

which required sequestrations at the end of a session of Congress to offset amount of any net deficit increase in that fiscal year and prior fiscal year caused by all direct spending and receipts legislation enacted after Nov. 5, 1990.

Subsec. (c)(1)(B). Pub. L. 105-33, §10205(2), inserted “and direct” after “guaranteed”.

Subsec. (d). Pub. L. 105-33, §10205(3), amended heading and text of subsec. (d) generally. Prior to amendment, text read as follows: “As soon as practicable after Congress completes action on any direct spending or receipts legislation enacted after November 5, 1990, after consultation with the Committees on the Budget of the House of Representatives and the Senate, CBO shall provide OMB with an estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 1998 resulting from that legislation. Within 5 calendar days after the enactment of any direct spending or receipts legislation enacted after November 5, 1990, OMB shall transmit a report to the House of Representatives and to the Senate containing such CBO estimate of that legislation, an OMB estimate of the amount of change in outlays or receipts, as the case may be, in each fiscal year through fiscal year 1998 resulting from that legislation, and an explanation of any difference between the two estimates. Those OMB estimates shall be made using current economic and technical assumptions. OMB and CBO shall prepare estimates under this paragraph in conformance with scorekeeping guidelines determined after consultation among the House and Senate Committees on the Budget, CBO, and OMB.”

Subsec. (e). Pub. L. 105-33, §10205(4), struck out “, for any fiscal year from 1991 through 1998,” after “If” and “through 1995” after “receipts in all fiscal years”.

1994—Subsec. (e). Pub. L. 103-354 inserted at end “This subsection shall not apply to direct spending provisions to cover agricultural crop disaster assistance.”

1993—Subsec. (a). Pub. L. 103-66, §14003(a)(1), which directed the substitution of “Fiscal year 1992-1998 enforcement” for “Fiscal year 1992-1995 enforcement” in heading, was executed by substituting “Fiscal years 1992-1998 enforcement” for “Fiscal years 1992-1995 enforcement”, to reflect the probable intent of Congress.

Subsec. (d). Pub. L. 103-66, §14003(a)(2), substituted “through fiscal year 1998” for “through fiscal year 1995” in two places.

Subsec. (e). Pub. L. 103-66, §14003(a)(3), substituted “for any fiscal year from 1991 through 1998” for “for fiscal year 1991, 1992, 1993, 1994, or 1995”.

1990—Pub. L. 101-508 amended section generally, substituting subsecs. (a) to (e) relating to enforcement of pay-as-you-go for former subsecs. (a) to (g) relating to Presidential order.

1987—Pub. L. 100-119 amended section generally to reflect substitution of Director of OMB for Comptroller General as official submitting reports under section 901 of this title and to revise provisions relating to content of Presidential orders issued in accordance with those reports.

Subsec. (c)(2)(F)(ii). Pub. L. 100-203, §8003(e), substituted “proposed” for “made”.

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 1994 AMENDMENT

Pub. L. 103-354, title I, §119(d)(2), Oct. 13, 1994, 108 Stat. 3208, provided that the amendment made by that section is effective Jan. 1, 1995.

##### CONGRESSIONAL BUDGET OFFICE EXCEPTED FROM CERTAIN REQUIREMENTS

Pub. L. 112-25, title I, §104(b), Aug. 2, 2011, 125 Stat. 246, provided that: “Sections 252(d)(1), 254(c), 254(f)(3), and 254(i) of the Balanced Budget and Emergency Deficit Control Act of 1985 [2 U.S.C. 902(d)(1), 904(c), (f)(3), (i)] shall not apply to the Congressional Budget Office.”

##### REDUCTION OF PREEEXISTING PAYGO BALANCES

Pub. L. 107-312, §1, Dec. 2, 2002, 116 Stat. 2456, provided that: “Upon enactment of this Act [Dec. 2, 2002], the Di-

rector of the Office of Management and Budget shall reduce any balances of direct spending and receipts legislation for all fiscal years under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 [2 U.S.C. 902] to zero.”

