

“(B) contributions made under the Federal Employees’ Retirement Contribution Temporary Adjustment Act of 1983 by or on behalf of any individual who became subject to the Federal Employees’ Retirement System;”

(C) by amending paragraph (19) to read as follows:

“(19) ‘accrued liability’ means the estimated excess of the present value of all benefits payable from the Fund to employees and Members, and former employees and Members, subject to this subchapter, and their survivors, over the present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this subchapter and of future agency contributions to be made in their behalf;”

(D) in paragraph (27) by striking “and” at the end;

(E) in paragraph (28) by striking the period at the end and inserting a semicolon; and

(F) by adding at the end the following paragraphs:

“(29) ‘dynamic assumptions’ means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

“(A) investment yields;

“(B) increases in rates of basic pay; and

“(C) rates of price inflation; and

“(30) ‘unfunded liability’ means the estimated excess of—

“(A) the actuarial present value of all future benefits payable from the Fund under this subchapter based on the service of current or former employees or Members, over

“(B) the sum of—

“(i) the actuarial present value of deductions to be withheld from the future basic pay of employees and Members currently subject to this chapter pursuant to section 8334;

“(ii) the actuarial present value of the future contributions to be made pursuant to section 8334 with respect to employees and Members currently subject to this subchapter;

“(iii) the Fund balance, as defined in paragraph (18), as of the date the unfunded liability is determined; and

“(iv) any other appropriate amount, as determined by the Office of Personnel Management in accordance with generally accepted actuarial practices and principles.”;

(2) in section 8334—

(A) in subsection (a)(1)—

(i) by striking the last two sentences;

(ii) by redesignating that subsection, as so amended, as (a)(1)(A); and

(iii) by adding at the end the following new subparagraphs:

“(B) Except as provided in subparagraph (E), each employing agency having any employees or Members subject to subparagraph (A) shall contribute from amounts available for salaries and expenses an amount equal to the sum of—

“(i) the product of—

“(I) the normal cost percentage, as determined for employees (other than employees covered by clause (ii)), multiplied by

“(II) the aggregate amount of basic pay payable by the agency, for the period involved, to employees (under subclause (I)) who are within such agency; and

“(ii) the product of—

“(I) the normal cost percentage, as determined for Members, Congressional employees, law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Capitol Police, nuclear materials couriers, and members of the Supreme Court Police, multiplied by

“(II) the aggregate amount of basic pay payable by the agency for the period involved, to employees and Members (under subclause (I)) who are within such agency.

“(C) In determining the normal cost percentage to be applied under subparagraph (B), amounts provided for under subparagraph (A) shall be taken into account.

“(D) Contributions under this paragraph shall be paid—

“(i) in the case of law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Supreme Court Police, nuclear materials couriers and other employees, from the appropriations or fund used to pay such law enforcement officers, firefighters, air traffic controllers, bankruptcy judges, Court of Federal Claims judges, United States magistrates, judges of the United States Court of Appeals for the Armed Forces, members of the Supreme Court Police, nuclear materials couriers and other employees, respectively;

“(ii) in the case of elected officials, from an appropriation or fund available for payment of other salaries of the same office or establishment; and

“(iii) in the case of employees of the legislative branch paid by the Clerk of the House of Representatives, from the contingent fund of the House.

“(E) In the case of the United States Postal Service, the Metropolitan Washington Airports Authority, and the government of the District of Columbia, an amount equal to that withheld under subparagraph (A) shall be contributed from the appropriation or fund used to pay the employee.”; and

(B) in subsection (k)—

(i) in paragraph (1)—

(I) in subparagraph (A) by striking “the first sentence of subsection (a)(1) of this section” and inserting “subsection (a)(1)(A)”; and

(II) by amending subparagraph (B) to read as follows:

“(B) the amount of the contribution under subsection (a)(1)(B) shall be the amount which would have been contributed under such subsection if this subsection had not been enacted.”; and

(ii) in paragraph (2)(C)(iii) by striking “the first sentence of subsection (a)(1)” and inserting “subsection (a)(1)(A)”; and

(3) in section 8348—

(A) by repealing subsection (f);

(B) by amending subsection (g) to read as follows:

“(g)(1)(A) Not later than June 30, 2005, the Office of the Actuary shall determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this chapter and make recommendations regarding its liquidation. After considering such recommendations, the Office shall

establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

“(B) The Office shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(C) The Office shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

“(D) Amortization schedules established under this paragraph shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement System.

“(2) At the beginning of each fiscal year, beginning on October 1, 2005, the Office shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under paragraph (1). The Secretary shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.

“(3) For the purpose of carrying out paragraph (1) with respect to any fiscal year, the Office may—

“(A) require the Board of Actuaries of the Civil Service Retirement System to make actuarial determinations and valuations, make recommendations, and maintain records in accordance with section 8347(f); and

“(B) use the latest actuarial determinations and valuations made by such Board of Actuaries.”;

(C) in subsections (h), (i), and (m) by striking “unfunded” and inserting “accrued” each place it appears; and

(D) by adding at the end the following new subsection:

“(n) Under regulations prescribed by the Office, the head of an agency may request reconsideration of any amount determined to be payable with respect to such agency under section 8334(a)(1)(B)–(D). Any such request shall be referred to the Board of Actuaries of the Civil Service Retirement System. The Board of Actuaries shall review the computations of the Office and may make any adjustment with respect to any such amount which the Board determines appropriate. A determination by the Board of Actuaries under this subsection shall be final.”.

(b) **GOVERNMENT CONTRIBUTIONS.**—Section 8423 of title 5, United States Code, is amended—

(1) in subsection (a)(2) by striking “section 8422” and inserting “section 8422(a)”;

(2) in subsection (b)(2) by striking “equal annual installments” and inserting “annual installments set in accordance with generally accepted actuarial practices and principles”.

**SEC. 402. CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM.**

(a) Section 101 of the Central Intelligence Agency Retirement Act (50 U.S.C. 2001) is amended—

(1) in paragraph (5), to read as follows:

“(5) **UNFUNDED LIABILITY.**—The term ‘unfunded liability’ means the estimated excess of—

“(A) the actuarial present value of all future benefits payable from the Fund under title II of this Act based on the service of current or former participants, over

“(B) the sum of—

“(i) the actuarial present value of deductions to be withheld from the future basic pay of participants currently subject to title II of this Act pursuant to section 211;

“(ii) the actuarial present value of the future contributions to be made pursuant to section 211 with respect to participants currently subject to title II of this Act;

“(iii) the Fund balance, as defined in paragraph (4), as of the date the unfunded liability is determined; and

“(iv) any other appropriate amount, as determined by the Director in accordance with generally accepted actuarial practices and principles.”;

(2) in paragraph (6)—

(A) by striking “‘normal cost’” and inserting “‘normal cost percentage’”; and

(B) by inserting “and standards (using dynamic assumptions)” after “practice”; and

(3) by adding at the end the following paragraph:

“(10) **DYNAMIC ASSUMPTIONS.**—The term ‘dynamic assumptions’ means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

“(A) investment yields;

“(B) increases in rates of basic pay; and

“(C) rates of price inflation.”.

(b) Section 202 of such Act (50 U.S.C. 2012) is amended by adding at the end the following: “The Fund is appropriated for the payment of benefits as provided by this title.”.

(c) Section 211(a)(2) of such Act (50 U.S.C. 2021(a)(2)) is amended to read as follows:

“(2) **AGENCY CONTRIBUTIONS.**—The Agency shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Central Intelligence Agency Retirement and Disability System by the Director. Contributions under this paragraph shall be paid from amounts available for salaries and expenses.”.

(d) Section 261 of such Act (50 U.S.C. 2091) is amended—

(1) by striking subsections (c), (d), and (e); and

(2) by inserting after subsection (b) the following new subsections:

“(c)(1) Not later than June 30, 2005, the Director shall cause to be made actuarial valuations of the Fund that determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this title and make recommendations regarding its liquidation. After considering such recommendations, the Director shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

“(2) The Director shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(3) The Director shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal

year, which provides for the liquidation of such liability over five years.

“(4) Amortization schedules established under this subsection shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Civil Service Retirement and Disability System.

“(d) At the beginning of each fiscal year, beginning on October 1, 2005, the Director shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under subsection (c). The Secretary shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated. For the purposes of Section 504 of the National Security Act of 1947, this amount shall be considered authorized.”.

(e)(1) Title III of such Act (50 U.S.C. 2151 et seq.) is amended by adding at the end the following new section:

**“SEC. 308. FULL FUNDING OF RETIREE COSTS FOR EMPLOYEES DESIGNATED UNDER SECTION 302.**

“(a) In addition to other government contributions required by law, the Agency shall contribute to the Civil Service Retirement and Disability fund (hereinafter in this section referred to as the ‘Fund’) amounts calculated in accordance with section 8423 of title 5, United States Code, based on the projected number of employees to be designated pursuant to section 302 of this Act. In addition, the Agency, in a manner similar to that established for employee contributions to the Fund by section 8422 of title 5, United States Code, will contribute an amount equal to the difference between that which would be contributed by the number of employees projected to be designated under section 302 and the amounts that are actually being deducted and contributed from the basic pay of an equal number of employees pursuant to section 8422. The amounts of the Agency’s contributions under this subsection shall be determined by the Director of the Office of Personnel Management, in consultation with the Director, and shall be paid by the Agency from funds available for salaries and expenses. Agency employees designated pursuant to section 302 of this Act shall, commencing with such designation, have deducted from their basic pay the full amount required by section 8422 of title 5, United States Code, and such deductions shall be contributed to the Fund.

“(b)(1) The Director of the Office of Personnel Management, in consultation with the Director, shall determine the total amount of unpaid contributions (government and employee contributions) and interest attributable to the number of individuals employed with the Agency on September 30, 2005, who are projected to be designated under section 302 of this Act, but are not yet designated under that section as of that date. The amount shall be referred to as the section 302 unfunded liability.

“(2) Not later than June 30, 2006, the Director of the Office of Personnel Management, in consultation with the Director, shall establish an amortization schedule, setting forth a series of annual installments commencing September 30, 2006, which provides for the liquidation of the section 302 unfunded liability by September 30, 2013.

“(3) At the end of each fiscal year, beginning on September 30, 2006, the Director shall notify the Secretary of the Treasury of the amount of the annual installment under the amortization schedule established under paragraph (2) of this subsection. Before closing the accounts for that fiscal year, the Secretary shall credit that amount to the

Fund, out of any money in the Treasury of the United States not otherwise appropriated.

“(c) Amounts paid by the Agency pursuant to this section are deemed to be specifically authorized by the Congress for the purposes of section 504 of the National Security Act of 1947.”

(2) The table of contents of such Act is amended by inserting after the item relating to section 307 the following new item:

“Sec. 308. Full funding of retiree costs for employees designated under section 302.”

**SEC. 403. FOREIGN SERVICE RETIREMENT AND DISABILITY SYSTEM.**

Chapter 8 of title I of the Foreign Service Act of 1980, Public Law 96-465 (22 U.S.C. 4041 et seq.) 94 Stat. 2071, as amended, is further amended—

(1) in section 804 (22 U.S.C. 4044)—

(A) by amending paragraph (5) to read as follows:

“(5) ‘normal cost percentage’ means the entry-age normal cost computed in accordance with generally accepted actuarial practice and standards (using dynamic assumptions) and expressed as a level percentage of aggregate basic pay;”

(B) by amending paragraph (14) to read as follows:

“(14) ‘unfunded liability’ means the estimated excess of—

“(A) the actuarial present value of all future benefits payable from the Fund under this part based on the service of current or former participants, over

“(B) the sum of—

“(i) the actuarial present value of deductions to be withheld from the future basic pay of participants currently subject to this part pursuant to section 805;

“(ii) the actuarial present value of the future contributions to be made pursuant to section 805 with respect to participants currently subject to this part;

“(iii) the Fund balance, as defined in paragraph (7), as of the date the unfunded liability is determined, excluding any amount attributable to the Foreign Service Pension System, or contributions made under the Federal Employees’ Retirement Contribution Temporary Adjustment Act of 1983 by or on behalf of any individual who became subject to the Foreign Service Pension System; and

“(iv) any other appropriate amount, as determined by the Secretary of the Treasury in accordance with generally accepted actuarial practices and principles.”; and

(C)(i) by striking the period at the end of paragraph (15) and inserting “; and”; and

(ii) by adding at the end the following new paragraph:

“(16) ‘dynamic assumptions’ means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

“(A) investment yields;

“(B) increases in rates of basic pay; and

“(C) rates of price inflation.”;

(2) in section 852 (22 U.S.C. 4071a)—

(A) in paragraph (4)—

(i) by striking “normal cost” and inserting “normal cost percentage”; and

(ii) by striking “by the Secretary of State”;

(B) in paragraph (7)—

(i) by striking “supplemental” and inserting “unfunded”;

(ii) in subparagraph (B)(i) by striking “(I)” and “and (II) contributions for past civilian and military service”; and

(iii) in subparagraph (B)(ii) by inserting before the semicolon “with respect to participants currently subject to this part”; and

(C)(i) at the end of paragraph (8) by striking “and”;

(ii) at the end of paragraph (9) by striking the period and inserting “; and”; and

(iii) by adding at the end the following new paragraph:

“(10) ‘dynamic assumptions’ means economic assumptions that are used in determining actuarial costs and liabilities of a retirement system and in anticipating the effects of long-term future—

“(A) investment yields;

“(B) increases in rates of basic pay; and

“(C) rates of price inflation.”;

(3) in section 805(a)(1) (22 U.S.C. 4045(a)(i))—

(A) by striking the second sentence;

(B) by redesignating that subsection, as so amended, as (a)(1)(A);

(C) by redesignating the last sentence of that subsection, as so amended as (a)(1)(C);

(D) by inserting after subparagraph (A) the following new subparagraph:

“(B) Each employing agency having participants shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System. Contributions under this subparagraph shall be paid from the appropriations or fund used for payment of the salary of the participant.”;

(E) in subsection (a)(2)(A) by striking “An equal amount shall be contributed by the Department” and inserting in its place “Each employing agency having participants shall contribute to the Fund the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System”; and

(F) in subsection (a)(2)(B) by striking “An equal amount shall be contributed by the Department” and inserting in its place “Each employing agency having participants shall contribute to the Fund from amounts available for salaries and expenses the amount computed in a manner similar to that used under section 8334(a) of title 5, United States Code, pursuant to determinations of the normal cost percentage of the Foreign Service Retirement and Disability System”;

(4) by repealing sections 821 and 822 (22 U.S.C. 4061 and 4062) and by adding the following new section:

“SEC. 821. UNFUNDED LIABILITY.—(a)(1) Not later than June 30, 2005, the Secretary of State shall cause to be made actuarial valuations of the Fund that determine the unfunded liability of the Fund, as of September 30, 2004, attributable to benefits payable under this subchapter and make recommendations regarding its liquidation. After considering such recommendations, the Secretary of State shall establish an amortization schedule, including a series of annual installments commencing October 1, 2004, which provides for the liquidation of such liability by October 1, 2044.

