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H. R. 4593

Entitlement Control Act of 1994.

IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 1994

Mr. STENHOLM (for himself, Mr. PENNY, Mr. DEAL, Mr. LAROCCHO, and Mr. ORTON) introduced the following bill; which was referred jointly to the Committees on Government Operations and Rules

A BILL

Entitlement Control Act of 1994.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Entitlement Control Act of 1994”.

6 (b) TABLE OF CONTENTS.—

- Sec. 1. Short title; table of contents.
- Sec. 2. Purpose.
- Sec. 3. Definitions and treatments.
- Sec. 4. Establishment of direct spending targets.
- Sec. 5. Special direct spending message by President.
- Sec. 6. Congressional action required.
- Sec. 7. Spin-off law.
- Sec. 8. Targeted sequestration.
- Sec. 9. Comprehensive sequestration.
- Sec. 10. Exempt programs and activities.
- Sec. 11. General and special sequestration rules.

- Sec. 12. Estimating assumptions, reports, and orders.
- Sec. 13. The current policy baseline.
- Sec. 14. Relationship to pay-as-you-go.
- Sec. 15. Judicial review.
- Sec. 16. Application.
- Sec. 17. Effective date.

1 **SEC. 2. PURPOSE.**

2 The purpose of this Act is to create a mechanism to
3 control spending on mandatory programs and to increase
4 accountability for mandatory spending.

5 **SEC. 3. DEFINITIONS AND TREATMENTS.**

6 As used in this Act:

7 (1) The terms “budget authority”, “new budget
8 authority”, “entitlement authority”, “outlays”, and
9 “deficit” have the meanings given to such terms in
10 section 3 of the Congressional Budget and Impound-
11 ment Control Act of 1974.

12 (2) The term “account” means an item for
13 which there is a designated budget account identi-
14 fication code number in the President’s budget.

15 (3) The term “budget year” means, with re-
16 spect to a session of Congress, the fiscal year of the
17 Government that starts on October 1 of the calendar
18 year in which that session begins.

19 (4) The term “budget-year session” means any
20 session of Congress that starts in the calendar year
21 in which that budget year starts.

1 (5) The term “CBO” means the Director of the
2 Congressional Budget Office.

3 (6) The term “current policy baseline” means
4 the projection (described in section 13) of current-
5 year levels of new budget authority and outlays into
6 the budget year and the outyears.

7 (7) The term “current year” means the fiscal
8 year that immediately precedes a budget year.

9 (8) The term “deposit insurance” refers to the
10 expenses of the Federal Deposit Insurance Corpora-
11 tion and the funds it incorporates, the Resolution
12 Trust Corporation, the National Credit Union Ad-
13 ministration and the funds it incorporates, the Of-
14 fice of Thrift Supervision; the Comptroller of the
15 Currency Assessment Funds, the RTC Office of the
16 Inspector General, and the deposit insurance activi-
17 ties of the Federal Reserve.

18 (9) The term “direct spending” means—

19 (A) budget authority provided by law other
20 than appropriation Acts;

21 (B) entitlement authority; and

22 (C) the food stamp program.

23 If a law other than an appropriation Act alters the
24 level of discretionary appropriations, that effect shall
25 be treated as direct spending. If an Appropriations

1 Act alters the level of direct spending, that effect
2 shall be treated as discretionary spending.

3 (10) The term “legislative day” means, with re-
4 spect to either House of Congress, any day of ses-
5 sion.

6 (11) The term “OMB” means the Director of
7 the Office of Management and Budget.

8 (12) The term “outyear” means any of the 4
9 fiscal years that follow a budget year.

10 (13) The terms “sequester” and “sequestra-
11 tion” mean the cancellation under section 8 or 9 of
12 direct spending authority.

13 **SEC. 4. ESTABLISHMENT OF DIRECT SPENDING TARGETS.**

14 (a) **COVERAGE.**—The direct spending targets shall
15 apply to all direct spending programs within the Federal
16 budget except for net interest and deposit insurance.

17 (b) **INITIAL REPORT.**—Not later than 30 days after
18 the date of enactment of this Act, OMB shall submit a
19 report to Congress setting forth the direct spending tar-
20 gets for each of fiscal years 1995 through 2000 in accord-
21 ance with this section.

22 (c) **DETERMINING DIRECT SPENDING LIMITS.**—In
23 calculating the direct spending targets, OMB shall—

24 (1) calculate the projected level of direct spend-
25 ing outlays for fiscal year 1995;

1 (2) calculate the increase in the direct spending
2 targets for each subsequent fiscal year through fiscal
3 year 2000 to allow growth in direct spending outlays
4 to reflect—

5 (A) changes in the Consumer Price Index;

6 (B) changes in the number of beneficiaries
7 under direct spending programs for which the
8 number of beneficiaries is a variable in deter-
9 mining costs; and

10 (C) an additional growth allowance of—

11 (i) 1 percent in 1996;

12 (ii) 1 percent in 1997; and

13 (iii) 1 percent in 1998;

14 (d) ADJUSTMENT FOR HEALTH CARE REFORM.—

15 OMB shall calculate adjustments to the direct spending
16 targets to reflect any increase in direct spending resulting
17 from health care reform legislation, enacted into law by
18 December 31, 1994, if such legislation would not increase
19 the total deficit for the period of fiscal years 1995 through
20 1999.

21 (e) ANNUAL ADJUSTMENTS.—When the President
22 submits a budget under section 1105(a) of title 31, United
23 States Code, for a fiscal year, OMB shall calculate adjust-
24 ments to the direct spending targets to reflect the follow-
25 ing:

1 (1) Changes in inflation projections from the
2 Director's initial report under section 4(b).

3 (2) Changes in projections of the number of
4 beneficiaries from the Director's initial report under
5 section 4(b).

6 (3) The costs of direct spending legislation to
7 the extent that it is offset by revenue increases or
8 designated as an emergency by Congress and the
9 President under section 252 of the Balanced Budget
10 and Emergency Deficit Control Act of 1985.

11 (4) Legislation reducing direct spending to the
12 extent that it offsets the deficit impact of a tax cut
13 under section 252 of the Balanced Budget and
14 Emergency Deficit Control Act of 1985.

15 **SEC. 5. SPECIAL DIRECT SPENDING MESSAGE BY PRESI-**
16 **DENT.**

17 (a) SPECIAL MESSAGE.—If the OMB sequestration
18 preview report submitted under section 12(e) indicates
19 that direct spending for the budget year or any outyear
20 will exceed the applicable direct spending target, the budg-
21 et submitted under section 1105(a) of title 31, United
22 States Code, shall include a special direct spending mes-
23 sage that includes proposed legislative changes to offset
24 the net deficit impact of the excess identified by that OMB

1 sequestration preview report for each such year through
2 any combination of:

3 (1) Reductions in direct spending outlays.

4 (2) Increases in the direct spending targets, if
5 the President has submitted a written determination
6 that, because of economic or programmatic reasons,
7 only some or none of the excess should be offset.

