

103^D CONGRESS
1ST SESSION

H. R. 998

To achieve a balanced Federal budget by fiscal year 1998 and each year thereafter, achieve significant deficit reduction in fiscal year 1994 and each year through 1998, establish a Board of Estimates, require the President's budget and the congressional budget process to meet specified deficit reduction and balance requirements, enforce those requirements through a multiyear congressional budget process and, if necessary, sequestration, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 18, 1993

Mr. PENNY (for himself, Mr. VISCLOSKY, Mr. WILSON, Mr. SPRATT, Mr. LANCASTER, Mr. OBERSTAR, Mr. MORAN, Mr. MAZZOLI, Mr. HUGHES, Mr. STENHOLM, and Mrs. UNSOELD) introduced the following bill; which was referred jointly to the Committees on Government Operations, Rules, and Ways and Means

A BILL

To achieve a balanced Federal budget by fiscal year 1998 and each year thereafter, achieve significant deficit reduction in fiscal year 1994 and each year through 1998, establish a Board of Estimates, require the President's budget and the congressional budget process to meet specified deficit reduction and balance requirements, enforce those requirements through a multiyear congressional budget process and, if necessary, sequestration, and for other purposes.

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

3 **TITLE I—BALANCING THE**
4 **BUDGET**

5 **PART A—PURPOSE**

6 **SECTION 1. SHORT TITLES; REPEALERS.**

7 (a) SHORT TITLE OF THIS ACT.—This Act may be
8 cited as the “Balanced Budget Enforcement Act of 1993”.

9 (b) SHORT TITLE OF PART B.—Part B of this Act
10 may be cited as the “Deficit Elimination Act of 1993”.

11 (c) REPEALER.—Parts C, D, and E of the Balanced
12 Budget and Emergency Deficit Control Act of 1985 are
13 repealed.

14 **SEC. 2. PURPOSE.**

15 The purpose of this Act is—

16 (1) to mandate and achieve enough deficit re-
17 duction in each year through fiscal year 1998 to
18 eliminate the deficit by that year;

19 (2) from fiscal year 1999 onward, to mandate
20 whatever deficit reduction may be needed to elimi-
21 nate any deficit that may be projected;

22 (3) to achieve a portion of the mandated deficit
23 reduction by limiting the total level of discretionary
24 funding and the remainder by requiring a fixed

1 amount of deficit reduction from some combination
2 of entitlement and receipts changes;

3 (4) to establish a Board of Estimates to arbitrate between OMB and CBO;

5 (5) to require the figures in the President's
6 budget and the budget resolution to meet the provisions of this Act;

8 (6) to enforce each year's discretionary funding
9 limits and entitlement/receipts requirements through
10 the Congressional Budget Act, including multiyear
11 allocations and reconciliation directives;

12 (7) to supplement Congressional Budget Act
13 enforcement with across-the-board cuts or sequestration
14 whenever the discretionary funding limits or entitlement/receipts
15 requirements of this Act are not
16 met;

17 (8) to provide a targeted sequestration that enforces the committee
18 targets for entitlement reductions and receipts increases set forth in
19 budget resolutions;
20

21 (9) to create a backup comprehensive sequestration applicable in any
22 fiscal year in which the committee targets in a budget resolution are not
23 enforceable; and
24

1 (10) to provide that reconciliation savings and
2 sequestration savings shall be permanent.

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4 **SEC. 4. EFFECTIVE DATES.**

5 Except as otherwise specified, this Act and the amend-
6 ments made by it shall take effect on its date of enactment

1 and shall apply to fiscal year 1994 and subsequent fiscal
2 years.

3 **PART B—THE DEFICIT ELIMINATION ACT OF 1993**

4 **SEC. 100. DEFINITIONS AND TREATMENTS.**

5 As used in this part:

6 (1) The terms “budget authority”, “new budget
7 authority”, “entitlement authority”, “outlays”, and
8 “deficit” have the meanings given to such terms in
9 section 3 of the Congressional Budget and Impound-
10 ment Control Act of 1974, and the term “receipts”
11 shall be treated as a synonym for the term “reve-
12 nues” as it is used in that Act.

13 (2) The term “account” means an item for
14 which appropriations are made in any appropriation
15 Act and, for items not provided for in appropriation
16 Acts, such term means an item for which there is a
17 designated budget account identification code num-
18 ber in the President’s budget.

19 (3) The term “aggregate first-year spendout
20 rate” means the percent of new budget authority
21 that is expended in the fiscal year for which the
22 budget authority is provided.

23 (4) The term “Board of Estimates” or “Board”
24 refers to the entity established by section 119.

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

5 (6) The term “budget-year session” means any
6 session of Congress that starts in the calendar year
7 in which that budget year starts.

8 (7) The term “category” refers to all direct
9 spending within the jurisdiction of a standing com-
10 mittee of the House of Representatives as so des-
11 ignated in the joint statement of managers accom-
12 panying the conference report on this Act, as modi-
13 fied from time to time by the Board of Estimates
14 upon the written recommendation of the Speaker of
15 the House of Representatives.

16 (8) The term “CBO” means the Director of the
17 Congressional Budget Office.

18 (9) The term “current policy baseline” means
19 the projection (described in section 115) of current-
20 year levels of new budget authority, outlays, receipts,
21 and the surplus or deficit into the budget year and
22 the outyears.

23 (10) The term “current year” means the fiscal
24 year that immediately precedes a budget year.

1 (11) The term “deposit insurance” refers to the
2 expenses of the Federal Deposit Insurance Corpora-
3 tion and the funds it incorporates, the Resolution
4 Trust Corporation, the National Credit Union Ad-
5 ministration and the funds it incorporates, the Of-
6 fice of Thrift Supervision; the Comptroller of the
7 Currency Assessment Funds, and the RTC Office of
8 the Inspector General.

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

10 (A) budget authority provided by law other
11 than appropriation Acts;

12 (B) entitlement authority; and

13 (C) the food stamp program.

14 If a law other than an appropriation Act alters the
15 level of discretionary appropriations, that effect shall
16 be treated as direct spending. Budget authority pro-
17 vided from a transportation trust fund in any Act
18 shall not be considered to be provided by a law other
19 than an appropriation Act.

20 (13) The term “discretionary appropriations”
21 means new budget authority (except to fund entitle-
22 ment authority) provided by appropriation Acts and
23 the term “discretionary programs” refers to pro-
24 grams so financed. New budget authority provided
25 from transportation trust funds by any Act shall be

1 considered to be provided by an appropriation Act.
2 If an appropriation Act alters the level of direct
3 spending, that effect shall be treated as a discre-
4 tionary appropriation.

5 (14) The term “discretionary funding limit”
6 means the total amount of discretionary new budget
7 authority that, under section 102 or 104, may be en-
8 acted in any fiscal year.

9 (15) The term “discretionary regulations” re-
10 fers to regulations issued by the executive branch for
11 which Congress delegates the authority to vary
12 amounts, levels, rates, effective dates, or other fac-
13 tors.

14 (16) The term “major estimating assumptions”
15 refers to the list of items set forth under that head-
16 ing in the joint explanatory statement of managers
17 accompanying the conference report on this Act as
18 modified by the Board under section 119.

19 (17) The term “OMB” means the Director of
20 the Office of Management and Budget.

21 (18) The term “outyear” means any of the 4
22 fiscal years that follow a budget year.

23 (19) The term “real economic growth” means
24 the growth in the gross domestic product, adjusted

1 for inflation, consistent with Department of Com-
2 merce definitions.

3 (20) The terms “sequester” and “sequestra-
4 tion” refer to or mean the cancellation under section
5 110 of budget authority provided by discretionary
6 appropriations, the cancellation under section 108 or
7 109 of direct spending authority, or the change in
8 taxes under section 113.

9 (21) The term “sequestrable budget authority”
10 means, for non-exempt accounts or activities within
11 major functional category 050 (national defense), all
12 budget authority, and for all other non-exempt ac-
13 counts or activities, new budget authority.

14 (22) The term “Stabilization Reserve Fund” re-
15 fers to the deposit fund established by section 117.

16 (23)(A) The following shall be treated as posi-
17 tive numbers:

18 (i) A deficit.

19 (ii) A deficit increase or surplus decrease.

20 (iii) A deficit or surplus change and a defi-
21 cit or surplus change target when the deficit is
22 increased by, or the surplus is reduced by, the
23 change.

24 (iv) A deficit reduction shortfall.

25 (v) An amount to be sequestered.

1 (B) The following shall be treated as negative
 2 numbers:

- 3 (i) A surplus.
- 4 (ii) A deficit reduction or surplus increase.
- 5 (iii) A deficit or surplus change and a defi-
 6 cit or surplus change target when the deficit is
 7 reduced by, or the surplus is increased by, the
 8 change.

9 (24) Proceeds from the sale of a Government
 10 asset (except a loan asset) shall not be scored as
 11 deficit reduction for any fiscal year with respect to
 12 the budget-year session during which the law provid-
 13 ing for the asset sale was enacted.

14 **SEC. 101. DIRECT SPENDING AND RECEIPTS: DEFICIT RE-**
 15 **DUCTION REQUIREMENTS.**

16 The deficit reduction targets for direct spending and
 17 receipts legislation are as follows:

Fiscal Year	Deficit Reduction (in billions of dollars)
1994	-32.3
1995	-61.7
1996	-92.7
1997	-125.6
1998	-160.3

18 The deficit reduction target for fiscal year 1998 shall be
 19 adjusted, if necessary, as provided by section 103.

1 **SEC. 102. DISCRETIONARY FUNDING LIMITS.**

2 (a) INITIAL AMOUNTS.—Subject to modifications
3 under subsection (b), discretionary funding limits, meas-
4 ured in terms of new budget authority, are as follows:

Fiscal Year	Limits (in billions of dollars)
1994	515.7
1995	515.7
1996	515.7
1997	515.7
1998	515.7

5 (b) ADJUSTMENTS TO FUNDING LIMITS.—Whenever
6 appropriate, adjustments to the discretionary funding lim-
7 its (and to those limits as cumulatively adjusted) for one
8 or more fiscal years shall be made to reflect the following:

9 (1) CHANGES IN CONCEPTS.—For any fiscal
10 year, the adjustments produced by any change in
11 budget accounting concepts (including scorekeeping
12 conventions, budget classifications, and definitions)
13 shall equal the current-year levels of new budget au-
14 thority using up-to-date concepts minus those levels
15 using the concepts in effect before the change. Such
16 changes in concepts may only be made in consulta-
17 tion with the Committees on Appropriations and the
18 Budget of the House of Representatives and Senate,
19 CBO, and OMB. A change in budget classifications
20 includes any change from the assumption that all
21 amounts provided in appropriation Acts are classi-

1 fied as discretionary except those included under the
2 heading “Mandatory Appropriations” in the joint ex-
3 planatory statement of managers accompanying the
4 conference report on this Act.

5 (2) CHANGES IN INFLATION.—(A) For the
6 budget year and each outyear through 1998, the ad-
7 justments produced by changes in inflation shall
8 equal the discretionary funding limit for each such
9 year multiplied by the inflation adjustment factor
10 (for the fiscal year immediately preceding the cur-
11 rent year) computed under subparagraph (B).

12 (B) The inflation adjustment factor shall be
13 calculated by subtracting 1 from the ratio of (i) the
14 level of year-over-year inflation measured for the fis-
15 cal year immediately preceding the current year, and
16 (ii) the applicable estimated level for that year set
17 forth below:

18 For 1992, 1.031

19 For 1993, 1.036

20 For 1994, 1.036

21 For 1995, 1.036

22 For 1996, 1.036.

23 Inflation shall be measured by the average of the es-
24 timated consumer price index for all urban consum-

1 ers for a fiscal year divided by the average index for
2 the prior fiscal year.

3 (3) EXPIRING HOUSING CONTRACTS.—For each
4 budget year through 1998, the adjustment shall be
5 the amount of new budget authority needed to renew
6 expiring multiyear subsidized housing contracts or
7 provide contracts to replace units lost due to prepay-
8 ments, with the per-contract renewal/replacement
9 cost equal to the average current-year cost of re-
10 newal or replacement contracts.

11 (4) EMERGENCIES.—If for any fiscal year ap-
12 propriations for discretionary accounts are enacted
13 that are designated as emergency requirements by
14 statute, the adjustment shall be the amount of those
15 appropriations that the President also designates, in
16 writing, as emergency requirements within 5 days of
17 the enactment of those appropriations. If any
18 amount previously designated as an emergency re-
19 quirement is rescinded, the adjustment shall be the
20 amount of that rescission.

21 (5) NEW LIMITS FOR 1998 AND THEREAFTER.—
22 The adjustment for fiscal year 1998 shall be the ad-
23 justment (if any) under section 103, and the limit
24 for any succeeding fiscal year shall be the limit es-
25 tablished under section 104.

1 (6) TRANSPORTATION TRUST FUNDS.—For any
2 fiscal year, the adjustment produced by the enact-
3 ment of any law that raises excise taxes dedicated to
4 a transportation trust fund shall be the amount of
5 the net receipts produced by that tax increase which
6 that law specifically appropriates for that purpose.

7 **SEC. 103. BALANCING THE BUDGET IN 1998.**

8 If at the start of the 1998 budget-year session the
9 baseline assuming deficit reduction (set forth in section
10 116) projects a deficit (or surplus) for that year, then the
11 direct spending and receipts deficit reduction requirement
12 for that year under section 101 and the discretionary
13 funding limit for that year under section 102 shall each
14 be changed by amounts that, when debt service effects are
15 added, will produce a balanced budget. These changes
16 shall be accomplished by the enactment of a spin-off law
17 described in section 105; or if no spin-off law is enacted,
18 then the direct spending and receipts deficit reduction re-
19 quirement for fiscal year 1998 under section 101 shall be
20 adjusted by two-thirds of the total required change (ex-
21 cluding debt service effects) and the discretionary funding
22 limit for fiscal year 1998 under section 102 shall be ad-
23 justed to produce an outlay change equal to one-third of
24 the total required change (excluding debt service effects).
25 Any adjustment in the discretionary funding limit (wheth-

1 er in a spin-off law or by application of the above formula)
2 shall be assumed to produce an outlay change equal to
3 the change in new budget authority times the aggregate
4 first-year spendout rate for fiscal year 1998 chosen by the
5 Board of Estimates.

6 **SEC. 104. PREVENTING DEFICITS AFTER 1998.**

7 Starting with the 1999 budget-year session, the re-
8 quired change in the level of direct spending and receipts
9 (relative to the current policy baseline described in section
10 115) for the budget year and a discretionary funding limit
11 for that year shall be established. That change in direct
12 spending and receipts and that discretionary funding limit
13 (plus the associated effect on debt service) shall produce
14 a balanced budget. That change and that limit shall be
15 specified in a spin-off law described in section 105; or if
16 no spin-off law is enacted, then the change in direct spend-
17 ing and receipts for the budget year shall be two-thirds
18 of the baseline level of deficit or surplus (excluding debt
19 service effects) and the discretionary funding limit for the
20 budget year shall be the baseline level of discretionary new
21 budget authority adjusted to produce an outlay change
22 equal to one-third of the baseline level of deficit or surplus
23 (excluding debt service changes). Any adjustment in the
24 discretionary funding limit relative to the baseline level of
25 discretionary new budget authority (whether in a spin-off

1 law or by application of the above formula) shall be as-
2 sumed to produce an outlay change equal to the change
3 in new budget authority times the aggregate first-year
4 spendout rate for budget year chosen by the Board of Es-
5 timates.

6 **SEC. 105. SPIN-OFF LAW.**

7 (a) Through the use of the procedures described in
8 section 301(b)(5) or 310(c) of the Congressional Budget
9 Act of 1974 or by other means, a law to carry out section
10 103 or 104 may be enacted. If required by section 103
11 or 104, that law shall specify a discretionary funding limit
12 for the budget year. That law shall specify the budget-
13 year amount of direct spending change required of or al-
14 lowed by each committee of the House of Representatives
15 in laws within that committee's jurisdiction and the budg-
16 et-year amount of receipts change required of or allowed
17 by the Committee on Ways and Means of the House of
18 Representatives in laws within that committee's jurisdic-
19 tion. A law shall not be considered a spin-off law under
20 this section unless—

21 (1) for each of fiscal years 1994 through 1997,
22 the total of those amounts for the budget year
23 equals the amount specified in section 101 less the
24 amount of deficit reduction achieved for that year
25 measured under section 106; or

1 (2) for fiscal year 1998 and each year there-
2 after, the targets set by the spin-off bill for the
3 budget year will produce a balanced budget in that
4 year under the estimates and assumptions chosen by
5 the Board of Estimates for that year.