“(2) The Secretary of State shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(3) The Secretary of State shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments

commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

“(4) Amortization schedules established under this subsection shall be set in accordance with generally accepted actuarial practices and principles, with interest computed at the rate used in the most recent valuation of the Foreign Service Retirement and Disability System.

“(b) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary of State shall notify the Secretary of the Treasury of the amount of the first installment under the most recent amortization schedule established under paragraph (1). The Secretary of the Treasury shall credit that amount to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.”;

(5) in section 857(b)(1) (22 U.S.C. 4071f(b)(1)) by striking “equal annual installments” and inserting “annual installments set in accordance with generally accepted actuarial practices and principles”;

(6) in section 859 (22 U.S.C. 4071h) by adding “percentage” after “normal cost”;

(7) in section 802 (22 U.S.C. 4042) by adding at the end the following: “The Fund is appropriated for the payment of benefits as provided by this subchapter.”; and

(8) in section 818 (22 U.S.C. 4058) by striking “System” and inserting “Systems under this subchapter”.

**SEC. 404. PUBLIC HEALTH SERVICE COMMISSIONED CORPS RETIREMENT SYSTEM.**

(a) IN GENERAL.—Title II of the Public Health Service Act (42 U.S.C. 202 et seq.) is amended by adding at the end the following new part:

**“PART C—PUBLIC HEALTH SERVICE COMMISSIONED CORPS RETIREMENT SYSTEM**

**“ESTABLISHMENT AND PURPOSE OF FUND**

“SEC. 251. There is established on the books of the Treasury a fund to be known as the Public Health Service Commissioned Corps Retirement Fund (hereinafter in this part referred to as the ‘Fund’), which shall be administered by the Secretary. The Fund shall be used for the accumulation of funds in order to finance on an actuarially sound basis liabilities of the Department of Health and Human Services for benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title.

**“ASSETS OF THE FUND**

“SEC. 252. There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

“(1) Amounts paid into the Fund under section 255.

“(2) Any return on investment of the assets of the Fund.

“(3) Amounts transferred into the Fund pursuant to section 404(c) of the Deficit Control Act of 2004.

**“PAYMENT FROM THE FUND**

“SEC. 253. There shall be paid from the Fund benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title.

**“DETERMINATION OF CONTRIBUTIONS TO THE FUND**

“SEC. 254. (a)(1) Not later than June 30, 2005, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is ‘active service’ for the purpose of

section 212. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

“(2) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(3) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over 5 years.

“(b) The Secretary shall determine each fiscal year, in sufficient time for inclusion in the budget request for the following fiscal year, the total amount of Department of Health and Human Services contributions to be made to the Fund during the fiscal year under section 255(a). That amount shall be the sum of—

“(1) the product of—

“(A) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (c)(1) at the time of the most recent actuarial valuation under subsection (c); and

“(B) the total amount of basic pay expected to be paid during that fiscal year to commissioned officers of the Public Health Service on active duty (other than active duty for training); and

“(2) the product of—

“(A) the current estimate of the value of the single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) to be determined under subsection (c)(2) at the time of the most recent actuarial valuation under subsection (c); and

“(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) expected to be paid during the fiscal year to commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full-time duty other than for training) who are not otherwise described in subparagraph (A).

“(c) Not less often than every four years thereafter (or by the fiscal year end prior to the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors), the Secretary shall carry out an actuarial valuation of benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of this title. Each such actuarial valuation shall be signed by an enrolled Actuary and shall include—

“(1) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for commissioned officers of the Public Health Service on active duty (other than active duty for training); and

“(2) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) of commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full time duty other than for training) who are not otherwise described in paragraph (1).

“(d) All determinations under this section shall be in accordance with generally accepted actuarial principles and practices and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

“(e) The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

#### “PAYMENTS INTO THE FUND

“SEC. 255. (a) From amounts available to the Department of Health and Human Services for salaries and expenses, the Secretary shall pay into the Fund at the end of each month the amount that is the sum of—

“(1) the product of—

“(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under sections 254(c)(1) (except that any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

“(B) the total amount of basic pay accrued for that month by commissioned officers of the Public Health Service on active duty (other than active duty for training); and

“(2) the product of—

“(A) the level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 254(c)(2) (except that any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determinations); and

“(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37, United States Code) accrued for that month by commissioned officers of the Reserve Corps of the Public Health Service (other than officers on full-time duty other than for training).

“(b) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary shall certify to the Secretary of the Treasury the amount of the first installment under the most recent amortization schedule established under section 254(a). The Secretary of the Treasury shall pay into the Fund from the General Fund of the Treasury the amount so certified. Such payment shall be the contribution to the Fund for that fiscal year.

#### “INVESTMENTS OF ASSETS OF FUND

“SEC. 256. The Secretary may request the Secretary of the Treasury to invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to and form a part of the Fund.

#### “IMPLEMENTATION YEAR EXCEPTIONS

“SEC. 257. (a) To avoid funding shortfalls in the first year should formal actuarial deter-

minations not be available in time for budget preparation, the amounts used in the first year in sections 255(a)(1)(A) and 255(a)(2)(A) shall be set equal to those estimates in sections 254(b)(1)(A) and 254(b)(2)(A) if final determinations are not available. The original unfunded liability as defined in section 254(a) shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in sections 254(b)(1)(A) and 254(b)(2)(A).”

(b) CONFORMING AMENDMENTS.—

(1) CONDITION OF DETAIL.—Section 214 of the Public Health Service Act (42 U.S.C. 215) is amended by adding at the end the following new subsection:

“(e) The Secretary shall condition any detail under subsection (a), (b), or (c) upon the agreement of the executive department, State, subdivision, Committee of the Congress, or institution concerned to pay to the Department of Health and Human Services, in advance or by way of reimbursement, for the full cost of the detail including that portion of the contributions under section 255(a) that is attributable to the detailed personnel.”

(2) EXEMPTION FROM SEQUESTRATION.—Section 255(g)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)) is amended—

(A) in subparagraph (A), by inserting after the item relating to “payment to the foreign service retirement and disability fund” the following item: “Payment to the Public Health Service Commissioned Corps Retirement Fund (75-0380-0-1-551);” and

(B) in subparagraph (B), by inserting after the item relating to the “Pensions for former Presidents” the following item: “Public Health Service Commissioned Corps Retirement Fund (75-8274-0-7-602);”

(c) TRANSFER OF APPROPRIATIONS.—There shall be transferred on October 1, 2006, into the fund established under section 251 of the Public Health Service Act, as added by subsection (a), any obligated or unobligated balances of appropriations made to the Department of Health and Human Services that are currently available for benefits payable on account of retirement, disability, or death to commissioned officers of the Public Health Service and to their survivors pursuant to part A of title II of the Public Health Service Act, and amounts so transferred shall be part of the assets of the Fund.

#### SEC. 405. NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION COMMISSIONED OFFICER CORPS RETIREMENT SYSTEM.

(a) IN GENERAL.—The National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 (title II of Public Law 107-372) is amended by inserting after section 246 (33 U.S.C. 3046) the following new section:

“SEC. 246A. (a) ESTABLISHMENT AND PURPOSE OF NOAA COMMISSIONED OFFICER CORPS RETIREMENT FUND.—(1) There is established on the books of the Treasury a fund to be known as the National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement Fund (hereinafter in this section referred to as the ‘Fund’), which shall be administered by the Secretary. The Fund shall be used for the accumulation of funds in order to finance on an actuarially sound basis liabilities of the Department of Commerce under military retirement and survivor benefit programs for the commissioned officers corps.

“(2) The term ‘military retirement and survivor benefit program’ means—

“(A) the provisions of this title and title 10, United States Code, creating entitlement to, or determining, the amount of retired pay;

“(B) the programs under the jurisdiction of the Department of Defense providing annuities for survivors and members and former members of the Armed Forces, including chapter 73 of title 10, section 4 of Public Law 92-425, and section 5 of Public Law 96-202, as made applicable to the commissioned officer corps by section 261.

“(b) ASSETS OF THE FUND.—There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

“(1) Amounts paid into the Fund under subsection (e).

“(2) Any return on investment of the assets of the Fund.

“(3) Amounts transferred into the Fund pursuant to section 405(c) of the Deficit Control Act of 2004.

“(c) PAYMENTS FROM THE FUND.—There shall be paid from the Fund benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the commissioned officer corps and their survivors.

“(d) DETERMINATION OF CONTRIBUTIONS TO THE FUND.—(1)(A) Not later than June 30, 2004, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is ‘active service’ for the purpose of this title. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

“(B) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each fiscal year beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on September 30 of the subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(C) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new authorization schedule, including series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over 5 years.

“(2) The Secretary shall determine each fiscal year, in sufficient time for inclusion in the budget request for the following fiscal year, the total amount of Department of Commerce contributions to be made to the Fund during that fiscal year under (e). The amount shall be the product of—

“(A) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (e) at the time of the most recent actuarial valuation under paragraph (3); and

“(B) the total amount of basic pay expected to be paid during that fiscal year to commissioned officers of NOAA on active duty.

“(3) Not less often than every four years (or by the fiscal year end before the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to commissioned officers or their survivors), the Secretary shall carry out an actuarial valuation of benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the Administration and to their survivors. Each such actuarial valuation shall be signed by an enrolled Actuary and shall include a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for commissioned officers on active duty.

“(4) All determinations under this section shall be in accordance with generally accept-

ed actuarial principles and practices, and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

“(5) The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

“(e) PAYMENTS INTO THE FUND.—(1) From amounts appropriated to the National Oceanic Atmospheric Administration for salaries and expenses, the Secretary shall pay into the Fund at the end of each month the amount that is the product of—

“(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under subsection (d) (except that any statutory change affecting benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the Administration and to their survivors that is effective date after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

“(B) the total amount of basic pay accrued for that month by commissioned officers on active duty.

“(2)(A) At the beginning of each fiscal year, the Secretary shall determine the sum of—

“(i) the amount of the payment for that year under the amortization of the original unfunded liability of the Fund;

“(ii) the amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary for the amortization of any cumulative actuarial gain or loss to the Fund, resulting from changes in benefits; and

“(iii) the amount (including any negative amount) for that year under the most recent amortization schedule determined by the Secretary for the amortization or any cumulative actuarial gain or loss to the Fund resulting from changes in actuarial assumptions and from experience different from the assumed since the last valuation.

The Secretary shall promptly certify the amount of the sum to the Secretary of the Treasury.

“(B) Upon receiving the certification pursuant to paragraph (1), the Secretary of the Treasury shall promptly pay into the Fund from the General Fund of the Treasury the amount so certified. Such payment shall be the contribution to the Fund for that fiscal year.

“(f) INVESTMENT OF ASSETS OF THE FUND.—The Secretary may request the Secretary of the Treasury to invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income of such investments shall be credited to and form a part of the Fund.

“(g) IMPLEMENTATION YEAR EXCEPTIONS.—(1) To avoid funding shortfalls in the first year should formal actuarial determinations not be available in time for budget preparation, the amounts used in the first year in subsection (e)(1)(A) shall be set equal to the estimate in subsection (d)(2)(A) if final determinations are not available. The original unfunded liability as determined in subsection

(d)(1) shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in subsection (d)(2)(A).”.

(b) EXEMPTION FROM SEQUESTRATION.—Section 255(g)(1)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)(B)) is amended by striking “National Oceanic and Atmospheric Administration retirement (13-1450-0-1-306);” and inserting “National Oceanic and Atmospheric Administration Commissioned Officer Corps Retirement Fund;”.

(c) TRANSFER OF APPROPRIATIONS.—There shall be transferred on October 1, 2006, into the fund established under section 246A(a) of the National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 (title II of Public Law 107-372, as added by subsection (a)), any obligated and unobligated balance of appropriations made to the Department of Commerce that are available as of the date of the enactment of this Act for benefits payable on account of military retirement and survivor benefit programs to commissioned officers of the NOAA Commissioned Officer Corps and to their survivors, and amounts so transferred shall be part of the assets of the Fund, effective October 1, 2006.