8 (b) INTRODUCTION OF PRESIDENT'S PACKAGE.—

9 Within 10 days after the President submitted a special
10 direct spending message, the text referred to in subsection
11 (a) shall be introduced as a concurrent resolution in the
12 House of Representatives by the chairman of its Commit-
13 tee on the Budget and in the Senate by the chairman of
14 its Committee on the Budget. If the chairman fails to do
15 so, after the 10th day the resolution may be introduced
16 by any Member of the House of Representatives or the
17 Senate, as the case may be. A concurrent resolution intro-
18 duced under this subsection shall be referred to the Com-
19 mittee on the Budget of the House of Representatives or
20 the Senate, as the case may be.

21 **SEC. 6. CONGRESSIONAL ACTION REQUIRED.**

22 (a) IN GENERAL.—The requirements of this section
23 shall be in effect for any year in which the OMB seques-
24 tration preview report submitted under section 12(e) indi-

1 cates that direct spending for the budget year or any out-
2 year will exceed the applicable direct spending target.

3 (b) REQUIREMENTS FOR SPECIAL BUDGET RESOLU-
4 TION IN THE HOUSE.—The Committee on the Budget in
5 the House shall report not later than March 15 a concur-
6 rent resolution, either as a separate section of the concur-
7 rent resolution on the budget reported pursuant to section
8 301 of the Congressional Budget Act of 1974 or as a sepa-
9 rate resolution, that includes reconciliation instructions in-
10 structing the appropriate committees of the House and
11 Senate to report changes in laws within their jurisdiction
12 to offset any excess in direct spending identified in the
13 OMB sequestration preview report submitted under sec-
14 tion 12(e) as follows:

15 (1) Reductions in direct spending programs.

16 (2) Increases in the direct spending targets, ex-
17 cept that any increase in those targets may not be
18 greater than the increase included in the special rec-
19 onciliation message submitted by the President.

20 (c) PROCEDURE IF HOUSE BUDGET COMMITTEE
21 FAILS TO REPORT REQUIRED RESOLUTION.—

22 (1) AUTOMATIC DISCHARGE OF HOUSE BUDGET
23 COMMITTEE.—In the event that the House Commit-
24 tee on the Budget fails to report a resolution meet-
25 ing the requirements of subsection (b), the commit-

1 tee shall be automatically discharged from further
2 consideration of the concurrent resolution reflecting
3 the President's recommendations introduced pursu-
4 ant to section 5(b), and the concurrent resolution
5 shall be placed on the appropriate calendar.

6 (2) CONSIDERATION BY HOUSE OF DISCHARGED
7 RESOLUTION.—Ten days after the House Committee
8 on the Budget has been discharged under paragraph
9 (1), any member may move that the House proceed
10 to consider the resolution. Such motion shall be
11 highly privileged and not debatable. It shall not be
12 in order to consider any amendment to the resolu-
13 tion except amendments which are germane and
14 which do not change the net deficit impact of the
15 resolution. Consideration of such resolution shall be
16 pursuant to the procedures set forth in section 305
17 of the Congressional Budget Act of 1974 and sub-
18 section (d).

19 (d) CONSIDERATION BY THE HOUSE OF REPRESENT-
20 ATIVES.—(1) It shall not be in order in the House of Rep-
21 resentatives to consider a concurrent resolution on the
22 budget unless that concurrent resolution fully addresses
23 the entirety of any excess of the direct spending targets
24 as identified in the OMB sequestration preview report sub-
25 mitted under section 12(e) through reconciliation instruc-

1 tions requiring spending reductions, or changes in the di-
2 rect spending targets.

3 (2) If the concurrent resolution on the budget pro-
4 poses to eliminate or offset less than the entire excess for
5 budget year and any subsequent fiscal years, then the
6 Committee on the Budget shall report a separate resolu-
7 tion directing the Committee on Government Operations
8 to report legislation increasing the direct spending targets
9 for each applicable year by the full amount of the excess
10 not offset or eliminated. It shall not be in order to consider
11 any concurrent resolution on the budget that does not off-
12 set the full amount of the excess until the House of Rep-
13 resentatives has agreed to the resolution directing the in-
14 crease in the direct spending targets.

15 (e) TRANSMITTAL TO SENATE.—If a concurrent reso-
16 lution passes the House pursuant to subsection (d), the
17 Clerk of the House of Representatives shall cause the reso-
18 lution to be engrossed, certified, and transmitted to the
19 Senate within one calendar day of the day on which the
20 resolution is passed. The resolution shall be referred to
21 the Senate Committee on the Budget.

22 (f) REQUIREMENTS FOR SPECIAL BUDGET RESOLU-
23 TION IN THE SENATE.—The Committee on the Budget in
24 the Senate shall report not later than April 1 a concurrent
25 resolution, either as a separate section of a budget resolu-

1 tion reported pursuant to section 301 of the Congressional
2 Budget Act of 1974 or as a separate resolution, that shall
3 include reconciliation instructions instructing the appro-
4 priate committees of the House and Senate to report
5 changes in laws within their jurisdiction to offset any ex-
6 cess through any combination of:

7 (1) Reductions in direct spending programs.

8 (2) Increases in the direct spending targets, ex-
9 cept that any increase in those targets may not be
10 greater than the increase included in the special rec-
11 onciliation message submitted by the President.

12 (g) PROCEDURE IF SENATE BUDGET COMMITTEE
13 FAILS TO REPORT REQUIRED RESOLUTION.—

14 (1) AUTOMATIC DISCHARGE OF SENATE BUDG-
15 ET COMMITTEE.—In the event that the Senate Com-
16 mittee on the Budget fails to report a resolution
17 meeting the requirements of subsection (f), the com-
18 mittee shall be automatically discharged from fur-
19 ther consideration of the concurrent resolution re-
20 flecting the President's recommendations introduced
21 pursuant to section 5(b), and the concurrent resolu-
22 tion shall be placed on the appropriate calendar.

23 (2) CONSIDERATION BY SENATE OF DIS-
24 CHARGED RESOLUTION.—Ten days after the Senate
25 Committee on the Budget has been discharged under

1 paragraph (1), any member may move that the Sen-
2 ate proceed to consider the resolution. Such motion
3 shall be privileged and not debatable. Consideration
4 of such resolution shall be pursuant to the proce-
5 dures set forth in section 305 of the Congressional
6 Budget Act of 1974 and subsection (h).

7 (h) CONSIDERATION BY SENATE.—(1) It shall not be
8 in order in the Senate to consider a concurrent resolution
9 on the budget unless that concurrent resolution fully ad-
10 dresses the entirety of any excess of the direct spending
11 targets as identified in the OMB sequestration report sub-
12 mitted under section 12(e) through reconciliation instruc-
13 tions requiring direct spending reductions, or changes in
14 the direct spending targets.

15 (2) If the concurrent resolution on the budget pro-
16 poses to eliminate or offset less than the entire overage
17 of a budget year, then the Committee on the Budget shall
18 report a resolution increasing the direct spending target
19 by the full amount of the overage not eliminated. It shall
20 not be in order to consider any concurrent resolution on
21 the budget that does not offset the entire amount of the
22 overage until the Senate has agreed to the resolution di-
23 recting the increase in the direct spending targets.

24 (i) CONFERENCE REPORTS MUST FULLY ADDRESS
25 OVERAGE.—It shall not be in order in the House of Rep-

1 representatives or the Senate to consider a conference report
2 on a concurrent resolution on the budget unless that con-
3 ference report fully addresses the entirety of any excess
4 identified by the OMB sequestration preview report sub-
5 mitted pursuant to section 12(e) through reconciliation in-
6 structions requiring direct spending reductions, or changes
7 in the direct spending targets.