6 **SEC. 106. DIRECT SPENDING AND RECEIPTS SCORECARD.**

7 (a) ESTABLISHMENT OF SCORECARD: 1994–1998.—

8 There shall be a scorecard for each fiscal year through
9 1998 upon which shall be entered the estimated increase
10 or decrease in the deficit (relative to the start-of-session
11 current policy baseline described in section 115) for the
12 current year, the budget year, and each fiscal year through
13 1998 due to—

14 (1) the enactment, after August 15, 1993, of
15 any law,

16 (2) the imposition of any sequestration under
17 section 108 or 109, or

18 (3) the change in the baseline from the applica-
19 tion of section 115(b)(3), which relates to certain ex-
20 piring provisions of law and to veterans' compensa-
21 tion,

22 affecting the level of direct spending or the level of re-
23 ceipts. Entries under the preceding sentence shall not in-
24 clude resulting debt service changes or any incidental
25 changes in intragovernmental receipts of Federal trust

1 funds. Amounts shall be entered on the scorecard within
2 10 days after the enactment of each such law or the im-
3 position of any sequestration, and may not thereafter be al-
4 tered except to reflect decisions made by the Board of Es-
5 timates or to correct clerical errors or errors in the appli-
6 cation of this Act.

7 (b) ESTABLISHMENT OF SCORECARD: 1999 AND
8 THEREAFTER.—There shall be a scorecard, created anew
9 for each budget year starting with 1999, upon which shall
10 be entered the estimated increase or decrease in the deficit
11 or surplus (relative to the start-of-session current policy
12 baseline described in section 115) for the budget year, in
13 any amount that would have been entered if subsection
14 (a) applied to budget years after 1998.

15 (c) DEFICIT REDUCTION REQUIREMENTS.—For each
16 fiscal year, the scorecard shall also include, as applicable,
17 the amount of the direct spending and receipts deficit re-
18 duction target for that year under section 101 or the
19 amount (if any) of the direct spending and receipts deficit
20 change target under section 104. Each such deficit reduc-
21 tion amount shall be entered as though it were a deficit
22 increase, so that an equal amount of deficit reduction will
23 have to be achieved to forestall a sequestration, and each
24 such surplus decrease amount (if any) shall be entered as

1 though it were a surplus increase, so that the amount of
2 later surplus decreases will be limited.

3 (d) LOOKBACK.—If in any budget-year session a law
4 is enacted affecting the current-year level of direct spend-
5 ing or receipts, the amount of that current-year effect
6 shall be entered on the scorecard under the column for
7 the budget year. To mandate year-after savings of
8 amounts that would have been saved but for the lower se-
9 questration rule in that section, entries shall also be made
10 as specified in paragraphs (2) and (3) of section 114(j).

11 (e) DIVISION BETWEEN DIRECT SPENDING AND RE-
12 CEIPTS.—The scorecard shall be divided between changes
13 in the deficit resulting from direct spending changes and
14 changes in the deficit resulting from changes in receipts.
15 Solely for purposes of this section, any change in the defi-
16 cit resulting from an alteration of the Federal tax treat-
17 ment of a direct spending benefit shall be treated as a
18 change in direct spending.

19 (f) EMERGENCIES.—If after the enactment of this
20 Act a provision of direct spending or receipts legislation
21 is enacted that is designated as an emergency requirement
22 by statute and that the President also designates, in writ-
23 ing, as an emergency requirement within 5 days of the
24 enactment of that legislation, then no entries resulting
25 from that provision shall be made on the scorecard.

1 (g) TREATMENT OF CERTAIN DEDICATED EXCISE
2 TAXES.—For each fiscal year, the scorecard shall also in-
3 clude only that part of the net increase in receipts result-
4 ing from an increase in an excise tax dedicated to a trans-
5 portation trust fund that—

6 (1) was not specifically appropriated (as pro-
7 vided in section 102(b)(6)); or

8 (2) to the extent specifically appropriated (as
9 provided in section 102(b)(6)), is not estimated to be
10 expended in that fiscal year.

11 **SEC. 107. DISCRETIONARY SCORECARD.**

12 (a) ESTABLISHMENT OF SCORECARD.—There shall
13 be a scorecard for each fiscal year starting with 1994 upon
14 which shall be entered the amount of discretionary appro-
15 priations for that fiscal year due to—

16 (1) the enactment of any law in the budget-year
17 session,

18 (2) the enactment of any law in any previous
19 session of Congress, or

20 (3) the imposition of any sequestration under
21 section 110.

22 Amounts shall be entered on the scorecard within 10 days
23 after the enactment of each such law or the imposition
24 of any sequestration, and may not thereafter be altered
25 except to reflect decisions made by the Board of Estimates

1 or to correct clerical errors or errors in the application
2 of this Act.

3 (b) LOOKBACK.—(1) If in any current-year session
4 any discretionary appropriation is enacted that would
5 cause the discretionary funding limit for the current year
6 to be exceeded, then the amount of that excess shall be
7 entered on the scorecard under the column for the budget
8 year. To mandate year-after savings of amounts that
9 would have been saved but for the lower sequestration rule
10 in that section, entries shall also be made as specified in
11 paragraphs (2) and (3) of section 114(j).

12 (2) If any discretionary appropriation is enacted after
13 June 30, 1993, and before October 1, 1993, that would
14 have caused a look-back sequester under section 251(a)(5)
15 of the Balanced Budget and Emergency Deficit Control
16 Act of 1985 as in effect immediately before the date of
17 enactment of this Act, then the amount that would have
18 been sequestered shall be entered on the scorecard as a
19 cost under the column for the budget year.

20 **SEC. 108. TARGETED SEQUESTRATION.**

21 (a) APPLICATION.—This section shall apply for any
22 budget year only if a spin-off law as described in section
23 105 is in effect for that year on the date of the final se-
24 questration report described in section 114.

1 (b) SEQUESTRATION IN EACH CATEGORY BASED ON
2 BUDGET-YEAR SHORTFALL.—(1) The purpose of this
3 subsection is to ensure that the changes achieved during
4 a session in direct spending for each category and in re-
5 cepts are at least as great as those required, or are no
6 more than those allowed, for the budget year.

7 (2) The amount to be sequestered for the budget year
8 from direct spending programs in each category is the
9 amount by which changes in direct spending achieved dur-
10 ing the budget-year session are estimated under section
11 106 to result in a greater amount of direct spending than
12 allowed in that category in the spin-off law.

13 (3) The amount that receipts are to be increased for
14 the budget year by the imposition of surtaxes is the
15 amount by which changes in receipts achieved during that
16 budget-year session are estimated under section 106 to re-
17 sult in lower total receipts for that year than allowed in
18 the spin-off law.

19 (c) SEQUESTRATION IN EACH CATEGORY BASED ON
20 OUTYEAR SHORTFALL.—(1) The purpose of this sub-
21 section is to ensure that the outyear changes in direct
22 spending for each category and the outyear changes in re-
23 cepts achieved during a session are, on average, at least
24 as great as those required, or are no more than those al-
25 lowed, for the budget year.

1 (2) The amount to be sequestered for the budget year
2 in any category under subsection (b)(2), if any, shall be
3 increased whenever the average outyear change in direct
4 spending in that category achieved during that budget-
5 year session estimated under section 106 or paragraph (4)
6 would produce higher deficits during the outyears than if
7 that average change had equaled the budget-year target
8 for changes in direct spending in that category. That in-
9 creased amount to be sequestered (if applicable) shall be—

10 (A) one-quarter of the sum of those changes in
11 direct spending for the 4 outyears; minus

12 (B) the budget-year target for changes in direct
13 spending.

14 (3) The amount that receipts are to be increased for
15 the budget year under subsection (b)(3), if any, shall be
16 increased whenever the average outyear change in receipts
17 achieved during that budget-year session estimated under
18 section 106 or paragraph (4) would produce higher deficits
19 during the outyears than if that average change had
20 equaled the budget-year target for changes in receipts.
21 That additional amount that receipts are to be increased
22 (if applicable) shall be—

23 (A) one-quarter of the sum of those changes in
24 receipts for the four outyears achieved; minus

1 (B) the budget-year target for changes in re-
2 cepts.

3 (4) For any outyear after 1998, CBO and OMB shall
4 make cost estimates within 10 days after the enactment
5 of any direct spending or receipts legislation of the outyear
6 effects of that legislation that would have gone on the di-
7 rect spending and receipts scorecard under section 106(a)
8 if the scorecard had covered that outyear.

9 (d) FINGERPRINT RULE.—For purposes of this sec-
10 tion, the category to which a change in direct spending
11 is attributed shall be the category of the committee that
12 authored the change or reported the legislation to which
13 the change was offered as an amendment. If it is impos-
14 sible to tell which committee authored a change, the cat-
15 egory to which such a change is attributed shall be the
16 category of the committee with jurisdiction over the pro-
17 gram that was changed, as defined under section 100(9).

18 (e) SEQUESTRATION.—Within 15 days after Con-
19 gress adjourns to end a session and on the same day as
20 a sequestration, if any, under section 110, there shall be
21 a sequestration—

22 (1) to reduce the amount of direct spending in
23 the current policy baseline in any category by the
24 sum of the amounts specified in subsections (b)(2)

1 and (c)(2) unless that sum is less than \$50,000,000;
2 and

3 (2) to increase the amount of receipts in the
4 current policy baseline by the sum of the amounts
5 specified in subsections (b)(3) and (c)(3) unless that
6 sum is less than \$250,000,000.

7 The amount required to be sequestered from direct spend-
8 ing in a category shall be achieved by reducing each non-
9 exempt direct spending account (or activity within an ac-
10 count) within that category by the uniform percentage
11 necessary to achieve that amount. The amount to be
12 achieved by the imposition of a surtax shall be achieved
13 as specified in sections 59D, 59E, and 59F of the Internal
14 Revenue Code of 1986.

15 **SEC. 109. COMPREHENSIVE SEQUESTRATION.**

16 (a) APPLICATION.—This section shall apply for any
17 budget year unless a spin-off law as described in section
18 105 is in effect for that year on the date of the final se-
19 questration report described in section 114.

20 (b) SEQUESTRATION BASED ON BUDGET-YEAR
21 SHORTFALL.—The amount to be sequestered for the
22 budget year is the amount (if any) by which the sum of
23 all budget-year entries on the direct spending and receipts
24 scorecard under section 106 is greater than zero.

1 (c) SEQUESTRATION BASED ON OUTYEAR SHORT-
2 FALL.—(1) The purpose of this subsection is to ensure
3 that the outyear changes in direct spending and in receipts
4 achieved during a session are, on average, at least as great
5 as those required, or are no more than those allowed, for
6 the budget year.

7 (2) The amount to be sequestered under subsection
8 (b), if any, shall be increased whenever the average out-
9 year change in direct spending and receipts, combined,
10 achieved during that budget-year session would result in
11 higher deficits than if that average change had equaled
12 the amount targeted for the budget year, with that budg-
13 et-year target being the amount that the sequestration
14 preview report for the budget year shows was needed to
15 bring the budget-year entries on the direct spending and
16 receipts scorecard to zero. That increased amount to be
17 sequestered shall be—

18 (A) one-quarter of the sum of those achieved
19 changes in direct spending and receipts, combined,
20 for the 4 outyears; minus

21 (B) the budget-year target for changes in direct
22 spending and receipts, combined.

23 (d) SEQUESTRATION.—Within 15 days after Con-
24 gress adjourns to end a session and on the same day as
25 a sequestration, if any, under section 110, there shall be

1 a sequestration to reduce the amount of direct spending
2 and increase the amount of receipts in the current policy
3 baseline by the sum of the amounts specified in sub-
4 sections (b) and (c) unless that sum is less than
5 \$500,000,000. The amount required to be sequestered
6 shall be achieved by reducing each non-exempt direct
7 spending account (or activity within an account) by the
8 uniform percentage, and increasing receipts by applying
9 that uniform percentage as specified in sections 59B and
10 59C of the Internal Revenue Code of 1986, necessary to
11 achieve that amount.

12 **SEC. 110. ACROSS-THE-BOARD REDUCTION OF DISCRE-**
13 **TIONARY PROGRAMS.**

14 (a) SEQUESTRATION.—Within 15 days after Con-
15 gress adjourns to end a session, and on the same day as
16 a sequestration (if any) under section 108 or 109, there
17 shall be a sequestration to reduce the amount of discre-
18 tionary sequestrable budget authority in the current policy
19 baseline for the budget year by the amount (if any) needed
20 to eliminate any excess of new budget authority for that
21 year over the discretionary funding limit for that year as
22 measured under section 107, unless that excess is less
23 than \$250,000,000.

24 (b) UNIFORM REDUCTION.—Each nonexempt ac-
25 count (or activity within an account) shall be reduced by

1 a dollar amount calculated by multiplying the level of
2 sequestrable budget authority in the baseline for that ac-
3 count or activity by the uniform percentage necessary to
4 reduce new budget authority by the amount in subsection
5 (a).

6 (c) FEDERAL PERSONNEL.—If the President uses
7 the authority under section 111(b) to exempt any amounts
8 appropriated for military personnel from sequestration, all
9 remaining sequestrable budget authority within
10 subfunction 051 shall be further reduced by the uniform
11 percentage needed to fully offset the reduction in the
12 amount sequestered resulting from that exemption.

13 (d) PART-YEAR APPROPRIATIONS.—If, on the date
14 specified in subsection (a), there is in effect an Act making
15 or continuing appropriations for part of a fiscal year for
16 any budget account, then the dollar reduction calculated
17 for that account under subsections (b) and (c) shall be
18 applied to—

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

22 (2) when a full-year appropriation for that ac-
23 count is enacted, from the amount otherwise pro-
24 vided by that appropriation.

1 **SEC. 111. EXEMPT PROGRAMS AND ACTIVITIES.**

2 (a) DESCRIPTIONS AND LISTS.—Except as provided
3 in subsection (c), the following budget accounts, activities
4 within accounts, or income shall be exempt from seques-
5 tration—

6 (1) net interest;

7 (2) deposit insurance and pension benefit guar-
8 antees;

9 (3) all payments to trust funds from excise
10 taxes or other receipts or collections properly cred-
11 itable to those trust funds;

12 (4) offsetting receipts and collections;

13 (5) all payments from one Federal direct spend-
14 ing budget account to another Federal budget ac-
15 count; all intragovernmental funds including those
16 from which funding is derived primarily from other
17 Government accounts, except to the extent that such
18 funds are augmented by direct appropriations for
19 the fiscal year for which the order is in effect; and
20 those obligations of discretionary accounts or activi-
21 ties that are financed by intragovernmental pay-
22 ments from another discretionary account or activi-
23 ty;

24 (6) expenses to the extent they result from pri-
25 vate donations, bequests, or voluntary contributions
26 to the Government;

1 (7) nonbudgetary activities, including but not
2 limited to—

3 (A) credit liquidating and financing ac-
4 counts;

5 (B) the Pension Benefit Guarantee Cor-
6 poration Trust Funds;

7 (C) the Thrift Savings Fund;

8 (D) the Federal Reserve System; and

9 (E) appropriations for the District of Co-
10 lumbia to the extent they are appropriations of
11 locally raised funds;

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

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

21 Administration of Territories, Northern Mari-
22 ana Islands Covenant grants (14-0412-0-1-806);

23 Bureau of Indian Affairs, miscellaneous pay-
24 ments to Indians (14-2303-0-1-452);

- 1 Bureau of Indian Affairs, miscellaneous trust
2 funds, tribal trust funds (14-9973-0-7-999);
3 Claims, defense;
4 Claims, judgments, and relief act (20-1895-0-
5 1-806);
6 Compact of Free Association, economic assist-
7 ance pursuant to Public Law 99-658 (14-0415-0-
8 1-806);
9 Compensation of the President (11-0001-0-1-
10 802);
11 Customs Service, miscellaneous permanent ap-
12 propriations (20-9992-0-2-852);
13 Eastern Indian land claims settlement fund
14 (14-2202-0-1-806)
15 Farm Credit System Financial Assistance Cor-
16 poration, interest payments (20-1850-0-1-351);
17 Internal Revenue collections of Puerto Rico
18 (20-5737-0-2-852);
19 Panama Canal Commission, operating expenses
20 and capital outlay (95-5190-0-2-403);
21 Payments of Vietnam and USS Pueblo pris-
22 oner-of-war claims (15-0104-0-1-153);
23 Payments to copyright owners (03-5175-0-2-
24 376);

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

3 Salaries of Article III judges;

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

6 Washington Metropolitan Area Transit Author-
7 ity, interest payments (46-0300-0-1-401).

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

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

11 Exchange Stabilization Fund (20-4444-0-3-
12 155);

13 Foreign Military Sales trust fund (11-82232-
14 0-7-155);

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

19 (B) any advance made to a State from the Fed-
20 eral unemployment account (established by section
21 904(g) of such Act) under title XII of such Act and
22 any advance appropriated to the Federal unemploy-
23 ment account pursuant to section 1203 of such Act;
24 and

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

7 (12) the earned income tax credit (payments to
8 individuals pursuant to section 32 of the Internal
9 Revenue Code of 1986).