(d) EFFECTIVE DATE.—Subsection (c) (relating to payments from the Fund) and (e) (relating to payments into the Fund) of section 246A of the National Oceanic and Atmospheric Administration Commissioned Officer Corps Act of 2002 (title II of Public Law 107-372, as added by subsection (a)), shall take effect on October 1, 2006.

#### SEC. 406. COAST GUARD MILITARY RETIREMENT SYSTEM.

(a) ACCRUAL FUNDING FOR COAST GUARD RETIREMENT.—

(1) IN GENERAL.—Chapter 11 of title 14, United States Code, is amended by adding at the end the following new subchapter:

##### “SUBCHAPTER V—COAST GUARD MILITARY RETIREMENT FUND

#### “§ 441. Establishment and purpose of Fund; definitions

“(a) ESTABLISHMENT OF FUND; PURPOSE.—There is established on the books of the Treasury a fund to be known as the Coast Guard Military Retirement Fund (hereinafter in this subchapter referred to as the ‘Fund’), which shall be administered by the Secretary. The Fund shall be used for the accumulations of funds in order to finance on an actuarially sound basis liabilities of the Coast Guard under military retirement and survivor benefit programs.

“(b) MILITARY RETIREMENT AND SURVIVOR BENEFIT PROGRAMS DEFINED.—In this subchapter, the term ‘military retirement and survivor benefit programs’ means—

“(1) the provisions of this title and title 10 creating entitlement to, or determining the amount of, retired pay;

“(2) the programs providing annuities for survivors of members and former members of the armed forces, including chapter 73 of title 10, section 4 of Public Law 92-425, and section 5 of Public Law 96-402; and

“(3) the authority provided in section 1048(h) of title 10.

“(c) SECRETARY DEFINED.—In this subchapter, the term ‘Secretary’ means the Secretary of Homeland Security when the Coast Guard is not operating as a service in the Navy and the Secretary of Defense when the Coast Guard is operating as a service in the Navy.

#### “§ 442. Assets of the Fund

“There shall be deposited into the Fund the following, which shall constitute the assets of the Fund:

“(1) Amounts paid into the Fund under section 445 of this title.

“(2) Any return on investment of the assets of the Fund.

“(3) Amounts transferred into the Fund pursuant to section 406(d) of the Deficit Control Act of 2004.

**“§ 443. Payments from the Fund**

“(a) IN GENERAL.—There shall be paid from the Fund the following:

“(1) Retired pay payable to persons on the retired list of the Coast Guard.

“(2) Retired pay payable under chapter 1223 of title 10 to former members of the Coast Guard and the former United States Lighthouse Service.

“(3) Benefits payable under programs that provide annuities for survivors of members and former members of the armed forces, including chapter 73 of title 10, section 4 of Public Law 92-425, and section 5 of Public Law 96-402.

“(4) Amounts payable under section 1048(h) of title 10.

“(b) AVAILABILITY OF ASSETS OF THE FUND.—The assets of the Fund are hereby made available for payments under subsection (a).

**“§ 444. Determination of contributions to the Fund**

“(a) INITIAL UNFUNDED LIABILITY.—(1) Not later than June 30, 2005, the Secretary shall determine the unfunded liability of the Fund attributable to service performed as of September 30, 2004, which is ‘active service’ for the purposes of section 212. The Secretary shall establish an amortization schedule, including a series of annual installments commencing October 1, 2005, which provides for the liquidation of such liability by October 1, 2044.

“(2) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year, for each beginning after September 30, 2004, through the fiscal year ending September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability by October 1, 2044.

“(3) The Secretary shall redetermine the unfunded liability of the Fund as of the close of the fiscal year for each fiscal year beginning after September 30, 2039, and shall establish a new amortization schedule, including a series of annual installments commencing on October 1 of the second subsequent fiscal year, which provides for the liquidation of such liability over five years.

“(b) ANNUAL CONTRIBUTIONS FOR CURRENT SERVICES.—(1) The Secretary shall determine each fiscal year, in sufficient time for inclusion in the budget request for the following fiscal year, the total amount of Department of Homeland Security, or Department of Defense, contributions to be made to the Fund during that fiscal year under section 445(a) of this title. That amount shall be the sum of the following:

“(A) The product of—

“(i) the current estimate of the value of the single level percentage of basic pay to be determined under subsection (c)(1)(A) at the time of the most recent actuarial valuation under subsection (c); and

“(ii) the total amount of basic pay expected to be paid during that fiscal year to members of the Coast Guard on active duty (other than active duty for training).

“(B) The product of—

“(i) the current estimate of the value of the single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) to be determined under subsection (c)(1)(B) at the time of the most recent actuarial valuation under subsection (c); and

“(ii) the total amount of basic pay and compensation (paid pursuant to section 206

of title 37) expected to be paid during that fiscal year to members of the Coast Guard Ready Reserve (other than members on full-time Reserve duty other than for training) who are not otherwise described in subparagraph (A)(ii).

“(2) The amount determined under paragraph (1) for any fiscal year is the amount needed to be appropriated to the Department of Homeland Security for that fiscal year for payments to be made to the Fund during that year under section 445(a) of this title. The President shall include not less than the full amount so determined in the budget transmitted to Congress for that fiscal year under section 1105 of title 31. The President may comment and make recommendations concerning any such amount.

“(c) PERIODIC ACTUARIAL VALUATIONS.—(1) Not less often than every four years (or before the effective date of any statutory change affecting benefits payable on account of retirement, disability, or death to members of the Coast Guard or their survivors), the Secretary shall carry out an actuarial valuation of the Coast Guard military retirement and survivor benefit programs. Each actuarial valuation of such programs shall be signed by an enrolled actuary and shall include—

“(A) a determination (using the aggregate entry-age normal cost method) of a single level percentage of basic pay for members of the Coast Guard on active duty (other than active duty for training); and

“(B) a determination (using the aggregate entry-age normal cost method) of single level percentage of basic pay and of compensation (paid pursuant to section 206 of title 37) for members of the Ready Reserve of the Coast Guard (other than members on full-time Reserve duty other than for training) who are not otherwise described in subparagraph (A).

“(2) Such single level percentages shall be used for the purposes of subsection (b) and section 445(a) of this title.

“(d) USE OF GENERALLY ACCEPTED ACTUARIAL PRINCIPLES AND PRACTICES.—All determinations under this section shall be in accordance with generally accepted actuarial principles and practices and, where appropriate, shall follow the general pattern of methods and assumptions approved by the Department of Defense Retirement Board of Actuaries.

“(e) RECORDS.—The Secretary shall provide for the keeping of such records as are necessary for determining the actuarial status of the Fund.

**“§ 445. Payments into the Fund**

“(a) MONTHLY ACCRUAL CHARGE FOR CURRENT SERVICES.—From amounts appropriated to the Coast Guard for salaries and expenses, the Secretary shall pay into the Fund at the end of each month as the Department of Homeland Security, or Department of Defense, contribution to the Fund for that month the amount that is the sum of the following:

“(1) The product of—

“(A) the level percentage of basic pay determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 444(c)(1)(A) of this title (except that any statutory change in the military retirement and survivor benefit systems that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

“(B) the total amount of basic pay accrued for that month by members of the Coast Guard on active duty (other than active duty for training).

“(2) The product of—

“(A) the level percentage of basic pay and compensation (accrued pursuant to section 206 of title 37) determined using all the methods and assumptions approved for the most recent (as of the first day of the current fiscal year) actuarial valuation under section 444(c)(1)(B) of this title (except that any statutory change in the military retirement and survivor benefit systems that is effective after the date of that valuation and on or before the first day of the current fiscal year shall be used in such determination); and

“(B) the total amount of basic pay and of compensation (paid pursuant to section 206 of title 37) accrued for that month by members of the Ready Reserve (other than members of full-time Reserve duty other than for training) who are not otherwise described in paragraph (1)(B).

“(b) ANNUAL PAYMENT FOR UNFUNDED LIABILITIES.—(1) At the beginning of each fiscal year, beginning on October 1, 2005, the Secretary shall certify to the Secretary of the Treasury the amount of the first installment under the most recent amortization schedule established under section 254(a). The Secretary of the Treasury shall promptly pay into the Fund from the General Fund of the Treasury the amount so certified. Such payment shall be the contribution to the Fund for that fiscal year.

**“§ 446. Investment of assets of the Fund**

“The Secretary may request the Secretary of the Treasury to invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet the current needs of the Fund. Such investments shall be made by the Secretary of the Treasury in public debt securities with maturities suitable to the needs of the Fund, as determined by the Secretary, and bearing interest at rates determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. The income on such investments shall be credited to and form a part of the Fund.”

(2) TECHNICAL AMENDMENTS.—Such chapter is further amended—

(A) by amending the center heading after the table of sections to read as follows:

“SUBCHAPTER I—OFFICERS”;

(B) by amending the center heading after section 336 to read as follows:

“SUBCHAPTER II—ENLISTED MEMBERS”;

(C) by amending the center heading after section 373 to read as follows:

“SUBCHAPTER III—GENERAL PROVISIONS”;

and

(D) by amending the center heading after section 425 to read as follows:

“SUBCHAPTER IV—SPECIAL PROVISIONS”.

(3) CLERICAL AMENDMENTS.—The table of sections at the beginning of such chapter is amended—

(A) by striking “OFFICERS” at the beginning of the table and inserting “SUBCHAPTER I—OFFICERS”;

(B) by striking “ENLISTED MEMBERS” after the item relating to section 336 and inserting “SUBCHAPTER II—ENLISTED MEMBERS”;

(C) by striking “GENERAL PROVISIONS” after the item relating to section 373 and inserting “SUBCHAPTER III—GENERAL PROVISIONS”;

(D) by striking “SPECIAL PROVISIONS” after the item relating to section 425 and inserting “SUBCHAPTER IV—SPECIAL PROVISIONS”; and

(E) by adding at the end the following:

“SUBCHAPTER V—COAST GUARD MILITARY RETIREMENT FUND

“441. Establishment and purpose of Fund; definitions.

“442. Assets of the Fund.

“443. Payments from the Fund.

“444. Determination of contributions to the Fund.

“445. Payments into the Fund.

“446. Investment of assets of the Fund.”.

(b) IMPLEMENTATION YEAR EXCEPTIONS.—To avoid funding shortfalls in the first year of implementation of subchapter V of chapter 11 of title 14, United States Code, as added by subsection (a), if formal actuarial determinations are not available in time for budget preparation, the amounts used in the first year under sections 445(a)(1)(A) and 445(a)(2)(A) of such title shall be set equal to those estimates in sections 444(b)(1)(A)(i) and 444(b)(1)(B)(i), respectively, of such title if final determinations are not available. The original unfunded liability, as defined in section 444(a) of such title, shall include an adjustment to correct for this difference between the formal actuarial determinations and the estimates in sections 444(b)(1)(A)(i) and 444(b)(1)(B)(i) of such title.

(c) CONFORMING AMENDMENT.—Subparagraph (B) of section 255(g)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 905(g)(1)) is amended by striking “Retired Pay, Coast Guard (69-0241-0-1-403)” and inserting “Coast Guard Military Retirement Fund (69-0241-01-403)”.

(d) TRANSFER OF EXISTING BALANCES.—

(1) TRANSFER.—There shall be transferred into the Fund on October 1, 2005, any obligated and unobligated balances of appropriations made to the Department of Homeland Security that are currently available for retired pay, and amounts so transferred shall be part of the assets of the Fund.

(2) FUND DEFINED.—For purposes of paragraph (1), the term “Fund” means the Coast Guard Military Retirement Fund established under section 441 of title 14, United States Code, as added by subsection (a).

(e) EFFECTIVE DATE.—Sections 443 (relating to payments from the Fund) and 445 (relating to payments into the Fund) of title 14, United States Code, as added by subsection (a), shall take effect on October 1, 2005.

**Subtitle B—Accrual Funding of Post-Retirement Health Benefits Costs for Federal Employees**

**SEC. 411. FEDERAL EMPLOYEES HEALTH BENEFITS FUND.**

(a) Section 8906 of title 5, United States Code, is amended—

(1) by redesignating subsection (c) as subsection (c)(1) and by adding at the end the following new paragraphs:

“(2) In addition to Government contributions required by subsection (b) and paragraph (1), each employing agency shall contribute amounts as determined by the Office to be necessary to prefund the accruing actuarial cost of post-retirement health benefits for each of the agency’s current employees who are eligible for Government contributions under this section. Amounts under this paragraph shall be paid by the employing agency separate from other contributions under this section, from the appropriations or fund used for payment of the salary of the employee, on a schedule to be determined by the Office.

“(3) Paragraph (2) shall not apply to the United States Postal Service or the government of the District of Columbia.”; and

(2) by amending subsection (g)(1) to read as follows:

“(g)(1) Except as provided in paragraphs (2) and (3), all Government contributions authorized by this section for health benefits for an annuitant shall be paid from the Employees Health Benefits Fund to the extent that funds are available in accordance with section 8909(h)(6) and, if necessary, from annual appropriations which are authorized to

be made for that purpose and which may be made available until expended.”.

(b) Section 8909 of title 5, United States Code, is amended by adding at the end the following new subsection:

“(h)(1) Not later than June 30, 2006, the Office shall determine the existing liability of the Fund for post-retirement health benefits, excluding the liability of the United States Postal Service for service under section 8906(g)(2), under this chapter as of September 30, 2006. The Office shall establish an amortization schedule, including a series of annual installments commencing September 30, 2006, which provides for the liquidation of such liability by September 30, 2043.