8 (j) WAIVERS.—The points of order established by
9 subsection (d)(1), (h)(1), or (i) may be waived or sus-
10 pended—

11 (1) in the House of Representatives only by a
12 resolution devoted solely to the subject of waiving
13 that point of order, or

14 (2) in the Senate only by an affirmative vote of
15 three-fifths of the Members duly chosen and sworn.

16 **SEC. 7. SPIN-OFF LEGISLATION.**

17 (a) ALLOCATIONS OF DIRECT SPENDING.—The joint
18 explanatory statement accompanying a conference report
19 on a concurrent resolution on the budget shall include an
20 estimated allocation based upon such concurrent resolu-
21 tion as recommended in such conference report, of the ap-
22 propriate levels of direct spending budget authority and
23 outlays for each major functional category.

24 (b) INTRODUCTION OF SPIN-OFF LEGISLATION.—On
25 the third legislative day after adoption of a concurrent res-

1 olution on the budget, the chairman of the Committee on
2 the Budget of the House of Representatives or the Senate,
3 as the case may be, shall introduce legislation specifying
4 the budget year amount of direct spending allowed by
5 budget functional categories, based on the allocations set
6 forth in the joint explanatory statement accompanying the
7 conference report on such concurrent resolution. The total
8 amount of direct spending under such legislation may not
9 exceed the target set forth for that fiscal year by section
10 4 unless Congress has adopted a resolution directing an
11 increase in the direct spending targets. Legislation intro-
12 duced under this subsection shall be referred to the Com-
13 mittee on the Budget.

14 (c) PROCEDURE IN HOUSE OF REPRESENTATIVES.—

15 (1) AUTOMATIC DISCHARGE OF HOUSE BUDGET
16 COMMITTEE.—In the event that the House Budget
17 Committee fails to report legislation introduced pur-
18 suant to subsection (b) within 7 legislative days of
19 the introduction of the bill in the House, the com-
20 mittee shall be automatically discharged from fur-
21 ther consideration of such legislation.

22 (2) CONSIDERATION BY HOUSE OF SPIN-OFF
23 LEGISLATION.—Three legislative days after the
24 House Budget Committee has reported spin-off leg-
25 islation described in subsection (b) or has been dis-

1 charged under paragraph (1), it shall be in order to
2 move that the House proceed to consider the legisla-
3 tion. Such motion shall be highly privileged and not
4 debatable.

5 (3) DEBATE IN HOUSE.—General debate on any
6 spin-off legislation in the House of Representatives
7 shall be limited to not more than 5 hours, which
8 shall be divided equally between the majority and
9 minority parties. A motion to further limit debate
10 shall not be in order. It shall not be in order to con-
11 sider any amendments which would cause the total
12 amount of direct spending under the spin-off legisla-
13 tion to exceed the target set forth for the fiscal year
14 under section 4.

15 (4) HOUSE CONSIDERATION OF CONFERENCE
16 REPORT.—Debate in the House of Representatives
17 on the conference report on spin-off legislation shall
18 be limited to not more than 1 hour, which shall be
19 divided equally between the majority and minority
20 parties. A motion to further limit debate is not de-
21 batable. A motion to recommit the conference report
22 is not in order, and it is not in order to move to re-
23 consider the vote by which the conference report is
24 agreed to or disagreed to.

25 (d) PROCEDURE IN THE SENATE.—

1 (1) AUTOMATIC DISCHARGE OF SENATE BUDG-
2 ET COMMITTEE.—In the event that the Senate
3 Budget Committee fails to report legislation de-
4 scribed in subsection (b), the committee shall be
5 automatically discharged from further consideration
6 of such legislation.

7 (2) CONSIDERATION BY SENATE OF SPIN-OFF
8 LEGISLATION.—Three days after the Senate Budget
9 Committee has reported spin-off legislation described
10 in subsection (b) or has been discharged under para-
11 graph (1), it shall be in order to move that the Sen-
12 ate proceed to consider the legislation. Such motion
13 shall be privileged and not debatable.

14 (3) DEBATE IN SENATE.—Debate in the Senate
15 on any spin-off legislation, and all amendments
16 thereto and debatable motions and appeals in con-
17 nection therewith, shall be limited to not more than
18 25 hours. The time shall be equally divided between,
19 and controlled by, the majority leader and the mi-
20 nority leader or their designees. It shall not be in
21 order to consider any amendments which would
22 cause the total amount of direct spending under the
23 spin-off legislation to exceed the target set forth for
24 the fiscal year under section 4 or includes provisions
25 on a subject other than the levels of budget year

1 amount or direct spending allowed by budget func-
2 tional categories.

3 (4) A MOTION TO FURTHER LIMIT DEBATE IS
4 NOT DEBATABLE.—A motion to recommit (except a
5 motion to recommit with instruction to report back
6 within a specified number of days, not to exceed 3,
7 not counting any day on which the Senate is not in
8 session) is not in order. Debate on any such motion
9 to recommit shall be limited to 1 hour, to be equally
10 divided between, and controlled by, the mover and
11 the manager of the concurrent resolution.

12 (5) MOTION TO PROCEED TO CONFERENCE IN
13 SENATE.—A motion to proceed to the consideration
14 of the conference report on any spin-off legislation
15 may be made even though a previous motion to the
16 same effect has been disagreed to.

17 (6) SENATE CONSIDERATION OF CONFERENCE
18 REPORT.—Debate in the Senate on a conference re-
19 port on spin-off legislation shall be limited to not
20 more than 5 hours, which shall be divided equally
21 between the majority leader and minority leader or
22 their designees. A motion to further limit debate is
23 not debatable. Debate on any debatable motion or
24 appeal related to the conference report (or a mes-
25 sage between House) shall be limited to 1 hour, to

1 be equally divided between, and controlled by, the
2 mover and the manager of the conference report.

3 (7) REQUEST FOR NEW CONFERENCE.—Should
4 the conference report be defeated, debate on any re-
5 quest for a new conference and the appointment of
6 conferees shall be limited to 1 hour, to be equally di-
7 vided between, and controlled by, the manager of the
8 conference report and the minority leader or his des-
9 ignee, and should any motion be made to instruct
10 the conferees before the conferees are named, debate
11 on such motion shall be limited to one-half hour, to
12 be equally divided between, and controlled by, the
13 mover and the manager of the conference report. In
14 all cases when the manager of the conference report
15 is in favor of any motion, appeal or amendment, the
16 time in opposition shall be under the control of the
17 minority leader or his designee.

18 **SEC. 8. TARGETED SEQUESTRATION.**

19 (a) APPLICATION.—This section shall apply for any
20 budget year only if a spin-off law as described in section
21 7 is in effect for that year on the date of the final seques-
22 tration report described in section 12.

23 (b) SEQUESTRATION IN EACH FUNCTIONAL CAT-
24 EGORY.—(1) The purpose of this subsection is to ensure

1 that total direct spending for each functional category is
2 no more than allowed for the budget year.

3 (2) The amount to be sequestered for the budget year
4 from direct spending programs in each functional category
5 is the amount by which direct spending during the budget
6 year results in a greater amount of direct spending than
7 allowed in that functional category in the spin-off law.