10 (b) OPTIONAL EXEMPTIONS OF MILITARY PERSON-
11 NEL.—(1) The President may exempt some or all of the
12 budgetary resources of any military personnel account
13 from sequestration under section 109.

14 (2) The President may not use the authority under
15 paragraph (1) unless he notifies the Congress of the extent
16 to which such authority will be exercised for the budget
17 year on or before the preceding August 29.

18 (c) FEDERAL ADMINISTRATIVE EXPENSES.—

19 (1) Notwithstanding any provision of law other
20 than paragraph (3), administrative expenses in-
21 curred by the departments and agencies, including
22 independent agencies, of the Federal Government in
23 connection with any program, project, activity, or ac-
24 count shall be subject to reduction pursuant to any
25 sequestration order, without regard to the exemp-

1 tions under subsection (a) and regardless of whether
2 the program, project, activity, or account is self-sup-
3 porting and does not receive appropriations.

4 (2) Payments made by the Federal Government
5 to reimburse or match administrative costs incurred
6 by a State or political subdivision under or in con-
7 nection with any program, project, activity, or ac-
8 count shall not be considered administrative ex-
9 penses of the Federal Government for purposes of
10 this section, and shall be subject to sequestration to
11 the extent (and only to the extent) that other pay-
12 ments made by the Federal Government under or in
13 connection with that program, project, activity, or
14 account are subject to that reduction or sequestra-
15 tion; except that Federal payments made to a State
16 as reimbursement of administrative costs incurred
17 by that State under or in connection with the unem-
18 ployment compensation programs specified in sub-
19 section (a)(11) shall be subject to reduction or se-
20 questration under this part notwithstanding the ex-
21 emption otherwise granted to such programs under
22 that subsection.

23 (3) Notwithstanding any other provision of law,
24 the administrative expenses of the following pro-
25 grams shall be exempt from sequestration:

1 (A) Deposit insurance.

2 (B) The Federal Retirement Thrift Invest-
3 ment Board.

4 (C) The Federal Reserve System.

5 **SEC. 112. GENERAL AND SPECIAL SEQUESTRATION RULES.**

6 (a) PERMANENT SEQUESTRATION OF DIRECT
7 SPENDING AND RECEIPTS.—

8 (1) The purpose of any direct spending or re-
9 cepts sequestration under this Act is to ensure defi-
10 cit reduction in the budget year and all subsequent
11 fiscal years, so that the budget-year deficit reduction
12 target in section 101 is met and so that it will be
13 feasible to meet the increasingly ambitious targets
14 for the subsequent years.

15 (2) Obligations in sequestered direct spending
16 accounts shall be reduced in the fiscal year in which
17 a sequestration occurs and in all succeeding fiscal
18 years. Notwithstanding any other provision of this
19 section, after the first direct spending sequestration
20 or receipts sequestration, any later sequestration
21 shall reduce direct spending or increase receipts (as
22 the case may be) by an amount in addition to, rath-
23 er than in lieu of, the reduction in direct spending
24 or the increase in receipts in place under the exist-
25 ing sequestration or sequestrations.

1 (b) UNIFORM PERCENTAGES.—

2 (1) In calculating the uniform percentage appli-
3 cable to the sequestration of all nonexempt direct
4 spending programs or activities and receipts under
5 section 109, or the uniform percentage applicable to
6 the sequestration of nonexempt direct spending pro-
7 grams or activities within a category under section
8 108, the sequestrable base for direct spending rules
9 and activities is the total budget-year level of outlays
10 for those programs or activities in the current policy
11 baseline minus—

12 (A) those budget-year outlays resulting
13 from obligations incurred in the current or
14 prior fiscal years, and

15 (B) those budget-year outlays resulting
16 from exemptions under section 111.

17 (2) For any direct spending program in
18 which—

19 (A) outlays pay for entitlement benefits,

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

22 (C) that delay reduces the amount of enti-
23 tlement authority that is subject to sequestra-
24 tion in the budget year,

1 the uniform percentage otherwise applicable to the
2 sequestration of that program in the budget year
3 shall be increased as necessary to achieve the same
4 budget-year outlay reduction in that program as
5 would have been achieved had there been no delay.

6 (3) If the uniform percentage otherwise applica-
7 ble to the budget-year sequestration of a program or
8 activity is increased under paragraph (2), then it
9 shall revert to the uniform percentage calculated
10 under paragraph (1) when the budget year is com-
11 pleted.

12 (c) GENERAL RULES FOR SEQUESTRATION.—

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

21 (2) CANCELLATION OF BUDGETARY RE-
22 SOURCES.—Budgetary resources sequestered from
23 any account other than an entitlement trust, special,
24 or revolving fund account shall revert to the Treas-
25 ury and be permanently canceled or repealed.

1 (3) INDEXED BENEFIT PAYMENTS.—If, under
2 any entitlement program—

3 (A) benefit payments are made to persons
4 or governments more frequently than once a
5 year, and

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

9 then for the first fiscal year to which a sequestration
10 order applies, the benefit reductions in that program
11 accomplished by the order shall take effect starting
12 with the payment made at the beginning of January
13 or 7 weeks after the order is issued, whichever is
14 later. For the purposes of this subsection, Veterans
15 Compensation shall be considered a program that
16 meets the conditions of the preceding sentence.

17 (4) PROGRAMS, PROJECTS, OR ACTIVITIES.—
18 Except as otherwise provided, the same percentage
19 sequestration shall apply to all programs, projects,
20 and activities within a budget account (with pro-
21 grams, projects, and activities as delineated in the
22 appropriation Act or accompanying report for the
23 relevant fiscal year covering that account, or for ac-
24 counts not included in appropriation Acts, as delin-

1 eated in the most recently submitted President's
2 budget).

3 (5) IMPLEMENTING REGULATIONS.—Adminis-
4 trative regulations or similar actions implementing
5 the sequestration of a program or activity shall be
6 made within 120 days of the effective date of the se-
7 questration of that program or activity.

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

16 (7) CONTINGENT FEES.—In any account for
17 which fees charged to the public are legally deter-
18 mined by the level of appropriations, fees shall be
19 charged on the basis of the presequestration level of
20 appropriations.

21 (d) NON-JOBS PORTION OF AFDC.—Any sequestra-
22 tion order shall accomplish the full amount of any required
23 reduction in payments for the non-jobs portion of the aid
24 to families with dependant children program under the So-
25 cial Security Act by reducing the Federal reimbursement

1 percentage (for the fiscal year involved) by multiplying
2 that reimbursement percentage, on a State-by-State basis,
3 by the uniform percentage applicable to the sequestration
4 of nonexempt direct spending programs or activities.

5 (e) JOBS PORTION OF AFDC.—

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

15 (2) NEW ALLOTMENT FORMULA.—

16 (A) GENERAL RULE.—Notwithstanding
17 section 403(k) of the Social Security Act, each
18 State's percentage share of the amount avail-
19 able after sequestration for direct spending pur-
20 suant to section 403(l) of such Act shall be
21 equal to that percentage of the total amount
22 paid to the States pursuant to such section
23 403(l) for the prior fiscal year that is rep-
24 resented by the amount paid to such State pur-
25 suant to such section 403(l) for the prior fiscal

1 year, except that a State may not be allotted an
2 amount under this subparagraph that exceeds
3 the amount that would have been allotted to
4 such State pursuant to such section 403(k) had
5 the sequestration not been in effect.

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

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

9 (g) COMMODITY CREDIT CORPORATION.—

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

22 (2) DAIRY PROGRAM.—(A) As the sole means of
23 achieving any reduction in outlays under the milk
24 price-support program, the Secretary of Agriculture
25 shall provide for a reduction to be made in the price

1 received by producers for all milk produced in the
2 United States and marketed by producers for com-
3 mercial use. That price reduction (measured in cents
4 per hundredweight of milk marketed) shall occur
5 under subparagraph (A) of section 201(d)(2) of the
6 Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)(A)),
7 shall begin on the day any sequestration order is is-
8 sued, and shall not exceed the aggregate amount of
9 the reduction in outlays under the milk price-support
10 program, that otherwise would have been achieved
11 by reducing payments made for the purchase of milk
12 or the products of milk under this subsection during
13 that fiscal year.

14 (3) EFFECT OF DELAY.—For purposes of sub-
15 section (b)(1), the sequestrable base for the Com-
16modity Credit Corporation is the budget-year level of
17 gross outlays resulting from new budget authority
18 that is subject to reduction under paragraphs (1)
19 and (2), and subsection (b)(2) shall not apply.

20 (4) CERTAIN AUTHORITY NOT TO BE LIM-
21 ITED.—Nothing in this Act shall restrict the Cor-
22poration in the discharge of its authority and re-
23 sponsibility as a corporation to buy and sell com-
24 modities in world trade, or limit or reduce in any

1 way any appropriation that provides the Corporation
2 with funds to cover its net realized losses.

3 (h) CONSERVATION RESERVE PROGRAM.—Multiyear
4 contracts under the conservation reserve program shall be
5 considered binding and not subject to sequestration, but
6 any contract entered into after a sequestration applicable
7 to that program takes effect shall provide for payments
8 reduced by the uniform percentage or percentages applica-
9 ble to that sequestration.

10 (i) 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 (j) 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 The premium increases under paragraph (2) shall begin
10 with the open season that occurs nearest to September 30
11 of the fiscal year to which the sequestration first applies.
12 If those premium increases take effect in the first fiscal
13 year of a sequestration, the amount collected by the Fund
14 in that fiscal year as a result shall be used to partially
15 finance the payment to the Treasury required in that year,
16 and the amount of the recall under paragraph (1) shall
17 be diminished accordingly.

18 (k) FEDERAL HOUSING FINANCE BOARD.—Any se-
19 questration of the Federal Housing Finance Board shall
20 be accomplished by annual payments (by the end of each
21 fiscal year) from that Board to the general fund of the
22 Treasury, in amounts equal to the uniform sequestration
23 percentage for that year times the gross obligations of the
24 Board in that year.

25 (l) FEDERAL PAY.—

1 (1) IN GENERAL.—Except as provided in sec-
2 tion 111(b)(3), new budget authority to pay Federal
3 personnel shall be reduced by the uniform percent-
4 age calculated under section 108, 109, or 110, as
5 applicable, but no sequestration order may reduce or
6 have the effect of reducing the rate of pay to which
7 any individual is entitled under any statutory pay
8 system (as increased by any amount payable under
9 section 5304 of title 5, United States Code, or sec-
10 tion 302 of the Federal Employees Pay Comparabil-
11 ity Act of 1990) or the rate of any element of mili-
12 tary pay to which any individual is entitled under
13 title 37, United States Code, or any increase in rates
14 of pay which is scheduled to take effect under sec-
15 tion 5303 of title 5, United States Code, section
16 1009 of title 37, United States Code, or any other
17 provision of law.

18 (2) DEFINITIONS.—For purposes of this sub-
19 section:

20 (A) The term “statutory pay system” shall
21 have the meaning given that term in section
22 5302(1) of title 5, United States Code.

23 (B) The term “elements of military pay”
24 means—

1 (i) the elements of compensation of
2 members of the uniformed services speci-
3 fied in section 1009 of title 37, United
4 States Code,

5 (ii) allowances provided members of
6 the uniformed services under sections 403a
7 and 405 of such title, and

8 (iii) cadet pay and midshipman pay
9 under section 203(c) of such title.

10 (C) The term “uniformed services” shall
11 have the meaning given that term in section
12 101(3) of title 37, United States Code.

13 (m) GUARANTEED STUDENT LOANS.—(A) For all
14 student loans under part B of title IV of the Higher Edu-
15 cation Act of 1965 made on or after the date of a seques-
16 tration, the origination fees shall be increased by a uni-
17 form percentage sufficient to produce the dollar savings
18 in student loan programs for the fiscal year of the seques-
19 tration required by section 108 or 109, and all subsequent
20 origination fees shall be increased by the same percentage,
21 notwithstanding any other provision of law.

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

1 (n) INSURANCE PROGRAMS.—Any sequestration in a
2 Federal program that sells insurance contracts to the pub-
3 lic (including the Federal Crop Insurance Fund, the Na-
4 tional Insurance Development Fund, the National Flood
5 Insurance Fund, insurance activities of the Overseas Pri-
6 vate Insurance Corporation, and Veterans' life insurance
7 programs) shall be accomplished by annual payments from
8 the insurance fund or account to the general fund of the
9 Treasury. The amount of each annual payment by each
10 such fund or account shall be the amount received by the
11 fund or account by increasing premiums on contracts en-
12 tered into after the date a sequestration order takes effect
13 by the uniform sequestration percentage, and premiums
14 shall be increased accordingly.

15 (o) MEDICAID.—The November 15th estimate of
16 medicaid spending by States shall be the base estimate
17 from which the uniform percentage reduction under any
18 sequestration, applied across-the-board by State, shall be
19 made. Succeeding Federal payments to States shall reflect
20 that reduction. The Health Care Financing Administra-
21 tion shall reconcile actual medicaid spending for each fis-
22 cal year with the base estimate as reduced by the uniform
23 percentage, and adjust each State's grants as soon as
24 practicable, but no later than 100 days after the end of

1 the fiscal year to which the base estimate applied, to com-
2 ply with the sequestration order.

3 (p) MEDICARE.—

4 (1) TIMING OF APPLICATION OF REDUC-
5 TIONS.—

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

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

1 during each cost reporting period of the pro-
2 vider any part of which occurs after the effec-
3 tive date of the order, but only (for each such
4 cost reporting period) in the same proportion as
5 the fraction of the cost reporting period that oc-
6 curs after the effective date of the order.

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

20 (3) NO EFFECT ON COMPUTATION OF AAPCC.—
21 In computing the adjusted average per capita cost
22 for purposes of section 1876(a)(4) of the Social Se-
23 curity Act, the Secretary of Health and Human
24 Services shall not take into account any reductions

1 in payment amounts which have been or may be ef-
2 fected under this part.

3 (q) POSTAL SERVICE FUND.—Any sequestration of
4 the Postal Service Fund shall be accomplished by annual
5 payments from that Fund to the General Fund of the
6 Treasury, and the Postmaster General of the United
7 States shall have the duty to make those payments during
8 the fiscal year to which the sequestration order applies
9 and each succeeding fiscal year. The amount of each an-
10 nual payment shall be—

11 (1) the uniform sequestration percentage, times
12 (2) the estimated gross obligations of the Postal
13 Service Fund in that year other than those obliga-
14 tions financed with an appropriation for revenue
15 foregone for that year.

16 Any such payment for a fiscal year shall be made as soon
17 as possible during the fiscal year, except that it may be
18 made in installments within that year if the payment
19 schedule is approved by the Secretary of the Treasury.
20 Within 30 days after the sequestration order is issued, the
21 Postmaster General shall submit to the Postal Rate Com-
22 mission a plan for financing the annual payment for that
23 fiscal year and publish that plan in the Federal Register.
24 The plan may assume efficiencies in the operation of the
25 Postal Service, reductions in capital expenditures, in-

1 creases in the prices of services, or any combination, but
2 may not assume a lower Fund surplus or higher Fund
3 deficit and must follow the requirements of existing law
4 governing the Postal Service in all other respects. Within
5 30 days of the receipt of that plan, the Postal Rate Com-
6 mission shall approve the plan or modify it in the manner
7 that modifications are allowed under current law. If the
8 Postal Rate Commission does not respond to the plan
9 within 30 days, the plan submitted by the Postmaster
10 General shall go into effect. Any plan may be later revised
11 by the submission of a new plan to the Postal Rate Com-
12 mission, which may approve or modify it.