“(2) At the close of each fiscal year, for fiscal years beginning after September 30, 2005, the Office shall determine the supplemental liability of the Fund for post-retirement health benefits, excluding the liability attributable to the United States Postal Service for service subject to section 8906(g)(2), and shall establish an amortization schedule, including a series of annual installments commencing on September 30 of the subsequent fiscal year, which provides for liquidation of such supplemental liability over 30 years.

“(3) Amortization schedules established under this paragraph shall be set in accordance with generally accepted actuarial practices and principles.

“(4) At the end of each fiscal year on and after September 30, 2006, the Office shall notify the Secretary of the Treasury of the amounts of the next installments under the most recent amortization schedules established under paragraphs (1) and (2). Before closing the accounts for the fiscal year, the Secretary shall credit the sum of these amounts (including in that sum any negative amount for the amortization of the supplemental liability) to the Fund, as a Government contribution, out of any money in the Treasury of the United States not otherwise appropriated.

“(5) For the purpose of carrying out paragraphs (1) and (2), the Office shall perform or arrange for actuarial determinations and valuations and shall prescribe retention of such records as it considers necessary for making periodic actuarial valuations of the Fund.

“(6) Notwithstanding subsection (b), the amounts deposited into the Fund pursuant to this subsection and section 8906(c)(2) to prefund post-retirement health benefits costs shall be segregated within the Fund so that such amounts, as well as earnings and proceeds under subsection (c) attributable to them, may be used exclusively for the purpose of paying Government contributions for post-retirement health benefits costs. When such amounts are used in combination with amounts withheld from annuitants to pay for health benefits, a portion of the contributions shall then be set aside in the Fund as described in subsection (b).

“(7) Under this subsection, ‘supplemental liability’ means—

“(A) the actuarial present value for future post-retirement health benefits that are the liability of the Fund, less

“(B) the sum of—

“(i) the actuarial present value of all future contributions by agencies and annuitants to the Fund toward those benefits pursuant to section 8906;

“(ii) the present value of all scheduled amortization payments to the Fund pursuant to paragraphs (1) and (2);

“(iii) the Fund balance as of the date the supplemental liability is determined, to the extent that such balance is attributable to post-retirement benefits; and

“(iv) any other appropriate amount, as determined by the Office in accordance with

generally accepted actuarial practices and principles.”.

**SEC. 412. FUNDING UNIFORMED SERVICES HEALTH BENEFITS FOR ALL RETIREES.**

Title 10, United States Code, is amended—  
(1) in the title of chapter 56, by striking “DEPARTMENT OF DEFENSE MEDICARE-ELIGIBLE” and inserting “UNIFORMED SERVICES”;

(2) in section 1111—

(A) in subsection (a)—

(i) by striking “Department of Defense Medicare-Eligible” and inserting “Uniformed Services”;

(ii) by striking “Department of Defense under”; and

(iii) by striking “for medicare-eligible beneficiaries”;

(B) in subsection (c)—

(i) by striking “The Secretary of Defense may” and inserting “The Secretary of Defense shall”;

(ii) by striking “with any other” and inserting “with each”;

(iii) by striking “Any such agreement” and inserting “Such agreements”; and

(iv) by striking “administering Secretary may” and inserting “administrative Secretary shall”;

(3) in section 1113—

(A) in subsection (a)—

(i) by striking “and are medicare eligible”;

(ii) by striking “who are medicare eligible”; and

(iii) by adding at the end the following new sentence: “For the fiscal year starting October 1, 2004, only, the payments will be solely for the costs of members or former members of a uniformed service who are entitled to retired or retainer pay and are medicare-eligible, and eligible dependents or survivors who are medicare-eligible.”;

(B) in subsection (c)(1), by striking “who are medicare-eligible”;

(C) in subsection (d), by striking “who are medicare-eligible”; and

(D) in subsection (f), by striking “If” and inserting “When”;

(4) in section 1114, in subsection (a)(1), by striking “Department of Defense Medicare-Eligible” and inserting “Uniformed Services”;

(5) in section 1115—

(A) in subsection (b)(2), by striking “The amount determined under paragraph (1) for any fiscal year is the amount needed to be appropriated to the Department of Defense (or to the other executive department having jurisdiction over the participating uniformed service)” and inserting “The amount determined under paragraph (1), or the amount determined under section 1111(c) for a participating uniformed service, for any fiscal year, is the amount needed to be appropriated to the Department of Defense (or to any other executive department having jurisdiction over a participating uniformed service)”;

(B) in subsection (c)(2), by striking “for medicare eligible beneficiaries”; and

(C) by adding at the end the following new subsection:

“(f) For the fiscal year starting October 1, 2004, only, the amounts in this section shall be based solely on the costs of medicare-eligible benefits of beneficiaries and the costs for their eligible dependents or survivors who are medicare-eligible, and shall be recalculated thereafter to reflect the cost of beneficiaries defined in section 1111.”; and

(6) in section 1116—

(A) in subsection (a)(1)(A), by striking “for medicare-eligible beneficiaries”;

(B) in subsection (a)(2)(A), by striking “for medicare-eligible beneficiaries”; and

(C) in subsection (c), by striking “subsection (a) shall be paid from funds available

for the health care programs” and inserting “subsection (a) and section 1111(c) shall be paid from funds available for the pay of members of the participating uniformed services under the jurisdiction of the respective administering secretaries”.

**SEC. 413. EFFECTIVE DATE.**

Except as otherwise provided, this title shall take effect upon enactment with respect to fiscal years beginning after 2005.

“Sec. 601. Short title.

“Sec. 602. Budgetary treatment.

“Sec. 603. Timetable for implementation of accrual budgeting for Federal insurance programs.

“Sec. 604. Definitions.

“Sec. 605. Authorizations to enter into contracts; actuarial cost account.

“Sec. 606. Effective date.”.

**Subtitle C—Limit on the Public Debt**

**SEC. 421. LIMIT ON PUBLIC DEBT.**

Section 3101 of title 31, United States Code, is amended to read as follows:

**“§ 3101. Public debt limit**

“(a) In this section, the current redemption value of an obligation issued on a discount basis and redeemable before maturity at the option of its holder is deemed to be the face amount of the obligation.

“(b) The face amount of obligations issued under this chapter and the face amount of obligations whose principal and interest are guaranteed by the United States Government (except guaranteed obligations held by the Secretary of the Treasury and intragovernmental holdings) may not be more than \$4,393,000,000,000 outstanding at one time, subject to changes periodically made in that amount as provided by law.

“(c) For purposes of this section, the face amount, for any month, of any obligation issued on a discount basis that is not redeemable before maturity at the option of the holder of the obligation is an amount equal to the sum of—

“(1) the original issue price of the obligation, plus

“(2) the portion of the discount on the obligation attributable to periods before the beginning of such month (as determined under the principles of section 1272(a) of the Internal Revenue Code of 1986 without regard to any exceptions contained in paragraph (2) of such section).

“(d) For purposes of this section, the term ‘intragovernment holding’ is any obligation issued by the Secretary of the Treasury to any Federal trust fund or Government account, whether in respect of public money, money otherwise required to be deposited in the Treasury, or amounts appropriated.”.

**TITLE V—PAYGO EXTENSION**

**SEC. 501. EXTENSION OF PAY-AS-YOU-GO REQUIREMENT.**

(a) PURPOSE.—Section 252(a) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows:

“(a) PURPOSE.—The purpose of this section is to assure that any legislation that is enacted before October 1, 2007, that causes a net increase in direct spending will trigger an offsetting sequestration.”.

(b) TIMING.—Section 252(b)(1) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking “any net deficit increase” and all that follows through “2002,” and by inserting “any net increase in direct spending enacted before October 1, 2007.”.

(c) CALCULATION OF DIRECT SPENDING INCREASE.—Section 252(b)(2) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(1) by striking “deficit” the first place it appears and inserting “direct spending”;

(2) in subparagraph (A) by striking “and receipts”;

(3) in subparagraph (C) by striking “and receipts”;

(4) by amending the heading to read as follows: “CALCULATION OF DIRECT SPENDING INCREASE.—”.

(d) CONFORMING AMENDMENTS.—(1) The heading of section 252(c) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended to read as follows: “ELIMINATING A DIRECT SPENDING INCREASE.—”.

(2) Paragraphs (1), (2), and (4) of section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 are amended by striking “or receipts” each place it appears.

(3) Section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended by striking “or receipts” and by striking “, outlays, and receipts” and inserting “and outlays”.

(4) Section 254(c)(3) of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended—

(A) in subparagraph (A) by striking “net deficit increase or decrease” and by inserting “net increase or decrease in direct spending”;

(B) in subparagraph (B) by striking “amount of deficit increase or decrease” and by inserting “increase or decrease in direct spending”;

(C) in subparagraph (C) by striking “a deficit increase” and by inserting “an increase in direct spending”.

The CHAIRMAN pro tempore. Pursuant to House Resolution 692, the gentleman from Illinois (Mr. KIRK) and a Member opposed each will control 15 minutes.

The Chair recognizes the gentleman from Illinois (Mr. KIRK).

Mr. KIRK. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I urge support for the Republican Consensus Budget Substitute. In sum, the consensus substitute saves \$445 billion to help protect Social Security and Medicare.

This substitute includes 10 consensus principles that help restrain spending and make it difficult to create new government programs. It represents the work of the Conservative Republican Study Committee and the Moderate Republican Tuesday Group to put spending restraint as a core value of this Congress.

We know that Medicare’s unfunded liability is in the red \$21 trillion. We know that Social Security’s unfunded liability is in the red \$10 trillion. In just 5 years, the first baby boomers will start collecting Social Security checks. The number of people collecting Social Security checks will then climb from 40 million Americans to 80 million Americans. To honor our commitment to Social Security and Medicare, we must restrain spending on other programs. Our substitute would cut the growth of other entitlement programs by \$445 billion, saving that to meet our Social Security and Medicare commitments.

Now, the Federal Government has made two important promises to the American people: one, to provide for the common defense; and, two, to ensure some retirement security. To honor those expensive financial commitments, we must hold back spending on other programs to keep those prom-

ises. In this substitute, we do some things, and we do not do other things. We do not cut Social Security and Medicare. We do honor our commitment to America’s retirement security.

And we have other reforms. Ten reforms. They are: a rainy day fund for emergencies, so that we stop our process of emergency appropriations outside the budget.

We have baselines without automatic spending increase inflation adjustments, to begin to slow down the process of spending.

We have annual caps to make sure that we can keep track of the actual budget targets we set.

We have spending controls, automatic reductions, in non-Social Security, non-Medicare accounts to make sure that a budget we pass is one that we actually keep.

We keep promises to seniors by ensuring that Social Security and Medicare are not cut and have additional resources at the government’s command to make sure that those programs are strengthened.

We have enhanced rescission protections to make sure that the President would be able to eliminate pork barrel spending projects, like greenhouses in Iowa.

We would be able to also focus on government inefficiencies with a new bipartisan commission.

We would be able to have proper accounting of long-term liability through accrual accounting.

We also have a clear showing of the Federal debt through more transparent reforms.

And, lastly, we maintain our fiscal discipline by making sure pay-as-you-go rules apply to entitlement spending.

Now, many criticize this effort, because while we do not touch Social Security or Medicare, we do hold other spending to the rate of inflation. Some say we must allow government spending to grow much faster than inflation. But if spending grows faster than taxes, we will run out of money; and every senior knows that.

Even Senator KERRY does not agree with the Center on Budget and Policy Priorities. They say that we cannot slow health care costs. But Senator KERRY disagrees. And in his latest TV ad he says the following, and I quote: “We spend about \$1.5 trillion every year on health care in America. \$350 billion of that has nothing to do with care. It is all paperwork. We will literally save billions of dollars in health care costs in America by becoming more streamlined and more efficient.” And he could not be more right.

Ask your seniors a question: Should we cut other entitlement programs so that \$445 billion can go to protect Social Security and Medicare? Our seniors are savvy citizens. They know that spending in other programs threatens the long-term future of Social Security and Medicare, and they know that the retirement of the baby boom means that we will need to cut other programs to protect Social Security and Medicare.

Mr. Chairman, I urge adoption of the substitute.

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

Mr. NUSSLE. Mr. Chairman, I claim the time in opposition, and I ask unanimous consent that half of that time be yielded to the gentleman from South Carolina (Mr. SPRATT).

The CHAIRMAN pro tempore. Without objection, the gentleman from South Carolina (Mr. SPRATT) and the gentleman from Iowa (Mr. NUSSLE) each will control 7½ minutes.

There was no objection.

The CHAIRMAN pro tempore. The Chair recognizes the gentleman from Iowa (Mr. NUSSLE).

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

Mr. SPRATT. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, the Kirk substitute is Hensarling light, just as objectionable for most of the same reasons, only less so.

He just put up his sign over there which said it would save \$445 billion and which could be spent on Medicare and Social Security. That is the estimated savings produced by the Center on Budget and Policy Priorities. The gentleman from Illinois (Mr. KIRK) just said they are wrong, and yet he was holding up a sign indicating that the savings that he would accomplish are just what they indicated they would be.

□ 2245

So he saves \$445 billion for Medicare but he gets it by taking \$175 billion out of Medicaid, \$50 billion out of Federal civil service retirement and disability, \$28 billion out of military retirement, \$22 billion out of veterans' benefits, on down the list. That is how that \$445 billion adds up. He limits the safety net programs to 2 percent. It is true, he picks out some programs that are sensitive, we might call them safety net programs, and he provides they will not be cut more than 2 percent, another difference between him and the gentleman from Texas.