8 (c) SEQUESTRATION.—Within 15 days after Con-
9 gress adjourns to end a session, there shall be a sequestra-
10 tion to reduce the amount of direct spending in the cur-
11 rent policy baseline in any functional category by the
12 amount specified in subsection (b)(2). The amount re-
13 quired to be sequestered from direct spending in a func-
14 tional category shall be achieved by reducing each non-
15 exempt direct spending account (or activity within an ac-
16 count) within that functional category by the uniform per-
17 centage necessary to achieve that amount.

18 **SEC. 9. COMPREHENSIVE SEQUESTRATION.**

19 (a) APPLICATION.—This section shall apply for any
20 budget year unless a spin-off law as described in section
21 7 is in effect for that year on the date of the final seques-
22 tration report described in section 12.

23 (b) SEQUESTRATION BASED ON BUDGET-YEAR
24 SHORTFALL.—The amount to be sequestered for the

1 budget year is the amount (if any) by which direct spend-
2 ing exceeds the cap for that year under section 4.

3 (c) SEQUESTRATION.—Within 15 days after Con-
4 gress adjourns to end a session, there shall be a sequestra-
5 tion to reduce the amount of direct spending in the cur-
6 rent policy baseline by the amounts specified in subsection
7 (b). The amount required to be sequestered shall be
8 achieved by reducing each direct spending account (or ac-
9 tivity within an account) by the uniform percentage nec-
10 essary to achieve that amount.

11 **SEC. 10. EXEMPT PROGRAMS AND ACTIVITIES.**

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

14 (1) net interest;

15 (2) deposit insurance and pension benefit guar-
16 antees;

17 (3) all payments to trust funds from excise
18 taxes or other receipts or collections properly cred-
19 itable to those trust funds;

20 (4) offsetting receipts and collections;

21 (5) all payments from one Federal direct spend-
22 ing budget account to another Federal budget ac-
23 count; all intragovernmental funds including those
24 from which funding is derived primarily from other
25 Government accounts;

1 (6) expenses to the extent they result from pri-
2 vate donations, bequests, or voluntary contributions
3 to the Government;

4 (7) nonbudgetary activities, including but not
5 limited to—

6 (A) credit liquidating and financing ac-
7 counts;

8 (B) the Pension Benefit Guarantee Cor-
9 poration Trust Funds;

10 (C) the Thrift Savings Fund;

11 (D) the Federal Reserve System; and

12 (E) appropriations for the District of Co-
13 lumbia to the extent they are appropriations of
14 locally raised funds;

15 (8) payments resulting from Government insur-
16 ance, Government guarantees, or any other form of
17 contingent liability, to the extent those payments re-
18 sult from contractual or other legally binding com-
19 mitments of the Government at the time of any se-
20 questration;

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

1 Administration of Territories, Northern
2 Mariana Islands Covenant grants (14-0412-0-
3 1-806);

4 Bureau of Indian Affairs, miscellaneous
5 payments to Indians (14-2303-0-1-452);

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

9 Claims, defense;

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

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

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

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

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

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

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

1 Panama Canal Commission, operating ex-
2 penses and capital outlay (95-5190-0-2-403);

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

5 Payments to copyright owners (03-5175-
6 0-2-376);

7 Payments to the United States territories,
8 fiscal assistance (14-0418-0-1-801);

9 Salaries of Article III judges;

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

12 Washington Metropolitan Area Transit Au-
13 thority, interest payments (46-0300-0-1-401);

14 (10) the following noncredit special, revolving,
15 or trust-revolving funds:

16 Coinage profit fund (20-5811-0-2-803);

17 Exchange Stabilization Fund (20-4444-0-
18 3-155);

19 Foreign Military Sales trust fund (11-
20 82232-0-7-155);

21 (11)(A) any amount paid as regular unemploy-
22 ment compensation by a State from its account in
23 the Unemployment Trust Fund (established by sec-
24 tion 904(a) of the Social Security Act);

1 (B) any advance made to a State from the Fed-
2 eral unemployment account (established by section
3 904(g) of such Act) under title XII of such Act and
4 any advance appropriated to the Federal unemploy-
5 ment account pursuant to section 1203 of such Act;

6 (C) any payment made from the Federal Em-
7 ployees Compensation Account (as established under
8 section 909 of such Act) for the purpose of carrying
9 out chapter 85 of title 5, United States Code, and
10 funds appropriated or transferred to or otherwise
11 deposited in such Account;

12 (12) the earned income tax credit (payments to
13 individuals pursuant to section 32 of the Internal
14 Revenue Code of 1986); and

15 (13) the uranium enrichment program.

16 **SEC. 11. GENERAL AND SPECIAL SEQUESTRATION RULES.**

17 (a) PERMANENT SEQUESTRATION OF DIRECT
18 SPENDING.—

19 (1) The purpose of any direct spending seques-
20 tration under this Act is to ensure deficit reduction
21 in the budget year and all subsequent fiscal years,
22 so that the budget-year direct spending cap in sec-
23 tion 4 is not exceeded.

24 (2) Obligations in sequestered direct spending
25 accounts shall be reduced in the fiscal year in which

1 a sequestration occurs and in all succeeding fiscal
2 years. Notwithstanding any other provision of this
3 section, after the first direct spending sequestration,
4 any later sequestration shall reduce direct spending
5 by an amount in addition to, rather than in lieu of,
6 the reduction in direct spending in place under the
7 existing sequestration or sequestrations.

8 (b) UNIFORM PERCENTAGES.—

9 (1) In calculating the uniform percentage appli-
10 cable to the sequestration of all direct spending pro-
11 grams or activities under section 9, or the uniform
12 percentage applicable to the sequestration of
13 nonexempt direct spending programs or activities
14 within a functional category under section 8, the
15 sequestrable base for direct spending programs and
16 activities is the total budget-year level of outlays for
17 those programs or activities in the current policy
18 baseline minus—

19 (A) those budget-year outlays resulting
20 from obligations incurred in the current or
21 prior fiscal years, and

22 (B) those budget-year outlays resulting
23 from exemptions under section 10.

24 (2) For any direct spending program in
25 which—

1 (A) outlays pay for entitlement benefits,

2 (B) a budget-year sequestration takes ef-
3 fect after the 1st day of the budget year, and

4 (C) that delay reduces the amount of enti-
5 tlement authority that is subject to sequestra-
6 tion in the budget year,

7 the uniform percentage otherwise applicable to the
8 sequestration of that program in the budget year
9 shall be increased as necessary to achieve the same
10 budget-year outlay reduction in that program as
11 would have been achieved had there been no delay.

12 (3) If the uniform percentage otherwise applica-
13 ble to the budget-year sequestration of a program or
14 activity is increased under paragraph (2), then it
15 shall revert to the uniform percentage calculated
16 under paragraph (1) when the budget year is com-
17 pleted.

18 (c) GENERAL RULES FOR SEQUESTRATION.—

19 (1) INDEFINITE AUTHORITY.—Except as other-
20 wise provided, sequestration in accounts for which
21 obligations are indefinite shall be taken in a manner
22 to ensure that obligations in the fiscal year of a se-
23 questration and succeeding fiscal years are reduced,
24 from the level that would actually have occurred, by

1 the applicable sequestration percentage or percent-
2 ages.

