

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> 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.

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## 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

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## 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13 repealed.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  
18 the committee targets for entitlement reductions and receipts  
19 increases set forth in budget resolutions;  
20

21 (9) to create a backup comprehensive sequestration  
22 applicable in any fiscal year in which the committee targets  
23 in a budget resolution are not 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 “re-  
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 impo-  
3 sition 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.—

<b>In the case of a taxpayer to whom the following subsection of section 1 applies:</b>	<b>The applicable dollar amount is:</b>
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.—



<b>Date:</b>	<b>Action to be completed:</b>
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 sserting “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            titlement 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)”; and

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 —****“SPIN-OFF LEGISLATION**

1  
2  
3       “Upon passage of a conference report on any concur-  
4 rent resolution on the budget containing additional matter  
5 under section 301(b)(5) of the Congressional Budget Act  
6 of 1974, the joint resolution passed by the House of Rep-  
7 resentatives under rule XLIX of the Rules of the House  
8 of Representatives shall be deemed to have been passed  
9 by the Senate, and shall be prepared for transmittal to  
10 the President under the applicable rules of the Senate and  
11 the House of Representatives. The vote by which the con-  
12 ference report on the concurrent resolution on the budget  
13 was agreed to in the Senate shall be deemed to have been  
14 a vote in favor of such joint resolution upon final passage  
15 in the Senate.”.

16 **SEC. 205. PRESIDENT’S BUDGET AND SUPPLEMENTAL**  
17 **BUDGET ESTIMATES.**

18       (a) DEFINITIONS.—Section 1101 of title 31, United  
19 States Code, is amended by adding at the end the follow-  
20 ing:

21               “(3) ‘Expenditures’ has the same meaning as  
22 the term ‘outlays’ in the Deficit Elimination Act of  
23 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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