But this provision means that other programs are not deemed to be sensitive and they include child care payments, price supports, farm price supports, crop insurance, TRICARE military health benefits, among others; these face unlimited cuts, larger cuts because the other programs are shielded. These cuts could reach 43 percent by 2014 based on current projections according to the Center on Budget and Policy Priorities.

So this particular substitute is just as bad, only not in dollar terms quite as great, it is just as flawed, has just as many anomalies in it, and for the same reason should be rejected by everyone in this House.

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

Mr. KIRK. Mr. Chairman, I yield 4 minutes to the gentleman from Delaware (Mr. CASTLE), the chairman of the moderate Republican Tuesday Group.

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

Mr. Chairman, I rise in support of the Kirk substitute and encourage my colleagues to support this compromise approach. I know this is ancient history, but in the 1970s, my home State of Delaware struggled greatly. I know it is a small State, but we were not balancing budgets, we were borrowing money and had the highest tax rate in the United States of America, a 19.8 percent personal income tax rate. In an effort to rectify the situation, the business community got together with then Governor Pete DuPont and decided they had to make procedural changes. These changes included rainy day funds, other set-asides, estimates of revenues, and procedures.

These have been in place, and enforced, since then, resulting in a balanced budget every year. In my opinion, the fact that Delaware has a strongly enforced process has led us to have one of the healthiest economic reports of any State in the country. I am particularly pleased that this substitute includes some of the specific provisions that made such a difference in the State of Delaware.

But as we all know, the existence of process is not enough. It must be enforced. I believe we can all agree on that. At the Federal Government level, we see a great deal of unenforced process when it comes to budgets and appropriations. This leads one to often wonder why we bother doing it. We can do something about this. Enforced process could make a vast difference, not necessarily in balancing the budget but in the reliability of our process. Oversight is also imperative in the enforcement of the process, something I would argue that is not done well in the Congress of the United States.

Finally, any measure of reforming the budget process should improve the transparency of our practice. Our procedure should empower Americans to hold us accountable for our choices. Eliminating structural impediments and obvious loopholes in the process would be a great step in this direction and could improve our ability to pass a budget resolution and individual appropriations bills.

Months ago, the gentleman from Illinois and I got together in an attempt to develop a package that represented a host of balanced approaches to restrain spending and control deficits, including process, oversight, enforcement and transparency. I would like to only highlight a couple of the provisions in the substitute.

We recognized that it was important to create a bipartisan congressional commission to identify wasteful spending and the Kirk substitute includes such a demand on our oversight responsibilities. As we work to get our financial House in order, we must be willing to identify where we are wasting money. While we do have a number of mechanisms at the Federal level to study the effectiveness and efficiency

of programs, I do believe we should be paying more attention to wasteful spending each budget cycle.

Today's substitute also addresses PAYGO. I support full PAYGO and believe that both revenues and spending should be included. I have long been arguing that to truly balance our budget everything really should be on the table. I recognize, however, that compromise is a necessity in Congress; without it we can debate ourselves silly, but in the end it is compromise that moves this country forward. For that reason, I support today's substitute despite the fact that it is not full PAYGO.

In an effort to ensure we are abiding by PAYGO rules, today's substitute includes automatic sequesters. This is difficult to swallow, and most of us would never want a sequester triggered. It is, however, necessary to establish boundaries. Unfortunately, many guidelines we have used to control spending and reduce deficits have been and continue to be circumvented. The automatic sequester will require us to live within the guidelines we have set for ourselves, ultimately helping to balance our country's budget.

The Kirk substitute takes a very balanced approach to meeting in the middle. I am in full support of this substitute and encourage its passage.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Chairman, I have a lot of respect for the sponsor of this amendment and the gentleman who just spoke, but let me make it very clear. There is nothing moderate about this proposal. Not to be too graphic, but imagine going to the deli. The person puts that little ham or turkey up there and an automatic slicer starts going. Just imagine further that the slicer keeps going until the hand goes into the slicer, up to the wrist, up to the forearm. Not a pretty picture.

This is the budget equivalent that is created in this bill. It puts automatic cuts in place by a process and then those cuts cut and they cut. They cut the fat, they cut the skin, they cut the meat, they cut the bone. They cut and they cut and they cut.

Entitlement caps under this proposal would devastate so many programs: Medicaid, medical assistance to the poor, estimated cut at \$175 billion. The President of the American Legion has written to express his profound concern about entitlement caps, as well he should because the projected cuts of the Kirk proposal, \$28 military retirement and disability, \$22 billion veterans' benefits, TRICARE for life, \$6 billion.

We also see student loans once again taking a hit. They also hard freeze other programs, discretionary programs, no inflation. That means again put the automatic slicer in place and the cuts start happening. The cuts

under that proposal alone on discretionary programs would take, as a proportion of the Federal Government discretionary program, spending down to a level not seen since Herbert Hoover was President. Herbert Hoover was a Republican. And he was the last Republican other than the existing President to have a job loss under their administration.

It appears that this is no accident. Herbert Hoover seems to be someone that they aspire to, because this economic plan takes the Federal Government to the days of Herbert Hoover. There is nothing moderate about it. Reject it.

Mr. KIRK. Mr. Chairman, I yield 1 minute to the gentlewoman from Pennsylvania (Ms. HART).

Ms. HART. Mr. Chairman, I thank the gentleman from Illinois for yielding time. The facts are simple. When we look at the facts, we see that our spending here in the Federal Government has increased by significantly more from year to year in the last 4 years than has the family budget. If we are spending more from year to year than families are earning from year to year, I think it is obvious that we are taking too much money from the general public. It is important for us to live within our means like they have to do.

This amendment that the gentleman from Illinois has offered will help us do that. It sets caps. It forces us to keep within the budget that we state that we will keep within. It is that simple. It is an enforcement mechanism. It forces us to identify waste. It forces us to eliminate waste. Clearly we have not done that if we look at the chart.

What is also important about this amendment is that it protects Social Security and Medicare, so our seniors will not lose. It is important for us to live within a budget. It is important for us to protect our seniors. I urge support of the Kirk amendment.

Mr. SPRATT. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Chairman, how nice it would be if we could come up with a magic bullet to all of a sudden fix our fiscal crisis, but it is not that easy. It certainly is not going to be fixed by radical proposals like this. I say radical because this would cut spending in domestic discretionary programs, including defense. In fact, defense would be cut by \$1.1 trillion, it is estimated, over the next decade. We could go down a long list of programs that would be deeply cut, but really what is at stake here is a fundamental philosophy. The proposal as most of the other proposals, in fact, I think all of the amendments and substitutes tonight, would exempt tax cuts. We exempt tax cuts because we do not want to hurt the most affluent people in this country.

The richer you are, the more benefit you get from tax cuts. But the poorer you are, the more dependent you are

upon entitlement programs, Medicare, Medicaid, food stamps, child nutrition, foster care, disability payments, veterans' benefits. Those go to people who need help, to enable us to have a civil society in this country, not a survival of the fittest.

Some people are not born into wealth. Some people have disabilities. Some people suffer all their lives through the accident of birth. Yet what we would do with these proposals to try to balance the budget is to afford the tax cuts by taking the money away from the people who need it the most. We will take it from Medicaid, we will take it from student loans, we will take it from child nutrition, from food stamps. To heck with them. Veterans. They are out there risking their lives for us and most of them are not the children of affluent and middle-class families.

This is a perverse budget amendment as have been the other substitutes. It is a simplistic proposal that ought to be soundly defeated. I urge defeat of this substitute amendment.

Mr. SPRATT. Mr. Chairman, I yield myself the balance of my time.

My good friend, the gentleman from Illinois, comes to the floor and he acknowledges, he touts this amendment as requiring cuts that equal \$445 billion over the next 10 years in entitlement programs, except for Social Security and Medicare, but they come out of Medicaid and Federal civil service retirement and military retirement and family support and TRICARE for life.

The list goes on and on. He acknowledges that these programs will be cut by \$445 billion. But he holds up the sign and says, but look, this money can be used to shore up Medicare and Social Security. But I defy you to read this substitute and find in it one line, one word, anything that will say that these savings must go to Social Security or Medicare. More likely than not, they will be used to offset tax cuts, maybe to offset the deficit but unlikely they will go to Social Security and Medicare. So what we have here is an across-the-board entitlement cap proposal that by the author's own acknowledgment will cut key programs by a substantial amount. It does protect some, limiting the cuts to 2 percent. But by limiting the cuts in some to 2 percent, the Center on Budget and Policy Priorities makes it clear that this provision means that other programs, child care payments, farm price supports, crop insurance, TRICARE military benefits, face unlimited cuts that could reach 43 percent by 2014.

Unless you want to vote for this kind of Draconian budget, vote against the Kirk amendment.

Mr. KIRK. Mr. Chairman, I yield myself such time as I may consume. We have an argument here. One side urges spending restraint and the other side urges higher taxes. I lean toward spending restraint and believe that Americans are taxed enough. This Congress was run by the other party in the

1980s and we raised taxes back then. But spending went up even faster than we raised taxes. We remember in the 1980s that for every \$1 in taxes raised, the Congress lifted spending by \$1.24. Therefore, taxes went up and so did the deficit.

Ask your seniors this question. Should we cut other programs to make sure that we have \$445 billion to help protect Social Security? The gentleman asks, what commitment is there by the United States Government to make sure that these savings go to Social Security and Medicare? As I referred to in my opening, we have an unfunded liability in Medicare of \$21 trillion, and we have an unfunded liability in Social Security of \$10 trillion. There is a sacred bond and a piece of paper from the Treasury Department to the Social Security Administration that says that the American taxpayer will honor these debts.

□ 2300

But with what money? Ask seniors this question: Should we cut entitlement spending to make sure that the money is there for Social Security and Medicare? Should we make sure that their basic retirement security and their basic health care program has the money it needs to cover those sacred promises?

As I said before, we made two sacred promises to the people of the United States: one, that we would provide for the common defense. We made that promise in 1776. And, two, that we would protect at a minimum level their retirement security. But as I said, we are \$21 trillion in the hole on Medicare and \$10 trillion in the hole on Social Security. To honor those commitments, we have got to restrain spending. We have got to make sure that we have the money available to protect America's seniors, and with that I urge adoption of the substitute.

Mr. Chairman, I yield back the balance of my time.

Mr. NUSSLE. Mr. Chairman, I yield myself the balance of my time.

I say first to my friend from Illinois, great job. He and the gentleman from Delaware (Mr. CASTLE) have probably done something here tonight that none of the other amendments or substitutes even attempted to do, and that was to bridge the many varied ideas within our conference into one document, one amendment, one substitute.

It is going to have some opposition because it is imperfect. This entire day, one could argue, was an imperfect day. Some may have a different way of putting it, but today was about controlling spending. And as far as I am concerned, any day we can debate how to control spending is a good day. At the end of this day, and we are getting close to the end of the day, it is possible nothing will pass and there will be some people, including myself as I am driving back home, wondering why did we go through this then, if, in fact, absolutely nothing passes?

That is not going to be easy to necessarily understand for everybody that is listening except that we have got to start this discussion. We really do. I mean, there are too many situations out there that are going unchecked. They are going unchecked in the appropriations process. They are going unchecked in the authorization process. They are unchecked in the way we spend money on the discretionary side. They are going unchecked in the way we spend money on the mandatory side. And today was a discussion about how we can finally bring that into a system to put it into some modicum of check and balance.

It is not going to be easy to figure out. We saw a lot of different votes today from Members who oppose some things, they support others. The bottom line is we had to have this discussion. We had to have this debate. We had to have it out here on the floor in the light of day because nothing was working behind the scenes either. But we knew that we had to have this debate in order to begin the discussion about how we are going to control spending.

This is not about tax increases. I know the other side wants to have a tax increase. In fact, we had one of those debates earlier today on an Obey resolution that wanted to increase taxes. That is fine. We defeated that. This is not about an increase in taxes. The motion to recommit is going to be automatic tax increases. The motion to recommit this bill is going to say we ought to have what is called pay-as-you-go, as we described, for taxes or for revenue. All that is going to do is amount to an automatic tax increase that we do not need.

Today is going to be focused on spending, on controlling spending; and that is why we have we will have, as our last vote today, an opportunity on the base bill to vote up or down whether or not we want to have 2 years of caps for discretionary spending and pay-as-you-go for mandatory spending. That is what the vote will be about, and we will have the opportunity to support that or oppose that.

But let me remind us why we are doing it. We are doing it because these are the only two measures of spending control and budget enforcement that have proven to work anytime in the last 20 years, the only two, short of our own personal restraint and ability to vote.

And that is the last thing I would remind Members. Even if this does not pass tonight, even if nothing passes tonight, we are going to go back into the appropriations process. We will go back into the authorization process. And in that process, Members cannot just say let us turn this over to somebody else to do or another process to enforce. They have got to enforce controlling spending with every single vote they cast on this floor throughout the year. This cannot be the only time we discuss this in a process or try to blame

someone else. We have got to start doing it on a day-to-day basis in the oversight we do and the votes that we cast on the floor.

Mr. KIRK. Mr. Chairman, will the gentleman yield?

Mr. NUSSLE. I yield to the gentleman from Illinois.

Mr. KIRK. Mr. Chairman, I do want to commend the gentleman for a very trying and difficult debate. But this was one of the few times in the Congress where we did not have a scripted debate. This was one of the few times where we did not know how the votes would turn out. And the American people have seen that we are now wrestling with a very difficult problem of how to bring spending under control so that we meet the commitments to Social Security, to Medicare, to the Nation's defense that we have already made.