3 (2) CANCELLATION OF BUDGETARY RE-
4 SOURCES.—Budgetary resources sequestered from
5 any account other than an entitlement trust, special,
6 or revolving fund account shall revert to the Treas-
7 ury and be permanently canceled or repealed.

8 (3) INDEXED BENEFIT PAYMENTS.—If, under
9 any entitlement program—

10 (A) benefit payments are made to persons
11 or governments more frequently than once a
12 year, and

13 (B) the amount of entitlement authority is
14 periodically adjusted under existing law to re-
15 flect changes in a price index,

16 then for the first fiscal year to which a sequestration
17 order applies, the benefit reductions in that program
18 accomplished by the order shall take effect starting
19 with the payment made at the beginning of January
20 or 7 weeks after the order is issued, whichever is
21 later. For the purposes of this subsection, Veterans
22 Compensation shall be considered a program that
23 meets the conditions of the preceding sentence.

24 (4) PROGRAMS, PROJECTS, OR ACTIVITIES.—
25 Except as otherwise provided, the same percentage

1 sequestration shall apply to all programs, projects,
2 and activities within a budget account (with pro-
3 grams, projects, and activities as delineated in the
4 appropriation Act or accompanying report for the
5 relevant fiscal year covering that account, or for ac-
6 counts not included in appropriation Acts, as delin-
7 eated in the most recently submitted President's
8 budget).

9 (5) IMPLEMENTING REGULATIONS.—Adminis-
10 trative regulations or similar actions implementing
11 the sequestration of a program or activity shall be
12 made within 120 days of the effective date of the se-
13 questration of that program or activity.

14 (6) DISTRIBUTION FORMULAS.—To the extent
15 that distribution or allocation formulas differ at dif-
16 ferent levels of budgetary resources within an ac-
17 count, program, project, or activity, a sequestration
18 shall be interpreted as producing a lower total ap-
19 propriation, with that lower appropriation being obli-
20 gated as though it had been the pre-sequestration
21 appropriation and no sequestration had occurred.

22 (7) CONTINGENT FEES.—In any account for
23 which fees charged to the public are legally deter-
24 mined by the level of appropriations, fees shall be

1 charged on the basis of the presequestration level of
2 appropriations.

3 (d) NON-JOBS PORTION OF AFDC.—Any sequestra-
4 tion order shall accomplish the full amount of any required
5 reduction in payments for the non-jobs portion of the aid
6 to families with dependant children program under the So-
7 cial Security Act by reducing the Federal reimbursement
8 percentage (for the fiscal year involved) by multiplying
9 that reimbursement percentage, on a State-by-State basis,
10 by the uniform percentage applicable to the sequestration
11 of nonexempt direct spending programs or activities.

12 (e) JOBS PORTION OF AFDC.—

13 (1) FULL AMOUNT OF SEQUESTRATION RE-
14 QUIRED.—Any sequestration order shall accomplish
15 the full amount of any required reduction of the job
16 opportunities and basic skills training program
17 under section 402(a)(19), and part F of title VI, of
18 the Social Security Act, in the manner specified in
19 this subsection. Such an order may not reduce any
20 Federal matching rate pursuant to section 403(l) of
21 the Social Security Act.

22 (2) NEW ALLOTMENT FORMULA.—

23 (A) GENERAL RULE.—Notwithstanding
24 section 403(k) of the Social Security Act, each
25 State's percentage share of the amount avail-

1 able after sequestration for direct spending pur-
2 suant to section 403(l) of such Act shall be
3 equal to that percentage of the total amount
4 paid to the States pursuant to such section
5 403(l) for the prior fiscal year that is rep-
6 resented by the amount paid to such State pur-
7 suant to such section 403(l) for the prior fiscal
8 year, except that a State may not be allotted an
9 amount under this subparagraph that exceeds
10 the amount that would have been allotted to
11 such State pursuant to such section 403(k) had
12 the sequestration not been in effect.

13 (B) REALLOTMENT OF AMOUNTS REMAIN-
14 ING UNALLOTTED AFTER APPLICATION OF GEN-
15 ERAL RULE.—Any amount made available after
16 sequestration for direct spending pursuant to
17 section 403(l) of the Social Security Act that
18 remains unallotted as a result of subparagraph
19 (A) of this paragraph shall be allotted among
20 the States in proportion to the absolute dif-
21 ference between the amount allotted, respec-
22 tively, to each State as a result of such sub-
23 paragraph and the amount that would have
24 been allotted to such State pursuant to section
25 403(k) of such Act had the sequestration not

1 been in effect, except that a State may not be
2 allotted an amount under this subparagraph
3 that results in a total allotment to the State
4 under this paragraph of more than the amount
5 that would have been allotted to such State
6 pursuant to such section 403(k) had the seques-
7 tration not been in effect.

8 (f) CHILD SUPPORT ENFORCEMENT PROGRAM.—Any
9 sequestration order shall accomplish the full amount of
10 any required reduction in payments under sections 455
11 and 458 of the Social Security Act by reducing the Fed-
12 eral matching rate for State administrative costs under
13 the program, as specified (for the fiscal year involved) in
14 section 455(a) of such Act, to the extent necessary to re-
15 duce such expenditures by that amount.

16 (g) COMMODITY CREDIT CORPORATION.—

17 (1) EFFECTIVE DATE.—For the Commodity
18 Credit Corporation, the date on which a sequestra-
19 tion order takes effect in a fiscal year shall vary for
20 each crop of a commodity. In general, the sequestra-
21 tion order shall take effect when issued, but for each
22 crop of a commodity for which 1-year contracts are
23 issued as an entitlement, the sequestration order
24 shall take effect with the start of the sign-up period
25 for that crop that begins after the sequestration

1 order is issued. Payments for each contract in such
2 a crop shall be reduced under the same terms and
3 conditions.

4 (2) DAIRY PROGRAM.—As the sole means of
5 achieving any reduction in outlays under the milk
6 price-support program, the Secretary of Agriculture
7 shall provide for a reduction to be made in the price
8 received by producers for all milk produced in the
9 United States and marketed by producers for com-
10 mercial use. That price reduction (measured in cents
11 per hundredweight of milk marketed) shall occur
12 under subparagraph (A) of section 201(d)(2) of the
13 Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)),
14 shall begin on the day any sequestration order is is-
15 sued, and shall not exceed the aggregate amount of
16 the reduction in outlays under the milk price-support
17 program, that otherwise would have been achieved
18 by reducing payments made for the purchase of milk
19 or the products of milk under this subsection during
20 that fiscal year.

21 (3) EFFECT OF DELAY.—For purposes of sub-
22 section (b)(1), the sequestrable base for the Com-
23 modity Credit Corporation is the budget-year level of
24 gross outlays resulting from new budget authority

1 that is subject to reduction under paragraphs (1)
2 and (2), and subsection (b)(2) shall not apply.

3 (4) CERTAIN AUTHORITY NOT TO BE LIM-
4 ITED.—Nothing in this Act shall restrict the Cor-
5 poration in the discharge of its authority and re-
6 sponsibility as a corporation to buy and sell com-
7 modities in world trade, or limit or reduce in any
8 way any appropriation that provides the Corporation
9 with funds to cover its net realized losses.