##### PAY-AS-YOU-GO ADJUSTMENT

Pub. L. 107-117, div. C, §102, Jan. 10, 2002, 115 Stat. 2342, provided that in preparing the final sequestration report for fiscal year 2002 required by section 904(f)(3) of this title, the Director of the Office of Management and Budget should change any balance of direct spending and receipts legislation for fiscal years 2001 and 2002 under this section to zero.

##### CONFORMING PAYGO SCORECARD WITH TRANSPORTATION EQUITY ACT FOR 21ST CENTURY

Pub. L. 105-178, title VIII, §8102, June 9, 1998, 112 Stat. 492, as amended by Pub. L. 105-206, title IX, §9013(c), July 22, 1998, 112 Stat. 865, provided that: “Upon the enactment of this Act [June 9, 1998], the Director of the Office of Management and Budget shall not make any estimates under section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 [2 U.S.C. 902(d)] of changes in direct spending outlays and receipts for any fiscal year resulting from this title [see Tables for classification] or from section 1102 of this Act [former 23 U.S.C. 104 note].”

##### REDUCTION OF PREEEXISTING BALANCES AND EXCLUSION OF EFFECTS OF PUB. L. 105-33 FROM PAYGO SCORECARD

Pub. L. 105-33, title X, §10213, Aug. 5, 1997, 111 Stat. 712, provided that: “Upon the enactment of this Act [Aug. 5, 1997], the Director of the Office of Management and Budget shall—

“(1) reduce any balances of direct spending and receipts legislation for any fiscal year under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 [2 U.S.C. 902] to zero; and

“(2) not make any estimates of changes in direct spending outlays and receipts under subsection (d) of that section for any fiscal year resulting from the enactment of this Act [see Tables for classification] or of the Taxpayer Relief Act of 1997 [Pub. L. 105-34, see Tables for classification].”

##### REDUCTION OF DIRECT SPENDING AND RECEIPTS LEGISLATION BALANCES

Pub. L. 103-66, title XIV, §14003(c), Aug. 10, 1993, 107 Stat. 685, provided that: “Upon enactment of this Act [Aug. 10, 1993], the director of the Office of Management and Budget shall reduce the balances of direct spending and receipts legislation applicable to each fiscal year under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 [2 U.S.C. 902] by an amount equal to the net deficit reduction achieved through the enactment in this Act [see Tables for classification] of direct spending and receipts legislation for that year.”

#### § 903. Enforcing deficit targets

##### (a) Sequestration

Within 15 calendar days after Congress adjourns to end a session (other than of the One Hundred First Congress) and on the same day as a sequestration (if any) under section 901 of this title and section 902 of this title, but after any sequestration required by section 901 of this title (enforcing discretionary spending limits) or section 902 of this title (enforcing pay-as-you-go), there shall be a sequestration to eliminate the excess deficit (if any remains) if it exceeds the margin.

##### (b) Excess deficit; margin

The excess deficit is, if greater than zero, the estimated deficit for the budget year, minus—

(1) the maximum deficit amount for that year;

(2) the amounts for that year designated as emergency direct spending or receipts legislation under section 902(e) of this title; and

(3) for any fiscal year in which there is not a full adjustment for technical and economic reestimates, the deposit insurance reestimate for that year, if any, calculated under subsection (h).

The “margin” for fiscal year 1992 or 1993 is zero and for fiscal year 1994 or 1995 is \$15,000,000,000.

**(c) Dividing sequestration**

To eliminate the excess deficit in a budget year, half of the required outlay reductions shall be obtained from non-exempt defense accounts (accounts designated as function 050 in the President’s fiscal year 1991 budget submission) and half from non-exempt, non-defense accounts (all other non-exempt accounts).

**(d) Defense**

Each non-exempt defense account shall be reduced by a dollar amount calculated by multiplying the level of sequestrable budgetary resources in that account at that time by the uniform percentage necessary to carry out subsection (c), except that, if any military personnel are exempt, adjustments shall be made under the procedure set forth in section 901(a)(3) of this title.

**(e) Non-defense**

Actions to reduce non-defense accounts shall be taken in the following order:

**(1) First**

All reductions in automatic spending increases under section 906(a)<sup>1</sup> of this title shall be made.

**(2) Second**

If additional reductions in non-defense accounts are required to be made, the maximum reduction permissible under sections 906(b) of this title (guaranteed student loans) and 906(c)<sup>1</sup> of this title (foster care and adoption assistance) shall be made.