Mr. NUSSLE. Mr. Chairman, reclaiming my time, the good news is it is working. The deficit this year will be reduced by almost \$100 billion, we are hearing reports already, over what was predicted just 6 months ago, \$100 billion because of the work that we are doing reducing the deficit, which helps keep that economy moving. That is good news. We have got to do more. We have got to continue the debate. This is the first step in controlling spending.

Unfortunately, I do not think we are going to pass much today, but we needed to begin that debate today.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. WALDEN of Oregon). The question is on the amendment in the nature of a substitute offered by the gentleman from Illinois (Mr. KIRK).

The question was taken; and the Chairman pro tempore announced that the ayes appeared to have it.

Mr. KIRK. Mr. Chairman, I demand a recorded vote.

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, further proceedings on the amendment offered by the gentleman from Illinois (Mr. KIRK) will be postponed.

SEQUENTIAL VOTES POSTPONED IN COMMITTEE OF THE WHOLE

The CHAIRMAN pro tempore. Pursuant to clause 6 of rule XVIII, proceedings will now resume on those amendments on which further proceedings were postponed, in the following order: amendment No. 16 offered by the gentleman from Texas (Mr. HENSARLING), amendment No. 17 offered by the gentleman from Illinois (Mr. KIRK).

The Chair will reduce to 5 minutes the time for the second electronic vote.

AMENDMENT NO. 16 OFFERED BY MR. HENSARLING

The CHAIRMAN pro tempore. The pending business is the demand for a recorded vote on the amendment offered by the gentleman from Texas (Mr. HENSARLING) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment.

The Clerk redesignated the amendment.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 88, noes 326, not voting 19, as follows:

[Roll No. 315]

AYES—88

Akin	Flake	Myrick
Ballenger	Franks (AZ)	Neugebauer
Barrett (SC)	Garrett (NJ)	Norwood
Bartlett (MD)	Gibbons	Otter
Beauprez	Gingrey	Paul
Bilirakis	Goode	Pence
Bishop (UT)	Green (WI)	Pitts
Blackburn	Gutknecht	Putnam
Blunt	Harris	Radanovich
Boehner	Hart	Rohrabacher
Bonner	Hayworth	Royce
Brady (TX)	Hefley	Ryan (WI)
Burgess	Hensarling	Ryan (KS)
Cannon	Herger	Schrock
Cantor	Hoekstra	Sensenbrenner
Carter	Hostettler	Sessions
Chabot	Isakson	Shadegg
Chocola	Jenkins	Shimkus
Coble	Johnson, Sam	Shuster
Cole	Jones (NC)	Stearns
Cox	Kennedy (MN)	Sullivan
Crane	King (IA)	Tancredo
Cubin	Kline	Terry
Deal (GA)	Manzullo	Thornberry
DeMint	McCrery	Toomey
Diaz-Balart, M.	McKeon	Turner (OH)
Duncan	Miller (FL)	Vitter
Dunn	Miller, Gary	Wilson (SC)
English	Moran (KS)	
Feeney	Musgrave	

NOES—326

Abercrombie	Clyburn	Frost
Ackerman	Conyers	Galleghy
Aderholt	Cooper	Gerlach
Alexander	Costello	Gilchrist
Allen	Cramer	Gillmor
Andrews	Crenshaw	Gonzalez
Baca	Crowley	Goodlatte
Bachus	Culberson	Goss
Baird	Cummings	Graves
Baldwin	Cunningham	Green (TX)
Bass	Davis (AL)	Greenwood
Becerra	Davis (CA)	Grijalva
Bell	Davis (FL)	Gutierrez
Berkley	Davis (IL)	Hall
Berry	Davis (TN)	Harman
Biggart	Davis, Jo Ann	Hayes
Bishop (NY)	Davis, Tom	Herseth
Bishop (NY)	DeFazio	Hill
Blumenauer	DeGette	Hinchee
Boehlert	Delahunt	Hinojosa
Bonilla	DeLauro	Hobson
Bono	DeLay	Hoefel
Boozman	Diaz-Balart, L.	Holden
Boswell	Dicks	Holt
Boucher	Dingell	Honda
Boyd	Doggett	Hooley (OR)
Bradley (NH)	Dooley (CA)	Hoyer
Brady (PA)	Doolittle	Hulshof
Brown (OH)	Doyle	Hunter
Brown (SC)	Dreier	Hyde
Brown, Corrine	Edwards	Inslee
Brown-Waite,	Ehlers	Israel
Ginny	Emanuel	Issa
Burns	Emerson	Jackson (IL)
Burr	Engel	Jackson-Lee
Burton (IN)	Eshoo	(TX)
Buyer	Etheridge	Jefferson
Calvert	Evans	John
Camp	Everett	Johnson (CT)
Capito	Farr	Johnson (IL)
Capps	Fattah	Johnson, E. B.
Capuano	Ferguson	Kanjorski
Cardin	Filner	Kaptur
Cardoza	Foley	Keller
Carson (OK)	Forbes	Kelly
Case	Ford	Kennedy (RI)
Castle	Fossella	Kildee
Chandler	Frank (MA)	Kilpatrick
Clay	Frelinghuysen	Kind

King (NY)	Neal (MA)	Serrano
Kingston	Nethercutt	Shaw
Kirk	Ney	Shays
Klecza	Northup	Sherman
Knollenberg	Nunes	Sherwood
Kolbe	Nussle	Simmons
Kucinich	Oberstar	Simpson
LaHood	Obey	Skelton
Lampson	Olver	Slaughter
Langevin	Ortiz	Smith (MI)
Lantos	Osborne	Smith (NJ)
Larsen (WA)	Ose	Smith (TX)
Larson (CT)	Owens	Smith (WA)
Latham	Oxley	Snyder
LaTourette	Pallone	Solis
Leach	Pascrell	Souder
Lee	Pastor	Spratt
Levin	Payne	Stark
Lewis (CA)	Pearce	Stenholm
Lewis (GA)	Pelosi	Strickland
Lewis (KY)	Peterson (MN)	Stupak
Linder	Peterson (PA)	Sweeney
Lipinski	Petri	Tanner
LoBiondo	Pickering	Tauscher
Lofgren	Platts	Taylor (MS)
Lowe	Pombo	Taylor (NC)
Lucas (KY)	Pomeroy	Thomas
Lucas (OK)	Porter	Thompson (CA)
Lynch	Portman	Thompson (MS)
Majette	Price (NC)	Tiahrt
Maloney	Pryce (OH)	Tiberi
Markey	Quinn	Tierney
Marshall	Rahall	Towns
Matheson	Ramstad	Turner (TX)
Matsui	Rangel	Udall (CO)
McCarthy (MO)	Regula	Udall (NM)
McCarthy (NY)	Rehberg	Upton
McColum	Renzi	Van Hollen
McCotter	Reyes	Velázquez
McGovern	Reynolds	Visclosky
McHugh	Rodriguez	Walden (OR)
McInnis	Rogers (AL)	Walsh
McIntyre	Rogers (KY)	Wamp
McNulty	Rogers (MI)	Waters
Meehan	Ros-Lehtinen	Watson
Meek (FL)	Ross	Watt
Meeks (NY)	Roybal-Allard	Waxman
Menendez	Ruppersberger	Weiner
Mica	Rush	Weldon (FL)
Michaud	Ryan (OH)	Weldon (PA)
Millender-	Sabo	Weller
McDonald	Sánchez, Linda	Wexler
T.		Whitfield
Miller (MI)		Wicker
Miller (NC)	Sanchez, Loretta	Wilson (NM)
Miller, George	Sanders	Wolf
Moore	Sandlin	Wolfe
Moran (VA)	Saxton	Woolsey
Murphy	Schakowsky	Wu
Murtha	Schiff	Wynn
Nadler	Scott (GA)	Young (AK)
Napolitano	Scott (VA)	Young (FL)

NOT VOTING—19

Baker	Gephardt	Jones (OH)
Barton (TX)	Gordon	McDermott
Bereuter	Granger	Mollohan
Berman	Hastings (FL)	Rothman
Carson (IN)	Hastings (WA)	Tauzin
Collins	Houghton	
Deutsch	Istook	

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (Mr. WALDEN of Oregon) (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2333

Ms. WOOLSEY, Ms. GINNY BROWN-WAITE of Florida, and Messrs. FORBES, WEINER, and BOEHLERT changed their vote from “aye” to “no.”

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

□ 2330

AMENDMENT NO. 17 IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. KIRK

The CHAIRMAN pro tempore (Mr. WALDEN of Oregon). The pending business is the demand for a recorded vote

on the amendment in the nature of a substitute offered by the gentleman from Illinois (Mr. KIRK) on which further proceedings were postponed and on which the noes prevailed by voice vote.

The Clerk will redesignate the amendment in the nature of a substitute.

The Clerk redesignated the amendment in the nature of a substitute.

RECORDED VOTE

The CHAIRMAN pro tempore. A recorded vote has been demanded.

A recorded vote was ordered.

The CHAIRMAN pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 120, noes 296, not voting 17, as follows:

[Roll No. 316]

AYES—120

Akin	Fossella	Myrick
Ballenger	Franks (AZ)	Neugebauer
Barrett (SC)	Garrett (NJ)	Norwood
Bartlett (MD)	Gibbons	Nunes
Bass	Gilchrist	Otter
Beauprez	Gillmor	Paul
Biggert	Gingrey	Pence
Bishop (UT)	Goode	Pitts
Blackburn	Goodlatte	Portman
Blunt	Green (WI)	Pryce (OH)
Boehlert	Greenwood	Putnam
Bonner	Gutknecht	Radanovich
Bono	Harris	Rehberg
Brady (TX)	Hart	Reynolds
Brown (SC)	Hayworth	Rogers (MI)
Brown-Waite,	Hefley	Rohrabacher
Ginny	Hensarling	Royce
Burgess	Herger	Ryan (WI)
Burton (IN)	Hoekstra	Ryun (KS)
Cannon	Hostettler	Schrock
Cantor	Hulshof	Sensenbrenner
Carter	Hunter	Sessions
Castle	Hyde	Shadegg
Chabot	Isakson	Shays
Chocola	Issa	Shimkus
Coble	Jenkins	Smith (MI)
Cole	Johnson (CT)	Stearns
Cox	Johnson, Sam	Sullivan
Crane	Kennedy (MN)	Tancredo
Cubin	King (IA)	Terry
Deal (GA)	Kirk	Thornberry
DeLay	Kline	Tiahrt
Linder	Linder	Tiberi
Diaz-Balart, M.	Manzullo	Toomey
Duncan	McCrery	Turner (OH)
Dunn	McInnis	Upton
Ehlers	McKeon	Vitter
English	Miller (FL)	Weller
Feeney	Miller, Gary	Wilson (SC)
Flake	Murphy	
Forbes	Musgrave	

NOES—296

Abercrombie	Brown (OH)	Davis (CA)
Ackerman	Brown, Corrine	Davis (FL)
Aderholt	Burns	Davis (IL)
Alexander	Burr	Davis (TN)
Allen	Buyer	Davis, Jo Ann
Andrews	Calvert	Davis, Tom
Baca	Camp	DeFazio
Bachus	Capito	DeGette
Baird	Capps	Delahunt
Baker	Capuano	DeLauro
Baldwin	Cardin	Diaz-Balart, L.
Becerra	Cardoza	Dicks
Bell	Carson (OK)	Dingell
Berkley	Case	Doggett
Berry	Chandler	Dooley (CA)
Bilirakis	Clay	Doolittle
Bishop (GA)	Clyburn	Doyle
Bishop (NY)	Conyers	Dreier
Blumenauer	Cooper	Edwards
Boehner	Costello	Emanuel
Bonilla	Cramer	Emerson
Boozman	Crenshaw	Engel
Boswell	Crowley	Eshoo
Boucher	Culberson	Etheridge
Boyd	Cummings	Evans
Bradley (NH)	Cunningham	Everett
Brady (PA)	Davis (AL)	Farr