10 (h) EXTENDED UNEMPLOYMENT COMPENSATION.—

11 (1) A State may reduce each weekly benefit payment made
12 under the Federal-State Extended Unemployment Com-
13 pensation Act of 1970 for any week of unemployment oc-
14 ccurring during any period with respect to which payments
15 are reduced under any sequestration order by a percentage
16 not to exceed the percentage by which the Federal pay-
17 ment to the State under section 204 of such Act is to be
18 reduced for such week as a result of such order.

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

23 (i) FEDERAL EMPLOYEES HEALTH BENEFITS
24 FUND.—For the Federal Employees Health Benefits
25 Fund, a sequestration order shall take effect with the next

1 open season. The sequestration shall be accomplished by
2 annual payments from that Fund to the General Fund of
3 the Treasury. Those annual payments shall be financed
4 solely by charging higher premiums. For purposes of sub-
5 section (b)(1), the sequestrable base for the Fund is the
6 budget-year level of gross outlays resulting from claims
7 paid after the sequestration order takes effect, and sub-
8 section (b)(2) shall not apply.

9 (j) FEDERAL HOUSING FINANCE BOARD.—Any se-
10 questration of the Federal Housing Finance Board shall
11 be accomplished by annual payments (by the end of each
12 fiscal year) from that Board to the general fund of the
13 Treasury, in amounts equal to the uniform sequestration
14 percentage for that year times the gross obligations of the
15 Board in that year.

16 (k) FEDERAL PAY.—

17 (1) IN GENERAL.—Except as provided in sec-
18 tion 10(b)(3), new budget authority to pay Federal
19 personnel from direct spending accounts shall be re-
20 duced by the uniform percentage calculated under
21 section 8 or 9, as applicable, but no sequestration
22 order may reduce or have the effect of reducing the
23 rate of pay to which any individual is entitled under
24 any statutory pay system (as increased by any
25 amount payable under section 5304 of title 5, Unit-

1 ed States Code, or section 302 of the Federal Em-
2 ployees Pay Comparability Act of 1990) or the rate
3 of any element of military pay to which any individ-
4 ual is entitled under title 37, United States Code, or
5 any increase in rates of pay which is scheduled to
6 take effect under section 5303 of title 5, United
7 States Code, section 1009 of title 37, United States
8 Code, or any other provision of law.

9 (2) DEFINITIONS.—For purposes of this sub-
10 section:

11 (A) The term “statutory pay system” shall
12 have the meaning given that term in section
13 5302(1) of title 5, United States Code.

14 (B) The term “elements of military pay”
15 means—

16 (i) the elements of compensation of
17 members of the uniformed services speci-
18 fied in section 1009 of title 37, United
19 States Code,

20 (ii) allowances provided members of
21 the uniformed services under sections 403a
22 and 405 of such title, and

23 (iii) cadet pay and midshipman pay
24 under section 203(c) of such title.

1 (C) The term “uniformed services” shall
2 have the meaning given that term in section
3 101(3) of title 37, United States Code.

4 (l) GUARANTEED STUDENT LOANS.—(A) For all stu-
5 dent loans under part B of title IV of the Higher Edu-
6 cation Act of 1965 made on or after the date of a seques-
7 tration, the origination fees shall be increased by a uni-
8 form percentage sufficient to produce the dollar savings
9 in student loan programs for the fiscal year of the seques-
10 tration required by section 8 or 9, and all subsequent
11 origination fees shall be increased by the same percentage,
12 notwithstanding any other provision of law.

13 (B) The origination fees to which paragraph (A) ap-
14 plies are those specified in sections 428H(f)(1) and 438(c)
15 of that Act.

16 (m) INSURANCE PROGRAMS.—Any sequestration in a
17 Federal program that sells insurance contracts to the pub-
18 lic (including the Federal Crop Insurance Fund, the Na-
19 tional Insurance Development Fund, the National Flood
20 Insurance Fund, insurance activities of the Overseas Pri-
21 vate Insurance Corporation, and Veterans’ life insurance
22 programs) shall be accomplished by annual payments from
23 the insurance fund or account to the general fund of the
24 Treasury. The amount of each annual payment by each
25 such fund or account shall be the amount received by the

1 fund or account by increasing premiums on contracts en-
2 tered into after the date a sequestration order takes effect
3 by the uniform sequestration percentage, and premiums
4 shall be increased accordingly.

5 (n) MEDICAID.—The November 15th estimate of
6 medicaid spending by States shall be the base estimate
7 from which the uniform percentage reduction under any
8 sequestration, applied across-the-board by State, shall be
9 made. Succeeding Federal payments to States shall reflect
10 that reduction. The Health Care Financing Administra-
11 tion shall reconcile actual medicaid spending for each fis-
12 cal year with the base estimate as reduced by the uniform
13 percentage, and adjust each State's grants as soon as
14 practicable, but no later than 100 days after the end of
15 the fiscal year to which the base estimate applied, to com-
16 ply with the sequestration order.

17 (o) MEDICARE.—

18 (1) TIMING OF APPLICATION OF REDUC-
19 TIONS.—

20 (A) IN GENERAL.—Except as provided in
21 subparagraph (B), if a reduction is made in
22 payment amounts pursuant to a sequestration
23 order, the reduction shall be applied to payment
24 for services furnished after the effective date of
25 the order. For purposes of the previous sen-

1 tence, in the case of inpatient services furnished
2 for an individual, the services shall be consid-
3 ered to be furnished on the date of the individ-
4 ual's discharge from the inpatient facility.

5 (B) PAYMENT ON THE BASIS OF COST RE-
6 PORTING PERIODS.—In the case in which pay-
7 ment for services of a provider of services is
8 made under title XVIII of the Social Security
9 Act on a basis relating to the reasonable cost
10 incurred for the services during a cost reporting
11 period of the provider, if a reduction is made in
12 payment amounts pursuant to a sequestration
13 order, the reduction shall be applied to payment
14 for costs for such services incurred at any time
15 during each cost reporting period of the pro-
16 vider any part of which occurs after the effec-
17 tive date of the order, but only (for each such
18 cost reporting period) in the same proportion as
19 the fraction of the cost reporting period that oc-
20 curs after the effective date of the order.

21 (2) NO INCREASE IN BENEFICIARY CHARGES IN
22 ASSIGNMENT-RELATED CASES.—If a reduction in
23 payment amounts is made pursuant to a sequestra-
24 tion order for services for which payment under part
25 B of title XVIII of the Social Security Act is made

1 on the basis of an assignment described in section
2 1842(b)(3)(B)(ii), in accordance with section
3 1842(b)(6)(B), or under the procedure described in
4 section 1870(f)(1) of such Act, the person furnishing
5 the services shall be considered to have accepted
6 payment of the reasonable charge for the services,
7 less any reduction in payment amount made pursu-
8 ant to a sequestration order, as payment in full.

9 (3) NO EFFECT ON COMPUTATION OF AAPCC.—
10 In computing the adjusted average per capita cost
11 for purposes of section 1876(a)(4) of the Social Se-
12 curity Act, the Secretary of Health and Human
13 Services shall not take into account any reductions
14 in payment amounts which have been or may be ef-
15 fected under this part.