**(3) Third**

(A) If additional reductions in non-defense accounts are required to be made, each remaining non-exempt, non-defense account shall be reduced by the uniform percentage necessary to make the reductions in non-defense outlays required by subsection (c), except that—

(i) the medicare program specified in section 906(d) of this title shall not be reduced by more than 2 percent in total including any reduction of less than 2 percent made under section 902 of this title or, if it has been reduced by 2 percent or more under section 902 of this title, it may not be further reduced under this section; and

(ii) the health programs set forth in section 906(e) of this title shall not be reduced by more than 2 percent in total (including any reduction made under section 901 of this title),

and the uniform percent applicable to all other programs under this subsection shall be increased (if necessary) to a level sufficient to achieve the required reduction in non-defense outlays.

(B) For purposes of determining reductions under subparagraph (A), outlay reduction (as a result of sequestration of Commodity Credit Corporation commodity price support contracts in the fiscal year of a sequestration) that would occur in the following fiscal year shall be credited as outlay reductions in the fiscal year of the sequestration.

**(f) Baseline assumptions; part-year appropriations**

**(1) Budget assumptions**

For purposes of subsections (b), (c), (d), and (e), accounts shall be assumed to be at the level in the baseline minus any reductions required to be made under sections 901 and 902 of this title.

**(2) Part-year appropriations**

If, on the date specified in subsection (a), there is in effect an Act making or continuing appropriations for part of a fiscal year for any non-exempt budget account, then the dollar sequestration calculated for that account under subsection (d) or (e), as applicable, shall be subtracted from—

(A) the annualized amount otherwise available by law in that account under that or a subsequent part-year appropriation; and

(B) when a full-year appropriation for that account is enacted, from the amount otherwise provided by the full-year appropriation; except that the amount to be sequestered from that account shall be reduced (but not below zero) by the savings achieved by that appropriation when the enacted amount is less than the baseline for that account.

**(g) Adjustments to maximum deficit amounts**

**(1) Adjustments**

(A) When the President submits the budget for fiscal year 1992, the maximum deficit amounts for fiscal years 1992, 1993, 1994, and 1995 shall be adjusted to reflect up-to-date reestimates of economic and technical assumptions and any changes in concepts or definitions. When the President submits the budget for fiscal year 1993, the maximum deficit amounts for fiscal years 1993, 1994, and 1995 shall be further adjusted to reflect up-to-date reestimates of economic and technical assumptions and any changes in concepts or definitions.

(B) When submitting the budget for fiscal year 1994, the President may choose to adjust the maximum deficit amounts for fiscal years 1994 and 1995 to reflect up-to-date reestimates of economic and technical assumptions. If the President chooses to adjust the maximum deficit amount when submitting the fiscal year 1994 budget, the President may choose to invoke the same adjustment procedure when submitting the budget for fiscal year 1995. In each case, the President must choose between making no adjustment or the full adjustment described in

<sup>1</sup> See References in Text note below.

paragraph (2). If the President chooses to make that full adjustment, then those procedures for adjusting discretionary spending limits described in sections 901(b)(1)(C)<sup>1</sup> and 901(b)(2)(E)<sup>1</sup> of this title, otherwise applicable through fiscal year 1993 or 1994 (as the case may be), shall be deemed to apply for fiscal year 1994 (and 1995 if applicable).

(C) When the budget for fiscal year 1994 or 1995 is submitted and the sequestration reports for those years under section 904 of this title are made (as applicable), if the President does not choose to make the adjustments set forth in subparagraph (B), the maximum deficit amount for that fiscal year shall be adjusted by the amount of the adjustment to discretionary spending limits first applicable for that year (if any) under section 901(b) of this title.

(D) For each fiscal year the adjustments required to be made with the submission of the President's budget for that year shall also be made when OMB submits the sequestration update report and the final sequestration report for that year, but OMB shall continue to use the economic and technical assumptions in the President's budget for that year.

Each adjustment shall be made by increasing or decreasing the maximum deficit amounts set forth in section 665<sup>1</sup> of this title.