13 (r) POWER MARKETING ADMINISTRATIONS AND
14 T.V.A.—Any sequestration of the Department of Energy
15 power marketing administration funds or the Tennessee
16 Valley Authority fund shall be accomplished by annual
17 payments from those funds to the General Fund of the
18 Treasury, and the administrators of those funds shall have
19 the duty to make those payments during the fiscal year
20 to which the sequestration order applies and each succeed-
21 ing fiscal year. The amount of each annual payment by
22 a fund shall be—

23 (1) the direct spending uniform sequestration
24 percentage, times

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

4 Any such payment for a fiscal year shall be made as soon
5 as possible during the fiscal year, except that it may be
6 made in installments within that year if the payment
7 schedule is approved by the Secretary of the Treasury. An-
8 nual payments by a fund may be financed by reductions
9 in costs required to produce the presequester amount of
10 power (but those reductions shall not include reductions
11 in the amount of power supplied by the fund), by reduc-
12 tions in capital expenditures, by increases in rates, or by
13 any combination, but may not be financed by a lower fund
14 surplus or a higher fund deficit and must follow the re-
15 quirements of existing law governing the fund in all other
16 respects. The administrator of a fund or the TVA Board
17 is authorized to take the actions specified above in order
18 to make the annual payments to the Treasury.

19 (s) URANIUM ENRICHMENT.—Any sequestration of
20 the uranium enrichment program shall be accomplished
21 through annual payments from that program to the gen-
22 eral fund of the Treasury, and the program administrator
23 shall have the duty to make those payments during the
24 fiscal year to which the sequestration order applies and
25 each succeeding fiscal year. The Secretary of Energy has

1 the authority to reduce costs or increase receipts, or a
 2 combination, as necessary to finance those annual pay-
 3 ments.

4 (t) VETERANS' HOUSING LOANS.—(1) For all hous-
 5 ing loans guaranteed, insured, or made under chapter 37
 6 of title 38, United States Code, on or after the date of
 7 a sequestration, the origination fees shall be increased by
 8 a uniform percentage sufficient to produce the dollar sav-
 9 ings in veterans' housing programs for the fiscal year of
 10 the sequestration required by section 108 or 109, and all
 11 subsequent origination fees shall be increased by the same
 12 percentage, notwithstanding any other provision of law.

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

16 **SEC. 113. SEQUESTRATION THROUGH TAX CHANGES.**

17 (a) GENERAL RULE.—Subchapter A of chapter 1 of
 18 the Internal Revenue Code of 1986 (relating to determina-
 19 tion of tax liability) is amended by adding at the end
 20 thereof the following new part:

21 **“PART VIII—TAX SEQUESTRATION PROVISIONS**

“Subpart A. Increase in top marginal rate.

“Subpart B. Modification of indexing provisions.

“Subpart C. Imposition of surtaxes.

22 **“Subpart A—Increase in Top Marginal Rate**

“Sec. 59B. Increase in top marginal rate.

1 **“SEC. 59B. INCREASE IN TOP MARGINAL RATE.**

2 “(a) GENERAL RULE.—Subject to the limitations of
3 section 1(h), the amount of the tax imposed by section
4 1 for any taxable year shall be increased by the applicable
5 deficit reduction percentage of the excess (if any) of—

6 “(1) taxable income, over

7 “(2) the applicable dollar amount.

8 “(b) APPLICABLE DEFICIT REDUCTION PERCENT-
9 AGE.—For purposes of this section—

10 “(1) IN GENERAL.—The term ‘applicable deficit
11 reduction percentage’ means, with respect to a tax-
12 able year beginning in a calendar year, the sum,
13 rounded up to the nearest 0.5 percentage points,
14 of—

15 “(A) the uniform percentage (if any) deter-
16 mined under paragraph (2) for such calendar
17 year, plus

18 “(B) the sum of the uniform percentages
19 (if any) for all preceding calendar years.

20 “(2) UNIFORM PERCENTAGE.—The uniform
21 percentage for a calendar year is the uniform per-
22 centage included in the final sequestration report ef-
23 fectuated by the sequestration order under section
24 114 of the Deficit Elimination Act of 1993 for the
25 fiscal year in which the calendar year begins.

1 “(c) APPLICABLE DOLLAR AMOUNT.—For purposes
2 of this section—

3 “(1) IN GENERAL.—

In the case of a taxpayer to whom the following subsection of section 1 applies:	The applicable dollar amount is:
Subsection (a)	\$200,000
Subsection (b)	\$170,000
Subsection (c)	\$120,000
Subsection (d)	\$100,000
Subsection (e)	\$.25,000

4 “(2) ADJUSTMENTS FOR INFLATION.—In the
5 case of a taxable year beginning in a calendar year
6 after 1993, each dollar amount contained in para-
7 graph (1) shall be increased by an amount equal
8 to—

9 “(A) such dollar amount, multiplied by

10 “(B) the cost-of-living adjustment deter-
11 mined under section 1(f)(3) for the calendar
12 year in which the taxable year begins by sub-
13 stituting ‘calendar year 1992’ for ‘calendar year
14 1989’ in subparagraph (B) thereof.

15 The rule of section 1(f)(6) (relating to rounding)
16 shall apply to any increase determined under this
17 paragraph.

18 “(d) SECTION 15 NOT TO APPLY.—Section 15 shall
19 not apply to any change in rates under this section.

20 **“Subpart B—Modifications to Indexing Provisions**

 “Sec. 59C. Modification to indexing provisions.

1 **“SEC. 59C. MODIFICATIONS TO INDEXING PROVISIONS.**

2 “(a) GENERAL RULE.—If this section applies to any
3 calendar year—

4 “(1) the amount of each indexed dollar amount
5 which would otherwise be applicable under any pro-
6 vision of this chapter to taxable years beginning in
7 such calendar year shall be reduced by an amount
8 equal to—

9 “(A) the indexed dollar amount applicable
10 under such provision for taxable years begin-
11 ning in the preceding calendar year, multiplied
12 by

13 “(B) the uniform percentage, and

14 “(2) for purposes of determining indexed dollar
15 amounts which apply under such provision to taxable
16 years beginning in subsequent calendar years—

17 “(A) the indexed dollar amount determined
18 under paragraph (1) shall be treated as the
19 original dollar amount set forth in such provi-
20 sion, and

21 “(B) corresponding adjustments to the
22 base period used in computing the cost-of-living
23 adjustments shall be made.

24 The rules of section 1(f)(6) (relating to rounding) shall
25 apply to indexed dollar amounts determined under para-
26 graph (1).

1 “(b) YEARS TO WHICH SECTION APPLIES.—This
2 section shall apply to any calendar year if the final seques-
3 tration report effectuated by the sequestration order under
4 section 114 of the Deficit Elimination Act of 1993 for the
5 fiscal year in which the calendar year begins includes a
6 uniform percentage.

7 “(c) UNIFORM PERCENTAGE.—The uniform percent-
8 age for a calendar year is the uniform percentage included
9 in the final sequestration report effectuated by the seques-
10 tration order under section 114 of the Deficit Elimination
11 Act of 1993 for the fiscal year in which the calendar year
12 begins.

13 “(d) INDEXED DOLLAR AMOUNT.—For purposes of
14 this section—

15 “(1) IN GENERAL.—Except as provided in para-
16 graph (2), the term ‘indexed dollar amount’ means
17 any dollar amount contained in any provision of this
18 chapter if there are annual adjustments to such
19 amount based on changes in the Consumer Price
20 Index (as defined in section 1(f)(5)).

21 “(2) EXCEPTION FOR EARNED INCOME CREDIT
22 LIMITATIONS.—The term ‘indexed dollar amount’
23 shall not include any dollar amount contained in sec-
24 tion 32.

1 **“Subpart C—Imposition of Surtaxes**

 “Sec. 59D. Imposition of surtax on individuals.

 “Sec. 59E. Imposition of surtax on corporations.

 “Sec. 59F. Definitions and special rules.

2 **“SEC. 59D. IMPOSITION OF SURTAX ON INDIVIDUALS.**

3 “(a) SECTION 1.—In the case of an individual, the
4 amount of the tax imposed under section 1 for any taxable
5 year shall be increased by the applicable surtax percentage
6 of the tax imposed under section 1 for such taxable year
7 (determined without regard to this section).

8 “(b) MINIMUM TAX.—In the case of an individual,
9 the amount of the tentative minimum tax determined
10 under section 55 for any taxable year shall be increased
11 by the applicable surtax percentage of the amount of the
12 tentative minimum tax for such taxable year (determined
13 without regard to this section).

14 “(c) SURTAX TO APPLY TO ESTATES AND TRUSTS.—
15 For purposes of this section, the term ‘individual’ includes
16 any estate or trust taxable under section 1.

17 “(d) COORDINATION WITH OTHER PROVISIONS.—
18 The provisions of this section—

19 “(1) shall be applied after the application of the
20 preceding provisions of this part and section 1(h),
21 but

22 “(2) before the application of any other provi-
23 sion of this title which refers to the amount of the
24 tax imposed by section 1 or 55, as the case may be.

1 **“SEC. 59E. IMPOSITION OF SURTAX ON CORPORATIONS.**

2 “(a) NORMAL CORPORATE TAX.—

3 “(1) IN GENERAL.—In the case of a corpora-
4 tion, the amount of the tax imposed under section
5 11 for any taxable year shall be increased by the ap-
6 plicable surtax percentage of the amount of the tax
7 imposed under section 11 for such taxable year (de-
8 termined without regard to this section).

9 “(2) TREATMENT OF CERTAIN TAXES.—For
10 purposes of paragraph (1), a tax shall be treated as
11 imposed under section 11 if the amount of such tax
12 is determined by reference to the provisions of sec-
13 tion 11 (or by reference to any rate contained there-
14 in).

15 “(b) MINIMUM TAX.—In the case of a corporation,
16 the amount of the tentative minimum tax determined
17 under section 55 for any taxable year shall be increased
18 by the applicable surtax percentage of the amount of the
19 tentative minimum tax for such taxable year (determined
20 without regard to this section).

21 “(c) COORDINATION WITH OTHER PROVISIONS.—
22 The provisions of this section shall be applied—

23 “(1) after the application of section 1201 and
24 801(a)(2), but

1 “(2) before the application of any other provi-
2 sion of this title which refers to the amount of tax
3 imposed by section 11 or 55, as the case may be.

4 **“SEC. 59F. DEFINITIONS AND SPECIAL RULES.**

5 “(a) APPLICABLE SURTAX PERCENTAGE.—For pur-
6 poses of this subpart—

7 “(1) IN GENERAL.—The term ‘applicable surtax
8 percentage’ means, with respect to a taxable year be-
9 ginning in a calendar year, the sum, rounded up to
10 the nearest 0.5 percentage point, of—

11 “(A) the surtax percentage (if any) deter-
12 mined under paragraph (2) for such calendar
13 year, plus

14 “(B) the sum of the surtax percentages (if
15 any) for all preceding calendar years.

16 “(2) SURTAX PERCENTAGE.—The surtax per-
17 centage for a calendar year is the surtax percentage
18 included in the final sequestration report effectuated
19 by the sequestration order under section 114 of the
20 Deficit Elimination Act of 1993 for the fiscal year
21 in which the calendar year begins.

22 “(b) SECTION 15 NOT TO APPLY.—Section 15 shall
23 not apply to any change in rates under this subpart.

24 “(c) ADJUSTMENT TO APPLICATION OF CERTAIN
25 PROVISIONS.—

1 “(1) DIVIDENDS PAID ON CERTAIN PREFERRED
2 STOCK.—In computing for a taxable year of a cor-
3 poration the fractions described in sections
4 244(a)(2) and 247(a)(2), the denominator shall,
5 under regulations prescribed by the Secretary, be in-
6 creased to reflect the provisions of this part.

7 “(2) SHAREHOLDERS OF REGULATED INVEST-
8 MENT COMPANIES.—In computing the adjustment to
9 basis described in section 852(b)(3)(D)(iii), the per-
10 centage set forth therein shall be adjusted, under
11 regulations prescribed by the Secretary, to reflect
12 the provisions of this subpart.”

13 (b) CLERICAL AMENDMENT.—The table of parts for
14 subchapter A of chapter 1 of such Code is amended by
15 adding at the end thereof the following new item:

“Part VIII. Tax sequestration provisions.”

16 (c) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to taxable years beginning after
18 December 31, 1993.

19 **SEC. 114. ESTIMATING ASSUMPTIONS, REPORTS, AND OR-**
20 **DERS.**

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

Date:	Action to be completed:
Dec. 31	OMB and CBO sequestration preview reports submitted to Board.
Jan. 15	Board selects sequestration preview report.

Date:	Action to be completed:
The President's budget submission	OMB publishes sequestration preview report.
August 29:	President's midsession review; notification regarding military personnel.
Within 10 days after end of session.	OMB and CBO final budget year sequestration reports submitted to Board.
5 days later	Board selects final sequestration report; 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, OMB, and the Board and, in the case of OMB,
5 to the House of Representatives, the Senate, the Presi-
6 dent, and the Board on the day it is issued. On the follow-
7 ing day a notice of the report shall be printed in the Fed-
8 eral Register.

9 (c) EXCHANGE OF PRELIMINARY CURRENT POLICY
10 BASELINES.—On December 15 or 3 weeks after Congress
11 adjourns to end a session, whichever is later, OMB and
12 CBO shall exchange their preliminary current policy base-
13 lines for the budget-year session starting in January.

14 (d) SEQUESTRATION PREVIEW REPORTS.—

15 (1) REPORTING REQUIREMENT.—On December
16 31 or 2 weeks after exchanging preliminary current
17 policy baselines, whichever is later, OMB and CBO
18 shall each submit a sequestration preview report.

19 (2) CONTENTS.—Each preview report shall set
20 forth the following:

1 (A) MAJOR ESTIMATING ASSUMPTIONS.—

2 The major estimating assumptions for the cur-
3 rent year, the budget year, and the outyears,
4 and an explanation of them.

5 (B) CURRENT POLICY BASELINE.—A de-

6 tailed display of the current policy baseline for
7 the current year, the budget year, and the out-
8 years, with an explanation of changes in the
9 baseline since it was last issued that includes
10 the effect of policy decisions made during the
11 intervening period and an explanation of the
12 differences between OMB and CBO for each
13 item set forth in the report.

14 (C) DEFICITS ASSUMING COMPLIANCE.—

15 Estimates for the budget year and each subse-
16 quent year through fiscal year 1998 of the defi-
17 cits or surpluses in the current policy baseline
18 assuming deficit reduction specified in section
19 116.

20 (D) DISCRETIONARY FUNDING LIMITS.—

21 (i) estimates for the current year, the budget
22 year, and each outyear through 1998 of the dis-
23 cretionary funding limits and an explanation of
24 each adjustment made to those limits under
25 section 102(b), (ii) starting with fiscal year

1 1998, an estimate of the aggregate first-year
2 spendout rate for the budget year for discre-
3 tionary programs, (iii) starting with budget
4 year 1998, an estimate for the current year and
5 for the budget year of the discretionary funding
6 limits under the spinoff law under section 105,
7 or if no such law exists for a fiscal year, for
8 those limits established under the automatic ap-
9 plication of section 103 or 104.

10 (E) SEQUESTRATION OF DISCRETIONARY
11 ACCOUNTS.—Estimates of the uniform percent-
12 age and the amount of budgetary resources to
13 be sequestered from discretionary programs
14 given the baseline level of appropriations, and if
15 the President chooses to exempt some or all
16 military personnel from sequestration, the effect
17 of that decision on the percentage and amounts.

18 (F) DEFICIT REDUCTION REQUIREMENTS
19 FOR DIRECT SPENDING AND RECEIPTS.—An es-
20 timate for direct spending and receipts of the
21 deficit reduction remaining to be achieved for
22 the budget year under section 101 or 104 or of
23 the decrease in the surplus allowed for that
24 year under section 104 (given the amount al-
25 ready achieved as measured under section 106).