16 (p) POSTAL SERVICE FUND.—Any sequestration of
17 the Postal Service Fund shall be accomplished by annual
18 payments from that Fund to the General Fund of the
19 Treasury, and the Postmaster General of the United
20 States shall have the duty to make those payments during
21 the fiscal year to which the sequestration order applies
22 and each succeeding fiscal year. The amount of each an-
23 nual payment shall be—

24 (1) the uniform sequestration percentage, times

1 (2) the estimated gross obligations of the Postal
2 Service Fund in that year other than those obliga-
3 tions financed with an appropriation for revenue
4 foregone for that year.

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

1 by the submission of a new plan to the Postal Rate Com-
2 mission, which may approve or modify it.

3 (q) POWER MARKETING ADMINISTRATIONS AND
4 T.V.A.—Any sequestration of the Department of Energy
5 power marketing administration funds or the Tennessee
6 Valley Authority fund shall be accomplished by annual
7 payments from those funds to the General Fund of the
8 Treasury, and the administrators of those funds shall have
9 the duty to make those payments during the fiscal year
10 to which the sequestration order applies and each succeed-
11 ing fiscal year. The amount of each annual payment by
12 a fund shall be—

13 (1) the direct spending uniform sequestration
14 percentage, times

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

18 Any such payment for a fiscal year shall be made as soon
19 as possible during the fiscal year, except that it may be
20 made in installments within that year if the payment
21 schedule is approved by the Secretary of the Treasury. An-
22 nual payments by a fund may be financed by reductions
23 in costs required to produce the presequester amount of
24 power (but those reductions shall not include reductions
25 in the amount of power supplied by the fund), by reduc-

1 tions in capital expenditures, by increases in rates, or by
 2 any combination, but may not be financed by a lower fund
 3 surplus or a higher fund deficit and must follow the re-
 4 quirements of existing law governing the fund in all other
 5 respects. The administrator of a fund or the TVA Board
 6 is authorized to take the actions specified above in order
 7 to make the annual payments to the Treasury.

8 (r) VETERANS' HOUSING LOANS.—(1) For all hous-
 9 ing loans guaranteed, insured, or made under chapter 37
 10 of title 38, United States Code, on or after the date of
 11 a sequestration, the origination fees shall be increased by
 12 a uniform percentage sufficient to produce the dollar sav-
 13 ings in veterans' housing programs for the fiscal year of
 14 the sequestration required by section 8 or 9, and all subse-
 15 quent origination fees shall be increased by the same per-
 16 centage, notwithstanding any other provision of law.

17 (2) The origination fees to which paragraph (1) ap-
 18 plies are those referred to in section 3729 of title 38,
 19 United States Code.

20 **SEC. 12. ESTIMATING ASSUMPTIONS, REPORTS, AND OR-**
 21 **DERS.**

22 (a) TIMETABLE.—The timetable with respect to this
 23 part for any budget year is as follows:

Date:	Action to be completed:
The President's budget submission	OMB publishes sequestration preview report.
Within 10 days after end of session.	OMB and CBO issue final budget year sequestration reports.

Date:	Action to be completed:
5 days later	President issues sequestration order.

1 (b) SUBMISSION AND AVAILABILITY OF REPORTS.—
2 Each report required by this section shall be submitted,
3 in the case of CBO, to the House of Representatives, the
4 Senate, and OMB, and, in the case of OMB, to the House
5 of Representatives, the Senate, and the President on the
6 day it is issued. On the following day a notice of the report
7 shall be printed in the Federal Register.

8 (c) EXCHANGE OF PRELIMINARY CURRENT POLICY
9 BASELINES.—On January 15, OMB and CBO shall ex-
10 change their preliminary current policy baselines for the
11 budget-year session starting in January.

12 (d) SEQUESTRATION PREVIEW REPORTS.—

13 (1) REPORTING REQUIREMENT.—On January
14 31, whichever is later, OMB and CBO shall each
15 submit a sequestration preview report.

16 (2) CONTENTS.—Each preview report shall set
17 forth the following:

18 (A) MAJOR ESTIMATING ASSUMPTIONS.—
19 The major estimating assumptions for the cur-
20 rent year, the budget year, and the outyears,
21 and an explanation of them.

22 (B) CURRENT POLICY BASELINE.—A de-
23 tailed display of the current policy baseline for
24 the current year, the budget year, and the out-

1 years, with an explanation of changes in the
2 baseline since it was last issued that includes
3 the effect of policy decisions made during the
4 intervening period and an explanation of the
5 differences between OMB and CBO for each
6 item set forth in the report.

7 (C) ADJUSTING DIRECT SPENDING TAR-
8 GETS.—A determination of any adjustments to
9 the direct spending targets under section 4 and
10 an explanation of any adjustments.

11 (D) REQUIREMENTS FOR DIRECT SPEND-
12 ING.—An estimate of the reductions in direct
13 spending to be achieved for the budget year
14 necessary to comply with the direct spending
15 targets.

16 (E) DIRECT SPENDING SEQUESTRATION.—
17 Estimates of the uniform percentage and the
18 amount of comprehensive sequestration of di-
19 rect spending programs that will be necessary
20 under section 9.

21 (e) OFFICIAL SEQUESTRATION PREVIEW REPORT.—

22 The OMB sequestration preview report shall be the official
23 report for purposes of this Act. That report shall be set
24 forth, without change, in the budget submitted by the

1 President under section 1105(a) of title 31, United States
2 Code, for the budget year.

3 (f) FINAL SEQUESTRATION REPORTS.—

4 (1) REPORTING REQUIREMENT.—Not later than
5 10 days following the end of a budget-year session,
6 OMB and CBO shall each submit a final sequestra-
7 tion report.

8 (2) CONTENTS.—That report shall be based
9 upon laws enacted through the date of the report
10 and shall set forth all the information and estimates
11 required of a sequestration preview report required
12 by subsections (d)(2)(C) through (E). In addition,
13 that report shall include for each account to be se-
14 questered, the baseline level of sequestrable budg-
15 etary resources and the resulting reductions in new
16 budget authority and outlays.

17 (g) PRESIDENTIAL ORDER.—On the day that OMB
18 issues a final sequestration report, the President shall
19 issue an order fully implementing without change all se-
20 questrations actions required by the final sequestration re-
21 port that requires the lesser total amount of direct spend-
22 ing sequestration under section 8 or 9 (as applicable). The
23 order shall be effective on issuance and shall be issued
24 only if sequestration is required.

1 (h) USE OF MAJOR ESTIMATING ASSUMPTIONS AND
2 SCOREKEEPING CONVENTIONS.—In the estimates, projec-
3 tions, and reports under this subtitle, OMB shall use the
4 same economic and technical assumptions as used in the
5 most recent budget submitted by the President under sec-
6 tion 1105(a) of title 31, United States Code. CBO shall
7 use the same economic and technical assumptions as used
8 in the most recent report submitted by CBO under section
9 202(f)(1) of the Congressional Budget Act of 1974.

10 **SEC. 13. THE CURRENT POLICY BASELINE.**

11 (a) IN GENERAL.—For any budget year, the baseline
12 refers to a projection of current-year levels of new budget
13 authority, outlays, revenues, and the surplus or deficit into
14 the budget year and the outyears based on laws enacted
15 through, and discretionary regulations promulgated as
16 final by, the applicable date.