## (2) Calculations of adjustments

The required increase or decrease shall be calculated as follows:

(A) The baseline deficit or surplus shall be calculated using up-to-date economic and technical assumptions, using up-to-date concepts and definitions, and, in lieu of the baseline levels of discretionary appropriations, using the discretionary spending limits set forth in section 665<sup>1</sup> of this title as adjusted under section 901 of this title.

(B) The net deficit increase or decrease caused by all direct spending and receipts legislation enacted after November 5, 1990 (after adjusting for any sequestration of direct spending accounts) shall be calculated for each fiscal year by adding—

(i) the estimates of direct spending and receipts legislation transmitted under section 902(d) of this title applicable to each such fiscal year; and

(ii) the estimated amount of savings in direct spending programs applicable to each such fiscal year resulting from the prior year's sequestration under this section or section 902 of this title of direct spending, if any, as contained in OMB's final sequestration report for that year.

(C) The amount calculated under subparagraph (B) shall be subtracted from the amount calculated under subparagraph (A).

(D) The maximum deficit amount set forth in section 665<sup>1</sup> of this title shall be subtracted from the amount calculated under subparagraph (C).

(E) The amount calculated under subparagraph (D) shall be the amount of the adjustment required by paragraph (1).

## (h) Treatment of deposit insurance

### (1) Initial estimates

The initial estimates of the net costs of federal deposit insurance for fiscal year 1994 and fiscal year 1995 (assuming full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of the submission of the budget for fiscal year 1993) shall be set forth in that budget.

### (2) Reestimates

For fiscal year 1994 and fiscal year 1995, the amount of the reestimate of deposit insurance costs shall be calculated by subtracting the amount set forth under paragraph (1) for that year from the current estimate of deposit insurance costs (but assuming full funding of, and continuation of, the deposit insurance guarantee commitment in effect on the date of submission of the budget for fiscal year 1993).

(Pub. L. 99-177, title II, §253, Dec. 12, 1985, 99 Stat. 1078; Pub. L. 100-119, title I, §103, Sept. 29, 1987, 101 Stat. 775; Pub. L. 101-508, title XIII, §13101(a), Nov. 5, 1990, 104 Stat. 1388-583.)

## Editorial Notes

### REFERENCES IN TEXT

Section 906(a) of this title, referred to in subsec. (e)(1), was repealed by Pub. L. 111-139, title I, §10(a), Feb. 12, 2010, 124 Stat. 21.

Section 906(c) of this title, referred to in subsec. (e)(2), was repealed by Pub. L. 111-139, title I, §10(c), Feb. 12, 2010, 124 Stat. 22.

Section 901(b) of this title, referred to in subsec. (g)(1)(B), was amended by Pub. L. 105-33, title X, §10203(a)(4), Aug. 5, 1997, 111 Stat. 699; Pub. L. 105-178, title VIII, §8101(d), June 9, 1998, 112 Stat. 490; Pub. L. 109-59, title VIII, §8002, Aug. 10, 2005, 119 Stat. 1916; and Pub. L. 112-25, title I, §101, Aug. 2, 2011, 125 Stat. 241, and as so amended, no longer contains par. (1)(C) or (2)(E).

Section 665 of this title, referred to in subsec. (g)(1), (2)(A), (D), was repealed by Pub. L. 105-33, title X, §10118(a), Aug. 5, 1997, 111 Stat. 695.

## CODIFICATION

November 5, 1990, referred to in subsec. (g)(2)(B), was in the original “the date of enactment of this section”, which was translated as meaning the date of enactment of Pub. L. 101-508, which amended this section generally, to reflect the probable intent of Congress.

## AMENDMENTS

1990—Pub. L. 101-508 amended section generally, substituting provisions relating to enforcement of deficit targets for provisions relating to compliance report by Comptroller General.

1987—Pub. L. 100-119 amended section generally, designating existing provisions as par. (1), substituting “(or December 15, 1987, in the case of the fiscal year 1988)” for “(or on or before April 1, 1986, in the case of the fiscal year 1986)”, and adding pars. (2) and (3).

## § 904. Reports and orders

### (a) Timetable

The timetable with respect to this subchapter for any budget year is as follows:

Date:	Action to be completed:
January 21 .....	Notification regarding optional adjustment of maximum deficit amount.