1 (G) DIRECT SPENDING SEQUESTRATION.—
2 Estimates of the uniform percentage and the
3 amount of targeted sequestration under section
4 108 that will be necessary in each direct spend-
5 ing category to meet the direct spending targets
6 for the budget year in the spin-off law under
7 section 105, or if no such law has been enacted
8 for the budget year, the uniform percentage and
9 the amount of comprehensive sequestration of
10 direct spending programs that will be necessary
11 under section 109.

12 (H) RECEIPTS SEQUESTRATION.—Esti-
13 mates of the increase in receipts under section
14 108 that will be necessary to meet the receipts
15 targets for the budget year in the spin-off law
16 under section 105, or if no such law has been
17 enacted for the budget year, the increase in re-
18 cepts that will be necessary under section 109;
19 including the surtax percentage needed to
20 achieve the increase in receipts required under
21 section 108 or the uniform percentage under
22 section 109.

23 (e) SELECTION OF OFFICIAL SEQUESTRATION PRE-
24 VIEW REPORT.—On January 15 or 2 weeks after receiving
25 the OMB and CBO sequestration preview reports, which-

1 ever is later, the Board shall choose either the OMB or
2 CBO sequestration preview report as the official report for
3 purposes of this Act. The Board shall add to the chosen
4 report an analysis of which reports submitted in previous
5 years have proven to be more accurate and recommenda-
6 tions about methods of improving the accuracy of future
7 reports. That report shall be set forth, without change,
8 in the budget submitted by the President under section
9 1105(a) of title 31, United States Code, for the budget
10 year.

11 (f) AGREEING ON EARLIER DATES.—The Chairman
12 of the Board may set earlier dates for subsections (c), (d),
13 and (e) if OMB and CBO concur.

14 (g) NOTIFICATION REGARDING MILITARY PERSON-
15 NEL.—On or before August 29, the President shall notify
16 the Congress of the manner in which he intends to exercise
17 flexibility with respect to military personnel accounts
18 under section 111(b).

19 (h) FINAL SEQUESTRATION REPORTS.—

20 (1) REPORTING REQUIREMENT.—Not later than
21 10 days following the end of a budget-year session,
22 OMB and CBO shall each submit a final sequestra-
23 tion report.

24 (2) CONTENTS.—That report shall be based
25 upon laws enacted through the date of the report

1 and shall set forth all the information and estimates
2 required of a sequestration preview report required
3 by subsections (d)(2)(D) through (H). In addition,
4 that report shall include—

5 (A) for each account to be sequestered, the
6 baseline level of sequestrable budgetary re-
7 sources and the resulting reductions in new
8 budget authority and outlays;

9 (B) the effects of sequestration on the level
10 of direct spending outlays for each fiscal year
11 through 1998; and

12 (C) the effects of sequestration on the level
13 of receipts for each fiscal year through 1998.

14 (i) SELECTION OF OFFICIAL FINAL SEQUESTRATION
15 REPORT.—Not later than 5 days after receiving the final
16 OMB and CBO sequestration reports, the Board shall
17 choose either the OMB or CBO final sequestration report
18 as the official report for purposes of this Act, and shall
19 issue a report stating that decision and making any com-
20 ments that the Board chooses.

21 (j) PRESIDENTIAL ORDER.—(1) On the day that the
22 Board chooses a final sequestration report, the President
23 shall issue an order fully implementing without change all
24 sequestrations and tax actions required by—

1 (A) the final sequestration report that requires
2 the lesser amount of discretionary sequestration
3 under section 110; and

4 (B) the final sequestration report that requires
5 the lesser total amount of direct spending and re-
6 cepts sequestration under section 108 or 109 (as
7 applicable).

8 The order shall be effective on issuance and shall be issued
9 only if sequestration is required.

10 (2)(A) If both the CBO and OMB final sequestration
11 reports require a sequestration of discretionary programs,
12 and the Board chooses the report requiring the greater
13 sequestration, then a positive amount equal to the dif-
14 ference between the CBO and OMB estimates of discre-
15 tionary new budget authority for the budget year shall be
16 subtracted from the budget-year column and added to the
17 column for the first outyear of the discretionary scorecard
18 under section 107 as though that amount had been en-
19 acted in the next session of Congress.

20 (B) If one final sequestration report requires a se-
21 questration of discretionary programs and the Board
22 chooses that report, then an amount equal to the dif-
23 ference between that report's estimate of discretionary
24 new budget authority for the budget year and the discre-
25 tionary funding limit for that year shall be subtracted

1 from the budget-year column and added to column for the
2 first outyear of the discretionary scorecard under section
3 107 as though that amount had been enacted in the next
4 session of Congress.

5 (3)(A) If both the CBO and OMB final sequestration
6 reports require a sequestration of direct spending or re-
7 cepts, and the Board chooses the report requiring the
8 greater sequestration, then a positive amount equal to the
9 difference between the total CBO and OMB estimates of
10 required budget-year direct spending and receipts seques-
11 trations shall be subtracted from the budget-year column
12 and added to the column for the first outyear of the direct
13 spending and receipts scorecard under section 106 as
14 though that amount had been enacted in the next session
15 of Congress.

16 (B) If one final sequestration report requires a se-
17 questration of direct spending or receipts and the Board
18 chooses that report, then the estimate of total required
19 budget-year direct spending and receipts sequestrations
20 shall be subtracted from the budget-year column and
21 added to column for the first outyear of the direct spend-
22 ing and receipts scorecard under section 106 as though
23 that amount had been enacted in the next session of Con-
24 gress.

1 (k) LOW-GROWTH REPORT.—At any time until the
2 end of fiscal year 1997, the Director of the Board shall
3 notify the Congress if—

4 (1) during the period consisting of the quarter
5 during which such notification is given, the quarter
6 preceding that notification, and the 4 quarters fol-
7 lowing that notification, CBO or OMB has deter-
8 mined that real economic growth is projected or esti-
9 mated to be less than zero for each of any 2 con-
10 secutive quarters within that period; or

11 (2) the most recent of the Department of Com-
12 merce's advance, preliminary, or final reports of ac-
13 tual real economic growth for each of the most re-
14 cently reported quarter and the immediately preced-
15 ing quarter is less than 1 percent.

16 (l) USE OF MAJOR ESTIMATING ASSUMPTIONS AND
17 SCOREKEEPING CONVENTIONS.—In the estimates, projec-
18 tions, and reports under subsections (c) and (d), CBO and
19 OMB shall use the best and most recent estimating as-
20 sumptions available. In all other reports required by this
21 section and in all estimates or calculations required by this
22 Act, CBO and OMB shall use—

23 (1) current-year and budget-year discretionary
24 funding limits chosen by the Board and the esti-
25 mates chosen by the Board of the deficit reduction

1 (or decrease in the surplus) through changes in di-
2 rect spending and receipts required (or allowed) in
3 the budget year;

4 (2) in estimating the effects of bills and discre-
5 tionary regulations, the major estimating assump-
6 tions most recently chosen by the Board, except to
7 the extent that they must be altered to reflect actual
8 results occurring or measured after the Board's
9 choice; and

10 (3) scorekeeping conventions determined after
11 consultation among the House and Senate Commit-
12 tees on the Budget, CBO, and OMB.

13 In applying the two previous sentences, the major estimat-
14 ing assumptions and other calculations required by this
15 Act that are included in the statement of managers accom-
16 panying the conference report on this Act shall be consid-
17 ered, for all purposes of this Act, to be the report of the
18 Board chosen under subsection (e) for fiscal year 1993.

19 (m) BILL COST ESTIMATES.—Within 10 days after
20 the enactment of any discretionary appropriations, direct
21 spending, or receipts legislation, CBO and OMB shall
22 transmit to each other, the Board, and to the Congress
23 an estimate of the budgetary effects of that law, following
24 the estimating requirements of this section. Those esti-
25 mates may not change after the 10-day period except—

1 (1) to the extent those estimates are subsumed
2 within (and implicitly changed by) the estimates
3 made in preparation of a new baseline under sub-
4 sections (c), (d), and (h);

5 (2) to reflect a choice of the Board regarding
6 an official set of estimates under subsections (l) and
7 (n); and

8 (3) to correct clerical errors or errors in the ap-
9 plication of this Act.

10 **SEC. 115. 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 AND RECEIPTS.—For the cur-
18 rent year, the budget year, and each outyear, the baseline
19 shall be calculated using the following assumptions:

20 (1) IN GENERAL.—Laws providing or creating
21 direct spending and receipts are assumed to operate
22 in the manner specified in those laws for each such
23 year, funding for entitlement authority is assumed
24 to be adequate to make all payments required by
25 those entitlements, and funding for deposit insur-

1 ance is assumed to be adequate to meet the costs of
2 the Financial Institutions Reform, Recovery, and
3 Enforcement 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 under subsection
16 (c)(4).

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

22 (C) Excise taxes dedicated to a trust fund,
23 if expiring, are assumed to continue at the rates
24 in effect immediately prior to their expiration.

1 (3) CUTOFF DATE.—Programs or taxes that ex-
2 pire on or before December 31 and that have not
3 been reauthorized by the date of the final sequestra-
4 tion report are assumed to expire. If an increase in
5 veterans compensation has not been enacted by the
6 date of the final sequestration report, it is not as-
7 sumed.

8 (c) DISCRETIONARY APPROPRIATIONS.—For the cur-
9 rent year, the budget year, and each outyear, the baseline
10 shall be calculated using the following assumptions regard-
11 ing discretionary programs:

12 (1) INFLATION OF CURRENT-YEAR APPROPRIA-
13 TIONS.—New budget authority shall be at the level
14 provided for that fiscal year in appropriation Acts.
15 If for any account an appropriation has not yet been
16 enacted, new budget authority is assumed to be at
17 the level available in the current year, adjusted se-
18 quentially and cumulatively for expiring housing con-
19 tracts as specified in paragraph (2), for social insur-
20 ance administrative expenses as specified in para-
21 graph (3), for inflation as specified in paragraph
22 (4), and to account for changes required by law in
23 the level of agency payments for personnel benefits
24 other than pay.

1 (2) EXPIRING HOUSING CONTRACTS.—New
2 budget authority to renew expiring multiyear sub-
3 sidized housing contracts or provide contracts to re-
4 place units lost due to prepayments shall be adjusted
5 to reflect the difference in the number of such con-
6 tracts that are estimated to expire or be prepaid in
7 that fiscal year and the number expiring or being
8 prepaid in the current year, with the per-contract re-
9 newal/replacement cost equal to the average current-
10 year cost of renewal or replacement contracts.

11 (3) SOCIAL INSURANCE ADMINISTRATIVE EX-
12 PENSES.—New budget authority for the administra-
13 tive expenses of the following trust funds shall be
14 adjusted by the percentage change in the beneficiary
15 population or number of claims, as applicable, from
16 the current year to that fiscal year: the Federal Old-
17 Age and Survivors Insurance Trust Fund, the Fed-
18 eral Disability Insurance Trust Fund, the Federal
19 Hospital Insurance Trust Fund, the Supplementary
20 Medical Insurance Trust Fund, the Unemployment
21 Trust Fund, and the railroad retirement account.

22 (4) INFLATORS.—The inflator to adjust new
23 budget authority relating to personnel is the percent
24 by which the average rate of basic pay for statutory
25 pay systems, computed as specified in section

1 5303(a) of title 5, United States Code, for that fis-
2 cal year exceeds the average rate of pay for the cur-
3 rent year. The inflator to adjust all other budgetary
4 resources is the percent by which the average of the
5 estimated gross domestic product fixed-weight price
6 index for that fiscal year differs from the average of
7 such estimated index for the current year.

8 (5) PART-YEAR APPROPRIATIONS; PERMISSIVE
9 TRANSFERS.—If, for any account, a continuing ap-
10 propriation is in effect for less than an entire fiscal
11 year, then the amount available for that fiscal year
12 is assumed to equal the amount that would be avail-
13 able if that continuing appropriation covered the en-
14 tire fiscal year. If law permits the transfer of budget
15 authority among budget accounts in the current
16 year, the current-year level for an account shall re-
17 flect transfers accomplished by the applicable date
18 or assumed for the current year in the President's
19 original budget or midsession review for the budget
20 year.

21 (d) UP-TO-DATE CONCEPTS.—In deriving the base-
22 line for any budget year or outyear, current-year amounts
23 shall be calculated using the concepts and definitions that
24 are required for that budget year.

1 **SEC. 116. BASELINE ASSUMING DEFICIT REDUCTION.**

2 For any budget year, a baseline assuming deficit re-
3 duction refers to a projection of current policy baseline
4 surpluses or deficits into the budget year and the outyears
5 that is adjusted in aggregate by—

6 (1) assuming compliance with the deficit reduc-
7 tion targets for direct spending and receipts legisla-
8 tion under section 101 without any adjustment pur-
9 suant to section 103;

10 (2) assuming compliance with the discretionary
11 funding limits under section 102 without any adjust-
12 ment pursuant to section 103; and

13 (3) excluding amounts resulting from legislation
14 that has been designated as an emergency require-
15 ment under section 102(b)(4) or 106(f).

16 **SEC. 117. STABILIZATION RESERVE FUND.**

17 (a) ESTABLISHMENT AND PURPOSE.—There is here-
18 by established as a deposit fund in the Treasury a Sta-
19 bilization Reserve Fund (“Fund”), to be administered by
20 the Secretary of the Treasury. The purpose of that Fund
21 is to accumulate balances during years of comparative
22 prosperity, which balances may later be used to cover the
23 loss of receipts and the increase in outlays that occur dur-
24 ing times of comparative economic distress.

25 (b) AMOUNTS PAID TO THE FUND.—On the last day
26 of any fiscal year for which an actual surplus has oc-

1 curred, the amount of that surplus shall be paid to the
2 Fund. In fiscal year 1999, the Secretary of the Treasury
3 shall pay an additional \$10.0 billion from the general fund
4 of the Treasury to the Fund. In each fiscal year starting
5 with 2000, the Secretary of the Treasury shall pay an ad-
6 ditional \$20.0 billion to the Fund from the general fund
7 of the Treasury. Balances in the Fund shall not receive
8 interest.

9 (c) TRANSFER OF FUND BALANCES.—At any time
10 starting with the fiscal year 1999 session, a law may be
11 enacted withdrawing some or all of the current balance
12 of the Stabilization Reserve Fund and paying that
13 amount, as a receipt, to the General Fund of the Treas-
14 ury. That law may also provide for the later transfer to
15 the Treasury (as a receipt) of some or all of the current-
16 year estimated surplus (if any), to be paid into the Sta-
17 bilization Reserve Fund at the end of the current year
18 under subsection (b). Except for transfers to the General
19 Fund of the Treasury, no law reducing the balances of
20 the Stabilization Reserve Fund may be enacted in any
21 year.

22 **SEC. 118. MODIFICATIONS IF WAR OR LOW GROWTH.**

23 (a) WAR.—Upon the enactment of a declaration of
24 war—

1 (1) the subsequent issuance of any sequestra-
2 tion report or any sequestration order is precluded;

3 (2) sections 302(f), 310(d), and 311 of the
4 Congressional Budget Act of 1974 are suspended;
5 and

6 (3) sections 1105(f) and 1103 of title 31, Unit-
7 ed States Code, are suspended.

8 (b) PEACE.—In the event of a suspension of seques-
9 tration procedures due to a declaration of war, then, effec-
10 tive with the first fiscal year that begins in the session
11 after the state of war is concluded by Senate ratification
12 of the necessary treaties, the provisions of subsection (a)
13 triggered by that declaration of war are no longer effec-
14 tive. The provisions of this Act that would have applied
15 to the fiscal year that started in the calendar year in which
16 the declaration of war was enacted shall instead apply to
17 the first fiscal year that begins in the session after the
18 state of was is concluded. The preceding sentence shall
19 apply in the same manner to each succeeding fiscal year.
20 If the implementation of this subsection requires adding
21 entries to the direct spending and receipts scorecard under
22 section 106, CBO and OMB shall submit estimates of
23 those entries as part of their next sequestration preview
24 report under section 114.

25 (c) LOW GROWTH.—

1 (1) TRIGGER.—Within 20 days after the Board
2 issues a low-growth report under section 114(k), the
3 majority leader of the House of Representatives
4 may, and the majority leader of the Senate shall, in-
5 troduce a joint resolution in the form set forth in
6 paragraph (2).