17 (b) DIRECT SPENDING.—For the current year, the
18 budget year, and each outyear, the baseline shall be cal-
19 culated using the following assumptions:

20 (1) IN GENERAL.—Laws providing or creating
21 direct spending are assumed to operate in the man-
22 ner specified in those laws for each such year, fund-
23 ing for entitlement authority is assumed to be ade-
24 quate to make all payments required by those enti-
25 tlements, and funding for deposit insurance is as-

1 sumed to be adequate to meet the costs of the Fi-
2 nancial Institutions Reform, Recovery, and Enforce-
3 ment Act of 1989 or successor laws.

4 (2) EXCEPTIONS.—Except as provided in para-
5 graph (3):

6 (A) No program with estimated current-
7 year gross new budget authority greater than
8 \$100 million is assumed to expire in the budget
9 year or outyears. In carrying out the preceding
10 sentence, expiring entitlement programs and
11 programs financed by indefinite budget author-
12 ity are assumed to continue as in effect just
13 prior to their expiration, and other expiring
14 programs are assumed to continue with new
15 budget authority projected as equal to budget
16 authority in the last year for which budget au-
17 thority is enacted.

18 (B) The percentage increase for veterans'
19 compensation for a fiscal year is assumed to be
20 the same as that required by law for veterans'
21 pensions unless otherwise provided by a law en-
22 acted in that session.

23 (3) CUTOFF DATE.—Programs that expire on
24 or before December 31 and that have not been reau-
25 thorized by the date of the final sequestration report

1 are assumed to expire. If an increase in veterans
2 compensation has not been enacted by the date of
3 the final sequestration report, it is not assumed.

4 (c) UP-TO-DATE CONCEPTS.—In deriving the base-
5 line for any budget year or outyear, current-year amounts
6 shall be calculated using the concepts and definitions that
7 are required for that budget year.

8 **SEC. 14. RELATIONSHIP TO PAY-AS-YOU-GO.**

9 Reductions in outlays resulting in legislation enacted
10 pursuant to section 6 shall not be taken into account for
11 purposes of section 252 of the Balanced Budget and
12 Emergency Deficit Control Act of 1985, except to the ex-
13 tent necessary to achieve a balance in the paygo scorecard
14 under such section 252(d).

15 **SEC. 15. JUDICIAL REVIEW.**

16 (a) EXPEDITED REVIEW.—

17 (1) Any Member of Congress may bring an ac-
18 tion, in the United States District Court for the Dis-
19 trict of Columbia, for declaratory judgment and in-
20 junctive relief on the ground that any order that
21 might be issued pursuant to section 12 violates the
22 Constitution.

23 (2) Any Member of Congress, or any other per-
24 son adversely affected by any action taken under
25 this Act, may bring an action, in the United States

1 District Court for the District of Columbia, for de-
2 claratory judgment and injunctive relief concerning
3 the constitutionality of this Act.

4 (3) Any Member of Congress may bring an ac-
5 tion, in the United States District Court for the Dis-
6 trict of Columbia, for declaratory and injunctive re-
7 lief on the ground that the terms of an order issued
8 under section 12 do not comply with the require-
9 ments of this Act.

10 (4) A copy of any complaint in an action
11 brought under paragraph (1), (2), or (3) shall be
12 promptly delivered to the Secretary of the Senate
13 and the Clerk of the House of Representatives, and
14 each House of Congress shall have the right to inter-
15 vene in such action.

16 (5) Any action brought under paragraph (1),
17 (2), or (3) shall be heard and determined by a three-
18 judge court in accordance with section 2284 of title
19 28, United States Code.

20 Nothing in this section or in any other law shall infringe
21 upon the right of the House of Representatives to inter-
22 vene in an action brought under paragraph (1), (2), or
23 (3) without the necessity of adopting a resolution to au-
24 thorize such intervention.

1 (b) APPEAL TO SUPREME COURT.—Notwithstanding
2 any other provision of law, any order of the United States
3 District Court for the District of Columbia which is issued
4 pursuant to an action brought under paragraph (1), (2),
5 or (3) of subsection (a) shall be reviewable by appeal di-
6 rectly to the Supreme Court of the United States. Any
7 such appeal shall be taken by a notice of appeal filed with-
8 in 10 days after such order is entered; and the jurisdic-
9 tional statement shall be filed within 30 days after such
10 order is entered. No stay of an order issued pursuant to
11 an action brought under paragraph (1), (2), or (3) of sub-
12 section (a) shall be issued by a single Justice of the Su-
13 preme Court.

14 (c) EXPEDITED CONSIDERATION.—It shall be the
15 duty of the District Court for the District of Columbia
16 and the Supreme Court of the United States to advance
17 on the docket and to expedite to the greatest possible ex-
18 tent the disposition of any matter brought under sub-
19 section (a).

20 (d) NONCOMPLIANCE WITH SEQUESTRATION PROCE-
21 DURES.—

22 (1) If it is finally determined by a court of com-
23 petent jurisdiction that an order issued by the Presi-
24 dent under section 12 for any fiscal year does not
25 fully implement without change all sequestrations re-

1 required by the OMB report, the President shall, with-
2 in 20 days after such determination is made, revise
3 the order in accordance with such determination.

4 (2) If the order issued by the President under
5 section 12 for any fiscal year does not fully imple-
6 ment without change all sequestrations required by
7 the OMB report which is the basis for the order on
8 the claim or defense that the constitutional powers
9 of the President prevent such sequestration or re-
10 duction or permit the avoidance of such sequestra-
11 tion or reduction, and such claim or defense is fi-
12 nally determined by the Supreme Court of the Unit-
13 ed States to be valid, then the entire order issued
14 pursuant to section 12 for such fiscal year shall be
15 null and void.

16 (e) TIMING OF RELIEF.—No order of any court
17 granting declaratory or injunctive relief from the order of
18 the President issued under section 12, including relief per-
19 mitting or requiring the expenditure of funds sequestered
20 by such order, shall take effect during the pendency of
21 the action before such court, during the time appeal may
22 be taken, or, if appeal is taken, during the period before
23 the court to which such appeal is taken has entered its
24 final order disposing of such action.

1 (f) PRESERVATION OF OTHER RIGHTS.—The rights
 2 created by this section are in addition to the rights of any
 3 person under law, subject to subsection (e).

4 (g) ECONOMIC DATA, ASSUMPTIONS, AND METH-
 5 ODOLOGIES.—The economic data and economic and tech-
 6 nical assumptions and estimation of methodologies used
 7 by OMB or CBO in preparing any report issued under
 8 section 12 shall not be subject to review in any judicial
 9 or administrative proceeding.

10 **SEC. 16. APPLICATION.**

11 The application of provisions, procedures, and points
 12 of order under House Resolution 235, One Hundred Third
 13 Congress, agreed to August 5, 1993, shall not be effective
 14 for fiscal year 1995 or any later fiscal year.

15 **SEC. 17. EFFECTIVE DATE.**

16 Except as otherwise specified, this Act and the
 17 amendments made by it shall take effect on the date of
 18 its enactment and shall apply to fiscal years 1995 and sub-
 19 sequent fiscal years.

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