Fattah	Lucas (KY)	Ross
Ferguson	Lucas (OK)	Roybal-Allard
Filner	Lynch	Ruppersberger
Foley	Majette	Rush
Ford	Maloney	Ryan (OH)
Frank (MA)	Markey	Sabo
Frelinghuysen	Marshall	Sánchez, Linda
Frost	Matheson	T.
Gallegly	Matsui	Sanchez, Loretta
Gerlach	McCarthy (MO)	Sanders
Gonzalez	McCarthy (NY)	Sandlin
Goss	McColum	Saxton
Graves	McCotter	Schakowsky
Green (TX)	McGovern	Schiff
Grijalva	McHugh	Scott (GA)
Gutierrez	McIntyre	Scott (VA)
Hall	McNulty	Serrano
Harman	Meehan	Shaw
Hayes	Meek (FL)	Sherman
Herseth	Meeks (NY)	Sherwood
Hill	Menendez	Shuster
Hinche	Mica	Simmons
Hinojosa	Michaud	Simpson
Hobson	Millender-	Skelton
Hoefel	McDonald	Slaughter
Holden	Miller (MI)	Smith (NJ)
Holt	Miller (NC)	Smith (TX)
Honda	Miller, George	Smith (WA)
Hooley (OR)	Moore	Snyder
Hoyer	Moran (KS)	Solis
Insee	Moran (VA)	Souder
Israel	Murtha	Spratt
Istook	Nadler	Stark
Jackson (IL)	Napolitano	Stenholm
Jackson-Lee	Neal (MA)	Strickland
(TX)	Nethercutt	Stupak
Jefferson	Ney	Sweeney
John	Northup	Tanner
Johnson (IL)	Nussle	Tauscher
Johnson, E. B.	Oberstar	Taylor (MS)
Jones (NC)	Obey	Taylor (NC)
Kanjorski	Olver	Thomas
Kaptur	Ortiz	Thompson (CA)
Keller	Osborne	Thompson (MS)
Kelly	Ose	Tierney
Kennedy (RI)	Owens	Towns
Kildee	Oxley	Turner (TX)
Kilpatrick	Pallone	Udall (CO)
Kind	Pascrell	Udall (NM)
King (NY)	Pastor	Van Hollen
Kingston	Payne	Velázquez
Klecza	Pearce	Visclosky
Knollenberg	Pelosi	Walden (OR)
Kolbe	Peterson (MN)	Walsh
Kucinich	Peterson (PA)	Wamp
LaHood	Petri	Waters
Lampson	Pickering	Watson
Langevin	Platts	Watt
Lantos	Pombo	Waxman
Larsen (WA)	Pomeroy	Weiner
Larson (CT)	Porter	Weldon (FL)
Latham	Price (NC)	Weldon (PA)
LaTourette	Quinn	Wexler
Leach	Rahall	Whitfield
Lee	Ramstad	Wicker
Levin	Rangel	Wilson (NM)
Lewis (CA)	Regula	Wolf
Lewis (GA)	Renzi	Woolsey
Lewis (KY)	Reyes	Wu
Lipinski	Rodriguez	Wynn
LoBiondo	Rogers (AL)	Young (AK)
Lofgren	Rogers (KY)	Young (FL)
Lowe	Ros-Lehtinen	

NOT VOTING—17

Barton (TX)	Gephardt	Jones (OH)
Bereuter	Gordon	McDermott
Berman	Granger	Mollohan
Carson (IN)	Hastings (FL)	Rothman
Collins	Hastings (WA)	Tauzin
Deutsch	Houghton	

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2340

So the amendment in the nature of a substitute was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. The Chair is advised that amendment No. 19 is not to be offered.

Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. SHIMKUS) having assumed the chair, Mr. WALDEN of Oregon, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4663) to amend part C of the Balanced Budget and Emergency Deficit Control Act of 1985 to establish discretionary spending limits and a pay-as-you-go requirement for mandatory spending, pursuant to House Resolution 692, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the 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 MR. STENHOLM

Mr. STENHOLM. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. STENHOLM. I am, Mr. Speaker, in its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Stenholm moves to recommit the bill H.R. 4663 to the Committee on the Budget with instructions to report the same back to the House forthwith with the following amendments:

Amend section 6 to read as follows:

**SEC. 6. EXTENSION OF PAY-AS-YOU-GO REQUIREMENT.**

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 is amended "2002" both places it appears and inserting "2009".

Strike section 9 and redesignate the succeeding sections accordingly.

□ 2340

The SPEAKER pro tempore (Mr. SHIMKUS). The gentleman from Texas (Mr. STENHOLM) is recognized for 5 minutes.

Mr. STENHOLM. Mr. Speaker, my motion will make one simple change to the base bill. It will reinstate the original pay-as-you-go rules for all legislation which would increase the deficit. The motion would leave in place the discretionary spending limits and other provisions of the base bill.

The original pay-as-you-go legislation was part of the bipartisan 1990 budget agreement between President George Bush and the Democratic Congress. Pay-as-you-go rules applying to changes in revenues in the mandatory spending were extended in the 1993 Budget Reconciliation Act, the 1995 budget resolution, and the bipartisan balanced budget agreement in 1997.

The pay-as-you-go rules enacted in 1990 have been tested and they worked. They were instrumental in going from large deficits in the early 1980s and early 1990s to budget surpluses in the late 1990s.

The Concord Coalition, Federal Reserve Chairman Alan Greenspan, the Committee for a Responsible Federal Budget, the AARP and a bipartisan majority in the other body and a bipartisan majority in this body, for more than 20 minutes, when the gentleman from California (Mr. THOMPSON) offered this the first time, have all expressed support for reinstating balanced and effective PAYGO rules that applies to all legislation that would increase the deficit.

These rules are based on a simple concept that all families understand, and we have heard so much of this today. If we want to reduce our revenues or increase spending, we need to say how we would pay for these changes.

If we are truly serious about restoring fiscal discipline, budget enforcement rules must apply to all legislation which would increase the deficit through increased spending or reductions in revenues.

All parts of the budget must be on the table. It is irresponsible and politically unrealistic to propose budget rules that apply to one part of the budget but not others.

It is irresponsible and politically unrealistic to propose budget rules that apply to one part of the budget but not to others. Both sides need to be willing to apply budget discipline to their own priorities, not just the other side's priorities.

Applying pay-as-you-go rules to tax cuts do not prevent Congress from passing more tax cuts or increasing spending. All it says is that if we are going to reduce our revenues we need to reduce our spending by the same amount, and if we want to increase spending, we need to make room in the budget for the increased spending by cutting other spending or raising revenues.

Enacting meaningful budget enforcement legislation will require bipartisan support. This recommitment will bring bipartisan support.

I conclude by saying again, and listen carefully, applying pay-as-you-go rules to tax cuts do not prevent Congress from passing more tax cuts. All it says is that if we are going to reduce our revenues we need to reduce our spending by the same amount.

If my friends on the other side of the aisle actually mean what they have said over and over about controlling spending, if all of those that have just offered the last two substitutes really mean what they say about controlling spending, they should have no problem with applying pay-as-you-go to tax cuts because it would force Congress to actually control spending when we pass tax cuts instead of just promising to do so in the future.

In fact, requiring Congress to offset tax cuts could be a tool to force Congress to control spending. The problem is that we have not matched our actions with our rhetoric. We propose cutting taxes without cutting spending. We run up the deficits and we pass the difference on to our children and grandchildren.

This motion to recommit, very simple, will accomplish that which we have talked about all day.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. For what purpose does the gentleman from Iowa (Mr. NUSSLE) seek recognition?

Mr. NUSSLE. Mr. Speaker, I rise in opposition to the motion.

The SPEAKER pro tempore. The gentleman from Iowa is recognized for 5 minutes in opposition.

Mr. NUSSLE. Mr. Speaker, the gentleman from Texas is correct. We have been debating this all day, and he is exactly right, but you just do not get it because you equate taxes with spending. You equate when the government does not take in taxes, somehow that is spending, and the reason you do that is because you believe that decisions should start here in Washington rather than at the small businesses and the farms and the kitchen tables of America. Those are the people who pay taxes.

We are not going to raise taxes. We have decided that. Seven times this year we have had this vote, and so we want to get to that vote, but let me just remind us of a couple of things.

Today was a good debate because any day you discuss controlling spending is a good day. Any day you discuss that is a good day. What is not quite good about today is that we are probably not going to pass anything, and that is because they do not want to control spending. I know that was tough, but before we start pointing fingers at each other, all I was going to say is that we are all in this together.

We can blame processes, we can blame appropriators, we can blame Democrats and we can blame Republicans. We can blame Presidents. Oh, sure, we can blame the other body. We can blame all sorts of things for what we do every day when we cast our votes in committee or on the floor to have spending continue out of control, and we can devise all sorts of very interesting processes to try and rein us in and to convince our constituents that if all we did was to pass a new law or pass a new process, somehow all of it would be fixed. This is about us. This is not about one particular committee or another.

Now, I understand why the appropriators today, with all due respect, came to the floor just a little bit paranoid about this process. Even paranoids have enemies. I understand, but rightfully so, they are concerned that we have spent way too much time only looking at discretionary spending, and that is why in final analysis what this

bill does is it manages the mandatory spending process with a pay-as-you-go requirement, and it manages the discretionary process by setting caps for only 2 years at the budget that we have all voted for.

We have a budget. We should stick to that budget. If we stick to that budget, we will control spending, and as a result already, if we stick to that budget, we are going to protect the country, make sure that our homeland is secure, make sure we can win the global war on terrorism, make sure our economy can continue to grow like it has for the last 6 months, which has been the fastest in over 20 years, and continue to create jobs.

The payoff is even better than that. If we stick to this plan, we will already see, I predict within this next month a reduction in the prediction for the deficit for this year alone by \$100 billion. That my friends is controlling spending, and that is a good day's work, even if this does not quite make it to the finish line.

Mr. Speaker, I yield back the balance of our time.

□ 2350

The SPEAKER pro tempore (Mr. SHIMKUS). 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 noes appeared to have it.

RECORDED VOTE

Mr. STENHOLM. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes on passage of H.R. 4663 and agreeing to House Resolution 691.

The vote was taken by electronic device, and there were—ayes 196, noes 218, not voting 19, as follows:

[Roll No. 317]

AYES—196

Abercrombie	Case	Engel
Ackerman	Chandler	Eshoo
Alexander	Clay	Etheridge
Allen	Clyburn	Evans
Andrews	Conyers	Farr
Baca	Cooper	Fattah
Baird	Costello	Filner
Baldwin	Cramer	Ford
Becerra	Crowley	Frank (MA)
Bell	Cummings	Frost
Berkley	Davis (AL)	Gonzalez
Berry	Davis (CA)	Green (TX)
Bishop (GA)	Davis (FL)	Grijalva
Bishop (NY)	Davis (IL)	Gutierrez
Blumenauer	Davis (TN)	Harman
Boswell	DeFazio	Herseth
Boucher	DeGette	Hill
Boyd	Delahunt	Hinchey
Brady (PA)	DeLauro	Hinojosa
Brown (OH)	Dicks	Hoefl
Brown, Corrine	Dingell	Holden
Capps	Doggett	Holt
Capuano	Dooley (CA)	Honda
Cardin	Doyle	Hooley (OR)
Cardoza	Edwards	Hoyer
Carson (OK)	Emanuel	Inslee

Israel	Meek (FL)
Jackson (IL)	Meeks (NY)
Jackson-Lee (TX)	Menendez
Jefferson	Michaud
John	Millender-McDonald
Johnson, E. B.	Miller (NC)
Kanjorski	Miller, George
Kaptur	Moore
Kennedy (RI)	Moran (VA)
Kildee	Murtha
Kilpatrick	Nadler
Kind	Napolitano
Klecicka	Neal (MA)
Kucinich	Oberstar
Lampson	Obey
Langevin	Olver
Lantos	Ortiz
Larsen (WA)	Owens
Larson (CT)	Pallone
Lee	Pascarell
Levin	Pastor
Lewis (GA)	Payne
Lipinski	Pelosi
Lofgren	Peterson (MN)
Lowe	Pomeroy
Lucas (KY)	Price (NC)
Lynch	Rahall
Majette	Rangel
Maloney	Reyes
Markey	Rodriguez
Marshall	Ross
Matheson	Roybal-Allard
Matsui	Ruppersberger
McCarthy (MO)	Rush
McCarthy (NY)	Ryan (OH)
McCollum	Sabo
McGovern	Sanchez, Linda T.
McIntyre	Sanchez, Loretta Sanders
McNulty	
Meehan	

NOES—218

Aderholt	Dunn
Akin	Ehlers
Bachus	Emerson
Baker	English
Barrett (SC)	Everett
Bartlett (MD)	Feeney
Bass	Ferguson
Beauprez	Flake
Biggart	Foley
Bilirakis	Forbes
Bishop (UT)	Fossella
Blackburn	Franks (AZ)
Blunt	Frelinghuysen
Boehlert	Galleghy
Boehner	Garrett (NJ)
Bonilla	Hall
Bonner	Harris
Bono	Hart
Boozman	Hayes
Bradley (NH)	Hayworth
Brady (TX)	Hefley
Brown (SC)	Hensarling
Brown-Waite,	Herger
Ginny	Hobson
Burgess	Hoekstra
Burns	Hostettler
Burr	Hulshof
Burton (IN)	Hunter
Buyer	Hyde
Calvert	Isakson
Camp	Issa
Cannon	Istook
Cantor	Jenkins
Capito	Johnson (CT)
Carter	Johnson (IL)
Castle	Johnson, Sam
Chabot	Jones (NC)
Chocola	Keller
Coble	Kelly
Cole	Kennedy (MN)
Cox	King (IA)
Crane	King (NY)
Crenshaw	Kingston
Cubin	Kirk
Culberson	
Cunningham	
Davis, Jo Ann	
Davis, Tom	
Deal (GA)	
DeLay	
DeMint	
Diaz-Balart, L.	
Diaz-Balart, M.	
Doolittle	
Dreier	
Duncan	

Sandlin	Reynolds
Schakowsky	Rogers (AL)
Schiff	Rogers (KY)
Scott (GA)	Rogers (MI)
Scott (VA)	Rohrabacher
Serrano	Ros-Lehtinen
Sherman	Royce
Skelton	Ryan (WI)
Slaughter	Ryun (KS)
Smith (WA)	Saxton
Snyder	Schrock
Solis	Sensenbrenner
Spratt	Sessions
Stark	Shadegg
Stenholm	Shaw
Strickland	Shays
Stupak	Sherwood
Tanner	
Tauscher	
Taylor (MS)	
Thompson (CA)	
Thompson (MS)	
Tierney	
Towns	
Turner (TX)	
Udall (CO)	
Udall (NM)	
Van Hollen	
Velazquez	
Visclosky	
Waters	
Watson	
Watt	
Waxman	
Weiner	
Wexler	
Woolsey	
Wu	
Wynn	

Reynolds	Shimkus
Rogers (AL)	Shuster
Rogers (KY)	Simmons
Rogers (MI)	Simpson
Rohrabacher	Smith (NJ)
Ros-Lehtinen	Smith (TX)
Royce	Souder
Ryan (WI)	Stearns
Ryun (KS)	Sullivan
Saxton	Sweeney
Schrock	Tancred
Sensenbrenner	Taylor (NC)
Sessions	Terry
Shadegg	Thomas
Shaw	Thornberry
Shays	Tiahrt
Sherwood	Tiberi

NOT VOTING—19

Ballenger	Gephardt	McDermott
Barton (TX)	Gordon	Mollohan
Bereuter	Granger	Rothenman
Berman	Hastings (FL)	Smith (MI)
Carson (IN)	Hastings (WA)	Tauzin
Collins	Houghton	
Deutsch	Jones (OH)	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SHIMKUS) (during the vote). Two minutes remain in this vote.