7 (2) FORM OF JOINT RESOLUTION.—

8 (A) The matter after the resolving clause
9 in any joint resolution introduced pursuant to
10 paragraph (1) shall be as follows: “That the
11 conditions specified in section 114(k) of the
12 Deficit Elimination Act of 1993 are met. The
13 implementation of the Congressional Budget
14 Act of 1974, chapter 11 of title 31, United
15 States Code, and the Deficit Elimination Act of
16 1993 are modified as follows:

17 (1) the subsequent issuance of any se-
18 questration report or any sequestration
19 order is precluded;

20 (2) sections 302(f), 310(d), and 311
21 of the Congressional Budget Act of 1974
22 are suspended; and

23 (3) sections 1105(f) and 1103 of title
24 31, United States Code, are suspended.

1 The provisions of this joint resolution shall
2 cease to be effective with respect to the first fis-
3 cal year beginning at least 12 months after its
4 enactment.”.

5 (B) The title of the joint resolution shall
6 be “Joint resolution modifying certain provi-
7 sions of law pursuant to section 118(c) of the
8 Deficit Elimination Act of 1993.”; and the joint
9 resolution shall not contain any preamble.

10 (3) COMMITTEE ACTION.—Each joint resolution
11 introduced pursuant to paragraph (1) shall be re-
12 ferred to the Committees on Rules, Government Op-
13 erations, and Budget of the House of Representa-
14 tives or to the Committee on the Budget of the Sen-
15 ate, as the case may be.

16 (4) SENATE BUDGET COMMITTEE CONSIDER-
17 ATION.—The Committee on the Budget of the Sen-
18 ate shall report the joint resolution with or without
19 amendment on or before the 20th day after the date
20 on which the joint resolution is introduced. If any
21 committee fails to report the joint resolution within
22 that 20-day period, it shall be automatically dis-
23 charged from further consideration of the joint reso-
24 lution, and the joint resolution shall be placed on the
25 appropriate calendar.

1 (5) COMMITTEE AMENDMENTS.—Amendments
2 reported by any committee under paragraph (3)
3 shall only strike the second and third sentences of
4 the joint resolution as introduced and insert matter
5 providing—

6 (A) changes to the budget targets or dates
7 under sections 101 through 104 to allow higher
8 discretionary funding limits or lower direct
9 spending and receipts deficit reduction require-
10 ments for any fiscal year or years;

11 (B) conforming amendments that may be
12 needed to chapter 11 of title 31, United States
13 Code; and

14 (C) conforming amendments that may be
15 needed to the Congressional Budget Act of
16 1974 or the rules of the House of Representa-
17 tives or the Senate.

18 (6) CONSIDERATION OF JOINT RESOLUTION.—

19 (A) A vote on final passage of a joint reso-
20 lution reported to the Senate or discharged pur-
21 suant to paragraph (3) shall be taken on or be-
22 fore the close of the 10th calendar day of ses-
23 sion after the date on which the joint resolution
24 is reported or after the Committee has been dis-

1 charged from further consideration of the joint
2 resolution.

3 (B)(i) In the Senate, a joint resolution
4 under this paragraph shall be privileged. It
5 shall not be in order to move to reconsider the
6 vote by which the motion is agreed to or dis-
7 agreed to.

8 (ii) Debate in the Senate on a joint resolu-
9 tion under this paragraph, and all debatable
10 motions and appeals in connection therewith,
11 shall be limited to not more than five hours.
12 The time shall be equally divided between, and
13 controlled by, the majority leader and the mi-
14 nority leader or their designees.

15 (iii) Debate in the Senate on any debatable
16 motion or appeal in connection with a joint res-
17 olution under this paragraph shall be limited to
18 not more than one hour, to be equally divided
19 between, and controlled by, the mover and the
20 manager of the joint resolution, except that in
21 the event the manager of the joint resolution is
22 in favor of any such motion or appeal, the time
23 in opposition thereto shall be controlled by the
24 minority leader or his designee.

1 (iv) A motion in the Senate to further limit
2 debate on a joint resolution under this para-
3 graph is not debatable. A motion to table or to
4 recommit a joint resolution under this para-
5 graph is not in order.

6 (C) If, after a joint resolution has been re-
7 ported to one House and prior to its passage by
8 that House, an identical joint resolution is re-
9 ceived from the other House, then—

10 (i) the procedure in that House shall
11 be the same as if no such joint resolution
12 had been received from the other House,
13 but

14 (ii) the vote on final passage shall be
15 on the joint resolution of the other House,
16 and

17 when the joint resolution is agreed to, the Clerk
18 of the House of Representatives (in the case of
19 a House joint resolution agreed to in the House
20 of Representatives) or the Secretary of the Sen-
21 ate (in the case of a Senate joint resolution
22 agreed to in the Senate) shall cause the joint
23 resolution to be engrossed, certified, and trans-
24 mitted to the other House of the Congress as
25 soon as practicable.

1 (D) Amendments to a joint resolution con-
2 sidered under this paragraph shall be in order
3 in the Senate only if germane to that resolution
4 in the form in which it was reported or dis-
5 charged.

6 (7) CONSIDERATION OF A CONFERENCE RE-
7 PORT.—Consideration of a conference report on a
8 joint resolution under this subsection shall be gov-
9 erned by the Standing Rules of the Senate, and by
10 provisions of paragraph (5)(a) and (B) as if those
11 provisions applied to conference reports.

12 **SEC. 119. BOARD OF ESTIMATES.**

13 (a) ESTABLISHMENT.—There is established a Board
14 of Estimates.

15 (b) DUTIES OF THE BOARD.—(1) On the dates speci-
16 fied in section 114, the Board shall issue a report to the
17 President and the Congress which states whether it has
18 chosen (with no modification)—

19 (A) the sequestration preview report for the
20 budget year submitted by OMB under section
21 114(d) or the report for that year submitted by
22 CBO under section 114(d); and

23 (B) the final sequestration report for the budg-
24 et year submitted by OMB under section 114(h) or

1 the report for that year submitted by CBO under
2 section 114(h);
3 that shall be used for purposes of this Act, chapter 11
4 of title 31, United States Code, and section 403 of the
5 Congressional Budget Act of 1974. In making its choice,
6 the Board shall choose the report that, in its opinion, is
7 the more accurate.

8 (2) At any time the Board may change the list of
9 major estimating assumptions to be used by OMB and
10 CBO in preparing their sequestration preview reports.

11 (3) At any time the Board may approve a revision
12 to the list of the direct spending jurisdiction of the stand-
13 ing committees of the House of Representatives to be used
14 for implementing targeted sequestration under section
15 108. Each such revision must be requested in writing by
16 the Speaker of the House of Representatives and may be
17 approved or disapproved, but may not be modified.

18 (c) MEMBERSHIP.—

19 (1) NUMBER AND APPOINTMENT.—The Board
20 shall be composed of 5 members, the chairman of
21 the Board of Governors of the Federal Reserve Sys-
22 tem and 4 other members to be appointed by the
23 President as follows:

1 (A) One from a list of at least 5 individ-
2 uals nominated for such appointment by the
3 Speaker of the House of Representatives.

4 (B) One from a list of at least 5 individ-
5 uals nominated for such appointment by the
6 majority leader of the Senate.

7 (C) One from a list of at least 5 individ-
8 uals nominated for such appointment by the mi-
9 nority leader of the House of Representatives.

10 (D) One from a list of at least 5 individ-
11 uals nominated for such appointment by the mi-
12 nority leader of the Senate.

13 No member appointed by the President may be an
14 officer or employee of any government. A vacancy in
15 the Board shall be filled in the manner in which the
16 original appointment was made.

17 (2) CONTINUATION OF MEMBERSHIP.—If any
18 member of the Board appointed by the President be-
19 comes an officer or employee of a government, he
20 may continue as a member of the Board for not
21 longer than the 30-day period beginning on the date
22 he becomes such an officer or employee.

23 (3) TERMS.—(A) Members shall be appointed
24 for terms of 4 years.

1 (B) Any member appointed to fill a vacancy oc-
2 curring before the expiration of the term for which
3 his predecessor was appointed shall be appointed
4 only for the remainder of such term. A member may
5 serve after the expiration of his term until his suc-
6 cessor has taken office.

7 (4) BASIC PAY.—Members of the Board shall
8 serve without pay.

9 (5) QUORUM.—Three members of the Board
10 shall constitute a quorum but a lesser number may
11 hold hearings.

12 (6) CHAIRMAN.—The Chairman of the Board
13 shall be chosen annually by its members.

14 (7) MEETINGS.—The Board shall meet at the
15 call of the Chairman or a majority of its members.

16 (d) DIRECTOR AND STAFF.—

17 (1) APPOINTMENT.—The Board shall have a
18 Director who shall be appointed by the members of
19 the Board. Subject to such rules as may be pre-
20 scribed by the Board, the Director may appoint and
21 fix the pay of such personnel as the Director consid-
22 ers appropriate.

23 (2) APPLICABILITY OF CERTAIN CIVIL SERVICE
24 LAWS.—The Director and staff of the Board may be
25 appointed without regard to the provisions of title 5,

1 United States Code, governing appointments in the
2 competitive service, and may be paid without regard
3 to the provisions of chapter 51 and subchapter III
4 of chapter 53 of such title relating to classification
5 and General Schedule pay rates, except that no indi-
6 vidual so appointed may receive pay in excess of the
7 annual rate of basic pay payable for GS-18 of the
8 General Schedule.

9 (3) STAFF OF FEDERAL AGENCIES.—Upon re-
10 quest of the Board, the head of any Federal agency
11 is authorized to detail, on a reimbursable basis, any
12 of the personnel of such agency to the Board to as-
13 sist the Board in carrying out its duties, notwith-
14 standing section 202(a) of the Legislative Reorga-
15 nization Act of 1946 (2 U.S.C. 72a(a)).

16 (e) POWERS.—

17 (1) HEARINGS AND SESSIONS.—The Board
18 may, for the purpose of carrying out its duties, hold
19 such hearings, sit and act at such times and places,
20 take such testimony, and receive such evidence, as it
21 considers appropriate.

22 (2) OBTAINING OFFICIAL DATA.—The Board
23 may secure directly from any department or agency
24 of the United States information necessary to enable
25 it to carry out its duties. Upon request of the Chair-

1 man of the Board, the head of such department or
2 agency shall furnish such information to the Board.

3 (3) ADMINISTRATIVE SUPPORT SERVICES.—The
4 Administrator of General Services shall provide to
5 the Board on a reimbursable basis such administra-
6 tive support services as the Board may request.

7 **SEC. 120. JUDICIAL REVIEW.**

8 (a) EXPEDITED REVIEW.—

9 (1) Any Member of Congress may bring an ac-
10 tion, in the United States District Court for the Dis-
11 trict of Columbia, for declaratory judgment and in-
12 junctive relief on the ground that any order that
13 might be issued pursuant to section 114 violates the
14 Constitution.

15 (2) Any Member of Congress, or any other per-
16 son adversely affected by any action taken under
17 this title, may bring an action, in the United States
18 District Court for the District of Columbia, for de-
19 claratory judgment and injunctive relief concerning
20 the constitutionality of this title.

21 (3) Any Member of Congress may bring an ac-
22 tion, in the United States District Court for the Dis-
23 trict of Columbia, for declaratory and injunctive re-
24 lief on the ground that the terms of an order issued

1 under section 114 do not comply with the require-
2 ments of this title.

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

9 (5) Any action brought under paragraph (1),
10 (2), or (3) shall be heard and determined by a three-
11 judge court in accordance with section 2284 of title
12 28, United States Code.

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

18 (b) APPEAL TO SUPREME COURT.—Notwithstanding
19 any other provision of law, any order of the United States
20 District Court for the District of Columbia which is issued
21 pursuant to an action brought under paragraph (1), (2),
22 or (3) of subsection (a) shall be reviewable by appeal di-
23 rectly to the Supreme Court of the United States. Any
24 such appeal shall be taken by a notice of appeal filed with-
25 in 10 days after such order is entered; and the jurisdic-

1 tional statement shall be filed within 30 days after such
2 order is entered. No stay of an order issued pursuant to
3 an action brought under paragraph (1), (2), or (3) of sub-
4 section (a) shall be issued by a single Justice of the Su-
5 preme Court.

6 (c) EXPEDITED CONSIDERATION.—It shall be the
7 duty of the District Court for the District of Columbia
8 and the Supreme Court of the United States to advance
9 on the docket and to expedite to the greatest possible ex-
10 tent the disposition of any matter brought under sub-
11 section (a).

12 (d) NONCOMPLIANCE WITH SEQUESTRATION PROCE-
13 DURES.—

14 (1) If it is finally determined by a court of com-
15 petent jurisdiction that an order issued by the Presi-
16 dent under section 114 for any fiscal year does not
17 fully implement without change all sequestrations re-
18 quired by the appropriate Office of Management and
19 Budget or Congressional Budget Office report cho-
20 sen by the Board to be the basis for the order, the
21 President shall, within 20 days after such deter-
22 mination is made, revise the order in accordance
23 with such determination.

24 (2) If the order issued by the President under
25 section 114 for any fiscal year does not fully imple-

1 ment without change all sequestrations required by
2 the appropriate OMB or CBO report chosen by the
3 Board to be the basis for the order on the claim or
4 defense that the constitutional powers of the Presi-
5 dent prevent such sequestration or reduction or per-
6 mit the avoidance of such sequestration or reduction,
7 and such claim or defense is finally determined by
8 the Supreme Court of the United States to be valid,
9 then the entire order issued pursuant to section 114
10 for such fiscal year shall be null and void.

11 (e) TIMING OF RELIEF.—No order of any court
12 granting declaratory or injunctive relief from the order of
13 the President issued under section 114, including relief
14 permitting or requiring the expenditure of funds seques-
15 tered by such order, shall take effect during the pendency
16 of the action before such court, during the time appeal
17 may be taken, or, if appeal is taken, during the period
18 before the court to which such appeal is taken has entered
19 its final order disposing of such action.

20 (f) ALTERNATIVE PROCEDURES.—(1) If any order is
21 invalidated because of the manner of appointment of mem-
22 bers of the Board, then section 120(c)(1) is amended to
23 read as follows:

24 “(1) NUMBER AND APPOINTMENT.—The Board shall
25 be composed of 5 members, the Chairman of the Board

1 of Governors of the Federal Reserve System and 4 other
2 members to be appointed by the President. No member
3 appointed by the President may be an officer or employee
4 of any government.”;

5 and any reports upon which such order was based shall
6 be transmitted to the newly constituted Board.

7 (2) No later than 5 days after the receipt of the re-
8 ports, the Board shall choose the report upon which the
9 order is to be based.

10 (3) This report shall be deemed to be the report re-
11 ceived by the President under section 114.

12 (g) PRESERVATION OF OTHER RIGHTS.—The rights
13 created by this section are in addition to the rights of any
14 person under law, subject to subsection (e).

15 (h) ECONOMIC DATA, ASSUMPTIONS, AND METH-
16 ODOLOGIES.—The economic data and economic and tech-
17 nical assumptions and estimation of methodologies used
18 by OMB or CBO in preparing any report issued under
19 section 114 shall not be subject to review in any judicial
20 or administrative proceeding, and any choice made by the
21 Board under section 114 shall not be subject to any such
22 review.

1 **TITLE II—TECHNICAL AND**
2 **CONFORMING AMENDMENTS**

3 **SEC. 201. AMENDMENTS TO THE CONGRESSIONAL BUDGET**
4 **AND IMPOUNDMENT CONTROL ACT OF 1974.**

5 (a) **REPEALER.**—Paragraph (2) of section 3 of the
6 Congressional Budget and Impoundment Control Act of
7 1974, the first time it appears, is repealed.