□ 0009

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. SPRATT. 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 146, noes 268, not voting 19, as follows:

[Roll No. 318]

AYES—146

Akin	DeMint	Johnson (IL)
Bachus	Diaz-Balart, L.	Johnson, Sam
Baker	Diaz-Balart, M.	Jones (NC)
Barrett (SC)	Dreier	Keller
Bartlett (MD)	Duncan	Kelly
Bass	Dunn	Kennedy (MN)
Beauprez	Ehlers	King (IA)
Biggart	Feeney	Kirk
Bishop (UT)	Flake	Kline
Blackburn	Foley	Linder
Blunt	Forbes	Lucas (OK)
Boehlert	Fossella	Manzullo
Boehner	Franks (AZ)	McCotter
Boozman	Galleghy	McCrery
Bradley (NH)	Garrett (NJ)	McInnis
Brady (TX)	Gibbons	Miller (FL)
Brown (SC)	Gilchrest	Miller, Gary
Brown-Waite,	Gillmor	Moran (KS)
Ginny	Gingrey	Murphy
Burgess	Goode	Musgrave
Burns	Goodlatte	Myrick
Burr	Graves	Neugebauer
Burton (IN)	Green (WI)	Ney
Buyer	Greenwood	Norwood
Camp	Gutknecht	Nunes
Cannon	Harris	Nussle
Cantor	Hart	Ose
Capito	Hayworth	Otter
Carter	Hefley	Oxley
Castle	Hensarling	Paul
Chabot	Herger	Pearce
Chocola	Hoekstra	Pence
Cole	Hostettler	Petri
Cox	Hulshof	Pickering
Crane	Isakson	Pitts
Cubin	Issa	Platts
Deal (GA)	Jenkins	Pombo
DeLay	Johnson (CT)	Portman

Pryce (OH)  
Putnam  
Radanovich  
Ramstad  
Rehberg  
Reynolds  
Rogers (MI)  
Rohrabacher  
Ros-Lehtinen  
Royce  
Ryan (WI)

## NOES—268

Abercrombie  
Ackerman  
Aderholt  
Alexander  
Allen  
Andrews  
Baca  
Baird  
Baldwin  
Becerra  
Bell  
Berkley  
Berry  
Bilirakis  
Bishop (GA)  
Bishop (NY)  
Blumenauer  
Bonilla  
Bonner  
Bono  
Boswell  
Boucher  
Boyd  
Brady (PA)  
Brown (OH)  
Brown, Corrine  
Calvert  
Capps  
Capuano  
Cardin  
Cardoza  
Carson (OK)  
Case  
Chandler  
Clay  
Clyburn  
Coble  
Conyers  
Cooper  
Costello  
Cramer  
Crenshaw  
Crowley  
Culberson  
Cummings  
Cunningham  
Davis (AL)  
Davis (CA)  
Davis (FL)  
Davis (IL)  
Davis (TN)  
Davis, Jo Ann  
Davis, Tom  
DeFazio  
DeGette  
Delahunt  
DeLauro  
Dicks  
Dingell  
Doggett  
Dooley (CA)  
Doolittle  
Doyle  
Edwards  
Emanuel  
Emerson  
Engel  
English  
Eshoo  
Etheridge  
Evans  
Everett  
Farr  
Fattah  
Ferguson  
Filner  
Ford  
Frank (MA)  
Frelinghuysen  
Frost  
Gerlach  
Gonzalez  
Goss  
Green (TX)  
Grijalva  
Gutierrez

Ryun (KS)  
Schrock  
Sensenbrenner  
Sessions  
Shadegg  
Shays  
Shimkus  
Shuster  
Stearns  
Sullivan  
Tancredo

Napolitano  
Neal (MA)  
Nethercutt  
Northup  
Oberstar  
Obey  
Olver  
Ortiz  
Osborne  
Owens  
Pallone  
Pascarell  
Pastor  
Payne  
Pelosi  
Peterson (MN)  
Peterson (PA)  
Pomeroy  
Porter  
Price (NC)  
Quinn  
Rahall  
Rangel  
Regula  
Renzi  
Reyes  
Rodriguez  
Rogers (AL)  
Rogers (KY)  
Ross  
Roybal-Allard  
Ruppersberger  
Rush  
Ryan (OH)  
Sabo  
Sanchez, Linda  
T.  
Sanchez, Loretta  
Sanders  
Sandlin  
Saxton  
Schakowsky  
Schiff  
Scott (GA)  
Scott (VA)  
Serrano  
Shaw  
Sherman  
Sherwood  
Simmons  
Simpson  
Skelton  
Slaughter  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Snyder  
Solis  
Souder  
Spratt  
Stark  
Stenholm  
Strickland  
Stupak  
Sweeney  
Tanner  
Tauscher  
Taylor (MS)  
Taylor (NC)  
Thompson (CA)  
Thompson (MS)  
Tierney  
Towns  
Turner (TX)  
Udall (CO)  
Udall (NM)  
Van Hollen  
Velazquez  
Visclosky  
Walden (OR)  
Walsh  
Wamp  
Moran (VA)  
Murtha  
Nadler

Waxman  
Weiner  
Weldon (FL)  
Weller  
Wexler

NOT VOTING—19  
Ballenger  
Barton (TX)  
Bereuter  
Berman  
Carson (IN)  
Collins  
Deutsch

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE  
The SPEAKER pro tempore (Mr. SHIMKUS) (during the vote). Members are advised there are 2 minutes left in this vote.

□ 0016

So the bill was not passed.  
The result of the vote was announced as above recorded.

CONGRATULATING THE INTERIM GOVERNMENT OF IRAQ ON ITS FORTHCOMING ASSUMPTION OF SOVEREIGN AUTHORITY IN IRAQ

The SPEAKER pro tempore. The pending business is the question of agreeing to the resolution, House Resolution 691, on which further proceedings were postponed earlier today.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the resolution, on which the yeas and nays are ordered.

This is a 5-minute vote.  
The vote was taken by electronic device, and there were—yeas 352, nays 57, not voting 24, as follows:

[Roll No. 319]

YEAS—352

Abercrombie  
Ackerman  
Aderholt  
Akin  
Alexander  
Allen  
Andrews  
Baca  
Bachus  
Baird  
Baker  
Barrett (SC)  
Bartlett (MD)  
Bass  
Beauprez  
Becerra  
Bell  
Berkley  
Berry  
Biggart  
Bilirakis  
Bishop (GA)  
Bishop (NY)  
Bishop (UT)  
Blackburn  
Blunt  
Boehlert  
Boehner  
Bonilla  
Bonner  
Bono  
Boozman  
Boswell  
Boucher  
Boyd  
Bradley (NH)  
Brady (PA)  
Brady (TX)  
Brown (SC)  
Brown, Corrine  
Brown-Waite,  
Ginny  
Burgess

Whitfield  
Wicker  
Wilson (NM)  
Wolf  
Woolsey

NOT VOTING—19  
Gephardt  
Gordon  
Granger  
Hastings (FL)  
Hastings (WA)  
Houghton  
Jones (OH)

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE  
The SPEAKER pro tempore (Mr. SHIMKUS) (during the vote). Members are advised there are 2 minutes left in this vote.

□ 0016

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The SPEAKER pro tempore. The question is on the resolution, on which the yeas and nays are ordered.

This is a 5-minute vote.  
The vote was taken by electronic device, and there were—yeas 352, nays 57, not voting 24, as follows:

[Roll No. 319]

YEAS—352

Burns  
Burr  
Burton (IN)  
Buyer  
Calvert  
Camp  
Cannon  
Cantor  
Capito  
Capps  
Capuano  
Cardin  
Cardoza  
Carson (OK)  
Carter  
Case  
Castle  
Chabot  
Chandler  
Chocola  
Clyburn  
Coble  
Cole  
Cooper  
Costello  
Cox  
Cramer  
Crane  
Crenshaw  
Crowley  
Cubin  
Culberson  
Cunningham  
Davis (AL)  
Davis (CA)  
Davis (FL)  
Davis (IL)  
Davis (TN)  
Davis, Jo Ann  
Davis, Tom  
Deal (GA)  
DeFazio  
DeLauro

Goss  
Graves  
Green (TX)  
Green (WI)  
Greenwood  
Gutknecht  
Hall  
Harman  
Harris  
Hart  
Hayes  
Hayworth  
Hensarling  
Herger  
Herseth  
Hill  
Hinojosa  
Hoeffel  
Hoekstra  
Holden  
Hooley (OR)  
Hostettler  
Hoyer  
Hulshof  
Hunter  
Hyde  
Inslee  
Isakson  
Israel  
Issa  
Istook  
Jackson-Lee (TX)  
Jefferson  
Jenkins  
John  
Johnson (CT)  
Johnson (IL)  
Johnson, E. B.  
Johnson, Sam  
Jones (NC)  
Kanjorski  
Keller  
Kelly  
Kennedy (MN)  
Kennedy (RI)  
Kildee  
Kind  
King (IA)  
King (NY)  
Kingston  
Kirk  
Kline  
Knollenberg  
Kolbe  
LaHood  
Lampson  
Langevin  
Lantos  
Larsen (WA)  
Latham  
LaTourette  
Leach  
Levin  
Lewis (CA)  
Lewis (KY)  
Linder  
Lipinski  
LoBiondo  
Lowe  
Lucas (KY)  
Lucas (OK)  
Lynch  
Majette  
Manzullo  
Marshall

Matheson  
Matsui  
McCarthy (NY)  
McCotter  
McCreery  
McHugh  
McInnis  
McIntyre  
McKeon  
McNulty  
Meek (FL)  
Meeks (NY)  
Menendez  
Mica  
Michaud  
Millender-  
McDonald  
Miller (FL)  
Miller (MI)  
Miller (NC)  
Miller, Gary  
Moore  
Moran (KS)  
Moran (VA)  
Murphy  
Musgrave  
Myrick  
Napolitano  
Nethercutt  
Neugebauer  
Ney  
Northup  
Norwood  
Nunes  
Nussle  
Obey  
Ortiz  
Osborne  
Ose  
Otter  
Oxley  
Pascarell  
Pearce  
Pelosi  
Pence  
Peterson (MN)  
Peterson (PA)  
Petri  
Pickering  
Pitts  
Platts  
Pombo  
Pomeroy  
Porter  
Portman  
Price (NC)  
Pryce (OH)  
Putnam  
Quinn  
Radanovich  
Rahall  
Ramstad  
Regula  
Rehberg  
Renzi  
Reyes  
Reynolds  
Rodriguez  
Rogers (AL)  
Rogers (KY)  
Rogers (MI)  
Rohrabacher  
Ros-Lehtinen  
Ross  
Roybal-Allard  
Royce

NAYS—57

Baldwin  
Blumenauer  
Brown (OH)  
Clay  
Conyers  
Cummings  
DeGette  
Delahunt  
Eshoo  
Farr  
Filner  
Frank (MA)  
Grijalva  
Gutierrez  
Hinchey  
Holt  
Honda  
Jackson (IL)  
Kaptur

Kilpatrick  
Kleczka  
Kucinich  
Larson (CT)  
Lee  
Lewis (GA)  
Lofgren  
Maloney  
Markey  
McCarthy (MO)  
McCollum  
McGovern  
Meehan  
Miller, George  
Nadler  
Neal (MA)  
Oberstar  
Olver  
Owens

Ruppersberger  
Ryan (OH)  
Ryan (WI)  
Ryan (KS)  
Sanchez, Linda  
T.  
Sanchez, Loretta  
Sanders  
Sandlin  
Saxton  
Schiff  
Scott (GA)  
Sensenbrenner  
Shadegg  
Shaw  
Shays  
Sherman  
Sherwood  
Shimkus  
Shuster  
Simmons  
Simpson  
Skelton  
Slaughter  
Smith (NJ)  
Smith (TX)  
Smith (WA)  
Snyder  
Souder  
Spratt  
Stearns  
Stenholm  
Strickland  
Stupak  
Sullivan  
Sweeney  
Tancredo  
Tanner  
Tauscher  
Taylor (MS)  
Taylor (NC)  
Terry  
Thomas  
Thompson (CA)  
Thompson (MS)  
Thornberry  
Tiahrt  
Tiberi  
Toomey  
Turner (OH)  
Turner (TX)  
Udall (CO)  
Udall (NM)  
Upton  
Van Hollen  
Visclosky  
Vitter  
Walden (OR)  
Walsh  
Wamp  
Watson  
Waxman  
Weiner  
Weldon (FL)  
Weldon (PA)  
Weller  
Whitfield  
Wicker  
Wilson (NM)  
Wilson (SC)  
Wolf  
Wu  
Wynn  
Young (AK)  
Young (FL)