8 (b) **DEFINITION OF BUDGET AUTHORITY.**—Para-
9 graph (2) of section 3 of the Congressional Budget and
10 Impoundment Control Act of 1974, the second time it ap-
11 pears, is amended by inserting “in any form” after “prom-
12 issory notes”, by inserting at the end of subparagraph (A)
13 the following new sentence: “Such term excludes trans-
14 actions classified as means of financing.”, and by striking
15 “With respect to” and all that follows through “retirement
16 account, any” and inserting “Any”, by inserting after sub-
17 paragraph (B) the following:

18 “(C) **RELATIONSHIP TO ENTITLEMENT AU-**
19 **THORITY.**—For purposes of titles III and IV,
20 all references to budget authority shall be con-
21 sidered to include the amount of budget author-
22 ity estimated to be needed to fund entitlement
23 provisions under existing or proposed law, and
24 all legislation increasing (or decreasing) the
25 level of entitlement authority under existing law

1 shall be considered to provide (or decrease) new
2 budget authority in that amount.”,

3 and by redesignating the next subparagraph accordingly.

4 (c) DEFINITION OF ENTITLEMENT AUTHORITY.—

5 Paragraph (9) of section 3 of the Congressional Budget
6 and Impoundment Control Act of 1974 is amended by
7 striking “spending authority described by section
8 401(c)(2)(C)” and inserting the following: “, and the term
9 ‘entitlement program’ refers to, any provision of law that
10 has the effect of requiring the Government to make net
11 payments (including intragovernmental payments) regard-
12 less of the amount of budget authority that may be avail-
13 able to make those payments. Those terms shall include
14 amounts estimated to be required under provisions of law
15 that depend on the fulfillment of non-legislative conditions
16 or are indefinite as to amount or timing. Except as pro-
17 vided in the next sentence, if a provision of law that other-
18 wise requires the Government to make net payments is
19 directly or indirectly limited by any other provision of law
20 to an amount of available budget authority, then entitle-
21 ment authority does not exist. Subchapter II of chapter
22 13 of title 31, United States Code, and the sequestration
23 provisions of the Deficit Elimination Act of 1993 shall not
24 be considered provisions of law that limit entitlement au-
25 thority to the amount of available budget authority.”

1 (d) DEFINITION OF MEANS OF FINANCING.—Section
2 3 of the Congressional Budget and Impoundment Control
3 Act of 1974 is amended by adding at the end the following
4 new paragraph:

5 “(11) The term ‘means of financing’ means the
6 financial transactions of the Government that con-
7 sist of exchanges of money or monetary proxies of
8 equal value and therefore are not counted as obliga-
9 tions, outlays, or revenues, such as net Federal bor-
10 rowing from the public in any form, debt redemp-
11 tion, seignorage on coins and profits from the sale
12 of gold, and changes in outstanding check or other
13 monetary credits, including write-offs.”.

14 (e) CBO STUDIES.—Section 202(h) of the Congres-
15 sional Budget Act of 1974 is amended by striking “out-
16 lays, credit authority,” and inserting “outlays”.

17 (f) TIMETABLE.—Section 300 of the Congressional
18 Budget Act of 1974 is amended by striking “February
19 25” and inserting “Six weeks after the President’s budget
20 submission”.

21 (g) REQUIRED CONTENTS OF BUDGET RESOLU-
22 TION.—Section 301(a) of the Congressional Budget Act
23 of 1974 is amended by striking “planning levels”, by strik-
24 ing “two” and inserting “four”, by striking “, budget out-
25 lays, direct loan obligations, and primary loan guarantee

1 commitments” both places it appears and inserting “and
2 outlays”, by striking paragraphs (5), (6) and (7), by strik-
3 ing the semicolon at the end of paragraph (4) and insert-
4 ing a period, by inserting “and” after the semicolon at
5 the end of paragraph (3), and by striking the last sen-
6 tence.

7 (h) DELAYED ENROLLMENT.—Section 301(b)(3) of
8 the Congressional Budget Act of 1974 is amended by
9 striking “or new entitlement authority”.

10 (i) SPIN-OFF BILL.—(1) Paragraphs (5), (6), (7),
11 and (8) of section 301(b) of the Congressional Budget Act
12 of 1974 are amended to read as follows:

13 “(5) set forth in a separate section—

14 “(A) the appropriate level of the debt held
15 by the public;

16 “(B) the discretionary funding limit for
17 the fiscal year, but only if and to the extent re-
18 quired by section 103 or 104 of the Deficit
19 Elimination Act of 1993;

20 “(C) the amount of direct spending change
21 required of or allowed by each committee of the
22 House of Representatives in laws within that
23 committee’s jurisdiction and the amount of re-
24 cepts change required of or allowed by the
25 Committee on Ways and Means of the House of

1 Representatives in laws within that committee’s
2 jurisdiction, but only to the extent specified in
3 section 105 of that Act; and

4 “(D) the amount, if any, to be withdrawn
5 from the Stabilization Reserve Fund and paid
6 to the General Fund of the Treasury during the
7 fiscal year under section 117 of that Act.”.

8 (2) Paragraph (4) of section 301(b) of the Congres-
9 sional Budget Act of 1974 is amended by inserting “and”
10 after the semicolon.

11 (j) TECHNICAL CORRECTION TO SECTION 301(e).—
12 Section 301(e) of the Congressional Budget Act of 1974
13 is amended by inserting “new” before “budget authority”
14 in the second sentence.

15 (k) SECTION 301(i) POINT OF ORDER.—Section
16 301(i) of the Congressional Budget Act of 1974 is amend-
17 ed to read as follows:

18 “(i) It shall not be in order in the House of Rep-
19 resentatives or the Senate to consider any concurrent reso-
20 lution on the budget for a fiscal year beginning on October
21 1 of the year in which the resolution is considered (or
22 amendment to, motion regarding, or conference report on
23 such a resolution) unless—

24 “(1) it does not exceed the discretionary fund-
25 ing limit, and

1 “(2) it fully meets the direct spending and re-
2 ceipts deficit reduction requirement,
3 for that fiscal year under sections 101 through 104 of the
4 Deficit Elimination Act of 1993, using estimates of that
5 limit and that requirement chosen by the Board of Esti-
6 mates.”.

7 (l) COMMITTEE ALLOCATIONS AND
8 SUBALLOCATIONS.—Section 602 of the Congressional
9 Budget Act of 1974 is amended—

10 (1) by striking “of—” and all that follows
11 through “outlays;” both places it appears and insert-
12 ing “of total new budget authority and outlays”;

13 (2) in subsection (a)(1)(B), by striking “com-
14 mittee.” and inserting “committee, except that new
15 budget authority and outlays for entitlement pro-
16 grams funded through annual appropriations shall
17 be allocated and scored both to the Committee on
18 Appropriations and to the committee that authorized
19 such programs.”; and

20 (3) in subsection (a)(3), by striking “, entitle-
21 ment authority,” both times it appears and by strik-
22 ing “, outlays, or social security outlays” both times
23 it appears and inserting “or outlays”.

24 (m) REDESIGNATION OF COMMITTEE ALLOCA-
25 TIONS.—Subsections (a) and (b) of section 302 of the

1 Congressional Budget Act of 1974 are repealed and sub-
2 sections (a) and (b) of section 602 of that Act (as amend-
3 ed by subsection (g)) are redesignated as subsections (a)
4 and (b) of section 302, respectively.

5 (n) CONSIDERATION OF APPROPRIATION BILLS.—
6 Section 302(c) of the Congressional Budget Act of 1974
7 is amended by striking “—(1)” and everything that fol-
8 lows through “401(c)(2) for a fiscal year;” and inserting
9 “new budget authority for a fiscal year”.

10 (o) POINTS OF ORDER UNDER SECTION 302(f).—(1)
11 Section 302(f)(1) of the Congressional Budget Act of
12 1974 is amended to read as follows:

13 “(1) IN THE HOUSE OF REPRESENTATIVES.—It
14 shall not be in order in the House of Representatives
15 to consider any bill, joint resolution, or amendment
16 providing new budget authority, or any conference
17 report on any such bill or joint resolution, if—

18 “(A) the enactment of the bill or resolution
19 as reported or in the form recommended in the
20 conference report, or

21 “(B) the adoption of the amendment,
22 when added to existing levels of new budget author-
23 ity, would cause the level of new budget authority
24 for the fiscal year starting in the year in which the
25 most recent concurrent resolution on the budget was

1 agreed to, or for the sum of that fiscal year and the
2 next 4 fiscal years, to exceed an allocation to a com-
3 mittee made under subsection (a) for either period,
4 or to exceed a suballocation made under subsection
5 (b) for that fiscal year.”.

6 (2) Section 302(f)(2) of that Act is amended—

7 (A) in the first sentence, by striking “for budg-
8 et outlays,”, by striking “new budget authority, or
9 new spending authority (as defined in section
10 401(c)(2))” and inserting “new budget authority”,
11 by striking “outlays or” both places it appears, and
12 by striking “or provides for social security outlays in
13 excess of the appropriate allocation of social security
14 outlays under subsection (a)”;

15 (B) by striking the third sentence.

16 (3) Section 302(g) of that Act is amended by striking
17 “budget authority” and all that follows through “credit
18 authority” and inserting “budget authority and outlays”.

19 (p) SECTION 303.—Section 303 of the Congressional
20 Budget Act of 1974 is amended—

21 (1) in its title by striking “, New Spending Au-
22 thority, New Credit Authority,”;

23 (2) in subsection (a) by striking “either the
24 House of Representatives or”, by inserting “or” at
25 the end of paragraph (2), by striking “paragraphs

1 (4), (5), and (6), and after paragraph (6) by strik-
2 ing “for” and inserting “covering” and by striking
3 “(or, in the Senate, a concurrent resolution on the
4 budget covering such fiscal year)”;

5 (3) in subsection (b) by repealing paragraph (1)
6 and by striking “(2)”;

7 (4) by adding at the end the following new sub-
8 section:

9 “(d) POINT OF ORDER IN THE HOUSE OF REP-
10 RESENTATIVES.—It shall not be in order in the House of
11 Representatives to consider any bill, joint resolution,
12 amendment, or conference report if that legislation, as re-
13 ported, includes any provision—

14 “(1) providing new budget authority;

15 “(2) reducing the level of revenues; or

16 “(3) altering the limit on the debt held by the
17 public;

18 that is first effective in the last fiscal year covered by the
19 most recently agreed to concurrent resolution on the budg-
20 et or any subsequent fiscal year.”.

21 (q) CONSIDERATION OF SPIN-OFF LEGISLATION.—
22 Section 305 of the Congressional Budget Act of 1974 is
23 amended by adding at the end the following new sub-
24 section:

1 “(e) CONFERENCE REPORTS.—Conference reports on
2 concurrent resolutions on the budget that contain addi-
3 tional matter under section 301(b)(5) shall be considered
4 first in the House of Representatives.”.

5 (r) COST ESTIMATES AND SCOREKEEPING RE-
6 PORTS.—Section 308 of the Congressional Budget Act of
7 1974 is amended—

8 (1) in its title, by striking “, NEW SPENDING
9 AUTHORITY, OR NEW CREDIT AUTHORITY,”;

10 (2) by striking “, new spending authority de-
11 scribed in section 401(c)(2), or new credit author-
12 ity,” the 3 times it appears;

13 (3) in subsection (a), by striking “in the reports
14 submitted”, by inserting “302(a) or” before
15 “302(b)”, in paragraph (1)(B) by striking “spending
16 authority” and everything that follows through
17 “401(c)(2) which is” and inserting “budget author-
18 ity” and by striking “annual appropriations” and in-
19 serting “annual discretionary appropriations”, and
20 in paragraph (1)(C) by striking “such budget au-
21 thority” and all that follows through “loan guaran-
22 tee commitments” and inserting “new budget au-
23 thority, outlays, or revenues”; and

24 (4) in subsection (c), by adding “and” at the
25 end of paragraph (1), by striking “period;” and in-

1 serting “period.” at the end of paragraph (2), and
2 by striking paragraphs (3), (4), and (5).

3 (s) RECONCILIATION.—Section 310 of the Congres-
4 sional Budget Act of 1974 is amended—

5 (1) in subsection (a), by striking “which—(A)”
6 and all that follows through “fiscal year, contained
7 in” and inserting the following: “which outlays re-
8 sulting from” and by striking “jurisdiction of a com-
9 mittee is” and inserting “jurisdiction of a committee
10 other than the Committee on Appropriations of ei-
11 ther House are”;

12 (2) by repealing subsection (c) and inserting
13 the following new subsection:

14 “(c) INCLUSION OF SPIN-OFF BILL IN RECONCILI-
15 ATION LEGISLATION.—Reconciliation legislation may in-
16 clude a separate title to be inserted by the Committee on
17 the Budget consisting of a spin-off bill (containing the
18 matter described in section 301(b)(5)), if such bill has not
19 been enacted for the first fiscal year covered by that legis-
20 lation. The targets for each category contained in this title
21 shall be identical to the reconciliation directive contained
22 in the most recently agreed to concurrent resolution on
23 the budget.”;

24 (3) in subsection (d)(1), by striking “or new en-
25 tlement authority”; and

1 (4) by repealing subsection (g).

2 (t) REVISION OF SECTION 311.—(1) Section 311 of
3 the Congressional Budget Act of 1974 is amended to read
4 as follows:

5 “ENFORCING THE REVENUE FLOOR

6 “SEC. 311. (a) POINT OF ORDER.—It shall not be
7 in order in either the House of Representatives or the Sen-
8 ate to consider any bill, joint resolution, amendment, mo-
9 tion, or conference report if, as proposed to be adopted
10 and when added to existing revenue levels, it would cause
11 the level of revenues for the fiscal year starting in the year
12 in which the most recent concurrent resolution on the
13 budget was agreed to, or for the sum of that fiscal year
14 and the 4 succeeding fiscal years, to be lower than the
15 appropriate level of revenues for either period set forth
16 in that concurrent resolution.

17 “(b) DETERMINATION OF REVENUE LEVELS.—For
18 purposes of this section, the levels of revenues for a fiscal
19 year shall be determined on the basis of estimates made
20 by the Committee on the Budget of the House of Rep-
21 resentatives or of the Senate, as the case may be.”.

22 (2) CONFORMING AMENDMENT.—The item relating
23 to section 311 in the table of contents set forth in section
24 1(b) is amended to read as follows:

“SEC. 311. Enforcing the revenue floor.”.

1 (u) TECHNICAL CORRECTION TO SECTION 312.—
2 Section 312 of the Congressional Budget Act of 1974 is
3 amended by inserting “(a)” after “312.”.

4 (v) CONSIDERATION OF LEGISLATION THAT HAS
5 NOT BEEN REPORTED.—Section 312 of the Congres-
6 sional Budget Act of 1974 is amended by inserting at the
7 end the following:

8 “(c) CONSIDERATION OF LEGISLATION THAT HAS
9 NOT BEEN REPORTED.—In the House of Representatives,
10 any point of order under title III or IV that would lie
11 against consideration of a bill or joint resolution as re-
12 ported by a committee shall also lie against a motion to
13 consider legislation respecting which no report has been
14 filed.”

15 (w) CONFORMING AMENDMENTS TO SECTION 313.—
16 Section 313 of the Congressional Budget Act of 1974 is
17 amended by striking “or section 258C” and everything
18 that follows through “Deficit Control Act of 1985”, by
19 striking “; and (F)” and everything that follows through
20 “310(g)”, by redesignating the second subsection (c) and
21 subsection (d) as subsections (d) and (e), respectively, and
22 by striking “or (b)(1)(F),”.

23 (x) BORROWING AND CONTRACT AUTHORITY.—Sec-
24 tion 401 of the Congressional Budget Act of 1974 is
25 amended

1 (1) in subsection (a), by striking “new spending
2 authority described in subsection (c)(2)(A) or (B)”
3 both times it appears and inserting “borrowing au-
4 thority or contract authority”;

5 (2) by repealing subsections (b) and (c) and by
6 redesignating subsection (d) as subsection (b); and

7 (3) in subsection (b) (as redesignated), by strik-
8 ing “Subsections (a) and (b)” and inserting “Sub-
9 section (a)”, by inserting “non-interest” before “re-
10 ceipts” in paragraph (1)(B), by repealing paragraph
11 (2), and by redesignating paragraph (3) as para-
12 graph (2).

13 (y) CREDIT AUTHORITY.—Section 402(a) of the Con-
14 gressional Budget Act of 1974 is amended by inserting
15 before the period the following: “, except that this provi-
16 sion shall not apply with respect to programs that, as of
17 August 15, 1992, provide credit authority as an entitle-
18 ment”.

19 (z) COSTS OF FEDERAL MANDATES; CONFORMING
20 CHANGE TO SECTION 403.—Section 403 of the Congres-
21 sional Budget Act of 1974 is amended

22 (1) by adding at the end the following new sub-
23 section:

24 “(d) In fulfilling the requirements of subsection
25 (a)(2), the Director shall place special emphasis on costs

1 imposed on State or local governments by the enactment
2 or expansion of Federal mandates, and shall estimate both
3 the costs of those mandates and the degree, if any, to
4 which Federal financing is provided to State or local gov-
5 ernments to cover those costs.”; and

6 (2) in subsection (a), by striking “of a public
7 character”.

8 (aa) CONFORMING CHANGE TO SECTION 405.—Sec-
9 tion 405 of the Congressional Budget Act of 1974 is
10 amended by striking “spending authority” and all that fol-
11 lows through “permanent appropriations” and inserting
12 “new budget authority (other than through appropriations
13 Acts) or entitlement authority”.

14 (bb) OFF-BUDGET AGENCIES.—Section 406(a) of the
15 Congressional Budget Act of 1974 is amended by striking
16 “credit authority, and estimates of outlays” and inserting
17 “outlays,” by striking “the date of enactment” and all
18 that follows through “Trust Funds,” and inserting “Au-
19 gust 15, 1992,” and by striking “, outlays, and spending
20 authority” and inserting “and outlays”.

21 (cc) REPEAL OF TITLE VI.—Title VI of the Congres-
22 sional Budget Act of 1974 is repealed.

1 **SEC. 202. AMENDMENTS TO THE FEDERAL CREDIT REFORM**
2 **ACT OF 1990.**

3 (a) DEFERRED COST SHARING.—The second sen-
4 tence of section 502(1) of the Congressional Budget Act
5 of 1974 is amended by inserting before the period the fol-
6 lowing: , and Federal payments for the construction of a
7 Federal project to the extent those payments must, by law
8 or contract, be repaid to the Government”.

9 (b) LOAN MODIFICATIONS.—Section 502(5) of the
10 Congressional Budget Act of 1974 is amended—

11 (1) in subparagraph (A), by inserting “or a
12 modification thereof” after “guarantee”;

13 (2) in subparagraph (B), by striking ‘recover-
14 ies.’ and inserting “recoveries, and routine work-
15 outs of loans in imminent danger of default when
16 those work-outs are to maximize repayments to the
17 Government.”;

18 (3) in subparagraph (C), by striking “and” at
19 the end of clause (i), by striking the period at the
20 end of clause (ii) and inserting a comma, and by
21 adding at the end the following:

22 “(iii) routine work-outs of loans in immi-
23 nent danger of default when those work-outs
24 are to minimize claims against the Govern-
25 ment.”; and

1 (4) by striking subparagraph (D) and inserting
2 the following new subparagraph:

3 “(D) The cost of a modification of a direct
4 loan, a direct loan obligation, a loan guarantee, or
5 a loan guarantee commitment shall be the net
6 present value, at the time of the modification, of the
7 change in cash flows estimated to occur as a result
8 of that modification. OMB shall measure that
9 change in relation to the current policy baseline in
10 the most recent budget under section 1105(a) of
11 title 31, United States Code. A modification may re-
12 sult either from the enactment of legislation that di-
13 rectly or indirectly alters the expected cash flows, or
14 from the exercise of administrative discretion under
15 existing law, and includes the sale (with or without
16 recourse) of loan assets by the Government. Modi-
17 fications do not include changes in loan terms result-
18 ing from the exercise by the borrower of an option
19 included in the loan contract.”.

20 (c) CREDIT REFORM ACT CLARIFICATION.—Section
21 504 of the Congressional Budget Act of 1974 is amend-
22 ed—

23 (1) in subsection (b)(1), by striking “appropria-
24 tions of” and inserting “new”, by striking “are

1 made” and inserting “is provided”, and by inserting
2 “in appropriation Acts” before the semicolon;

3 (2) in subsection (b)(2), by striking “enacted”
4 and inserting “provided in an appropriation Act”;

5 (3) in subsection (d)(1) by striking “costs of
6 outstanding direct loans and loan guarantees” and
7 inserting “costs of outstanding direct loans (or di-
8 rect loan obligations) or loan guarantees (or loan
9 guarantee commitments)”;

10 (4) in subsection (e), by striking “A direct
11 loan” and all that follows through “comitment” and
12 inserting “An outstanding direct loan (or direct loan
13 obligation) or loan guarantee (or loan guarantee
14 commitment)”.

15 (d) CREDIT REFORM ACT CORRECTION.—(1) Section
16 506 of the Congressional Budget Act of 1974 is repealed.

17 (2) Section 507 of the Congressional Budget Act of
18 1974 is redesignated as section 506, and the table of con-
19 tents in section 1(b) of the Congressional Budget and Im-
20 poundment Control Act of 1974 is amended by striking
21 the item relating to section 506 and striking “Sec. 507.”
22 and inserting “Sec. 506.”.

23 (e) EXISTING RIGHTS NOT IMPAIRED.—Section 506
24 of the Congressional Budget Act of 1974 (as redesignated)
25 is amended by striking “title. Nothing” and inserting

1 “title, except that nothing” and by inserting after “con-
2 strued” the following “(1) to alter the terms or conditions
3 authorized to be included in loan or guarantee contracts
4 or the rights and responsibilities of the government and
5 the recipients of loans or guarantees under those contracts
6 or the laws that authorize them, or (2)”.

7 (f) CREDIT REFORM LIQUIDATING ACCOUNTS.—(1)
8 Section 502(8) of the Congressional Budget Act of 1974
9 is amended by striking “budget account” and inserting
10 “nonbudget account” and by striking the last sentence
11 and inserting “Transactions between the Treasury or the
12 Federal Financing Bank and any liquidating account shall
13 be considered non-budgetary.”.

14 (2) Section 505(d) of the Congressional Budget Act
15 of 1974 is amended by striking “If funds” and all that
16 follows through “accounts, there” and inserting “There”
17 and by striking “such obligations and commitments” and
18 inserting “the obligations and commitments of liquidating
19 accounts”.

20 (3) Section 506(b) of the Congressional Budget Act
21 of 1974 (as redesignated) is amended by striking “be
22 available, to” and all that follows through the end of that
23 section, and inserting “immediately be transferred to the
24 Federal Financing Bank to repay those debt obligations
25 held by the Bank that were created to finance the loan

1 being repaid, and all amounts not transferred to the Bank
2 shall immediately be paid to the general fund of the Treas-
3 ury. All debt owed to the Treasury as a result of agency
4 borrowing authority used before October 1, 1991, for
5 loans or guarantees is hereby cancelled. The provisions of
6 this subsection shall not diminish any rights or respon-
7 sibilities guaranteed by subsection (a).”.

8 **SEC. 203. AMENDMENTS TO THE RULES OF THE HOUSE OF**
9 **REPRESENTATIVES.**

10 (a) BUDGET COMMITTEE JURISDICTION.—Clause
11 1(e)(2) of rule X of the Rules of the House of Representa-
12 tives is amended by inserting “(A)” after “(2)” and by
13 inserting at the end the following:

14 “(B) Budget targets contained in any joint resolution
15 described in section 118 of the Deficit Elimination Act of
16 1993 (relating to low growth).”.

17 (b) MISCELLANEOUS CONFORMING AMENDMENTS.—
18 Clause 4 of rule X of the Rules of the House of Represent-
19 atives is amended—

20 (1) by repealing subparagraph (2) of paragraph

21 (a) and by redesignating subparagraph (3) as sub-
22 paragraph (2);

23 (2) in paragraph (g), by striking “February 25
24 of each year” and inserting “within 6 weeks after
25 the President’s budget submission”; and

1 (3) in paragraph (h), by striking “or section
2 602 (in the case of fiscal years 1991 through
3 1995)”.

4 (c) EMERGENCY DESIGNATIONS.—Clause 2(b) of rule
5 XXI of the Rules of the House of Representatives is
6 amended by striking “and” and by inserting before the
7 period the following: “, and except emergency designations
8 under section 102(b)(4) of the Deficit Elimination Act of
9 1993”.

10 (d) REPEALER.—Clause 8 of rule XXI of the Rules
11 of the House of Representatives is repealed.

12 (e) SPIN-OFF LEGISLATION.—Rule XLIX of the
13 Rules of the House of Representatives is amended—

14 (1) by changing the name of that rule to “En-
15 actment of Spin-Off Legislation under the Congres-
16 sional Budget Act”;

17 (2) in clause 2 by striking “section 301, 304,
18 or 310” and inserting “section 301 or 304”;

19 (3) in clause 1 by striking “adoption by the
20 Congress” and all that follows through “for such pe-
21 riod” and inserting “passage by the House of Rep-
22 resentatives (under section 301 or 304 of the Con-
23 gressional Budget Act of 1974) of a conference re-
24 port or final agreement on any concurrent resolution

1 on the budget containing any matter under section
2 301(b)(5) of that Act”;

3 (4) in clause 1 by striking “, increasing or de-
4 creasing the statutory limit on the public debt”;

5 (5) in the last sentence of clause 1 by inserting
6 “at the same time the engrossed copy of the concur-
7 rent resolution on the budget is transmitted to the
8 Senate” after “transmitted to the Senate for further
9 legislative action”;

10 (6) in the first sentence of clause 2 by striking
11 “be as follows” and all that follows through the pe-
12 riod and inserting the following: “be the text of the
13 section in the concurrent resolution on the budget
14 included under section 301(b)(5) of the Congres-
15 sional Budget Act of 1974, without change.”, and in
16 the second sentence by striking “budget;” and all
17 that follows through the period and inserting “budg-
18 et.”; and

19 (7) in clause 3 by striking “301(d)” and insert-
20 ing “301(e)”, and by striking “upon the statutory
21 limit on the public debt”.

22 **SEC. 204. AMENDMENTS TO THE STANDING RULES OF THE**
23 **SENATE.**

24 The Standing Rules of the Senate are amended by
25 adding at the end the following:

“Rule —

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“SPIN-OFF LEGISLATION

“Upon passage of a conference report on any concurrent resolution on the budget containing additional matter under section 301(b)(5) of the Congressional Budget Act of 1974, the joint resolution passed by the House of Representatives under rule XLIX of the Rules of the House of Representatives shall be deemed to have been passed by the Senate, and shall be prepared for transmittal to the President under the applicable rules of the Senate and the House of Representatives. The vote by which the conference report on the concurrent resolution on the budget was agreed to in the Senate shall be deemed to have been a vote in favor of such joint resolution upon final passage in the Senate.”.

SEC. 205. PRESIDENT’S BUDGET AND SUPPLEMENTAL BUDGET ESTIMATES.

(a) DEFINITIONS.—Section 1101 of title 31, United States Code, is amended by adding at the end the following:

“(3) ‘Expenditures’ has the same meaning as the term ‘outlays’ in the Deficit Elimination Act of 1993.

1 “(4) All other terms used herein or in the docu-
2 ments prepared hereunder shall have the meanings
3 set forth in the Deficit Elimination Act of 1993.”.

4 (b) BYRD AMENDMENT.—Section 1103 of title 31,
5 United States Code, is amended by striking “commitment
6 that budget” and inserting “commitment that, starting
7 with fiscal year 1998,”.

8 (c) PRESIDENT’S BUDGET SUBMISSION.—Section
9 1105(a) of title 31, United States Code, is amended—

10 (1) in the first sentence by striking “On or
11 after the first Monday in January but not later than
12 the first Monday in February of each year” and in-
13 serting “On or before the first Monday in February
14 or the 21st calendar day beginning after the date
15 the Board of Estimates issues a report to the Presi-
16 dent under section 114 of the Deficit Elimination
17 Act of 1993”;

18 (2) in paragraph (15) by striking “section
19 301(a)(1)–(5)” and inserting “section 301(a)(1)–
20 (4);

21 (3) in paragraph (16) by striking “section
22 3(a)(3)” and inserting “section 3(3)”; and

23 (4) by adding at the end the following new
24 paragraph:

1 “(29) an analysis of the financial condition of
2 Government-sponsored enterprises and the financial
3 exposure of the Government, if any, posed by
4 them.”.

5 (d) USE OF OFFICIAL ESTIMATES.—Section 1105(f)
6 of title 31, United States Code, is amended by striking
7 “Balanced Budget and Emergency Deficit Control Act of
8 1985” and inserting “Deficit Elimination Act of 1993”
9 and by inserting at the end the following new sentence:
10 “That budget shall be consistent with the discretionary
11 funding limit and the direct spending and receipts deficit
12 reduction requirement for that year chosen by the Board
13 of Estimates and shall be based upon the major estimating
14 assumptions chosen by that Board.”.

15 (e) MIDSESSION REVIEW.—Section 1106(a) of title
16 31, United States Code, is amended by striking “July 16
17 of each year” and inserting “August 30 of each year” and
18 by striking “submitted before July 16”.

19 (f) CURRENT POLICY BASELINE.—(1) The first sen-
20 tence of section 1109 of title 31, United States Code, is
21 amended to read as follows: “In the budget submitted
22 under section 1105(a) or 1106(a), the President shall in-
23 clude a current policy baseline (as defined in section 116
24 of the Deficit Elimination Act of 1993) for the current
25 year, the budget year, and the outyears, including a de-

1 tailed comparison of that baseline with his proposed budg-
2 et for those years.”.

3 (2) Subsection (b) of that section 1109 is amended
4 to read as follows:

5 “(b) The baseline referred to in subsection (a) shall
6 be calculated using the major estimating assumptions cho-
7 sen by the Board of Estimates under section 114 of the
8 Deficit Elimination Act of 1993.”.

9 (g) GLOSSARY OF TERMS.—Section 1112(c) of title
10 31, United States Code, is amended by striking “The
11 Comptroller General—” and inserting “The Directors of
12 CBO and OMB, jointly—”.

13 **SEC. 206. AMENDMENTS TO OTHER LAWS.**

14 (a) REPEALERS.—The following provisions of law are
15 repealed:

16 (1) Section 710 of the Social Security Act.

17 (2) Section 201 (relating to 2-year appropria-
18 tions) of Public Law 100-119 (2 U.S.C. 621 note).

19 (3) Section 203 (relating to financial manage-
20 ment reform) of Public Law 100-119 (2 U.S.C. 621
21 note).

22 (4) The first subparagraph (F) of section
23 201(d)(2) of the Agricultural Act of 1949 (7 U.S.C.
24 1446(d)(2)(F)).

1 (b) ANTIDEFICIENCY ACT.—Section 1341(a)(1) of
2 title 31, United States Code, is amended by striking “sec-
3 tion 252 of the Balanced Budget and Emergency Deficit
4 Control Act of 1985” both times it appears and inserting
5 “the Deficit Elimination Act of 1993”.

6 (c) DEBT HELD BY THE PUBLIC.—(1) Section 3101
7 of title 31, United States Code, is amended to read as
8 follows:

9 **“SEC. 3101. PUBLIC DEBT LIMIT.**

10 “(a) The amount of public debt obligations issued
11 under this chapter, and the amount of debt issued by
12 agencies other than the Treasury under separate statutory
13 authority, may be not more than \$4,145,000,000,000 out-
14 standing at one time, subject to changes periodically made
15 in that amount as provided by law through the congress-
16 sional budget process described in Rule XLIX of the Rules
17 of the House of Representatives or otherwise.

18 “(b) Debt issued to United States Government trust
19 funds or to other agencies or accounts of the United
20 States Government (except the Federal Reserve System)
21 shall be excluded from the amount of debt taken into ac-
22 count in deciding whether the limit of subsection (a) has
23 been exceeded.

1 “(c) The limit in subsection (a) shall be applied to
2 the face amount of securities except for securities issued
3 on a discount basis:

4 “(1) Securities issued on a discount basis that
5 are redeemable before maturity at the option of their
6 holders shall be included in the total subject to sub-
7 section (a) at their current redemption values.

8 “(2) Securities issued on a discount basis that
9 are not redeemable before maturity at the option of
10 their holders shall be included in the total subject to
11 subsection (a) in an amount equal to the sum of—

12 “(A) the original purchase price of the ob-
13 ligation, plus

14 “(B) the portion of the discount on the ob-
15 ligation attributable to periods before the begin-
16 ning of such month (as determined under the
17 principles of section 1272(a) of the Internal
18 Revenue Code of 1986 without regard to any
19 exceptions contained in paragraph (2) of such
20 section).”.

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